



eSelling Iron Ore

CASE STUDY

The Client

SAIL is the second largest organization in iron ore mining in India. Raw Materials Division (RMD), the mining wing of Steel Authority of India Limited (SAIL), is operating 8 iron ore mines and 2 flux mines spread over Jharkhand, Odisha and Madhya Pradesh to supply Iron ore, Limestones and Dolomite to SAIL steel plants in eastern sector of the country. The operating mines are located in the states of Jharkhand, Odisha and Madhya Pradesh.

About Iron Ore

Iron ores are rocks and minerals from which metallic iron can be economically extracted. The iron is usually found in the form of magnetite, hematite, goethite, limonite or siderite. Iron ore is the raw material used to make Pig Iron, which is one of the main raw materials to make steel - 98% of the mined iron ore is used to make steel. Fines cannot be directly charged into furnaces, blast furnaces demand iron ore lumps in the size range 10-40mm with minimum proportion of fines.

Background

mjunction has an in-house expertise in selling iron ore fines from India's largest Iron Ore Miner-NMDC. With many previous success stories, mjunction approached SAIL to sell iron ore fines through eAuction. After several rounds of discussions and amidst several competition, mjunction was nominated to sell Iron Ore Fines of various grades from its various mines. The team of category experts took up the challenge and was happy to serve.

Solution

It was a big challenge as well an opportunity to sell a huge volume in e-auctions offered by SAIL. With in-depth market intelligence, Yankee model was adopted with minimum lot size of 20000MT in order to attract maximum buyers from various locations. mjunction deliberated at length with SAIL RMD for designing a feasible catalog with buyers'-friendly terms and conditions that shall maximize participation. The catalog was subsequently finalized and was given a wide publicity.

1st Event

The first event was scheduled from Bolani mines-Odisha by Rake mode for 1 lakh MT of Fe 62.5% on 17th Feb'20. mjunction executives PAN India basis explored the market, made onsite visits to get a detailed know-how of industry and prevailing scenario, devise best ways of going forward and make the event successful. Buyers from various cities were pursued to participate in the first event, in spite of the fact that EMD amount of Rs 20Lakhs for 20000MT was high for mid-segment buyers, still mjunction could convince buyers of the various viable terms and conditions in the catalog, lifting period that allowed many of them to give a second thought and finally participate in the event.

All of the interested market participants were well trained with Yankee methodology of auction.

16 buyers from states like West Bengal, Odisha, Jharkhand, Chattisgarh, Andhra Pradesh submitted documents that were very critical for selection and participation. After thorough vetting by SAIL RMD, they were further allowed for submission of EMD and participation in the said event.

Success Factors

The auction prices appreciated by 6% from base price, major steel makers won and entire 1 Lakh MT was booked.

2nd Event

The next event from Barsua Mines of Fe 61.3% saw another grand success with 12 buyers actively showing interest, prices appreciating by 14% from base price and auction leading to another success story with entire 60000MT booked.

SAIL appreciated mjunction for its remarkable efforts in enabling such a grand success. There was widespread publication in leading news websites.

Covid 19 & Challenges

After the first two events, Covid-19 took its' toll on the entire industry with both India and entire world grappling with the severe pandemic. The slump in steel industry that saw historical low performance had its' effect on the raw material sector- with Iron Ore being majorly hit. Iron ore sales remained almost muted in the month of March and April, May once again rebounded and buyers could be convinced to participate - leading to another 40000MT sale. The success trend continued with the month of June portraying further sale of 60000MT till date. July – being a monsoon driven month when sales of such grades of material remain low, auctions also received minimum response. However, month of August rebounded with some excellent figures, 3,56,000MT was sold that is a record monthly figure till date.

The driving force beyond such success was not only an improved market sentiment but also that Client getting further convinced with mjunction intelligence and pricing, lotting strategy (minimum lot size of 8 lakhs from earlier figure of 20 lakhs), EMD amount (minimum EMD of 8 lakhs from earlier figure of 20 lakhs). This led to a wider acceptance in the buyer community and many mid-segment buyers could place EMDs to participate in all subsequent auctions.

Outcome

6.16 Lakh MT

of iron ore fines (Fe 62.5% and Fe 61.3% have been the offered grades) sold till date through mjunction's platform.

4.56 Lakh MT

Sold in this financial year with a transaction value realization of

INR 122.79 Crores

SAIL BSP

With SAIL RMD's consistent success in eAuction, SAIL BSP approached mjunction in disposal of Iron Ore Fines from its Dalli and Rajhara Mines located at Chattisgarh. The offered grades were in the range of Fe 60% to Fe 62%.

mjunction team took up the challenge and made a wider publicity amongst the buyer fraternity.

The first event for 28000MT was conducted on 3rd Sep'20 from Dalli Mines, where 8 bidders had placed EMD. There was competitive bidding with **prices appreciating by 26% from base price.**

Eventually, the second event from Rajhara Mines for 28000MT saw another success with 8 bidders placing EMD for the event. With a surging demand for iron ore, buyers went for competitive bidding and **prices appreciated by 41% from base price.** The total TV realized from the above two events was

INR 20.78 crores.

With iron ore being a success story amongst the toughest of market conditions during pandemic, the client has given further mandates in auctions from its' various mines

mjunction specializes in selling secondary steel, production scrap, iron ore, pig iron and by-products, at the best possible market price without any hassles. A team of expert consultants ensures faster conversion of enterprise's inventory into cash. Seamless End-to end management of the sales process is our expertise and servers your all needs. Some of the key needs we serve are –

- Competitive price discovery
- Buyer discovery
- Transparency

Some of the values we add are –

- Category & domain expertise
- Large, active buyer base
- Supports large no of e-auction variants
- Secure & robust platform

To know how we can help you achieve maximum for your products with minimum hassles, connect with us.

mjunction services limited

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