Hindalco Industries raises ₹1,500 cr for debt refinancing

Mumbai, June 27: Aditya Birla Group flagship company Hindalco Industries said on Wednesday that it has raised ₹1,500 crore by issuing secured redeemable non-convertible debentures.

"The proceeds will be used for general business purposes, including capital expenditure, working capital and refinancing of existing debt," the company said in a filing to the BSE.

The company had raised ₹3,000 crore via issue of secured listed rated non-convertible debentures in April. At the time of the issuance, the company had said the money was being raised to reduce interest costs and provide flexibility to determine its long term financing arrangement for capital expenditure.

Thus, the aluminium and copper maker has raised ₹4,500 crore via debenture issues in the fiscal 2013.

The company also announced its audited consolidated results for the fiscal 2012. Hindalco's consolidated net profit for the fiscal grew 38% to ₹3,397 crore from ₹2,456.4 crore in the previous fiscal. Its net revenues for the fiscal grew 12% to ₹90,621 crore from ₹72,202 crore last year.

"Despite economic headwinds, the balanced portfolio approach, the low cost of operation and strong value added businesses resulted in commendable performance," the company said in a statement.

Of the total annual net revenue, aluminium business contributed ₹62,119 crore, a growth of 11% over last year. The copper business' revenue grew 16% to ₹18,379 crore.

Earnings before interest and tax for the aluminium business for the fiscal 2012 remained almost flat at ₹4,495 crore against ₹4,492 crore last year. The copper business' Ebit grew 3.4% to ₹11,119 crore from ₹1,082 crore last year.

The board of directors of the company recommended a dividend of ₹1.55 per share aggregating to ₹844.99 crore for the fiscal ended March 31.
Give deallocated mines to CIL: PMO

The Prime Minister's Office (PMO) has asked the Coal Ministry to fast-track the process of taking back the coal blocks from private firms which have not developed them and giving the deallocated coal mines to Coal India (CIL).

"Recently, the PMO has asked to expedite the process of coal blocks deallocation and give the deallocated blocks to Coal India," an official with the ministry privy to the development said. Also, the PMO has said the CIL should appoint mine developer and operators (MDOs) to begin production from these deallocated coal blocks without delay, the official said.
Krishna slams Karnataka Govt for mining report

The illegal mining ghost refused to die down in Karnataka. External Affairs Minister SM Krishna on Wednesday shot of a very lengthy letter and accused Sadananda Gowda-led BJP Government in Karnataka of giving doctored and concocted information to SC-appointed panel on illegal mining.

The letter which was released to the Press said, “A deliberate attempt has been made to defame me by sending doctored and concocted information subsequent to filing of the first response.” It may be recalled that the BJP Government has recently sent its supplementary response to the apex court’s Central Empowered Committee (CEC).

In its war within the ruling Government under duress from Yeddyurappa who has been threatening to dethrone Sadananda Gowda has submitted certain facts over illegal mining of three Chief Ministers SM Krishna, N Dharam Singh and HD Kumaraswamy.

Krishna rejected the allegations that he had de-reserved forest area for mining. He said, “It is both unfortunate and beyond comprehension that the same Government felt compelled to file a second response to CEC even when not asked for.”

“The Cabinet at its December 16, 2002 meeting decided to de-reserve 11,620.56 sq. km of mineral-bearing areas out of a total of 26,464.58 sq. km that had been earlier reserved for State exploitation” he added.

Krishna noted that the Lokayukta report has never held the “de-reservation” to be bad, but recommended that six blocks in reserved forest and seven in the State forests de-reserved earlier by the 2002 Cabinet decision be “re-reserved”.

He also noted that a Cabinet meeting chaired by Yeddyurappa had decided to continue to keep all these blocks under de-reservation.

He dubbed as “not only factually incorrect, but to say the least mischievous”, the response stating that the Lokayukta report (part-I) has concluded that de-reserved area of 11,620 sq. km and surrendered area of 6,832.48 hectares of prime iron ore-bearing land have paved the way for distribution of public assets to select private individuals and entities without regard to their professional or technical or business background.
Protest over China’s South China Sea oil tender

Ananth Krishnan

BEIJING: A Chinese state-run oil company’s offer of tenders to foreign partners for nine oil blocks in the South China Sea has triggered a protest from Vietnam, amid rising tensions between China and several of its neighbours over the disputed region.

