

JSW Steel, Posco in 50:50 JV for steel plant

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Kolkata, 1 November

JSW Steel, the flagship company of the Sajjan Jindal Group, and South Korea's Posco will have an equal share in the proposed steel venture in India with an initial capacity of 5 million tonnes per annum (mtpa).

On Tuesday, the JSW Group and Posco announced a collaboration in steel, battery materials, and renewable energy in India. The renewable energy is for captive use of the steel plant.

Jayant Acharya, joint managing director and chief executive officer of JSW Steel, told *Business Standard* that the cooperation would bring two major steel producers together.

"A 50:50 joint venture between JSW Steel and Posco will set up a 5 million tonne per annum (mtpa) steel plant in India, bringing together Posco's technical excellence and our project execution and management



capabilities," Acharya said. He said the axis of steel production has shifted to the East with Japan, S Korea, India and China accounting for more than 70 per cent of world steel production.

On the investment, Acharya said, it was too early to discuss the amount.

"Internationally, the thumb rule for a greenfield steel plant is \$1 billion for a million tonne. However, JSW Steel is known for its competitive specific cost of capex investment per million tonne of capacity and that expertise will bring in value to reduce costs,"

Acharya said, adding that it would also depend on the product mix and technology.

Going forward

The next steps in the process for the steel venture would be to identify the location and the technology.

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"As of now, the location is open within India. The project could be set up in Odisha or any other mutually decided state. It will be determined by factors such as proximity to iron ore, land availability, and investment support by the state," Acharya explained.

JSW Steel has plans underway to set up a 13.2 mtpa steel plant in Odisha on the piece of land that was allocated to Posco before it suspended its mega project in 2015. However, the steel plant with Posco would be separate from JSW Steel's Odisha greenfield already in the works.

JSW Steel expansion

For JSW Steel, the partnership with Posco for the proposed steel venture is another milestone in a busy year, marked by deals and expansion.

In August, it picked up a 20 per cent economic interest in an operating coking coal asset in Australia.

JSW-Posco to set up unit in Keonjhar, says Odisha CM

Odisha Chief Minister (CM) Mohan Charan Majhi on Friday said that India's fastest growing conglomerate JSW Group and South Korean steel major Posco will jointly set up a greenfield steel facility in his home district of Keonjhar.

Majhi revealed this amid nationwide speculation over the exact location of the JSW-Posco joint venture. "During our roadshows for the ensuing Make-in Odisha conclave in Delhi and Mumbai, I had discussed with both JSW and Posco regarding the establishment

of a steel plant in Odisha's Keonjhar district," Majhi, who is on a two-day visit to Keonjhar for celebrating Diwali, told reporters. "Meanwhile, they have signed an MoU. They will do it jointly. They have also mentioned doing it in Keonjhar district. It is under process and Odisha will get another steel plant," the CM said.

The two steel makers on October 29 signed an MoU at JSW Group's corporate headquarters in Mumbai, in the presence of JSW Group Chairman Sajjan Jindal and Posco Chairman Chang In-hwa. **PTI**

The idea, Acharya explained, was to get better control of premium low volatile hard coking coal, whose price is very volatile and fluctuating."

"Between the mines in India and the operating coking coal asset in Australia, we should have about 4 mt from captive sources," he added.

In value-added steel, the company recently announced a deal to acquire thyssenkrupp's electrical steel business in India, jointly with its strategic partner, Japan's JFE. The cost of the acquisition is ₹4,051 crore.

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