IPO, expansion keep Manganese Ore on its toes

Nagpur firm eyes foreign assets

Calcutta/New Delhi, Nov. 24: Manganese Ore India Ltd (MOIL), which will enter the capital market on Friday with its IPO, is scouting for an overseas acquisition.

G.P. Kundargi, MOIL’s director (production and planning), said a top management team had visited Turkey and Indonesia to look for a mine with good grade of manganese ore.

MOIL, which produces 50 per cent of the country’s manganese ore, is looking for a foreign asset with an output of 2 lakh tonnes per annum or more. “A mine with a smaller production capacity would not merit the setting up of an establishment abroad,” Kundargi said.

“However, most mines in Turkey and Indonesia are smaller in size,” he added.

Gobon, a central African state, is also on the menu.

“We have not yet earmarked any fund for overseas acquisition,” Kundargi said.

The state-run firm will spend Rs 1,000 crore to expand its existing mines and develop its joint ventures with SAIL and Rashtriya Ispat Nigam Ltd at Bilhipur and Visakhapatnam, respectively.

MOIL produces 1.1 million tonnes (mt) of manganese ore and plans to increase it to 1.5mt in the next five years. For this, the company has earmarked a capital expenditure of Rs 986 crore.

Daily demand for manganese ore is expected to grow to 45 lakh tonnes by 2012 from 24 lakh tonnes now, with steel production estimated to increase to 125mt from 65mt.

“In 2012, the country’s steel capacity will expand to 120 million tonnes, so manganese ore needed would be 4.5-5 million tonnes. At that time, there might be a deficit,” MOIL chairman K.J. Singh told reporters in New Delhi.

The Nagpur-based firm is looking at Tamil Nadu, Karnataka and Maharashtra for setting up wind energy farms. The company has two such farms producing 20MW electricity.

MP project

Six months ago, the company has been allocated 841.71 hectares in Madhya Pradesh. “This is 30 per cent of our existing mining area of 1,800 hectares,” Kundargi said. “Recently, we had applied for a prospecting licence for the area. Once we get it, we shall approach for environment and forest clearances.”

IPO status

The Manganese Ore IPO with a price band of Rs 340-375 a share is expected to raise up to Rs 1,238 crore.

MOIL will be the first PSU to come out with a public offering where retail investors can invest up to Rs 2 lakh. Retail investors and employees will get 5 per cent discount.

The Centre will dilute 10 per cent stake, while the Madhya Pradesh and Maharashtra governments will shed 5 per cent each through the offer that closes on December 1.

Disinvestment secretary Sumit Bose said in New Delhi that the issue had been priced after taking into account a number of factors, including the strength of the company, its management and assessment of its peer firms.

On bringing in anchor investors, Bose said, “We are not going for anchor investors in this issue. There is adequate demand from FIs.”

Steel secretary Pradeep Kumar Misra said MOIL was likely to be listed by December 13. “Tentative date for listing will be 19-20 days after the issue closes,” Misra said, adding that the market for MOIL is “fairly assured.”

MOIL’s turnover in the first half of this fiscal was Rs 635 crore compared with Rs 430 crore a year ago.

Profit after tax for the first half stood at Rs 350 crore against Rs 301 crore in the year-ago period.
MOIL plans ₹1,200 cr investment

Ahmedabad: State-run MOIL Ltd, whose initial public offering (IPO) opens on Friday, said on Thursday that it has lined up a capex of ₹1,200 crore to fuel expansion and forward integration activities over the next five years. The manganese project is estimated to have 21.7 million tonnes of reserves which are expected to last for 40 years. “We have planned expenditure of around ₹738 crore, for the expansion of our 10 mines, of which six are in Maharashtra and four in Madhya Pradesh,” MOIL chairman and managing director K.J. Singh told reporters. PTI
where we get our raw material. We hope to acquire the same in the next fiscal."
ECL managing director Ganesh Natarajan said. PRI
Mourning over 29 killed NZ miners

GREYMOUTH (NZ): Flags hung at half-staff, churchgoers gathered at special services and lawmakers broke into a solemn hymn in Parliament, as New Zealanders mourn 29 men killed in the nation’s worst mining disaster in decades. Officials say it could be weeks or months before the victims’ bodies could be removed.
UNDER SCANNER

Two blood diamond smugglers convicted

First such conviction in the country; Lebanese nationals get 4 years in prison and a fine of Rs 1 lakh each

By Soumitra Tripathi

A court in Surat, Gujarat, on Thursday convicted two Lebanese nationals of smuggling diamonds worth Rs 13.85 crore into the country, sentencing them to four years’ imprisonment and a fine of Rs 1 lakh each.

The judgement, said experts, shows that diamonds used to finance conflicts and human rights abuse in Africa—the trade of which is banned by the United Nations (UN)—are making their way into India.

This is the first conviction relating to the smuggling of such gems in the country.

