

## **Bumi Is Bullish on Indian Coal Demand**

Francezka Nangoy | January 02, 2012



*Bumi Resources expects to increase coal production to meet growing global and domestic demand. (Photo courtesy of Bumi Resources)*

Bumi Resources, Indonesia's largest coal miner by output, is targeting a 14 percent increase in coal production and sales volume this year on strong demand from India, which has the third-largest economy in Asia.

Dileep Srivastava, investor relations director at Bumi Resources, said on Monday that the company aimed to have 75 million tons of coal production and sales this year, up from an estimated 66 million tons in 2011.

Dileep said Bumi Resources expected the coal market to continue strengthening with increasing demand from India and Indonesia, followed by China and other markets.

"There will be growth in China still, but it is just nominal growth. The bulk of the growth will come from India because they have a lot of the start-up power [plants]," he said.

He estimated that 15 percent of the company's sales this year would come from India. Dileep did not elaborate on sales data from India for last year or 2010 but described the potential for the new year as "significant."

Bumi Resources has a long-term contract to supply 10.8 million tons of coal annually to Tata Power for two power plants in India, and it is likely to start shipping this year, he said.

A report from ANZ Bank showed that Indonesia was India's biggest coal supplier, accounting for a 65 percent share of the country's total imports.

The report, from October 2011, said that India may have surpassed China last year as Indonesia's top coal export destination by country.

The Melbourne-based ANZ also said in the report that 20 percent of the total 270 million tons of Indonesian coal exports last year probably had been shipped to India and 16 percent to China. In 2010, of the 250 million tons of coal produced locally, 20 percent went to China and about 19 percent to India.

Bumi Resources is also counting on demand at home, where coal use is expected to rise this year on the back of a number of new power plants going online, such as those from Perusahaan Listrik Negara.

Bumi Resources has set aside 20 percent of its projected coal production this year to meet domestic demand.

To meet this growing demand, Dileep said Bumi Resources was targeting production capacity of 80 million to 85 million tons this year, up from 72 million tons in 2011.

Dileep did not expect much difference in coal's selling price this year. The company has set the average selling price at \$90 per ton, almost unchanged from last year.

Using the estimated price and production forecast, Bumi Resources might take in around \$6.75 billion in sales this year, according to calculations by the Jakarta Globe. Dileep did not provide a sales figure for this year.

He also said in an e-mailed statement that Bumi Resources would repay part of its debt to the Chinese Investment Corporation. The company made one of three \$600-million installment payments to CIC in the fourth quarter of last year.

“We are preparing for significant de-leveraging in 2012, including the repayment of another \$600 million tranche [to CIC],” Dileep said.

Bumi Resources rose 1.2 percent to Rp 2,200 at the Indonesia Stock Exchange on Monday. Its shares lost 28 percent in 2011.

Source:

[http://www.thejakartaglobe.com/business/bumi-is-bullish-on-indian-coal-demand/488606#.TwHaMu8\\_nGM.mailto](http://www.thejakartaglobe.com/business/bumi-is-bullish-on-indian-coal-demand/488606#.TwHaMu8_nGM.mailto)