Rio Tinto wins full Riversdale board support for $3.9bn bid

Top shareholders Tata Steel, CSN yet to accept offer; Indian consortium to decide on January 27 whether to bid

James Regan & Sonali Paul  
MELBOURNE/SYDNEY

Rio Tinto's $3.9 billion bid for Africa-focused coal miner Riversdale gained steam on Monday after a representative of Riversdale's top shareholder Tata Steel backed the offer.

The full board of Riversdale, coveted for its coal projects in Mozambique, recommended the bid saying it was unaware of any other offers in the works, even as an Indian consortium said it planned to decide on January 27 whether to bid.

Riversdale managing director Steve Mallyon said his company "had not had one call" from the consortium, called ICVL and made up of an Indian steel maker, iron ore miner and a utility which may be interested in the coal for its own use.

"I've met a couple of the companies in ICVL (in the past) and I am at a loss to understand the interest," Mallyon said.

Mallyon said negotiations were already underway to sell a large portion of the company's future coking coal to steelmakers in Brazil, Europe and possibly China and talks were in a late stage to tie up the company's thermal coal output with a major commodities trading house, leaving little for Indian buyers.

"So we've only got about 10 million tonne of coking coal to play with for a number of years and that's not a lot to play with," Mallyon said. "This does not seem to be the type of tonne the Indians would be seeking."

Tata Steel has already signed a supply agreement for 40% of the production from Riversdale's main Benga mine, scheduled to start up this year.

As of Monday, no superior proposal to Rio Tinto's offer had been received, Riversdale said in a statement after releasing its official response to Rio Tinto's bid, adding the company was not aware of any party having an intention to make such a proposal.

While Tata Steel's representative on Riversdale's board, N K Misra, recommended Rio Tinto's offer, Mallyon said his support was not a sign of Tata Steel's intent for its Riversdale stake.

"I think as Tata gets to know Rio Tinto as well as we do, they will then make a decision, but I don't think they are at that point yet," Mallyon said.

Given that Misra is Tata's head of mergers and acquisitions, his recommendation of the bid at least makes it clear that Tata Steel itself is not planning to trump Rio Tinto.

Rio Tinto declined to comment on Riversdale's formal recommendation of the offer. Reuters
Copper at month low on Asia tightening worries

Reuters

London, Jan. 25

Copper fell to its lowest in a month on Tuesday as investors worried that rising interest rates in emerging economies would dampen metal demand, and a falling dollar did little to cushion prices.

Benchmark copper on the London Metal Exchange traded at $9,315.50 in official rings from $9,529 at the close on Monday.

The metal used in power and construction earlier slipped to a one-month trough at $9,275.

Lead and zinc fell to their lowest in more than one month, down nearly three percent at one point. Lead was at $2,455 a tonne from $2,405, while zinc dropped to $2,240 from $2,302. Tin, which hit a new record high of $28,190 on Monday, also succumbed to selling, at $28,100 it was close to the $28,095 close.

Aluminium was quoted at $2,381 a tonne, down from $2,413.
Stay on Sterlite unit closure extended to Feb 25

Our Bureau
New Delhi, Jan 25
The Supreme Court on Monday extended to February 25 the interim stay granted by it on the closure of the Vedanta Resources Group's Sterlite Industries' copper smelter at Tuticorin in Tamil Nadu.

The apex court was hearing a petition filed by Sterlite, the country's largest copper producer, against a September 28 order of the Madras High Court to immediately shut the smelter for violating pollution-control and environment regulations. The apex court had granted the interim stay on October 1, 2010. Sterlite claims that it had compiled with the green norms and opposes charges on contamination.

The Tamil Nadu Pollution Control Board and the Central Pollution Control Board informed the apex court on Monday that the company has not met certain environmental norms, including on solid waste disposal measures and development of green belt.

