

## COMPETITION COMMISSION OF INDIA

4<sup>th</sup> April, 2013

Combination Registration No.: C-2013/03/115

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

1. On 19<sup>th</sup> March, 2013, 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**”) given by Herba Foods, S.L.U. (hereinafter referred to as “**Herba**” or the “**Acquirer**”).
2. The said notice was filed pursuant to the execution of a Share Purchase Agreement on 12<sup>th</sup> March, 2013 (hereinafter referred to as “**SPA**”) between Olam Agro India Limited (hereinafter referred to as “**Olam India**”), Herba and Taraori Rice Mills Private Limited (hereinafter referred to as “**Taraori Mills**”).
3. Herba, a company incorporated under the laws of Spain, is a wholly-owned subsidiary of Ebro Foods S.A., Spain (“**Ebro**”). It has been stated in the notice that Ebro, through its various subsidiaries (“**Ebro Group**”), operates in different business segments including the rice business. The Acquirer is the holding company that controls and manages the subsidiaries in Ebro Group which are in the rice business. Further, Herba imports rice from India and is present, in India, through its wholly-owned subsidiary i.e. Herba Rice India Private Limited, which coordinates the purchase of rice from suppliers/exporters in India for the Ebro Group companies in USA and Europe.
4. Taraori Mills is a company incorporated in March, 2013 under the provisions of the Companies Act, 1956. Both Olam India and Hemarus Industries Limited, a wholly owned subsidiary of Olam India, each hold 50 per cent equity share capital of Taraori Mills. Olam India, a company incorporated under the provisions of the Companies Act, 1956, is engaged in the business of trading and processing of various agricultural commodities including rice.

5. As per the details disclosed in the notice and other documents on record, the proposed combination is to take place through a series of inter-connected and inter-dependent steps that involve transfer of Olam India's rice processing plant situated at Taraori in the district of Karnal in Haryana, along with assets and certain trademarks, (hereinafter referred to as "**Rice Plant**") to Taraori Mills by Olam India, pursuant to an Asset Purchase Agreement between Olam India and Taraori Mills on 12<sup>th</sup> March, 2013 and subsequently upon such transfer, acquisition of 100 per cent equity share capital of Taraori Mills by Herba in terms of the SPA. It is also stated in the notice that the Rice Plant is currently non-operational.
6. The proposed combination falls under Section 5(a) of the Act.
7. As per information provided in the notice, the Acquirer only imports milled rice from India and is not engaged in the processing of milled rice in India. It is also observed from the information given in the notice that the market share of Olam India in the market for milled rice in India, before the proposed transfer of its Rice Plant had been insignificant. It is also observed that post-combination, there could be a vertical relationship between Herba and Taraori Mills as and when the Rice Plant owned by Taraori Mills becomes operational. However, considering that the installed capacity of the Rice Plant is small and that the market share of Herba in the export of milled rice from India is insignificant, the said vertical relationship between Herba and Taraori pursuant to the proposed combination does not raise any adverse competition concerns.
8. 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 the Section 31 of the Act.

9. This approval is without prejudice to any other legal/statutory obligations as applicable.
10. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
11. The Secretary is directed to communicate to the Acquirer accordingly.