Sterlite profit fails to meet forecast

OUR SPECIAL CORRESPONDENT

Mumbai, Oct. 26: Non-ferrous metals major Sterlite Industries (India) Ltd today reported a 6 per cent rise in profit for the September quarter at Rs 1,008.06 crore against Rs 958.85 crore in the same period last year.

The profit, however, was not in line with analyst estimates. Brokerages such as Motilal Oswal had projected Sterlite to report a net profit of Rs 1,364 crore.

Net sales were also disappointing, falling to Rs 6,038.88 crore from Rs 6,103.91 crore last year on account of a drop in revenues from the copper business to Rs 2,908.37 crore from Rs 3,451.30 crore.

Revenues from aluminium grew to nearly Rs 718 crore from Rs 654.62 crore in the year-ago period.

Revenue from zinc, lead and silver stood at Rs 2,144.24 crore against Rs 1,767.91 crore last year.

During the first half of the fiscal, net profit grew to Rs 2,016.46 crore from Rs 1,631.51 crore last year. Net sales stood at Rs 11,953.48 crore against Rs 10,694.06 crore in the year-ago period.

The Sterlite scrip ended with marginal losses at Rs 172.20 against the previous close of Rs 172.35 on the Bombay Stock Exchange.
Don’t be dogmatic, Virbhadra to Ramesh

Press Trust of India
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NEW DELHI: Peeved by the appointment of ‘activists’ in the forest panel for clearing ₹54,000-crore steel project of Posco, steel minister Virbhadra Singh on Wednesday advised environment minister Jairam Ramesh to be “pragmatic”.

“The approach has to be pragmatic and not dogmatic. When there is an issue of development some sort of compromises have to be made,” Singh said, when asked what his advise would be for Ramesh in the face of delays in the projects.

On the opinion of the fact-finding committee that was against the project, he said that unfortunately known activists were being appointed in such committees and “what else could be expected”.

He was referring to the four-member panel comprising three activists — Uma Pingle, Devendra Pandey and V Shuresh who have opposed Korean steel giant’s project, proposed in Jagateeghpur in Odissa.

“ArcelorMittal and Posco (undertaking greenfield steel projects for 36 million tonnes) are important projects and their (environment ministry’s) approach should be pragmatic,” he said.

 Asked if he would seek Prime Minister Manmohan Singh’s intervention for clearances, the senior minister said, “He (PM) knows about it... he is keen that Posco project takes off... Jairam Ramesh knows it. I am very much concerned at the delay (in getting clearance to Posco and other projects)... Wherever the land acquisition and environment clearance is concerned the projects are piling up.”
हीरे का
उत्पादन घटना 28-10

मध्य प्रदेश की हीरारोपन संस्था ने अपने मंदिरों में चालू चलने वाले बोगी के तीर पर घटना की घोषणा की है। इस बोगी को ग्रामीणों के लिए वित्त पोषित क्षेत्र में चलाया जा रहा है। इस बोगी के उत्पादन के लिए 100 हेक्टर का मार्गदर्शन की गई है।

भोपाल में वर्ष 1999-2000 में यह स्वागत किया गया था। यहाँ प्रदेश एवं राज्य में यह उत्पादन 40 हेक्टर के स्तर पर रहा है। इसलिए प्रदेश ने बोगी के उत्पादन के लिए भर्तियों से समझौते किया है।

नगरियों ने भी इस प्रकार के उत्पादन के लिए चालू चलने वाले बोगी का समर्थन किया है। इससे प्रदेश को भर्तियों से समझौते किया है जो इस उत्पादन के लिए 1.44 हेक्टर की स्थापना की है। इससे प्रदेश की आय की सक्षमता बढ़ गई है।
ग्रेविटा का मूल्य दायरा हुआ तय

शिवाजी भरसाद • 28 खेती

सीसाइकिंग व सेंट्रल के जरिए लैंड का उपयोग करने वाले कंपनी ग्रेविटा इंडिया लिमिटेड ने अपने प्रारंभिक चीफ ऑफर (आईपी) के लाभ प्रति शेयर 120-125 रुपये का मूल्य तय किया है। कंपनी का यह आईपी 1 नवम्बर, 2010 को आयोजित के लिए घोषित करा है। इस आईपी के लाभ कंपनी 36,00,000 इंडिक्टी शेयर जारी कर दी है। कंपनी के लघुपंच सूचना स्टॉक, प्लांटर्स व नेंडल स्टॉक एक्सचेंज ने समीक्षा उपलब्ध किए जाने का प्रस्ताव किया है। ग्रेविटा इंडिया के इस आईपी में क्वर्क्स रिंग इंडिया ने अवधारण दरों की ओर 35 प्रतिशत शेयर सस्ती दर स्थापित की है। आईपी के लाभ जारी किए जाने का आईपी कंपनी अपने प्रस्तावित शेयर की 50 प्रतिशत कंपनी शेयर राहता निवेशकों (प्लांटर्स) का जारी किया है। इससे जुड़े हुए जाने वाली शेयर राहत का इस्तेमाल कंपनी अपने मूल्य निश्चित करेगी। साथ ही, 15 प्रतिशत शेयर हीरे-संयंत्रसंग शाखाओं को ओर 35 प्रतिशत शेयर छूटा शेयर निवेशकों को जारी किया है।
SFIO may seek more time for Sesa probe

THE SERIOUS Fraud Investigation Office (SFIO) is likely to seek a second extension to complete its investigation into the alleged mismanagement and financial irregularities of Vedanta Group-owned Sesa Goa and subsidiary Sesa Industries Ltd (SIL).