The court asked the company and the Ministry of Environment and Forests to file their response. The matter will be heard again on February 25.
Trimex plans
NEW DELHI, 25 JAN: Trimex group, a Dubai-headquartered industrial minerals company, today said it would set up a titanium plant in Andhra Pradesh by 2014 entailing an investment of about Rs 2,250 crore. "We plan to set up a titanium pigment plant at Srikakulam in Andhra Pradesh with a production capacity of 44,000 tons per annum in the next three years," executive director and CEO of the group subsidiary Trimex Sands, Mr Pradeep Koneru said. pti
18 pacts worth $15.1b signed

NEW DELHI, 25 JAN: India and Indonesia today signed 18 agreements worth $15.1 billion in sectors such as mining, infrastructure and manufacturing.

"I very much welcome the signing of 18 business MoUs in infrastructure, manufacturing, mining and other areas worth $15.1 billion," Indonesian President, Mr Susilo Bambang Yudhoyono said at a business meeting here.

GVK Power and Infrastructure has signed two MoUs with the Indonesian government to develop greenfield international airports in Bali and Java. Both countries have also set a target for bilateral trade to touch $25 billion in the next five years. "We are growing stronger as economic partners. Our bilateral trade tripled in the last five years from $6 billion in 2005 and is expected to reach $12 billion in 2010," Mr Yudhoyono said. sns & pti
Mumbai: Base metal manufacturer Sterlite Industries said on Tuesday that it had posted a net profit of ₹1,100 crore in the quarter ended December 31, a 60% rise over the ₹697 crore it logged last year, on higher metal prices.

According to data compiled by Bloomberg the average price of copper rose by 29% in the last quarter in London, while aluminium prices increased by 16%. The price of zinc and lead too increased by 4% each on an average.
Sterlite profit rises 60%

BS REPORTER
Mumbai, 25 January

Sterlite Industries (India), the producer of base metals, has posted a 60 per cent surge in consolidated net profit at ₹1,101 crore for the quarter ended December 31, as against ₹687 crore in the corresponding period last year.

Total income of the group was ₹8,810 crore, a significant rise from the ₹7,062 crore in the same period last year.

Meanwhile, the company announced that it had completed acquisition of Anglo American’s zinc division (assets in Namibia, Ireland & South Africa), Vedanta Resources Plc, Sterlite’s holding company, and Anglo American Services (UK) had announced the acquisition for $1,338 million, subject to certain adjustments, in December.

The company, through its wholly owned subsidiary, Sterlite Infra, has completed the acquisition of its zinc assets in Namibia for $706.7 million. Acquisition of the remaining zinc assets are in progress.
Gold fell today below the psychological barrier of ₹20,000 for the first time in five weeks, despite post-holiday physical demand from China and continued bookings for the wedding season.

Standard gold in Mumbai's Zaheer Bazar plunged 1.3 per cent or ₹265 to close at ₹19,800 per 10 gm — the first time since November 17, 2010.

Silver followed suit and plunged 2.93 per cent or ₹1,275 to close at ₹42,170 a kg today from ₹43,445 a kg on Monday.

Bhargav Vaidya, a precious metals analyst from B N Vaidya & Associates, said precious metals' prices will decline further in the coming days, despite high consumer demand from India and China.

Premiums on gold bars in India hit a two-year high to range between $2-$2.5 an oz over London prices due to sudden post-holiday Chinese demand. The fall in precious metals' prices have prompted consumers to book gold in large quantities amid fear of a recovery in prices estimated by London-based independent research agency GFMS Ltd.

GFMS had earlier this month forecast gold prices to move up to $1,500 this year and $1,600 by 2012. Chinese buyers are currently looking at any quoted price.

"Refineries were closed for a fortnight in China due to the Lunar Year holidays. They are opening gradually. Chinese refineries are rushing for bookings to run the show after paying a premium of as high as $4-5 an oz. This is also pushing up premiums in India," said Prithviraj Kothari, director of RiddhiSiddhi Bullions and president of the apex trade body, the Bombay Bullion Association.

Kothari said Indian markets were facing supply shortage of the yellow metal following a rise in festival and wedding demands from across the country. Individual consumers in India does not book gold during the month of Pausha according to the Hindu calendar (between December 15 and January 15). But, festival and wedding demand picks up after this period.

"No one had anticipated that Chinese demand will raise premiums in the market and tighten the metal's availability," said Vaidya. He hoped that supply would ease in the next 10 days.

