



Competition Commission of India
(Combination Registration No. C-2020/03/735)



20th August, 2020

Notice u/s 6 (2) of the Competition Act, 2002 given by Outotec OYJ and Metso OYJ

CORAM:

Mr. Ashok Kumar Gupta

Chairperson

Ms. Sangeeta Verma

Member

Mr. Bhagwant Singh Bishnoi

Member

Order under Section 38(2) of the Competition Act, 2002

INTRODUCTION

1. On 12th March, 2020, the Competition Commission of India received a notice under Section 6(2) of the Act given by Outotec Oyj (“**Outotec**”) and Metso Oyj (“**Metso**”) regarding the acquisition of Metso’s mineral business by Outotec. (Hereinafter Outotec and Metso are together referred to as “**Parties**”)

PROPOSED COMBINATION

2. The notice was filed pursuant to execution of a Combination Agreement and a Demerger Plan by and between the Parties on 4th July 2019, through which Outotec will acquire the mineral business of Metso (“**Metso Minerals**”).



3. The Proposed Combination will be achieved by way of a partial demerger of Metso pursuant to the Finnish Companies Act, to the effect that all such assets, rights, debts, and liabilities of Metso that relate to, or primarily serve, its minerals business (comprising mining, aggregates, and recycling businesses) will be acquired by Outotec. In return for the transfer of Metso Minerals to Outotec, the shareholders of Metso will receive newly issued shares in Outotec and hold the majority of the new entity's shares (~78%). Outotec's shareholders will hold the remaining shares (~ 22%). The combined entity will operate under the name Metso Outotec.

PARTIES TO THE COMBINATION

4. Outotec is a public limited liability company incorporated and registered under the laws of Finland. Outotec comprises of three business units:
- a) Minerals processing – includes grinding; filters; thickeners and clarifiers; flotation; automation & digital solutions; and plant solutions.
 - b) Metals refining - includes hydrometallurgy; smelting; metals & chemical processing; aluminium; and energy & environment.
 - c) Services – includes advisory; maintenance; operations; upgrades; remote services; training; and spare & wear parts.
5. As per the information given in the notice, Outotec is present in India in the supply of equipment for the process(es) of (i) Flotation, (ii) Sedimentation, (iii) Filtration, (iv) Thermal Processing *i.e.* Iron Ore Pelletizing (“**IOP**”), (v) Hydrometallurgy, and (vi) Refining.
6. Metso is a public limited liability company incorporated and registered under the laws of Finland. Metso is comprised of four business units:
- a) Mining – includes crushers, screens and feeders, grinding mills, hydrocyclones, magnetic separation, flotation and filtration equipment, pyro processing, materials handling equipment, slurry pumps, spare and wear parts, and services.



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- b) Aggregates – includes crushers, screens and feeders, portable plants, Lokotracks, spare and wear parts, and services.
- c) Recycling - includes metal shredders and shears, stationary and mobile units, metal balers and briquettes, N series for the scrap industry, and services.
- d) Valves for process industries – includes valves business which is not a part of the Proposed Combination and will not combine with Outotec.

ORDER UNDER SECTION 31(1) OF THE ACT

- 7. The Proposed Combination was approved by the Commission *vide* its Order dated 18th June, 2020 issued under Section 31(1) of the Act (“**Order**”) subject to the Voluntary Remedy Proposal (“**VRP**”) submitted by the Parties to address the appreciable adverse effect on competition (“**AAEC**”) in the segment of Iron Ore Pelletizing (“**IOP**”) in India. IOP segment was further distinguished on the basis of the indurating technology into (i) Grate Kiln and (ii) Straight Grate (“**SG**”).
- 8. The VRP¹ was related to an exclusive license to Metso Minerals’s Indian SG IOP technology in India. For this purpose, two patents identified by the Parties for exclusive licensing which were (i) MCT-P-0155 and (ii) MCT-P-0381.

APPLICATION FOR RECTIFICATION

- 9. The Parties *vide* application dated 13th August, 2020 submitted that Patent MCT-P-0155 relates to the grate kiln process of IOP and not the SG process of IOP. It was also submitted that despite exercising all diligence to provide correct information, this error was committed due to inadvertence. Accordingly, the Parties requested the Commission to consider the above submission and remove the reference to patent ‘MCT-P-0155’.
- 10. The Commission has considered the submissions of the Parties in this regard and noted that the Proposed Combination was approved primarily on the basis of the VRP submitted by the Parties, which comprises of only two Metso Mineral’s IOP patents. Removal of ‘MCT-P-

¹ For details, please refer to Commission Order dated 18th June 2020.



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0155' from the VRP may adversely affect the divestiture remedy. As such, the Commission deems it appropriate to rectify the Order including the Annexure only to the extent that describes 'MCT-P-0155' as patent for Grate Kiln IOP. As the said patent/IPR is an integral part of the VRP, the divestiture buyer / proposed purchaser will have to carry out appropriate due diligence as to whether the said IPR is related to SG Technology of Metso or not. In case the said IPR is related to SG Technology, the same will form part of VRP.

11. The Parties are further advised to exercise caution and diligence, especially in proposing remedies as such errors can significantly impede the execution of the directions and implementation of remedies / modifications, which forms the basis of the approval of the Commission.
12. The Secretary is directed to communicate to the Parties accordingly.