



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2020/03/732)

30th April, 2020

Notice under Section 6 (2) of the Competition Act, 2002 filed by BP Global Investments Limited

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

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

1. On 6th March, 2020, Competition Commission of India (**‘Commission’**) received a notice under Section 6(2) of the Competition Act, 2002 (**‘Act’**), filed by BP Global Investments Limited (**‘BP Global’** / **‘Acquirer’**). The notice was filed pursuant to the execution of (i) Business Transfer Agreement (**‘BTA’**) between Reliance Industries Limited (**‘RIL’**) and Reliance BP Mobility Limited (**‘RBPML’**/ **‘Target’**) on 5th March, 2020 and (ii) Investment Agreement between RIL, Reliance Petroleum Retail Limited (**‘RPRL’**), BP Exploration (Alpha) Limited (**‘BP Alpha’**) dated 16th December, 2019¹. Hereinafter, BP Global and RBPML are together referred to as **“Parties”**.

¹ Investment Agreement dated 16th December, 2019, originally entered into between RIL, RPRL and BP Alpha was amended by the amendment and novation agreement dated 5th March, 2020 between RIL, RPRL, BP Alpha, RBPML and BP Global, by way of which BP Alpha and RPRL have transferred and novated their rights under the original investment agreement in favour of BP Global and RBPML respectively.



2. The proposed combination entails the following steps:
 - (i) *Step 1:* RIL and its group entities / affiliates will transfer the following businesses (**Target Business**) to RBPML:
 - a. Business of petroleum retail marketing and related activities in India;
 - b. Certain specified mobile aviation business assets located at certain airport locations, currently owned and used by RIL and intended to be transferred to facilitate RBPML's operation of RIL's aviation fuel business as a service provider.
 - (ii) *Step 2:* BP Global will acquire 49% of fully diluted paid-up equity share capital and voting rights in and of RBPML, by way of acquisition of existing equity shares from RIL and subscription to fresh equity shares of RBPML. As a result, RIL will hold the remaining 51% of the fully diluted paid up equity share capital of RBPML (**Proposed Combination**).
3. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of Business relating to Combinations) Regulations, 2011 (Combination Regulations), Commission *vide* its letter dated 1st April, 2020 sought certain information and clarifications *inter alia* regarding overlaps, agreements and market shares from the Acquirer. The complete response was filed by the Acquirer *vide* letter dated 24th April, 2020.
4. BP Global, incorporated in United Kingdom, is a private limited investment holding company and a wholly owned subsidiary of BP plc. It currently does not directly conduct any business operations in India or globally. In India, it is present through its wholly owned subsidiary, BP India Private Limited (**'BP India'**). BP India is engaged in the provision of business support services such as finance control, information technology and services, legal and human resources mainly to other entities in the BP Group².

² BP Group collectively refers to BP plc (which is the ultimate parent company of the Acquirer) and its subsidiaries and joint ventures



5. In India, BP Group is engaged in exploration, development and production of oil and gas; manufacture and supply of industrial and automotive lubricants; granting licenses and performing related services in petrochemicals; oil and product trading; supply of acetic acid and purified terephthalic acid; and management of government sponsored fund related to green projects. In India, BP Group is, *inter alia*, present through the following entities:
- BP Alpha, which is engaged in the business of exploration, development and production of oil and gas;
 - BP Singapore Pte Ltd. (**'BP Singapore'**), which is *inter alia* engaged in trading of crude oil and petroleum products such as motor spirit (**'MS'**), high speed diesel (**'HSD'**), liquefied petroleum gas (**'LPG'**) in India;
 - Castrol India Limited (**'Castrol India'**)³, which is *inter alia* engaged in manufacture and supply of automotive lubricants;
 - India Gas Solutions, a 50:50 joint venture between BP Group and RIL, for gas value chain.
6. RIL Group (directly or indirectly) is active, *inter alia*, in: (i) refining and marketing of petroleum products (including the Target Business); (ii) petrochemicals; (iii) exploration and production of oil and gas; (iv) retail; (v) telecommunication and digital services; and (vi) media and entertainment.
7. RBPML, incorporated in India, is a public limited company and a wholly owned subsidiary of RIL. It currently does not conduct any business in India or anywhere else in the world. Post the Proposed Combination, RBPML will be engaged in the Target Businesses mentioned in a foregoing paragraph.
8. In India, RIL Group is engaged in oil and gas sector, *inter alia*, through the following entities:
- RIL, which is *inter alia* engaged in exploration and production of oil and gas, refining of crude oil;

