



## Bhushan Steel talks with Monnet Ispat on Orissa Sponge Iron

**B**hushan Steel said it is in talks with Monnet Ispat and Energy BSE 0.87 % to acquire the company's stake in Orissa Sponge Iron and Steel. In a BSE filing, Bhushan Steel said "Our discussion with Monnet Ispat regarding purchase of their stake in Orissa Sponge Iron & Steel Ltd (OSISL) is at a very preliminary stage and management is looking into the viability in this regard and proper due diligence is also needed which will take about 45/60 days."

Meanwhile, OSISL in a BSE filing said "We are the target company, we are not aware of any negotiations taking place in respect of the shares of the company." OSISL is promoted by the Torsteel Research Foundation in India. The company has been renamed as Orissa Sponge Iron & Steel Ltd on November 18, 2005. As per its website, OSISL has also been allotted a coal block at New Patrapara, Talcher in 2004 along with a group of six other industries.

## JSPL Plans to Bid for Iron Ore Mines in Odisha



**J**SP is planning to bid for iron ore mines in Odisha in forthcoming auctions, which are scheduled to start in October-November to ensure raw material supply to its

plants. The Naveen-Jindal led firm is planning to expand the production capacity of its plant in Odisha to 6 million tonnes per annum (mtpa) from 2 mtpa by the end of next year. The 12 mineral producing states, including Odisha, will auction 82 mining blocks that contain minerals such as iron ore, bauxite, limestone by October-November. The government passed a new law (MMDR Amendment Act, 2015) in March this year to pave way for auction of iron ore and non-coal mineral mines in States. Jindal Steel & Power is a part of Jindal Group and is a leading player in Steel, Power, Mining, Oil & Gas and Infrastructure. The company produces economical and efficient steel and power through backward integration from its own captive coal and iron-ore mines and passes on the benefits to its customers.

## Downstream Steel Processors Protest Govt's Move to Control Import



**P**rotesting the government's move to control import under the garb of quality standard, downstream steel producers have urged the government not to implement Quality Control Order.

Downstream steel producers are dominated by small and medium enterprises that use 15 million tonnes (mt) of steel a year, procured from domestic and international sources. These sectors contribute 9 per cent of India's gross domestic products (GDP) and around 45 per cent of overall exports.

The ministry of steel had sought public comments on April 29, over banning the manufacture, sale, stocking and distribution of non-standard steel in India.

The order seeks registration of steel producers with the Bureau of Indian Standards (BIS) and certification of the quality they deal in. Substandard steel is to be disposed of as scrap.

"Through this order, primary producers are trying to restrict imports with an aim of creating a shortage. The government is helping them in their efforts," said Nikunj Turakhia, administrative director of the Bombay Iron Merchants' Association.

Large steel producers in India include Tata Steel, Essar Steel, Jindal Steel & Power, Steel Authority of India and JSW Steel. Total steel imports into India were up nine mt in 2014-15, from six mt in the previous year. India uses 95 mt of steel a year, and imports

constitute only nine per cent. Sandeep Parekh, vice-president of the Thane Small Scale Industries' Association, asked, "How can nine per cent of steel imports affect domestic sales?"

Local manufacturers are selling steel at Rs 6,000-7,000 a tonne higher than its landed cost in the country. Sanjiv Mehta, chief executive of Shah Brothers Ispat, said, "Indian exporters will lose their advantage due to high input costs."

"The myth that imported steel does not conform to global quality standards is not true. In fact, wire manufacturing capacity is insufficient in India and, hence, downstream producers do not have an option but to import," said Vijay Vedmutha, chairman of the Steel Wire Manufacturers' Association of India.

Many downstream processors believe the BIS do not have facilities to register hundreds of thousands of small steel enterprises. Kobe Steel of Japan applied for a BIS registration 18 months ago and is yet to receive it. Vedmutha said a BIS registration normally took 12-18 months.

"This is an attempt by the government to close downstream steel mills," said Ashraf Chitalwala, director of Zarhak Steels.

Members of the downstream industry were of the view that primary steel producers were adequately protected by higher import duty.

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