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**COMPETITION COMMISSION OF INDIA  
(Combination Registration No. C-2019/06/668)**

**22.08.2019**

**Notice u/s 6(2) of the Competition Act, 2002 given by West Coast Paper Mills 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 19.06.2019, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”) filed by West Coast Paper Mills Limited (“**WCPM**”/ “**Acquirer**”).
2. The proposed combination relates to the acquisition of (i) 51 - 60 percent shareholding in International Paper APPM Limited (“**APPM**”/ “**Target**”) from International Paper Investments (Luxembourg) S.A.R.L (“**IP Investments**”) and IP International Holdings, Inc. (“**IP Holdings**”) (hereinafter, IP Investments and IP holdings are collectively referred as “**Sellers**”); and (ii) acquisition of up to 25 percent of the shareholding of the Target from public shareholders of the Target, pursuant to the open offer triggered on account of the acquisition of shares from Sellers (the acquisitions under (i) and (ii) being collectively referred to as the “**Proposed Combination**”). Hereinafter, WCPM and APPM are collectively referred to as “**Parties**”. For the purposes of the Proposed Combination, Parties and Sellers have entered into a Share Purchase Agreement (“**SPA**”) dated 29.05.2019.
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**”).



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**Regulations**”), the Commission *vide* letter dated 01.07.2019 sought certain information(s)/ clarification(s), *inter alia*, relating to overlaps, competition assessment from the Acquirer; response to the same was submitted by the Acquirer on 08.07.2019 (“**Response-I**”). As the Response-I was not complete, a letter in continuation to earlier one was issued on 09.07.2019; response to the same was submitted by the Acquirer on 26.07.2019, after seeking extension of time.

4. During the course of review of the Proposed Combination, the Acquirer submitted certain information(s)/clarification(s), *inter alia*, related to thresholds, overlaps and market shares *vide* submission dated 27.06.2019. Further, the Commission sought certain clarification(s)/information(s), *vide* email dated 31.07.2019; response to the same was provided on 07.08.2019.
5. WCPM, a public company incorporated in India, is an integrated pulp and paper manufacturing company and belongs to WCPM Group. It is stated that WCPM has versatile paper machines producing various type of writing and printing paper, security paper, packaging paper, industrial grade paper, speciality grade paper and paper board mostly from virgin grade hard wood raw material. It is also engaged in exporting paper manufactured at their plant in India.
6. APPM, a public company incorporated in India, is an integrated paper and pulp manufacturer in India and belongs to International Paper Company and its affiliates (“**IP Group**”). It is stated that APPM is engaged in manufacturing and dealing in a variety of paper, board and pulp including writing paper, printing paper, absorbent paper, newsprint paper, wrapping paper etc.
7. It is noted that the Proposed Combination relates to paper industry. As submitted, paper products are not homogenous in nature. Their usage may vary depending on the weight (gsm - gram square meter), thickness, brightness, smoothness, stiffness, cobb value (water absorbency), tear factor, burst factor, colour and other technical features of the paper. Paper may also be classified based on whether it is virgin fibre material or made of recycled raw material. It has been submitted that the main categories of paper, depending on their usage, are writing and printing paper, newsprint paper, packaging paper and board, magazine/ poster



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paper, tissue paper and other speciality paper for industrial usage such as cigarette paper, stiffener paper/ board, decorative paper, ledger paper and speciality board. Based on the submission of the Parties, it is observed that these main categories of papers may further be sub-segmented for example category of writing and printing paper may be sub-segmented into (a) coated writing and printing paper, and (b) uncoated writing and printing paper; and uncoated writing and printing paper can further be classified into different categories of papers such as creamwove, maplitho and copier.

8. Based on the above classification, it is submitted by the Parties that they are engaged in business activities in the following relevant markets in India:
  - a) Relevant market for (i) maplitho paper; and (ii) copier in uncoated writing and printing paper in India;
  - b) Relevant market for machine glazed / poster paper;
  - c) Relevant market for cup stock paper in India;
  - d) Relevant market for ledger paper in India; and
  - e) Relevant market for stiffener paper in India.
9. The Commission noted that another dimension of the relevant product market in the paper industry is that paper producers have two different ways to sell paper, i.e. either directly from the mills by the producer or *via* merchants. The Commission decided to assess the Proposed Combination separately for sale of paper through merchants from that of direct sales from producers.
10. The Commission decided to leave the 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 an appreciable adverse effect on competition in any of the possible alternative relevant markets that could be delineated.
11. It is observed that the combined market share of the Parties is less than 15% in maplitho paper, Machine Glazed/poster paper and Cup stock paper and 15-20% in Copier. Further, it is noted that presence of Parties in sub-segments of Ledger paper and Stiffener paper, is not significant to raise any concern. It is also noted that there are other players such as JK, TNPL,



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ITC, Century, Star, BILT present in each of these segments. With regard to direct sales made by the Parties, it is noted that the same is not significant to raise any competition concerns.

12. Considering the facts on record and the 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 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.
13. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
14. The information provided by the Acquirer is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the Acquirer accordingly.