SFIO, which had begun its probe in October last year, was given six months to submit its report, but later sought an extension.

“The second deadline was October 24, which too they have failed to keep. Also, in the last session of the Supreme Court hearing on the Sesa Goa and Sesa Industries merger, the SFIO has said before the court that it would submit the probe report by December of this year. So, it is most likely that SFIO will seek another extension,” a senior official said.

The probe body is normally given six months by the ministry to submit its findings, but extensions can also be sought. The SFIO enquiry follows a probe by the registrar of companies (RoC), which has been looking into Sesa Goa’s case since 2003. Corporate affairs ministry officials said Sesa Goa was “prima facie” found guilty by the RoC of fudging invoices.

PTI
चीन में अल्ट्यूडिनियम स्टॉक

उदाहरण अनुसार 2011 तक चीन का फेल्लू अल्ट्यूडिनियम का सरकार स्टॉक 700,000 टन होने की संभावना है। यह सरकार स्टॉक इस साल के समान हो होगा।
चीन के सरकारी श्रेयाथ संगठन एंड के अनुसार चीन में अल्ट्यूडिनियम की वार्षिक पेशेवर खाप में 11.9 फोरेंटी की बढ़ती होने का आनुमान है। इस बढ़ती होने के साथ चीन की वार्षिक अल्ट्यूडिनियम खाप का आकार 188 लाख टन तक जा सकता है। चीन वित्त में अल्ट्यूडिनियम का सबसे बड़ा उपयोग होने के साथ ही सबसे बड़ा उत्पादक भी है। इस शीर्ष गुआ का मानना है कि अल्ट्यूडिनियम की खाप बढ़ने से अर्थव्यवस्था सुधार में सहायता मिलेगी। इस साल अल्ट्यूडिनियम में 21.7 फोरेंटी की बढ़ती होने की संभावना है। इसके अतिरिक्त इस साल अल्ट्यूडिनियम की मांग में 3 फोरेंटी की बढ़ती होने की उम्मीद है। इस बढ़ती ही के साथ इस साल अल्ट्यूडिनियम की खाप का आकार 160 लाख टन पर पहुंच जाने का आनुमान है। (एजेंसी)
झारखंड के तीन हजार लोगों को मिलेगा रोजगार

भारत सरकार

संस्थापक के तीन में एक विभाग को प्रोजेक्ट कर दिया गया। इनमें 12 टन क्षमता वाली वातानुक्षेत्र तथा 20 टन क्षमता वाली नीलगिरी की नील से बनी अंतर्विभागीय लोनों की रोजगार मिलेगा। इन परियोजनाओं को पहले ही राज्य सरकार ने टेक्न श्रेणी के लीबियर्स दे दिया है। रेजर डे के लिए ने परियोजनाओं के तीन तलों से लटकी हुई
अर्थव्यवस्था बुलबुली पर समृद्धि ठलान पर

भारतीय अर्थव्यवस्था गले ही कुलाड़े पल रहियो हो, लेकिन सामाजिक समृद्धि के पेपने पर हम नहीं हो सकते ही ठीक है। इसलिए भारतीय समृद्धि सुधारक में यह दिन अंतरिक्ष में 110 रेतों में 88 में स्थान पर पहुंच गया है।

निम्नलिखित स्टाटस के हम सरकार में जीवन का प्रदर्शन सुमारे है और वह 58 वें स्थान पर है। शेयर के तीन रेतों में वार्ड, टेलीफोन और प्रिंटेड हैं, जबकि अमेरिका सुधी में 10 वें स्थान पर है। जिसकी सबसे नए शेयर देख हैं, तो पारित नई स्थान 109 वे है।

निम्नलिखित स्टाटस सुधारक का यह जीवन बेहतर है। इसमें आठ कारोबार के उपरोक्त पर रेतों का समृद्धि किया गया है। इसे में अर्थव्यवस्था, आर्थिक समृद्धि और अक्ष, प्रशासन, विश्व आर्थिक व्यवस्था, व्यवसाय, विकास, व्यवस्थापन, व्यवसाय और सामाजिक पुंजी सम्बन्धित है। यहाँ सामाजिक पुंजी के प्रमुख नागरिकों का एक-दूसरे में परिवर्तन होने से है।

शिक्षा के सामाजिक, खुदाइयां, नागरिक प्रवाह, स्वास्थ्य, सामाजिक सहीत और उद्यम के मौलिक से ही नहीं हैं जिसमें वही अर्थव्यवस्था का कहीं प्रभाव होता है। निम्नलिखित इंडिया में सैनिक पेशे एवं शिक्षा ने नहीं कि भारत के पास अर्थव्यवस्था के स्थान उसके प्रारंभिक 50 में में भी भाग है।