Gold prices in London were quoted at $1,325.1 an oz and silver at $26.7 an oz in early afternoon trade — a marginal decline from $1,343 an oz and $27.29 an oz, respectively, on the previous day.
चाँदी 41 हज़ार से नीचे

भूई हिंदू संतों के अंतरराष्ट्रीय बाज़ार में दाम घटने से मंगलवार को चाँदी बाज़ार में घेरे और चांदी की बाज़ार में गिरावट दर्ज की गई। दिल्ली सराय मार्केट में चांदी की बाज़ार में 1,200 रुपए का मंदा आकार भाव 41,800 रुपए प्रति गिलों रह रह गए। इस जीत होने के साथ-साथ भाव 270 रुपए का मंदा आकार भाव 20,140 रुपए प्रति दस ग्राम रह गए।

दिल्ली सराय में छोटे बाजार में नष्ट होने का भाव पटकर 1322 डॉलर प्रति ऑस्स पर रह गया। यह मुल मिलते रहा माह का निर्देश स्तर पर है। आई इंडिया सरकार एनसीबी रूस के अभ्यंग सोने चांद बाज़ार में निर्देशों की लुकावलहौं दे होने और चांदी की बाज़ार में गिरावट नहीं हुई है। मंगलवार को अंतरराष्ट्रीय बाज़ार में चांदी का भाव पटकर 26.73 डॉलर प्रति ऑस्स पर कारोबार करते रहा गया। जबकि 24 मार्च में इसका भाव 26.95 डॉलर प्रति ऑस्स पर बंद हुआ था। (खबरें)
Sterlite net up 60% on higher sales

New Delhi: Non-ferrous metals and mining company Sterlite Industries Ltd on Tuesday reported a 60.27% rise in consolidated net profit to ₹1,101 crore for the quarter ended 31 December on higher sales. The company, a subsidiary of Anil Agarwal-led Vedanta Resources Plc, had registered a consolidated net profit of ₹686.93 crore in the same quarter last fiscal, it said in a filing to the Bombay Stock Exchange.

Sterlite's net sales increased to ₹8,294.32 crore during the quarter, compared with ₹6,669.28 crore in the corresponding quarter last fiscal.
Gold drops to 3-month low

Bloomberg
Jan 25
Gold fell to the lowest level in almost three months in New York as demand for a protection of wealth waned and as holdings in exchange-traded products shrunk. Other precious metals slipped.

Gold futures for February delivery fell as much as $22.60, or 1.7 per cent, to $1,321.90 an ounce, the lowest level since Oct. 27, and were at $1,324.70 at 8:04 a.m. on the COMEX in New York. The metal for immediate delivery in London was 0.7 per cent lower at $1,325.55.

Bullion declined to $1,326 an ounce in the morning fixing in London.

Silver for March delivery in New York fell as much as 2.8 per cent to $26.56 an ounce, the lowest price since Nov. 29, and was last at $26.62.

Palladium for March delivery was 4.2 per cent lower at $782.50 an ounce after last week reaching $829.85, the highest level in almost 10 years.

Platinum for April delivery dropped 1.0 per cent to $1,787.70 an ounce.

Bullion rates
Mumbai: Silver spot (.999 fineness): Rs 42,170; standard gold (99.5 Purity): Rs 19,800; Pure gold (99.9 purity): Rs 19,900.
India, Indonesia sign 16 business pacts worth $15.1 b

Begin talks on Comprehensive Economic Cooperation Agreement

Our Bureau
New Delhi, Jan. 25

India and Indonesia have started negotiations on a Comprehensive Economic Cooperation Agreement (CECA), building on what has been achieved under the India-Association of South East Asian Nations Free Trade Agreement.

This was stated in a joint statement issued after delegation level talks between the Prime Minister, Dr Manmohan Singh, and the visiting Indonesian President, Dr Susilo Bambang Yudhoyono.

"Both leaders agreed that the CECA would be a comprehensive agreement, covering economic cooperation, trade in goods, services and investment and hoped that it would further contribute to building a higher-level and mutually beneficial economic cooperation between the two countries," the statement adds.

