

## आकलन के बाद ही कोयला महंगा करेगी सीआईएल

लेह (जम्मू कश्मीर) भाषा: कोल इंडिया लि. सीआईएल की प्रस्तावित मूल्यवृद्धि अगले साल की शुरुआत से पहले लागू होने की संभावना नहीं है। कंपनी का कहना है कि वेतन संशोधन के प्रभाव के आकलन के बाद ही कोल इंडिया कोयले का दाम बढ़ाने पर फैसला करेगी।

कंपनी के चेयरमैन एन सी झा ने आज यहां प्रेस से कहा, 'मूल्यवृद्धि वेतन संशोधन के आधार पर की जाएगी। वेतन संशोधन पर अगस्त के बाद से हमारी दो बैठकें हो चुकी हैं। वेतन समिति की तीसरी बैठक नवंबर में होगी, पर अंतिम फैसला दिसंबर से पहले होने की संभावना नहीं है। कीमत वृद्धि उसके बाद होगी।' झा ने बताया कि सीआईएल के कर्मचारियों की संख्या 3.8 लाख है। कंपनी की उत्पादन लागत में 40 प्रतिशत हिस्सा वेतन का बैठता है।

उन्होंने कहा कि वेतन वृद्धि की वजह से पड़ने वाले अतिरिक्त बोझ का तत्काल

आकलन नहीं किया जा सकता, क्योंकि यह बढ़ोतरी पूर्ण रूप से वेतन समिति पर निर्भर है। सीआईएल द्वारा कीमतों में किसी भी तरह का संशोधन कई कंपनियों को प्रभावित करेगा। देश के कोयला उत्पादन में सीआईएल की हिस्सेदारी 40 प्रतिशत की है।

कोल इंडिया के कर्मचारियों का वेतन आखिरी बार 2006 में बढ़ाया गया था। कंपनी के कर्मचारियों ने हाल में उनके वेतन पैकेज में 100 से 500 प्रतिशत की वृद्धि की मांग की है। अन्यथा उन्होंने हड़ताल पर जाने की चेतावनी दी है। कंपनी में चैच्छिक सेवानिवृत्ति योजना (वीआरएस) लागू की गई है, पर बहुत कम कर्मचारियों ने इस विकल्प को चुना है। सीआईएल के निदेशक (मानव संसाधन) आर मोहन दास ने कहा कि प्रबंधन ने पहले ही सभी यूनिटों को सूचित कर दिया है कि वेतन में इतनी ज्यादा वृद्धि संभव नहीं है।

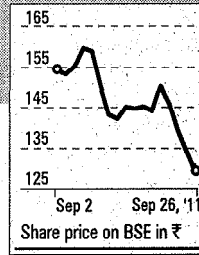
### Hindalco

CURRENT: ₹129

TARGET: ₹124

THE stock hit a new 52-week low on high volumes. It will test ₹124-125 again and it could fall till ₹115-116 inside the settlement, if the ₹124 support is broken. Keep a stop at ₹133 and go short. Add to the position between ₹125 and 127.

Either book profits below ₹125, or book partial profits and hold with a target of ₹116.



## PRICE CARD

As on Sep 26	International	Domestic
<b>METALS (\$/tonne)</b>		
Aluminium	2,170.00	2,648.60
Copper	7,290.00	9,199.35
Nickel	17,925.00	22,240.19
Lead	2,050.00	2,264.46
Tin	19,100.00	24,666.40
Zinc	1,941.50	2,426.20
Steel-HRC	711.00	864.33
Gold (\$/ounce)	1,617.80*	1,649.18
Silver (\$/ounce)	28.18*	32.59
<b>ENERGY</b>		
Crude Oil (\$/bbl)	106.05*	105.85
Natural Gas (\$/mmBtu)	3.76*	3.70
<b>AGRI COMMODITIES (\$/tonne)</b>		
Wheat	243.71	227.21
Maize	265.76*	208.96
Sugar	633.10*	587.04
Palm oil	1,060.00	1,157.40
Rubber	3,963.08*	4,270.12
Coffee Robusta	1,907.00*	2,077.44
Cotton	2,204.40	2,233.90