Vietnam, which had earlier angered China by entering into joint exploration projects with India and Russia, described the offer from the China National Offshore Oil Corporation (CNOOC) as "illegal".

Earlier, its ambassador in Beijing had been summoned after the Vietnamese National Assembly passed a law asserting claims over disputed islands in the South China Sea.

CNOOC, China’s third biggest oil company, announced this week it would issue tenders seeking joint exploitation of nine blocks, stretching over 160,000 square kilometres, against the backdrop of tensions with Vietnam and the Philippines following a stand-off between ships at the Scarborough Shoal.

Vietnam, which asserts claims over some of the blocks, said it "strongly protests" the offer by CNOOC. The Foreign Ministry, in a statement, said the blocks were located within Vietnam’s 200-nautical-mile exclusive economic zone.

Chinese Foreign Ministry spokesperson Hong Lei told reporters the tender was only "a normal business activity", when asked if the CNOOC move would heighten prevailing tensions.

"China and Vietnam have reached many agreements regarding the settlement of maritime disputes," he said. "We hope Vietnam will respect these agreements and avoid taking any action that may complicate the matter. China’s position on disputes regarding the South China Sea remains unchanged. We are committed to properly settling disputes through negotiations and joint exploitation."

But only few months ago, China strongly hit out at moves by Vietnam to take forward joint exploration projects with India and Russia. Oil and Natural Gas Corporation (ONGC) Videsh subsequently suspended operations in the two blocks, located within Vietnam’s exclusive economic zone, after it found that the hydrocarbon resources did not merit the investment.

Wu Shicun, president of the official National Institute for South China Sea Studies, said in a recent interview it was China’s view that 40 per cent of the two blocks, 127 and 128, were within the area denoted in Chinese maps by a U-shaped line where China held claims.
ENVIRONMENTAL HAZARD

Goa seeks to export iron ore waste from mines

MINT, Delhi
Thursday, 28th June 2012, Page: 4

Width: 29.04 cms Height: 19.13 cms, Ref: pmin.2012-06-28.54.15

Mines ministry looks for ways to get rid of displaced material as dumps trickle into rivers and the sea

By Ruchira Singh
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A bout 750 million tonnes (mt) of overburden in Goa, resulting from indiscriminate iron ore mining, are proving to be an environmental and political headache defying easy resolution.

India’s mines ministry is considering ways to get rid of the material displaced from mines all over Goa during the 2005-2010 mining boom.

The Goa state government is formulating a new policy that may facilitate export of the mountains of iron-rich soil, officials said. But that would put it in direct confrontation with environmentalists who say it should be used to refill and restore the land it dug out of.

Overburden is the waste earth and rock covering a mineral deposit. The dumps in Goa are the result of more than 100 iron ore mines, many of which allegedly overproduced or violated environmental norms to cater mostly to the steel industry in China, creating an environmental hazard at home in the process.

Mining officials and environmental activists both agree the mammoth dumps have been trickling into the rivers and the sea, leading to pollution spread ing, as most of the material is not preserved in accordance with the norms that prevent erosion.

A mines ministry official said export and pelletization were among the alternatives discussed at a meeting with the Indian Bureau of Mines last week. He spoke on condition of anonymity.

Union mines secretary Vishwajit Trivedi declined to comment on the issue. There was no response to phone calls and text messages sent by BusinessLine.

Indian Bureau of Mines controller general C.S. Gundewar, whose agency inspects mines to ensure regulations are followed, said the meeting was the annual one with the mines ministry and illegal mining had not been on the agenda.

Goa’s government is working on a new mining policy to be announced in 15 days that will specify the policy on the dumps, the state director of mines and geology Prasanna Acharya told MINT.

The state may be inclined toward exports as the material will have buyers in China. Most of the iron ore produced in Goa is low grade, containing below 52% iron and in powdery form, which finds a market only in China that has the technology to blend it with high-grade Australian and Brazilian iron ores to keep steel costs down.

Indian steelmakers use high-grade lumpy ores from mines in east and south India. They say Goa’s ores, even if upgraded, won’t suit their plants.

