
Sterlite may not appeal against US court order

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DNA India reported that the doors of Asarco may have been virtually shut for Sterlite Industries with the US district Court approving Grupo Mexico's bid to regain control of the bankrupt US copper miner. This leaves Sterlite, India's largest copper producer with not much of an option but to appeal against the court order.

A top company official on the condition of anonymity said that "We tried our best to gain control of Asarco during the bidding process. It is unfortunate that we lost and we are unlikely to appeal against the court order."

US District Judge Mr Andrew Hanen in Brownsville, Texas ruled that Grupo Mexico's proposal to pay about USD 2.5 billion to Asarco's creditors is both feasible and confirmable."

The decision means that, barring a successful appeal by Sterlite, Grupo Mexico should be able to take back control of the Tucson, Arizona based copper miner. Industry experts, too, told DNA that the Indian company may not appeal against Judge Hanen's order.

Mr Pinakin Parekh of JP Morgan India said that "While theoretically Sterlite could appeal against the decision of the district court judge, we believe Sterlite would not appeal given the extended court process and the likely overhang on the stock."

Mr Ravindra Deshpande analyst of Elara Securities India said that "This is positive news for Sterlite in the short term as a significant cash outflow will not happen. However, in the long term, Sterlite has a lost a major opportunity of securing long term copper reserves."

Mr Deshpande declined to gauge whether Sterlite will appeal against the order or not. He said that "I am not in a position to comment on that currently. Some clarity has to come from the Sterlite's management."

(Sourced from Dnaindia.com)

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