



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2018/06/580)

10th August, 2018

Notice under Section 6 (2) of the Competition Act, 2002 filed by Adani Wilmar Limited.

CORAM:

Mr. Sudhir Mital
Chairperson

Mr. Augustine Peter
Member

Mr. U.C. Nahta
Member

Legal Representative: Chambers of Raja & Kashyap

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

1. On 27th June, 2018, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice filed by Adani Wilmar Limited (“**AWL**”/ “**Acquirer**”) in relation to acquisition of ~99 percent of shareholding of Ruchi Soya Industries Limited (“**Ruchi Soya**”/“**Target**”) by AWL.
2. The notice has been filed pursuant to Resolution Plan dated 2nd May, 2018, submitted by AWL in relation to Ruchi Soya, which is presently undergoing corporate insolvency resolution process initiated under the Insolvency and Bankruptcy Code, 2016 (“**IBC 2016**”), under sub-section (2) of Section 6 read with sub-section (a) of Section 5 of the Competition Act, 2002 (“**Act**”). Hereinafter, AWL and Ruchi Soya are collectively referred to as “**Parties**”.
3. The proposed combination was first notified on 9th May 2018 (Comb. Regn. No. C-2018/05/566). In the Notice, the Acquirer identified overlaps in four segments but subsequently, submitted information in relation to some additional overlaps, in response to letter issued under Regulation 14 of Competition Commission of India



(Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”). Further, the Acquirer vide application dated 07th June, 2018 and 11th June, 2018, under Regulation 16(1) of Combination Regulations, provided information in relation to additional overlaps. Since complete information was not found to have been furnished in the Notice, the Commission invalidated the same and the Acquirer was required to file afresh notice with complete information.

4. The Acquirer vide its submission on 29th June, 2018, submitted revised information relating to market share of competitors. Further, in terms of Regulation 14 of Combination Regulations, certain information(s)/ clarification(s) *inter alia*, relating to market shares, competitors and regional players were sought from the Acquirer vide the Commission’s letter dated 12th July, 2018; response to the same was submitted by the Acquirer on 24th July, 2018 after seeking extension of time. As the response submitted by the Acquirer was found to be incomplete, the Acquirer was directed to submit complete information(s)/clarification(s) as sought by said letter; which was submitted on 30th July, 2018. The Acquirer, also provided certain information(s)/ clarification(s) *inter alia*, relating to imports, and sale to institutional buyers, relevant for assessment, on 07th August, 2018.

PARTIES TO THE COMBINATION

AWL

5. AWL, a public company incorporated in India, is a joint venture between Adani Enterprises Limited (“**AEL**”) and Wilmar International Limited (“**WIL**”). It is primarily engaged in manufacture and sale of edible oils (including Vanaspati), soya food products, soybean meals, mustard meal and specialty fats. It is also engaged in the sale of basmati rice, pulses, soya food products, besan, oleo chemicals, castor oil and castor DOC. AWL sell its products under brands such as - Fortune, King's, Bullet, Raag, Avsar. Pilaf, Jubilee, A-Kote, Fryola and Alpha.
6. AEL, a public company incorporated in India, has operations in sectors such as coal mining and trading, logistics (ports and logistics, shipping and rail), power generation and transmission, renewable energy, agri products and infrastructure. WIL, an entity



based in Singapore, is *inter alia*, active in sectors such as palm oil cultivation, oilseed crushing, edible oils refining, sugar milling and refining.

7. AEL through its subsidiary, Adani Green Energy Limited (“AGEL”) and AGEL's wholly-owned subsidiary Adani Wind Energy (Gujarat) Pvt. Ltd. (“AWEGPL”), is engaged in the business of generation and transmission of wind power.

Ruchi Soya

8. Ruchi Soya, a public listed company incorporated in India, is *inter alia*, engage in the business of manufacture and sale of edible oils (including Vansapati), soya food, and bakery fats under the brands such as Nutrela, Mahakosh, Sunrich, Ruchi Gold and Ruchi No.1. It is also engaged in wind power generation with a total capacity of 85.2 MW.

Relevant Market and Overlaps

9. The Commission noted that the proposed combination primarily relates to manufacture and sale of edible oils, which are vital for the daily human diet and constitute an important source of energy. Edible Oils is an essential commodity under the Essential Commodities Act, 1955 (“ECA”). Food Safety and Standards Authority of India (“FSSAI”) specifies standards for manufacture of vegetable oils and fats.
10. In this regard, it is stated by the Acquirer that Indian edible oils market is highly fragmented and characterised by presence of a number of organized as well as local and unorganized players attributable to low entry barriers such as low capital and low technological requirements. It is also stated that there are more than 1,300 constant brands and 1,826 active brands in the edible oil. Further, it is submitted by the Acquirer that more than 65% of India’s edible oil consumption is met through import.
11. Apart from edible oil, soya foods, soybean meal, bakery fats, oleo chemicals and mustard meal are essentially by-products from the edible oils' manufacturing process.
12. The Commission noted that activities of AWL and Ruchi Soya overlap in the following broad segments/markets in India:(i) the market for sale of edible oils (including Vansapati) (“**Edible Oils Market**”); (ii) the market for sale of soya foods (“**Soya Foods Market**”); (iii) the market for sale of soybean meal; (iv) the market for



sale of bakery fats; (v) the market for sale of mustard meal; (vi) the market for sale of oleo chemicals; (vii) the market for sale of castor oil; (viii) the market for sale of castor DOC; and (ix) the market for wind power generation.

13. Further, the Commission observed that the above broader segments may also be sub-segmented e.g within broader market segments of edible oil, the Commission observed that there is limited degree of substitutability between different types of oils considering differences in terms of composition, nutritional and taste profiles, and price between the different vegetable oils. In this regard, it is stated by the Acquirer that Parties have overlap in the following sub-segments: (i) Edible oils: sunflower oil, soyabean oil, mustard oil, palm oil, cotton seed oil, rice bran oil and Vanaspati, (ii) market for soya foods: soya chunks/ nuggets, lecithin and other soya products, and (iii) market for Oleo chemicals: Glycerine, soap noodles, and fatty acids.

14. It is submitted by the Acquirer that there are no existing or potential vertical relationships between the operational activities of the Parties. However, it is stated that Wilmar Trading Pte. Ltd (a subsidiary of WIL) and Targets have vertical relationship in the market for (i) crude palm oil, (ii) oleo chemicals and (iii) palm fatty acid distillate. In this regard, the Commission noted that the size of transaction between WIL and Target, is insignificant to raise any competition concern.

15. The Commission decided to leave the delineation of the relevant market open as it was observed that the proposed combination, for the reasons detailed in 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

COMPETITION ASSESSMENT

16. The Commission, with respect to overall edible oil including its by-products considered the combined market share of the Parties in overall broader segments as well as any of the sub-segments along with other factors such as fragmented nature, presence of a number of organized as well as local and unorganized players, low entry barriers such as low capital and low technological requirements, reliance on imports, entry of new players like Patanjali and observed that there will not be any competition concern as a result of the proposed combination.



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17. With regard to the Wind Power Generation Market, it is noted that the market share of the Parties is 0-5 percent, and there are other players in the market such as ReNew Power Ventures (5-10 percent), Greenko Energies (0-5 percent), Mytrah Energy (0-5 percent), Tata Power Renewable Energy Limited (0-5 percent), CLP India Private Limited (0-5 percent), who will pose competitive constraints to the Parties.
18. Considering the facts on record, 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 proposed combination is not likely to have an appreciable adverse effect on competition in India.
19. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
20. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
21. The Secretary is directed to communicate to the Acquirer accordingly.