“Is there any value for the dumps, why should it not be sold?” Acharya said. “After all, the mining policy of the nation espouses ‘zero-waste’ mining.”

Details such as the grade of the dumps and how much is exportable are being worked out and a reassessment of their volume will be made after the state mining policy is declared, Acharya said. Dumps that have iron content of 45% and above will find takers in China, while the rest would be “waste” that could be used to refill the mining sites, Acharya said.

But Claude Alva, director of the Goa Foundation, fighting several environmental cases against miners in the high court of Mumbai in Goa, pointed out that India’s mining policy stipulates that mines have to be closed after the ore is taken out and dumps restored.

Exporting the material may verge on legitimising wrongdoing.

“How are you going to make money from dumps obtained from illegal mining? Many of them are in the forest areas. Whose property are they and who gives them permission to export them?” Alva said. “We will oppose it.”

Goa Foundation’s main contention is that the mines have lowered the water table and, being close to the sea, pose a significant environmental danger. Besides, most of Goa’s mines are empty of high-grade ore, which means the iron ore to soil ratio is 1:3, or to extract one tonne of iron ore three tonnes of soil has to be displaced.

Currently, there are 41 mines producing iron ore in Goa. Last year 36 iron ore mines were shut down in the state because of their environmental impact and their cases are being heard by the Goa Pollution Control Board, says Acharya.

For the Goa government, exports could be an attractive revenue source. Goa earned $530 crore in mining royalties in 2011-12, almost equivalent to its revenue from tourism.

Given the opposition of environmental groups, the issue is unlikely to be resolved quickly. If the decision is eventually made to export the overburden, the market may have changed by then. China’s demand is slowing, said Helen Liu, senior market analyst at Umetal Research Centre, a Beijing-based information provider on metals.

“The Chinese iron ore market has been very low in recent months, and iron ore import from Goa to China has been decreasing also, mostly due to the export ban in India (in Karnataka),” Liu said. “Iron ore export from Goa in FY2011/12 was 43mt, and we forecast it will decrease by 15% in FY 2012/13 to less than 40mt.”
Hindalco raises $263 mn in bond sale

Mumbai: Hindalco Industries Ltd, the country’s second-largest aluminum producer, raised ₹1,500 crore ($263 million) in its second debt sale this year. The 10-year notes are priced to yield 9.55%, the company said in a stock exchange filing on Wednesday. Hindalco, based in Mumbai, raised ₹3,000 crore in April selling 10-year bonds at a similar yield, data compiled by Bloomberg shows.

BLOOMBERG ©
Hindalco FY12 net rises 38%

Mumbai: Aditya Birla Group flagship Hindalco Industries Ltd reported a 38% rise in consolidated net profit in FY12 at Rs 3,397 crore on good show by its subsidiary Novelis and the copper business in India.

Consolidated turnover during 2011-12 rose by 12% over the previous fiscal at Rs 80,621 crore in which the aluminium business contributed Rs 2,119 crore and copper, the rest. Net sales at Novelis were up by 5% at $11.1 billion compared with $10.6 billion reported a year ago. PTI
ZINC SURPLUS DIPS

The global output of mined zinc rose 11.4% in April-January 2012 chiefly due to a higher output in China, though the increases in countries such as India, Russia, Mexico, and Ireland also helped, said the International Lead and Zinc Study Group. But zinc metal production declined during the period chiefly due to a decline in Chinese refined metal output, offset by increases in India, Australia, Japan, and South Korea. Global demand rose 1.4% despite a 8.2% decline in metal usage in Europe as higher demand from China, India, and Korea compensated. The end result is a lower surplus in the first four months of 2012, at 121,000 tonnes, compared with the previous year. It may explain why zinc prices have outperformed other non-ferrous metals such as aluminium and copper in 2012 till date.

