
TATA Steel plans for seaborne coking coal transportation

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According to TATA Steel's Annual Report for 2008-09, the company's Singapore based joint venture TATA NYK Shipping Pte Ltd has entered into a long term charter for capsize vessels. Two of the vessels are likely to start calling at Dhamra port in Orissa with Australian coal from next September-October. The commissioning of Dhamra port is scheduled in April to May next year.

TATA Steel couldn't have chosen a more appropriate time for entering into long term charters. The shipping market being in dumps, charter rates are low. The steel major's requirement of imported coal is around 2.5 million tonnes annually. The bulk of this quantity, it is felt, can be handled by two Capesize vessels in a year. About 60% of TATA Steel's coking coal import is routed through Paradip and 40% through Haldia.

The import through Haldia mainly meets the requirement of Hooghly Met Coke & Power Company Ltd a 100% TATA Steel subsidiary supplying coke to the Jamshedpur plant. HMPCL produces about 1.2 million tonnes of coke annually for which it needs about 1.8 million tonnes of coal, sourced from domestic and foreign mines in almost equal proportions.

TATA Steel will in all likelihood, have to contract more Capesize vessels as and when its crude steel production in Jamshedpur goes up to 10 million tonne annually. When the higher production, its coking coal import too will rise to an estimated 5 million tonnes annually, double the present level. The plan is to import the whole requirement through Dhamra. Four to five Capesize vessels, it is estimated, will take care of the projected import.

(Sourced from Business Line)

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