



Bhushan Steel to Raise Rs. 547.5 cr



Debt-laden steel maker Bhushan Steel said it will seek shareholders nod to raise up to Rs. 547.50 crore through private placement of shares to meet the fund requirements of the company.

The company will approach its shareholders with the special resolution at its annual general meeting scheduled later, it said in a regulatory filing.

The filing further said “the firm will seek shareholders approval to authorise the board to create, offer, issue and allot 18,25,000 redeemable cumulative preference shares of Rs.100 each, to be issued at such rate not exceeding Rs.3,000 per share (including maximum premium of Rs. 2,900 per share) for an aggregate amount not exceeding Rs. 547.50 crore.”

Earlier this month, the city-based firm said Monnet Ispat and Energy Ltd has agreed ‘in-principle’ to sell its stake in Orissa Sponge Iron & Steel to Bhushan Steel. However, no commercial terms and valuations have been finalised.

In July, Bhushan Steel said the Joint Lenders Forum (JLF) had agreed for restructuring of about Rs.30,000 crore loans for tenure of 25 years under the RBI’s scheme for long-term structuring of loans in line with cash flows.

Shares of the company were trading at Rs. 51.35 apiece, up by almost one per cent in the afternoon trade at the BSE.

According to industry estimates, the average cost of extracting iron ore from Tata Steel’s captive mines stand around Rs 900-1,000 a tonne.

Tata Steel Resumes Iron Ore Purchase from NMDC to Meet Shortfall



Tata Steel is buying iron ore from NMDC Ltd to meet supply shortfall from its own mines. Sources confirmed that in the past couple of months, Tata Steel has bought iron ore from NMDC.

“The continuing problem of evacuation since July with the State government from its Noamundi mines in Jharkhand over the lease renewal issue made it opt for domestic purchase as NMDC price for high grade ores was lower than the landed cost of imported ores,” said a source in the know of the developments.

Last year, Tata Steel had bought 0.8 million tonnes iron ore from NMDC and imported around 1.5 million tonnes to meet the shortfall for the Jamshedpur plant during the four-month closure in the same mine ordered by Jharkhand government.

In the October-December quarter last year, NMDC price for high-grade ore was around Rs 4,600 a tonne, lower than the prevailing landed cost of imported iron ore.

However, because of scarcity in the domestic market, Tata Steel also imported the raw material.

According to industry sources, availability of ores in the domestic market has

improved this year.

After a 6 per cent reduction in April this year on eased availability and lower demand, the NMDC price for lumps now stands at Rs 3,050 a tonne whereas import cost varied between Rs 3,250 and Rs 3,400 a tonne.

Sources said lower domestic price of iron ore compared to US-dollar denominated import price prompted Tata Steel not to go in for imports.

“Apart from NMDC’s price reduction, the recent appreciation of dollar against rupee also made iron ore import dearer,” an industry analyst pointed out.

According to Sushim Banerjee, Director-General, Institute for Steel Development and Growth (INSDAG), this year, domestic demand for iron ores both lumps and lower grade fines is likely to grow between six per cent and eight per cent.

“This year so far, the local demand is estimated to have grown by around 7 per cent. The prediction for international price for iron ore this year is to remain in the range between \$52 and \$58 a tonne,” he added.

The Noamundi mines supply around 50 per cent of iron ore requirement of the Tata Steel’s 9.7-million-tonne plant.

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