



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2017/06/518)

25th August, 2017

Notice under Section 6 (2) of the Competition Act jointly given by Clariant Limited, Hurricane Cyclone Corporation and Huntsman Corporation.

CORAM:

Mr.Devender Kumar Sikri
Chairperson

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U.C. Nahta
Member

Mr. G.P. Mittal
Member

Legal Representative: Chandhiok & Associates

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

1. On 20th June, 2017, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice jointly filed by Clariant Limited (“**Clariant**”), Hurricane Cyclone Corporation (“**Merger Sub**”) and Huntsman Corporation (“**Huntsman**”) (hereinafter Clariant, Merger Sub and Huntsman are collectively referred to as “**Parties**”). The proposed combination has been filed pursuant to board resolution (s) each dated 21st



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May, 2017, passed by the respective Board of Directors of Parties. The Parties have also entered into a Merger Agreement on 21st May, 2017.

2. The proposed combination has been structured as a reverse triangular merger whereby Merger Sub, a newly incorporated wholly-owned subsidiary of Clariant created for the purpose of the proposed combination, will merge with and into Huntsman, with Huntsman as the surviving enterprise. As a result of the proposed combination, Huntsman will become wholly owned subsidiary of Clariant and thereafter, Clariant will be renamed as “Huntsman Clariant Ltd”. As a result of the proposed combination, existing Huntsman and Clariant shareholders would own approx. 48 per cent and 52 per cent shares, respectively, in Huntsman Clariant Ltd.
3. The proposed combination has been filed under sub-section (2) of Section 6 read with sub-section (c) of Section 5 of the Competition Act, 2002 (“Act”).
4. Information and clarifications relating to businesses and products of the Parties were sought in the meetings held on 3rd July, 2017 and 4th July, 2017. Further, in terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“Combination Regulations”), certain information(s) / clarification(s) *inter-alia*, relating to classification of products, their end uses, overlaps, market shares etc. were sought from the Parties vide letter dated 20th July, 2017. Response to the said letter was received on 4th August, 2017, after seeking extension of time by the Parties. Besides, Parties also submitted information from time to time, through emails.
5. Clariant, a public limited company incorporated in Switzerland and listed on Swiss Stock Exchange, is *inter-alia*, engaged in production and distribution of specialty chemicals. The company is focused on four areas namely: (a) care chemicals (consumer and industrial); (b) catalysts; (c) natural resources (oil & mining, minerals) and; (d) plastics & coatings. Care Chemicals business includes products having application *inter-alia* in aviation, gas treatment, heat transfer fluids, industrial lubricants, biofuels and derivatives, and food additives for dairy business. Products produced by the natural resources segment have uses *inter-alia* in the edible oil refining, process chemicals for the mining industry and intelligent chemical management for the oil and gas industry. Plastics & Coatings segment produces additives, pigments and masterbatches. Catalysts produced and sold by Clariant are used in the production of industrial chemicals, plastics and fuels.



6. In India, Clariant operates through following subsidiaries and affiliates:
 - a. Clariant Chemicals India Ltd.
 - b. Clariant India Ltd.
 - c. Clariant Medical Specialties India Limited
 - d. Sud Chemie India Pvt. Ltd.

7. Huntsman, a public company incorporated in USA and listed on New York Stock Exchange, is *inter-alia*, engaged in manufacture and sale of chemicals and operates in following business segments: Polyurethanes, Performance Products, Advanced Materials, Textile Effects and Pigments and Additives. Under Polyurethanes, it manufactures MDI-based polyurethane solutions used in the areas such as foams, as well as coatings, adhesives, sealants and elastomers. Performance Products include manufacture and sale of amines, surfactants and maleic anhydride. Advanced Materials business unit is active in the manufacture and sale of advanced epoxy, acrylic and polyurethane-based polymer products. Pigments and Additives segment is engaged in manufacture and sale of titanium dioxide, functional inorganic additives, inorganic color pigments, timber treatment and water treatment products. Textile Effects, relates to a diverse portfolio of textile chemicals, dyes and digital inks.

8. In India, Huntsman operates through following subsidiaries and affiliates:
 - a. Huntsman International (India) Pvt. Ltd.
 - b. Huntsman Specialty Chemicals Pvt. Ltd.

9. The Commission noted that the proposed combination relates to manufacture and sale of specialty chemicals that has a wide variety of application in various industries/segments. Specialty chemicals are a 'group of relatively high value, low volume chemicals known for their end use applications and / or performance enhancing properties such as adhesives, cleaning materials, cosmetic additives, construction chemicals, elastomers, flavours, food additives, fragrances, industrial gases, lubricants, pigments, polymers and surfactants.

10. The Commission noted that, in India, activities of Huntsman and Clariant overlap in the broad segments of polyethylene glycols (“PEG”), anionic surfactants, non-ionic surfactants, amphoteric surfactants, cationic surfactants and inorganic pigments, including for titanium



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dioxide. The Commission also observed that the said categories can further be sub-segmented as there exist different types of sub-category of chemicals within each broader category which have different technical and chemical properties, performance and different end use applications. For example, Anionic surfactants can be sub-segmented as ether carboxylate alkyl sulphate, alkyl phenyl sulphate, alkyl phosphate ester/acid, etc. Accordingly, the Commission observed that there are overlaps between products of the Parties at sub-segments level.

11. Parties have also stated that Clariant purchases inorganic pigments (including titanium dioxide) from Huntsman for its production of master batches; thus, there is a vertical relation among the Parties.
12. The Commission decided to leave the delineation of the relevant market open as it was observed that the proposed combination, for the reasons detailed in ensuing paragraph, is not likely to cause an appreciable adverse effect on competition in any of the possible alternative relevant markets that could be delineated.
13. As per submissions of the Parties their combined market share in the broader overlapping segments is less than 15 per cent and in the sub-segments is less than 20 per cent in India. Further, post-combination, the Parties would continue to face competitive constraints on account of the presence other players such as India Glycol, Galaxy surfactant, Godrej, Solvay, BASF and Croda.
14. As regard vertical relationship between the Parties, the Commission noted that the amount of purchases and market share of the Parties are insignificant to cause competition concern.
15. Considering the facts on record, 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 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.



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16. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
17. The information provided by the parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
18. The Secretary is directed to communicate to the Parties accordingly.