



12.01.2015

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

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

1. On 28th October 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 (“Act”) filed by VISCAS Corporation (“VISCAS” or **Acquirer**”).
2. The said notice was given pursuant to the Share Subscription Agreement (“SSA”) executed between VISCAS and Sterlite Technologies Limited (“Sterlite”) on 29th September 2014. (*Hereinafter both VISCAS and Sterlite will be collectively referred to as ‘Parties’*).
3. As stated in the notice, the proposed combination envisages a series of inter-connected steps i.e. (a) Sterlite will incorporate a private limited company as its wholly-owned subsidiary (“Target”), (b) Sterlite will transfer its power cable manufacturing facility, located at Haridwar (“**Haridwar Facility**”), to the Target pursuant to a Business Purchase Agreement (“BPA”), to be executed between Sterlite and the Target and (c) thereafter, VISCAS would subscribe to 51 percent of the equity share capital of the Target on a fully diluted basis.
4. The proposed combination falls under section 5 (a) of the Act.
5. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), vide letter dated 3rd November, 2014, the Acquirer was required to remove defects and furnish certain information / document (s) by 10th November, 2014. The Acquirer filed its response on 11th November, 2014 after seeking extension. As the response was incomplete, another communication was issued to Acquirer on 13th November, 2014 to provide complete information



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by 18th November, 2014. The Acquirer submitted the response on 20th November, 2014 after seeking extension of time. On 27th November, 2014, the Acquirer was asked to provide certain additional information in terms of sub- regulation (4) of Regulations 5 and sub regulation (2) of Regulation 19 of the Combination Regulations and also remove defects in the earlier response, by 10th December 2014. The Acquirer submitted the response on 9th December, 2014. As the response was not complete, the Acquirer was issued another communication on 16th December, 2014 to remove the defects. The response to the same was given by the Acquirer on 22nd December 2014 after seeking extension of time.

6. VISCAS, incorporated in Japan, is a joint venture company of Furukawa Electric Co. Ltd. and Fujikura Ltd. It is *inter-alia* engaged in the business of manufacture and sale of High Voltage (“HV”)¹ and Extra High Voltage (“EHV”) power cables. In India, VISCAS is present through its indirect subsidiary namely, Viscas Engineering India Private Limited (“**Viscas India**”) which does not undertake any manufacturing activities and is stated to be engaged in providing services relating to the turnkey projects of high voltage cables, marine power cables etc.
7. Sterlite, a company incorporated under the Companies Act, 1956 and listed on the Bombay Stock Exchange and the National Stock Exchange, is *inter-alia* engaged in the business of developing and delivering products, solutions and infrastructure for telecom and power transmission networks. As stated in the notice, out of its various plants located in India, only the Haridwar Facility which is proposed to be transferred to the Target is capable of manufacturing power cables. At present the plant has the ability to manufacture power cables up to the voltage grade of 220 KV only. However, pursuant to the proposed combination, the Target will gain the necessary technical expertise to manufacture EHV power cables up to 400 KV, by virtue of the Know-how and Technical Assistance Agreement (“**KTA**”), to be entered into between the Target and VISCAS. Accordingly, post combination, the Target would be manufacturing power cables ranging between 6.6 KV to 400 KV in India.

¹The Acquirer has stated that HV power cables are typically in the voltage grade of 66 KV to 132 KV and EHV power cables are typically in the voltage grade of 220 KV to 400 KV.



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8. As per the information given in the notice and other documents on record, it is observed that during the past five years, the Acquirer had limited participation in the tenders for power cables floated by the customers of power cables, in India. In view of the insignificant presence of the Acquirer in any segment of power cables market in India, the exact definition of the relevant market is left open. Further, it is also observed that there are a large number of power cables manufacturers of various capacity ranges, in India. In view of the above, the proposed combination is not likely to change the competitive dynamics in any segment of power cables market, in India.
9. Considering the facts on record and the details provided in the notice given under sub-section (2) of section 6 of the Act and assessment of the proposed combination on the basis of factors stated 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 same under sub-section (1) of section 31 of the Act.
10. This approval is without prejudice to any other legal/statutory obligations as applicable.
11. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
12. The Secretary is directed to communicate to the Acquirer accordingly.