Conversion rates: 1) 1 ounce = 31.1032316 gm  
2) 1 US dollar = ₹49.46 \*As on Sep 26, 1800 hrs IST

Notes: 1) International metal are LME spot prices and domestic metal are Mumbai local spot prices except for steel.  
2) International crude oil is Brent crude and domestic crude oil is Indian basket.  
3) International natural gas is Nymex near month future & domestic natural gas is MCX near-month future.  
4) International wheat, white sugar & coffee robusta are LIFFE future prices of near-month contract.  
5) International maize is MATIF near month future, rubber is Tokyo-TOCOM near-month future and palm oil is Malaysia FOB spot price.  
6) Domestic wheat & maize are NCDEX future prices of near-month contract, palm oil & rubber are NCDEX spot prices.  
7) Domestic coffee is Karnataka robusta and sugar is M30 Mumbai local spot price.  
8) International cotton is cotton no.2-NYBOT near-month future & domestic cotton is NCDEX spot prices.  
9) International metals, Indian basket crude, Malaysia palm oil, wheat LIFFE and coffee Karnataka robusta pertains to previous days price.

Source: Bloomberg Compiled by BS Research Bureau

# STERLITE: WEAK OUTLOOK PRICED IN

Even as metal prices weaken, the company's zinc, lead & silver businesses should provide cushion

UJJVAL JAUHARI

**W**ith declining base metal prices on the London Metal Exchange (LME), the stock of Sterlite Industries has lagged the broader market since end-July. It has lost almost 32 per cent in the past two months, including 4.5 per cent on Monday, the day it touched a 52-week low of ₹115.05 before closing at ₹117.30.

The non-ferrous metal major has interests in aluminium, copper, zinc and lead, as well as silver. With fears of a slowing in global growth, prices of most of these metals have fallen, especially in September. Copper is down almost 15 per cent, zinc by 14 per cent and aluminium by 10 per cent and are trading at their 2011 lows (see chart). However, given that zinc and lead (along with silver) account for a large portion of the company's profits, and their production is seen rising, analysts say the same will help partly offset the pressure on profits, due to weak metal prices. They say, while the volatility in metal prices may keep the stock under pressure, most concerns seem factored in at current levels.

## ALUMINIUM, COPPER

The aluminium segment had al-

ready reeled under pressure, with high cost of production on the back of higher coal costs and lack of availability of cheap bauxite for Vedanta Aluminium. While volumes had remained subdued and margins were under pressure due to firm coal costs, Motilal Oswal Securities estimates combined aluminium volumes from Balco and Vedanta Aluminium at 1,85,000 tonnes to rise seven per cent sequentially in the September quarter. However, strong realisations in the segment during the June quarter had saved the day for Sterlite.

The declining aluminium prices on the LME won't bode well, as realisations will decline, too. Realisations are expected to fall as average LME aluminium prices are expected to decline 14 per cent to \$2,250 a tonne in the September quarter, says an analyst. Margins, too, will be under pressure due to high coal costs. Further, analysts at ICICI Securities had expressed concern on lack of availability of cheap bauxite for Vedanta Aluminium, leading to higher costs. These trends indicate the business will face pressure in the coming quarter. However, aluminium is a smaller segment for Sterlite and contributed 12 per cent to revenues and seven per cent to profits



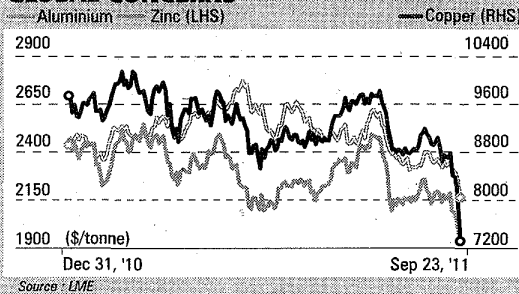
Anil Agarwal, chairman, Sterlite Industries

## UNDER PRESSURE

In ₹ crore	FY11	FY12E
Revenues	30,248	40,397
% change	23.5	33.6
Ebitda	7,869	12,247
Ebitda (%)	26.0	30.3
Net profit	5,043	6,980
% change	34.7	38.4
EPS (₹)	15.0	21.4
P/E (x)	7.8	5.5

Source: CapitalLine, company, Bloomberg

## GLOBAL CONCERNS



during the June 2011 quarter on a consolidated basis. Hence, its impact on overall financials will not be meaningful.

