Chief guest signs nearly 30 deals

Vineeta Pandey NEW DELHI

India and Indonesia signed several agreements, including an extradition, mutual legal assistance, education and science and technology on Tuesday, the second day of president Susilo Bambang Yudhoyono’s three-day visit.

Almost 18 trade agreements worth $15.1 billion were signed in sectors such as mining, infrastructure, manufacturing, heavy mineral resource utilisation and training of civil servants along with 11 treaties in education and science and technology. Prime minister Manmohan Singh also announced a scheme of granting visa on arrival to citizens of Indonesia.

In a joint statement, the two leaders reaffirmed political for upgrade of bilateral relations.

Yudhoyono and Singh have decided to form an eminent persons’ group to prepare a blueprint for relations between the two countries for the next 15 years.
Enviro min nod to decide Sesa growth story

Firm’s ₹2,800 crore capex could hobble if it fails to get the nod for expansion at Goa

Promit Mukherjee MUMBAI

Less than two months after it scaled down its ambitious iron ore production target of 50 million tonne (mt) by 2013, by a fifth, there is a question mark over whether Anil Agarwal-controlled Sesa Goa can achieve even the more modest target.

The massive capacity expansion planned by the company, for which it has committed up to ₹2,800 crore, could hobble if it fails to get the environment ministry’s go-ahead for the works at its Goa facility.

“We are still quite confident that we can achieve our target of 40 million tonne by 2013, but the only rider is the approval from the environment ministry. Because nothing is moving... first there is the Goa Mining Policy which has to come and thereafter, there will be various milestones to be achieved through the environment ministry,” said P K Mukherjee, CEO and managing director, Sesa Goa.

The company was looking to raise capacity to 30 mt at Goa, compared with a production of 11.9 mt last fiscal.

In Orissa, it had planned to expand capacity from 2 mt now to 10 mt by 2013.

The capacity in Karnataka too was to go up from 4 mt now to 10 mt by 2013.

Sesa Goa’s plan to join the ranks of Vale, Rio Tinto and BHP Billiton went away after it failed to renew its third-party contract for the Thakurani mine in Orissa “on viable commercial terms on a long-term basis,” as the company said in a statement on November 1, 2010. Consequently, it had to curtail the target to 40 mt.

Sesa Goa was operating the Thakurani mine since 1999 under a 10-year contract, which expired in June 2009. Since then, it has been operating the mine on short-term renewals, which could not take off beyond November 2010.

Mukherjee said in the last quarter, Sesa Goa had sold close to 7 lakh tonne of iron ore from Orissa from its stock and will sell some in the current quarter, too.

Of the planned capex of ₹2,800 crore, the company plans to spend ₹1,200 crore in expansion of mining operations and the rest in allied facilities such as pig iron plant, sinter plant, met coke plant and power plant. “We plan to spend up to ₹750 crore in FY12 and ₹2,000 crore in FY13,”

For the quarter ended December, Sesa Goa posted a 21% drop in sales from 6.8 mt in the quarter ended September, mainly due to an 18% drop in production from Goa mines.

Sesa Goa’s consolidated net profit was up nearly 29% year on year at ₹1,065 crore riding on a jump of around 20% in consolidated net sales to ₹2,237 crore.
Exploring New Vistas

How does eastern India gain via resources?
This part has it all — forests, abundant water, different minerals for industrial and non-industrial use, comparatively high rate of literacy, advantageous positioning, on-going works on the Look East policies, international land borders, people from many ethnic backgrounds. This abundance is the key to the development of high performance sectors. However, high integrity is the most advantageous guiding factor.

How is industry in West Bengal expected to grow?
Whenever there is a discontinuity, we see a vast open chasm and calculate whether it is feasible and reasonable to jump, and whether it will give us new vistas.

What is your company doing to make the most of the edge, location wise?
Our team comprises the best local talent in all areas — innovation, engineering, manufacturing, marketing, sales and service. The outcome — a great product range at reasonable prices and a big customer base by your side.

Take on industry outlook?
The only way is forward. According to World Bank, Indian economy will grow marginally faster than that of China, exceeding the latter's growth by about 0.2%. More investment in technology, good implementation of well thought strategies and adaptability.
On a Growth Curve

How does eastern India gain in terms of natural and human resources?

Iron ore, coal and bauxite that are vital for any industry are present in plenty here. MNCs are coming to Orissa owing to large share of such minerals. Availability of human resources and land in plenty at competitive prices has helped high performing sectors.

How is business in Orissa expected to grow in the next five years?

The potential for growth is tremendous in the next five years. It was the vision of Biju Patnaik to put Orissa on the national industrial map. His son Naveen Patnaik has proved to be a worthy successor as far as the growth of industry is concerned.

We are comfortably situated between Andhra Pradesh, West Bengal and amidst a huge base of natural resources. We are situated within a 100 km radius from all the major industries of Orissa. That way we are getting the most of it owing to the location we enjoy.

Your take on the industry outlook?

As power is a critical factor for economic growth, soon it will become one of our basic needs. Future for use as such seems to be bright for us for the next 20 years. The day is not far when we are going to emerge as one of the leading states in India in terms of industrial production.

What, at present, are your biggest challenges and how do you plan to overcome these?

We have to overcome our conservative mindset and support setting up of industries here. Removal of these hurdles will help us as more industries will come. The plan to overcome hurdles would include spreading awareness and messages on making a more conducive environment for industry.
Vedanta Resources net earnings jump 35%

PRESS TRUST OF INDIA
London, 27 January

India-focused mining group, Vedanta Resources Plc, today reported a jump of 35 per cent in earnings to $895.4 million in the October-December quarter of 2010, boosted by robust metal production.

