

**GOVERNMENT OF INDIA
MINISTRY OF MINES**

No. 3/1/2010-CDN

New Delhi, the April, 2010

Subject: - Monthly Summary for the month of March, 2010.

1. Performance of Non-ferrous Metal Sector:

(a) Aluminium:

Global Scenario:

The price of Aluminium has shown a balancing nature in the month of March, 2010. After falling to \$2100/T level LME recovered to remain at \$2200/T level, as the increase in oil prices lent support to aluminium prices. With much of the LME stock locked in term financing deals there is still room for prices to rise, and analysts estimate near term prices to range between \$2100/T - \$2,400/T.

Domestic Scenario:

The inventory of Primary Producers of Aluminium has decreased from 33,838 MT as on 1.3.2010 to 13,424 MT as on 31.3.2010. NALCO produced 40,622 MT, sold 35,612 MT in domestic market and exported 13,681 MT of aluminium metal in March, 2010.

Production of aluminium metal in the public sector unit, namely, National Aluminium Company Ltd. (NALCO) and private sector units, namely, Bharat Aluminium Company Limited (BALCO) {which has 49% Central Government equity}, Hindustan Aluminium Company Ltd.(HINDALCO), Madras Aluminium Company Ltd.(MALCO) and Vedanta Aluminium Company Ltd. (VAL) in the country, during the month of **March**, 2010 was as follows:-

(Unit: Tonnes)

Name of the Company	Existing Capacity	March, 2010		Cumulative Production Target	Cumulative Production	
		Production Target	Production Actual*	April-March, 2010 *	April-March, 2010 *	April-March, 2009
NALCO	435000	39750	40622	435000	431487	361262
BALCO	245000**	22752	22109	265566	262757	357292
HINDALCO	500000	47965	48303	560074	556476	524133
MALCO	38000	0	0	0	0@	23224
VAL	250000	Trial run	35019	Trial run	274451	82785 #
Total:	1468000	110467	146053	1260640	1525171	1348696

National Aluminium Company Limited sold 96,473 Tonnes of Alumina / Hydrate and exported 13,681 tonnes of Aluminium during the month of **March, 2010**.

@ - Madras Aluminium Company Limited has temporarily shut down its smelter operations since December, 2008.

- Vedanta Aluminium Limited (VAL) has commissioned its Smelter at Jharsuguda from April, 2008 which is presently under trial production.

* * BALCO has closed down its old smelter of 1 lakh tonne per annum capacity and hence the present installed capacity of the company is 2,45,000 tonne.

* Provisional

(b) Copper:

The details relating to global and national scenario of Copper during the month of March, 2010 are given below:-

The size of Indian Copper Industry (consumption of refined copper per annum) is around five lakh tonnes, which as percentage of world copper market is three percent. Sterlite Industries, Hindalco, Hindustan Copper, and Jhagadia Copper Limited are major producers of refined copper in India. India has emerged as net exporter of copper from the status of net importer on account of rise in production.

Copper: Preliminary Data for 2009

The International Copper Study Group (ICSG) released preliminary data for December 2009 world copper supply and demand in its March 2010 Copper Bulletin.

According to the preliminary ICSG data, including revisions to data previously presented, the refined copper market balance for the full year 2009 indicated a market surplus of about 365,000 metric tonnes, an increase of about 140,000 metric tonnes from the surplus in 2008. A deficit of about 140,000 metric tonnes in the first half of the year, which resulted from high Chinese apparent usage and reduced world refined production, was more than offset by a surplus of around 500,000 metric tonnes in the second half of the year. The second half surplus resulted primarily from the recovery of world refined production (+7% vis a vis 1st half) and a coincident decline in Chinese apparent demand (-5.5% vis a vis 1st half).

In 2009, world copper usage remained unchanged from that in 2008 at 18 Million tonnes (MT). Chinese apparent usage, which accounted for 40% of world usage in 2009 grew by almost 2 MT (38%) and offset a 16% decline in the rest of the world.* Usage in the EU-15 countries, Japan, and the United States, which combined accounted for about 29% of world usage, decreased by 20%, 26% and 19%, respectively. On a regional basis, usage increased in Africa by 1.7% and Asia (incl. China) by 17%, but decreased in the Americas, Europe, and Oceania by 18%, 21% and 13% respectively.

