



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA

[Combination Registration No: C-2018/01/546]

14th March, 2018

Notice under Section 6 (2) of the Competition Act filed by Brenntag (Holding) BV

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U.C. Nahta
Member

Mr. G.P. Mittal
Member

Legal Representative: J. Sagar Associates

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

On 11th January, 2018, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice filed by Brenntag (Holding) BV (“**Brenntag**” / “**Acquirer**”), pursuant to Share Sale and Share Purchase Agreement (“**SSPA**”) and Shareholders Agreement (“**SHA**”) executed between Brenntag, Raj Petro Specialties Private Limited (“**Raj**” / “**Target**”) and others on 18th December, 2017 (hereinafter, Brenntag and Raj are collectively referred to as “**Parties**”).



2. The proposed combination, filed under sub-section (2) of Section 6 read with sub-section (a) of Section 5 of the Competition Act, 2002 (“Act”), relates to acquisition by Brenntag of 100 percent equity share capital of Raj in two tranches of 65% and 35%, respectively. It has been stated that the second tranche of the equity shares of Raj shall be acquired by Brenntag after a period of 5 to 7 years from completion of the first tranche.

4. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“Combination Regulations”), certain information / clarification(s) *inter alia*, relating to classification of products, their end uses and overlaps were sought from the Acquirer vide letter dated 19th January, 2018. Response to the same was received on 7th February, 2018, after seeking extension of time. Besides, the Acquirer also submitted certain additional information from time to time.

5. Brenntag, a company incorporated in Netherlands, is a wholly owned subsidiary of Brenntag AG, which is the ultimate parent company of Brenntag Group (“Brenntag Group”). Brenntag AG, a company incorporated in Germany, through its subsidiaries is *inter alia*, engaged in the distribution of industrial and speciality chemicals. In India, Brenntag India Private Limited (“Brenntag India”), a subsidiary of Brenntag is, *inter alia*, engaged in import and distribution of a wide range of specialty chemicals and customer service in industries such as food and beverages, personal care, pharmaceuticals, animal nutrition, coatings.

6. Raj, a company incorporated in India is, *inter alia*, engaged in manufacture, distribution and export of a range of petroleum specialty products and lubricants such as industrial lubricants, transformer oils and process oil.

7. The Commission observed that the proposed combination relates to specialty chemicals that have wide variety of application in various industries / segments. Further, specialty chemicals are a group of relatively high value, low volume chemicals (such as adhesives, cleaning materials, cosmetic additives, flavours, food additives, lubricants,



polymers and surfactants) known for their end use applications and / or performance enhancing properties.

8. In India, activities of Brenntag and Raj overlap, at a broader level, in the overall market of industrial lubricants and at narrower level in the segment of: (a) synthetic compressor oil for refrigeration systems; and (b) white oil.

9. The Commission observed that the compressor oil is used to reduce friction between metal surfaces, leading to reduction of heat generation and ultimately to the protection of the parts. Compressor oil may further be sub divided as being mineral or synthetic. As submitted, the Parties activities overlap in synthetic compressor oil for refrigeration systems. White oil is hydrophobic, colourless, tasteless, odourless, and do not change colour over time. It is chemically and biologically stable and do not support pathogenic bacterial growth. It is observed that these products may further be segmented on the basis of their grades or variants. However, the Commission decided to leave the exact delineation of the relevant market open as it was observed that the proposed combination, for the reasons detailed in ensuing paragraph, is not likely to cause appreciable adverse effect on competition in any of the possible alternative relevant markets that could be delineated.

10. It is observed that the combined market share of the Parties in synthetic compressor oil for refrigeration system is 0-5 percent and there are other players in the market such as BASF India Limited (market share of 30-35 percent), Jx Nippon Two Lubricants India Pvt. Ltd with (market share of 20-25 percent) and Chemtura Chemical India Pvt. Ltd. (market share of 25-30 percent). In white oil, combined market share of the Parties is 10-15 percent and there are other players such as Ghandhar Oil Refinery (market share of 15-20 percent), Savita Oil Technologies (market share of 15-20 percent), and Apar industries Ltd. (market share of 10-15 percent).

11. Considering the facts on record, 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 proposed combination is not likely to have appreciable adverse effect on



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competition in India and therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.

12. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.

13. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.

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