भारत में जीवन, अर्थव्यवस्था को समस्याओं की समस्याओं का भी इससे सम्बन्धित नियंत्रण रहा है। इसके साथ ही, भारत नहीं प्रशासन के अर्थव्यवस्था के स्थान 41वें और 44 वें स्थान पर था, जबकि भारत यह 89वें और 95वें स्थान पर था।

यही, यहाँ तक सामाजिक पुंजी का समुदाय था तो जीन के 24वें स्थान के पुण्यतम भारत 10वें स्थान पर था। भारत के पास हमें इसके जल्द का एक यह गई कि सरकार के दौरान लंबे ने भारत के विश्व स्थानों में दिशा जताना है। इसमें दिशा जताने की उपयोग समुद्री है।
RARE EARTH CRUNCH

The European Union and the US said on Tuesday that they were pressing for solutions to concerns that China may be exploiting its stranglehold on rare earth metals, crucial in the making of everything from portable phones to wind turbines. Officials and industry executives in Berlin and Washington warned of severe repercussions from a scarcity of the minerals with magnetic, luminescent and other properties which go into products such as hybrid cars, solar panels and windmills.

The near monopoly China has in producing 97% of the world’s supply of rare earths has been well known among industrial users for years, but came under the international spotlight after reports that Beijing halted shipments to Japan over a territorial dispute with Tokyo last month.

The chart illustrates where rare earth elements are found and the diagram shows India’s share of rare earth metal and earth deposits in the country.

Global rare earth deposits

<table>
<thead>
<tr>
<th>Rare earth</th>
<th>Scandium</th>
<th>Yttrium</th>
<th>Lanthanum</th>
<th>Cerium</th>
<th>Praseodymium</th>
<th>Neodymium</th>
<th>Promethium</th>
<th>Samarium</th>
<th>Europium</th>
<th>Gadolinium</th>
<th>Terbium</th>
<th>Dysprosium</th>
<th>Holmium</th>
<th>Erbium</th>
<th>Thulium</th>
<th>Ytterbium</th>
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<td>57 Y</td>
<td>88 La</td>
<td>58 Ce</td>
<td>39 Pr</td>
<td>60 Nd</td>
<td>61 Pm</td>
<td>62 Sm</td>
<td>63 Eu</td>
<td>64 Gd</td>
<td>65 Tb</td>
<td>66 Dy</td>
<td>67 Ho</td>
<td>68 Er</td>
<td>69 Tm</td>
<td>70 Yb</td>
<td>71 Lu</td>
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<table>
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<th>Elements</th>
<th>Uses</th>
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</tr>
<tr>
<td>Y</td>
<td>Tungsten, aluminium, tantalum, tantalum, high-temperature superconductors, polystyrene, glass, phosphors, making catalysts for oil refining</td>
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<tr>
<td>La</td>
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</tr>
<tr>
<td>Ce</td>
<td>Chemical, catalysis, magnetic, luminescent, making catalysts for oil refining</td>
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<td>Pr</td>
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<td>Nd</td>
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Diagram: Source: Geological Survey of India

India’s share

Rare metal and rare earth deposits in India.
इतने करीब होने का अर्थ ्

बृहत् जापान-भारत संबंधों को देखने का एक प्रती चीन है, जिसका एक्सिया और विश्व में बढ़ता स्तर और पदार्थियों के साथ संगम विवाद में अवज्ञा अपने पुरूष दादाओं पर गान सिस्टों से जों देखने की चाहत प्राकृतिक संस्कार वह करार देने लगी है। भारत सिर्फ़ इस दिन के बादेः जापान-भारत रिश्तों को देखना एक गीत है क्योंकि दोनों ही देश ऐसे की कृतिक निष्ठा के बने नहीं छोड़कर चाहेंगे जिससे चीन को लगा कि भारत और जापान उसके हिसाब-कोई गिरोह बना रहे हैं। भले ही प्रायोगिक नीति द्वारा कार्यक्रम के दौरान भारत ने अपनी विश्व नीति में जो 'तुलना की हरेयों' सरकार कृतार्थिन सुधारणा गाय रहा, जिससे भारत के जागरूकता संबंधों के ख्यात अधिकारिक संबंधों के तहत कुछ-जुकाम दिशायों संस्करण बनाने में लगे हैं जो अग्रणी चलन भारत के लिए लगे स्थान के बिंदु होंगे। इस बात पर विचार करने से बोहे लाभ नहीं होगा कि प्रायोगिक नीति का दोलन वायम के दौरान जापान के स्वाता रैण्य विवाद संस्कार की दिशा में प्रती देखने का नहीं

अच्छा है कि भारत और जापान समझ आधिक भागीदारी समझिये के लिए सहमत हो गए

बृहत् जापान की अपनी पोस्ट ने, जिसके लिए बहुत रैण्य नहीं है केवल टीका और नागरिक दोनों द्वारा राष्ट्रीय निर्देशाल में पहुँचे रहे हैं। जहाँ वह मेरे दोनों बाह्य और भारत समझ आधिक भागीदारी संबंधिये (सीटिंग) के लिए सहमत हो गए। इसलिए लागू होने पर दिशायों आधिक परिवर्तन ही बदल जाएगा। इससे सराहनीय और संबंधिये के व्यापार की गति तो जेड होंगी ही। बूढ़े मिश्रित में भी अपारित बूढ़े होंगे।

