

Tata Steel aims to cushion impact of higher iron ore costs after 2030

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Building multiple options for upstream capacity, ramping up value-added downstream investments, and doubling down on cost efficiencies are part of Tata Steel's strategy to mitigate the impact of higher iron ore costs post-2030, when its legacy captive mines come up for auction.

A day after Tata Steel announced multiple expansion projects as part of its long-term strategy for India, T V Narendran, managing director and chief executive officer (MD&CEO), told analysts that the company was looking at reducing the impact of higher iron ore cost post-2030. Tata Steel's legacy captive mines will come up for auction in 2030.

He noted that Tata Steel's expansion at Kalinganagar, Meramandali, and Neelachal enabled growth at locations without legacy costs. "In Jamshedpur, we have legacy costs. But as we expand beyond Jamshedpur, the impact of legacy cost becomes less for us," Narendran said



FIRM PLANS TO ADD 4.8 MT OF CAPACITY AT NEELACHAL ISPAT NIGAM LTD IN LONG PRODUCTS, AND A POTENTIAL GREENFIELD STEEL PLANT IN MAHARASHTRA

during an investor call on Thursday.

Tata Steel on Wednesday announced multiple expansion projects, including plans to add 4.8 million tonnes (mt) of capacity at Neelachal Ispat Nigam Ltd (NINL) in long products, and a potential greenfield steel plant in Maharashtra to tap into the rising demand across western and southern markets.

On NINL, Narendran said that the final investment numbers would be finalised by

March, and the environment clearance was expected in the next few weeks.

With this expansion, Tata Steel's long product capacity would cross 10 mt from the current around 5.4 mt.

Narendran said, "Given the investment in infrastructure in India, and the strong franchise that we have in longs, we need to add more long-product capacity."

Tata has also signed definitive agreements to acquire 50.01 per cent stake in Thriveni Pellets Private Limited (TPPL) from Thriveni Earthmovers Private Limited (TEMPL) for a consideration of up to ₹636 crore. TPPL owns 100 per cent stake in Brahmani River Pellet Limited (BRPL), which operates a 4 mtpa (million tonnes per annum) pellet plant at Jajpur in Odisha along with a 212-km slurry pipeline. Lloyds Metals & Energy Ltd (LMEL) holds the balance 49.99 per cent stake in TPPL. Further, the steelmaker has signed a memorandum of understanding (MoU) with LMEL to partner in areas of iron ore mining, logistics such as slurry pipeline, pellet, and steel-making.