Source: International Lead and Zinc Study Group

Graphs by Joyce Raza Khan/Mint
हिंदाल्स्की का लाभ बढ़ा

आज रोड्स एन्ट्रे समूह की कंपनी हिंदाल्स्की को वित्त वर्ष 2011-12 के दौरान अपने कर्मचारियों के लिए 160 सौ रुपए की मजदूरी बढ़ाई गई है।

वित्त वर्ष 2011-12 के दौरान कंपनी ने 3,397 करोड़ रुपए का कर्मचारियों का मुनाफा अर्जित किया है। कंपनी के मुनाफे में इससे सहभागिता उन कंपनियों के साथ बढ़ती चलती है जो हर महीने के लिए वर्तमान बाजार में कॉफी के लिए आसानी से उपलब्ध होती है।
Tata Power looks for coal mines in Indonesia

PTI - Mumbai
With a severe shortage of domestic coal supply, private utility Tata Power is scouting for coal mines overseas, particularly in Indonesia and South Africa, a senior company official said on Wednesday.
Tripartite pact with Posco in final stage, says govt

The Odisha government is in the final stages of signing a new agreement with South Korea’s Posco and its Indian unit, which will replace the signed MoU for the steel maker’s proposed 12-mt plant.

The tripartite pact is awaiting the nod of Chief Minister Naveen Patnaik.

A high-level team of Posco India, led by its Deputy Managing Director Ho Chan Ryu, called on the state Chief Secretary B K Patnaik to deliberate on the progress of the project. “I had discussions with Posco India officials. All formalities for signing of the tripartite agreement have been completed and it will be inked very soon. The talks also centred on land transfer to the company and the issue of environment clearance,” said Patnaik.

Posco India officials were not immediately available for comments.

The state government had recently said it was ready to transfer 2,000 acres to Posco India where it could start work for the 12-million-tonne steel plant. Touted as the biggest foreign direct investment with the project cost pegged at $12 billion, Posco’s steel mill proposed near Paradeep is yet to see the light of the day, battling land acquisition protests from locals for more than seven years.

The revised pact will do away with the contentious ore swapping clause. While the original MoU allowed Posco India to export high alumina content iron ore and import equal quantity of high grade ore from Brazil, the revised agreement will lift the export provision, only allowing the company to swap ore within the country.

IS REPORTER
Issues with the draft coal regulatory Bill

For example, a separate coal regulatory authority seems superfluous

SL RAO

A Group of Ministers is reported to be considering the Draft Coal Regulatory Authority Bill, 2012. The draft is almost impossible to get from the coal ministry. Newspaper reports are sketchy and perhaps based on a handout from the ministry. We already have 5 ministries responsible for energy at the centre—Atomic Energy, Renewables, Petroleum and Natural Gas, Coal and Power. There are independent regulators for petroleum and natural gas, and power. There is little coordination between the different ministries and even less between the regulatory bodies. Functional regulators like the Competition Commission and the Forward Markets Commission also have turf battles with the sectoral regulators.

A separate coal regulatory authority, instead of an energy regulator who would coordinate all energy sectors, seems superfluous. The government seems to recognise this. The Draft Bill makes the coal regulatory authority’s decisions subject to review by the Electricity Regulatory Commission. There should not be a separate coal regulatory authority. It should be part of the electricity regulation framework and, in due course, regulation of other fuels must also come under the same regulatory umbrella.

The coal regulatory authority for coal is within the context of the Coal Nationalisation Act. Coal, as a natural resource, belongs to the government. In the last decade, the government dissipated nationalisation by licensing “captive” mines, allocating mines to ultra-majors. The bill should not create a separate authority to regulate operations and supply as well as the sale of coal.

Some sections in the Bill are worded loosely and hence leave considerable discretionary powers on vital matters with the government or the regulatory authority. For example, it says that the authority will decide when any act of the licensee is “prudential to the public interest”. “Public interest” should be clearly defined.

The Bill gives full discretion to the government to determine the policy guidelines for price fixation. If the government has such powers, the coal regulatory authority is merely a post office that will convert the guidelines into numbers. Guidelines for price determination should be laid down by the authority and, if the government so desires, it may suggest non-binding parameters to the authority that the authority could also consider in determining prices.

The clauses listing the factors that the authority must consider in determining tariffs—for example, “the principles of rewarding efficiency in performance”, or to consider specific items like GCC (gross calorific value), etc.—should go. The authority must determine a price based on a comprehensive view of the industry and of the specific mine under consideration. The provisions regarding the selection of the chairperson and members must be totally rewritten in light of the experiences in appointing them in various regulatory bodies since 1997. Thus, the bill says they are to be appointed only if they are 55 years of age or more. This is an objectionable requirement. What is important are the qualifications and experience of the candidate, not his/her age. This age requirement should be removed.