The two leaders also announced a number of initiatives to further tap the bilateral of trade and investment relations between the two countries including establishment of a ‘Trade and investment forum’ between the Trade Ministers. The two countries also set a new target for bilateral trade—$25 billion by 2015.

A new Energy Forum, to be chaired by the Ministry of Energy and Mineral Resources of Indonesia and Minister of Coal from India, supported by expert forums in the two countries was also established to accelerate the implementation of programmes of mutual interest.

The Prime Minister announced a scheme for visa-on-arrival for citizens of Indonesia.

COMPREHENSIVE PACT

- Trade and investment forum between the Trade Ministers of both countries to be established
- New target for bilateral trade set at $25 billion by 2015
- A new Energy Forum, to be chaired by the Ministry of Energy and Mineral Resources of Indonesia and Minister of Coal from India
- India announces visa-on-arrival for citizens of Indonesia
- A pact for cooperation in the field of Micro, Small and Medium Enterprises signed

Increasing oil recovery/enhanced oil recovery to raise recovery from the ageing oil and gas fields of ONGC. Indonesia has been using these schemes for improving its crude oil production, besides looking for opportunities in gas processing, petrochemicals, and gas sourcing in Indonesia.

An MoU was also signed for Cooperation in the field of Micro, Small and Medium Enterprises.

Later in the day, the two countries signed 16 business memorandums of understanding worth $15.1 billion in diverse fields including infrastructure, mining and manufacturing.

While the GVK group signed two MoUs for setting up greenfield international airports in Bali and Java, Tata Power also signed two MoUs for “Training and Internship for civil servants and National Electric Company.”

Reliance Infrastructure signed an MoU in the infrastructure sector to develop railway and seaport. The Minister for Chemical and Fertilisers, Mr M.K. Azhagiri, signed an MoU with the Indonesian Minister for Industry for urea manufacturing.
‘Australia for bringing vocational training expertise to India’

Council to encourage more science and technology research: John McCarthy

K. Venkataramanan

CHENNAI: Encouraging Indian students to go to Australia for quality education, than pursuing subjects linked to permanent residency, building on the ongoing research collaboration in science and technology and bringing vocational training expertise to India are the areas on which Australia should concentrate, according to the head of the Australia-India Council (AIC).

“If, as a result of our quality education, these students are eligible to stay in Australia, that’s fine. But the main purpose is that they get a quality education, that they can go back with the skills to their country,” John McCarthy, former High Commissioner of Australia and now Chair of the Council, said in an interview to The Hindu.

Mr. McCarthy noted that there was a considerable fall in the number of Indian students going to Australia since suspected racist attacks on some of them raised concern over a year ago. He said the numbers really did not matter, but Australia was bound to give quality education to foreign students who sought it.

The AIC, which has been working since 1992 to broaden the ties between the two nations by promoting and supporting activities that increased mutual understanding, would encourage more science and technology research, an area where significant cooperation is already on.

Since its inception in 2006, the Australia-India Strategic Research Fund has supported more than 70 joint projects, involving researchers and institutions in both countries, in renewable energy, nanotechnology, agricultural research and biotechnology.

Mr. McCarthy called for greater mutual engagement in vocational education, but cautioned that it was not about bringing people to Australia to study vocational courses.

“We should have a system by which Australian vocational techniques are brought to India. It is clearly more economical, and this is an area in which we have systems that we think the government of India acknowledges are interesting and pertinent,” he said.

Joint efforts by both countries were on, according to David Holly, Australia’s Consul-General in Chennai, to identify areas of skill shortage in India so as to strengthen collaboration in the vocational sector.

Mr. McCarthy believes that the huge Indian market, growing between 8 and 9 per cent, means that huge opportunities are available for foreign traders and businesses. “Particularly for Australia, there are real opportunities here,” he said, referring to the mining sector.

Conceding that there were a whole set of factors relating to the subject, including the impact on local tribes and environmental concerns, he said there was scope for investment, given Australia’s capacity as a miner and India’s need for resources.

