



सत्यमेव जयते



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2020/09/767)

18th September, 2020

Notice under Section 6 (2) of the Competition Act, 2002 filed by MCPI Private 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 1st September, 2020, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”), filed by MCPI Private Limited (“**MCPI / Acquirer**”). The notice was filed pursuant to the submission of the Resolution Plan by MCPI to the Resolution Professional on 28th August, 2020.
2. The Proposed Combination relates to the acquisition by MCPI through its wholly owned subsidiary, MCPI Polyester Private Limited (“**MCPI Polyester**”), of Garden Silk Mills Limited (“**GSML / Target**”), which is undergoing Corporate Insolvency



Resolution Process (“**CIRP**”) under the Insolvency and Bankruptcy Code, 2016 (“**IBC**”). [Hereinafter, MCPI and GSML are collectively referred to as “**Parties**”.]

3. The Acquirer *vide* its email dated 9th September, 2020 submitted additional information, *inter alia* on business verticals of TCG group, total purchase consideration and competitors.
4. MCPI is part of The Chatterjee Group (“**TCG**”) and is engaged in the business of manufacturing and supply of Purified Terephthalic Acid (“**PTA**”). It has two manufacturing plants located in West Bengal with total capacity of 1270 Kilo Tonnes / Annum (“**KTPA**”). MCPI has a wholly owned subsidiary, MCPI Polyester, which is newly incorporated and currently does not have any business operations in or outside India.
5. TCG group, stated to be founded by Dr. Purnendu Chatterjee in 1989, is a strategic investor with its headquarters in New York, USA. TCG holds investments in various sectors spanning several continents and industries. These include investments in sectors such as Petrochemicals, Biotech, Real Estate, Technology, Pharmaceuticals and Financial Services. TCG holds 99.4% shareholding in MCPI.
6. GSML is stated to be a part of the Praful Shah Group, which holds 57.63% shareholding in GSML. GSML is a manufacturer of polyester yarn and textile products, which falls in the category of man-made fibres. It has two manufacturing plants located in Gujarat with total production capacity of 596.2 KTPA for polyester.
7. GSML is vertically integrated and is engaged in the production and sales of (i) PET Chips (“**Polyethylene Terephthalate**”) and (ii) Polyester Yarn in India. It commercially supplies PET Chips as well as captively consumes the same for manufacturing different kinds of Polyester Filament Yarns (“**PFY**”).



8. It is submitted in the Notice that MCPI/TCG (including its group affiliates) and GSML are not directly / indirectly engaged in the manufacturing and/ or supply of similar / substitutable / identical products. Accordingly, products of Parties do not exhibit horizontal overlaps.
9. With regards to vertical relationships (actual or potential), it is submitted that MCPI is engaged in the manufacturing and sale of PTA in India (*upstream market*). GSML utilizes this PTA, which is used as a raw material to manufacture polyester (*downstream market*). Based on the presence of GSML, at a narrower level, the broad market for manufacturing and sale of PTA may be sub-segmented into manufacturing and sale of (a) PFY and (b) PET Chips.
10. Based on the submission of the Parties, it is observed that the market share of MCPI is between [15-20]% in the upstream market of manufacturing and sale of PTA, in terms of both installed capacity and actual production. The market share of GSML in the broad segment of polyester is between [5-10]% in terms of installed capacity (in KTPA) and between [0-5]% in terms of total production(in KTPA). The market share of GSML in each of the sub-segment is also in similar range.
11. In view of the above, the Parties may not have any ability or incentive to foreclose competition in any segment/sub-segment.
12. 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.
13. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.



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14. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the Acquirer accordingly.