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Bhushan Steel to sign third mining pact with Bowen

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MUMBAI (Reuters) - Bhushan Steel Ltd plans to sign a third joint venture agreement with Australia's Bowen Energy Ltd for coal exploration and mining, a senior official said.

Bhushan Steel, which bought 15 percent stake in the Australian firm last year for A\$3.2 million last year, signed two joint venture agreements for coal exploration last month.

"We are in the process of signing one more joint venture for two more mines," Chief Financial Officer Nittin Johari told Reuters on Friday.

Bowen Energy has already transferred the two mines to Bhushan's wholly-owned subsidiary, Bhushan Steel Australia Ltd, which will hold 90 percent and 85 percent stakes in the mines.

The mines are estimated to have reserves of 1 billion tonnes of thermal coal and coking coal, Johari said, adding they would start mining in about two months.

"We will have similar stakes in the mines," Johari said referring to the proposed joint venture, which is expected to be finalised in a few days.

Other Indian firms such as JSW Steel, Tata Steel, state-run Steel Authority of India, Jindal Steel and Power are scouting for iron ore and coal assets in India and abroad to secure steady raw material supplies.

In case of the first joint venture, Bowen has a put option and Bhushan a call option over the interest held by Bowen, which may be converted once the mine is commissioned, a statement from Bowen said.

Feasibility and commissioning costs will be paid by Bhushan, the statement added. Johari did not comment on the investment proposed by Bhushan.

Shares in Bhushan Steel fell 7.04 percent to 880 rupees in a weak Mumbai market.