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August 11, 2014 2:26 pm

JSW Steel close to buying Italian steelmaker Lucchini

By James Crabtree in Mumbai and Rachel Sanderson in Rome



Indian billionaire Sajjan Jindal is in the final stages of negotiations to buy bankrupt Italian steelmaker Lucchini, in a sign of renewed international interest in Europe's recovering steel market.

Mr Jindal's [JSW Steel](#) plans to purchase assets owned by the Italian company for a nominal sum, according to two people familiar with the matter, in what would be JSW's first move into Europe. Lucchini was formerly owned by [Severstal](#) of Russia but was declared insolvent in 2012.

Matteo Renzi, Italy's prime minister, said on Sunday that a business owned by India's Jindal family intended to finalise a deal in "a matter of days".

Since then, people familiar with the deal have confirmed that Mr Jindal's JSW is aiming to purchase the steel rolling facilities belonging to the Italian company, with a view to processing steel manufactured and exported from India, for sale in European markets.

"JSW would take it over ... but it won't involve much upfront investment," one of the people involved said, speaking on condition of anonymity.

Spokesmen for JSW Steel and Naveen Jindal's Jindal Steel and Power group both refused to comment.

The potential deal underscores renewed interest from big emerging markets-based groups in Europe's struggling steel industry, which has been hit by a sharp fall in demand in the aftermath of the 2008 global financial crisis and eurozone recession.

It also highlights an uptick in interest in Italy by investors from outside Europe, as the eurozone's third-largest economy struggles with a decade of zero nominal growth. Bankers report that asset prices are cheap – making Italy attractive as a jumping off point for investors looking to tap the European market.

A senior Italian official told the Financial Times that, in addition to the discussions with the Jindal family, Italy was also in talks with [ArcelorMittal](#) about the London-based group acquiring another Italian steel factory, Ilva, in the southern city of Taranto.

Brilliance, a Chinese car company, has also approached the Italian government about buying the Termini Imerese car plant in Sicily, a site abandoned by Italy's [Fiat](#) car group when it cut production in Italy. Neither Brilliance nor ArcelorMittal were available for comment.

Before 2008, Indian conglomerates acquired a string of European industrial assets, with Tata making the \$13bn purchase of Anglo-Dutch group Corus and billionaire metals tycoon Lakshmi Mittal completing the €27bn takeover of Luxembourg-based Arcelor in 2006.

Sajjan Jindal has become another of India's high-profile industrial tycoons, as one of four brothers who inherited parts of the OP Jindal group – an array of industrial assets with revenues totalling about \$18bn that was established by his father Om Prakash Jindal.

JSW is a conglomerate with interests in energy and mining as well as steel making. JSW Steel made net profits of Rs8bn (\$131m) on revenues of Rs142bn (\$2.3bn) in the first quarter of this financial year.

The proposed Lucchini deal is the second time in recent months that the Jindal family has entered negotiations to buy assets from western companies, following the interest of both Naveen and Sajjan Jindal in the Indian iron ore assets of Stemcor, the private British steel trading group.



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