



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2019/01/638)

26th March, 2019

**Notice under Section 6 (2) of the Competition Act, 2002 given by
Indorama Netherlands B.V.**

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Mr. U. C. Nahta
Member

Ms. Sangeeta Verma
Member

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

1. On 30th January, 2019, the Competition Commission of India (**Commission**) received a notice under Section 6(2) of the Competition Act, 2002 (**Act**), given by Indorama Netherlands B.V. (**INBV**), in relation to its acquisition of shares in Indo Rama Synthetics (India) Limited (**IRSL**) (INBV and IRSL together referred to as **Parties**).
2. The notice has been given pursuant to an Investment Agreement and an Inter-se Agreement, both executed on 21st January 2019, by and between the INBV, IRSL and certain others.
3. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**), *vide* letter dated 11th February, 2019 certain information was sought from INBV and response to the same was received on 15th February, 2019. INBV submitted further information on 28th February, 2019.



4. The proposed combination is notified in relation to: (i) acquisition of 31.79% of equity shares of IRSL by INBV, by way of a preferential allotment; and (ii) consequential acquisition of equity shares upto 25.06% of the share capital of IRSL by INBV pursuant to open offer in terms of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**Proposed Combination**).
5. INBV is a company formed under the laws of Netherlands. INBV is ultimately held by Indorama Ventures Public Company Limited (**IVL**). IVL is the holding company of IVL Group, which is controlled by Mr. Alope Lohia and his immediate family. IVL Group is active in production and worldwide distribution of petrochemicals particularly feedstock, Polyethylene Terephthalate (PET), and fibres. These products have applications in a wide variety of sectors including personal care, woven and nonwoven industry, packaging, polyester, automotive and industrial sectors. In India, IVL Group, *inter alia*, supplies Purified Terephthalic Acid (PTA), Polyester Staple Fibre (PSF), PET Chips, Partially Oriented Yarn (POY) and Fully Drawn Yarn (FDY).
6. IRSL is a company incorporated under the laws of India. It is active in the manufacture and supply of polyester fibres and yarns.
7. Both IRSL and IVL Group companies are engaged in the supply of PSF, PET Chips (Textile Grade), POY and FDY, in India. Thus the parties to the combination are, directly or indirectly, engaged in supply of similar or identical or substitutable products or services. However, the combined market share of the Parties in each of the overlapping products is not significant. Further, there are several other players like Reliance, Bombay Dyeing, Garden Silk, Filatex and Wellknown, supplying all or some of these overlapping products. Thus, the Proposed Combination is not likely to give rise to any competition concern.
8. The activities of the parties are also placed at different levels of the production chain as in so far as PET Chips (textile grade), PTA, PIA and POY could be inputs for



manufacture of downstream products such as PSF and polyester yarns. However, INBV has clarified that due to custom duty implications, IRSL has not been importing PTA from IVL group. Further, given the insignificant presence of IVL group in the upstream products in India, the Proposed Combination is not likely to result in any ability or incentives to foreclose competition.

9. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and the 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 any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under sub-section (1) of Section 31 of the Act.
10. The Commission, further notes that the duration and geographic scope of non-compete covenants, as entered amongst the Parties are not ancillary to the Proposed Combination.
11. This order shall stand revoked if, at any time, information provided by INBV is found to be incorrect.
12. The information provided by INBV is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
13. The Secretary is directed to communicate to INBV accordingly.