

COMPETITION COMMISSION OF INDIA

3rd January, 2013

Combination Registration No.: C-2012/12/99

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

1. On 7th December, 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 a proposed combination from Future Ventures India Limited (hereinafter referred to as “**FVIL**”), Indus-League Clothing Limited (hereinafter referred to as “**ILCL**”), Lee Cooper (India) Limited (hereinafter referred to as “**LEE**”), Pantaloon Retail (India) Limited (hereinafter referred to as “**PRIL**”) and Future Lifestyle Fashions Limited (hereinafter referred to as “**FLFL**”), {hereinafter collectively referred to as the “**parties**”} pursuant to a Composite Scheme of Arrangement and Amalgamation under Sections 391-394 read with Sections 78 and 100-103 of the Companies Act, 1956 (hereinafter referred to as the “**Scheme**”), which was approved by the Board of Directors of FVIL, ILCL, LEE, PRIL and FLFL, through separate Board Resolutions, each dated 9th November, 2012.
2. In terms of Regulation 14 of the Combination Regulations, on 12th December, 2012, the parties were required to remove defects and furnish certain information which was finally furnished by them on 20th December, 2012.
3. FVIL is a listed public limited company, incorporated under the provisions of the Companies Act, 1956. As per the information given in the notice, the promoters and the promoter group hold 37.32 per cent of the shareholding of FVIL as on 30th September, 2012, of which PRIL holds 9.52 per cent. FVIL is engaged in the business of creating, building, investing or acquiring and operating innovative and emerging business(es) in consumption led sectors.
4. ILCL is a public company, incorporated under the provisions of the Companies Act, 1956. FVIL holds 95.29 per cent of the shareholding of ILCL and 4.69 per cent is held by Bennett Coleman & Co. Limited; however, as stated in the notice, the latter does not controls or exercise any rights with regard to the affairs and management of ILCL. ILCL is engaged in the business of branded apparel and accessories with

brands such as Indigo Nation, Scullers, Jealous, Urbana, Urban Yoga, Daniel Hechter, John Miller etc.

5. LEE is an unlisted company, incorporated under the provisions of the Companies Act, 1956 and is a wholly owned subsidiary of ILCL. LEE is primarily engaged in the business of branded apparel and accessories and has exclusive license to manufacture and market “Lee Cooper” products in India including denims, trousers, jackets, shirts etc.
6. PRIL is a listed public company, incorporated under the provisions of the Companies Act, 1956. As per the information given in the notice, the promoters and the promoter group of PRIL hold 43.66 per cent of the shareholding of PRIL as on 30th September, 2012. PRIL is a diversified retail player and is present in the businesses of retailing fashion & lifestyle, financial services and other businesses. PRIL operates in the retail business through its outlets under the name(s) of Pantaloons, Big Bazaar, Home Town, Food Bazaar, Central, Brand Factory, eZone etc.
7. FLFL, a wholly owned subsidiary of PRIL, is a company incorporated under the provisions of the Companies Act, 1956. As stated in the notice, FLFL is currently not engaged in any business but proposes to engage, inter-alia, in the fashion business.
8. As per the details provided in the notice and the Scheme, the proposed combination comprises of the following series of transactions :-
 - a) **Transfer of ILCL’s fashion business:** As a result of the proposed transaction, ILCL’s entire fashion business and related activities, including ILCL’s investments in LEE would, pursuant to the Scheme, be transferred to and amalgamated with FVIL. Consequently, 100 per cent of ILCL’s shareholding in LEE will also be vested in FVIL.
 - b) **Merger of LEE with FVIL:** As already stated, after the transfer and vesting of ILCL’s entire fashion business and related activities with FVIL, the entire business of LEE would, pursuant to the Scheme, be merged with FVIL, making LEE a wholly owned subsidiary of FVIL.
 - c) **Transfer of PRIL’s fashion business into FVIL:** As a result of the proposed transaction, PRIL’s entire fashion business and related activities, including the format stores of Central, Brand Factory, Planet Sports and aLL would, pursuant to the Scheme, be transferred to and amalgamated with FLFL.
 - d) **Transfer of FVIL’s fashion business into FLFL:** After the transfer and vesting of ILCL’s entire fashion business and related activities with FVIL, the merger of LEE with FVIL and the transfer of PRIL’s fashion business into FVIL, the entire

fashion business and related activities including FVIL's investments in Indus-League Clothing Limited, BIBA Apparels Private Limited, AND, Designs India Limited, HOLII Accessories Private Limited, Indus Tree Crafts Private Limited and Clarks Future Footwear Limited, would pursuant to the provisions of the Scheme, be transferred to and amalgamated with FLFL.

9. The proposed combination falls under Section 5(c) of the Act.
10. It has been stated in the notice that the proposed combination is an intra-group arrangement and all the parties involved in the proposed combination ultimately belong to the Kishore Biyani controlled Future Group and therefore the proposed combination would not result in any change in the ultimate control of any of the parties. It has also been stated in the notice that, inter-alia, the rationale of the proposed intra-group arrangement is to remove the multiple structures, reduce administrative cost and achieve operational and managerial efficiency.
11. It is observed that the proposed combination involving the series of transactions pursuant to the Scheme as mentioned above, is planned to be carried out with an ultimate objective whereby the fashion business of FVIL, ILCL, LEE, and PRIL, all of which belong to the Future Group, is proposed to be integrated into a single entity FLFL, which also belongs to the Future Group. Further, as already observed, the proposed combination is a measure of internal re-structuring of the Future Group companies and there would be no change in the ultimate control over any of the parties pursuant to the implementation of the proposed combination. The proposed combination, therefore, is not likely to result in any adverse competition concern in India.
12. 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.
13. This approval is without prejudice to any other legal/statutory obligations as applicable.
14. This order shall stand revoked if, at any time, the information provided by the parties who have given the notice is found to be incorrect.

15. The Secretary is directed to communicate to the parties accordingly.