

JSW Steel to scout for domestic mines despite rise in litigation

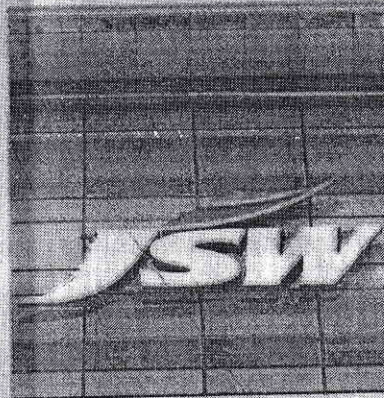
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Notwithstanding the rising instances of litigation, JSW Steel has decided to scout for domestic iron ore and coking coal mines to shore up captive sourcing of key raw materials.

The company has recently received show-cause notices from Deputy Director of Mines, Joda-Koira, Odisha, for alleged loss of royalty, mining premium and other levies of ₹702 crore. The notices pertain to drop in grade of iron ore mined in the last two years compared with the mining plan.

The company has contested the show-cause notice with the Revisionary Authority, Ministry of Mines. The authority has directed the State government not to take any coercive measures in relation to demand notices until it responds to the company's observations.



GST ANOMALY

Last September, JSW Steel moved the Appellate Authority within the GST Department of Odisha against the demand notice of ₹3,004 crore towards tax, penalty and interest on JSW Steel's subsidiary.

The case was due to the anomaly in GST rate, whereby the tax on input was higher than that of the output goods. The iron ore mining subsidiary company paid 18 per cent GST on premium on mining and when iron ore was sold to the parent companies the GST rate was five

per cent. This anomaly was subsequently corrected by equalising both the GST rates.

'CAUSE FOR CONCERN'

Jayant Acharya, Joint Managing Director said the increase in number litigations involving mines is a cause for concern and the company expects these issues to be resolved.

In the case of Jajang mines, he said the company has got a favourable verdict in revision of MPPA (Mining Plan Preparing Agency) was revised from 9.8 to 7.8 million tonnes which the company had requested was requesting because certain things were included inadvertently, he said.

"We will continue to explore mining opportunities in India even while tackling the issues that crop up as captive sourcing is more cost-effective in the long run and provides certainty," he added.