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**COMPETITION COMMISSION OF INDIA**  
**(Combination Registration No. C-2019/09/684)**

**18.11.2019**

**Notice u/s 6 (2) of the Competition Act, 2002 given by Laptev Finance Private Limited**

**CORAM:**

Mr. Ashok Kumar Gupta

Chairperson

Ms. Sangeeta Verma

Member

Mr. Bhagwant Singh Bishnoi

Member

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

1. On 09.09.2019, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”) filed by Laptev Finance Private Limited (“**Laptev**” / “**Acquirer**”) relating to acquisition of Plates & Coils Mill Division (“**PCMD**”/ “**Target Business**”) of Welspun Corp Limited (“**Welspun**”), as a going concern on a slump sale basis (“**Proposed Combination**”). The notice has been filed pursuant to Business Transfer Agreement (“**BTA**”) entered between Welspun and Laptev on 31.03.2019.
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 (“**Combination Regulations**”), *vide* letter dated 20.09.2019, Laptev was required to provide certain information(s)/clarification(s) *inter alia*, relating to products, overlaps; response to the same was received on 18.10.2019, after seeking extension of time. Further, during the course of review of



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the Proposed Combination by the Commission, the Acquirer submitted certain information(s)/clarification(s) *vide* submissions on 04.11.2019 and 08.11.2019.

3. Laptev, a company incorporated in India, is a part of the JSW Group. As submitted, it was incorporated as a trading company to carry on the business of buying, selling, reselling, exporting, importing and trading all kinds of steel goods, and is acting as a special purpose vehicle for the purposes of the Proposed Combination.
4. JSW Steel Limited (“**JSW**”) a company incorporated in India belongs to the JSW Group. It is stated that JSW is primarily engaged in the manufacture and sale of a diverse range of iron and steel products in India.
5. Welspun, a company incorporated in India belongs to Welspun Group. It is stated that Welspun is *inter alia*, engaged in the manufacture of welded tubes and/or pipes of all sizes of steel, including stainless steel, carbon steel, alloy steel by resistance welding, spiral welding, or longitudinal welding. It also operates the Target Business which produces hot rolled (**HR**) coils, sheets, plates.
6. The Commission in its decisional practice in cases relating to steel sector has noted that there are various stages in the production process of steel products starting from production/sourcing of inputs to production/sourcing of iron and semis and subsequent production of finished steel products. The inputs include iron ore, coal, coke, power etc. The production of iron includes production of iron pellets, pig iron, sponge iron and production of semis include production of solid steel products such as slabs, billets and blooms. The finished steel products are manufactured in different rolling mills and classified broadly as flat and long steel products. The flat steel products are manufactured from slabs while long steel products are manufactured from billets and blooms. Flat steel products can be further segregated on the basis of the manufacturing stage of their production process as the finished product may be sold at each of these stages or be utilized for further processing in the next stage.



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7. Accordingly, the Commission has previously segregated flat steel products as: (i) Hot rolled coils and sheets and plates (“**HR-CSPs**”); (ii) cold rolled coils and sheets (“**CRCSs**”); (iii) surface coated products (“**SCPs**”) (further segregated into galvanized products (“**GPs**”) and colour coated products (“**CCPs**”); and (iv) tubes and pipes (“**T&Ps**”) (further segregated on various criteria such as: (i) seamless or welded; (ii) small, medium or large diameter pipes etc.). Long products are further segregated into various products segments such as bars and rods, TMT rebars etc.
8. The Commission has previously noted that technical characteristics, intended use, price levels, etc. for each of the aforesaid product segments/sub-segments differ from each other and that each of these product segments may constitute separate relevant product market. The relevant geographic market has previously been considered to be the entire territory of India. However, the exact definition of relevant product or geographic market has been left open in all the cases as the transactions were not giving rise to competition concern irrespective of the manner in which the market is defined. The same approach has been followed in the assessment of the Proposed Combination.
9. In accordance with the aforesaid segmentation, the activities of the parties overlap in respect of sale of certain steel products in India viz., (i) Hot rolled coils and sheets (**HR-CS**); (ii) Hot rolled Plates (**HR-P**); (iii) in the sub-segmentation (on the basis of thickness) of HR-P i.e. 0-5 mm, 5-25 mm and above 25mm.
10. It is noted that the combined market shares of the parties is less than 35% and the incremental market share is 0-5% in all the segments/sub-segments identified above in terms of gross production and domestic sales. Considering the overall presence of the parties and the increment market shares resulting from the Proposed Combination, it appears that the same is not likely to cause any appreciable adverse effect on competition (“**AAEC**”). Further, the combined entity will continue to be constrained by other players in steel sector such as Tata Steel Limited, SAIL and Essar.
11. With regard to vertical relationships, considering the incremental market share and limited presence of Target Business in India, it appears that the Proposed Combination is not likely to raise any competition foreclosure concern in India.



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12. Considering the facts on record and the details provided in the notice given under Section 6(2) of the Act and assessment of the Proposed Combination on the basis of factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India in any of the relevant market(s) and therefore, the Commission hereby approves the same under Section 31(1) of the Act.
13. This order shall stand revoked if, at any time, the information provided by the Acquirers is found to be incorrect.
14. The information provided by the Acquirers is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the Acquirer accordingly.