In the 1990s, rebel groups in central and west Africa seized control of diamond mines and used sales proceeds to prolong civil wars and terrorism.

Diamonds used to finance these atrocities are called blood diamonds. Credible statistics on the blood diamond trade are elusive because once a diamond is polished, its origin is almost impossible to trace. In 2003, the UN established the Kimberley Process (KP) certification scheme to prevent diamond sales from financing rebel movements and assure customers that by purchasing diamonds, they are not financing war and human rights abuse. Any raw diamond without KP certification is considered a blood diamond, according to UN laws.

“Two Lebanese nationals, namely Yusuf Issa and Robar Hussain, have been convicted by the chief judicial magistrate’s court today (Thursday) for smuggling 3,600 carats rough diamonds worth Rs 13.85 crore, which they claimed to have been brought from Zimbabwe,” said Kirit Parmar, lawyer of the convicted duo. He added that the accused did not have KP certification when they were arrested in September 2008 by a joint team of the directorate of revenue intelligence’s (DRI) Ahmedabad and Surat branches.

“The duo had confided before DRI officials that they had visited Surat prior to 2008 and were involved in trade relations with a few city-based diamond processors for processing the raw diamonds they used to bring,” said Nayan Sukhadiwala, the government lawyer.

With more than 4,500 diamond processing units, Surat is considered a global hub for diamond cutting and polishing.

India’s diamond processing industry generates Rs60,000-70,000 crore in revenue annually, 80% of which comes from Surat-based units.

The judgement follows a visit to the city by a five-member team of KP that is preparing a report on diamond trade practices in Surat.

“The team is still in the country and this news can give them a reason to include negative remarks in their report,” said the owner of a Surat-based diamond processing unit, who did not wish to be named.

“This judgement does establish that blood diamonds are emerging from Zimbabwe market and making their way to India. However, this does not mean that the entire industry is at fault,” said Chandrakant Sanghavi, state convener of Gem and Jewellery Export Promotion Council (GJEPC), which promotes diamond trade in India.

Sanghavi said the judgement will not affect Surat Rough Diamond Sourcing India Ltd’s (SRDSL) recent agreement with Zimbabwe to source rough diamonds worth $1.2 billion ($54.72 crore).

SRDSL was formed in August by 1,500 Surat-based diamond processing units to source raw diamonds from various countries.

“We will only source raw diamonds having KP certificate. So there is no question of any negative impact on the pact,” said Sanghavi, who is a founding member of SRDSL.

An official of the Surat Diamond Association said the judgement was still bad news for the industry.

“The judgement may not put hurdles in the deal between SRDSL and Zimbabwe authorities, but having trade relations with a country which is under UN scanner can tarn the image of the industry,” said the official, asking not to be named.

The UN has been keeping a watch over the government-operated Marange Mines in Zimbabwe for a few years for the production of blood diamonds. The World Diamond Council, an arm of the UN that executes Kimberley Process laws, banned the export of rough diamonds from Marange in November 2009 over alleged violation of human rights. But it later allowed some supplies to be exported.

Recently, the Human Rights Watch, a US-based independent group that probes human rights abuse worldwide, requested the UN not to allow any export of raw diamonds from Marange.

“The Kimberley Process certification scheme should not allow further exports from the Marange diamond fields in Zimbabwe until the government makes clear progress in ending abuses and smuggling,” the organization said in a statement this month.

Source of Supply: A digger moves gravel in search of diamonds in the Democratic Republic of Congo.
Copper rises on supply concerns
Copper rose on Wednesday, supported by supply concerns, with investors also taking comfort from US data that showed a rise in consumer spending and a fall in the number of people claiming unemployment benefits. Three-month copper on the London Metal Exchange was last quoted at $8,250 a tonne, up from Tuesday's close of $8,140. Copper, used in power and construction, has fallen some 8 per cent from record highs of $8,966 hit earlier this month.
ALUMINIUM OUTPUT UP 7.8%

India’s aluminium production in April-October stood at 326,327 tonnes as against 339,414 tonnes a year ago, data from the mines ministry showed on Thursday. The ministry had set the cumulative aluminium production target for the seven months at 747,055 tonnes. Production of the metal by public sector unit Nalco was 258,154 tonnes compared with 244,303 tonnes in the same period last year, while that of Hindalco was 308,408 tonnes, as against 322,797 tonnes a year ago, the data showed.
Govt mulls Navratna tag to Neyveli Lignite

The government on Thursday said granting 'Navratna' status to Neyveli Lignite Corporation, now a mini-ratna company, was under consideration. "The proposal for grant of Navratna status to Neyveli Lignite Corporation Ltd is under consideration of the government," Minister of State for Heavy Industries and Public Enterprises Arun Yadav said in a written reply to the Lok Sabha.
Ennore Coke plans to buy mine in US

Ennore Coke (ECL) is looking at acquiring a mine in the US, according to a top company official. "We are looking at acquiring one more mine in the US. We already have one each in Virginia and Arkansas from where we get our raw material. We hope to acquire the same in the next financial year. Besides, we also plan to expand the production capacity in both our units. We will invest around ₹125 crore," said ECL Managing Director Ganesh Natarajan.
Re rebounds on hopes of MOIL issue funds

The rupee gained, snapping a four-day slide, on speculation foreign investors brought in funds to invest in the initial offering of MOIL, India's largest manganese producer.

