
Essar seeks coal assets in South Africa - Report

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Reuters reported that Essar Group plans to acquire coal assets in South Africa to help boost its power business in India. A senior executive of Essar Group said that South Africa is one of the world's top coal exporters, and India is a growing export destination.

Mr Firdhose Coovadia Essar's resident director for the Middle East and Africa told Reuters that "We have an expanding and growing power business in India which requires quite a bit of feedstock and we are trying to secure that feedstock from South Africa."

He said that Essar was looking at securing 6 million tonnes each year to help meet demand in India, where the group has 25 year contracts with the Indian government. He added that "We need to fulfil those obligations and therefore require steady and competitively priced feedstock to meet our obligations."

The firm is also looking at selling coal to the power generation market in South Africa and elsewhere on the continent.

Mr Coovadia said that certain South African coal mines had been identified as prospective targets and diligence studies were underway. He did not elaborate which mines were being considered.

Mr Coovadia further said that "We are largely driven by opportunity. Clearly we have a significant war chest for deployment and if the opportunity is right, we are not afraid of deploying capital."

Essar which has coal mines in India, was also looking to source coal from Australia and Indonesia.

(Sourced from Thomson Reuters)

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