



Three years on...Vaitarna still to add value to logs

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Three years after acquiring large forest concessions here and exporting unprocessed logs, start-up logging company Vaitarna Holding Private Incorporated (VHPI) is yet to set up its promised wood processing facility.

Company director Chethan Narayan was unavailable when Stabroek News contacted the firm's office several times but Minister of Natural Resources and the Environment, Robert Persaud told Stabroek News that the company has said initial activities are being done in terms of preparation. "But in terms of having the physical plant up and running, no," he stated.

It is not clear when the company will set up the promised processing centre. Narayan, late last year, had assured that such a facility is on the cards and the company is doing the groundwork. "We are still working on it," he told Stabroek News at the time. VHPI is a subsidiary of the India-based Coffee Day Group. Coffee Day, through its Dark Forest subsidiary, in 2010 acquired the State Forest Exploratory Permit (SFEP) for 391,853 hectares of forest originally awarded in 2007 to US-based Simon and Shock International Logging Inc (SSIL), after buying out SSIL.

After the acquisition, the company registered in Guyana as SSIL. Subsequently, Dark Forest acquired the 345,961 hectares concession which was originally assigned to Caribbean Resources Limited (CRL). The government accepted an offer of \$600 million for the Timber Sales Agreement (TSA). The company was registered as VHPI and has been harvesting and exporting logs from this concession.

The total area held by Coffee Day is 737,814 hectares of forest.

The company had committed to set up a processing plant here with V G Siddhartha, owner of the Coffee Day group, saying in May 2012 that a processing centre for logs will be set up here but the main facility will be in India.

The company has exported logs to India and China and Persaud had previously said that there would be no large-scale export of logs by Vaitarna.

Narayan told Stabroek News in December that they are doing the groundwork for the setting up of the plant but could not give a time frame as to when the processing centre will be set up. "We are working on the commercial (aspect)," he had said, adding that they have to look at the cost, type of production, capacity, market and so on. "We are working on it," he assured.

He had disclosed that the Guyana Forestry Commission (GFC) had asked for a practical plan for setting up a sawmill and this was submitted. In addition, their five-year operational plan includes the setting up of a sawmill, the director had said. In the meantime, the company continues to harvest logs from its CRL concession.



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Narayan had disclosed that the company has 15 pieces of equipment on the ground and logs are exported and some sold locally.

He noted that in terms of setting up a plant, the company has to look at every aspect. He pointed out that Vaitarna's concessions makes it the second largest in Guyana and "our setup should be big."

"Whatever commitments that they made, they will have to honour," Persaud told Stabroek News last week. In relation to whether a TSA had been granted for the SSILU concession, Persaud said no. "No TSA has been granted as yet," he said.

In December, Narayan had said that the company had completed all the prerequisites to convert its SFEP for the SSILU concession to a TSA which would allow it to harvest logs and was awaiting approval from the GFC. "We can get (the) TSA at any moment," he said at the time adding that they have done all the studies to a high standard.

Meantime, questions are being asked as to whether the company is interested in agriculture and mining activities here.

Asked whether the company was involved in or plans to get involved in agriculture and mining, Persaud said that he could not comment on this. "That I cannot comment on ...that has not been discussed with me so I can't comment on it. I'm not sure, you may have to speak to the principals of the company (about) their plan but Guyana is an open country to investors but I can't say of this particular company what their intentions are, what their areas of interest, at this point in time, as of today's date," the minister told Stabroek News. India's Central Bank, the Reserve Bank of India has been recording outflows of foreign direct investment from India including Vaitarna. In July for example, the Bank recorded an outflow of US\$0.777 million for Vaitarna from India to Guyana.

The major activity that Vaitarna is involved in, according to the Indian Central Bank, is agriculture and mining.



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