



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2014/07/192)

09.09. 2014

Notice u/s 6 (2) of the Competition Act, 2002 given by:

- Alpha TC Holdings Pte Limited; and
- Tata Capital Growth Fund I

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

1. On 18th July 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 Alpha TC Holdings Pte Limited (“**Alpha TC Holdings**”) and Tata Capital Growth Fund I (“**TCGF I**”) (hereinafter “**Alpha TC Holdings**” and “**TCGF I**” are collectively referred to as the “**Acquirers**”). The notice was given pursuant to the execution of an Investment Agreement dated 20th June 2014, entered into between Standard Greases & Specialties Private Limited (“**SGSPL**”), the promoters of SGSPL and the Acquirers (“**Investment Agreement**”).
2. The proposed combination involves acquisition of shares by the Acquirers, by way of subscription up to 17.36 percent of the post issue equity share capital of SGSPL on a fully diluted basis. As stated in the notice, Acquirers i.e., Alpha TC Holdings and TCGF I would each subscribe up to 8.68 percent of the post issue equity share capital of SGSPL.
3. Alpha TC Holdings is an investment holding company incorporated under the laws of Singapore. It is managed by Tata Capital Advisors Pte Ltd, which receives non-binding advisory services from Tata Capital Limited (“**Tata Capital**”). Alpha TC Holdings is fully held by Tata Capital General Partners LLP which holds the shares on behalf of Tata Capital Growth Fund LP (“**TCGFLP**”). TCGFLP is stated to be a Singapore based fund, in which the investors are foreign institutional investors, family offices and



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fund of funds from Japan, Malaysia, Spain and the U.K. TCGF I is a domestic venture capital fund registered with the Securities and Exchange Board of India and established as an irrevocable trust under the Indian Trusts Act, 1882. TCGF I is a subsidiary of Tata Capital. It has been stated in the notice that the Acquirers are engaged in the business of investment in companies across a broad spectrum of industries (“**Portfolio Companies**”).

4. SGSPL is a private limited company incorporated under the Companies Act, 1956. SGSPL is primarily engaged in the business of manufacturing and processing of greases and lubricating oils. SGSPL currently has five plants in operation, of which two are located in Tarapur, Maharashtra; two in Silvassa and one in Turbhe, Maharashtra. As stated in the notice, SGSPL does not directly sell greases and lubricating oils to the end-consumers. It is only engaged in the manufacturing/processing of such products for other parties who purchase them from SGSPL and sell onwards to the end-consumers under their own respective brands.
5. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”), vide letter dated 28th July 2014, the Acquirers were required to remove certain defects and provide information/document(s). The Acquirers filed their reply on 5th August, 2014. As the response filed by the Acquirers had certain defects, vide letter dated 7th August 2014, the Acquirers were again required to remove the defects. The Acquirers filed their response in this regard on 12th August 2014. Vide letter dated 20th August 2014, the Acquirers were again required to remove defects and provide complete information for which the Acquirers filed their response on 26th August 2014 and 27th August 2014 respectively.
6. The proposed combination falls under Section 5(a) of the Act.
7. It has been stated in the notice that the proposed combination involves acquisition of a minority stake in SGSPL by the Acquirers for purely investment purposes. Further, as



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stated by the Acquirers, in terms of the Investment Agreement, the rights conferred on the Acquirers are largely investor protection rights with no control being granted over the strategic commercial decisions of SGSPL. The Acquirers have further submitted that ordinarily such a combination would be exempt under Item 1 of Schedule I of the Combination Regulations.

8. In this regard, it is noted that Regulation 4 of the Combination Regulations states that since the categories of combinations mentioned in Schedule I are ordinarily not likely to cause appreciable adverse effect on competition in India, notice under sub-section (2) of Section 6 of the Act need not normally be filed. One such category (i.e. Item 1 of Schedule I of the Combination Regulations) pertains to an acquisition of shares or voting rights, referred to in sub-clause (i) or sub-clause (ii) of clause (a) of section 5 of the Act, solely as an investment or in the ordinary course of business in so far as the total shares or voting rights held by the acquirer directly or indirectly, does not entitle the acquirer to hold twenty five per cent (25%) or more of the total shares or voting rights of the company, of which shares or voting rights are being acquired, directly or indirectly or in accordance with the execution of any document including a share holders' agreement or articles of association, not leading to acquisition of control of the enterprise whose shares or voting rights are being acquired.

9. With respect to the submissions of the Acquirers, it is observed that the Investment Agreement reserves certain matters (“**Reserved Matters**”) in respect of which no action may be taken without the prior written consent of the Acquirers. The Reserved Matters *inter-alia* include, (i) appointment and removal of the Managing Director and the Chief Financial Officer of SGSPL; (ii) increasing or decreasing the number of Directors on the Board or any committees thereof other than as set out in the Investment Agreement; (iii) approving, adopting, amending or modifying the annual budget and business plan (including any capital expenditure budget, operating budget and financing plan); (iv) pay emoluments / bonuses to promoters or directors, except as agreed in their employment contracts; (v) any amendment to the memorandum of association or articles of association of SGSPL; etc. In addition, Investment Agreement also confer certain rights on the Acquirers which *inter alia* provides that (a) each



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Acquirer is entitled to appoint one director on the Board of Directors (“**Acquirer Directors**”); (b) TCGF I is entitled to appoint one Acquirer Director as the Chairman of the Audit, Remuneration and Recruitment Committees of the Board of Directors of SGSPL; (c) In the event any Reserved Matters is to be discussed at any Board Meeting, then the quorum for a Board Meeting shall require the presence of at least one of the Acquirer Directors. It is observed that the Reserved Matters for which consent of the Acquirers is required include strategic commercial decisions of SGSPL and the same, therefore, cannot be considered as mere minority protection rights, as also observed by the Commission in its earlier orders. In view of the foregoing, it is observed that the Investment Agreement envisages Acquirers’ joint control over SGSPL and therefore, the proposed combination does not fall under Item I of Schedule I to the Combination Regulations.

10. It is observed that while the Acquirers are engaged in investment activities, SGSPL is primarily engaged in the business of manufacturing and processing of greases and lubricating oils. It is also observed that none of the portfolio companies of the Acquirers is currently engaged in any activity relating to manufacturing of greases and lubricating oils in India. Further, as per the information provided in the notice, presently, there is no horizontal overlap or vertical relationship between the business activities of SGSPL and any enterprise of the Acquirers’ group.
11. 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 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 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.
12. This approval is without prejudice to any other legal/statutory obligations as applicable.



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13. This order shall stand revoked if, at any time, the information provided by the Acquirers is found to be incorrect.
14. The Secretary is directed to communicate to the Acquirers accordingly.