

JSW promoter's firm buys iron ore mine in Jharkhand

Plans to mine 2 mtpa for open market sale

SURESH P IYENGAR

Mumbai, July 3

South West Mining, the JSW Group promoter Sajjan Jindal-owned company, has bagged a mine with 40 million tonne per annum iron ore reserve at Bhangaon in Jharkhand.

The company plans to mine about two mtpa of iron ore after taking the requisite approvals. SWM, which will sell the ore in the open market, plans to start operations in 12-18 months.

Seshagiri Rao, Joint Managing Director, JSW Steel, said the mine is marked for merchant purpose and JSW Steel did not participate in the auction process.

Asked whether JSW Steel



Seshagiri Rao, Joint Managing Director, JSW Steel

will sign any exclusive supply contract with South West Mining, Rao told *BusinessLine* that nothing of that sort has been worked out as yet as the feasibility of cost structure to transport iron ore from Jharkhand to the plant (at Vijayanagar in Karnataka) needs to be worked.

JSW Steel has its own plans to source captive iron ore

from Karnataka and has bagged five C grade mines in the State, he said.

It plans to produce two mt of iron ore in the two mines that have started production and is expecting statutory clearances to start iron ore mining from the remaining three mines by December. The five mines is expected to supply 20 per cent of the company's annual iron ore requirement.

JSW Steel will invest about ₹300 crore in developing the five mines, said Rao.

As on June 18, the government has auctioned 41 mineral blocks valued at ₹1.86 lakh crore. The resources promise ₹1.48 lakh crore in revenue for the host States. The State governments will also get ₹33,100 crore as royalty and contributions by lessees to District Mineral

Funds (DMF) and National Mineral Exploration Trust.

Karnataka has seized the lead in electronic auctions followed by Madhya Pradesh, Rajasthan, Odisha, Chhattisgarh, Jharkhand, Gujarat and Maharashtra.

Slurry pipeline

Last June, JSW Steel had approved an investment of ₹2,100 crore to set up slurry pipeline to transport iron ore, coal from coastal Karnataka to their steel plant at Vijayanagar works.

Once installed, the pipeline will facilitate minerals' transportation at about 15 per cent the cost of alternative means of transportation.

The company will also be able to source nearly 50 per cent of its iron ore requirements from outside the State.