अब समझ और संबंधिये के लिए समाप्त हो जाएगे और संबंधशील का उद्देश्य जापान संबंधिये की तुलना में कहीं अधिक अनुभव रूप में समाप्त होगा। भारतीय अटॉप प्रूसिया, जनरल रज़ा बनाने वाली कंपनियाँ, अटॉप कंपनियाँ बनाने के लिए उड़ानों में कर आए हैं और जिनके लिए वह चीन ने निर्माण रहा है। दोनों देश इस श्रेणी में गिरोह-जुकाम काम करेंगे। जापान के भारत के रूप में एक विनम्रतामाफ स्वाभिमान कर सकता है। दिशायों रिश्तों को इस तरह तक मुद्दों का श्रेणी निष्पाद दो प्रभावी गाने संस्कार की मिश्रित चाहें।

प्रायोगिक की महत्त्वमाफ वायम का एहत्र भी संबंधिये जापान की भाषा पर है जिसमें एक आधिक समझिये के साथ-साथ तुलना पूर्णी मिश्रित चाहें।
SESAGOA 2.0

**CURRENT PRICE:** ₹331,
**TARGET PRICE:** ₹342

The stock recovered from a low of ₹324 yesterday on short covering. It could rise till around ₹342 if the short covering continues. On the downside, if ₹324 is broken, the next support is ₹319.

Keep a stop at ₹328 and go long. Increase the position between ₹335 and ₹337.

Start booking profits above ₹341.
Orissa to approach SC against HC order on Posco

DEBabrata Mohanty

Bhubaneswar, Oct 27

The Orissa government will file a Special Leave Petition (SLP) in the Supreme Court this week, challenging the verdict of the Orissa High Court that quashed its recommendation of prospective licence (PL) for iron ore mining by Posco in Khandadhar, Sundargarh district, which is one of the richest ore blocks of the state. State Steel and Mines Minister Raghunath Mohanty said the SLP would be filed by Friday.

The prospective licence for iron ore mining in Khandadhar is crucial for Posco as it is central to its proposed 12 million tonne steel plant project in Jagatsinghpur district.

After prospecting the area, Posco would have been eligible for applying final mining lease for extracting 600 million tonne of iron ore over next 30 years.

But the the South Korean steelmaker's plans suffered a setback on July 14 when a division bench of High Court quashed the state government’s recommendation in 2009 to the Union Mines Ministry for prospective licence in Khandadhar iron ore reserves.

In reply to a writ petition by Geomin Minerals and Marketing Ltd, a Karmataka-based private sector unit, the court had asked the state to take a fresh decision on the PL. The division bench made it clear that Geomin Minerals be given the preferential right as it was the first applicant for PL in the area, way back in 1991.

As the state did not do a re-hearing of all the applicants as per the HC order, filing SLP was the only option left.

The SLP needs to be filed within three months of the receipt of the certified copy of the judgment of the High Court.

"With just 2 days left, the steel and mines department wants to ensure that it's not half-baked one," said a senior government official.
HC okay with govt policy, lifts ban on sand mining

Mayura Janwalkar

The Bombay high court on Tuesday vacated the month-long stay on sand mining in Maharashtra after expressing its satisfaction over the government's new policy for sand excavation.

But taking environmental safeguards into account, justice BH Marlapalle and justice UD Salvi said the excavation cannot exceed two metres from the surface of the ‘floor, river, or creek’.

A petition filed by the Sagar Shramik Hastati Wahi Utpadi Sahakari Santha Maryadit had said that continuous sand extraction posed serious environmental threats to riverbeds in the state and if ignored, it could lead to flood-like situations in places close to rivers.

Advocate general Ravi Kadam had urged the court to lift the stay. The court had said that the stay would be lifted only after the government issued and implemented a resolution for proper sand excavation policy. On Tuesday, Kadam told the court that a government resolution had been issued.

“The policy has tried to plug the loopholes by and large. It also seeks to make the government machinery accountable for its implementation,” the court said.

The policy entailed registration of vehicles transporting the sand. A committee will survey an area before a sand mining contract is granted. Also, it would be the government and not the collector who would take a decision on the use of machines. This policy, the court said, may hold good for the next 10 years. “After that there may be no sand left. It is a limited resource.”
‘India is a major manufacturing hub’

The over-two-decades-old dream of moving the office of the Bharat Diamond Bourse (BDB) from Panchratna Building in South Mumbai to Bandra Kurla Complex (BKC) in the suburbs has become a reality now – at a cost of ₹1,100 crore. The move, which was initiated in 1984, when the MMRDA allotted 20 acres of land on an 80-year lease for ₹217 crore, is finally taking shape with the Mumbai-based BDB, the world’s largest, being inaugurated last fortnight. In the last 26 years, five presidents have come and gone, including the well-known diamond king Bharat Shah. But the current man in the hot seat is 50-year-old Anoop V. Mehta, who has held this post since 2003, which was also the year he was elected to the executive committee of the World Federation of Diamond Bourses. Involved in the industry for over three decades and active with Mohit Diamonds, his family-run business, he speaks to Lancelot Joseph on the strategic planning and development of the project, showcases the facilities at the diamond bourse and spells out how, with state-of-the-art infrastructure and under his stewardship, India will become an international trading centre for gems and jewellery.

