

JSW Steel may seek legal recourse against SC's rejection of Bhushan Power & Steel acquisition

WHAT'S AT STAKE. Bhushan accounts for over 12% of JSW Steel's annual production of 34 million tonnes

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Sajjan Jindal-controlled JSW Steel is likely to appeal against the Supreme Court order after the latter rejected the steel-major's ₹19,350 crore bid to acquire Bhushan Power and Steel Ltd (BPSL) through the corporate insolvency route, and subsequently ordered the liquidation of BPSL.

JSW is exploring all legal options and is also in touch with the lenders, who might also join India's largest steel maker by volume in appealing against the order.

Sources in the know told *businessline* that a final decision is likely over the next 10 days with the steel-major prioritising the legal battle as its first major step.

"It is a priority, and all options are being explored," a company official said, adding

that "JSW reserves the right to seek a review petition."

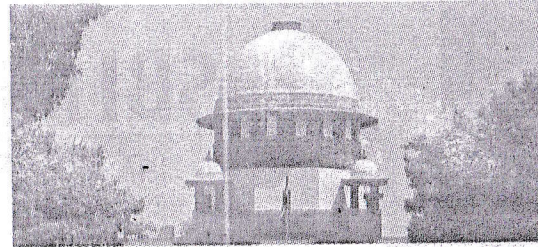
Bhushan accounts for over 12 per cent of JSW Steel's annual production of 34 million tonnes per annum (mtpa), around 10 per cent of earnings before interest and tax.

JSW Steel did not respond to queries from *businessline*.

REVIEW PETITION

Incred Equities said, JSW's options include filing a review petition before the Supreme Court under Article 137.

"Such petitions are only entertained on very limited grounds such as an error apparent on the face of the record, and are rarely successful," it said. The other option, it said, is to "file a curative petition as a last resort". "But this is even more restricted and is allowed only in cases where there is a gross miscarriage of justice,"



ROUTE QUESTIONED. The Supreme Court held that JSW should have completed the takeover only via equity instead of a mix of equity and optionally convertible debentures

the report added.

On May 2, the Supreme Court rejected JSW's acquisition of BPSL citing procedural and legal lapses in what is now seen as one of the high-profile corporate takeovers and insolvency proceedings in the country. The case was pursued by operational creditors of BPSL.

In 2021, JSW Steel acquired a 49 per cent stake in BPSL via the corporate insolvency process. It allowed

JSW access to 2.75 mtpa steel-making capacity in Odisha. By October 2021, JSW Steel increased its stake to 83 per cent.

TIMELINE NOT MET

However, last week, the apex court held that JSW should have completed the takeover only via equity instead of a mix of equity and optionally convertible debentures.

It also said the Sajjan Jindal-owned company failed to

complete the resolution plan within the prescribed timeline. Located in Odisha's Jharsuguda, BPSL's estimated crude steel production in FY25 is around of 3.38 mt, with a HRC (hot rolled coil) capacity of 1.8 mt and 1.2 mt of CRC (cold rolled coil) capacity, sources said. Market intelligence firm BigMint, in a recent report, said BPSL churns out value-added products such as colour-coated, galvanised sheets, pipes and wires.

The facility gave JSW Steel a presence in eastern India, complementing its western and southern operations. It also strengthened the steel-major's long-term growth strategy, helping it move toward a 30 mtpa steel production target.

RAMP-UP PLANS HIT?

JSW planned to ramp-up BPSL's capacities to 5 mtpa eyeing benefits of higher

sales and realisation from value-added products (which also come with better margins). "Moreover, BPSL's strategic importance was in its location in the east where JSW has taken up considerable iron ore mining assets," the report mentioned.

The company's Netrabandha iron ore mine (in Odisha), is expected to commence production in Q1FY26 with an estimated capacity of 2 mtpa.

"But now, with the BPSL expansion derailed by the court order, JSW's target of 50 mtpa of crude steel capacity by 2030 has received a minor setback," the BigMint report said adding that the steel major is likely focus on "other investments in Odisha" that include a 5 mtpa plant it proposes to set up with POSCO; and a 13 mtpa planned greenfield facility at an estimated investment of ₹65,000 crore.