Some of the required qualifications are defined. For example, service in government is specified (for member-legal). This experience must not be mandatory. Member-administration is required to hold an equivalent position in central or state governments, thus reserving this position for government servants alone. This restrictive requirement must be removed. Alternatively, it may be added that managerial experience at senior managerial levels in companies or non-governmental organisations must also be considered.

The provisions for a Selection Committee are heavily weighted towards government servants. In other regulatory commissions, this has invariably resulted in the appointment of retired central service officers (like the IAS as chairpersons, and other government servants (from electricity boards, etc.) as members. The Selection Committee instead must consider all available talent. It should not be confined to government bureaucrats only. It could comprise of a cabinet secretary as chairperson and other members who could include the chairperson of another central regulatory commission (CERC, TRAI, etc.), the CEO of a major company or non-government organisation in India, irrespective of its sector; the senior partner of one of the major law firms and the head of one of the major accounting firms in the country. Academics are not suggested. The Selection Committee should be required to present a minimum of 2 names and maximum of 3 names for each vacancy. These names should be given by the Selection Committee in an order of priority and the appointing authority shall not change the order of priority without the approval of the Selection Committee.

The Bill must specify that the chairperson of the authority is also chief executive officer of the authority and that he is equal to members in other respects, except for casting a vote in case there is a tie. The Bill forbids “commercial employment” to an existing regulatory authority for two years after he ceases employment. This will deter many candidates from allowing themselves to be considered. Anybody who has spent his lifetime in the sector may be unwilling to join the authority because he will be deprived of earnings from the sector after his tenure in the authority is over. Instead, we suggest that no sitting member or chairperson should be permitted to appear before the Coal Regulatory Authority in any matter for a minimum of 2 years, as has been specified in a subsequent clause. There should be another restriction on employment after leaving the authority. This is unfair to government servants, but for the public interest, and it is unfair to government servants who might be appointed, since non-government servants do not have any such restrictions. The Bill also lists out who will investigate and penalise a regulator charged with a misdemeanour. This should be the Appellate Tribunal or the High Court and the punishing authority should be the President of India. The Bill must also specify the accountability of the chairperson and members. The accountability must be in administration (discipline, leave, etc.), quality of the authority’s orders (how often they are overturned on appeal, etc), and could be to the Appellate Authority or a specified supervisor court, with members of the authority required to be alert and watchful on the activities of other members and the chairperson. There have been instances in regulatory bodies of disagreements between members. In such cases, the Bill must provide that the authority referred to the Appellate Tribunal for directions.

The Bill should make abundantly clear that the secretary proposed by the Central government must be acceptable to the chairperson and members of the authority. It must also lay down the qualifications and experiences of the secretary. Certain functions of the authority are specified. Some are already performed by Coal India or the coal ministry. These departments (like the coal controller’s office) must be transferred to the new authority so that it can commence with a strong technical base. Further, the Bill must clearly state that the authority will have powers to regulate coal and lignite mining in India, and also the mines operated by Coal India and Singareni Collieries, as well as the mines allotted to private or government companies as operators.

This comment is on the draft Coal Regulatory Authority Bill. However, it would make for better coordination in government if the sections in this Bill relating to coal regulation (licensing, mines, etc.) were made into an additional section in the Electricity Act 2003, which could be suitably renamed. CERC could have a member-coal and requisite technical staff. CERC has legal, financial and administrative expertise to deal with coal as well.

The author is former director-general, NCAER & was the first chairperson of CERC
Aluminium at lowest in 2 yrs, copper slips on euro caution

London, June 27

Copper slipped on Wednesday as growing concern about the eurozone debt crisis prompted caution in the market ahead of a European Union summit that investors fear could fail to materially tackle the region’s debt troubles.

Three-month copper on the London Metal Exchange (LME) traded at $7,935 a tonne in official rings, down from Tuesday’s close of $7,939 a tonne.

Hopes that the EU summit could yield any solution to the euro zone debt crisis evaporated after German Chancellor Angela Merkel flatly rejected the idea of common euro zone bonds, even though European Council President Herman Van Rompuy on Tuesday put forward the case for them.

