

‘We will consolidate our business here’

Tata International (TIL) set up shop in Singapore four years ago with a subsidiary, Tata International Singapore Pte, to tap into the immense potential that the country held for a trading company with global aspirations. Singapore has since become the company’s nerve centre for its global minerals business. From a one-person team and a modest ambition, the minerals vertical has grown to a 22-member business. **Alfred Egli**, head, minerals vertical, says that TIL is set to more than achieving its 7-million-tonne target for the year, and more, in an interview with *Sangeeta Menon*.

As a trading company, TIL is perhaps in a better position to appreciate the many benefits Singapore has to offer. What are these benefits and how do they help TIL?



Singapore has a natural advantage in its geographical position, given its proximity and easy access to various sourcing as well as selling locations. Most of TIL’s sourcing is from South Africa and Indonesia, while the selling locations are in Southeast Asia, China and India, all of which are close to Singapore. Availability of experienced traders, low-cost finance and structured financing tools, high concentration of bulk shipping and, above all, an efficient infrastructure for running a business, are the other reasons why TIL chose Singapore as its

hub for the minerals business. Singapore acts as the sourcing and ship chartering hub for the minerals business. All contracts and trade financing are also done through Singapore. The benefits derived by the minerals business have also been leveraged by other trading verticals of TIL such as the metals and agro businesses. The agro business, which is primarily based out of Myanmar, manages its financial operations out of Singapore.

What was the impact of the recent restructuring at TIL on the focus and thrust of the company's Singapore operation?

Three years ago, TIL restructured into five verticals — metals, minerals, agro, distribution and leather — with each vertical operating as an independent profit centre. Each vertical has chosen its best global hub to operate based on its geographical reach, financing requirement, global aspirations and peer set. The minerals and agro verticals have chosen Singapore as their contracting hubs. From a corporate perspective, Singapore offers benefits under its Global Trading Partner (GTP) programme, making it interesting for TIL to consolidate all its subsidiaries under the Singapore entity. In the last two years, we have made significant progress in that direction.

How has the minerals business grown over the past four years? Where do you see it headed?

From a one-man setup four years ago, we are currently a team of 22 people with centres in India, Indonesia, China and Hong Kong. In 2012-13, our first year of business, we didn't want to start with a position as we wanted to start safe; so we just did back-to-back trade and managed a million tonnes. This gave us and the management the confidence that the business had potential. Since then we have grown 100 percent every year; we did 2 million tonnes in the second year, almost 5 million tonnes in the third, and we expect to hit 7 million tonnes this year.

Although our main focus initially was coal, we now have a thriving base metals business where we primarily move tin and lead sourced from Indonesia into India. This year we expect to move 5,000 tonnes of base metals, a big quantity for such high-value metals. We expect this business to grow well because India doesn't produce lead and tin, and is completely import dependent. We have tied up with two large smelters in Indonesia for these products. We see a huge potential in lead and tin going forward.

What is the growth potential in the Asian markets?

I personally feel that Asean is the next growth area. China is already slowing down on their coal-fired power plants and will be looking for greener options as they increase their capacity. On the other hand, South Korea and Japan are expanding their coal-fired generation owing to a cautious approach to nuclear energy following what happened in Fukushima. So I think the growth areas, over the coming years, will be Japan, Korea, the Philippines, Vietnam and Thailand. We also see potential in Bangladesh and Sri Lanka, the other two countries in South Asia to watch out for in terms of opportunities.

How do you expect TIL to evolve in Singapore over the next few years?

Singapore is a global centre with a high concentration of Tata companies; TIL would like to remain a contributing member of the Singapore trade diaspora. We expect our various trading verticals to strengthen their presence in Singapore as they work towards their 2020 vision of becoming globally significant in their respective businesses. As far as the minerals business is concerned, we expect Singapore to reach a milestone of 20 million metric tonnes per annum of coal, ores and base metals over the next five years, creating a global footprint in the process. Overall, TIL would look to consolidate its financials in Singapore and become a GTP status company, thereby benefiting from the corporate tax structure offered by the republic. □