

## Why should India Inc shop Globally..?



Global coal demand is expected to rise strongly in 2010-12 owing primarily to rapidly growing consumption in non-OECD countries, particularly China and India.

## Coal Sector:

### Facing demand–supply mismatch

Indian coal industry is the world's third largest in terms of production and fourth largest in terms of reserves after the US, Russia and China and also the world's third largest coal consuming nation after US and China. Around 70% of the total production is used for electricity generation and the remaining by the steel, cement and other heavy industries



Coal is also used as fuel for domestic purposes. About 88% of the total coal production in the country is produced by various subsidiaries of Coal India Ltd. which is the largest supplier of coal in the country.

Top Ten Hard Coal Producers			
PR China	2971 Mt	South Africa	247 Mt
USA	919 Mt	Russia	229 Mt
India	526 Mt	Kazakhstan	96 Mt
Australia	335 Mt	Poland	78 Mt
Indonesia	263 Mt	Colombia	73 Mt

Source: a'XYKno Research, International Energy Agency 2010

- Indian Coal sector regulatory regime is skewed and lot of bottlenecks in terms of private participant.
- Fresh Coal dispensation / allotment is taking a while. Allotment too little too late.
- Growing energy demands are crying for fuel security.
- Energy companies should focus at Australia, Indonesia, Africa and USA as a de-risking strategy.

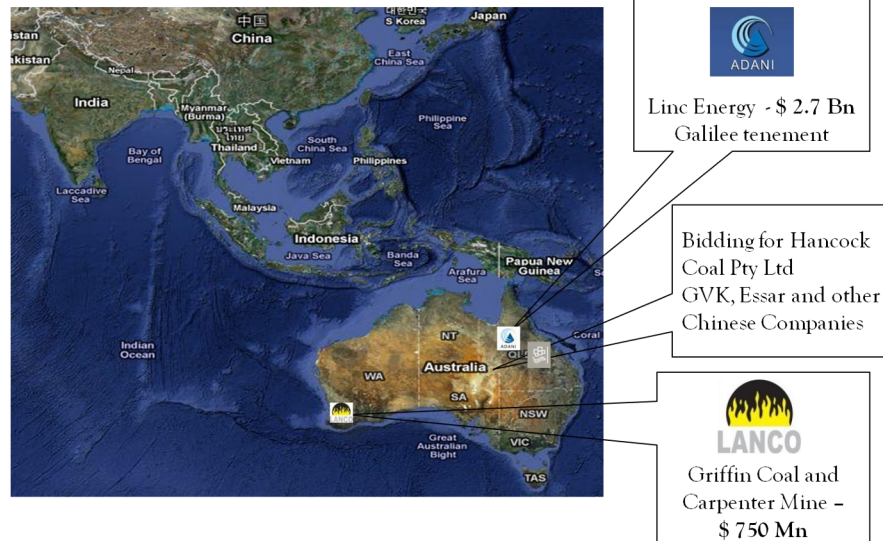


## Why should India Inc Shop globally..?



### Most attractive investment destinations:

#### Australia:



The Australia is focused on providing an investment environment that is internationally competitive and provides a high degree of investor certainty. Australia's fiscal arrangements are among the more competitive resources taxation regimes applied worldwide. With no roadblocks or red tape, the ease of doing business in that country is the most attractive factor.

#### Recent deals in Australia by Indian Corporate—

*Adani Enterprise Ltd* acquisition of 100% interest of Linc Energy in Galilee Coal Tenement (EPC 1690) in a cash and royalty deal worth A\$ 2.9 Billion (Rs. 12,220.6 crores).

*Lanco Infratech* acquired 100% interest in Australia's Griffin Coal Mining and Carpenter Mine Management to fuel its growing power generation base for almost A\$ 825 million (Rs. 3,695 crore).

*GVK, Essar, JSW* and other Chinese company are bidding for Kevin Corner mine in Queensland State owned by Hancock Coal Pty Ltd having reserves more than 4.3 Bn tones.



### Indonesia:

Indonesia an obvious choice because of its proximity to India which translates into lower freight charges for companies. New economic laws and policies, based on an increasingly transparent and accountable political system, are bearing fruit in the form of stable growth and a renewed rise in inflows of foreign direct investment.

With its large internal market, abundant natural resources and location within a dynamic region, Indonesia has a natural appeal to foreign investors.



Recent deal in Indonesia by Indian Corporate—

*Essar group* has acquired a coal mine in Kutai region of East Kalimantan for an estimated deal value of Rs. 900 crores.

*JSW, TATA, Reliance Energy, Adani, GMR* have already acquired coal concessions, along with other corporates.



### South Africa:

South Africa, known throughout the world as a treasure trove, boasts an abundance of mineral resources, producing and owning a significant proportion of the world's minerals.

Africa and South Africa fall within the target zone of international investors and South Africa consistently scores high in terms of providing a conducive business and legal environment.

Recent deals in South Africa by an Indian Corporate—

RPG group's *Integrated Coal Mining Ltd* acquired 10% stake in Australian based coal supplier Resource Generation Ltd for USD 10.5 Million. This deal will enable RPG Group arm Integrated Coal Mining to purchase 37 million tonne coal from Resource Generation's Boikarabelo mine in South Africa for the next 20 years.

TATA, JSW have also acquired significant assets in the African continent.

Our Value Proposition for Global Acquisitions:

- Showcasing opportunities for Global acquisition in Natural Resources and Energy Sector.
- Identifying & passing on leads for expansion, diversification and **gaining First Mover Advantage** for various overseas opportunities.
- Sharing key strategic information.
- Technical, Financial and Legal due-diligence.
- Showcasing for Global Acquisitions opportunities in the Natural Resource and Energy sector on an ongoing basis.



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