

JSW Steel-JFE JV to buy tkES India for ₹4,051 cr

Move to help entity get instant market access, establish integrated system

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Sajjan Jindal-led JSW Steel said on Friday that it would acquire 100 per cent stake in thyssenkrupp Electrical Steel India Private Limited (tkES India) jointly with Japan's JFE Steel Corporation for ₹4,051 crore.

In an exchange filing, the Indian steelmaker said the board approved the acquisition of 100 per cent equity interest in tkES India jointly with JFE Steel Corporation. It would be through a 50:50 joint venture and the licensing/transfer of associated technology package relating to the operations of tkES India.

The transaction is being executed by Jsquare, a wholly-owned subsidiary of JSW JFE Electrical Steel Private Limited (J2ES). JSW Steel has a 50 per cent equity interest in J2ES.

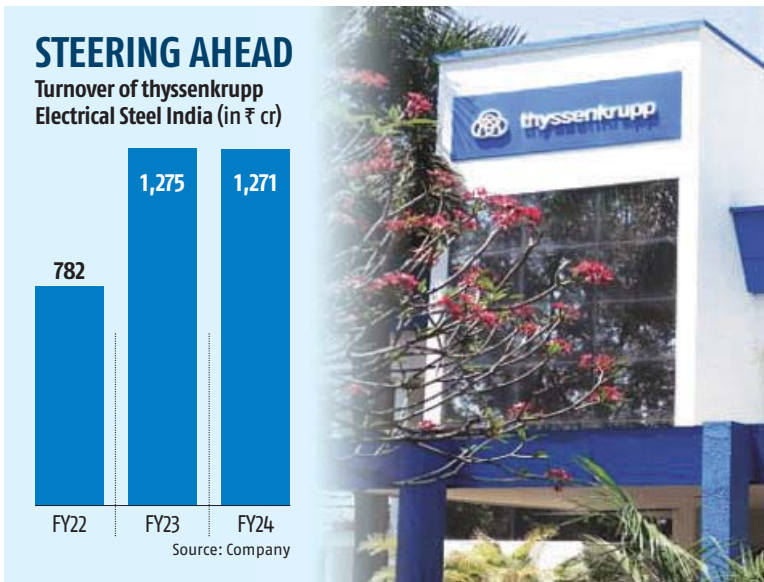
JSW said the acquisition was in line with its strategy of enhancing its proportion of value-added steel products.

Grain-oriented electrical steel is an important material in the production of energy-efficient transformers and large, high performance generators.

In a statement, thyssenkrupp said, sale of the Indian company is taking place for "market-strategic reasons."

"The supply of raw materials from thyssenkrupp's German steelworks to India is cost intensive and weakens our competitiveness in India in the long term," said Dennis Grimm, spokesman of the executive board of thyssenkrupp Steel.

"Setting up our own local raw material production is not economically feasible for us. Compared to our local competitors, we will not be able to achieve the same economies of scale by supply-



ing from Germany. This is why the sale is the right step for us at the right time," he added.

The acquisition comes on the back of a planned investment of ₹5,500 crore announced earlier this year by JSW JFE Electrical Steel Private Limited for the production of grain-oriented electrical steel in India.

The company would have a manufacturing base in Bellary, Karnataka.

JSW said (J2ES was expected to commence full production in 2027. The acquisition, however, would enable JSW and JFE to achieve instant market access and establish an integrated system from manufacturing to sales of grain-oriented electrical steel in India.

In a statement, Jayant Acharya, joint managing director and chief executive

officer (CEO), JSW Steel, said the market for grain-oriented steel is growing rapidly. He added, "This acquisition will enable the consortium of JSW and JFE to manufacture this product in India and supply it to customers in India and globally. This will enable import substitution, and hence, take another step towards a self-reliant India."

tkES India is involved in the manufacture and sale of grain-oriented electrical steel with a facility located in Nashik, Maharashtra. The company, incorporated in 2000, recorded a turnover of ₹1,271 crore in FY24. It currently employs around 500 people.

The completion of the transaction is subject to receipt of regulatory approval and satisfaction of customary conditions.