The company had an earnings before interest, tax, depreciation and amortisation (EBITDA) of $662.5 million in the quarter ended December 31, 2009, Anil Agarwal-led Vedanta said in a statement. Vedanta’s total revenues increased to $3.07 billion in the third quarter ended December 31 from $2.14 billion in the year-ago period. Thus, registering a growth of 43.5 per cent.

The company attributed its strong quarterly earnings to strong metals prices and higher output. The company has registered a record mined metal production volumes at Zinc-Lead and Copper-Zambia operations. Mined metal production in the third quarter was a record 222,000 tonnes, 11 per cent higher than the corresponding prior period.

The London-listed firm’s business in India was 7 per cent lower at 79,000 tonnes in the third quarter last year due to a temporary shutdown ordered by the Madras High Court period. While the integrated copper cathode production was 34,000 tonnes in the quarter under review, 21 per cent more than the year-earlier.

The London-listed firm’s copper business in India was 7 per cent lower at 79,000 tonnes in the third quarter due to a temporary shutdown ordered by the Madras High Court last year.
ICVL NOT BIDDING FOR RIVERSDALE

BS REPORTER/AGENCIES
New Delhi, 27 January

I
nternational Coal Ventures Ltd (ICVL), a group
ing of five major PSUs — SAIL, NTPC, RINL,
NMDC and Coal India — will not bid for Australia’s
Riversdale Mining.

The board of ICVL, which met today, took the “conscious
and unanimous” decision. Rio
Tinto had bid A$3.9 billion for
Riversdale Mining.

“We have discussed the due
diligence report given by
Citibank, but our board took
a decision not to bid (for Africa-
focused Riversdale Mining),”
SAIL Chairman C S Verma, who
heads ICVL, told reporters af
after the board meeting with
out elaborating on the reasons
for the decision.

Verma said the board had
extensively discussed the pricing
scenario, future scenario,
reserves available, various com
peting offers available and then
arrived at this decision.

On January 24, Riversdale
had said its board of directors,
including Tata Steel nominee
N K Misra, had recommended
Rio Tinto’s A$3.9 takeover bid
in the absence of a "superior
proposal".

We have discussed the
due diligence report of
Citibank, but our
board took a decision not to bid for the
Africa-focused
Riversdale Mining

C S VERMA
SAIL Chairman & ICVL head

"All directors of Riversdale
recommended, in the absence
of a superior proposal, that
Riversdale shareholders accept
the offer by Rio Tinto to pur
chase all Riversdale shares for
A$16 cash per share," Rivers
daile had said in a statement.

Tata Steel, through its
wholly-owned subsidiary T S
Global Minerals Holdings, is the
single largest shareholder of
Riversdale.

Steel majors have been
pursuing Riversdale, which
has 13 billion tonnes of cok
ing and non-coking coal re
sources in its Benga and Zam
beze projects in Mozambique.

ICVL was formed in May
2009 with the objective of ac
quiring 500 million metric
tonne coal reserves by 2019-
2020.
Rs 30k-cr investment in energy efficiency

The Ministry of Power on Friday said eight industrial sectors, including power, would invest Rs 30,000 crore towards energy efficiency in the next three years. The ministry has notified the sectors as thermal power plants, fertilisers, cement, pulp and paper, textiles, chlor-alkali, iron and steel and aluminium.  

BS REPORTER & AGENCIES
FIRM METAL PRICES BOOST STERLITE’S PROSPECTS

Higher realisation in metals and increased contribution from the power business should help Sterlite Industries post strong growth in profits in 2011-12

JITENDRA KUMAR GUPTA

Sterlite Industries, a leading and diversified base metal company, has seen its performance improve in the recent past. Although its December quarter numbers were somewhat subdued, they were in line with Street expectations. However, recent news of the company’s arbitration on Balco (over its call option to buy government’s 40 per cent stake) not going in its favour saw Sterlite’s stock fall over 5 per cent on Thursday.

The good part is that analysts still expect the company to report an improved performance over the next 12-15 months, led by a better outlook for base metals, benefits of an increase in volumes and a higher contribution from the energy business.

At the current level of ₹70, the stock looks attractively priced (PE of less than nine times the estimated consolidated earnings for 2011-12). Analysts value it at about ₹200-240 a share based on sum-of-parts valuations, which include Sterlite’s stake in Hindustan Zinc and huge cash in the books worth ₹25,820 crore (Rs 52 per share).

Subdued, but in line

While Sterlite’s reported net profit was up 60 per cent year-on-year, adjusted profit (excluding expenses towards termination of the Asaro acquisition) was up nearly 22 per cent. The top line growth was backed by an increase in volumes, especially in the zinc business, and higher international metal prices.

On a year-on-year basis, average LME copper prices were up 29 per cent at $8,570 a tonne in the December 2010 quarter whereas aluminium gained 16 per cent ($2,361) and zinc 4 per cent ($2,238). However, Ebitda margins dropped to 23.7 per cent as against the 26.3 per cent last year due to higher input costs in the aluminium and zinc businesses. Additionally, a lower realisation in the power business at ₹2.72 a unit (versus ₹5.10) and higher input costs led to a 70 per cent decline in the power business Ebitda. On the whole, the pressure on operating profit margins was more than offset by lower interest costs and higher other income, helping the company report good growth in adjusted net profit.

Outlook

Analysts expect Sterlite’s profits to grow 24 per cent to ₹4,646 crore in 2010-11, which looks achievable since it has clocked profits of ₹3,117 crore in the nine months to December 2010. More importantly, the outlook for industrial metals is improving as a result of higher domestic demand and a revival in the developed economies. The average LME base metal prices have been ruling firm and are seen inching higher.

