

# Running short on critical raw materials, RINL writes to Ministry seeking help

Abhishek Law  
New Delhi

Rashtriya Ispat Nigam Ltd (RINL), the country's second largest steel-making PSU, is facing a shortage of key raw materials - like iron ore and coking coal - that has impacted its production ramp up plans.

Procuring costlier raw materials at higher price - in the absence of requisite linkage commitments - have also impacted costs. Prioritising coal for the power sector too has hit its supply pipeline, the company said in a letter to the Steel Ministry.

Seeking the Steel Secretary Narendranath Sinha's intervention, RINL CMD Atul Bhatt in his letter mentioned that the CPSE (which is under the Steel Ministry) is "endeavouring to sustain and further improve the current production levels."

"This requires, inter alia, arranging various raw materials in sufficient quantities," it said in the February 22 letter, which was reviewed by *businessline*.

Incidentally, the Ministry - in a recent internal note - has expressed concerns over the financial health of the steel-maker and has pointed out to the possibility of it going in for insolvency in the immediate short run.

**IRON ORE PROCUREMENT**  
RINL's CMD in his letter has mentioned that iron ore is



Atul Bhatt, CMD, RINL

generally procured from NMDC's Bailadila mines. And, at present, there is a minimum daily requirement of four rakes of iron ore fines, two rakes of slimes and two rakes of iron ore lumps for meeting the consumption and also to build up the stock levels "which are at critical levels of 5 days".

However, up to February 20, the average daily loading was over two rakes of fines ore, one rake of slime and just about two rakes of lump. Despite the matter "being pursued with NMDC and Railways for augmenting the despatches of iron ore as per the said requirement", improvement is not happening, the letter said.

RINL now has to incur an additional financial burden (extra cost) of around ₹ 650 per tonne as it sources additional ore from NMDC's Donimalai mines. "The impact from other sources is even higher," it said.

NMDC - the country's

largest iron ore merchant miner - is also under the Steel Ministry.

The Steel Secretary's intervention has also been sought so that the Railways could be requested to allot minimum seven to eight rakes on a daily basis (as against the present average of 5.2 rakes/day) for RINL "to tide over the current critical stock situation".

## COAL LINKAGE

RINL is also running short on coking coal.

The steel-maker is getting around 10 rakes of medium coking coal from Central Coalfields, a Coal India subsidiary, and "there is a further requirement of around 10 rakes of prime coking coal" and around 2 (additional rakes) of medium coking coal.

"It has been taken up at various levels and also through the Ministry of Steel to allocate prime and medium coking coal, as per the said requirements from Bharat Coking Coal Ltd (another Coal India subsidiary) as per the same price, terms and conditions of MOU between SAIL and BCCL for supply of the said materials. But there is no favourable response from Coal India Ltd. on this matter," the letter mentioned.

The RINL CMD pointed out that increase in usage of FCC and medium coking coal for blending purposes can bring down operational costs.

"Your kind help is solicited in taking up suitably with the Ministry of Coal and Coal India for entering into an MoU for supply of 40,000 tonnes (10 rakes) of PCC and 8,000 tonnes of MCC (2 rakes) on monthly basis by Bharat Coking Coal," the CMD said.

## SUPPLY AFFECTED

RINL currently has a fuel supply agreement with Mahanadi Coalfields Ltd for an annual supply of 16.80 lakh tonnes.

"Owing to priority given to the power sector for supply of boiler coal, supplies to non-power consumers like RINL got affected," the CMD said.

The supply during the period April 2022 to January 2023 (10 months of FY23) was 3.32 lakh or 24 per cent of the commitment.

There is a monthly requirement of 1,20,000 tonnes (30 rakes) of boiler coal and "due to persistent short supply from Mahanadi Coalfields, RINL is to procure Boiler coal from other sources which is having additional financial impact," it says.

"... may kindly be considered to take up with Coal India and Mahanadi Coalfields for ensuring loading of at least 30 rakes every month," the letter said adding that in order to meet the shortfall, washed powder coal, slurry coal and coal rejects of Bharat Coking Coal can be used too.