

JSW-JFE multibillion deal puts spotlight on Indian steel market

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The deal between Sajjan Jindal-led JSW Steel and Japan's JFE Steel Corporation signals a renewed global interest in India's steel sector, highlighting the long-term growth opportunity the market offers compared to the rest of the world.

On Wednesday, JSW and JFE agreed to jointly own and operate Bhushan Power and Steel Limited's (BPSL's) steel business in a 50:50 partnership.

The transaction is being positioned as a "win-win" for both partners since it would allow the Indian company to pare debt while opening up the growth horizon for the Japanese major beyond its home.

For JSW, the monetisation of half its stake supports a faster expansion trajectory. For JFE, the ₹15,750 crore transaction offers an opportunity to secure 50 per cent in an integrated steel plant in one of the world's fastest-

growing steel markets.

JSW Steel Joint Managing Director and Chief Executive Officer Jayant Acharya told *Business Standard*: "JSW Steel's benefit is that it will be able to deleverage its balance sheet to grow faster while JFE comes into an operating asset that has the potential to expand."

Acharya also pointed out that India was one of the high-growth markets and JFE was looking at this transaction as an expansion beyond Japan.

"We want to create a model plant in the country. The joint venture will bring in new technologies for value-added products," he said.

What's driving JFE's bet?

JFE has a long-term ambition of generating 500 billion yen in steel-segment profits by financial year 2034-35. As part of that plan, the company aims to deliver 200 billion yen from overseas operations. BPSL — with a capacity of 4.5 million tonnes (mt) — fits



into that strategy.

The joint venture plans to expand the plant in Sambalpur, Odisha, to 10 mt by 2030. It has the land to accommodate the expansion. And there is potential to expand capacity at the integrated steel works to 15 mt in the future.

It would be JFE's third integrated steel plant after East and West Steelworks

Major global steelmakers in India

JFE Steel Corporation:

Has 15% stake in JSW Steel, and is set to acquire 50% stake in BPSL's steel biz

ArcelorMittal, Nippon Steel:

Jointly acquired Essar Steel (renamed ArcelorMittal Nippon Steel India) under the IBC in 2019

POSCO: Signs Heads of

Agreement with JSW Steel in Aug '25 to jointly explore setting up a 6 mtpa integrated steel plant in India; first downstream unit in 2006

Nippon Steel: JV with Tata Steel to incorporate Jamshedpur Continuous Annealing and Processing Company in 2011

in Japan. The deal would enable JFE to enter India's high-growth market as an "insider" and capture demand, the company's presentation said.

Icra Vice-President Sumit Jhunjhunwala said India remained among the few major steel markets delivering robust volume growth, making it a key target for global

producers amid a China plateau.

"With a clearly articulated target of 300 mt capacity by 2030, domestic expansion is steadily moving towards that goal," he added.

JFE's India play

In 2009, JFE and JSW Steel entered into a strategic collaboration to build and operate an integrated steel plant in West Bengal and in the area of automotive steel. The mega steel plant did not take off. But in 2010, JFE picked up a 14.99 per cent stake in JSW Steel.

More recently, JSW Steel and JFE expanded their partnership through joint investment in electrical steel.

But JFE is not the only global steel producer looking to team up with an Indian company for a play in this market.

Overseas steel majors are increasingly participating through JV-led capacity additions and technology tie-ups with Indian producers, pointed

out Jhunjhunwala.

Global steelmakers in India

With expectations of strong demand growth India is drawing investment interests — from domestic and global companies.

South Korean steel major Posco is making a fresh bid to set up a steel plant in India — this time with JSW Steel. In August, the two companies signed a pact to explore setting up a 6 mt a year integrated steel plant in India. Odisha is among the top choices for the project.

After multiple failed attempts to set up a plant in India, ArcelorMittal finally secured a meaningful presence in 2019, acquiring Essar Steel under India's insolvency law in partnership with Nippon Steel.

An industry source said: "Today if international companies want to enter India, the process is far more conducive — governance has improved and policy frameworks have evolved."