In the month of January itself, they are higher by about 2-10 per cent (except Zinc, which is down 3.4 per cent) compared to the average prices in the December quarter. Over the next one year, analysts expect a further 8-10 per cent gain in LME base metal prices from the current levels.

In addition to the price rise, they expect volumes to rise to some extent on the back of higher capacity in the zinc, lead and silver production in 2011-12. Additionally, over the next two-three months, commercial production of Sterlite’s 600 Mw (two units) power unit is expected to start, providing support to revenue growth and overall operating margins. The latter is expected to rise to over 31 per cent from an estimated 24.7 per cent in 2010-11. The high operating margins in the power business (around 50 per cent), supported by a low cost of production (Rs 1.76 a unit) are among factors that will help boost profits in 2011-12.

A file photo of Anil Agarwal, chairman, Sterlite Industries. PHOTO: KAMLESH PENDIKA

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STOCK VALUATION

<table>
<thead>
<tr>
<th>Stock</th>
<th>₹ / share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sterlite Copper</td>
<td>28</td>
</tr>
<tr>
<td>Vedanta</td>
<td>9</td>
</tr>
<tr>
<td>Balco</td>
<td>15</td>
</tr>
<tr>
<td>Hind. Zinc</td>
<td>90</td>
</tr>
<tr>
<td>Cash on books</td>
<td>52</td>
</tr>
<tr>
<td>Sterlite Energy</td>
<td>22</td>
</tr>
<tr>
<td>Copper mines</td>
<td>6</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>222</strong></td>
</tr>
</tbody>
</table>

Source: Analyst estimates

*Sum of the past cost of production (Rs 1.76 a unit) are among factors that will help boost profits in 2011-12.
INDIAN INVESTORS SCRAMBLE FOR GOLD

Global investment in gold ETFs declined 42 per cent in 2010

BS REPORTER
Mumbai, 27 January

Gold demand in India has benefited from a combination of the country’s strong economic growth and its high rate of inflation.

Indian investors are raising their allocation to gold. Reports suggest gold medallion and bar sales were strong during 2010 in India, in particular in the fourth quarter, relative to the same period of the previous year. The rise was 30 per cent to 250 tonnes.

Consequently, the Reserve Bank of India has authorised seven more banks to import bullion. The World Gold Council (WGC) expects the impact of this to be visible during 2011.

The trend is clear in gold exchange-traded funds (ETFs), too. Globally, the perception that investors’ confidence in paper products increases with high volatility in commodity prices is not been borne out here. For, global investment in gold ETFs declined 42 per cent in 2010. WGC data say total investments in gold ETFs were 361 tonnes in 2010, as against 617 tonnes in the previous year.

This brought total holdings to a new high of 2,167.4 tonnes by December 31, 2010, worth $98 billion, investors perceiving gold as an invaluable asset for risk management and hedging. In India, however, it was a reverse story. Gold ETFs (the majority of which are currently backed by bullion, but can also contain a percentage of derivatives contracts) grew significantly during 2010 to approximately 15 tonnes by the end of December. The product was very new in 2009, the investment being insignificant that year.

Globally buoyant

Globally, investors continued to access the gold market in multiple ways during 2010. ETFs were still popular among many investors and flourished in various parts of the world. Coin and bar purchases remained high, while the over-the-counter (OTC) market was very active and saw an increase in demand for index-based and other innovative investment vehicles.

WGC, in its periodical Gold Investment Digest report, stressed that net inflows into gold, via ETFs and other investment vehicles, remained robust during 2010. SPDR Gold Shares listed on the NYSE and cross-listed in Mexico, Singapore, Tokyo and Hong Kong experienced net inflows of 147.1 tonnes in 2010, especially driven by strong buying during the second quarter.

This brought its total assets under management to 1,280.7 tonnes gold by year-end.

It was followed by Physical Gold Shares, the second largest gold-backed ETF, which added a collective 56.6 tonnes across its listings in the US, London and Switzerland, bringing its total holdings to 165.1 tonnes. Similarly, ZKB Gold ETF, listed in Switzerland, and iShares Gold Trust (IAU), listed on NYSE, added 42.5 and 37.8 tonnes, respectively, during the year.

Only JSE-listed New Gold ETF experienced outflows larger than one tonne of gold during the year. This illustrates that ETFs have become a convenient and cost-effective route to access gold for investors in multiple markets, the report says.
Cairn-Vedanta deal
NEW DELHI, 27 JAN: Edinburgh-based Cairn Energy Plc today said it expected to conclude the $8.48-billion deal to sell up to 51 per cent stake in its Indian unit to mining company Vedanta Resources Plc by 15 April this year. PTI
ICVL not to place rival bid for Riversdale

New Delhi: International Coal Ventures Ltd (ICVL), a consortium of five state-run firms, on Thursday said it would not bid for Australian entity Riversdale Mining Ltd, which has already received A$3.9 billion ($3.8 billion) bid from mining major Rio Tinto. The decision was taken unanimously by the ICVL board, which comprises Steel Authority of India Ltd, Coal India Ltd, NMDC Ltd, Rashtriya Ispat Nigam Ltd and NTPC Ltd, SAIL chairman C.S. Verma, who also heads ICVL, told reporters after the board meeting. PTI
आईएमएफए की बिक्री 228 करोड़

