



## Balexco records \$4.48m profit in 2015

**B**ahrain Aluminum Extrusion Company (Balexco) posted a 6 per cent increase in its net profit in 2015, with the profit reaching BD1.703 million (\$4.485 million).

This was revealed at the company's ordinary general assembly held recently. The meeting was chaired by board member Abdul Nabi Naser Salman, on behalf of the chairman of the board of directors.

He said company faced many challenges in 2014, including the problem of congestion on King Fahad Causeway, which resulted in a delay of deliveries to customers, particularly to the Saudi market, the company's major market. There was also an increase in demand for the light thickness chops by the region markets, at a time when the company's main focus was on the large thickness chops.

The slowdown in the construction sector exacerbated such difficulties, he said. In



2015, the sharp decline in oil prices and the consequent measures taken by the government to decrease spending had a severe negative impact on the company's markets and sales. Bahrain market was the fastest to get affected by this, compared with other markets in the GCC, he said.

The slowdown in the Chinese economy as well as the decrease in the added value on raw materials also had negative impact on the overall performance of the company, said

Salman. Salman said, "The company will spare no effort to encounter such challenges."

He revealed that the Middle East Technical Company, a sister company of Balexco, is progressing steadily and contributing greatly to the company's operational and financial resources. The general assembly approved a cash dividend of 5 per cent of the paid-up capital to the shareholders, as well as bonus shares of 5 per cent of the paid-up capital.

## AP govt. cancels bauxite supply deal with India's Anrak Aluminium



**I**n a major blow to India's Anrak Aluminium Limited, the Andhra Pradesh government has issued orders for cancellation of bauxite supply agreement made between APMDC (AP Mining Development Corporation) Limited and Anrak Aluminium Limited (AAL).

The decision has now raised a question mark on production from AAL which has completed construction of its alumina refinery at a cost of nearly INR 7,000 crore at Rachapalli in Makavarapalem Mandal in Visakhapatnam district nearly three years ago. In 2007, YS Rajasekhara Reddy government had entered into an MoU with the government of Ras Al Khaimah (one of the emirates of UAE) for mining about 224 million tonnes of bauxite from the Jerrela Group of deposits in Vizag. Consequent to the MoU, the government of Ras Al Khaimah formed Anrak Aluminium Ltd, an Indian

company, along with the Penna Group of Companies. While Ras Al Khaimah held 70 per cent of the stake in AAL, Penna held the remaining 30 per cent.

The cancellation of the MoU, effected through a GO by the Chandrababu Naidu government, is expected to find favour with tribals, who have for long been

opposing bauxite mining citing environmental concerns. But the decision to cancel the bauxite supply agreement is expected to also have wider implications on the status of AAL, which has already invested in the state and is an entity created by a foreign government.

As per GO MS number 44 issued by the industries and commerce department on April 6, the state government has cancelled orders issued in GO MS number 222 (August 13, 2008), 289 (October 30, 2008) in which approval to the draft bauxite supply agreement was given to AAL.

As per the reasons mentioned for cancellation of the bauxite supply agreement, the state government in the GO said that various terms in the agreement dated October 30, 2008 with AAL was unfavourable to APMDC and are to be amended for better

implementation and to enhance the revenue to the corporation.

Also, the GO said that "APMDC in their letter dated October 10, 2014 has reported that the Comptroller Auditor General (CAG) of India in their report on public undertakings for the year ended March 2013 pertaining to APMDC has observed that these MoUs were entered into by the state government on the basis of negotiations without following the process of EoI. As per the guidelines of the ministry of mines, Go, APMDC should hold the mining lease and carry out the mining operations as its own cost and should enter into bauxite supply agreement with downstream mineral processing plants ensuring that the entire profit from mining would accrue to APMDC."

In addition, the GO citing the observations of the CAG said, "The value of all the mines was taken at INR 258 crore only as against the value of mines of INR 11,400 crore indicated by the government in September 2004 during the review of the principal secretary."

At the same time, "APMDC sought permission of GoAP for renegotiation the terms and conditions of MoU with second party for revision of bauxite pricing. APMDC informed to GoAP that additional profit of INR 12,451 crore based on cost of production, present sale value could be earned by increasing bauxite price in line with the prevailing market rate."