High coal costs have also been responsible for rise in power production costs at Sterlite

Energy. Its per-unit cost of production was ₹2.6 in the June quarter against ₹1.6 per unit during the June 2010 quarter, leading to lower profits. Analysts at ICICI Securities had observed that commissioning of two units

of 600 Mw at the power subsidiary and their synchronisation remains doubtful till the coal distribution issues are solved. Further, analysts at Daiwa Securities also raise concerns on profitability, with power supplies to Vedanta Aluminium at lower than merchant rates for the latter's 1.25 million-tonne per annum smelter, to be commissioned in the near term (full ramp-up by the end of 2013-14).

On the other hand, copper prices on the LME have fallen the most since August 31. Copper is a key segment for Sterlite (about half the company's revenues but, again, less than 15 per cent of Sterlite's profits in June quarter) and no major volume increment is estimated for the September quarter (74,000 tonnes in the June quarter, which analysts peg at 76,000 tonnes in the September one). However, it is the treatment and refining charges (TcRc margins) that decide profitability and analysts observe that though with declining copper prices some decline may be seen in TcRc, it will not be substantial.

## ZINC, SILVER SUPPORT

Zinc and lead is another major business segment for Sterlite. The profitability was being led by zinc on the back of robust performance by Hindustan

Zinc, its 64.92 per cent subsidiary. Zinc and lead prices are also correcting. However, analysts feel volume expansions will limit the dent to revenues. Together, zinc, lead and silver account for three-fourths of Sterlite's consolidated profits.

Though the June quarter had seen mined metal production at 188,000 tonnes in spite of a 15-day shutdown at its Rampur-Agucha mines, the production is estimated to rise in the September quarter, with no such shutdown. Further, a boost to volumes will come from the ramp-up of SK mines and the 100,000-tonnes per annum lead smelter during the current year. Notably, Sterlite has the lowest cost of production around the globe, which is a big positive, says Ravindra Deshpande, analyst at Elara Capital.

The rising silver production will also help Sterlite. The annual production of silver, a by-product in the lead business, will increase from 150,000 tonnes currently to 500,000 tonnes by the start of 2012-13. This will boost numbers in the medium term, due to volume and price expansion. On the whole, though zinc and silver prices have corrected, increasing volumes will offset some of the pains, say analysts, except if metal prices really tank from current levels.



BREAKINGVIEWS

## Cash beats commodities as mkts panic

WHEN markets panic, there's no commodity more precious than cash. Prices of metals and minerals from aluminum to zinc have tumbled, even though emerging world demand is likely to remain strong. True, if the global economy sputters, that demand may slip, too.

But, a bigger factor in commodities' steep fall is the fear that European investors will have to unwind leveraged bets, causing others to try and get out first.

Gold prices show how carried away investors were. Those concerned about too-rapid economic growth and inflation bought gold to protect their savings. Investors concerned about recession, depression and social turmoil were buying gold to protect theirs. Low global interest rates encouraged both to buy with borrowed dollars, betting the US currency's value would fall, and gold's rise, faster than the cost of borrowing it. Gold hit a record of \$1,899 an ounce earlier in September.

Other hard assets and foreign currencies benefited from the same rationale. Between February 2009 and May this year, the Reuters-Jefferies



BY WAYNE  
ARNOLD

CRB index of commodity prices climbed 85 per cent as the New York Board of Trade's US dollar index fell 16 per cent.

Now, commodity prices are falling even as the long-term outlook for demand from developing countries remains strong and the short-term outlook for the

US economy is weak. The reason seems to be that Europeans, who had bet heavily on both trends, are in deep trouble. Fears that the euro zone's credit crisis will force them to liquidate global assets have prompted other investors to take profits while they can. Others, concerned that their clients may cash out, are liquidating in advance.

Some may argue lower commodities are a good thing, since consumers can buy more of them. But, volatility is a different matter. If prices whip-saw, companies may put off investment, which could, in turn, hurt demand. Until global investors have amassed a comfortable cash stockpile and panic-selling ends, it may be best to stand well clear of hard assets as they fall.

