



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2016/03/385)

3rd June, 2016

Notice under Section 6 (2) of the Competition Act, 2002 jointly given by:

- Indorama Ventures Global Services Limited; and
- Dhunseri Petrochem Limited

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. S.L. Bunker
Member

Mr. Augustine Peter
Member

Mr. U.C. Nahta
Member

Mr. M.S. Sahoo
Member

Mr. G.P. Mittal
Member

Legal Representative: M/s Chandhiok & Associates for Indorama Ventures Global Services Limited and M/s Khaitan and Co. for Dhunseri Petrochem Limited.

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

1. On 29th March, 2016, the Competition Commission of India (“**Commission**”) received a notice given jointly by Indorama Ventures Global Services (“**IVGS**”) Limited and Dhunseri Petrochem Limited (“**DPL**”) under Section 6 (2) of the Competition Act, 2002 (“**Act**”).



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2. The notice has been filed pursuant to execution of following three agreements, each dated 29th February 2016:
 - 2.1 Securities Purchase Agreement entered into and between DPL, IVGS, Indorama Ventures Public Company Limited (“**IVL**”) and Micro Polypet Private Limited (“**MPPL**”). (Hereinafter, this agreement will be referred to as ‘**MPPL SPA**’). Pursuant to MPPL SPA, DPL shall purchase 50 percent of the equity shares and Compulsory Convertible Debentures in MPPL from IVGS, such that after the sale, IVGS and DPL shall respectively own 50 percent of the share capital of MPPL on a fully diluted basis.
 - 2.2 Shareholders Agreement executed between DPL, IVGL, IVL and MPPL to record their understanding as shareholders of MPPL, to determine their mutual rights and obligations etc.
 - 2.3 Investment Agreement entered into and between DPL, IVGL, IVL and DPGL, pursuant to which, IVGS shall subscribe to shares of DPGL such that IVGS and DPL shall respectively own 50 percent of the share capital of DPGL. The agreement also sets out the mutual rights and obligations of DPL and IVGS as shareholders;

(Hereinafter, IVGS, MPPL, IVL, DPL, and DPGL are collectively referred to as “**Parties**”)
3. Accordingly, post the proposed combination, DPL and IVGS will have joint control and 50 percent shareholding respectively in MPPL and DPGL respectively.
4. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, the Parties, vide Commission’s letter dated 19th April, 2016, were required to provide certain information and response to the same was received on 27th April, 2016.
5. IVL is a publicly traded company incorporated under the laws of Thailand. It is engaged in the business of production and supply of PET resin globally, which is used to manufacture packaging materials for various applications such as carbonated soft drinks, water, energy



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drinks. IVL also manufacture and sell polyester textile chips, staple fibres, high value-add specialty polyesters and fibres etc.

6. IVGS, a company incorporated under the laws of Thailand, is a subsidiary of IVL and provides commercial / technical advisory services to companies belonging to the IVL Group. Apart from above, it also acts as an investment holding company for IVL.
7. MPPL, a private limited company incorporated under the Companies Act, 1956, is a subsidiary of IVGS and operates a PET resin manufacturing plant in Panipat (Haryana), India.
8. DPL is a company listed at National Stock Exchange of India and Bombay Stock Exchange of India. It is engaged in the business of manufacture of PET resin for domestic sale and export purposes.
9. DPGL is a company incorporated under the Companies Act, 1956. It is a subsidiary of DPL and as on date it is not engaged in any business activity. As a part of the proposed combination, DPL will transfer its business of manufacturing PET resin in India to DPGL.
10. With regards to the markets, it has been submitted in the Notice that Parties are engaged in manufacture and sale of PET Resin which is used in packaging of carbonated soft drinks, water, energy drinks, iced tea, juices etc. In this regard, Parties have also submitted that while facilities manufacturing PET resin used for packaging purposes may also produce PET for grades such as textile, however, this involves high switching costs. In the present case, the exact definition of market is left open as the proposed combination does not give rise to competition concern irrespective of the manner in which the market is defined.
11. As per the notice, in the market of PET Resin, used for packaging, it is observed that though the combined market share of Parties, on sales volume basis, is in the range of 30-35 percent in year 2015, the incremental market share as a result of the proposed combination is only in the range of 5-10 percent. It is also noted that the market is characterised by the presence of large players such as Reliance Industries Limited (40-45 percent, market share), JBF (10-15



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percent, market share) and other players (including imports) with a market share of around 10-15 percent.

12. As per the notice, none of the Parties is engaged in any activity relating to the production, supply, distribution, storage, sale and services or trade in products or provision of services which is at different stages or levels of production chain.
13. Considering the facts on record and the details provided in the notice and assessment of the combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that 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.
14. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
15. The Secretary is directed to communicate to the Parties accordingly.