



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2018/11/615)



Dated: 06.12.2018

Notice under Section 6 (2) of the Competition Act, 2002 given by Shell Gas B.V.

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Legal Representatives of the parties: M/s AZB & Partners

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

1. On 06.11.2018, the Competition Commission of India (“**Commission**”) received a notice (“**Notice**”) of a proposed combination under Section 6(2) of the Competition Act, 2002 (“**Act**”) given by Shell Gas B.V. (“**Shell / Acquirer**”).
2. The proposed combination involves the acquisition of (i) 26% shares by Shell in Hazira LNG Private Limited (“**HLPL**”) (“**HLPL Transaction**”); and (ii) 26% shares by Shell in Hazira Port Private limited (“**HPPL**”) (“**HPPL Transaction**”) from Total Gaz Electricité Holdings France (“**Total**”) (HLPL Transaction and HPPL Transaction together constitute “**Proposed Combination**”). Prior to the Proposed Combination, Shell was the single largest shareholder at 74% shares in both HLPL and HPPL respectively and further to the Proposed Combination, Shell would acquire 100% shares and sole control in each of HPPL and HLPL. The Notice was filed with the Commission pursuant to the execution of the Share Purchase Agreement by and between Shell and Total on 16.10.2018 (“**SPA**”). Further, Shell



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submitted certain additional information relating to the Proposed Combination on 27.11.2018.

3. Shell, incorporated in Netherlands, is a wholly owned subsidiary of Royal Dutch plc (“RDS”), which is the parent company of the Shell Group. Shell Group companies have operations in more than 70 countries and territories with businesses including oil and natural gas exploration, production and marketing, manufacturing, marketing and shipping of oil products and chemicals, providing new technological solutions for developing the integrated gas chain and renewable energy products. Shell Group companies are engaged in India in the activities of (i) exploration and production of oil and natural gas; (ii) supply of LNG into India; (iii) provision of LNG regasification (and related storage) services; (iv) wholesale and downstream supply of natural gas; (v) provision of port facilities to LNG terminals; and (vi) other activities in India such as supply of fuel products (through its fuel stations) to retail customers, aviation fuel and related services, production and supply of bitumen products and supply of lubricants, chemicals and technical services to public/private sector oil companies. A wholly owned subsidiary of RDS also owns 10% shareholding in Mahanagar Gas Limited - a city gas distribution company engaged in the business of supplying, distributing and dealing in natural gas, viz. compressed natural gas and piped natural gas serving transport, residential, commercial and industrial customers in Mumbai and its adjoining areas.

4. HLPL and HPPL are both joint venture companies set up by Shell and Total. Shell’s shareholding in each of HLPL and HPPL is 74% and Total owns 26% shares in each of HLPL and HPPL on a fully diluted basis. HLPL provides LNG regasification services (and related storage) to large LNG importers and also has activities in the wholesale and downstream sale of natural gas in India. It operates and manages the re-gasification terminal at the Hazira Port, Gujarat. HPPL owns and manages the Hazira Port used for unloading and receipt of LNG. HPPL receives a fee from HLPL for access to the facilities at Hazira Port. HPPL also owns the adjacent non –LNG general cargo port facilities but has licensed the operation, development and maintenance of non-LNG cargo port services to Adani Hazira Port Private Limited (a



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wholly owned subsidiary of Adani Ports and Special Economic Zone Limited), under a sub – concession agreement with the Port Regulator, Gujarat Maritime Board, for which it pays maintenance fee to Adani.

5. The Commission observed that acquisition of Total’s 26% shareholding in HLPL and HPPL by Shell involves a change from existing joint control of Shell and Total to sole control of Shell over HLPL and HPPL. In cases involving change from joint to sole control, the extent to which the parties competed with each other prior to change in control is relevant for competition assessment.
6. Considering the details of activities of HLPL, the Commission noted that HLPL is primarily engaged in LNG regasification (and related storage) services and Shell does not have any presence in aforesaid product segment other than through HLPL. As regards the activities of HLPL relating to wholesale and downstream supply of natural gas, Shell has independent presence (other than through HLPL) but the extent of presence of HLPL is not significant to cause any change in competition dynamics. HPPL is engaged in provision of port facilities at LNG Terminals and Shell does not have any presence in aforesaid product segment other than through HPPL. Thus, considering the lack of significant overlaps between Shell and HLPL/HPPL, the Proposed Combination is not likely to change the competitive landscape of the market segments catered by HLPL and HPPL.
7. Considering the facts on record and details provided in the Notice given under Section 6(2) of the Act and assessment of the proposed combination on the basis of factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have AAEC in India and therefore, hereby approves the same under Section 31(1) of the Act.
8. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
9. The information provided by the Acquirer is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.



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10. The Secretary is directed to communicate to the Acquirer accordingly.