India was Australia’s third biggest export market, Mr. McCarthy noted, and it could benefit from Australia’s capacity in other areas such as food storage and even the financial sector.

“The Australian financial sector is stronger than commonly imagined,” he said, expressing the hope that India would do more to further free up banking and insurance.

The AIC will mark its 20th anniversary in 2012 by focusing on cultural activities — not merely fine arts but also popular culture — besides science and sport.
Meghalaya against FDI in mining

SHILLONG, Jan 23 – Meghalaya has decided to do away with a clause in the draft mining policy that “encourages foreign direct investment” in the mining sector.

“Foreign direct investment and technology by overseas corporate bodies and NRIs would be encouraged for mining, exploration, value addition in mineral sectors and environment protection as per the Government of India policy,” the draft mining policy notified in September 24, 2009 said.

But owing to opposition from local miners – especially those engaged in coal mining – the government has put the draft policy in cold storage.

The government after notifying the policy invited stakeholders, environmentalists, NGOs and experts for their inputs on the policy.

The coal miners immediately put their foot down, stating foreign direct investment would put them out of business and wanted the government to do away with such a policy.

Deputy Chief Minister, Bindo Lanong and Minister in-charge Mining and Geology said the government after two rounds of talks with all the stakeholders, NGOs, and experts finally decided to do away with foreign direct investment clause. He said, the government would “no longer encourage foreign companies to invest” in this sector.

The State has a total coal reserve of 640 million tonnes, besides 5,000 million tonnes of limestone reserves and other minerals like uranium.

The government earlier, while drafting the policy said foreign direct investment would help streamline the mining sector in terms of environment protection and introduction of new technology in the State where mining is done in an unscientific manner.

Asked if the decision was regressive to discourage foreign companies, Lanong said: “the decision was not to encourage, but there was no bar on foreign companies to enter in the sector.”

Now, it’s not certain how the decision to discourage foreign direct investment would affect French cement giant already engaged in Limestone mining in Shella and Nongtrai in East Khasi Hills district and sending it to its cement plant in Chattak, Bangladesh.

The company also proposes to set up a Rs 1,000 crore Greenfield integrated cement plant having a capacity of 1.1 million tonnes in Jaintia Hills district.

“The State Government cannot take decisions alone. There are a host of agencies and the Central Government who would all have a say in the matter,” Lanong said when asked about Lafarge.

Meanwhile, Lanong said the new draft mining policy would soon be taken up in the Cabinet for approval.
NMDC to set up steel plant

MUMBAI, Jan 23 (PTI): State-run NMDC plans to set up its second steel plant at an investment of Rs 10,000 crore in Chhattisgarh and announce its partner for this joint venture by March.

“We will set up our second steel plant in Chhattisgarh with a capacity of two million tonnes per annum (MTPA). We will make a final announcement including the JV partner by the end of this fiscal,” NMDC CMD Rana Som said without revealing the exact location and time-frame for completing the project.

National Mineral Development Corporation, which is the country's largest public sector, is at present in talks with two companies for a suitable JV partner.

NMDC's first integrated steel unit in Bastar district of Chhattisgarh is under construction and is expected to start production by early 2014. The estimated cost of the plant is Rs 15,525 crore.

“We have already started construction work at the Bastar plant and hope to complete construction by December 2013. We will start production by early 2014,” Som said, adding that the land acquisition process was concluded in a record 10 months.

The NMDC Chairman said the company has also inked a pact with Russia's Severstal for supply of coking coal to their proposed joint venture plant in Karnataka.
Sterlite Q3 net up 60% at Rs 1,101 cr

Mumbai, Jan 25: On the back of high metal prices and higher volumes, metal and mining major Sterlite Industries on Tuesday announced a growth of 60.3% in consolidated net profit at Rs 1,101 crore for the third quarter ended December 31, 2010, against Rs 687 crore in the corresponding quarter last year. The company’s consolidated net sales during the quarter stood at Rs 8,294 crore, up 34.4% as compared to Rs 6,669 crore in Q3 FY2010. Sterlite’s profit before interest, depreciation and taxes also grew 14.7% year on year at Rs 2,456 crore.