What is the main objective of setting up the Bharat Diamond Bourse?
It is for the promotion and export of diamonds from India. This infrastructure is required if we want to attract overseas buyers and sellers for effective liaison between the diamond trade and the industry in India and promote their sales from India in international markets. Further, it helps promote, advance, protect and develop trade, commerce and industry in India relating to the export and import of diamonds.

How does BDB compare to bourses world over?
First, with 2 million sq ft of space under our belt, BDB is four times the size of the world’s largest bourse, based in Israel. Being the latest, the buildings are developed on the basis of eco-friendly energy-efficient concepts and can house 2,500 small diamond traders. In the complex, under one roof, there is a customs house, banks and other service providers like safe deposit facilities, couriers, clearing agents, etc. There is constant manning and monitoring through CCTV intelligence cameras, with 2,500 IP cameras installed and a control room, with 256 monitors and video analytics. Special software has been created so that office owners can check the cameras outside their offices from anywhere in the world. There are also ins (in building solutions) facilities, wherein all mobile networks are boosted within the area networks. Additional space has been catered for to build another tower for the future.

How will the BDB act as a catalyst to help India emerge as a major diamond player in the world?
The gems and jewellery industry is undoubtedly the fastest growing one in the world. The diamond industry has, in recent years, hopped from one peak to another, primarily due to forces of the emerging markets and Asian economy. India is a major manufacturing hub, with 11 out of 12 diamonds being processed here. In terms of caratage, 90 per cent of the diamonds are polished in India (70 per cent in value), making us clear leaders. To go to the next level and complete the cycle, we need to have a bourse for trading. BDB will put India solidly on the international diamond map.

How do you think India can get a lion’s share of this market?
Currently, close to $50 billion worth of diamonds are being traded between two exchanges – Antwerp and Israel. There is no manufacturing done there, whereas, in India, diamonds worth $27 billion are being manufactured, though there is no trading at all. So far, there was no infrastructure. But with BDB going on stream, trading in India will begin and we can dominate that area also. In a couple of years, a huge chunk of diamonds will move to India.

What should the Indian government do, to put India on the top in the world ranking?
Clearly, being in Mumbai, octroi is a big issue. The other impediment is taxation. We have proposed a levy of a flat 1 per cent turnover tax in place of all forms of current direct taxes, thereby doing away with arbitrariness, confusion and delays in finalisation of tax returns. Dubai has none of these. Also, special status should be given to primary diamond producing companies for supplying roughs, to encourage them to open offices in BDB, to cater to small as well as large manufacturing companies.
Wasn’t so tough, was it?
Navi Mumbai lessons for Posco and others

For all practical purposes, the Navi Mumbai airport’s environmental problems have been resolved, although a formal decision will be taken by a committee early next month. As environment minister Jairam Ramesh said at his joint press conference with aviation minister Praful Patel, 65-70% of the differences have been ironed out. This involves reducing the distance between the two runways, ensuring that one ‘river’ doesn’t get diverted but allowing the hills to be levelled. So what’s the lesson to be drawn here? Cooperation, that’s what. While the environment ministry was intransigent to begin with and rejected the project, a lot of pressure ensured the environment and aviation ministries sat down and tried to see how the damage to the environment could be minimised. So why not do that for other projects like Posco and Vedanta? No project can be set up without some damage to the environment or with zero displacement of people, the question is how this can be reduced to the minimum and to see how compensatory action such as afforestation and resettlement can be undertaken.

So far, the environment ministry has tended to be antagonistic. Orissa MPs argue this is selective and that one set of standards is applied to Opposition-run states like Orissa and another to Congress-run states—in the case of the Polavaram dam in Andhra Pradesh, the consent of tribal villagers in Orissa was not obtained before clearing the project, while in Niigamgiri, the Orissa government has been pulled up for not obtaining the consent of tribals. We needn’t get detained by the facts and counterfactuals of the case, but the broad point has to be of the need to be collaborative since, at the end of the day, there is no doubt India needs more industrialisation. In the Posco case, the fact-finding mission has cited the presence of 21 tribes in the voters’ list as proof of the fact the company and the Orissa government are lying (both had said there were no tribals). Surely, the company could have been asked to look for the tribals again instead of just a blank condemnation? More so since, as the report of the head of the mission said, the area was not one where tribals are to be found. Equally important is to ensure fact-finding missions are packed with experts, not activists. The credibility of the entire process depends on this. In the case of the Posco project, the head of the team’s report describes the forest as “mainly sandy waste, with some scrub forest, apart from the casuarina plantations in the area...” while the other report says “about 70% area of the forest land is covered with various kinds of forest and trees...” Which report is to be believed?

The Navi Mumbai airport issues got resolved because of the high-profile nature of the city, and the fact that aviation minister Praful Patel is an important ally. Not all projects can boast of a similar pedigree when it comes to supporters. Are they all to fall by the wayside?
Business proposes, regulator disposes

REGULATORY ACTIVISM & DECISION REVERSALS ARE HURTING GROWTH OF INDUSTRY

RAJESH BHOJANI

IMAGINE YOU ARE ON THE HOT SEAT ON KAUN Banega Crorepati and Amitabh Bachchan has this question for you: which sector based on its performance has the potential to grow exponentially in the coming years? Your options are (a) telecom, (b) mining, (c) financial services, and (d) none of these.

