

JSW Group in talks for 15-20% stake in MG Motor

NEW ROAD. In diversification drive, Sajjan Jindal-led group may value automaker at \$1.5 b

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Sajjan Jindal-led JSW Group may get a hold in the automobile industry by buying stake in MG Motor India, owned by China's largest car company, Shanghai Automotive. The two companies are in talks, which could lead to JSW Group acquiring 15 to 20 per cent stake in MG Motor for anywhere between ₹2,000 crore and ₹3,000 crore.

The Indian conglomerate, which is mainly into steel, cement and paints sectors, has been looking to enter the auto space for the last three years as part of its diversification strategy.

On the other hand, MG Motor India is finding it difficult to raise money from China due to the restrictions imposed by the government.

Sources told *businessline* that the deal could value MG Motors at \$1.5 billion although the Chinese company is understood to have pegged the valuation at \$2-2.2 billion.

Incidentally, MG Motor

SWITCHING GEARS

- The Indian conglomerate has been looking to enter the auto space for the last three years
- JSW Group had almost finalised the deal to acquire GM India's Talegaon plant in 2019 but dropped the plan due to the pandemic
- The deal could value MG Motors at \$1.5 billion although the Chinese company is understood to have pegged the valuation at \$2-2.2 billion



India had announced that it had invested about ₹800 crore to produce its electric car Comet locally at its Halol plant in Gujarat. To be rolled out soon, the Comet will be the second electric vehicle produced by the British carmaker after the ZS EV that was launched in India in 2020.

DIVERSIFICATION

JSW Group had announced plans of entering the high-end electric vehicle space and was looking to buy technology; buying stake in MG Motor India will, thus, be a good opportunity for it to

get a foothold in the automobile space, the source said.

In its pursuit of the automobile venture, JSW Group had almost finalised the deal to acquire GM India's Talegaon plant in 2019 but dropped the plan due to pandemic headwinds. When reached for confirmation, JSW Group spokesperson declined to comment.

JSW Group's flagship — JSW Steel plant at Salem in Tamil Nadu — manufactures one million tonnes per annum of high-value steel to automobile companies including the EV makers.

JSW Steel had partnered with Japan's JFE Steel Corporation to set up a grain-oriented electrical steel sheet manufacturing and sales joint venture company in India.

FUNDING CRUNCH

MG Motor India has already invested about ₹5,000 crore in India and was ready to infuse a similar amount, but the FDI proposal by the auto company has been pending with the government since 2020.

The automobile major has been relying on external commercial borrowings from the parent company to support operations in India.

MG Motor entered India in September 2017 by acquiring General Motors India's Halol plant. This plant makes five SUVs — Astor, Gloster, Hector 5-seater, Hector Plus, and ZS EV. It has been manufacturing vehicles over the past four to five years and is looking to modernise the facility for launching new models.

MG Motor India has reported a 21 per cent rise in sales at 48,866 units in FY23.