Completion of the Acquisition of SKS Power Generation

Headlines

As an integrated energy solutions provider, the Acquisition underpins a new growth phase. On the business front, successful completion of the Acquisition denotes the Group’s diversification into the energy-related thermal power plant operation, while vertically integrate with its existing coal business. Geographically speaking, the move coins the Group’s tapping to India market, which represents high growth and huge potential. In terms of financials, SKSPGL will contribute to a stable and persistent revenue and promising profitability in the long run.

Mr. Ng Xinwei, Chief Executive Officer said, “We have always aspired to becoming an integrated energy solutions provider. The success of the Acquisition is in line with the Group corporate missions and growth strategy. We are confident that the Acquisition will help us diversify our customer base into emerging markets like India and bring out more synergies in our existing businesses. The Group will seek more merger and acquisition and development opportunities down the line.”

Disposal of MT Sea Horizon

On 22 March 2019, Agritrade Resources announced that it had entered into a memorandum of agreement with An Wei Shipping Pte. Ltd. (as the buyer) in relation to the disposal of MT Sea Horizon, the last of the three VLCCs that the Company previously owned.

Mr. Ng Xinwei, Chief Executive Officer said, “The proceeds from the Disposal will further enhance and strengthen the Group’s financial position and liquidity, the Board is of the view that the Disposal is beneficial to the Group’s overall operation and financial position in response to the prevailing market conditions, which allows the Group to strategise its operations by striking an optimal balance between costs and benefits and to consolidate and reallocate the Group’s financial resources across its various business segments.”

Why the move?

◇ An aged vessel
◇ Higher cost of maintenance
◇ Attractive offer price
India: a rising force in global energy demand

India Power 101

Energy demand in India is projected to soar over the coming decades, propelled by an economy that grows to reach more than five times its current size by 2040 and a demographic boom that sees India become the most populous country in the world by 2025. Energy use more than doubles to reach 1900 million tonnes of oil equivalent (Mtoe) by 2040 (Figure 1). The rise in energy use is slower than the increase in gross domestic product (GDP), but still represents around one-quarter of the total increase in global energy consumption over the period to 2040. Because of India’s strong population growth, consumption per capita falls slightly short of doubling; the level reached in 2040 is around 60% of the global average, up from 33% today.

Figure 1. GDP and primary energy demand growth in India in the New Policies Scenario


Note: PPP = purchasing power parity.