

COMPETITION COMMISSION OF INDIA

23rd April, 2013

Combination Registration No. C-2013/04/117

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

1. On 2nd April, 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 H.M. Luxembourg S.a.r.l (hereinafter referred to as “**HMLS**”). The notice was given to the Commission pursuant to the execution of a Master Agreement, by and among ConAgra Foods, Inc. (hereinafter referred to as “**ConAgra**”), Cargill, Incorporated (hereinafter referred to as “**Cargill**”), CHS Inc. (hereinafter referred to as “**CHS**”) and HMLS, on 4th March, 2013.
2. By way of the proposed combination, ConAgra, Cargill and CHS (hereinafter ConAgra, Cargill and CHS shall be collectively referred to as “**Parties**”) establish HMLS, as a joint venture, to combine their North American (Canada, USA and Puerto Rico) flour milling operations and other related business along with that of their respective subsidiaries. It has been stated in the notice that the proposed combination is to be accomplished through a series of internal corporate reorganisation(s) of the Parties and subsequent acquisition of their flour milling and other related assets by HMLS. The proposed combination falls under Section 5 of the Act.
3. HMLS, a company newly established in Luxembourg, is a joint venture between the Parties. As stated in the notice, HMLS would acquire the flour milling and other related assets of the Parties and be subsequently renamed as Ardent Mills S.a.r.l.
4. ConAgra, a Delaware corporation, is a food company offering consumer and commercial foods sold in grocery, convenience, mass merchandised and club stores. ConAgra is also stated to have presence in the supply of frozen and sweet potato products as well as other vegetable, spice and grain products. ConAgra operates in India through Agro Tech Foods Limited (hereinafter referred to as “**ATFL**”) in which it is stated to hold fifty one percent equity shares. ATFL offers various food and food ingredient products such as edible oils; peanut butter; popcorn; pudding; dried green peas; and ready to cook meals. These products are offered under different brand names including Sundrop, Crystal, ACT II and Healthy World.

5. Cargill, also a Delaware corporation, is an international producer and marketer of food, agricultural, financial and industrial products and services. As stated in the notice, the major business segments of Cargill include, agricultural services to crop and livestock producers; origination and processing of grains, oil seeds and agricultural commodities; food ingredients and applications services to food and beverage manufacturers; risk management and financial services; and industrial business segment providing salt and steel products. Cargill is stated to operate in India through its group companies in different businesses including edible oil and food ingredients; grain, oil seeds, sugar and cotton; animal nutrition; trade and structured finance; energy, transportation and metals; global trade solutions and asset management. Some of the consumer brands of Cargill in India include Sunflower Vanaspati, Sweekar, NatureFresh, Gemeni and Rath.
6. CHS, a Minnesota corporation, is stated to be a cooperative owned by farmers, ranchers and their member co-operatives across the USA. As stated in the notice, the operations of CHS are organised into five business segments viz. agronomy; energy; grain marketing; grain processing and food; and country operations. It has been stated in the notice that CHS does not have any assets in India.
7. As stated in the notice, Cargill and CHS have a joint venture viz. Horizon Milling, LLC that has operations in USA and Canada in flour milling and supply of flour and bakery mix products to retail and commercial bakeries, food manufacturers and retailers, government agencies and export market. Similarly, Cargill and CHS also have a partnership viz. Horizon Milling, G.P which is engaged in the supply of flour, oats and bakery products to foodservice and industrial customers in Canada. As per the details provided in the notice, the business of the said entities would inter-alia be transferred to HMLS pursuant to the proposed combination. It has been stated in the notice that these entities do not have any operations or turnover from India.
8. As already stated, the proposed combination relates to the formation of a joint venture between the Parties to consolidate their flour milling and other related business. It is observed that the proposed combination is limited to certain businesses and assets of the Parties in North America and do not involve the operations or assets of the Parties in India. In view of the foregoing, the proposed combination is not likely to give rise to any adverse effect on competition in India.
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 after 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.

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 parties to the combination is found to be incorrect.
12. The Secretary is directed to communicate to the HMLS accordingly.