COMPETITION COMMISSION OF INDIA

16th February, 2012

Combination Registration No.: C-2012/01/19

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

1. On 9th January, 2012, 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 (hereinafter referred to as the “Act”), of the proposed combination between Saint-Gobain Produits pour la Construction S.A.S. (hereinafter referred to as “SGPPC”) and Shri Ram Electro Cast Limited (hereinafter referred to as “SREL”), which is a subsidiary of Electrotherm India Limited (hereinafter referred to as “EIL”).

2. The notice under sub-section (2) of Section 6 of the Act was filed by SGPPC pursuant to a Share Sale and Purchase and Share Subscription Agreement (hereinafter referred to as “SPSA”) executed between SGPPC, EIL, SREL and Shree Hans Paper Limited (hereinafter referred to as “SHPL”), which is also a subsidiary of EIL, on 14th December 2011 vide which SGPPC would acquire 95 per cent of the equity share capital of SREL from EIL and 5 per cent of the equity share capital of SREL from SHPL.

3. In terms of sub-regulation (4) of Regulation 5 and sub-regulation (2) Regulation 19 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, on 24th January 2012, SGPPC was required to furnish additional information/document(s) by 21st February, 2012. The said additional information/document(s) were furnished by SGPPC on 8th February, 2012.

4. It has been stated in the notice that the ductile iron pipe manufacturing business of EIL which is situated in Kutch will be transferred into SREL before SGPPC acquires shares of SREL in terms of the SPSA dated 14th December, 2011. In view of the composite nature of transactions involved in the proposed acquisition which include transfer of EIL’s ductile iron pipe manufacturing business into SREL before SGPPC acquires shares of SREL in terms of the SPSA dated 14th December, 2011, for the purpose of Section 5 of the Act, the value of assets and turnover of EIL has also been attributed to the value of assets and turnover of SREL. The proposed combination falls under Section 5(a) of the Act.
5. SGPPC is a company incorporated in France and is a part of the global group Saint-Gobain of which the ultimate holding company is Compagnie de Saint-Gobain also incorporated in France. It has been stated in the notice that the Saint-Gobain is a global conglomerate, with a presence across the world and is engaged in the habitat, construction markets, designing, manufacturing and distributing building materials. Further, Saint-Gobain has a presence in four broad business sectors namely innovative materials, construction products, building distribution and packaging. SGPPC is engaged in construction products sector and is active in the business of manufacturing of ductile iron pipes (hereinafter referred to as “DI pipes”) and cast iron pipes outside India. Pipe activity includes manufacture of cast iron wastewater and rainwater drainage systems for buildings, DI pipe system, fittings and accessories and DI manhole covers. The commercial applications of these products include drinking water system, irrigation system, sewage system etc.

6. EIL is a company incorporated under the provisions of the Companies Act, 1956 and is listed on Bombay Stock Exchange and National Stock Exchange. Currently, EIL has four business verticals namely engineering and projects, steel and pipes, electric vehicles, and renewables including the DI pipes business. SREL, a company incorporated under the provisions of the Companies Act, 1956, is located in Bellary, Karnataka and is engaged in the business of manufacture and sale of pig iron.

7. It is observed from the notice and other document(s) on record that EIL has presence in the business of manufacture and sale of DI pipes, in India. Further, SGPPC, the entities directly or indirectly controlled by SGPPC and other companies belonging to the Saint-Gobain have no presence in the business of production, supply, distribution, storage, sale, service or trade in pipes used in the transportation of water and sewage including the DI pipes, in India. Further, though EIL and SREL have presence in business of pig iron in India, SGPPC also does not have presence in the pig iron business in India.

8. Based on the facts on record and the details provided in the notice filed under sub-section (2) of Section 6, it is observed that SGPPC, the entities directly or indirectly controlled by SGPPC, other companies belonging to Saint-Gobain and the SREL are not engaged in similar business activities in India. In view of the foregoing, the proposed acquisition of the shares of SREL by SGPPC is not likely to create any adverse competition concern.
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, 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 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 SGPPC is found to be incorrect.

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

Certified True Copy

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Deputy Director (Law)
Competition Commission of India
Government of India
New Delhi