



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2016/10/440)

Dated: 15.11.2016

Notice under Section 6(2) of the Competition Act, 2002 jointly given by LG Chem Limited and LG Life Sciences Limited

CORAM:

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Mr. G.P. Mittal
Member

Legal Representatives of the parties: M/s Khaitan & Co.

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

1. On 07.10.2016, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) jointly given by LG Chem Limited (“**LG Chem**”) and LG Life Sciences Limited (“**LG LS**”) (hereinafter LG Chem and LG LS are collectively referred to as the “**Parties**”). The notice has been filed pursuant to the resolution approving merger of LG LS into LG Chem by the respective board of directors of LG Chem and LG LS, on 12.09.2016 (“**Proposed Combination**”). In this regard, the Parties also executed a Merger Agreement on 19.09.2016 recording the terms of merger. As stated in the notice, both LG LS and LG Chem belong to LG Corporation.
2. LG Chem, a company incorporated in Korea, organizes its business in four divisions, viz., (i) Basic materials and Chemicals Division; (ii) Energy Solutions Division; (iii) IT and Electronic Materials Division; and (iv) Advanced Materials Division. Basic



सत्यमेव जयते



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2016/10/440)

materials and Chemicals Division is engaged in production of basic petrochemicals (such as ethylene, propylene *etc.*), polyolefin products, PVC/Plasticizers, Acrylates, engineering plastics used in electric/electronics, automotive and IT & electronic parts; Acrylonitrile butadiene styrene; and Rubber/Specialty Polymers. Energy Solutions Division is engaged in production of mobile batteries, automotive batteries and energy storage systems; IT and Electronic Materials Division is engaged in production of Optical materials, RO Filters, Glass substrates and High functional materials; and Advanced Materials Division is engaged in production of specialty chemical materials such as battery materials and display materials.

3. LG LS, a company incorporated in Korea, is also a part of the LG Corporation. The primary business areas of LG LS are pharmaceutical products (including animal health business) and specialty chemicals. The specialty chemicals include two main business segments - active ingredients (actives) for agrochemicals and pharmaceutical intermediates.
4. It is noted from the information given in the notice that there is no horizontal overlap between LG Chem and LG LS in India. As regards vertical relationships emanating from the Proposed Combination, the Commission noted that LG Chem supplies acetone to LG LS; the latter uses the same for contract manufacture of cephalosporin antibiotics which is then sold to a third party pharmaceutical company. The third party pharmaceutical company sells the products sourced from LG LS under its brand name across the world, including in India. In this regard, the Commission observed that the nature and extent of existing customer supplier relationship is insignificant to cause any competition concerns.
5. Considering the facts on record and 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 appreciable adverse effect on competition in India and therefore, hereby approves the same under sub-section (1) of section 31 of the Act.



सत्यमेव जयते



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2016/10/440)

6. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
7. The information provided by the Parties is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
8. The Secretary is directed to communicate to the Parties accordingly.