There have been negative headlines surrounding the EU summit with Merkel’s comments. It is not really fundamentals that are driving commodity markets at the moment as the macro overlay is putting pressure on prices, Robin Bhar, an analyst at Societe Generale said.

Demand (for base metals) is pretty subdued as we move into the holiday season, and I do expect prices to probe the downside. Copper could push below $7,000 a tonne.

The dollar eased from earlier highs and safe-haven German bonds were steady as markets held fire ahead of the June 28-29 summit.

The EU summit later this week is an event risk ahead of which many market participants are likely to remain on the sidelines, Credit Suisse analysts said in a note.

Transferring financial risks and power to the EU level faces significant hurdles. The markets will be closely watching whether EU leaders at the summit are willing to further the discussion on pooling banking supervision and risks before a final climax.

Copper was down more than 1% for the quarter so far and was trading around 4% lower for the year to date.

In China, the world’s top consumer of copper, users have retreated from physical buying this week, after a brief revival earlier this month, on hopes metal prices would drop further from current levels ahead of a seasonal lull in demand in summer, traders said.

Aluminium fell to a new low since June 2010 at $1,659 a tonne, mirroring falls in Shanghai aluminium, which dropped to its lowest in more than three years on news China’s top aluminium producing province was giving some smelters a discount in their electricity bill, fuelling overcapacity fears.

Investors who were holding a lot of aluminium stocks have been dumping those along with other base metals positions, said a Shanghai-based trader with an international firm.

While things look bad for aluminium, there isn’t a particular reason for selling the other metals. Investors have been feeling bearish for a while now and the subsidy news gave them an excuse to do so, he added.

LME aluminium later recovered to trade at $1,689 in official rings, up from Tuesday’s close of $1,685. Other metals also fell to multi-month lows. Zinc dropped to its lowest since late October at $1,745, before recovering slightly to trade at $1,756 in official rings, from Tuesday’s close of $1,775.

Reuters

SAIL slashes price of GC sheets by up to ₹3,000 per tonn

New Delhi, June 2

Steel Authority of India (SAIL) has slashed its price of galvanised corrugated (GC) sheets by ₹600-3,000 per tonn this month due to slacking demand.

The price of GC sheets (0.63 mm), as indicated in comart website, has been brought down from the ₹90,200 a tonne in Mumbai to ₹67,200 per tonn in June.

SAIL sells GC sheet produced at Bokaro Steel Plant (BSI) under the brand name of “SAIL Jyoti”. The price of GC sheets (1 mm) has also got a highest cut in the southern city — $2,200 to ₹69,000 per tonn.

Company officials said the reduction in the price of GC sheets is due to subdued demand.
Aluminium falls to 2-year low on LME

Reuters
London, June 27
Copper slipped on Wednesday as growing concern about the Euro Zone debt crisis prompted caution in the market ahead of a European Union summit that investors fear could fail to materially tackle the region’s debt troubles.

Three-month copper on the London Metal Exchange (LME) traded at $7,335 a tonne in official rings, down from Tuesday's close of $7,359 a tonne.

Aluminium fell to a new low since June 2010 at $1,835 a tonne, mirroring falls in Shanghai aluminium, which dropped to its lowest in more than three years on news China's top aluminium producing province was giving some smelters a discount in their electricity bill, fuelling overcapacity fears.

"Investors who were holding a lot of aluminium stocks have been dumping those along with other base metals positions," said a Shanghai-based trader with an international firm.

LME aluminium later recovered to trade at $1,849 in official rings, up from Tuesday's close of $1,845.

Other metals also fell to multi-month lows. Zinc dropped to its lowest since late October at $1,745, before recovering slightly to trade at $1,756 an official rings, from Tuesday's close of $1,776.

Lead hit its lowest since July 2010 at $1,742 a tonne. It was untraded in official rings, but bid at $1,759 from Tuesday’s close of $1,768. Nickel traded at $16,230 from $16,375 a tonne while tin traded at $18,500 from Tuesday’s close of $18,560.
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Orissa Sponge Promoters Decry Takeover Attempts

Monnet Ispat and Energy appropriate strategic partner for company, says MD

We were all along looking for a strategic partner. We have very good relations with Bhushans, who are the leaders of the coal block allotted to us. They offered to buy us out but we were not keen at all to part with the company which we built over the years. They are, however, welcome to invest in the company.

