



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2014/08/204)

23.9.2014

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

- JSW Steel Limited

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

1. On 20th August 2014, the Competition Commission of India (hereinafter referred to as the '**Commission**') received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 ('**Act**') by JSW Steel Limited ('**JSW Steel**' or **Acquirer**).
2. The proposed combination relates to acquisition of Welspun Maxsteel Limited ('**Welspun Max**') by JSW Steel. As stated in the notice, as part of the proposed combination, JSW Steel will acquire the entire shareholding of Welspun Max from Welspun Enterprises Limited ('**Welspun Enterprises**'), including the equity shares held through its affiliates. The notice has been filed pursuant to the Share Purchase Agreement between JSW Steel, Welspun Max and Welspun Enterprises on 18th August, 2014.
3. JSW Steel, incorporated in 1994, is primarily engaged in the manufacturing of steel products in India. Welspun Max incorporated in 2008, is engaged in the manufacturing of sponge iron in India. Welspun Enterprises is the promoter of the Welspun Max and is primarily engaged in the trading of steel and cotton.
4. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 ("**Combination Regulations**"), vide letter dated 28th August, 2014, the Acquirer was required to remove certain defects and provide information/document(s) latest by 4th September, 2014. The Acquirer submitted the final reply vide letter dated 2nd September, 2014.



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5. As per the information given in the notice, JSW is primarily a manufacturer of steel products with facilities located *inter-alia* at Vijayanagar (Karnataka), Salem (Tamil Nadu) and Dolvi (Maharashtra). JSW also produces sponge iron which is mainly used for captive consumption in its abovesaid facility at Dolvi in Raigad district of Maharashtra. Amba River Coke Limited (**‘Amba River’**), a subsidiary of JSW Steel which has a coke oven and pellet plant is also located at Dolvi (Maharashtra).
6. Welspun Max is engaged in the manufacturing of sponge iron at its production facility also located in Raigad district of Maharashtra. As stated in the notice, the proposed acquisition will provide increased availability of raw material and complimentary infrastructure to augment the envisaged expansion of JSW’s facility located at Dolvi. Further, pursuant to the proposed combination, Welspun Max would also be able to obtain surplus pellets from Amba River for use as raw material for manufacture of sponge iron. As stated in the notice, this will lead to a reduction in cost of production for Welspun Max.
7. It is observed that there is a horizontal overlap between JSW Steel and Welspun Max in production of sponge iron. However, as already noted, JSW Steel produces sponge iron mostly for captive consumption. Further, as per the available information, sponge iron industry in India is characterized by the presence of large number of players such as Essar Steel Limited, Jindal Steel and Power Limited, Monnet Ispat & Energy Limited, BMM Ispat Limited, Tata Sponge Iron Ltd amongst others and the market share of Welspun Max in production of sponge iron is insignificant. Further, as stated in the notice, JSW Steel has purchased a limited quantity of sponge iron from Welspun Max mostly for captive consumption. However, the same constitutes an insignificant proportion of the overall purchase of sponge iron by JSW Steel, in India. In view of the foregoing, the proposed combination is not likely to raise any adverse competition concerns in India.



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8. Considering the facts on record and the 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 the 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.
9. This approval is without prejudice to any other legal/statutory obligations as applicable.
10. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
11. The Secretary is directed to communicate to the Acquirer accordingly.

(Ashok Chawla)
Chairperson

(M. L. Tayal)
Member

(S. L. Bunker)
Member

(Sudhir Mital)
Member



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(Augustine Peter)
Member

(U. C. Nahta)
Member