



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2015/10/325)

16<sup>th</sup> December 2015

**Notice under sub-section (2) of Section 6 of the Competition Act, 2002 jointly given by Webtech Labels Private Limited and Huhtamaki PPL Limited**

**CORAM:**

Mr. Ashok Chawla  
Chairperson

Mr. S. L. Bunker  
Member

Mr. Sudhir Mital  
Member

Mr. Augustine Peter  
Member

Mr. U. C. Nahta  
Member

Mr. M. S. Sahoo  
Member

Mr. G. P. Mittal  
Member

**Legal Representative of the parties:** Veritas Legal Advocates & Solicitors

**Order under sub-section (1) of Section 31 of the Competition Act, 2002 in the**

1. On 13<sup>th</sup> October 2015, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) jointly filed by Webtech Labels Private Limited (“**WLPL**”) and Huhtamaki PPL Limited (“**HPPL**”) (Hereinafter, WLPL and HPPL are collectively referred to as the “**Parties**”). The notice was given pursuant to the approval of the Scheme of



Arrangement (“**Scheme**”) by the respective board of directors of HPPL and WLPL on 14<sup>th</sup> September 2015.

2. As submitted by the parties, the proposed combination relates to the amalgamation of WLPL into and with HPPL, under the relevant provisions of the Companies Act, 1956 and the Companies Act, 2013, with HPPL being the surviving entity.
3. As submitted by the Parties, HPPL, incorporated in India, is listed at NSE and BSE. It is engaged in the business of manufacture and sale of flexible packaging materials, providing labelling solutions etc. It is also engaged in the manufacture and sale of packaging machines. HPPL meets the packaging and labelling needs of customers operating in various segments, including fast moving consumer goods (“**FMCG**”) such as personal products, personal wash, laundry, food and beverage, bakery products and confectionary, etc. HPPL’s products also find application in other industries such as agriculture, pharmaceuticals and healthcare. It is stated that HPPL has two subsidiaries viz. Positive Packaging Industries Limited (“**PPIL**”), which it wholly acquired in January 2015<sup>1</sup>, and WLPL in which it owns 51% of the share capital. Huhtamaki Group’s parent company, Huhtamaki Oyj, is headquartered in Espoo, Finland, and is listed on NASDAQ OMX Helsinki Ltd. Stock exchange.
4. WLPL is a company incorporated under the Companies Act, 1956. It was incorporated as a joint venture between HPPL and the Chhajed family (“**JV Partner**”), wherein, HPPL holds 51% of the share capital of WLPL and the JV Partner holds the remaining 49% of the share capital of WLPL. It is stated that WLPL is primarily involved in meeting the labelling needs of customers operating in various segments such as pharmaceuticals, agro-chemicals, cosmetics, healthcare etc. It is engaged in the business of manufacturing, *inter alia*, pressure sensitive labels<sup>2</sup>.

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<sup>1</sup> The acquisition of shares of PPIL by HPPL was notified to the Commission vide the Combination Registration No. – C-2014/07/193, which was approved by the Commission in its order passed on 20<sup>th</sup> November 2014.

<sup>2</sup> A pressure sensitive label is a custom designed sticker. The top layer is either paper or film. The film may be used when transparency is required. It is printed with multi-colour graphics. Below the printed layer is an adhesive followed by a second layer of either paper or film. During usage, the printed layer is released from the other layer and applied on to the container with a controlled pressure application.



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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 6<sup>th</sup> November 2015, the parties were required to remove defects in the notice and furnish certain information/document(s) by 12<sup>th</sup> November 2015. The parties filed their response on 1<sup>st</sup> December 2015 after seeking extension of 12 working days.
6. As submitted by the Parties, the overlapping business relates to the business of providing labelling solutions which includes shrink sleeves<sup>3</sup> and pressure sensitive labels to customers across various segments. As aforementioned, the parties have submitted that both HPPL and WLPL provide labelling solutions to customers across various segments. HPPL (including PIPL) manufactures both shrink sleeves and pressure sensitive labels to the customers whereas WLPL is engaged in the manufacture of only pressure sensitive labels. Hence, there is overlap between the parties in pressure sensitive labels. In this regard, based on the submission of the Parties it is noted that the respective market shares of HPPL and WLPL in the business of pressure sensitive labels in India are insignificant. Further, the top competitors of the Parties, namely, Skanem Interlabels Industries Pvt. Ltd., Ajanta Packaging, Zircon Technology Pvt. Ltd., Super Labels Mfg Co and Sai Packaging Co Div of Sai Security Printers Pvt. Ltd. etc. would continue to provide competitive constraints to the Parties post combination.
7. It has been also submitted that there are vertical arrangements between the Parties as WLPL provides job work to HPPL. However, the said vertical arrangement is insignificant.
8. It is further noted that the proposed combination is an intra-group restructuring, with HPPL acquiring sole control over WLPL.
9. Considering facts on record, details provided in the notice 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,

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<sup>3</sup> A shrink sleeve is labelling solution. It is made of a glossy, printed polymer film. Shrink sleeve labels are sleeves (supplied in roll form / single units) manufactured from polymer film which shrinks and takes the shape of the container on application of heat, providing complete 360 degree coverage.



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the Commission approves the proposed combination under sub-section (1) of Section 31 of the Act.

10. This Order shall stand revoked if, at any time, information provided by the Parties is found to be incorrect.
11. The Secretary is directed to communicate to the Parties accordingly.