Sterlite Industries shares on Tuesday were up marginally by 0.28% to close at Rs 178.00 on the Bombay Stock Exchange.

During the third quarter, the company’s refined zinc production was 20% higher at 178,000 tonnes, whereas lead production was 14,000 tonnes, compared with 21,000 tonnes in the corresponding prior period. “The positive impact of increased volumes, higher LME prices and operational efficiencies were partially offset by higher coal cost and higher stripping costs at mines,” Sterlite said in a statement. During the third quarter, average Zinc LME prices were $2,315 per tonne compared with $2,211 per tonne in Q3 FY10 and average lead LME prices were $2,380 per tonne compared with $2,292 per tonne in the corresponding prior period.

Meanwhile, copper cathode production at the Tuticorin smelter was 7% lower at 78,900 tonnes due to a temporary shutdown following the high court order issued at the end of September 2010. Sterlite maintained its Aluminium production, at Balco during Q3 at 65,459 tonnes.

Sterlite’s average power sales realisation during the quarter dropped due to low demand by utility companies and addition in new power generating capacity. As on 31 December 2010, the company had cash and cash equivalents of Rs 20,820 crore, out of which Rs 11,303 crore was invested in debt mutual funds and Rs 9,517 crore was in fixed deposits and balance with Banks, it said.
Sesa Goa profit grows 29%; to invest Rs 2,000 cr next fiscal

Mumbai, Jan 25: Sesa Goa, a Vedanta Group company, will invest over Rs 2,000 crore in the next financial year in a move to meet its target of expanding capacity to 40 million tonnes (mt) by FY2014 from the present 20.5 mt. The company will meet this investment through internal accruals. Currently, Sesa Goa has cash and cash equivalents of Rs 8,299 crore.

Sesa Goa reported a growth of 29% in net profit at Rs 1,068 crore for the third quarter ended December 2010 against Rs 830 crore in the corresponding quarter last year. The company's net sales stood at Rs 2,250 crore, up 19% as compared to Rs 1,889 crore in Q3 FY2010.

The rise in profit was due to increased iron ore prices during the quarter. However, the positive impact of increased iron ore prices was partly offset by lower sales volumes, higher logistics costs and higher export duty.

Sesa Goa said its saleable iron ore production decline by 5% year-on-year to 5.29 mt, with decrease in iron ore sales by 21% at 5.38 mt.

"The decline in production and sales volume was primarily due to extended monsoons and restricted road transport timings in Goa, temporary state-wide export ban imposed by the Karnataka government in July 2010 and continued logistics constraints in Orissa," said Mukherjee.

During Q3, pig iron production declined 5% at 68,403 tonnes and sales volumes decreased 12% at 63,146 tonnes compared with the corresponding prior periods, primarily due to lower demand from foundry and construction industries. The company is also scouting for acquisitions in Goa and overseas.
SAIL to explore mineral deposits in Indonesia

Our Bureau
Mumbai, Jan. 25
Steel Authority of India Ltd (SAIL) has signed an agreement with the Indonesian government for development of mineral deposits and setting up of a steel plant.

The MoU, which also includes the setting up of a mineral processing facility and required infrastructure in the province of Central Kalimantan, Indonesia, was signed between SAIL Chairman, Mr G.S. Verma, and the Governor of Central Kalimantan, Indonesia, Mr Agustin Teras Narang. The President of Indonesia, Mr Susilo Bambang Yudhoyono, was also present, besides the Minister of Commerce and Industry, Mr Anand Sharma, and the Minister of State for External Affairs, Mr E. Ahamed.

The agreement envisages optimisation of large natural resources of Central Kalimantan, such as coking and thermal coal, iron ore and other minerals to meet the needs of the promoter companies of International Coal Ventures.
Panel allows govt to sell Balco stake freely

Decision Hits Vedanta Plan To Buy Residual 49% Stake

Dheeraj Tiwari & Deepshikha Sikarwar
NEW DELHI

A N ARBITRATION panel has allowed the government to sell its residual 49% stake in Bharat Aluminium Company, or Balco, as it deems fit, dealing a blow to Anil Agarwal-led Vedanta group’s plans to transform itself into a commodity-focused vertical.