नई दिल्ली - इंडियन मेटल्स एंड मैटल्रीक्स लिमिटेड (आईएमएफए) ने चालू वित्त-वर्ष की तीसरी तिमाही में कुल बिक्री के तौर पर 228.43 करोड़ रुपये हासिल किए हैं। यह आंकड़ा फिल्टरिंग वित्त-वर्ष की समाप्ति आवश्यकता के बैंकर इसी सवारी में हासिल 202.53 करोड़ रुपये के साथ-साथ 12.29 प्रतिशत ज्यादा है।

हालांकि, कंपनी के पूलाकिक वित्तवाणिज्य वित्तीय परिणाम के बैंकर उध्रुव 3.03 प्रतिशत गिर कर 204.41 करोड़ रुपये रहा। फिल्टरिंग वित्त-वर्ष की समाप्ति आवश्यकता में कंपनी को सुदर फॉर्म्युलेशन के तौर पर 32.33 करोड़ रुपये हासिल हुए थे।
रत्नाभूषण निर्यातियों को मिलेगी राहत

जबकि निर्यात वर्ष 2011-12 के आम कार में रत्नाभूषण निर्यातियों को कमाई किया गया है, तब तक के ऐसे ग्राहक ने रत्नाभूषण निर्यातियों के लिए आयात फीस, निर्यात आर्थिक और कर सरकार कार्यवाही ज्ञापन करने का आदेश दिया है।

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उद्घाटन वर्तमान राष्ट्रपति के उपाध्यक्ष राजीव जैन ने दिनांकित निर्यातियों के लिए खुशी का जताया। वे कहा कि इस निर्यात वर्ष में रत्नाभूषण निर्यातियों के लिए आयात फीस, निर्यात आर्थिक और कर सरकार कार्यवाही ज्ञापन करने का आदेश दिया है।

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चांदी का भाव
850 रुपये बढ़ा

नई दिल्ली * अतराहिम बाजार में
मिंगरेज के बाबत प्रतिलू प्रमाण चांदी
और सेतु के खिलाफ में देने देने का
है। खुलाया को साफ़ करार में चांदी
की रूपमें में 850 रुपये की रैली
आकर भाव 42,650 रुपये प्रति किलो
हो गए। इस दौरान सेतु की रूपमें में
180 रुपये की रैली आकर भाव
20,320 रुपये प्रति दस ग्राम हो गए।

दिल्ली के उत्तर प्रदेश अधिकारी
के अभ्यस्त वी. के. गोपना ने बताया कि
अतराहिम बाजार में सेतु के भाव
पट्टर रुपया को 1,333 डॉलर प्रति
आस पर केरोल करते देखा गया
जबकि 26 जनवरी को इसका भाव
1,346 डॉलर प्रति ऑस पर बंद हुआ
था। इसी समय से चांदी का भाव
अतराहिम बाजार में पट्टर 27.53
dॉलर प्रति ऑस रह गया जबकि 26
dोनों को इसका भाव 27.61 डॉलर
dॉलर प्रति ऑस पर बंद हुआ था। (बड़तरी)
अमेरिका के अच्छे संकेतों से अल्यूमीनियम में तेजी

बिजनेस बाजार • ना दिनी

अमेरिका में घनिष्ठ विक्री के आकड़े उल्लासजनक रहने के कारण अल्यूमीनियम में तेजी का रूप दिखा। शाम पांच बजे तक एसीएलएस में अल्यूमीनियम जनरल्ड बायड 1.25 पैसे/किलो बढ़कर 109 रुपये प्रति किलो तक पहुंचा गया। बाजार से जुड़े लोगों का मानना है कि इस बढ़त का सबसे अधिक कारण चीन में मास्टर रोड उत्पादन में होने से है।

कारण

वैश्विक बाजार में आई तेजी के कारण कॉर्स में बढ़ोतरी जा रही है। शाम पांच बजे तक एसीएलएस में कॉर्स परवर्ती बायड 1.40 पैसे/किलो बढ़कर 435.30 रुपये प्रति किलो हो गया। इस बार में रूपरेखा फिरोजाबाद के विकल्प प्रवक्ता सिंह ने बताया कि फॉरेक्स दरियां द्वारा मिश्रित नीति में सशक्त बनाने की कोशिश कर रही है जो तेजी का कारण है।

कपास

वैश्विक राम बढ़ने के कारण कपास में तेजी का रूप दिखा। एसीईसीएस में कपास पारंगी बायड 2.9% बढ़कर 881.30 रुपये प्रति 20 किलो पर पहुंचा गया। बाजार से जुड़े लोगों का मानना है कि सकारात्मक कपास निर्यात के लिए आदर्श जगह बन गया है।

कमरोडी टिप्स

अमेरिका में अच्छी तेजी के कारण कपास में बढ़ोतरी मूलबना है।

लोकप्रेमी

लोकप्रेमी के साथ कपास बढ़ने के कारण लोकप्रेमी में फिरोजाबाद में फिरोजाबाद में बढ़ोतरी के लिए आयोजित किया गया।

आयु

आयु में सबसे तेजी के कारण आयु में बढ़ोतरी वाले हैं।
Rich in Raw Materials

Gaining through natural and human resources: Eastern India has got lot of natural mineral resources like coal, iron ore, aluminium, etc. Hence, eastern India has seen development of mines and also installation of a large number of steel, aluminium and thermal power plants. In terms of human resources, eastern India has talents available particularly for engineering activities due to concentration of engineering industries in the past in this part.

Business boom in West Bengal in the next five years: Mining, thermal power plants, infrastructure development, information technology, tourism, health care, etc are likely to grow. This is due to the abundance of raw materials in the region, availability of a large base of qualified young engineers and a number of entrepreneurs who are willing to invest in these sectors in the East.

