
Adhunik Metaliks plans IPO for Orissa Manganese and Minerals

Wednesday, 20 Aug, 2008

Reuters reported that Adhunik Metaliks Ltd will raise INR 2.5 billion to INR 3 billion through an initial public offering of shares in its mining subsidiary. It will sell 15% stake in Orissa Manganese and Minerals Ltd in the share sale, to part finance its INR 11 billion pellet and ferroalloy plants.

It hopes to file the draft prospectus with the market regulator within 60 days. JM Financial and Edelweiss are the book running lead managers for the issue.

Mr Manoj Agarwal MD of Adhunik Metaliks Ltd said that "OMM is planning to set up a pellet plant and iron ore beneficiation at Nuamundi, Jharkhand and a manganese ore beneficiation plant at Dhenkanal, Orissa. These plants will convert iron ore fines into pellets and process low grade manganese ore for use in ferroalloy units. These plants require an investment of INR 1,100 crore and will be operational in the two years."

Mr Agarwal told reporters that Adhunik had bought OMML for around INR 700 million around 2 years ago and hopes to generate revenue in excess of INR 10 billion by 2011-12.

Mr Alok Kumar Sharda CFO of Adhunik Metaliks Ltd said that "This business has an EBITDA margin of more than 70%, which is unprecedented. Our backward linkages in mining will give us a better mileage against competition."

In its first phase of expansion, Orissa Manganese and Minerals Ltd expects to mine 0.3 million tonnes of manganese and 0.4 million tonnes iron ore, which will be raised to 1 million tonnes and 3 million tonnes respectively by 2011.

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