Posco may build smaller steel mill

Mumbai: Posco may build a smaller steel mill than planned after failing to secure enough land for what would be the biggest overseas investment in India, two people familiar with the plans said.

The world's third biggest steelmaker is looking to reduce the amount of land for the mill and iron ore mine project, said the people who declined to be identified because they aren't authorized to speak publicly.

The plant size may be cut to 8 million tonnes (mt) from 12 mt, one of the people said. BLOOMBERG
Gold up ₹535 on global cues, silver gains ₹1,770

PRESS TRUST OF INDIA
New Delhi, 27 January

Gold surged by ₹535 to ₹28,305 per 10g today on frantic buying by stockists and jewellers for the marriage season, amid a sharp rally in global markets.

Silver followed suit and spurted by ₹1,770 to ₹69,910 a kg on increased offtake by industrial units and coins manufacturers.

The trading sentiment for gold bolstered as it rose to a seven-week high in global markets as the US Fed keeping the borrowing costs low drove the dollar down, increasing demand for bullion as alternative assets.

Fed policymakers said they probably would keep key US interest rate targets near zero until at least 2014. Fed Chairman Ben Bernanke said the central bank was ready to offer additional economic stimulus. The news cheered gold investors, who have long feared that the precious metal’s rally would be stymied by a US rate hike, which would lift both the dollar and the opportunity cost of holding non-interest bearing bullion.

Last night in New York, gold gained 1.6 per cent to $1,729.50 an ounce, the highest since December 7 and silver by 1.9 per cent to $33.74 an ounce.

In addition, fresh buying by jewellery-makers and retailers for the marriage season further fuelled the upswing in precious metals.

On the domestic front, gold of 99.9 and 99.5 per cent purity surged by ₹535 each to ₹28,305 and ₹28,168 per 10g, respectively. Sovereigns gained ₹50 to ₹23,350 per piece of eight grams. In a similar fashion, silver for weekly-based delivery rose ₹625 to ₹56,400 a kg.
VEDANTA SEEKS MoEF NOD FOR LANJIGARH

AGE CORRESPONDENT
CHENNAI, JAN. 27

Vedanta Aluminium Ltd is putting pressure on the ministry of environment and forests to clear their Lanjigarh project to expand the aluminium refinery in Odisha.

Senior executives of the company point out that they feel discriminated against especially since road blocks had been placed in the case of both the Jindal Power Ltd and the Lavasa projects but these were ironed out and they finally received a green signal from the environment ministry after several additional conditionalities were placed on these projects.

However, Mr T. Chatterjee, MoEF secretary, when contacted in Chennai on this matter, said, As of now, there are no change of plans at all (regarding giving clearance to their expansion proposal).

The minister of environment, Mr Jayanti Naravane also in Chennai could not however be contacted to ascertain her views on these developments.

The Vedanta group had filed a review petition in the Orissa High Court for reconsideration of their project but the court declined to review it on the grounds that a memorandum lacked the authority of a legal statute.
Agitators hold sway over projects

By N S Venkataraman

A number of important infrastructure projects in the country, that are vitally necessary to sustain the industrial and economic growth, have been stalled in the last few months due to the agitation by the so-called environmentalists, who do not listen to scientific and technical explanations. It is said that a few hundreds of determined agitators have been able to dictate terms and enforce their views by threatening mass demonstration and violence on any issue.

The agitation against Kudankulam nuclear plant in Tamil Nadu is an immediate example, when a few thousand agitators can stall the project and not listening to any appeal and explanations by experts. Even the appeal by the former president and renowned scientist Dr A P J Abdul Kalam has fallen on deaf ears and the agitation is being continued successfully. The net result is that more than Rs 15,000 crore invested in the Kudankulam nuclear plant threatens to go waste and with no one knowing now as to whether it would be commissioned at all. Tamil Nadu is now facing severe power cuts with shortage of around 2000 mw and several parts of the state have been subjected to power cut for 5 to 6 hours every day, leading to closure of tiny and small industries and loss of employment.

Unwarranted expansion

Even as Kudankulam is blocked, a national level coordination committee of so-called environmental activists was formed in Chennai recently to fight through courts what they called the unwarranted expansion of thermal power plants along the coast. The committee said that it would ask the Centre and state governments for an immediate halt to the expansion of the thermal plants until a cumulative assessment of the actual energy needs were spelt out clearly in a white paper.

Some agitators do not want nuclear power plants and want thermal power plants. There are others in central and western India who are protesting against the hydro electric power projects. All these agitators are getting huge media publicity and they are interviewed here, there and everywhere making them look like environmental heroes. This scenario is creating confusion in the minds of the common man in India who do not have technological awareness, as to whether the environmentalists have a valid case. Such publicity is encouraging a number of other professional agitators and local politicians to enter the fray, all in the name of environmental protection. Probably, all these agitators want India to be driven to a dark age in the name of environmental protection.

