



Demonetization leads to downsizing of staff in steel sector

Demonetization is making a bad situation of demand slump worse for the small and medium enterprises sector in Rajasthan forcing companies to downsize their workforce to the extent of 25%, according to a press report.

Industrialists in the state, steel, cement and businesses related to construction are worst affected with many manufacturing units in Vishwakarma industrial area, Bagru, Jhotwara industrial area are increasingly resorting to layoffs.

A RIICO official in the VKI area said that "About 30% people working in VKI have left for their homes. Factory owners say it's a temporary layoff. But nobody knows when they will be taken back again."

Mr Pankaj Gupta, who manufactures refractory bricks, rolling mill spares,



induction furnace spares and other steel products in Bagru industrial area said that "There is no cash to pay the workers who come from states like Bihar and UP and don't have bank accounts or ATM cards to

withdraw money. On the other hand, cash shortage has reduced construction related activities leading to sharp drop in demand in building materials like steel and cement."

In steel industry, transactions are mostly cash-based. Because of cash crunch, people are now putting on hold construction activities.

Cement is another sector that has borne the brunt of demonetization. In November, the sales have gone down by 20%. The first 15 days of December are no different.

Mr Kaushlesh Maheshwari, president - Marketing, Mangalam Cement Ltd said that "The retail-end of the business has been impacted substantially even though there is little impact on the institutional orders. But we are seeing improvements in the past one week. Hope, this new trend sustains."

Steel to acquire BRPL for Rs. 900 cr



Tata Steel said it has signed an agreement to acquire Odisha-based iron ore pellet manufacturer Brahmani River Pellets Ltd (BRPL) for Rs. 900 crore in cash, according to a report.

BRPL, which had a turnover of Rs. 452 crore in 2015-16, owns a 4 million tons per annum capacity pellet plant in Jajpur and a 4.7 million tons iron ore beneficiation plant in Bardil, Odisha. A 220-km slurry pipeline connects the pellet plant with the beneficiation plant. It manufactures iron ore pellets for iron and steel industry.

"The acquisition provides an upstream integration opportunity to Tata Steel to meet its metallic requirements and improving the feed mix for its Kalinganagar steel plant and Jamshedpur steel plant," the company said in a statement.

The deal, which is subject to regulatory approvals, is expected to close in four

months. It also needs approval from RBI and other regulatory bodies to restructure BRPL's balance sheet, including shareholders loan and advances. "The acquisition of the company is being made at an enterprise value of Rs. 900 crore plus closing adjustment," it said.

BRPL was incorporated on August 24, 2006 and is engaged in the business of acquisition and beneficiation of iron ore and

the manufacture and sale of iron ore pellets. Pellets are used as agglomerates in the iron making process.

The company was originally established by the Moorgate Industries Group (MIG), which continues to hold a significant stake in BRPL through its shareholding in AMTC.

MIG was formed on demerger from the Stemcor Group of Companies as part of a UK court-approved restructuring in 2015. "Tata Steel Ltd announces that it has executed definitive agreements to acquire 100 per cent equity shares of BRPL from Arya Mining and Trading Corp Pvt Ltd (AMTC) and other companies in the MIG," the statement said.

The acquisition will be funded from internal cash flows of Tata Steel.

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