

Publication: The Jakarta Globe

Date: 13 March 2012

Headline: Indian Coal Importer Adani to Stay in Indonesia

Indian Coal Importer Adani to Stay in Indonesia

Bali. The Adani Group, owner of India's biggest coal importer, said it would continue to invest in Indonesia even after the Southeast Asian nation imposes rules requiring foreign mining companies to reduce their local stakes.

The group, controlled by billionaire Gautam Adani, will "honor" Indonesia's regulations and adjust its businesses in the nation accordingly, Ganeshan Varadarajan, president director of local unit Adani Global, said in Bali on Tuesday.

President Susilo Bambang Yudhoyono signed a decree last month limiting foreign ownership in local mines to 49 percent within 10 years of starting production, potentially curbing investment in the world's largest exporter of power-station coal.

In India, shortages of the fuel have spurred companies including Adani to acquire mining rights in Indonesia and Australia to help supply the world's second-fastest growing major economy.

Adani's coal imports from Indonesia may rise as much as 10 percent to 33 million tons in the year ending March, Varadarajan said in an interview at the **Clariden Global Indonesia Mining 2012 Conference** on the resort island.

India is set to pass China as the largest thermal-coal importer as Prime Minister Manmohan Singh seeks supplies for power producers, including Adani Power, that have halted plans for \$36 billion of new plants because of fuel shortfalls.

Shipments may exceed 118 million tons this year, compared with China's 102 million tons, according to Daniel Hynes, a director of commodity research at Citigroup in Sydney.

Adani Enterprises, India's largest coal importer, will invest \$4 billion to boost output at Australia's Galilee mine to 60 million tons by 2019 after production starts in 2014.

The Adani Group plans to spend \$6 billion by 2015 to develop its resources, energy and logistics businesses globally, founder Gautam Adani said last month.

Adani Global is carrying out a pre-feasibility study on possible development of a 2,000-megawatt coal-fired power plant in Central Java that may need "roughly" \$2.5 billion in investment, Varadarajan said.

Adani is inviting Indonesian state coal miner Tambang Batubara Bukit Asam to invest in a coal infrastructure project in South Sumatra, Varadarajan said. Bukit Asam previously agreed to only supply coal to be transported on Adani's railway in the province, he said.

The foreign ownership regulation signed by Yudhoyono in February applies only to holders of mining business licenses and is an extension of a mining law passed in 2009 stipulating that local investors own at least 20 percent of joint ventures by the sixth year of production.

The 2009 law, which replaced previous legislation passed in 1967, has substituted so-called Contracts of Work with mining business licenses. Regional governments are allowed to grant and revoke such licenses, while Contracts of Work under the old mining law were only issued by the central government.

Bloomberg