



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2013/11/140)

31.12.2013

Notice u/s 6 (2) of the Competition Act, 2002 given by:

- Uttam Galva Steels Limited
- Shree Uttam Steel and Power Limited

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

1. On 27th November 2013, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) of the proposed combination between Uttam Galva Steels Limited (hereinafter referred to as “**UGSL**”) and Shree Uttam Steel and Power Limited (hereinafter referred to as “**SUSPL**”) (hereinafter, UGSL and SUSPL shall collectively be referred to as “**parties to the combination**”).
2. The proposed combination relates to amalgamation of SUSPL with UGSL, pursuant to a scheme of amalgamation under Sections 391 to 394 and other applicable provisions of the Companies Act, 1956, approved by the Board of Directors of each of the parties to the combination, through separate resolutions passed on 21st October, 2013. The parties to the combination have also submitted an application for condonation of delay, along with the notice, as the notice was given to the Commission beyond the time period mentioned in sub-section (2) of Section 6 of the Act. The Commission considered the said belated notice along with the application for condonation of delay and *inter-alia* admitted the belated filing in terms of Regulation 7 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”), on 05th December, 2013. It was also decided by the Commission that the period of thirty days and two



hundred and ten days as mentioned in sub-regulation (1) of Regulation 19 of the Combination Regulations and sub-section (2A) of Section 6 of the Act respectively, shall be computed from the day on which the belated notice was admitted by the Commission. The Commission further decided to initiate separate proceedings under Regulation 48 of the Competition Commission of India (General) Regulations, 2009 (hereinafter referred to as the “**General Regulations**”), regarding imposition of penalty under Section 43A of the Act, as the notice was not given within the time mentioned in sub-section (2) Section 6 of the Act.

3. In terms of Regulation 14 of Combination Regulations, vide letter dated 11th December 2013, the parties to the combination were required to remove certain defects and provide information/document (s) latest by 18th December 2013. The response from the parties to the combination was received on 23rd December 2013, after extension of time sought by them to file the response.
4. The proposed combination falls under Section 5(c) of the Act.
5. UGSL is a listed company incorporated under the provisions of the Companies Act, 1956. It has been stated in the notice that the Miglani family members are co-promoters of UGSL with 31.82 per cent equity share capital and the other co-promoter is ArcelorMittal Netherland B.V. which holds 29.05 per cent equity share capital of UGSL. UGSL is stated to be primarily engaged in the manufacture of intermediate steel products viz. cold rolled steel, galvanised steel and other value added steel products, etc.
6. SUSPL is stated to be an unlisted company, incorporated in the year 2006, under the provisions of the Companies Act, 1956. As per the information given in the notice, the Miglani family along with two associate companies of UGSL, holds 96.98 per cent equity share capital



of SUSPL. SUSPL is stated to be engaged in the trading of steel and is in the process of setting up an Integrated Steel Plant (ISP). However, as stated in the notice, SUSPL has not started any manufacturing operations. During the year 2011-12 and 2012-13, the turnover of SUSPL was only ₹ 4 crore and NIL respectively, suggesting that it has not been engaged in any significant business activity in the previous year.

7. It is observed that there is no horizontal overlap between the products of UGSL and SUSPL. Further, there are also various integrated steel companies as well as intermediate steel producers who are engaged in the business of products which are similar to those being produced by UGSL, and as per the information provided in the notice and publicly available documents, the market share of UGSL, in the cold rolled steel and galvanized steel products is insignificant to raise any competition concern.
8. As regards the vertical relationship between the parties to the combination, SUSPL has not started manufacturing or undertaken any trading activities in the year 2012-13, and once the manufacturing facilities of SUSPL are established, it would become a backward integration for UGSL. However, considering the fact that the market shares of UGSL are insignificant and the proposed integrated steel plant is yet to start operations, the resulting backward integration is not likely to result in any adverse effect on the competition in the market.
9. 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 after considering the relevant factors mentioned in sub-section (4) of Section 20 of the Act, 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



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Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.

10. This approval is without prejudice to any other legal/statutory obligations as applicable.
11. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.
12. The Secretary is directed to communicate to UGSL and SUSPL accordingly.

Sd/-
(Ashok Chawla)
Chairperson

Sd/-
(Anurag Goel)
Member

Sd/-
(M.L. Tayal)
Member

Sd/-
(S.N. Dhingra)
Member

Sd/-
(S.L. Bunker)
Member