Recently, local protesters have forced the country’s biggest iron ore miner National Mineral Development Corporation (NMDC) to suspend production and shipments from Jharkhand, which accounts for two-thirds of its 25 million tonnes annual output. NMDC’s mines in Chhattisgarh produce daily about 40,000 tonnes of ore, which is vital for the steel industry. It is reported that the railways refused to supply wagons on fears that they could be attacked by agitators. Piling stocks then forced suspension of the production. Vast areas of the mineral rich state are a stronghold of Maoist rebels and public protests against the government have become common.

There are many other agitations now going on such as the protest against nuclear power project in Maharashtra, against opening of uranium mines in Meghalaya etc. The proposal of Tata group to invest around Rs 2,000 crore in Tamil Nadu was given up due to agitation by the local population against land acquisition for the project. Several rules and regulations do exist with regard to the implementation of projects such as environmental clearance, public hearing etc, but the agitators seem to have their own ‘rules and regulations’. Now, where do we go from here? If such conditions persist and agitators continue to have a field day, there would be huge industrial and economic setback for India which will prove to be too costly.

One gets an impression that the main reason for such frequent agitations is that the governments have given an impression that they would be guided only by vote bank politics in dealing with the agitators and in the process showing that they have no conviction. It is high time that national opinion should be built up against such counter productive agitation. It is nobody’s case that any violation of environmental stipulations should be tolerated or lands should be acquired for the projects displacing poor people. But, there should be proper forum and methodologies to take decision on such matters without they becoming a subject of street agitations and violent protests.
The 7th international conference on steel and metal making raw materials, Global Steel 2012 commenced in the capital amid much fanfare. Presented by Gujarat NRE and The Economic Times, the venue for the summit this year is Hotel Taj Palace, New Delhi. Spread over two days, January 27-28, the event has been organized to chart the course of India's future as well as its positioning in the global order. Hence the theme, 'Scripting A New Renaissance'.

Having earned a significant place as one of the most important steel conferences round the globe, this event brings together the who's who of the steel industry, both from India and abroad to discuss, deliberate and decide the path that is destined to build an economy with muscles of iron and nerves of steel.

Present at the inaugural function were Arun Kumar Jagatramka, CMD, Gujarat NRE Coke Ltd and conference co-chairman, Global Steel 2012; Neel J Bhise, chief consultant, H & W Worldwide Consulting Ltd, Australia and conference co-chairman, Global Steel 2012; CS Verma, chairman, Steel Authority of India Ltd (SAIL); Barry Buffier, representing Barry O'Reilly, premier of New South Wales, Australia; Peter N Varghese, AO, Australian High Commissioner to India; D R Kaarthikeyan, president PGF & former director CII, and Arunabh Das Sharma, executive president, Bennett Coleman & Company Ltd. Naveen Jindal, member of parliament and CMD, Jindal Steel & Power Ltd was the chief guest for the occasion.

Setting the note for Global Steel 2012, Jagatramka said, "The idea of the conference has been to bring together the wide breath of knowledge and expertise of steel industry experts and industry captains to chart a growth path for the Indian steel industry in the face of the ever evolving and challenging global economic and industrial landscape. The year 2010 has seen a steady recovery for steel demand that began from the second half of 2009. Strong economic headwinds in many parts of the world, high raw materials costs and trade uncertainty all present major challenges for the global steel industry in 2012. India's strong domestic economy coupled with huge infrastructure needs makes India the major steel hot spot. This is very heartening since the country is gripped with issues that are deferring the setting up of major steel mills.

"It is expected that with commissioning of new plants, India may return to become a net exporter of steel in the near future." Next to grace the podium was Bristow who dwelt on the challenges ahead and the need to explore opportunities in them. He said, "Growth in 2012 will be significantly better than most people forecast. An Indian steel renaissance is definitely needed. The opportunities and the need for steel in India is growing. In the raw material sector, we've seen a pretty roller coaster ride. The costs are still high. What we need to have is an alignment of purpose, we need to have people who are willing to take responsibility and of course, financial support.''

Varni reiterated what speakers before him had to say sharing many facts and figures, he said, "The steel industry directly contributes around 2 per cent to India's Gross Domestic Product (GDP) and its weight in the Index of Industrial Production (IIP) is 6.2 per cent. He went on to talk of the future of steel plants and added that benefactor iron ore would replace crude iron to increase productivity and reduce the consumption of fuel. Use of latest technology, innovations driven by energy and environment concerns will be key issues. The proverbial holy grail for the steelmakers, steel plants of the future will play an important role in achieving this,' he added.''

