



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No.C-2021/05/835)

17<sup>th</sup> June 2021

**Notice under Section 6 (2) of the Competition Act, 2002 filed by Suryadev Alloys and Power Ltd**

**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 11.05.2021, the Competition Commission of India (**Commission**) received a notice under Section 6(2) of the Competition Act, 2002 (**Act**), given by Suryadev Alloys and Power Ltd. (**Suryadev/Acquirer**). The Notice is filed pursuant to a resolution plan filed by the Acquirer on 08.02.2021 in the Corporate Insolvency Resolution Proceedings (**CIRP**) initiated against Kamachi Industries Limited (**KIL/ Target**) under the Insolvency and Bankruptcy Code, 2016 (**IBC**) (hereinafter, Suryadev and KIL, will be referred to as "**Parties**").
2. It is stated in the notice that the proposed transaction contemplates the acquisition of majority shares in the Target, and thus, the acquisition of management and control of the Target (**Proposed Combination**).
3. 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**), the Commission *vide* its communication dated 27.05.2021 sought certain



information(s)/clarification(s); the response to the same was received on 02.06.2021. Additionally, certain information(s)/clarification(s) necessary in order to assess the Proposed Combination were sought from the Acquirer; responses to these were received on 03.06.2021, 04.06.2021, 07.06.2021, 08.06.2021 and 10.06.2021.

4. Suryadev, a private limited company incorporated in India, is engaged in the production and sale of steel billets and long steel products, *i.e.*, QST/TMT Bars. It is stated that the Acquirer also operates a coal-fired thermal power plant under the captive model, which caters to the requirement of steel production.
5. KIL, a public limited company incorporated in India, is engaged in the production and sale of sponge iron, steel billets and long steel products, *i.e.*, QST/TMT Bars. It is stated that the Target also operates a thermal power plant for captive and group captive consumption.
6. It is stated in the notice that the combination primarily relates to the steel sector in India. The Acquirer is a standalone steel manufacturer primarily producing steel products such as steel billets and TMT Bars, whereas the Target is primarily engaged in manufacturing sponge iron, steel billets and TMT bars. Thus, the activities of the Parties horizontally overlap in the manufacture and sale of the following steel products in India: (i) TMT Bars; (ii) Steel Billets.
7. Further, it is stated that both parties also generate electricity under the captive power generation model primarily to meet their own requirements and surplus electricity generated by the parties is transferred to the state grid run by the Tamil Nadu Electricity Board. The combined power generation capacity of the parties is 230 MW, and the total installed power generation capacity in the State of Tamil Nadu is ~31,000 MW. Further, the combined market share of the parties in terms of the combined power generation capacity is less than 1 per cent.
8. The Parties have submitted that the relevant markets for the purpose of competition assessment in relation to horizontal overlaps may be considered as (i) “*The market for manufacture and sale of TMT Bars in India*”; and (ii) “*The market for manufacture and sale of Steel Billets in India.*” (“**Relevant Markets**”).



9. It is submitted that the Target manufactures sponge iron. Sponge iron is used as input in the manufacture of steel billets and QST Bars. Therefore, there exists a potential vertical relationship between the activities of the Parties. The Parties have submitted that, in relation to this potential vertical relationship, the following relevant markets may be considered:
- i. At upstream level, the “*market for manufacture and sale of Sponge Iron (pig iron) in India*” (**Upstream Relevant Market**);
  - ii. At downstream level, the “*market for manufacture and sale of steel billets in India*”. (**Downstream Relevant Market**).
10. The Commission decided to leave the delineation of the relevant market open as it was observed that the Proposed Combination, for reasons detailed in the ensuing paragraph, is not likely to cause an appreciable adverse effect on competition in any of the possible alternative relevant markets that could be delineated.
11. Based on the submission of the Parties, it noted that the combined market share of the Parties in relation to horizontal overlaps in the Relevant Markets is less than 5 per cent in terms of (a) installed capacity, (b) domestic sales and (c) gross production. Further, incremental market share is insignificant for all parameters, and there are other players, such as JSW Steel, SAIL, Tata Steel and RINL, in the Relevant Markets who will continue to pose the competitive constraints to the Parties post the Proposed Combination.
12. With regard to the vertical relationship, it is noted from the submissions that the presence of Parties in any of the Upstream Relevant Market and Downstream Relevant Market is not significant enough to raise any competition foreclosure concern.
13. Considering the facts on record, including details provided in the Notice given under Section 6(2) of the Act and assessment of the Proposed Combination based on the 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 effects on competition in India in any of the relevant market(s).



Combination Registration No. C-2021/05/835



14. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
15. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
16. The Secretary is directed to communicate to the Acquirer, accordingly.