In a 2:1 decision, the panel struck down Sterlite Industries call option to acquire the balance 49% stake as invalid. Call option is an agreement that gives the buyer a right to buy some part of an asset at a specified price within a specified time frame.

Sterlite had bought 51% stake in Balco and 64% in Hindustan Zinc, both state-run companies, for ₹531 crore and over ₹750 crore, respectively. The original deal gave Sterlite a call option to acquire the balance stake within three years. When Sterlite decided to exercise the call option, differences emerged over valuation of the stake and the dispute went into arbitration.

“We will have to see the applicability of the judgement vis-a-vis Hindustan Zinc, and whether the same principle will apply or not,” said mines secretary Vijay Kumar.

“The judgement has held the view that (Sterlite’s) call option is invalid under Section 111A of Companies Act,” Kumar said, adding that the government will take a final decision only after studying the judgement in its entirety.

A senior disinvestment department official said, “We have received information about the award of the three-member bench. Any decision can be taken only after detailed examination of the award.”

Vedanta Group did not respond to ET’s calls or messages.

The decision of the court is a big setback for Anil Agarwal-led Vedanta group as the acquisition of the residual equity is crucial for Vedanta’s overall corporate restructuring programme.

In 2001, the BJP-led NDA government had divested its 51% stake in Balco to Sterlite, a move that was opposed both by the then-opposition parties and trade unions. But the Supreme Court in its unanimous judgment in December 2001 validated the disinvestment. When Sterlite exercised the call option, the Congress-led UPA government held view that strategic sale of equity in Balco was done in “haste.” The issue was then referred to the Attorney General, who termed the call option invalid under Section 111A of Companies Act. Sterlite moved the Delhi High Court in 2006 for interim relief.

The government then left the matter to the Committee of Secretaries, which recommended that the government should sell 10% in an IPO to discover correct price. The CCEA had also approved the IPO. Sterlite then went for arbitration in 2009.
Sesa Goa expects reprieve from iron ore export ban

Apex Court directs Karnataka govt to form new policy; hearing coming up in February

Suresh P. Iyengar
Mumbai, Jan. 25

Sesa Goa expects the impasse over ban on iron ore exports from Karnataka to end in the first half of February.

Mr P.K. Mukherjee, Managing Director, told Business Line that the Supreme Court has made it clear that the ban cannot be imposed permanently to curb illegal mining and has asked the State Government to form a new policy.

The latter must respond when the case comes up for hearing in the first week of next month.

Karnataka had banned iron ore exports from 10 ports in July and stopped transportation to other ports (for exports), citing a drive against illegal mining and the need to preserve the raw material for local use.

A petition against the State’s diktat was filed in the Supreme Court by the miners in November after the High Court rejected their plea.

Sesa Goa, one of the largest exporters, has reported a 26 per cent drop in ore exports at 7,00,000 tonnes (9,50,000 tonnes) from Karnataka. Likewise, its exports from Goa and Orissa fell by 18 per cent and 32 per cent respectively.

The Supreme Court has made it clear that the ban cannot be imposed permanently to curb illegal mining and has asked the State Government to form a new policy, says Mr P.K. Mukherjee, Managing Director.

The company has earmarked investment of Rs 2,000 crore next fiscal to enhance iron ore production in Karnataka and Goa.

It will wrap up its Rs 700-crore outlay to set up a pig iron and metallurgical coke plant in Goa by the end of this fiscal.

NEW PLANT PLANS

Sesa Goa now plans to set up a steel plant either in Jharkhand or Orissa. "We are in the process of acquiring land and will decide on the investment depending on the capacity and technology to be used," said Mr Mukherjee.

On the open offer for acquiring Cairn India shares, Mr Mukherjee said the company would tap the market and internal accruals to fund the $3-billion outlay.

As of December 31, Sesa Goa had cash and cash equivalents of Rs 8,229 crore (excluding inter-corporate deposits of Rs 1,000 crore), consisting of Rs 7,250 crore in mutual funds and Rs 979 crore in fixed deposits and cash with banks.