Buffer dwelt on the vibrant and strong mining sector of New South Wales. Citing government support, good mining related-technology, excellent geological positioning, rich diversity of mineral resources like coal, iron ore, copper, zinc, etc, he said, "NSW has a strong trade, investment relationship with India and we have the resources in mining that ideally suit the Indian mining industry.''

Varyse said at the very outset that it is a conference that he welcomes and looks forward to. "I can locate the Australia-India steel connection to the broader context of Australia-India relationship. We now have a track record of some three decades of being an energy supplier to the world, particularly Asia. Despite concerns in certain quarters, several new mining projects have been announced. Australia is keen for development in India's own resources sector. We are exploring opportunities to set up mining colleges in India. We will continue to meet critical future challenges such as energy security. Increasing our bilateral engagement over the coming decade will be complementary to trade and investment in both the countries. I look forward to hearing the outcome of Global Steel 2012.''

The last speaker for the session, Jindal too shared the latest figures which ranks India fourth in the production of crude steel. Driven by domestic demand, India has a huge potential to grow its production and consumption, he said. He also spoke at length about land acquisition issues, the need for our efforts to decrease green house emission and last but not the least, inclusive growth.

According to some, steel-making is their preferred trade, the inaugural lamp was lit by Jindal and all those present on the dais. This was followed by the release of an Ernst & Young report on the Indian steel industry titled 'Scripting A New Renaissance'.

Extending the role of thanks on behalf of BCCL, Das Sharma thanked the speakers, delegates, sponsors, knowledge partners as well as supporting associations. "We are proud to be associated with this annual conference and believe that global steel fraternity that brings together who the world from steel and steel making raw materials."

The steel industry, regarded as one of the indices in ascertaining the economic health of a nation, needs to think and strategize the future development plan and pave the way for an aligned future. Thus, like in the last two years, this year too, the conference has emerged to be a meeting place of experts and industry captains, he said. The inaugural session was followed by panel discussions on 'Global Steel Industry' with a keynote address by Peter Marcus, chairman of World Steel Dynamics, USA, to his raw material requirement and Australia's response 'Sourcing from Down Under', and a discussion on Indian Steel Industry.
GUJARAT NRE MINERAL RESOURCES: Going Great

Gujarat NRE Mineral Resources Company Ltd (GNMRL) is a core investment company and the fountainhead of the Gujarat NRE group. It has benefitted immensely from the phenomenal growth in value of investments held in Gujarat NRE Coke Limited and other Gujarat NRE group companies during last decade when GNCL was identified as the 4th best performing stock of the decade having delivered returns to investors in excess of 100% compounded annually. During the current decade of 2011-2020, GNMRL is poised for even much better returns given the stake in hard coking coal mines in Australia and the rising demand supply gap with growth of Steel Industry in India.

Coking coal is in short supply globally. The price of coking coal had peaked to over $300 per tonne in early 2011 due to floods in Queensland, Australia, with availability being scarce, putting the entire metallurgical industry in the throes of great uncertainty. Gujarat NRE has taken assured comfort from the secured supply of coking coal from its own mines which insulates it from the extreme volatility. Even today, with slowdown knocking at the door of global economy led by the downturn in Europe, the coking coal price is still higher than what it was twelve months back.

For last one year, work has been in progress towards getting GNMRL listed on the bourses but the same could not be done, in view of the past year's regressive market conditions which have proven to be unfavourable for investor interest.

GNMRL has recently announced a Rights Issue of Optional Fully Convertible Bonds (OFCBs) to its existing shareholders only. OFCBs are 'hybrid instruments' comprising the features and benefits of both shares and bonds with an attractive and assured return. OFCBs, as the name suggests, are convertible bonds with a right / option to the bondholders that allow them to either redeem the bonds at the end of maturity period or exchange the bonds for equity shares of the company. Upon such exchange, the debt obligations inherent in such bonds are discharged by the entity by issuing equity share. The issue offers assured lucrative redemption premium and is a secured form of investment against any future downturn in the market.

GNMRL has also announced a trip to Sydney and an optional visit to its coal mines in Wollongong, Australia for a couple, to two best entries of a quiz contest that has been organised among the shareholders of Gujarat NRE Mineral Resources Ltd and also extended it to the shareholders of Gujarat NRE Coke Ltd. To ensure transparency, employees of the company (both existing and past) and their relatives are strictly not eligible to participate in the Quiz Contest. This unique quiz contest is being organised to promote and encourage investor awareness among the shareholders about the company and its operations.

For further details please visit the website of the company www.gnmrl.com.
Despite ban on iron ore exports,
S-W Rly ferries more freight

Our Bureau
Bangalore Jan. 27

Despite a ban on iron ore exports from Karnataka, South Western Railway (SWR) has managed to recover its freight volume by largely carrying coal and foodgrains.

