



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA
(Combination Registration No.C-2016/09/430)

15th November 2016

**Notice under Section 6 (2) of the Competition Act, 2002 filed by
Yara Fertilisers India Private Limited**

CORAM:

Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Mr. G. P. Mittal
Member

Legal Representative: Cyril Amarchand Mangaldas, Mumbai

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

1. On 08.09.2016, the Competition Commission of India (“**Commission**”) received a Notice given by Yara Fertilizers India Private Limited (“**Yara India**”/“**Acquirer**”) under Section 6 (2) of the Competition Act, 2002 (“**Act**”). The proposed combination envisages acquisition by Yara India of business of the sale and distribution of urea and customized fertilizers manufactured by Tata Chemicals Limited (“**TCL**”) in their production plant in Babrala, India, along with connected assets, liabilities and employees (“**Target Business**”) on a slump sale basis. (“**Proposed Combination**”).
2. Yara India, a private limited company and a wholly owned subsidiary of Yara Asia Pte. Ltd. (“**Yara Asia**”) is an integral part of the Yara International group. As stated in the notice, it is not engaged in manufacture of fertilizers in India and its business activities are restricted to sale and distribution of compound fertilizers. Yara India’s product offerings in India comprise, *inter alia*, premium fertilizers such as compound NPK fertilizers (i.e., containing a



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- combination of at least 2 of the following: nitrogen, potassium and phosphorus), calcium nitrate, water soluble fertilizers (for fertigation markets) and foliar fertilizers (i.e. applied into leaves instead of the soil). Yara India operates in the states of Maharashtra, Tamil Nadu, Karnataka, Andhra Pradesh, Himachal Pradesh, Gujarat and Madhya Pradesh and Uttar Pradesh.
3. TCL is a public limited company, belonging to the Tata group. It is primarily engaged in the business of industrial chemicals, food and nutrition items such as salt, dals, spices etc. and farm solutions. TCL, through the Target Business is engaged broadly in the business of manufacturing and sales of urea and customized fertilizers. The Parties have submitted that the Target Business has business operations in the states of Uttar Pradesh, Bihar, Jharkhand, West Bengal, Haryana, Uttarakhand and Punjab. It has also been stated that revenue of TCL (through the Target Business) arising from the customized fertilizers is miniscule in comparison to its urea sales. It has been stated by the Acquirer that currently, TCL is engaged in manufacture of urea and customized fertilizers only at the Babrala plant.
 4. Based on the submission of the Parties, the Commission observed that both Yara India and Target Business operate broadly in the fertilizer segment in India and that the product portfolio of the Parties are different – compound fertilizers, such as those sold by Yara India are substantially different than customized fertilizers, such as those sold by TCL, in terms of manufacturing process, composition, characteristics and prices. Accordingly, there is no overlap between fertilizers distributed by Yara India and those manufactured and distributed by TCL (through the Target Business). On account of this, the Commission decided to keep the delineation of relevant market open in the instant case.
 5. On the basis of submissions of the Acquirer, the Commission observed that the primary activity of the Target Business pertains to manufacture and sale of urea and that the Acquirer is presently not involved in it in any way. Accordingly, the Commission observed that there is no horizontal overlap between the Parties in relation to the Proposed Combination.



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6. With regard to vertical overlap, it has been submitted by the Acquirer that in India, the products distributed by Yara India are not used as inputs for the Target Business' product portfolio or as inputs by any other manufacturer competing with it for the reason that it does not make commercial sense to use Yara India's NPK as an input for a final product on account of its high cost.
7. Considering the facts on record and details provided in the notice given under sub-section (2) of Section 6 of the Act, 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 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.
8. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
9. The information provided by the Acquirer is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
10. The Secretary is directed to communicate to the Acquirer accordingly.