

**Summary under Regulation 13(1B) of the Competition Commission of India
(Procedure in regard to the transaction of business relating to
combinations) Regulations, 2011**

Short Summary

A. Name of the parties to the combination

- a. Gerdau S. A. ("**Gerdau**");
- b. Sumitomo Corporation ("**SC**"); and
- c. The Japan Steel Works, Ltd. ("**JSW**").

B. The type of the combination

The Proposed Transaction between the parties is to establish a joint venture in the following manner:

- a. First, Gerdau shall set up the joint venture company ("**JVC**") in Brazil as a special purpose company (a Societads Anonima or S.A.). The JVC will be engaged in the business of manufacturing and sales of rolling mill rolls ("**RMRs**"), and main shaft and rings for bearings, both for wind turbines;
- b. Secondly, Gerdau will transfer to the JVC, its existing forged and cast RMR business. In addition to Gerdau's contribution, each party shall subscribe to shares of the JVC in the agreed shareholding such that the JVC will be part of the Gerdau group post completion, and provide their expertise in running the business and general management of the JVC.

C. The area of activity of the parties to the combination

- a. Gerdau is mainly involved in production and commercialization of steel products in general, through its mills located in Brazil, Argentina, Canada, Chile, Colombia, Spain, the United States, Guatemala, India, Mexico, Peru, the Dominican Republic, Uruguay and Venezuela. In India, Gerdau operates through Gerdau Steel India Ltd. which is engaged in the business of manufacturing steel for automotive, defense, railways and related industries and has a steel plant in Andhra Pradesh.
- b. SC is a Japanese full-service trading company doing business on a global level. Apart from purchasing and selling of goods or providing agency services, it is also active in financing; planning, coordination and operation of urban and industrial infrastructure projects; consulting in areas such as system integration and technology development; and transportation and logistics. SC has a subsidiary in India called “Sumitomo Corporation India Private Limited” which is engaged in sales of a variety of products and services within and outside India and domestic and international business investment.
- c. JSW is an integrated producer of steel materials and machinery for a variety of industries such as electric power, steel, shipbuilding, petrochemicals, automobiles, electric machinery and information equipment. JSW has a subsidiary in India called “Japan Steel Works India Private Limited” with its main business including varied sales and supply support.

D. The relevant market(s) to which the combination relates

- a. The relevant product market for the JVC is (a) RMRs, (b) main shaft for wind turbines and (c) rings for bearings for wind turbines.
- b. The relevant geographic markets should be global in general. However, the parties to the combination shall focus on operating mainly in Brazil with limited scope of non Brazil countries. None of the parties have a significant market share in India. Therefore, the proposed combination will not give rise to any adverse effect on competition to the geographic areas of India.