



**COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2021/05/840)**

24th June 2021

Notice under Section 6 (2) of the Competition Act, 2002 given by Paradeep Phosphates Limited

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

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

1. On 21st May 2021, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), given by Paradeep Phosphates Limited (**PPL/ Acquirer**). The Notice was given pursuant to the execution of the Business Transfer Agreement (**BTA**) between Zuari Agro Chemicals Limited (**ZACL / Seller**) and PPL on 1st March 2021. Acquirer also made voluntary submission on 10th June 2021 to furnish certain information(s)/clarification(s).
2. The proposed combination envisages acquisition by PPL, of a plant belonging to Seller, located at Zuarinagar, Goa (**Goa Plant**)¹, along with its business of development and the manufacture of urea and non-urea fertilizer products presently which is being carried out at the Goa Plant (**Target Business**) on a going concern basis (**Proposed Combination**).
3. PPL is engaged in the manufacture and sale of non-urea / complex fertilizers, namely, di-ammonium phosphate (**DAP**) and NPK fertilizers. The company also imports and sells Muriate of Potash (**MoP**). Products of PPL are sold under the brand-name “Jaikisaan Navratna”. PPL is owned by Zuari Maroc Phosphates Private Limited (**ZMPL**) and the Government of India. ZMPL is a joint venture between Seller and OCP S.A. (**OCP**). OCP is largely owned by the Government of Morocco.

¹ Goa Plant is defined to mean the plant located at the Freehold Immovable Property, comprising of four facilities, manufacturing Ammonia, Urea, and NPK, respectively used for business of manufacturing of Urea and NPK fertilizers.



4. ZACL belongs to the Adventz group. The Adventz group is engaged in agri business through ZACL, PPL, Gobind Sugar Mills Limited and Mangalore Chemicals and Fertilizers Limited. It produces a range of complex fertilizers and other agricultural inputs such as micronutrients and specialty fertilizers. It also offers technical consultancy and project management service for chemical, fertilizer and other infrastructure projects.
5. The term “Fertilizer” generally refers to any material, organic or inorganic, natural or synthetic, which supplies one or more of the chemical elements required for the enhancement of plant growth. The primary nutrients for plant growth are nitrogen (**N**), phosphorus (**P**), and potassium (**K**), and their respective concentration in a chemical fertilizer are expressed as a percentage of total nitrogen, available phosphate, and soluble Potassium Oxide.
6. Fertilizers may be broadly categorized into urea and non-urea fertilizers. The activities of PPL and the Target Business exhibit a horizontal overlap in the non-urea fertilizers segment, which includes DAP, MoP, and NPK. At the all India level, the combined market share of the parties for the non-urea fertilisers segment and its overlapping sub-segments viz. DAP, MoP, and NPK is less than 10 % with an incremental market share being less than 5 %. Further, for states where the activities of PPL and Target Business exhibit horizontal overlaps, the combined market share of the parties for non-urea fertilizers and its overlapping sub-segments, viz. DAP, MoP, and NPK is around 30% or less with incremental market share being around or less than 5%. The precise delineation of the relevant market is left open, as it is observed that the Proposed Combination is not likely to cause an appreciable adverse effect on competition in any of the plausible relevant markets.
7. Acquirer, Seller, and ZMPL are already under the control of the Adventz group. However, as a result of the Proposed Combination, OCP would acquire control over the Target Business through ZMPL. OCP does not have a stake, except through ZMPL, in any of the businesses operating in India that exhibit a horizontal overlap with the Target Business.



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8. OCP is engaged in the supply of three products *viz.* (i) rock phosphate, (ii) phosphoric acid, and (iii) DAP to India. These activities of OCP may deserve competition assessment for vertical interface with the Target Business. In this regard, it is observed that Target Business does not consume rock phosphate. Phosphoric acid supplied by OCP to the Seller form a very small proportion of the total supplies made by OCP to India. Further, the phosphoric acid requirement of the Target Business is not significant *vis-à-vis* total market size. Similar is the case for DAP. Thus, the Proposed Combination is not likely to raise any foreclosure concern.
9. Considering the facts on record, including details provided in the Notice given under Section 6(2) of the Act and assessment of the Proposed Combination based on the factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India in any of the relevant market(s), and therefore, the Commission hereby approves the same under Section 31(1) of the Act.
10. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
11. The information provided by the Acquirer is confidential at this stage in terms of and subject to the provisions of Section 57 of the Act.
12. The Secretary is directed to communicate to the Acquirer accordingly.