

NMDC to spend Rs 10K cr on iron ore pipelines and pellet plant

National Mineral Development Corporation Limited will spend Rs 10,000 crore on setting up slurry pipelines and pellet plants, among other works, for its upcoming steel plant in Chhattisgarh.

The investment will be divided into two parts -- setting up slurry pipelines and pellet plants for Nagarnar steel plant and another slurry pipeline from Nagarnar to Visakhapatnam, according to a communication by the miner to stock exchanges. The PSU will also set up a pellet plant in the port city.

While the projects in Chhattisgarh costs Rs 4,000 crore, the Vizag portion would cost Rs 6,000 crore, it state-run miner said. "NMDC has initiated activities to develop 15 million tons per annum slurry pipeline system from Baladilla to Vizag for transportation of iron ore fines in slurry form," it said.

The Chhattisgarh portion of the project includes setting up a slurry pipeline from Biladilla to Nagarnar along with ore processing plants at Biladilla and pellet plant at Nagarnar. NMDC also said that the slurry pipeline system from Nagarnar to Vizag along with the pellet

plant at Vizag will be setup in joint venture, in which NMDC and RINL will be prime partners and selection of other partners is in progress.

The miner is setting up a 3 million tonne per annum (mtpa) steel plant at Nagarnar in Chhattisgarh with an investment of Rs 15,525 crore. The iron ore miner has created a wholly-owned subsidiary vesting iron and steel plant with the arm.

At the same time NMDC is all set to start trial production at its new pellet plant at Donimalai in Bellary district of Karnataka by March this year.

As part of its value addition and diversification plans, NMDC has set up a 1.2 million tonne per annum pellet plant at an investment of close to Rs 600 crore at Donimalai. The company has also signed an Operation and Maintenance (O&M) contract with another public sector company KIOCL Limited, which has a considerable experience in operating pellet plants. Both the companies under the ministries of steel signed an agreement for O&M contract last week.

"We have started deploying our engineers at Donimalai to take over the operation of the pellet plant. We will commence trial production in March this year and the full commercial production would begin in the next fiscal," according to KIOCL sources.

Pellet is a value-added form of low-grade iron ore and is used as a raw material in making steel. NMDC will produce blast furnace-grade pellets with 65% iron content in sizes between six and 16 mm. Steel plants across the country have been using pellet as raw material due to shortage of raw material.

For KIOCL, which has operated its pellet plant for nearly four decades, it would be a new business opportunity. The company had to shut down its iron ore



mine in Chikkamagaluru district following the Supreme Court order in 2005. It recently set up a new O&M vertical. "The contract will facilitate KIOCL to gainfully utilise its experienced manpower for operating the NMDC plants for mutual benefit of both the Central PSUs," Malay Chatterjee, Chairman and Managing Director of KIOCL said.

Besides operating the pellet plant, KIOCL will also manage the iron ore beneficiation plant of NMDC, which is also being commissioned this year at Donimalai. NMDC, which was till now exporting and selling its low-grade ore, will feed it to the beneficiation plant and enrich it for use in its pellet plant.

Apart from Karnataka, NMDC is also setting up a 2 million tonne per annum pellet plant at Bachel in Chhattisgarh. Currently, an estimated 60 million tonne per annum pellets are produced in the country and hardly any material is exported.

The government has levied a 5% export duty on iron ore pellets, which has discouraged many private sector players. However, KIOCL exports pellets from its Mangaluru plant to Iran.

NMDC is also setting up a 3 MTPA Steel Plant at Nagarnar in Chhattisgarh, for which most of the major packages have been finalized and awarded. It is presently producing about 30 million tonne of iron ore from its Bailadilla sector mines in Chhattisgarh and Donimalai sector mines in Karnataka.