Cashing in on location: MBE is already into metals and mining and power plant industries in a big way. We are currently executing coal handling plants, ash handling plants, water management projects and balance of plant projects in a number of thermal power plants. We are also into coal washery, aluminium plants and other mineral beneficiation plants. Being located in West Bengal we are in an advantageous position. We moved our corporate headquarters to New Town Rajarhat recently, where more than 1,200 engineers are working out of a 1,60,000 sq ft state of the art office.

P K Chandra
President & COO,
McNally Bharat Engineering Co Ltd
Upgrading Production

How does eastern India gain in terms of natural and human resources?

Natural resources of iron ore, manganese, coal, bauxite and mica, etc., have led to the growth of steel industry in eastern India. The educated human resource has driven the growth engine of IT industry in this part of the country, particularly in West Bengal. Wipro, IBM, a few leading companies, have made Kolkata their hub.

How is business and industry in West Bengal expected to grow in the next five years?

No government, irrespective of political and ideological leaning, can exist without development. Every ruling party will try to create a conducive business environment for the growth of the industry. So West Bengal is destined to witness industrial growth.

What is your company doing to make the most of the edge, location wise?

Bird Group of Companies (BGC) has to have broad base human resource. The Orissa Minerals Development Company (OMDC) and The Bisra Stone Lime Company (BSLC) are certainly going to benefit from their iron ore and manganese, limestone and dolomite reserves respectively. These companies are planning to upgrade their production in the near future and increase efficiency in terms of productivity per head.

What’s your take on the industry outlook?

Mining industry, which is the core business of BGC, is passing through a difficult phase. Stakeholders, having competing interest, are trying to get a bigger share of the pie and a say in the system governing exploitation of the natural resources.

OMDC plans to enhance its production of iron ore from 2 mt to 10 mt and manganese ore to 1 mt per annum and BSLC may increase its production to 5 mt from the existing level of 1 mt per annum by 2014-15. OMDC will also put up 2 mt beneficiation and 2 mt pellet plant in Barbil, Orissa.

Dr Satish Chandra
Chairman and Managing Director, Bird Group
During the year, Adhunik Metalliks Ltd (AML), the flagship venture of Kolkata-based Adhunik Group, inked an MoU with the Karnataka government for a 6 million tonne steel plant at an investment of Rs 15,000 crore. It was a significant step for the company which has emerged as one of the fastest growing alloys, special and construction steel manufacturing companies in the country with a significant presence in the mining and power sectors through its subsidiaries. AML, an integrated manufacturer of special steels with downstream utilisation of products, operates an integrated 0.45-million-tonne steel plant in Sundergarh, Odisha. The company had earlier been allotted a captive iron ore mine at Keonjhar and captive coal mines in Talcher and Angul in Odisha. During the year, Adhunik Metalliks achieved raw material security through captive iron ore and coal mines at Keonjhar and Talcher and Angul respectively. Integration of facilities and ownership of captive resources are expected to help the company insulate itself from fluctuation in raw material prices while ensuring its profitability even in difficult times. During the year, Adhunik Metalliks’ products were recognised by major auto component manufacturing and auto companies like Tata Motors, Mahindra & Mahindra, Guru Nanak Forging, Ramkrishna Forging and many more. This led the company to move into related areas and cater to a diversified market beyond automobiles, into telecom, power, railways, engineering, oil and gas, and construction sectors.
Adani signs $1.65 bn deal for port, rail line in Indonesia

Will get 60% coal in Tanjung Enim coal mining area at notified prices

Adani Enterprises on Tuesday signed an agreement to develop $1.65 billion port and rail infrastructure project in Indonesia. The group will also explore options to set up a lignite-based power plant in that country.

The project includes developing a 250-km railway line and the required port infrastructure for the transportation and shipping of up to 60 million tonnes per annum (mtpa) of coal. The project, expected to be completed in four years, would be undertaken by PT Adani Global, a step-down subsidiary of Adani Enterprises.

The port would be set up near Tanjung Carat and the railway line will connect Tanjung Enim, the coal mining area, with the port. As per the agreement, PT Bukit Asam Tbk, the Indonesia government owned mining company, will sell 60% of its coal from this area to Adani at a government-notified price and balance coal will be used as contract carriage for Bukit Asam.

The group has also signed a memorandum of understanding (MoU) to explore options in developing a lignite-based power plant in Indonesia. While the company is yet to identify a location, the capacity is estimated to be either 3x660 mw or 2x1100 mw. The MoU has been signed under the bilateral India-Indonesia economic framework.

At present, the Adani group is the largest importer of coal in India with around 30 million tonne coal. The company aims to manage around 200 million tonnes of coal by 2020. The group started its mining operations in Indonesia in 2008.

"The Adani group is one of the very few Indian players with coal assets in Indonesia which has a proper logistics infrastructure plan in place, which is equally important," said a top official of a company which owns coal mines in that country.
India, Indonesia agree to commence trade pact talks

NEW DELHI, Jan 25 (PTI) : India and Indonesia today agreed to commence negotiations on a bilateral market opening pact to enhance trade between the two nations to USD 25 billion by 2015 from about USD 11 billion last fiscal.

"Both leaders were pleased to announce the commencement of negotiations on Indonesia-India Comprehensive Economic Cooperation Agreement building on what has already been achieved under the India-ASEAN FTA," a joint statement said here.

The agreement is aimed at reducing or eliminating tariffs on goods and services between the countries. Besides, it would cover investments.

Both the leaders hoped that the pact would further contribute to building a higher-level and mutually beneficial economic cooperation between the two countries, the statement said.

