



03.06.2019

Notice u/s 6 (2) of the Competition Act, 2002 jointly filed by CVI CVF IV Master Fund II LP, CVI AA Master Fund II LP, CVI AV Master Fund II LP, CVIC Master Fund LP, Carval GCF Master Fund II LP, CarVal GCF Lux Securities S. à r. l., CVI AA Lux Securities S. à r. l., CVI AV Lux Securities S. à r. l., CVI CVF IV Lux Securities S. à r. l., CVIC Lux Securities Trading S. à r. l and Nithia Capital Resources Advisors LLP.

CORAM:

Mr. Ashok Kumar Gupta

Chairperson

Mr. U. C. Nahta

Member

Ms. Sangeeta Verma

Member

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

1. On 22.04.2019¹, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”) filed by CVI CVF IV Master Fund II LP, CVI AA Master Fund II LP, CVI AV Master Fund II LP, CVIC Master Fund LP, Carval GCF Master Fund II LP, CarVal GCF Lux Securities S. à r. l., CVI AA Lux Securities S. à r. l., CVI AV Lux Securities S. à r. l., CVI CVF IV Lux Securities S. à r. l., CVIC Lux Securities Trading S. à r. l (collectively referred to as “**Carval Funds**”) and Nithia Capital Resources Advisors LLP (including Mr. Jai Saraf) (“**Nithia**”) (Carval Funds and Nithia are collectively referred to as “**Acquirers**”²), in relation to acquisition of up to 100% of the total issued and paid up share capital of each of Uttam Galva Metallics Limited (“**UGML**”) and Uttam Value Steel Limited (“**UVSL**”)

¹ E-filing on the Commission’s website by the Acquirers on 19.04.2019.

² While filing the notice, Acquirers submitted an undertaking under the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, to provide certain information/document(s) by 30.04.2019. The said information/ documents were filed by Acquirers on 30.04.2019.



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(UGML and UVSL are collectively referred to as “**Targets**”) by participating in the Corporate Insolvency Resolution Process (**CIRP**) under the Insolvency and Bankruptcy Code, 2016 (“**IBC**”) (“**Proposed Combination**”).

2. The Targets are presently undergoing two separate insolvency resolution proceedings initiated under the IBC and the notice has been filed pursuant to a resolution plan(s) submitted by Acquirers on 19.04.2019. It is stated in the notice that on account of the indispensable and highly integrated steel manufacturing operations of UGML and UVSL, the Acquirers propose to acquire both Targets together, and not on a stand-alone basis. To this extent, the acquisition of UGML is a precedent to the acquisition of UVSL.
3. Subsequently, the Acquirer, *vide*, application(s) dated 24.04.2019 and 27.05.2019 filed under Regulation 16 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), informed certain changes/provided information, *inter alia*, relating to changes in resolution plan, financial information of Acquirers. The Commission considered the same and decided to take the same on record.
4. During the course of review of the Proposed Combination by the Commission, certain information(s)/ clarification(s), *inter alia*, relating to control, overlaps were sought; response to the same was provided *vide* emails on 06.05.2019, 10.05.2019 and 20.05.2019.
5. Carval Funds are global investment funds managed by CarVal Investors, LLC (“**Carval**”), a global investment fund manager based in USA. It is stated that the Carval Funds and their related entities invest in distressed securities globally including India and have investments in sectors such as power, steel, mining, transportation, and infrastructure businesses. It is also stated that Carval Funds and their related entities are not engaged directly or indirectly in the manufacture and sale of steel products in India.
6. Nithia, an entity based in UK, founded by Dr. Johannes Sittard and Mr. Jai Saraj, is engaged in providing advisory services *inter alia*, in relation to distressed companies globally. It is stated that at present, neither Nithia nor any of its affiliates have made investments in any entity in India and are not engaged in any business in India.



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7. UGML, a public company incorporated in India, is engaged in the business of manufacture of hot metal/pig iron. It is currently a major supplier of hot metal to UVSL.
8. UVSL, a public company incorporated in India, is engaged in the business of manufacture and sale of finished flat carbon steel products and has a total installed capacity of 1 MTPA for products such as (i) hot rolled coils, sheets and plates (**HR-CSP**); (ii) cold rolled coils and sheets (**CR-CS**); and (iii) galvanised steel products (**GPs**).
9. It is noted that the Proposed Combination relates to steel sector in India. In this regard, it is submitted by the Acquirers that Carval Funds do not have any investments in any entity in the steel sector, apart from their holding 0.7% in Tata Steel BSL Ltd, as a result of conversion of their debt investment. However, it is stated that 0.7% shareholding does not confer any right to Carval Funds and their related entities over and above those rights conferred upon ordinary shareholders. As regards Nithia's presence in India, as stated earlier, at present, neither Nithia nor any of its affiliates have made investments in any entity in India and are not engaged in any business in India.
10. In view of foregoing, it appears that the Proposed Combination is not likely to result in a change in competition dynamics in any market in India and is thus not likely to result in an appreciable adverse effect on competition in any of the markets in India.
11. 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.
12. This order shall stand revoked if, at any time, the information provided by the Acquirers are found to be incorrect.
13. The information provided by the Acquirers is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.



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14. The Secretary is directed to communicate to the Acquirers accordingly.