The company reported a 29 per cent rise in net profit at Rs 1,068 crore (Rs 830 crore) on 19 per cent rise in sales at Rs 2,250 crore (Rs 1,889 crore) during the December quarter.

The Sesa Goa scrip was down 1.30 per cent at Rs 325.95 on the BSE on Tuesday.
Sterlite net up 60% to ₹1,101 crore on higher sales

NEW DELHI: Sterlite Industries on Tuesday reported a whopping 60.27% rise in its consolidated net profit at ₹1,101 crore for the third quarter of the current fiscal on higher sales. The company, a subsidiary of Anil Agarwal-led Vedanta Resources, had registered a consolidated net profit of ₹686.93 crore in the same quarter last fiscal. Sterlite's net sales increased to ₹8,294.32 crore during the quarter compared to ₹6,669.28 crore during the October-December quarter of the last fiscal.
18 deals worth $15b inked with Indonesia
SE Asian Nation Agrees To Start Talks On Comprehensive Economic Cooperation Agreement

INDIA signed 18 agreements worth $15.1 billion with Indonesia in sectors such as mining, infrastructure and manufacturing. The two countries have set a target to double bilateral trade to $25 billion in the next five years.

India's bilateral trade with Indonesia has more than trebled in the last five years. It has increased from nearly $4 billion in 2005 to an estimated $12.5 billion in 2010. Indonesian president Susilo Bambang Yudhoyono said that India and Indonesia can cooperate in a large number of areas like infrastructure building, transportation, IT, food industry, telecommunication, R & D, energy, mining, manufacturing, education and film industry.

“I very much welcome the signing of 18 business MoUs in infrastructure, manufacturing, mining and other areas worth $15.1 billion,” said Yudhoyono at a business meeting.

Commerce and industry minister Anand Sharma said there are huge opportunities available for businessmen of both countries. He also said that the two countries had set a new target to double bilateral trade to $25 billion by 2015 from estimated $12.5 billion in 2010. “Potentials are enormous. We had set a target of $10 billion trade by 2010. We have surpassed it. I am confident that we will beat $25 billion target also,” said Sharma.

The minister also said the two countries have agreed to start negotiations for a Comprehensive Economic Cooperation Agreement (CECA). India's free trade agreement with the Association of Southeast Asian Nations (ASEAN) has helped boost India-Indonesia bilateral trade.

Indonesia will chair the ASEAN this year. “Our excellent political and economic relations with Indonesia will help India's integration with ASEAN,” Sharma added.

The deals signed on Tuesday include MoUs between Indonesian industry ministry and Indian ministry of chemicals and fertilisers for urea manufacturing, Provincial Government of South Sumatera and Jambi and Reliance Infrastructure for railway and seaport, Provincial Government of South Sumatera and National Aluminium Company (NALCO) for aluminium smelter.
FMC allows futures trade in iron ore

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Commodity markets regulator Forward Markets Commission (FMC) has allowed futures trade in iron ore, its chairman said on Tuesday, opening up an opportunity for exporters to hedge price risk.

"I have approved it and allowed four contracts," said chairman B.C. Khaitan.

Multi Commodity Exchange and Indian Commodity Exchange are the bourses that had proposed to start iron ore futures.

At present, iron ore trade is enabled through swap deals, which is a cash-settled derivative, between a seller and a buyer at a fixed price for a set amount of time that provides price certainty for both the buyer and seller.

Iron ore contracts in India, the world’s third largest producer of the ore, will help small exporters to hedge risk against fluctuating prices, which have been marching towards $200 a tonne, a record last seen in February 2008.

Karnataka in July had banned export of the much-needed raw material for steel making, citing higher domestic demand. Another top iron ore producing state, Odisha, is also seeking a ban on exports of the commodity, and is likely to send a proposal to the Union government in a month.

In December, India’s annual iron ore exports fell for the sixth straight month as the exports ban continued to bite.

Iron ore exports during the April-December fell 17.02% from a year earlier to 64.4 million tonnes, data from the Federation of Indian Mineral Industries showed. Reuters