The currency climbed 0.4% at the close of trade on Thursday. That pared its losses this week to 0.5%. The rupee touched 45.84 on Wednesday, the weakest level since September 20.

"The rupee rebounded on Thursday on the back of sizeable foreign-exchange inflows, said to be related to the manganese share offering," said Sudarshan Bhatt, chief currency trader at Corporation Bank in Mumbai.

The central and state governments expect to raise as much as ₹1,240 crore ($272 million) from the offering, which opens on Friday: The central government plans to raise ₹40,000 crore selling shares in state-owned companies in the current fiscal year.

Offshore forwards indicate the rupee will trade at 46.22 to the dollar in three months, compared with expectations of 46.44 on Wednesday. Forwards are agreements to buy or sell assets at a set price and date. Non-deliverable contracts are settled in dollars.

The rupee slid earlier as investors favoured the perceived safety of the dollar over emerging-market assets on concern a debt crisis is spreading in Europe.

Exchange data showed on Wednesday that foreigners pared holdings of Indian shares by ₹306 million on November 23, the biggest daily sell-off since May. Bond yields surged in Spain, Portugal and Greece on Wednesday, signalling waning confidence in the ability of European leaders to contain debt troubles as Ireland attempts to secure a bailout from the EU and IMF.

"Rupee sentiment remains a bit jittery as persistent concern about the Europe debt situation feeds dollar strength," said Krishnamurthy Harihar, the Mumbai-based treasurer at the Indian unit of FirstRand.

The Dollar Index has climbed 1.7% this week. The extra yield demanded by investors to hold Spanish 10-year bonds over German bunds rose to a record 249 basis points on Wednesday while the Irish yield spread widened for a fourth day, climbing to 618 basis points.
Volatile copper rises on tight supply

Reuters
London, Nov. 25
Copper rose in volatile trade on Thursday, supported by persistent supply concerns and a bout of upbeat US data, but gains were capped by worries about the potential of sovereign debt problems spreading in the euro zone.

Copper for three-month’s delivery on the London Metal Exchange traded at $8,275 a tonne at 11:16 GMT from Wednesday’s last bid of $8,250 a tonne.

But industrial metal markets were cautious as traders were reluctant to make big bets ahead of the US Thanksgiving holiday.

Aluminium traded at $2,273 from a close of $2,259 a tonne on Wednesday. Zinc was at $2,136 a tonne from $2,122. Battery material lead was at $2,245 a tonne from $2,222. Tin traded at $24,225 a tonne from $24,200. Nickel was at $22,780 a tonne from $22,500. The metal hit a session high of $23,789 a tonne, its highest since Nov.15.
Hindustan Zinc cuts price by Rs 3,300 per tonne

Hindustan Zinc has cut zinc prices by Rs 3,300 a tonne and lead prices by Rs 5,300 a tonne effective Thursday, the company said on Thursday. This is the third consecutive price cut by the company after it announced reduction in zinc and lead prices by Rs 4,300 a tonne and Rs 4,000 a tonne on November 25, and by Rs 8,300 and Rs 5,100 a tonne, respectively, on November 18.
Vedanta to seek shareholder nod next month

NEW DELHI: London-based Vedanta Resources may seek nod from shareholders for buying majority stake in Cairn India for up to USD 8.6 billion. The India-based group, which last week secured USD 7 billion debt for the acquisition, is likely to post in next few days a circular convening a shareholders' meet in third week of December, sources privy to the development said. Vedanta, which is buying 70-81 per cent stake from UK’s Cairn Energy Plc, also hopes to get market regulator SEBI’s nod for acquiring an additional 20 per cent stake from minority shareholders of Cairn India by December end and may launch an open offer in early part of January 2011. Sources said that Cairn, in the next few days, would make a formal application to the government for approval of transfer control of its three properties, including the mainstay Dermer oilfields in Rajasthan, that were previously not included in the letter sent for state’s approval.
Ennore Coke plans acquisition in US

Mumbai: Ennore Coke Ltd (ECL) is looking at acquiring a mine in the US, where it already has two mines and plans to invest ₹125 crore in doubling the capacity of its manufacturing units in Haldia (West Bengal) and Cuttack (Orissa), a top official said.

ECL is promoted by Haldia Coke and Chemicals Pvt Ltd and manufactures high quality low ash metallurgical coke.

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MINT, Delhi
Friday, 26th November 2010, Page: 10

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