## **GOLDMAN INFUSES \$201M IN START-UP**

**New Delhi:** The private equity arm of Goldman Sachs will invest up to \$202 million in an Indian renewable energy start-up, as the US investment bank bets big on the sector in the world's second-fastest growing major economy. It will be the single largest investment in India's renewable energy sector, Goldman and ReNew Wind Power said in a joint statement.

Advertorial

GOVERNMENT OF WESTERN AUSTRALIA: DEPARTMENT OF STATE DEVELOPMENT

# Establishing Common Ground

IN 1996, Western Australia was the first Australian state to establish a trade office in India. The Indian Government has recently granted permission to open a Consul General office in Perth to cater for the growing need for services to Indians living and working in Western Australia as well as Australian travellers to India.

The strength of bilateral relations has grown tremendously in recent years and the Western Australian offices in Mumbai and Chennai actively assist the State's businesses access export opportunities in India.

## Energy

India imports 70% of its petroleum requirements. In 2010, India's crude oil imports rose by 41% to \$82.1 billion and accounts for 42% of its domestic energy needs. The growing energy needs for India's industrial development and domestic needs present huge opportunities for WA as an energy supplier.

ExxonMobil signed a deal with Petronet LNG in 2009 to supply 1.5 MTA of LNG over 20 years from the Gorgon project off the coast of WA. Petronet is looking for another 3-4 MTPA of LNG for the next 20 years as well as expanding its pipeline and regasification facility at Kochi, putting in a new jetty and proposing to build a major power plant to meet the future power needs of the region. India became the first country in 2007 to buy WA coal.

## Resources

Western Australia (WA) is one of the world's most productive and diversified mineral regions, ac-

## India is progressively becoming an important market for Western Australia across many fields

counting for a considerable proportion of the global production of gold (6%), alumina (23%), rutile (17%), iron ore (22%), nickel (13%), diamonds (7%), zircon (19%), tantalum (15%) and many others. More than 75% of the Indian exports are gold and diamonds.

## Mining, oil & gas services

Western Australia excels globally in mining and oil and gas services. A number of these companies operate successfully in India including Oil Immersive Technologies, Micromine, CEPO systems, Mine Map, Neptune Marine, Trident Australia Pty, Swire Oil Field Services, Snowden, Woodside Energy, Logic Services, Stainless Pipes & Fittings, GMA Garnet, OKA Motor and India Resources Ltd.

## Investment

As India's industrial production capabilities diversify, there will be opportunities for direct investment into WA's mining sector. WA has welcomed Hindalco's investment and purchase of the Nifty Copper Mine, an investment of about A\$80 million. Western Australia has great potential for gas processing projects such as petrochemicals and is developing a large gas processing precinct to the north of the state.

An early investor in downstream, value adding activities was an Indian company, Burrup Fertilisers, which invested A\$630 million in a fertiliser plant. Further Indian investment in WA has been announced with Perdam Chemicals and Fertilisers' proposed construction of a Urea plant near Collie valued at A\$3.5 billion. Indian major, Lanco Infratech, successfully bid for Griffin's mines with almost A\$750 million for the coal assets and plans to invest on upgrading rail and port access.

## Education

Given that India is an English-speaking country with a democratic political system, it is a very important market. In 2010, there were close to 42,300 Indian students studying in Australia, of which 2,576 study in WA. Indian students make up the second biggest group of international students in WA after China, accounting for 10.4% of the total international student numbers.

## Agriculture and food

The rapidly growing Indian economy and population presents opportunities for WA's agriculture and food producers. WA is an important player in wheat and grain exports to India. Prepared foods and specialty foods, the growth and expansion of hotel chains in India provide untapped opportunities for WA's agri-food sector. WA is home to a number of renowned agrifood businesses.