PK MOHANTY
MD, Orissa Sponge Iron and Steel

made in 2009, to buy up to 20% in Orissa Sponge at Rs 69 a share. Monnet Ispat will also pitch for 20% stake at Rs 10 a share.

OSISL, which was previously known as Orissa Sponge Iron Ltd (OSIL), was incorporated nearly 30 years ago in April 1979, as one of the first joint sector enterprise between Industrial Promotion and Investment Corporation of Orissa Ltd (IPICOL) and Toresteel Research Foundation in India (TRFI), established by Dr Mohanty. It commissioned the first coal-based sponge iron plant in the country in 1984 at Palaspanga in Keonjhar district.

OSIL had signed an MoU with the Odisha government to set up a one million tonne per annum steelmaking capacity and have been looking for a strategic partner since 2006. It received iron ore mines lease allocation from the central government in 2002, and the state government's approval in 2004. By 2007, it got all the statutory clearances to open up the iron ore mines, except forest clearance, which is in advanced stages.

Interestingly, the iron ore and coal mines has been the cause of the interest in OSISL. But the promoters still have the majority stake. TRFI and associates have 44% stake and IPICOL has 6%. “We have agreed to sell half of TRFI share to Monnet to induct them as a strategic partner to carry forward the expansion of the existing plant,” Dr Mohanty said. The suave scientist-turned-entrepreneur, Dr Mohanty, made it clear that he is not bothered about the “spat” over the takeover bid. “Ours is a transparent management. Now after a three-year battle, the public offer will get closed in July and we will carry forward our plan to expand the plant with Monnet and IPICOL,” he asserted.

The public offer with closing dates were announced by Sebi following the direction of the Supreme Court to complete the formalities while disposing of a case filed by Bhushan Steel and Power against OSIL.

OSISL, meanwhile, has suffered heavy losses and reported net loss of over Rs 100 crores in the last five years due to higher input cost and lower sales realisation. “High cost of raw materials, including iron ore and coal and low sale price of steel has eaten away all our equity infusion over the years. No steel plant can survive without access to captive iron ore mine these days,” Dr Mohanty added.
Hindalco Net up 38% on Novelis, Copper Biz

The strong growth in Novelis was offset by lower earnings in Indian aluminium Business. Contributing to growth by a large measure was the copper business revenue which was higher at ₹18,379 crore, a rise of 16% from ₹15,887 crore in FY11, mainly on account of higher copper LME and by-product credits.

Of the total annual revenue of ₹80,821 crore, aluminium business contributed ₹62,119 crore, up 11% over the last year. Novelis reported net sales for FY12 at ₹1.11 billion, (₹63,200 crore) a 5% increase compared to the ₹1.06 billion (₹60,400 crore) reported for the same period a year ago, spurred by favourable conversion premiums across all regions and an increase in average aluminium prices. The board recommended a dividend of ₹1.55 a share.

Our Bureau
Mumbai
Aditya Birla group's flagship firm Hindalco reported a 38% jump in consolidated net profit to ₹3,397 crore for the financial year ended 2011-12, on the back of a strong performance by Novelis and its copper business in India.

Consolidated revenues at ₹80,821 crore reflected a growth of 12% year-on-year, which the company in a statement attributed to "better product mix and depreciating rupee."

"The consolidated performance was better due to improved operations from Novelis, lower effective tax rate and a new cost reduction programme. Novelis which acts as a natural hedge for our Indian operations — it develops products near the customer while Indian operations are at the pit head — had led the performance last year," Deba Bhattacharya, managing director, Hindalco Industries and vice-chairman Novelis told ET in an interaction. On the anvil are some mid-course correction which Hindalco has planned. "We are investing ₹1 billion in Novelis to increase its presence in growth markets. Earlier, 66% of the investment used to be in Europe and the US. Now we have changed that. 66% of the investment will now go to Korea, China, Brazil and India," Bhattacharya added.
On borrowed time

As PM takes over finance, India is crippled by uncovered liabilities

RATING agencies are not particularly adept at navigating the depths of the Indian government’s accounts. Otherwise they should have been curious why, in just four years, New Delhi’s uncovered liabilities have more than doubled to Rs 29,06,665 crore. The sum is 20 per cent of the Indian GDP but none of the three agencies has included this piece of data in its outlook for the Indian economy as negative or stable.

