Notice u/s 6 (2) of the Competition Act, 2002 given by CSTT Co Holdings Pte. Limited.

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

1. On 7th January, 2015, the Commission received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“Act”) given by CSTT Co Holdings Pte. Limited (hereinafter referred to as “CSTT or Acquirer”), pursuant to an Umbrella Agreement dated 9th December, 2014, entered into between CSTT, Reliance Industries Limited (hereinafter referred to as “RIL”) and Georgia Gullini Fashions Private Limited (hereinafter referred to as “GGFPL”) (hereinafter CSTT, RIL and GGFPL are collectively referred to as the “Parties”).

2. As stated in the notice, the proposed combination entails (a) acquisition by CSTT of 49 percent shareholding in a textile company to be incorporated by RIL as its wholly owned subsidiary and which will house RIL’s textile business (hereinafter referred to as “Textile Company”), (b) licensing of the ‘Georgia Gullini’ trademark by GGFPL to the Textile Company, and (c) licensing of the ‘Vimal’ trademark by RIL to the Textile Company.

3. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “Combination Regulations”), vide letter dated 19th January, 2015, the Acquirer was required to remove defects and furnish certain information/document(s) by 27th January, 2015. The Acquirer filed its response on 27th January, 2015. Since, the response filed by the Acquirer was incomplete, another communication dated 4th February, 2015 under Regulation 14 of the
Combination Regulations was sent to the Acquirer. The Acquirer filed the response on 9th February, 2015.

4. RuYi is a Chinese enterprise primarily engaged in the manufacture and supply of various textile products. RuYi which has a global presence has a portfolio of brands under it. RuYi operates in India at the wholesale level of the textile value chain and supplies fabric (men’s suiting & trouser fabric and men’s cotton shirting) and readymade garments (trousers). RuYi operates in India under the ‘Georgia Guillini’ brand and is present in India through its three subsidiaries namely, GGFPL, Global Wool Alliance Private Limited, and LI Trading Private Limited.

5. CSTT, a company established under laws of Singapore, is a holding/investment company and is wholly owned by RuYi.

6. RIL, a listed company incorporated under the Companies Act, 1956 is a diversified company which is, inter-alia, engaged in the business of exploration and production of oil and gas, manufacturing petroleum products, polyester products, plastics, chemicals, synthetic textiles, fabrics, etc. It has been stated in the notice that the textile division of RIL sells its products under its flagship brand ‘Vimal’. The textile division of RIL is stated to manufacture yarn, fabric for men’s suiting, trousers and shirting, men’s readymade garments including shirts, trousers, t-shirts, suits & jackets and accessories, industrial clothing including automobile upholstery and sarees.

7. The proposed combination relates to the textile industry in India. As per the National Household Survey, 2013 – ‘Market for Textile & Clothing’, published by the Ministry of Textile, Government of India (“National Survey”), the Indian textile industry is reported to be valued at US$ 121.37 billion for the year 2012. The Indian textile industry which comprises the organized sector, the unorganized sector, weavers/artisans and farmers is fragmented and is characterized by a large number of players.
8. It is noted that RIL and RuYi have an overlap in men’s shirting, suiting & trouser fabric and in the men’s readymade trouser segments of the textile industry. It is observed that in all these segments, the share of both RuYi and RIL is insignificant and numbers of other players are present. As regards the vertical relationship between RIL and RuYi, it is observed that the same is insignificant and unlikely to give rise to competition concerns.

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 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.

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 Acquirer is found to be incorrect.

12. The Secretary is directed to communicate to the Acquirer accordingly.