The decision to embark on negotiations will take forward the shared goal in the New Strategic Partnership 2005 of increasing the volume of bilateral trade and investment, it said.

Under the Strategic Partnership between the two countries, Prime Minister Manmohan Singh and Indonesian President Susilo Bambang Yudhoyono set up a new target of USD 25 billion by 2015, the statement said.

Taking its FTA with the 10-nation Asean bloc a step further, India has implemented a free trade pact with Indonesia October last year that slashes import duties on thousands of products, like seafood, chemicals and apparel.

Besides, Indonesia stresses on India as a potential partner because India's investment realisation there has steadily increased for the last 20 years, the statement said.

Both the countries agreed to have a Biennial Trade Ministers Forum, including the establishment of a Trade and Investment Forum between the trade ministers to exploit the potential of trade and investment opportunities in both the countries, it said.

To address the issue of food security, the two leaders encouraged the implementation of the memorandum of understanding in the field of agriculture and allied sectors that was signed on December 31, 2008 along with the implementation of work plan for 2009-2013 in the area of agricultural development and joint research in agriculture science, the statement said.

India and Indonesia signed 18 business MoUs worth USD 15.1 billion in areas like infrastructure, mining and manufacturing.
Kabul shortlists 15 Indian cos for Hajigak mine bid

SAIL, NMDC, Tata, Essar JSW & Jindal Steel make the cut

Priyadarshi Siddhanta

New Delhi, Jan 27: Enthused by the response of Indian metal and mining giants to its Expression of Interest (EoI) for developing the rich Hajigak iron ore mine in Afghanistan, the Hamid Karzai government has shortlisted 15 of them for competitive bidding process for the mine to begin soon.

A total of 22 companies have confirmed their EoIs to the Afghan government for exploring and mining the Hajigak mine located in the mountainous Bamiyan province, 130 km west of Kabul having an estimated reserves of 1.8 billion tonne of high grade iron ore. An estimated expenditure of about Rs 10,000 crore is required to develop the mine and its peripheral infrastructure for evacuation of the mineral.

Afghan mines minister Wahidullah Shahrani, in a letter on January 17, said of the 22 shortlisted firms, 15 are Indians. They include big-ticket names like Maharatna Steel Authority of India Limited (SAIL), navratna behemoths NMDC and Rashtriya Ispat Nigam Limited, besides private sector giants like Tata, Essar, Jindal Steel and Power, Ispat, Moonet Ispat, JSW, Jindal Saw among others. Interestingly, Iranian firms like Gol-e-Gohar Iron Ore and Behin Sanate Diba have also tendered their EoI.

In his letter Shahrani said his ministry was finalising the bidder’s package for all the phases of the process. "It is anticipated that the bidder’s due diligence period will start on or about March 1, and extend at least through August 3. We appreciate your interest in the Hajigak project and look forward to receiving a competitive bid from you," the Afghan minister said.

Soviet studies reveal that the said mine was amendable to open pit mining methods. In the EofI floated recently, the Karzai government said it would conduct a bidding process for multiple exploration concessions, and the selected bidder would be granted mineral concessions under the Afghan Mineral Law, 2010. The Afghan government is also keen that the Indian companies set up steel and other iron ore processing plants near Hajigak.

Afghanistan was believed to be sitting on over $2.5 trillion worth of untapped mineral deposits. The country has a huge copper mines in Balkh and Aynak areas.

Shahrani had met Indian mines ministry officials in November last and expressed his country’s desire to enter into a memorandum of understanding (MoU) with India to promote mining and end use industries in Afghanistan. The external ministry too has been asking the mines ministry to evaluate the response from the Indian companies. Though Indian firms confirmed their EoIs, they are unlikely to go solo in Hajigak and are expected to bid as consortia. A steel company official said they might have to begin from scratch as there was virtual no infrastructure there and they would have to build it including a railway network, roads and power plants.
Centre to seek legal opinion on BALCO to garner best value

The Centre on Thursday said it would seek legal opinion before proceeding with the divestment of its residual 49 per cent stake in Bharat Aluminium Company. Sterlite owns 51 per cent stake in the company, PTI reports quoting Mines Secretary S. Vijay Kumar.
Sterlite mulls next move on Balco call option

Our Bureau
New Delhi, Jan. 27
Responding to the arbitration panel’s ruling that struck down Sterlite Industries’ call option to acquire the remaining 49 per cent stake in Bharat Aluminium Company (Balco), the Vedanta Group company said: “It is considering the next course of action.”

SHARE LOSS
Tracking the ruling, which is seen as a setback, the Sterlite Industries scrip shed 5.28 per cent to close at Rs 169.45 on the BSE on Thursday. The three member arbitration panel on January 25 had ruled against Sterlite Industries’ move to exercise call option to acquire the remaining 49 per cent stake in Balco. This is said to be in violation of the Section III A (2) of the Indian Companies Act, 1956, which pertains to the transfer of shares.
Sterlite Industries had acquired a 51 per cent stake in Balco in 2001 for Rs 551 crore. As part of the deal, Sterlite was given a call option to acquire the remaining stake in three years.
However, when Sterlite decided to exercise the option, differences cropped up over valuation and the dispute went to arbitration.
Gold eases below $1,340/oz

Bloomberg
Jan. 27

Gold futures fell $1.80, or 0.1 per cent, to $1,332.70 an ounce on the COMEX in New York, reversing gains earlier of as much as 1.1 per cent.

