



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2017/04/503)

8th June, 2017

Notice under Section 6 (2) of the Competition Act, 2002 jointly given by Sumitomo Corporation, Mukand Limited, and Mukand Alloy Steels Private Limited.

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. S.L. Bunker
Member

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U.C. Nahta
Member

Mr. G.P. Mittal
Member

Legal Representative: Argus Partners

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

1. On 28th April, 2017, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice jointly given by Sumitomo Corporation (“**Sumitomo**”), Mukand Limited (“**Mukand**”) and Mukand Alloy Steels Private Limited (“**JV Company**”/ “**MASPL**”), pursuant to a Share Subscription and Shareholders Agreement (“**Agreement**”) dated 30th March, 2017, entered among Mukand, Sumitomo and JV Company. (Hereinafter Sumitomo, Mukand and JV Company are collectively referred to as “**Parties**”).



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2. The proposed combination has been filed under sub-section (2) of Section 6 read with sub-section (a) of Section 5 the Competition Act (“Act”).
3. The proposed combination relates to formation of a joint venture in MASPL, which will be under the joint control of Mukand and Sumitomo. The JV Company will be engaged in the business of manufacture and sale of steel products such as hot rolled wire, rods and bars.
4. The proposed combination involves acquisition of 49 per cent stake in the JV Company by Sumitomo in following steps:
 - (a) Transfer of alloy steel rolling and finishing business on a slump sale basis as a going concern by Mukand to Mukand Vijaynagar Steel Limited (“MVSL”), a wholly owned subsidiary of Mukand.
 - (b) Amalgamation of MVSL with the JV Company.
 - (c) Acquisition of 49 per cent stake by Sumitomo in JV Company.
5. Sumitomo, a company organised and existing under the laws of Japan, is a full service trading company, engaged *inter-alia*, in the import and export of variety of products and services. It exports steel products such as hot rolled steel round bars for bearing use and cold drawn wires for cold heading use to India.
6. Mukand, a public company listed on Bombay Stock Exchange (“BSE”), is *inter-alia*, engaged in business of manufacture and sale of products relating to steel such as stainless steel, alloy steel, and stainless steel billets, industrial machinery and road construction.
7. JV Company, a private company incorporated in India, is a wholly owned subsidiary of Mukand. It will be primarily engaged in the business of manufacture and sale of steel products such as hot rolled bars and wire rods.
8. Both Sumitomo and Mukand are engaged in the business of hot rolled wire, cold drawn wire and bars in India. The above stated products are generally categorised as long steel products. With respect to above products, the Commission observed that presence of Sumitomo and Mukand is insignificant to raise any competition concern.



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Further, there are other major steel producers such as SAIL, TSL, RINL, Essar, JSWL and JSPL which are active in production of long steel products in India.

9. With regard to vertical relationships, the Commission observed that there are certain existing and potential vertical relationships for supply of raw materials between the Mukand and its Joint Ventures. However, these vertical relationships are insignificant to raise any competition concern.
10. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment of the proposed combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.
11. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
12. The information provided by the parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
13. The Secretary is directed to communicate to the parties accordingly.