(*China's apparent copper usage is based only on reported data (production + net trade +/- SHFE stock changes +/- industry stock changes, if reported) and does not take into account changes in unreported stocks [State Reserve Bureau (SRB), producer, consumer and merchant/trader], which may be significant during periods of stocking or de-stocking).

World mine production in 2009 increased by around 1.3% (205,000 tonnes) to 15.7 MT; concentrate production remained practically unchanged at 12.47 MT (+0.3%) while solvent extraction-electrowinning (SX-EW) rose by around 172,000 metric tonnes (+5.6%) to 3.26 MT.

Operational failures, labour unrest, lower ore grades, and intentional reductions in response to lower prices and anticipated over supply resulted in production growth that did not keep pace with the growth of capacity. As a result, and based in ICSG production capacity data, the average global mine capacity utilization rate fell to about 80.6% in 2009, the lowest level since 1988. Copper mine production was up in Africa (9%), Asia (11.5%) and Europe (0.7%) and down in the Americas (-2.2%) and Oceania (-1.7%).

Total world refined production increased by 0.65% (120,000 metric tonnes) in 2009 compared with refined production in 2008: primary production was up by 0.4% and secondary production (from scrap) was up by 1.8%. Refined production increases of 7% in Chile and 8.6% in China were mostly offset by cuts of 3.5% in Europe, 11% in North America, and 0.7% in Asia (ex-China). Refined production capacity utilization fell to 78% compared with an average rate of 81% in 2008.

The average LME cash price for February 2010 was US\$6,848.18 per tonne, up from the January 2009 average of US\$7,386.25 per tonne. The 2010 high and low copper prices through the end of February were US\$7,685 and US\$6,242 per tonne, respectively and the average was US\$7,117.21 per tonne. As of the end of February 2010, copper stocks held at the major metal exchanges (LME, COMEX, SHFE) totalled 794,354 metric tonnes, an increase of 106,663 metric tonnes from stocks held at the end of December 2009. Compared to the December levels, stocks were up at the LME and SHFE warehouses and down at COMEX.

Factors Influencing Copper Markets.

- Copper prices in India are fixed on the basis of the rates that rule on LME and Rupee & US Dollar exchange rate.
- Economic growth of the major consuming countries such as China, USA, Japan, Germany, India, etc.
- Growth and development in the Infrastructure, Real-estate, Telcom and Electrical industry.

Price Outlook

- The average LME price in March '10 was US\$ 7463 /metric tonne compared to average LME of US\$ 6848 of February'10.
- In March'10 Stock of copper at LME exchange has decreased. The opening stock of March10 was 549725 metric tonnes while closing stock was 514325 metric tonnes.

Overall Performance of Hindustan Copper Limited:

During the month of March, 2010 production of Metal in Concentrate, Cathode and CC Wire Rod was 91%, 112% and 43% of the target respectively. The sales performance was lower than the target fixed. The sales achievement during the month of March, 2010 was 50% of the target. The Company has earned a net profit (after tax) of Rs.35.32 crore against the target of Rs. 4.33 crore.

The Physical and Financial performance of Hindustan Copper Limited are given as under:-

Name of The Company	Installed Capacity	Target of Year	Target in month (March, 2010)	Actual in month (March, 2010)	Cumulative target upto the month (April-March, 2010)	Actual upto the month (April-March, 2010)	Cumulative upto previous year in same month (April-March, 2009)
PHYSICAL PERFORMANCE							
COPPER CATHODES: (MT)							
Own	49500	18500	1685	1881	18500	15874	30035
Tolled	-	-	-	-	-	1614	-
Total	49500	18500	1685	1881	18500	17488	30035
FINANCIAL PERFORMANCE (Rs. Crore)							
Turnover		1245.27	89.32	172.45	1245.27	1411.51	1349.10
Gross Margin		38.97	8.83	55.81	38.97	262.99	35.27
Net profit/(Loss) before tax (PBT)		11.66	6.56	53.50	11.66	227.83	5.48
Net profit/(Loss) after tax (PAT)		7.70	4.33	35.32	7.70	161.23	(10.31)

