

With iron ore prices improving, NMDC sets sights on export markets

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NMDC Ltd, an iron-ore miner, will tap export markets like China with the price of the mineral hovering at a "viable" \$120 per tonne level. Exports are likely to happen in Q4 FY23 and "methodology" of the same is being finalised. Iron ore price (in international markets) have rebounded from a low of \$80/tonne in November.

According to Sumit Deb, Chairman and Managing Director, NMDC, exports could take place either via Vizag port or Krishnapatnam port. Freight charges coming down to pre-Covid levels is an added advantage.

"Export is an option we have not looked at previously since we have been catering primarily to the domestic demand. But at \$120/tonne, it makes absolute sense to export and definitely a viable one," he said in the post-result analyst call, adding that China has opened up and "resumed buying".

China incidentally is the highest consumer of iron ore and also India's biggest iron-ore export market.

"You will definitely see some exports by the end of this quarter and we are making the arrangements for that," Deb said without sharing further details on price movements.

November onwards, NMDC has taken multiple price hikes. Hikes have been ₹600/tonne for lumps and ₹1,300/tonne per, post roll back of duty in November.

"Considering the recent hikes in iron ore prices in the



Sumit Deb, CMD, NMDC

international market and strong demand in the domestic market, we expect the NMDC to announce further price hikes," brokerage firm, Motilal Oswal said. While any slowdown in real estate in China would weigh heavily on iron ore demand, it could be partially offset by pent up demand for auto and infrastructure thrust.

CAPEX PLANS

According to Deb, NMDC is setting up pellet plants that'll

aid the beneficiation of low-grade iron ore. It allows the company to better utilise lower quality ores, while target export markets better.

The miner's capex for FY23 is at ₹3500 crore, which includes the yet-to-demerged steel plant. Capex in the mining business, ex-of-steel, is ₹2000 crore. For FY24, the capex is pegged at ₹1500-1600 crore (ex-of-steel plant).

Doubling its railway capacity and work from Jagdalpur is 75 per cent completed, the railway line up-grade from Visakhapatnam to Jagdalpur is on course. The 135km slurry pipeline, with a 15 million tonne (mt) capacity, is expected to commence operations by December 2024.

Dragged down by poor sales in Q2, production is expected to be around 39-41 mt in FY23, at par with last fiscal. However, for FY24, the production target has been upped by nearly 25 per cent to 50 mt odd.