

COMPETITION COMMISSION OF INDIA

18th September, 2012

Combination Registration No. C-2012/08/77

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

1. On 30th August, 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 “**Act**”) of the proposed combination between Elecon Engineering Company Limited (hereinafter referred to as “**EECL**”), Prayas Engineering Limited (hereinafter referred to as “**PEL**”), EMTICI Engineering Limited (hereinafter referred to as “**EMTICI**”), and Elecon EPC Projects Limited (hereinafter referred to as “**EPL**”) (EECL, PEL, EMTICI and EPL be hereinafter collectively referred to as the “**parties to the combination**”).
2. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”), vide letter dated 4th September, 2012, the parties to the combination were required to remove defects and furnish certain information/documents in relation to the notice. The parties to the combination filed their reply to the said letter on 12th September, 2012.
3. The proposed combination relates to a scheme of arrangement under sections 391 to 394 of the Companies Act, 1956 which envisages the following:
 - (i) Transfer of the Power Transmission Equipment (“**PTE**”) business of PEL and EMTICI into EECL;
 - (ii) Transfer of the Material Handling Equipment (“**MHE**”) business of PEL and EMTICI into EPL; and
 - (iii) Transfer of the MHE business from EECL to EPL.
4. The proposed combination is covered under Section 5(c) of the Act. The notice was given pursuant to the approval of the said scheme of arrangement by the Board of Directors of each of the parties to the combination, by passing separate resolutions on 31st July, 2012.
5. EECL is a public listed company incorporated under the provisions of the Companies Act, 1956 and is engaged in the business of PTE and MHE. The PTE business relates to manufacturing of different types of industrial gears that caters to the needs of coal handling plants, cement factories, sugar and steel plants, etc. The MHE business relates to



manufacturing of bulk material handling equipment and executing turnkey projects primarily in steel, power, cement and mining industries. Besides the above, EECL also has presence in the wind power generation business.

6. PEL is a company incorporated under the provisions of the Companies Act, 1956 and is engaged in the business of manufacturing components for PTE and MHE. The PTE business includes manufacturing of steel and non-ferrous castings and machining of gear components. The MHE business comprises manufacturing and fabrication of MHE products like idlers, pulleys, metal detectors, weigh feeders, etc.
7. EMTICI is a company incorporated under the provisions of the Companies Act, 1956 and is engaged in the business of sales, service and marketing of MHE, PTE and other products manufactured by the companies belonging to Elecon group. Besides the above, EMTICI is also engaged in the trading of petroleum products and running a hotel/resort.
8. EPL is a company incorporated under the provisions of the Companies Act, 1956 and is a wholly owned subsidiary of EECL. EPL is proposed to be engaged in the MHE business of the Elecon Group pursuant to the implementation of the proposed combination. At the time of filing the notice under sub-section (2) of section 6 of the Act, the name of EPL was stated as Aakaash Projects Limited which was subsequently stated to be changed to EPL with effect from 5th September, 2012.
9. It has been stated in the notice that the proposed combination is a restructuring within the same group i.e. Elecon group. As per the details provided by the parties to the combination, Shri. Prayasvin B. Patel ultimately holds majority of the shares in each of the parties to the combination, either directly or indirectly. As per the details given in the notice, the proposed combination is intended to streamline and consolidate the MHE and PTE business of the Elecon group into EPL and EECL respectively.
10. As the ultimate control over the activities carried on by the parties to the combination, before and after the proposed combination, remains with the same person(s), the proposed combination is not likely to give rise to any adverse competition concern in India.
11. 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 after duly considering the relevant factors mentioned 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 proposed combination under sub-section (1) of Section 31 of the Act.
12. This approval is without prejudice to any other legal/statutory obligations as applicable.



13. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.
14. The Secretary is directed to communicate to the parties to the proposed combination accordingly.



Certified True Copy

[Handwritten Signature]
21/9/12

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Competition Commission of India
New Delhi