*Sources: Department of Immigration and Citizenship, Department of Mines and Petroleum, Department of State Development Western Australia*



# Rich in natural resources

India is already the fourth largest export destination for Australia

ANINDYA SENGUPTA

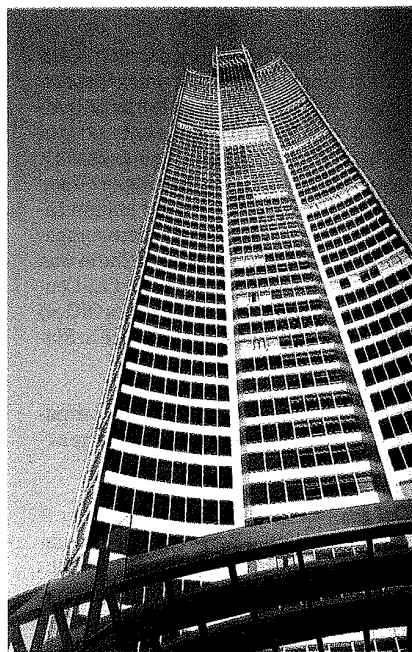
**L**AND of sunshine and golden glow, Australia is that rare developed economy which is growing at a healthy rate, thanks mainly to a global boom in commodities. Richly endowed in natural resources, Australia is one of the major exporters of agriculture commodities like wheat and wool, minerals like iron and gold and energy resources like coal and natural gas. These commodities are largely responsible for a phenomenal growth in Australia's export performance in recent years.

As the commodities cycle picked up momentum in last decade or so, the contribution

of mining sector in Australia's GDP almost doubled from 4.5% to more than 8% between mid-1990s and mid-2000s. This has not only changed the overall sectoral pattern in the Australian economy but also brought the global focus back to the country. Australia is home to global mining giants like Rio Tinto and BHP Billiton.

Australia made a significant shift in its trade policy toward the last quarter of the 20th century by turning the focus on the Asia-Pacific market. As a former Prime Minister described in eloquent terms, though the emergence of modern Australia was rooted in the West, the country's future lies in the East.

From Europe and North America, first the focus shifted to Japan, South Korea and other South-East Asian economies, then to China and India. Demand for iron and coal is insatiable in these two large economies, which are growing at a fast clip – this also coincided with the global boom in commodity prices. China is the top most destination for Australian iron, coal and several other commodities and state-owned Chi-



nese companies have pumped in billions of dollars in Australia's mining and processing industries.

India is already the fourth largest export destination for Australia. Indian companies are also increasingly investing in Australia's



resource extraction industry. The latest in a series of such deals — acquisition of Hancock coal assets by the GVK group — came just a few days back. Other large Indian investors in the Australian resources industry include Adani, Lanco, Aditya Birla, Sterlite and Gujarat NRE Coke groups. Top Indian conglomerates like the Tatas and Reliance have a significant presence in Australia. Australia is also consciously trying to develop manufacturing industries in her soil, this is likely to present more opportunities for emerging market companies Down Under.

Australia is ahead of countries like the UK, Germany and France in terms of per

capita income (in PPP basis). Equally important is the fact that Australia ranks very high on the Human Development Index. At nearly 70%, services sector is the dominant contributor to Australia's GDP. Property, business and financial services, travel and tourism are the fastest growing service segments. By 2015, Australia and New Zealand are scheduled to create a single economic market — this is expected to provide a new momentum to the economy in both the countries and in other Pacific Islands. Most of the Indian IT companies are present in Australia and two-way services trade is growing rapidly.





■ Digambar Kamat: under a cloud

## GOA MINING SCAM: SONIA SEEKS DETAILED REPORT BY FRIDAY

Aurangzeb Naqshbandi

■ letters@hindustantimes.com

**NEW DELHI:** With the allegations of illegal mining against Goa chief minister Digambar Kamat and his cabinet colleagues increasing, Congress president Sonia Gandhi has sought a detailed report on the issue.

Congress sources said Gandhi asked Goa in-charge Jagmeet Brar to take a stock of the situation and submit a detailed report by Friday.

During his three-day visit to Goa, Brar will meet top leaders and party functionaries to elicit their views on the controversy. He is also expected to meet the leaders of Congress allies - the NCP and Maharashtrawadi Gomantak Party.

But the party has already made that there would be zero tolerance for corruption. "There will be no compromise on corruption. As I have stated earlier, if any of our leaders is indicted by any inquiry commission or body, we are not going to overlook that or take it lightly.... Appropriate action will be definitely taken," Brar said.