Immediate-delivery bullion lost $6.17, or 0.5 per cent, to $1,339.68 an ounce at 11:15 a.m. in London. It gained 1 per cent on Wednesday and reached a record $1,431.25 on Dec. 7. Bullion rose to $1,337.50 an ounce in the morning fixing in London. Gold assets in exchange-traded products fell 1.85 tonnes to 2,041.24 tonnes on Wednesday, according to data compiled by Bloomberg from 10 providers. Holdings, down 3.5 per cent from a record 2,114.6 tonnes on Dec. 20, are at the lowest level since August.

Silver for immediate delivery in London lost 0.3 per cent to $27.53 an ounce.

Palladium declined 0.5 per cent to $810 an ounce. Platinum was lower at $1,801.55 an ounce.

Bullion rates
Mumbai: Silver spot (999 fineness): Rs 43,080; standard gold (99.5 Purity): Rs 19,925; Pure gold (99.9 purity): Rs 20,025.

Chennai: Bar silver: Rs 42,268; retail silver: Rs 45.20; standard gold: Rs 20,068; retail ornament gold (22 carat a gm): Rs 1,866.
Copper gains; tin at new high

Bloomberg 1015
Jan. 27

Copper rose for a second day in New York on speculation US interest rates near zero will buoy demand for industrial metals. The Federal Reserve kept its benchmark rate close to zero on Wednesday even after the biggest jump in US new-home sales since 1992.

Copper has declined 2.7 per cent this year on speculation higher rates would stall growth in the world's largest economy.

Copper for March delivery advanced 6.25 cents, or 1.5 per cent, to $4.3295 a pound at 8:31 a.m. on the COMEX in New York. Tin for three-month delivery on the London Metal Exchange rose 1.7 per cent to a record 29,100 a tonne. The metal is up 8.2 per cent this year after jumping 59 per cent in 2010. PT Timah, the world's biggest supplier, said this month its production may drop for a fourth year in 2011.

Aluminium, copper, nickel and lead gained on the LME, while zinc declined.
EMKAY RESEARCH

Sterlite Ind
(Accumulate)

Cmpr: Rs 169.45
Target: Rs 205

Sterlite Industry’s Q3FY11 numbers remain mixed with topline, exceeding expectations grew by 24 per cent and 37 per cent, respectively, on year-on-year and quarter-on-quarter basis to Rs 8330 crore. EBITDA remained in line with expectations at Rs 1,980 crore growing by 12 per cent and 29 per cent on y-o-y and q-o-q, respectively, margin, however, contracted by 269 bps y-o-y to 23.9 per cent. Though, APAT grew by 10 per cent and 7 per cent y-o-y and q-o-q, respectively, to Rs 1105 crore, it remained lower than expectations against our and street estimates. Factoring in higher base metals prices and uncertainties related to different businesses our EPS estimates stand at Rs 13.5 and Rs 20.3, respectively, for FY11E and FY12E.
Vedanta earnings jump 35%

INDIA-FOCUSED mining group, Vedanta Resources Plc, on Thursday reported a jump of 35% in earnings to $895.4 million in the October-December quarter of 2010, boosted by robust metal production.

The company had an earnings before interest, tax, depreciation and amortisation (EBITDA) of $662.5 million in the quarter ended December 31, 2009. Anil Agarwal led Vedanta said in a statement.

Vedanta’s total revenues increased to $3.07 billion in the third quarter ended December 31, 2010 from $2.14 billion in the year ago period, a growth of 43.3%.

The company attributed its strong quarterly earnings to strong metals prices and higher output. Mined metal production in Q3 was a record 222,000 tonnes, 11% higher than the corresponding prior period. While the integrated copper cathode production was 34,000 tonnes in the quarter under review, 21% more than the year earlier.

The London-listed firm’s copper business in India was 7% lower at 79,000 tonnes in the third quarter due to a temporary shutdown ordered by the Madras High Court last year. Output fell after the High Court forced the smelter to close at the end of September on environmental grounds.

Third-quarter production of refined zinc surged 20% to 178,000 tonnes, on account of acquisition of Anglo’s Skorpion mine.
Sharp rise in iron ore prices augurs well for company

Crystal Barretto
ET INTELLIGENCE GROUP

SESA Goa, a dominant firm in the supply of iron ore and allied commodities, benefited from a sharp rise in iron ore prices during the quarter to December 2010.

Global iron ore traded at an average price of $160 per tonne in the third quarter, a jump of nearly three-fifth compared with a year ago and that helped Sesa Goa offset the fall in its sales volume of the commodity. Iron ore is a key input for the steel industry. The company’s consolidated revenue rose 20% year-on-year to ₹2,250 crore in the quarter, but that could not prevent a 700 basis points fall in its operating profit margin to 53%. Also, the 20.6% year-on-year fall in iron ore volumes sold resulted in the slowest growth in quarterly net sales during the current financial year.

Sesa Goa had also grappled with a higher cost structure, like logistics, at its mines in Goa, and that led to a fall in its operating margins. The company’s iron ore output in the quarter was 49.05 million tonnes, down 33% year-on-year due to unprecedented monsoons in Goa last year.

However, higher realisations helped net profit rise 29% year-on-year during the third quarter to ₹1,065.3 crore. The results were declared after the close of Monday’s trade, and on Tuesday, the stock ended 1.3% lower at ₹326. Global iron ore prices have gone up further over the last few weeks and reports indicate spot prices at close to $180 per tonne levels. The current price is not too far from the all-time high of ₹200 per tonne seen in early 2008, say analysts.

The rise in iron ore prices comes when demand from the steel industry in emerging markets has been strong and the flooding is likely to disrupt supplies from Australia in the short term. Also, media reports indicate that global suppliers of iron ore are increasingly shifting to more short-term, monthly contracts compared with the traditional quarterly contracts, to get better realisations. This positive outlook for iron ore prices should help drive realisations and net profit at Sesa Goa over the next few quarters.