³ 51% owned by the BP Group, as per the Notice



- b) Reliance Petro Marketing Limited (**RPML**), which is engaged in the supply of automotive lubricants;
- c) India Gas Solutions (as mentioned above).
9. Based on the submissions, it is observed that there are no existing or potential horizontal overlaps between (i) Target and RIL Group and (ii) Target and BP Group. Presently, both BP Alpha and RIL hold marketing authorizations for conducting the marketing and retail as well as bulk sale of petroleum.
10. With regard to the vertical relationship(s), it is observed that the Target's business of retail sale of petroleum products through its outlets has the following existing / potential vertical overlaps with entities belonging to RIL Group and BP Group:
- a) Wholesale supply of MS (**Upstream market I**) and retail sale of MS through petroleum retail outlets (**Downstream market I**);
- b) Wholesale supply of HSD (**Upstream market II**) and retail sale of HSD through petroleum retail outlets (**Downstream market II**);
- c) Wholesale supply of Auto-LPG (**Upstream market III**) and retail sale supply of Auto-LPG through petroleum retail outlets (**Downstream market III**);
- d) Wholesale supply of automotive lubricants (**Upstream market IV**) and retail sale of automotive lubricants through petroleum retail outlets (**Downstream market IV**).
11. The Commission decided to leave the delineation of the relevant market open as it was observed that the Proposed Combination is not likely to cause an appreciable adverse effect on competition in any of the possible alternative relevant markets.
12. *Downstream Market of retail sale of product (Downstream Market I, II, III and IV):* It is submitted that presently retail sale of MS, HSD, Auto-LPG and automotive lubricants through petroleum retail outlets in India is undertaken by RIL and its group entities/affiliates. Post the Proposed Combination, it will be undertaken by RBPML. The current market share of RIL Group is 2.2% in terms of total number of outlets in India. The three public sector oil marketing companies ('OMCs') namely Indian Oil



Corporation Limited ('IOCL'), Hindustan Petroleum Corporation Limited ('HPCL'), Bharat Petroleum Corporation Limited ('BPCL') together comprise of about 90% of the market. Further, the market share of RIL in retail sale of MS and HSD is [0-5%] and for Auto-LPG is [5-10%].

13. *Upstream Market of wholesale supply of MS, HSD and Auto-LPG (Upstream Market I, II and III):* It is submitted that RIL is present / will be present in the upstream market for wholesale supply of MS, HSD, Auto-LPG and its market share is in the range of [0-5%] for MS and Auto-LPG and [5-10%] for HSD. Further, it is stated that BP Singapore is also engaged in trading of crude oil and petroleum products (such as MS, HSD, Auto-LPG) in India. However, it is submitted that sales of BP Singapore in India was less than 1% for each of the product i.e. MS, HSD and Auto-LPG.
14. *Upstream Market of supply of automotive lubricants (Upstream Market IV):* As per the submissions, both BP Group (through Castrol India) and RIL Group (through RPML) are present in the upstream market of wholesale supply of automotive lubricants in India. However, post the Proposed Combination, only Castrol's automotive lubricants will be exclusively sold at RBPML's petroleum retail outlets and Castrol India will continue to market / sell / supply its products to other wholesalers and retailers. On the other hand, RPML will not supply automotive lubricants to RBPML. The market share of Castrol India in this upstream market is [10-15%] in 2018.
15. As regards the business of supply of aviation fuel at airports in India, it has been submitted that RBPML will operate RIL's existing business of aviation fuel storage and into plane distribution facilities as a service provider for a fee. Accordingly, this business would continue to be owned by RIL, and RBPML would only operate this business as a service provider. Based on the submissions, it is also observed that RIL's presence in the concerned aviation market is insignificant and the three OMCs are present in the market with a combined market share of over 90%.



16. Based on the above, it appears that the Parties will not have any ability or incentive to foreclose competition in any market after the Proposed Combination and there is presence of OMCs in each segment/sub-segment.
17. Considering the material on record including the details provided in the Notice and the assessment of the Proposed Combination based on the factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act. Further, the Commission observed that non-compete clause is not ancillary to the combination.
18. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
19. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
20. The Secretary is directed to communicate to the Acquirer accordingly.