
Mercator to sharpen focus on dredging and coal mining

Tuesday, 05 May, 2009

Business Line reported that with the global freight market remaining dampened due to recessionary trends, Mercator Lines has decided to sharpen focus on its other businesses dredging and coal mining.

The company recently entered the coal mining sector by acquiring three mines in Indonesia and one in Mozambique, as part of its backward integration initiative.

Mr HK Mittal chairman of Mercator Lines said that we are into transportation and handling of coal. So we decided to get into coal mining.” He added that the company plans to produce between 1.5 million tonnes and 2 million tonnes of coal from its Indonesia mines in the current fiscal.

Mr Mittal said that “Over the next 3 to 4 years, we will be ramping up production to 10 million tonnes through acquisition of more mines.”

The Mozambique mine, where production is yet to start is spread over an area of 180 square kilometers with estimated recoverable reserve of 1 billion tonnes.

The company also plans to enhance its focus on dredging business, seeing major opportunities in the domestic dredging market as Indian ports plan to expand capacities and new ports are in the pipeline. It plans to add two new dredgers to its fleet of four in the current quarter at a cost of USD 110 million.

Within the next 3 years, Mercator plans to expand its dredging fleet to 10, which will include both cutter suction and trailer suction dredgers. Earlier, the company leased out the dredgers to Dredging Corporation of India but now it operates these vessels on its own.

Mr Mittal said that the company has not postponed its acquisition plans despite recessionary trends. On the contrary, we feel this is the best time to buy assets. Lots of second-hand ships are available at much lower prices as compared to some months ago.

(Sourced from Business Line)

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