Sesa Goa trades at a P/E of seven times on a trailing four-quarter basis. Given the buoyancy in iron prices, the stock still looks attractively priced.

crystal.barretto@timesgroup.com
Copper rises as US interest rates may hike demand

LONDON: Copper rose for a second day in London on speculation that US interest rates near zero will buoy demand for industrial metals. The Federal Reserve kept its benchmark rate close to zero on Wednesday even after the biggest jump in US new home sales since 1992. The Fed maintained a pledge to hold borrowing costs “exceptionally low” for an “extended period.” Copper has declined 1.7% this year on speculation higher rates would stall growth in the world’s largest economy. “The worry had been that growth in the US would lead to a move to higher interest rates by the Fed,” said Daniel Brebner, an analyst at Deutsche Bank in London. Copper for delivery in three months climbed $1.42, or 1.5%, to $9,472 a tonne on the LME after rising 0.9% on Wednesday.
VOLATILITY WAS LOWER THAN THAT OF EQUITIES

Gold surge no deterrent for Indian consumers

Our Bureau

THE price-conscious Indian consumer did not shy away from splurging on gold jewellery despite a 24% increase in the metal’s price in 2010 from a year ago, tipping the country to exhibit the strongest consumption recovery from the low levels of 2009, an industry body has said.

“At the country level, India, the largest gold market, is poised to exhibit the strongest recovery during 2010,” said the World Gold Council in its Gold Investment Demand digest for 2010. “During the first nine months of 2010, gold jewellery consumption in India rose to 513.5 tonne, 73% higher than the same period in 2009, as consumers benefitted from continued economic growth and periods of rupee appreciation against the US dollar.”

The price of gold at the end of December was around Rs 1,960 a gram, up 23% from a year ago, while annualised volatility based on daily returns was 15.5%. The average price in 2010 was Rs 1,741 a gram, a 15% increase over the average price a year ago. “The volatility in gold was lower than that in equities or other commodities which is what increased the physical demand despite the year-on-year rise in price,” said Ajay Mitra, managing director, India and Middle East, WGC.

 Asked about any downside risk to the metal considering the corrections under way since the beginning of the year, Mitra termed it a “blip during the course of the year and what is being seen is physical demand has picked up considerably with retailers stocking up and consumers buying, a price-supportive factor. Many analysts, including GFMS, have forecast a price of $1,500 and above for gold this year.”

However, Bhargav Vaidya, a precious metals analyst at chartered accountancy BN Vaidya & Associates, differs. “As the global economic recovery gains traction, there is a risk that prices may not maintain the momentum we have seen so far. I don’t think that prices this year will keep up the same momentum as last year. On the contrary, any rise will be above global inflation level of around 4%,” he said.

In Mumbai, gold has slipped by about 4.3% since the New Year to Rs 1,999 per gram on Tuesday, tracking overseas gold which has been on the retreat because of positive economic events in the US and containment of the euro crisis. While the final data on global jewellery demand in the fourth quarter of 2010 will be released in mid-February, indications are that India is likely to cross or match the 750-tonne record jewellery consumption of 2007.

China — the second-largest gold market — also benefited from healthy growth and renewed interest in gold consumption. While its 2010 performance so far has been less strong than India, it is worth noting that China was the only market that did not experience a contraction in jewellery consumption during 2009.
Lack of investor demand pulls down gold

LONDON: Gold declined in London as strengthening equities and higher prices for some commodities helped erode demand for the metal as a protection of wealth. The MSCI World Index of shares was little changed near the highest level in more than two years, while metals including copper gained and tin reached a record after a report on Wednesday showed US new-home sales topped estimates. Gold on Wednesday rose the most this year following a four-day drop after the Federal Reserve said the US still needs stimulus to cut unemployment. “There’s more risk appetite gaining momentum at the moment,” Daniel Briesemann, an analyst at Commerzbank in Frankfurt, said on Thursday.
OTTAWA, JANUARY 27

India has launched year-long activities and programmes in Canada to showcase the country’s rich art and culture, as well as its rise as an economic power.

Indian High Commissioner S M Gavai launched the ‘Year of India in Canada’ with a major investment in Canada-India Centre for Excellence in Science, Technology, Trade and Policy at Carleton University.

Gavai and Roseann O’Reilly Runte, Carleton University president, signed an MoU on Monday governing the Visiting Chair in the field of humanities and social sciences that would bring together key members of the academic, business and public policy communities in both countries to provide cutting-edge research, analysis, training and exchanges.

Gavai said the year-long festivities would include exhibitions of Indian art and culture, seminars on promoting trade and business, conferences on enhanced co-operation, food and film festivals and more in different parts of the country.

The celebratory year was designated for 2011 by Prime Minister Manmohan Singh and his Canadian counterpart Stephen Harper during the latter’s visit to India in November 2009. “The aim is to showcase India’s rich art and culture, as well as its rise as an economic power, thereby promoting closer people-to-people ties across a broad range of sectors, including business,” Gavai said.

“A number of positive developments point to an upward trajectory in this bilateral relationship. A sustained engagement of Canada with India is evident from the number of agreements and MoUs already signed between two countries such as civil nuclear cooperation agreement; higher education; earth sciences and mining and cultural cooperation,” Gavai said while talking to newsmen after the function.

“We are most grateful to the Indian government,” Runte said. “This generous contribution will make Carleton’s centre a unique resource for the university, the community and our country,” she added. — PTI