The production of copper cathode in the organized sector by the public sector unit, Hindustan Copper Ltd. (HCL), and private sector units, Hindalco Industries Ltd. (HINDALCO), (Unit: Birla Copper) and Sterlite Industries (India) Ltd. (SIL) in the country, during the month of **March, 2010** was as follows:

(Unit: Tonnes)

Name of the Company	Installed Capacity (Annual)	March, 2010		Cumulative Production Target	Cumulative Production	
		Production Target	Production Actual	April-March, 2010	April-March, 2010	April-March, 2009
HCL	49500	1685	1881	18500	15874	30035
HINDALCO	500000	**	26934	**	333360	297797
SIL	400000	34000	28108	379416	334202	312833
Total:	949500	35685	56923	397916	683436	640665

** (Depends upon various economic factors)

(c) Zinc & Lead:

Production of primary zinc in Hindustan Zinc Limited (HZL) (in which Government of India holds equity of 29.54%) and the private sector unit, Binani Zinc Limited (BZL) and lead in Hindustan Zinc Limited (HZL) and private sector unit, Indian Lead Limited (ILL) in the country during **March, 2010** was as follows:-

(Unit: Tonnes)

Name of the Company	Existing Capacity	March, 2010		Cumulative Production Target*	Cumulative Production	
		Production Target	Production Actual*	April-March, 2010	April-March, 2010 *	April-March, 2009**
Zinc						
HZL	669000	74617	53093	716428	578412	551724
BZL	38000	3013	3207	34500	35552	30443
Total:	707000	77630	56300	750928	613964	582167
Lead						
HZL	93000	14212	5987	91518	64319	60323
ILL***	24000	-	-	-	-	-
Total:	117000	14212	5987	91518	64319	60323

* Provisional

** Actual figures provided by the company. (i.e. Finally reconciled figures).

*** Both plants of ILL at Thane and Kolkata are reported to be gearing up for production.

2. Gold:

Total production of Gold during April- October 2009 was 6.21 tonne with primary gold production of only 1.20 tonne (approx.).

In addition to this, M/s Manmohan Mineral Industries Pvt. Ltd., a primary producer of Gold in the private sector, has produced 13,635.44 Grams of Gold during the period April to March, 2010.

After closure of Bharat Gold Mines Ltd. (BGML) #, Hutti Gold Mines Company Ltd. (HGMCL) is the only unit processing gold from ore stage. Hindustan Copper Ltd. (HCL), a public sector undertaking, and Hindalco Industries Ltd. (HINDALCO), in private sector, produce gold as a by-product, while processing copper. The production of gold by these units during **March, 2010** was as follows:

(Unit: Tonnes)

Name of the Company	March, 2010		Cumulative Production Target	Cumulative Production	
	Production Target	Production Actual	April- March, 2010	April- March, 2010@	April- March, 2009^
HGMCL	0.205000	0.219000	2.400000	2.070000	2.420000
HCL	--	--	--	--	--
HINDALCO	*	0.894000	*	9.115000	4.872000
Total:	0.205000	1.113000	2.400000	11.185000	7.292000

#BGML: The Company stands closed w. e.f. 1.3.2001 under Section 25 (O) of I. D. Act, 1947.

* Depends upon various economic factors.

@ Provisional Figure

^ Actual Figure by the company.

Hutti Gold Mines Company Ltd. (HGMCL) has intimated that the gold production for the month of **March, 2010** and cumulative gold production is less than the target due to more emphasis given for development works in the mine, preparatory works under progress and low grade ore mined and milled keeping spurt with the gold prices.

Financial performance furnished by HGMCL is given below:-

1. The gold sales during the month was 185.03 kgs. The sales realization amounts to Rs. 3089.45 lakhs at an average selling price of Rs.1669.69 per gram.
2. The cumulative gold sales is 1860.64 kgs. and the sales realization amount to Rs.29127.17 lakhs.

