

Xindia Steels To Set Up Iron Ore Pellet Plant For INR4 Billion

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BANGALORE -(Dow Jones)- Xindia Steels Ltd., majority owned by China's Xinxing Group and China Minmetals Corp., Wednesday said it plans to set up an iron ore pellet plant in southern Karnataka state at an investment of INR4 billion.

The two Chinese companies hold 55% in Xindia, while the remaining 45% is held by Indian partners Sigma MinMet Ltd., Manasara Group and Kelachandra Group.

Construction of the 2 million metric tons per annum iron ore plant will be completed in the next 13 months as part of the first phase of the project, Xindia said in a statement.

In the second phase, which is expected to start in three to five years, the company plans to increase the capacity of its iron ore pellet plant to 6 million tons per annum, Xindia added.

The second phase will also involve the setting up of a steel manufacturing plant with an annual capacity of 2.5 million tons, Xindia said. The company plans to invest an additional INR83.35 billion in the second phase of the project.

The company will source raw materials for its new iron ore pellet plant through a local firm, Hampi Steel, which it has acquired recently, Xindia Steels Director Gopi Ramanathan said at a news conference.

It also plans to enter into long-term supply contracts with local mine owners to meet its sourcing needs, he added, without elaborating.

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