"The indicted will be given a fair chance to defend themselves. There will be no action on the basis of media reports."

He said the party leadership will "not ignore and study in detail" the much-awaited report of the Public Accounts Committee (PAC), headed by BJP leader Manohar Parrikar.

The Centre-appointed Justice MB Shah Commission is also looking into the illegal mining in Goa, pegged between ₹1,200 crore and ₹10,000 crore.

# Will the fall in copper persist?

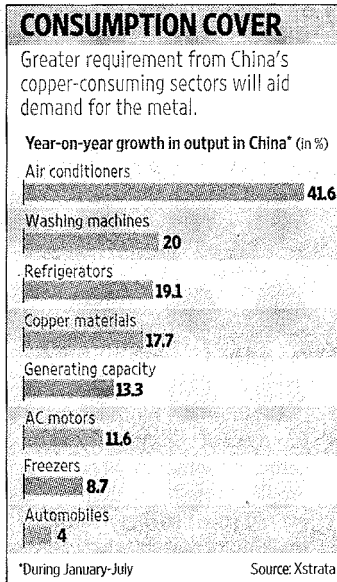
Copper has joined the base metals pack in its tumble. The metal is called Dr Copper as it is believed to forecast the world's economic health. Judging by its volatility, it seems it is unable to make up its mind.

America's credit downgrade in early August saw copper fall, but it ended the month with an 8% gain (from the month's lowest level). In September, however, the trend has changed; copper has lost about one-fifth of its value this month as of Friday. And about three-fourths of this decline took place last week with the metal continuing to fall on Monday as well.

Last week, the International Monetary Fund released its World Economic Outlook report. It painted a gloomy picture for the developed world's economic prospects. But it sounded a somewhat optimistic outlook for base metals, based upon China's relatively higher economic growth.

What changed in a week to cause this sharp decline in copper prices? One reason is fears that the situation in Europe is going from bad to worse, and news from the US does not suggest it can stem a slide in Europe, if that happens. Another reason may have been comments from large miners that some of their customers were delaying deliveries. And there may also be forced liquidation.

Investors may have decided to first sell and then assess. China will be central to this assessment. In 2011, Xstrata Plc expects the country to account for about half of the global demand growth, according to a recent in-



GRAPHICS BY NAVEEN KUMAR SAINI/MINT

vestor presentation. The copper producer also sees a recovery in demand in China, higher copper cathode imports in July and August, lower inventory, and tightening availability of copper scrap. End-use markets in China have grown throughout 2011.

Xstrata also says that demand in western markets has improved, despite economic uncertainty. But the volatility in the region means this may change any time. The company recognizes the risks to copper demand in the US and Europe, but it expects demand from developing markets will balance the market.

Moreover, global copper supply in 2011 is expected to rise by only about 2%, half of the anticipated demand growth. Next year, supply will increase but not enough to cause a surplus. And if prices fall, then

producers may postpone start-up of plants to keep supply in check. The balance seems to favour producers.

What does all this mean for India? The only integrated producer of copper is the public sector unit, **Hindustan Copper Ltd.** The stock is understandably feeling the heat and has fallen by 8% in a week and threatens to send the government's proposed disinvestment in it into cold storage again.

The two other large copper producers—**Hindalco Industries Ltd** and **Sterlite Industries India Ltd**—run custom smelters, buying copper concentrate from miners to process it into copper cathodes and downstream products. Their profits do not fluctuate with copper prices, but depend on treatment and refining charges that have improved in recent quarters.

In the longer term, their fear would be lower availability of copper concentrate, if miners cut production in response to falling realizations. That may lead to lower treatment and refining charges, as miners will get an upper hand.

But this risk will play out over the medium to long term. Still, these two companies' shares fell on Monday. That is because they produce other non-ferrous metals, such as aluminium and zinc.

While the physical market for copper still appears strong, volatility may continue due to investor nervousness. All eyes should be on China's economy. A spell of economic weakness there will prolong copper's woes.

