

Hurt by export duty hike, KIOCL looks at alternative sources for revenue generation

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State-owned KIOCL Limited, formerly known as Kudremukh Iron Ore Company Ltd, in Q1FY23, saw its revenues dip by 66 per cent from ₹1,157.8 crore to ₹385.2 crore and recorded a loss of ₹43.8 crore compared to a profit of ₹193.9 crore in the previous quarter. After the Centre slapped a hefty export duty of 45 per cent on iron ore pellets, it says it is looking at alternate sources of revenue generation and augmentation.

KIOCL is a 100 per cent Export Oriented Unit (EoU), which was drastically affected after the Centre's imposition of export duty made its products financially uncompetitive in the international markets.

'Pleaded for exemption'

T Saminathan, Chairman and Managing Director of KIOCL, speaking to *BusinessLine* admitted that the levying of export duty has had a negative impact. "We have pleaded for exemption with the commerce ministry, finance ministry, DGFT and of course ministry of steel which is our apex interlocutor. We hope that our

case is heard favourably.'

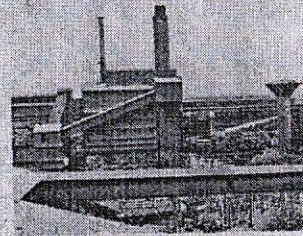
While the KIOCL pelletization plant is in Mangaluru on the western coast, most of its ore came from Odisha and Chattisgarh on the eastern coast. Also, majority of its customers are located on the eastern coast. Logistics cost is also very high. Coupled with the new duty this makes it unviable for us to run our plant and we have stopped operations. We have pleaded with the government for duty free import of high-grade iron ore, allowing us to value add and then re-export.'

Scouting alternate sources

Meanwhile, KIOCL is looking at alternate sources of revenue. It is reviving its Panambur, Mangalore-based blast furnace unit which was shuttered in 2009, for lack of forward and backward integration.

However, the Centre had permitted the modernisation of the unit with an investment of ₹836 crore in 2017. After floating various tenders for modernisation, the CMD expects the blast furnace to be operational by the middle of FY23.

The company's main focus is on the proposed Devadari



Pellet Plant at Mangaluru
KIOCL TEAM

mine, which is at an advanced stage of clearances from various state and central bodies, including the environmental bodies. Spread over 401 hectares in the iron ore-rich Sandur-Ballari belt, Saminathan says, 'The Devadari mine project, is now the lifeline of the company. We expect it to be operational by end of calendar year 2023 after obtaining all necessary clearances.'

KIOCL would invest ₹1,500 crore in fully developing the Devadari mines. KIOCL had to stop mining in the Kudremukh belt of Western Ghats in Karnataka after a Supreme Court order in 2005.

Mining exploration

Apart from that, the company is also looking into taking on more mining exploration opportunities. The company is

working with the Karnataka and Tamil Nadu governments Saminathan said, 'In Karnataka, exploration projects are for iron ore and limestone, and in Tamil Nadu, we have done exploration for limestone and other related minerals. We are also looking at other states for mineral exploration opportunities.'

The exploration process is to determine the quantity and quality available and surface evaluation before mines are given for auction or exploration.

We do all those exploration jobs for all types of mines and minerals, explained the chairman.

KIOCL is handling 13 mineral exploration projects valued at ₹122.67 crore and plans to secure an additional 24 projects of base-metal and bulk minerals in Karnataka from NMET, Govt. of Karnataka, Central PSU, and Private Agencies.

In 2015, the government of India notified KIOCL Limited as a national exploration agency (NEA). Since then, the company has been involved with state-level government projects. It has generated ₹16.83 crore in revenue as an NEA over the last four years.