To be fair, such a question would be inadmissible in the hugely-successful programme because most of the corporate decisionmakers cannot be certain of what future holds for them due to increasing regulatory risk in the country.

The Vodafone controversy is the latest in a series of ludicrous regulatory incidents over the years. Vodafone, the world's largest mobile phone company, acquired 67% interest in Hutchinson Essar in 2007 by paying $11.1 billion cash and valuing the Indian operator at about $19 billion. But within months of the transaction, Vodafone got a notice from the Indian tax authorities demanding a whopping $12 billion. In this instance, a company that is based outside India sold shares of a company to another organization, also based outside India. Everyone seemed clear that no tax was payable as Indian tax authorities had no jurisdiction over these entities. However, many such deals have taken place in the past and there were no demands from the income-tax (I-T) department.

But in this case, the I-T department made a demand of $12 billion. Four years on, no one is clear if the Supreme Court will allow the authorities to proceed with the demand. The advocates of FDI in the country are already fighting a losing battle. And the potential investors are left wondering about the minefield that may lie ahead.

Till a year ago, mutual fund companies were allowed an entry load for investments made in their schemes. Though the load allowed was 6%, most companies charged only 2.25% due to competitive pressure. This load clearly was not enough to cover their marketing expenses. A majority of the 43 asset management companies (AMCs) are still losing money. In August 2009, the Securities and Exchange Board of India banned entry load for all mutual funds.

The life insurance sector where domestic and foreign players have invested over $30 billion in risk capital is grappling with similar issues. When the insurance sector was opened up in 2000, several players including the Tata’s and the Birlas formed joint ventures with top global players. They expected to break even in five years. However, 10 years into the business, and most players are yet to turn profitable. And now suddenly, the regulators have completely changed the rules that has made the economics of running an insurance outfit a big puzzle. Many who had justified the regular pumping in of hundreds, sometimes thousands, of crores in the name of rising valuations are now at sea.

The success of LIC is mostly due to the million-plus agents who pound the pavements all year round to channelise the small investments into the kitty of the government-owned insurer, which has helped this country with the capital-creation process. Now, thanks to the changes in law, many agents could go out of business. The mobilisation numbers have already started dwindling. The story of frequent changes in regulation is not restricted to telecom and financial services. Other industries, such as mining, are also suffering. Metal manufacturers and power generation companies are buying mines in the continents of Australia and Africa as they are not sure about getting mining licences in India. Green zones are notified and denotified at will by bureaucrats. Many companies that have been mining in certain areas for decades find their licences cancelled overnight. There is a lot of uncertainty about mining policies and availability of ore and coal necessary to increase capacities of power plants and metal manufacturing.

The regulatory decisions impact not only these companies' financials but also erode employment opportunities. News reports suggest that retrenchment of a large number of employees by major life insurance companies, not to forget the reduction in earning potential of investment advisers, thanks to regulatory changes. As a counter view, it is believed that in these two sectors, regulations will help the customer realise better investment returns. But now, very few potential customers are being serviced by distributors—leading to a situation where more and more investors are putting their savings into bank deposits rather than putting their nest eggs in superior instruments like mutual funds. Till recently, many companies were keen to enter the mutual fund and insurance business. Now, some of the players want to exit but are having a tough time finding buyers.

We have reached a level of over-regulation that can hamper growth and scare away potential investors. When companies invest huge sums in a business, they need a stable regulatory environment...
Balco workers yet to get shares

Supriya Sharma

Korba: Black humour floats in this industrial town along with the dust kicked up by an alumina smelter, a thermal power plant and a coal mine. “A section of workers is spurning shares offered to them, while another is agitating for shares long due to them,” says trade union leader VK Sharma.

The workers who spurned shares are of Coal India that recently offered 10% of its shares in the market. The initial public offer led to much frenzy and ended up as the most oversubscribed in Indian history. But one part of it remained unsold — the part meant for the company’s workers. Only 8% of the employee shares were picked up.

In contrast, Sharma sits in his office, flipping through a file that documents nearly a decade-long struggle by the workers of Bharat Aluminium Company (Balco) for a 5% share in the company.

Balco was the first public sector unit to be privatised in 2001. The government sold 51% stake to Vedanta-owned Sterlite Industries for Rs 551 crore. The “disinvestment” was bitterly opposed by the trade unions. Workers sat on a 67-day strike. Sharma, who heads the Balco workers’ union, recalls, “Among the many entitlements held out by the government was the promise that workers would get shares in the company.”

Until 2004, the sale of shares to workers was on track. The new management drew up a ‘matrix’ that would decide how one crore shares would be distributed among 5,000 workers. It submitted the matrix on Sept 7, 2004. Two days later, the mining ministry called for a meeting attended by central representatives, Balco managers, and union leaders. It concluded on the note that “divergence of opinion on the value of shares needs to be sorted out”.

“That was the last we heard about the shares. Since then, repeated letters to the government have got no response,” says Sharma, showing a sheaf of letters — the last signed by Prime Minister Manmohan Singh on January 6, 2010.