3. Survey and Exploration of Minerals:

Mineral Exploration Corporation Ltd. (MECL)

Physical and Financial performance of MECL during **March, 2010** was as follows:

(Unit: Metres)

Name of the Company	Annual Target as per MoU	March, 2010		Cumulative Production Target	Cumulative Production	
		Production Target	Production Actual*	April- March, 2010	April- March, 2010*	April- March, 2009#
PHYSICAL PERFORMANCE						
Drilling (m)	240000	24000	27228	240000	253538	221847
Development Mining (m)	8200	800	789	8200	6607	5900

FINANCIAL PERFORMANCE						(Rs. in Lakhs)
Gross Revenue	12800	1211	1281	12800	12402	10590
Gross Margin	2500	297	328	2500	2370	731
Depreciation Write Off (DRE)	502	53	25	502	360	387
Net Profit/Loss (Before Tax)	1998	244	268	1998	2010	344
Net Profit/Loss (After Tax)	1308	162	177	1308	1327	124

* Provisional Figures

Final reconciled figures

i) The shortfall in the development mining is due to closure of Bagjata project in UCIL area and muck disposal problem at 60 MRL Khetri area. However, cumulative performance during the year is 112% of same period of previous year.

4. Geological Survey of India:

(a) **Mineral Investigation:-** During the month of **March**, 2010, **263.45** sq. km large scale mapping, **9.15** sq km detailed mapping and **5099.30** m of drilling, were carried out against monthly targets of **451.98** sq. km, **5.0688** sq km and **6371.82** m, respectively.

(b) **Regional Geological Mapping:-** **00.00** sq km systematic geological mapping (on 1:50,000 scale) was carried out against monthly target of **27.00** sq km and **1366** sq km specialized thematic mapping was carried out against monthly target of **1267.20** sq km.

(c) **GSI Portal:-** GSI's portal is now operational at www.portal.gsi.gov.in and data available includes map metadata and reports and spatial data. The following improvements were made in the portal design during the month a) A section for Indian Geology was created; b) Detailed information dossier for Diamond and Iron Ore uploaded and c) Draft annual programme of GSI for Field Season 2009-10 uploaded. The following elements of data were added to the Portal during the month; a) Case studies of different regions were uploaded, b) Minutes of all Committees of Central Geological Programming Board [CGPB] were uploaded, c) Contents of Indian Journal of Geoscience (formerly Indian Minerals) were uploaded and d) In the intranet of GSI, legacy GSI and extended abstracts, web data of unpublished reports, 1: 50 K Geological maps data are being uploaded.

5. Production of Minerals:

The total value of mineral production covering metalli-ferrous and industrial minerals, but excluding fuel minerals, minor minerals and atomic minerals, in **March, 2010** is estimated at Rs **3193** crore as against Rs. **3549** crore for **March, 2009**.

6. **Progress Report on Implementation of the Projects approved by the Cabinet, as on 31.03.2010**

Expansion of NALCO's Aluminium Smelter

The Government had approved NALCO's second phase expansion of the capacity of Bauxite Mine from 48,00,000 TPY to 63,00,000 TPY, Alumina Refinery from 15,75,000 TPY to 21,00,000 TPY, Aluminium Smelter from 3,45,000 TPY to 4,60,000 TPY and Captive Power Plant (CPP) from 960 MW to 1200 MW in November, 2004 at an investment cost of Rs. 4091.51 crores.

The status as on 31.03.2010 of implementation of the above projects as intimated by NALCO is enclosed.



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Status of Implementation of NALCO's second phase expansion of Bauxite Mine, Alumina Refinery and Aluminium Smelter (As on 31.03.2010)

- Revised project cost: Rs 4,402 crore .
- Financial Commitment Rs. 213 crore during FY 09-10 and cumulatively: Rs. 4,146 Crore.
- Capital expenditure of Rs 121 crore (Prov.) during the month of March, 2010, Rs. 445 crore during FY 09-10 and cumulatively Rs. 3648 crore.