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## **KIOCL likely to post a loss of upto INR 30 crore in Q4**

*Friday, 20 Mar, 2009*

BL reported that KIOCL Limited is set to end the Q4 of this fiscal with a loss of approximately INR 25 crore to INR 30 crore due to lower demand for iron ore pellets from steel makers. This would be the second consecutive quarter the company would post loss during the year.

KIOCL, however, is confident to end 2008-09 in profit mode riding on the INR 85 crore profits booked in the H1. It procures iron ore from NMDC and sells pellets in the spot market.

Mr K Ranganath CMD of KIOCL said that in the absence of buyers the company was holding a stock of 2.4 million tonne of pellets since December end.

Mr Ranganath said “Our last sales took place in November end. Since December end we have practically suspended our operations,” adding that the company was aiming to liquidate the stock at around USD 100 a tonne to break even.

As per report, the idling of operations is costing KIOCL approximately INR 12 crore a month on salaries and wages, depreciation, interest cost and other fixed expenditures. After adjusting the receivables such as interest on bank deposits and others, the total loss for the quarter is estimated to be in the range of INR 25 crore to INR 30 crore.

According to KIOCL, though officially the pellet prices moved up to USD 95 a tonne in February, hardly any transaction took place at that price.

He said that “Overall, there is very little appetite for spot purchases as most of the steel makers have reduced production levels. Accordingly, prices have lost much of its relevance due to lack of volume.”

Mr Ranganath said KIOCL expects to finalize its draft tender document for seeking expression of interest from interested parties to set up a mini steel plant in Karnataka, this week. We hope to float the tender as early as next month.

(Sourced from Business Line)

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