Another letter signed by minister of mines B K Handique who wrote, “I am having the matter looked into”.
Diamond co defaults on ₹800cr loan

Consortium Of Banks Seeks Blacklisting Of Surat-Based J B Diamond

Melvyn Thomas | TNN

Surat: Close on the heels of a person from the Mumbai diamond industry defaulting on over Rs 300-crore payment, a Surat-based diamond company has now been charged with failing to clear dues of over Rs 800 crore.

A consortium of leading bankers, led by SBI, has decided to approach the RBI to declare diamond firm J B Diamond as a defaulter and blacklist its associates in India. J B Diamond figures among India's top 10 diamond companies. The Rs 1,000-crore company promoted by leading diamantaire Jivraj Surani (Dharukwala) had borrowed the money two years ago from 12 leading banks to meet its working capital requirements.

The development comes at a time when the diamond industry is growing at an impressive rate.

Thegems and jewellery exports from India grew by about 25% in FY10 as compared to the previous year. Besides, total exports are likely to cross $31 billion by the end of March 2011, up from $28 billion as on March 31, 2010.

A senior manager of one of the leading public sector banks, who was present in the meeting but did not wish to be identified, said the group had exported diamonds to its companies in Hong Kong and Dubai among others, but they did not bring back any money to India. “For the last two years, the company has not cleared its huge outstanding and thus it has become an NPA. Also, the receivables by the bank consortium from the company have crossed Rs 1,000 crore,” he said.

J B Diamond is a “sightholder” of Diamond Trading Company (DTC). A sightholder is a diamond company which buys rough diamonds directly from DTC. In the meeting held on Wednesday, the bankers decided to approach the DTC to cancel the firm’s “sightholdership”.

When contacted, Sanjay Kothari, vice-chairman of GJEPC, who was heading the discussion on behalf of GJEPC said, “In the larger interest of the industry and to instill confidence we have decided to support the banks. It is our moral obligation to sort out the issue with our member who has defaulted. We have assured all our cooperation to the banks. Besides, we are ready to take all steps within our framework to ensure that the member who has defaulted pays back his outstanding.”

J B Group chairman, Surani, however, sought to assure that the outstanding would be paid. “Last year, we paid Rs 100 crore worth securities to the bank consortium and Rs 260 crore in cash. The clients with whom we were dealing abroad have defaulted on our payment and thus we are unable to pay the banks immediately. We will clear all the outstanding as and when we get our money back from abroad.”
Hind Copper Q2 net up, to pay 10% interim

Hind Copper declared 10 per cent interim dividend on Wednesday.
This is the first payout announcement by the public sector company since 2005 when it had declared a token dividend of 1.5 per cent for the fiscal 2004-05.

According to the HCL Chairman and Managing Director, Mr Shakeel Ahmed, the Board signalled that the company intended to share profits with the shareholders.

Around Rs 46 crore worth of interim will be paid to the Government which currently owns 99.59 per cent stake in the company.

The company is slated for a 10 per cent disinvestment and a follow-on offer of another 10 per cent in December.

It posted a net profit of Rs 56.21 crore in the quarter to September 30, against Rs 15.10 crore in the corresponding quarter. Sales increased to Rs 324.41 crore from Rs 247.34 crore.

H1 PERFORMANCE
Net profit in the first half stood at Rs 82.41 crore (Rs 16.33 crore). EBITDA margin in H1 shot up 39.2 per cent on strong LME copper price trend and 29 per cent improvement in production of metal in concentrate. Smelting and refining at Moubhandar also improved in the Q2 after a setback in the first quarter due to a fire.
Gold eases towards $1,330/oz

Reuters
London, Oct. 27

Gold eased towards $1,330 an ounce in Europe on Wednesday as the dollar firmed versus the euro after a report said the Federal Reserve would likely adopt a gradual approach to further US monetary easing.

Spot gold was bid at $1,333.15 an ounce at 11:30 GMT, against $1,338.70 late in New York on Tuesday. US gold futures for December delivery fell $5.20 an ounce to $1,332.40.

The metal hit a record $1,387.10 an ounce earlier in October as expectations that the Fed would pursue a second round of quantitative easing pressured the dollar, but prices have slipped as investors worried the impact of this has already been too heavily priced into currencies and gold.

BARGAINS HUNTED

In India, bullion traders snapped up bargains to meet festival demand as Dhanteras, one of the biggest gold-buying occasions of the year, approached in November.

Among other precious metals, palladium was at $622.49 an ounce against $620.63, having earlier touched its highest since 2001 at $636.25 an ounce. The autocatalyst metal is one of this year's best-performing commodities.

Silver was bid at $23.73 an ounce against $23.82.

Platinum was at $1,692.50 an ounce against $1,694.95.

Bullion rate

Mumbai: Silver spot (.999 fineness): Rs 36,610; standard gold (99.5 purity): Rs 19,370; pure gold (99.9 purity): Rs 19,460.

Chennai: Bar silver (a kg): Rs 35,985; retail silver (a gram): Rs 36.50; standard gold: Rs 19,440; retail ornament gold (22 carat): Rs 1,808.

