Vedanta Q4 revenue jumps by 40%

Vedanta has turned profitable in January to March quarter and overall earnings beat analysts' expectations. The company has posted consolidated profit at INR 2,988 crore for the quarter against loss of INR 21,103 crore in corresponding quarter of last fiscal.

In Q4FY16, it had an exceptional loss of INR 12,312 crore. Earnings growth was driven by strong volume and higher commodity prices during the quarter.

Diversified natural resources company's revenue grew by 40.5% to INR 23,691 crore compared with INR 16,864.6 crore in same quarter last year, led by growth across segments.

Tom Albanese, CEO of Vedanta said that strategic focus to ramp up production across the portfolio namely in zinc, aluminium, power and iron ore businesses throughout the year, has supplemented revenue growth. Cost management initiatives have helped the company deliver strong returns for all shareholders.

Zinc, lead & silver India revenue during the quarter nearly doubled to INR 6,671 crore from INR 3,375 crore year-on-year while copper revenue increased 18% to INR 6,803 crore and aluminium revenue jumped 47.9% to INR 4,651 crore compared with corresponding quarter of last fiscal.

Power business showed 16.2% growth at INR 1,508.3 crore while iron ore segment revenue grew by 42% to INR 1,301.46 crore on year on year basis.

Consolidated operating profit during the quarter more than doubled to INR 7,349.7 crore compared with INR 3,516.1 crore reported in same quarter last fiscal and margin expanded by 1060 basis points to 32.7% YoY.

Earnings surpassed analysts' expectations. Profit was estimated at INR 2,390.8 crore while operating profit was expected at INR 7,056 crore and margin at 32% for the quarter, according to average of estimates of analysts polled by CNBC-TV18.

Financial position remained strong with cash and liquid investments of INR 63,471 crore, the company said, adding net debt reduced by INR 3,415 crore during the quarter to INR 8,099 crore on account of positive free cash flow during the quarter.

China tightening policy unlikely to trigger commodity rout

Swiss miner Glencore CEO Ivan Glasenberg has said that China's policy tightening is unlikely to cause a commodities rout similar to what was seen in 2015.

Glasenberg was quoted as saying that "Infrastructure contractor order data indicate positive Chinese demand momentum through 2017."

He said that "The electric vehicle revolution is happening and its impact is likely to be felt faster than expected, which would boost demand for copper, nickel and cobalt." Though he added that demand may outstrip supply, noting that "sustaining copper mine supply is progressively more challenging."

Deripaska group bets on improving aluminium outlook

A deepening global shortage of aluminum and an improving outlook for Russian equities should make tycoon Oleg Deripaska's En+ company attractive to investors seeking exposure to emerging markets free of foreign exchange risks.

Chief Executive Maxim Sokov said En+ is billing itself as a Russian aluminum and hydropower conglomerate similar to Norway's Norsk Hydro but with the benefit of lower-cost Siberian power, a boon for highly energy-intensive aluminum smelting.

He said that "We convert power into aluminum and sell it to the world. We believe the aluminum market has a significant upside, whose company owns Siberian power assets and a 48% stake in Rusal, the world's second-largest aluminum producer.

In a Reuters poll published this month, analysts slashed their estimates of a global aluminum surplus this year by 74% to 82,000 tonnes from 317,000 tonnes in the previous poll in January. They have pegged in a deficit of 200,000 tonnes for 2018, mostly due to a crackdown in top producer China to reduce smog.

The metal, mainly used in transport and packaging, has been the best performer on the London Metal Exchange, rising 13% this year and touching 28-month highs.

En+ predicts demand for aluminum will exceed production by 0.7 million tonnes this year even before China caps winter power generation to reduce pollution. That should lead to a further decline in aluminum production globally by about 1.2 million tonnes, beginning from the winter months of 2017. En+ is considering an initial public offering (IPO) in 2017, possibly as early as June, market sources have said.

Sokov declined to comment on any IPO, saying the group "is considering various instruments, including public capital markets" to raise funds as it is seeking to cut its debt.