According to Mr. A.K. Mital, General Manager, South Western Railway, “the railway’s has carried 23.8 million tonnes in the first nine months of this financial year against 25.6 mt carried in the same period last year. As for the originating freight earnings up to December 31, 2011, stood at around Rs. 1,658.82 crore, which is 21.59 per cent less than the previous year earnings.”

“The performance in the last nine-months of the current financial year (2011-12), has been satisfactory as far as passenger traffic is concerned. The number of Passengers carried has gone up from 139.43 millions to 139.43 millions, registering an increase of 8.12 per cent. The originating Passenger earnings have also increased by 7.45 per cent from Rs. 783.30 crore to Rs. 841.65 crore,” Mr. Mital added.

PASSENGER COMFORTS

South Western Railway (SWR) has achieved punctuality of 94.5 per cent surpassing target of 90 per cent set by Railway Board during the year 2011-12. Also to provide comfortable rail travel to passengers, a number of measures have been taken to improve safety, security, passenger amenities, cleanliness and punctuality.

Mr. Mital said IT is being increasingly used to provide passenger amenities by installing audio video enquiry terminals, digital display boards and coach locating guiding system.

“For easy availability of tickets, unreserved ticketing system (UTS) has been extended to cover 231 stations and reserved tickets can now be obtained from 131 locations. In addition to this, 15 Jansadharan Ticket Booking Sevak (JTHS) have been appointed in the current year to issue unreserved tickets to travelling passengers,” he added.

He also said to provide quality food at reasonable prices, ‘Jan Ahar’ outlets have been commissioned at Yessavpur, Bangalore City and Hubli Railway stations. Besides, six ‘Rail Ahar’ outlets have also been commissioned, three at Bangalore City, two at Hubli and one at Bangalore Cantemment stations.

NEW TRAINS

Mr. Mital informed that all the nine pairs of new trains of SWR as announced in the Railway Budget 2011-12, have already been introduced.

Apart from this, increase in frequency of two trains and extension of four trains announced in the Budget, have also been implemented. He further said that “To clear rush of passengers, 4,303 Special trains were run and 5,402 extra coaches were attached during April, 2011 to December 2011.

Mr. Mital further said that a special thrust is being given to improve infrastructure and line capacity on various sections of SWR. During the current financial year, 18 km of new line, 61 km of gauge conversion and 31 km of doubling are targeted for completion.

Work on 18 km of new line between Sakrurapatna and Kanivethalli has been completed. Gauge conversion of Shimoga-Talguppa has been completed with the commissioning of 40 km stretch between Anandapuram-Talguppa section.

The double line of 22 km between Arsikere and Devanur has also been commissioned, he added.
Energy-intensive cos feel the heat of higher coal costs

**Our Bureau**

Mumbai, Jan. 27

The profit margins of most energy-intensive industries such as cement, aluminium and sponge iron will come under pressure in the March quarter with Coal India implementing its new pricing policy.

Most of the company in the non-core sector have coal-based captive power plants, the fuel cost of which would rise under the new system.

For instance, power costs account for about a third of the total smelting cost of a primary aluminium producer and coal cost increase would exert pressures on its profitability of operations, said an analyst. The impact on the power sector is expected to be mixed, depending upon the grade of coal a company buys.

Coal India has divided the entire spectrum of gross calorific value (GCV) into 17 bands – starting from 2200 kilo calorie per Kg (KCal/Kg) to 7000 KCal/Kg and above, in intervals of 300 KCal/Kg as against seven grades that had existed under the previous useful heat value based pricing system.

Additionally, CIL has brought in uniformity in pricing of non-coking coal produced at different mines by its subsidiaries, as against the earlier practice of subsidiary-wise and mine-wise differential prices. Only coal produced by Eastern Coalfields would command a six per cent higher price over the rates notified for others.

"Given the shortage of coal availability most cement companies are dependent anyway on e-auction where the prices have shot up substantially. The ability to pass on the incremental cost will depend on the demand in coming months," said a cement company official.

Despite cost pressure, major cement companies such as UltraTech Cement and Shree Cement have posted a sharp jump in profit primarily due to lower base last year. However, JSW Steel and Hindustan Zinc profitability was down due to higher cost and lower realisation.

Mr Jayanta Roy, Senior Vice-President (Corporate Ratings), ICRA, said since Coal India has a near monopoly position in the domestic coal market, with a market share of about 80 per cent, the new prices would be applicable to almost all non-coking coal consumers in the country.

CIL is currently in the process of ascertaining the GCVs of its coal produced from different collieries.

Despite substantial price hikes for some coal consumers, the possibility of grade slippages remains, in which case the extent of price rise for a particular coal mine would be moderated to an extent.

In the absence of adequate data at this stage on CIL’s product mix across the new GCV bands, it is difficult to arrive at the exact impact on various coal consumers, he said.