It is probably good for Prime Minister Manmohan Singh that they left this track uncovered. As he gets down to his additional responsibility as the 29th finance minister of India, he can explain at peace to his party that the number is more dangerous than all the negatives hurled by the agencies and possibly earn breathing space to sail the economy out of stagflation waters.

In four years, the Indian government has so expanded its liabilities to the rest of the world, without collateral, that they now account for a fifth of the Indian GDP (at the beginning of this fiscal). In effect, the excess liabilities can only be squared off by payments in cash. If you want to know why inflation is proving so stubborn and why the RBI governor is telling anyone who will listen that interest rate cuts will not help much, the answer is here.

The sum is enough to make the prime minister want to flush it in front of any minister or party member who thinks the government should function as a printing press for currency notes. It should urge them to move ahead on sound economic policymaking, something that has gone out of the large windows that North Block sports.

Why are these uncovered or excess liabilities dangerous? A good measure of the usefulness of the work done by a government is to match its expenditure against the work for which it is used. Capital outlay is good work as it is an investment for the future. So are loans to state or local governments as they promise to pay them back at agreed rates of interest. Even West Bengal is paying back loans, which must rile Mamata Banerjee.

Measured by these standards, the Central government budget papers show that at the end of 2007-08, New Delhi’s excess liabilities amounted to Rs 12,67,580 crore, that is, those not covered by its total capital outlay and loans. By the beginning of 2012-13 we have reached a massive Rs 29,06,665 crore (receipts budget 2012-13).

In three of those years, the person in charge of the finance ministry was Pranab Mukherjee. Worse, in all those years, Manmohan Singh was, and even now is, prime minister. He must have seen it grow so staggeringly yet, as far as we know, made no comment about it.

How did these liabilities grow so big? They way yours or mine would if we promise all who matter to us that we will take care of their needs, never mind the costs. Behind the growth of liabilities are the long list of subsidies, the cornucopia of social sector entitlements, the tax set-offs for industries and, of course, the huge cost of running a leaking-like-a-sieve banking sector, all because of a promise made decades ago. All these have forced the government to borrow from every possible source.

So when the rating agencies ahead with the legislative agenda. This not only includes the financial sector agenda, but also broader economic ones like the Land Acquisition, Relief and Rehabilitation Bill, the Mines and Minerals (Development and Regulation) Bill, the Companies Bill and changes to the foreign direct investment rules. All of these are difficult to pursue but a spell of economic management that has created such a massive overhang of liabilities does not offer any alternative.

Singh has to move simultaneously on another front. He has to cut the level of expenditure from even guaranteed programmes, and possibly from bailout funds like those offered to Air India. This would be difficult to do. But the government must stop the habit of sequestering the needs of any scheme into a fund. Since flows into and out of these funds are difficult, each becomes a barrier in the effort to bring the fiscal deficit down from the current high level. The NREGA, for instance, does not need Rs 40,000 crore every year; it could do with a realistic assessment of its needs.

The camel in the tent will be the proposed food security act. One believes Manmohan Singh will be really hard pressed for time in the coming months. His advisors could do the nation a favour and forget to remind him about it for quite some time.

Mannmohan Singh should drive home the point that the space to offer freebies and go slow on real reforms is not available to this government any more.

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निजी कंपनियों से खादने लेकर कोल इंडिया को देगी सरकार

नई दिल्ली (एप्जेसी)। राष्ट्रवादी कार्यालय (सीएमएस) ने सीधे मंडल विभाग से कहा है कि वह निजी कंपनियों से उन खाने को ताया लेकर कोल इंडिया हैली चॉक इंडिया को देने की प्रमाणता देते हैं जिसका विवाद सरकार से नहीं किया गया है।

मंडल के प्रतिकूल विवाद के एक अधिवक्ता ने कहा कि सीसीएमएल सरकारी समन्वय पार्टी कंपनी है। हर्षिंदर चंद्रा को हर सरकार को कोल इंडिया की देने का अधिकार है।

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