RAVI ANANTHANARAYANAN

## JSW Steel cuts output to 30% of capacity on iron ore scarcity

BY JOHN SATISH KUMAR  
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MUMBAI

**J**SW Steel Ltd, India's third-largest steel maker, cut production at its Vijayanagar factory to 30% of capacity after the Supreme Court limited iron ore sales in Karnataka to online auctions.

JSW Steel, which buys more than 80% of the raw material from **NMDC Ltd** and other miners in Karnataka, had to cut output last month as supplies dried up following an interim ban on iron ore mining in Bellary district by the Supreme Court.

The apex court in August allowed NMDC to restart mining operations in Karnataka, but ordered the state-run miner to release 1 million tonnes (mt) of iron ore every month to meet industrial needs. On 2 September, it directed the online auction of 1.5mt of ore from the existing stockpile for the same purpose.

The steel maker said that despite the court's directive, the supply of the 1mt hasn't been fulfilled even after a lapse of 50 days. The online auction had not given any relief as 31% of the auctioned material was not bought by any participants because of the inferior quality of the ore, it said.

"NMDC has only been able to increase its production in Karnataka to 600,000 tonnes per month from 500,000 tonnes, which is inadequate to meet the needs of the steel industry there," Seshagiri Rao, joint managing director and group chief financial officer of JSW Steel said.

COMMODITIES SELL-OFF

# Sensex falls for a fourth session, declines 0.7%

**Metal and mining shares were among the worst hit after copper futures in Shanghai and London crashed**

BY PRASHANT MEHRA  
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MUMBAI

The BSE Sensex fell for the fourth straight session on Monday and closed 0.7% lower after choppy trading, as renewed concerns over Europe's debt woes and fears of recession in the US continued to weigh on investor sentiment.

Investors reacted cautiously to the latest efforts by European policymakers to stop the fallout from the region's debt crisis, while a sell-off in the commodity markets hit shares in Indian metals and mining companies.

Index heavyweight **Reliance Industries Ltd** and capital goods stocks were also among the main losers for the session.

The 30-share BSE index closed 110.96 points lower in a volatile session to 16,051.10 after opening up 0.2%. It, however, ended off its intra-day low of 2.2%. Only nine of its components ended higher.

"We expect the market to remain volatile till there is an end to this Europe problem. That decision is getting postponed and the uncertainty is going up day by day," said Neeraj Dewan, director at



**Gloomy outlook:** A file photo of the BSE building in Mumbai.

## Quantum Securities Ltd.

"We are just tracking the global markets. Since Europe and US futures turned positive, there was short covering," he added.

However, metal and mining shares were among the worst hit after copper futures in Shanghai and London crashed as fears of a Greek default caused panic about a possible sharp slowdown in the global demand for industrial metals.

In India, shares of non-ferrous metals produces **Hindalco Industries Ltd** and **Sterlite Industries India Ltd** dropped close to near two-year lows and ended down 3.9% and 4.3%, respectively. State-run **Hindustan Copper Ltd** fell 3.7%, while **Coal India Ltd**, the world's largest coal miner, lost 5.2%.

Energy major **Reliance In-**

dustries, which has the heaviest weight in the main index, extended its previous session's losses as investors continued to worry over the company's woes in its oil and gas business. The stock fell 1.5% to ₹759.20, taking its total losses in 2011 to more than 28%.

"Buyers are choosing to stay away, but this is actually the time at which long-term funds should be coming into the market," said D.D. Sharma, senior vice-president at Anand Rathi Securities.

Shares in software exporters were among the few gainers in the session as the rupee dropped further from Friday's close. **Tata Consultancy Services Ltd**, **Infosys Ltd** and **Wipro Ltd**, which get most of their revenues from the US and Europe, rose between 0.2% and 0.7%.

In the broader markets, 1,122 declines led 323 advances on a moderate volume of 564.6 million shares.

The 50-share National Stock Exchange main index NSE Nifty ended 0.7% lower at 4,835.40 points.

**Ind-Swift Laboratories Ltd** rose 1.1% to ₹84.45 after a top official with the pharmaceutical ingredient maker said on Friday it had received approval to sell seven products in Australia.

Watch and jewellery maker **Titan Industries Ltd** fell 7.3% to ₹207.25 after gold fell 3% on the day, taking losses to 10% over the last three days.

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