

COMPETITION COMMISSION OF INDIA

25<sup>th</sup> October, 2012

Combination Registration No.: C-2012/09/80

Order under Section 31(1) of the Competition Act, 2002

1. On 28<sup>th</sup> September, 2012, the Competition Commission of India (hereinafter referred to as the "Commission") received a notice under sub section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the "Act") of a proposed combination from JSW Steel Limited (hereinafter referred to as "JSW Steel") and JSW ISPAT Steel Limited (hereinafter referred to as "JSW Ispat"). The notice has been filed pursuant to a composite scheme of arrangement and amalgamation under Sections 391 to 394 of the Companies Act, 1956 (hereinafter referred to as the "Scheme"), approved by the Board of Directors of JSW Steel and JSW Ispat on 1<sup>st</sup> September, 2012 through separate resolutions.
2. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as the "Combination Regulations"), vide letter dated 5<sup>th</sup> October, 2012, JSW Steel and JSW Ispat were required to remove defect(s) and provide certain information/document(s) which was provided by them on 15<sup>th</sup> October, 2012.
3. JSW Steel, a listed company incorporated under the Companies Act, 1956, is stated to be an integrated steel manufacturer which manufactures a wide range of steel products including hot rolled coils, sheets and plates, cold rolled coils and sheets, coated steel products, bars, rods and alloy steel products. It has manufacturing facilities in Vijayanagar (Karnataka), Vasind & Tarapur (Maharashtra) and Salem (Tamil Nadu). In addition to its manufacturing facilities in India, JSW Steel is stated to have mining operations and steel production facilities in various parts of the world.
4. JSW Ispat, a listed company incorporated under the Companies Act, 1956, is also stated to be an integrated steelmaker which manufactures various kinds of steel products such as hot rolled coil, sheets and plates, and coated steel products. JSW Ispat has an integrated steel plant located at Dolvi (Maharashtra) and a downstream unit at Kalmeshwar (Maharashtra). As per the information provided in the notice, JSW Steel acquired a



controlling stake in JSW Ispat in January 2011 and holds 46.75 per cent equity stake in JSW Ispat as on 30<sup>th</sup> June, 2012.

5. JSW Building Systems Limited (hereinafter referred to as “JSW Building”), a company incorporated under the Companies Act, 1956, is a wholly owned subsidiary of JSW Steel. Maharashtra Sponge Iron Limited (hereinafter referred to as “Maharashtra Sponge”), a company incorporated under the Companies Act, 1956, is a wholly owned subsidiary of JSW Building.
6. As stated in the notice, the proposed combination relates to the amalgamation of JSW Ispat into JSW Steel pursuant to the Scheme which involves the following steps:
  - i. Transfer of the ‘Kalmeshwar’ undertaking of JSW Ispat to Maharashtra Sponge (“Step 1”);
  - ii. Transfer of the ‘Vasind’ and ‘Tarapur’ undertakings of JSW Steel to Maharashtra Sponge (“Step 2”);
  - iii. Amalgamation of JSW Building into JSW Steel and the consequential cancellation of the shareholding of JSW Steel in JSW Building (“Step 3”); and
  - iv. Amalgamation of JSW Ispat (as remaining after the transfer of the ‘Kalmeshwar’ undertakings of JSW Ispat) with JSW Steel, pursuant to which, the shareholders of JSW Ispat (except JSW Steel) will be entitled to shares of JSW Steel in accordance with the share exchange ratio as provided in the Scheme and the shareholding of JSW Steel in JSW Ispat would stand cancelled (“Step 4”).
7. In this regard, the Commission, in its earlier orders passed under sub-section (1) of Section 31 of the Act, has already noted that transactions in a series or the transactions which are inter-related or inter-dependent which constitute a composite whole, ought to be filed as a composite scheme of combination, notwithstanding the fact that some of these transactions on a standalone basis may not ordinarily be required to be filed under Regulation 4 of the Combination Regulation. The proposed combination falls under Section 5(c) of the Act.
8. It has been stated in the notice that JSW Steel is the single largest shareholder of JSW Ispat holding a controlling stake of 46.75 per cent of its equity share capital and the management and control of JSW Ispat vests in JSW Steel.



9. From the information given in the notice and other documents placed on record, it is observed that the management and control of JSW Ispat already vests in JSW Steel and therefore, control over the activities carried out by JSW Ispat, before and after the proposed combination, would remain with JSW Steel. Further, considering the presence of large integrated as well as non-integrated domestic steel producers, absence of major trade barriers for import of steel products and plans of further capacity expansion by most of the steel producers in India, the proposed combination is not likely to give rise to any adverse competition concern in India.
10. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the proposed combination, the Commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, the Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.
11. This approval is without prejudice to any other legal/statutory obligations as applicable.
12. This order shall stand revoked if, at any time, the information provided by the parties, who have given the notice, is found to be incorrect.
13. The Secretary is directed to communicate to the parties who have given the notice accordingly.



Certified True Copy

*[Handwritten Signature]*  
29/4/12

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Office Manager  
Competition Commission of India  
New Delhi