



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2015/10/323)



16.12.2015

Notice under Section 6 (2) of the Competition Act, 2002 (“Act”) given by Clariant India Limited.

CORAM:

Ashok Chawla
Chairperson

S. L. Bunker
Member

Sudhir Mital
Member

Augustine Peter
Member

U.C. Nahta
Member

M.S. Sahoo
Member

G.P. Mittal
Member

Legal Representative: Chandhiok & Associates

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

1. On 12.10.2015, Clariant India Limited (“**Acquirer**” or “**CIL**”) filed a notice under sub-section (2) of Section 6 of the Act in relation to the proposed acquisition of certain assets of Vivimed Labs Limited (“**Vivimed**” or “**Seller**”) pursuant to the execution of a binding term sheet entered into between CIL and Vivimed on 11.09.2015. It was followed by execution of a Business Transfer Agreement executed on 29.09.2015 between CIL and Vivimed (“**BTA**”). Hereinafter, CIL and Vivimed are collectively referred to as the “**Parties**”.



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2. As per the notice, the proposed combination relates to acquisition of Vivimed's specialty chemical business comprising of 55 specialty chemicals used as raw material in the manufacture of various personal care products ("**Target Business**") by CIL as a going concern and on a slump sale basis ("**Proposed Combination**").
3. The Proposed Combination falls under section 5(a) of the Act.
4. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 ('**Combination Regulations**') vide letter dated 05.11.2015, the Acquirer was required to remove certain defects and provide information/document(s) by 16.11.2015. The Acquirer submitted the response on 23.11.2015 after seeking an extension. Certain modifications in the said response were submitted vide submissions dated 24.11.2015 and 01.12.2015. Further, on 02.12.2015, the Acquirer made certain voluntary submissions.
5. CIL, an unlisted Indian public limited company, is a subsidiary of Clariant Produkte (Deutschland) GmbH and belongs to the Clariant group based in Switzerland. It is engaged, *inter alia*, in the manufacturing and trading of imported packaging material (medical specialty products) used by pharmaceutical and other industries and marketing and sales of certain specialty chemicals.
6. Vivimed is an Indian public listed company. It is listed on BSE Ltd. and National Stock Exchange of India Ltd. Vivimed manufactures, *inter alia*, active ingredients (specialty chemicals) which are utilized as raw material in the manufacture of various personal care products.
7. As per the information provided in the notice, specialty chemicals are defined as a group of relatively high value, low volume chemicals known for their end use applications or performance enhancing properties or both. They are used as a raw material for a specific application and cannot be substituted with another specialty chemical of a different application. The key specialty chemical segments in India are agrochemicals, paints coating and construction chemicals, colorants, API, personal care, flavors and fragrances etc.
8. It is submitted by the Acquirer that the market for specialty chemicals for personal care in India is very fragmented and competitive with numerous manufacturers of personal care ingredients in India. In this market small and medium scale domestic companies cumulatively account for more than 50 per cent of the market share.
9. It is submitted by the Acquirer that each of the 55 specialty chemicals (constituting the Target Business) has a different intended use. It has been further submitted that out of these 55 specialty chemicals, the Acquirer is active in the business of only two specialty chemicals, namely Octopirox and Allantoin. Accordingly, it is noted that the Parties



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have horizontal overlaps only in these two products. Octopirox is an active ingredient used in anti-dandruff shampoos and Allantoin is used as anti-irritant and moisturizing agent in foot creams and skin care lotions.

10. It is submitted by the Acquirer that CIL has revenue worth less than Rs. 1 crore from the sale of Octopirox as well as Allantoin in India, while Vivimed's sales of these products is entirely outside India. In view of the above, existing horizontal overlaps are not significant to give rise to any appreciable adverse effect on competition in India.
11. It is stated in the notice that there are no vertical relations between the Parties.
12. 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.
13. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
14. The Secretary is directed to communicate to the Parties accordingly.