Kolkata: Silver ready: Rs 36,000; Gold ready: Rs 19,720.
Copper slips on firm dollar

Reuters
London, Oct. 27

Copper turned back from over two-year highs on Wednesday as the dollar rose on speculation the US Fed may buy fewer bonds than first thought, although news of an exchange-traded product listing cushioned losses.

Benchmark copper on the LME traded at $8,555 at 09:23 GMT, having closed at $8,511 a tonne on Tuesday.

The metal used in power and construction hit its highest since July, 2008, at $8,554 the prior session and is within five percent of record highs at $8,940 a tonne from early that month.

Lead, which hit a new peak since January earlier at $2,619 also eased back to $2,545, from a $2,594 finish.

ZINC OVERSHOOTS

Three-month zinc fell on Wednesday to trade at $2,532, from a close of $2,615 per tonne. It has retraced four percent from nine-month peaks of $2,658.75 touched on Tuesday.

Aluminium was at $2,351 a tonne from $2,390. Nickel traded at $22,894, from $23,300, having hit its lowest in a month at $22,790 earlier.

Tin declined to $26,100, down 4.5 percent from record highs of $27,538.50 mid-month.
Sudeep Chakravarti

To read all of Sudeep Chakravarti’s earlier columns, go to www.livemint.com/rootcause

BUSINESS MUST BE DONE THE RIGHT WAY

Radical pro- and anti-business stances have been articulated in these past months, peaking recently with an official committee’s recommendation to withhold from Pohang Iron and Steel Co., or Posco, several forest and environment-related clearances for its proposed 12-million-tonne project in Orissa.

Opponents of the project accuse Posco of wholesale wrongdoing, and their hardline colleagues wish to banish any large project—period. Proponents of the project assert that Orissa and India are losing precious time to create industry and jobs, and the same folks who will scream about inequitable growth some years down the line are helping to create it right now.

Both miss the point.

It is myopic of activists to negate a project merely for the sake of taking on business. The result will be counter-productive, assuming we wish to move beyond a pastoral economy. Equally, it is myopic of businesses to be shrill in defence.

The bulldozing through of several projects has been on account of flaws in structure, process and accountability. Until that is sorted out, disruption of such projects will be the norm, not the exception.

In nearly every marquee project that has faced hurdles in recent years—the key ones among several are Tata Motors Ltd in West Bengal; Lafarge Unniam Mining Pvt. Ltd in Meghalaya; Tata Steel Ltd, Vedanta Resources Plc and Posco in Orissa—opposition has come about usually over land acquisition, displacement, rehabilitation, or environmental clearance.

In many such cases, the state government has been loud in assuring businesses everything will go smoothly.

Then, it has used its administrative and law and order machinery to ensure land is either directly or indirectly acquired for the project. This has included a range of actions from convincing and cajoling, to pressuring and attacking people. Several dozen people have been killed by police and thugs of ruling political parties over land acquisition.

Environmental clearances have been rapidly, even incorrectly, provided at the state and central levels. The people whose land is to be acquired have typically been the last to be queried in the political–economy food chain. Businesses have directly or indirectly participated in the process. They are by every definition complicit, and cannot escape moral and fiscal liability.
cess. They are by every definition complicit, and cannot escape moral and fiscal liability.

When people—victims, activists, lawyers, and with decreasing frequency, the media—point out how due process has been subverted, businesses complain and invoke the right to industry. It is as if due diligence, that red herring norm of corporate governance, applies only for the funding of projects, not the projects themselves. Hypocrisy needs to abate for opposition to such projects to lessen. Both businesses and state governments need to look for solution-oriented situations.

They could look to Haryana. After several hiccups over special economic zones, the state has made a qualified success of its move away from the practice of arbitrary state-mandated acquisition of land for projects along with random fixing of compensation, to direct buyer-seller transactions, with compensation fixed into annuity structures—so that sudden large incomes are not frittered away by sellers of land—and several other compensation devices.

A group of ministers is engaged in developing an approach for compensation for mining projects. Other templates and precedents are being studied by chambers of commerce and economic research institutes. Transparency is seen as a constant. But the basic requisite remains attitude. I’ve had several discussions with lawyers and conflict resolution specialists. Most are of the opinion that generally, business and government entities in India are either ignorant or dismissive of the principles of human rights that increasingly affect business. What is equally worrisome, they maintain—and I hope to address these issues in greater detail in forthcoming columns—is that several companies, both Indian and overseas, operate diligently outside India, but change spots when it comes to doing business in a bent India. The system permits its own willful corruption, and companies exploit it to the hilt.

Business will increasingly find that victims, activists and lawyers will attempt to take them to the cleaners using rights as mentioned in the Constitution of India. They will use in both local and international courts devices such as the Universal Declaration of Human Rights, international covenants for civil and political rights, and various conventions of the International Labour Organization. These devices will be backed by data, statements of the aggrieved, and viral public pressure. (Such ammunition is potent, as several Fortune 500 companies have learnt to their cost.)

Business needs to be done the right way. It’s either that, or disruption.

Sudeep Chakravarti writes on issues related to conflict in South Asia. He is the author of Red Sun: Travels in Naxalite Country. He writes a column alternate Thursdays on conflicts that directly affect business.

Respond to this column at rootcause@livemint.com