

COMPETITION COMMISSION OF INDIA

15th January, 2013

Combination Registration No.: C-2012/12/101

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

1. On 20th December, 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**”) given by SunCoke Europe Holding B.V. (hereinafter referred to as “**SunCoke**”) and VISA Coke Limited (hereinafter referred to as “**VISA Coke**”).
2. The said notice was filed pursuant to execution of a Shareholder’s Agreement (hereinafter referred to as the “**SHA**”) and Share Purchase and Subscription Agreement (hereinafter referred to as the “**SPSA**”) on 20th November, 2012 between SunCoke, VISA Coke, VISA Steel Limited (hereinafter referred to as “**VISA Steel**”) and Kalinganagar Metcoke Private Limited (hereinafter referred to as “**KMPL**”) (hereinafter SunCoke, VISA Coke, VISA Steel and KMPL are collectively referred to as the “**parties to the combination**”). In the notice, the following two transactions have been collectively referred to as the proposed combination:-
 - a.) VISA Steel and VISA Coke entered into an Agreement for Sale of Business on 20th November, 2012 (hereinafter referred to as the “**Agreement for Sale**”), whereby VISA Steel shall transfer its business of manufacturing and sale of metallurgical coke and the associated steam generation units located at Kalinganagar Industrial Complex, Odisha (hereinafter referred to as the “**Coke Business**”) to VISA Coke.
 - b.) Post transfer of the Coke Business by VISA Steel to VISA Coke and pursuant to the SPSA, SunCoke will subscribe to 25 per cent of the equity share capital of VISA Coke and also acquire 24 per cent of the equity share capital of VISA Coke from VISA Steel to hold 49 per cent of the equity share capital of VISA Coke. VISA Steel, through its wholly owned subsidiary KMPL, will hold the balance 51 per cent of the equity share capital of VISA Coke.
3. As stated above, prior to the acquisition of the equity share capital of VISA Coke by SunCoke, the Coke Business would be transferred by VISA Steel to VISA Coke, therefore, for the purpose of Section 5 of the Act, the value of the assets and turnover of VISA Steel would be attributed to the value of assets and turnover of VISA Coke in terms of sub-

regulation (9) of Regulation 5 of Combination Regulations. Accordingly, the proposed combination falls under Section 5(a) of the Act.

4. As per the information given in the notice, SunCoke, which was incorporated in the year 2010 under the laws of Netherlands, is engaged in the business of incorporating, participating in, cooperating with, managing and rendering services to other companies and enterprises and performing related activities. SunCoke is stated to be a wholly owned subsidiary of SunCoke Energy, Inc (hereinafter referred to as “**SunCoke Energy**”), a company incorporated in Delaware, USA which is stated to be one of the largest independent producers of high-quality coke in the Americas.
5. VISA Steel, a listed company incorporated under the provisions of the Companies Act, 1956, is an integrated steel manufacturing company with manufacturing facilities at Kalinganagar & Golagaon in Odisha and at Raigarh in Chattisgarh. It has been stated in the notice that VISA Steel is engaged in the production and sale of low ash metallurgical coke, hot metal/pig iron, sponge iron, ferro chrome and special steel billets/blooms, bars & wire rods. It also produces power for its captive use and the surplus power generated at the captive power plant is sold by VISA Steel to GRIDCO Limited, a Government of Odisha undertaking. As part of the Coke Business, VISA Steel operates a 400,000 t.p.a coke oven plant and the same is proposed to be transferred by VISA Steel to VISA Coke through the Agreement for Sale.
6. KMPL, a company incorporated under the provisions of the Companies Act, 1956 is a wholly-owned subsidiary of VISA Steel and as per the information given in the notice, it is presently not engaged in any business activity. As stated above, post combination, KMPL will hold 51 per cent equity share capital of VISA Coke.
7. VISA Coke, a company incorporated under the provisions of the Companies Act, 1956, is a wholly-owned subsidiary of VISA Steel. As per the information given in the notice, VISA Coke has been incorporated to carry on the business of manufacture & sale of coke and pursuant to the Agreement for Sale, the Coke Business of VISA Steel will stand transferred to VISA Coke. As per the information given in the notice, the SHA confers certain rights to SunCoke which would enable it to exercise joint control over the management and affairs of VISA Coke along with VISA Steel. Accordingly the assessment of the proposed combination, which concerns manufacturing and sale of metallurgical coke in India, will focus on the horizontal overlap as well as the vertical relationship that could arise between the parties to the combination subsequent to the proposed combination.
8. It is stated in the notice that SunCoke Energy group has no existing direct or indirect presence in India. There is, therefore, no horizontal overlap between the activities of SunCoke (or SunCoke Energy) and VISA Steel in the domestic market in India. Further, the

market share of VISA Steel in the domestic market of metallurgical coke in India is also not significant enough to raise any competition concern.

9. It is observed from the details given in the notice that VISA Steel will source steam for its captive power plants and its entire requirement of coke from VISA Coke. However, considering the size of the business of VISA Steel as compared to the total size of the coke sector in India, this vertical relationship between VISA Steel and VISA Coke would also not raise any competitive concern in the coke market 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 the 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 SunCoke and VISA Coke is found to be incorrect.
13. The Secretary is directed to communicate to SunCoke and VISA Coke accordingly.