



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2014/03/158)

08.05.2014

Notice under section 6(2) of the Competition Act, 2002 given by:

- Wilmar Sugar Holdings Pte. Ltd.;
- SRS Investments Pte. Ltd.; and
- Shree Renuka Sugars Limited

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

1. On 11th March, 2014, 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 Wilmar Sugar Holdings Pte. Ltd. (hereinafter referred to as the '**Wilmar**'), SRS Investments Pte. Ltd. (hereinafter referred to as '**SRSI**') and Shree Renuka Sugars Limited (hereinafter referred to as '**Renuka Sugars**') (Wilmar, SRSI and Renuka Sugars shall collectively be referred to as the '**Parties**').
2. The proposed combination relates to acquisition of shares in Renuka Sugars by Wilmar pursuant to a preferential allotment and a consequential open offer. The notice has been given to the Commission pursuant to the Preferential Allotment Agreement and the Joint Venture Agreement, both executed on 20th February 2014. It has been stated in the notice that the said agreements have triggered an open offer under the provisions of the Securities Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011 and Wilmar is required to make an open offer to the public shareholders of Renuka Sugars to acquire up to 26 percent of the shares in Renuka Sugars. In terms of the open offer, Wilmar and



SRSI will acquire the shares tendered in the open offer as agreed between them. The proposed combination falls under Section 5 (a) of the Act.

3. In terms of sub-regulation (4) of Regulations 5 and sub-regulation (2) of Regulation 19 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, vide letters dated 28th March 2014 and 17th April 2014, the Parties were required to furnish certain information. The Parties filed their replies to the said letters on 9th April 2014 and 6th May 2014 respectively.
4. Renuka Sugars, a company incorporated under the laws of India, is engaged in the business of refining of raw sugar; production of sugar and ethanol derived from sugarcane; sale, distribution, trading and/or branding of sugar and ethanol; and generation of electricity/power using the by-products of sugar (bagasse). It has been stated in the notice that Renuka Group companies own and operate eleven integrated sugar mills out of which seven are operated in India.
5. Wilmar, a company incorporated under the laws of Singapore, is part of the Wilmar International Limited Group which has interests in oil palm cultivation, oilseeds crushing, edible oils refining, sugar milling and refining, specialty fats, biodiesel, grains processing, etc. Wilmar is stated to be a holding company for Wilmar Group's global sugar business and holds interests and assets in sugar and ethanol globally including in Australia, New Zealand, Indonesia and Morocco.
6. SRSI, a company recently incorporated under the laws of Singapore, is in the business of the acquisition and investment in the securities of companies. SRSI is wholly owned by ARK Trust, settled by Mrs. Anuradha Ravindra, a part of the promoter group of Renuka Sugars.
7. The proposed combination concerns the business of sugar in India. India is one of the largest producers and consumers of sugar in the world. The sugar industry in India comprises of both the organised and the unorganised sectors. The sugar mills form part of the organised sector whereas the producers of traditional sweeteners like jaggery (*gur*) and *khandsari* mostly fall under the unorganised sector.



8. Sugar industry in India, including its production, supply, sale and sugarcane as input for production of sugar, is also regulated by the government. From time to time, the sugar industry in India has attracted intervention and support from the government to ensure regular supply of sugarcane to the sugar mills and a remunerative price to the sugarcane producing farmers. Both sugar and sugarcane were included as essential commodities under the Essential Commodities Act, 1955. Under the provisions of the Sugarcane (Control) Order, 1966, the Central Government also prescribes the minimum distance that is required between an existing sugar mill and any proposed new sugar mill. In 2013, the sector was partially decontrolled in respect of levy sugar, regulated release mechanism and quantitative restrictions on exports and imports of sugar.
9. As regards the proposed combination, it is observed that Wilmar has no presence in India in the business of refining of raw sugar, production of sugar and ethanol derived from sugarcane and generation of electricity/power from bagasse. Wilmar had relatively insignificant exports and imports of sugar from/to India during the preceding financial year. In view of the foregoing and considering the presence of a large number of organised and unorganised players in sugar industry in India, the proposed combination is not likely to give rise to any competition concern in India.
10. 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.
11. This approval is without prejudice to any other legal/statutory obligations as applicable.
12. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.



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13. The Secretary is directed to communicate to the Parties accordingly.

(Ashok Chawla)
Chairperson

(Anurag Goel)
Member

(M.L.Tayal)
Member

(Sudhir Mital)
Member

(Augustine Peter)
Member