



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2020/11/786)

8th December 2020

Notice under Section 6(2) of the Competition Act, 2002 filed by Twin Star Technologies 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 9th November 2020, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), filed by Twin Star Technologies Limited (**Twin Star/ Acquirer**). The Notice is filed pursuant to Resolution Plan dated 7th November 2020 submitted by the Acquirer under the Corporate Insolvency Resolution Process (**CIRP**) of the Target Companies, defined hereinafter in paragraph 5, under the Insolvency and Bankruptcy Code, 2016 (**IBC**).
2. The Commission *vide* its letter dated 24th November 2020, issued under Regulation 14(3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**), required the Acquirer to remove defects in the Notice and furnish certain information relevant for the purpose of assessment of the proposed combination. In response, the Acquirer filed its submissions on 26th November 2020.
3. By way of the proposed transaction, the Acquirer is expected to hold approximately 90% shareholding of the Target Companies (**Proposed Combination**).
4. Volcan Investments Limited is the ultimate parent entity of the Acquirer Group. The Acquirer Group is engaged in businesses that can broadly be classified into: (i) mining



and processing of raw materials (such as aluminium, copper, iron ore, zinc, lead, silver, *etc.*) and steel; (ii) exploration and production of crude oil and natural gas; (iii) generation of power through wind and coal based thermal power generation plants; (iv) providing network solutions through various software solutions and manufacturing of optical fibre performs, fibre cables, *etc.*; and (v) providing power transmission infrastructure. Hereinafter, all entities directly or indirectly controlled by Volcan Investments Limited are collectively referred to as the **Acquirer Group**.

5. Target Companies, *viz.* (i) Videocon Industries Limited (**VIL**); (ii) Videocon Telecommunications Limited (**VTL**); (iii) Applicomp India Limited; (iv) CE India Limited; (v) Century Appliances Limited; (vi) Electroworld Digital Solutions Limited; (vii) Evans Fraser & Company (India) Limited; (viii) Millennium Appliances (India) Limited; (ix) PE Electronics Limited; (x) SKY Appliances Limited; (xi) Techno Kart India Limited; (xii) Techno Electronics Limited; and (xiii) Value Industries Limited belong to the Videocon group of companies. Currently, Target Companies are undergoing CIRP under the IBC. Most of the businesses of the Target Companies are non-functional, *i.e.* out of 13 Target Companies only 3 companies, *viz.* VIL, Value Industries Limited and Techno Electronics Limited continue to make retail sales of certain consumer durables. VIL has subsidiaries in Brazil and Indonesia. It has been submitted that these subsidiaries are outside the scope of the Proposed Combination.
6. It has been submitted that the acquiring vehicle is not yet finalised. Acquirer or any of its group companies including a special purpose vehicle set up by any of the entities forming part of the group may implement the Resolution Plan. As Twin Star has submitted the Resolution Plan, and is in the capacity of Resolution Application, it has considered itself as the Acquirer, for the purpose of the Notice. It has been further submitted that in case the acquiring entity changes from Twin Star, the Commission will be duly informed (**Intimation of Amendment**). Apropos, Regulation 17 of the Combination Regulations provides that proceeding under the Act relating to the combinations shall be terminated *inter alia* upon passing of an order by the Commission under Section 31 of the Act. In the instant matter, proceeding under the provision of the Act stands terminated upon passing of this order. Thus, the Intimation of Amendment, post termination of proceeding, will not be in conformity with the Regulation 17 of the Combination Regulations.



7. It has been further submitted that to ensure completeness of the competition analysis, overlap assessment has been done considering all the activities of the Acquirer Group and not just the Acquirer alone. In this regard, it is observed that if acquisition is actually done by any jointly controlled entity, overlap assessment with joint controller, not forming part of the acquirer group, also needs to be done. Therefore, identifying the overlaps with all the entities forming part of the acquirer group may not justify filing of the Notice by one entity while acquisition is actually undertaken by other group entity which is subject to joint control. Nonetheless, in terms of Section 6(2) of the Act read with Regulation 9(1) of the Combination Regulations, notice shall be given by the acquirer. Thus, giving of notice by one enterprise and actual acquisition by other is not envisaged under Section 6(2) of the Act read with 9(1) of the Combination Regulations. Considering above, the Commission limits this order to the acquisition of shareholding of the Target Companies by the Acquirer.
8. The Acquirer Group and Target Companies are active in Indian oil and gas sector. Presence of Target Companies in this sector in India is only through participating interest of VIL in Ravva Oil and Gas Field located at the Krishna-Godavari basin, Andhra Pradesh (**Ravva**). Acquirer Group also has participating interest in Ravva. Acquirer Group and Target Companies exhibit horizontal overlap through their activities in India in the segments of: (i) production and wholesale supply of crude oil; and (ii) production and wholesale supply of natural gas.
9. Exact delineation of the relevant markets is left open as these overlaps are not likely to raise any competition concerns. Both for production and wholesale supply of crude oil; and production and wholesale supply of natural gas the combined market shares of parties are [0-5] % and incremental market shares are also insignificant. Upon exclusion of imports, incremental market shares remain insignificant. Further, activities of parties relating to exploration, development and production of oil and gas in Ravva are governed by the Ravva Production Sharing Contract (**Ravva PSC**) entered *inter alia* with the Government of India. The Ravva PSC prescribes for: (a) the percentage of the total production of crude oil or natural gas which the parties are entitled to; (b) the price at which crude oil or natural gas can be sold; and (c) the customers to whom



the crude oil or natural gas may be sold. Considering the above, the Proposed Combination is not likely to raise any competition concern.

10. The Acquirer has also identified certain potential vertical relation between activities of Target Companies and the entities belonging to the Acquirer Group. However, the potential vertical relations are not such as to raise any competition concern.
11. 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.
12. This order shall stand revoked if, at any time, information provided by the Acquirer is found to be incorrect.
13. The information provided by the Acquirer is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
14. The Secretary is directed to communicate to the Acquirer, accordingly.