



सत्यमेव जयते



Fair Competition  
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## COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2020/07/759)

18<sup>th</sup> September 2020

**Notice under Section 6 (2) of the Competition Act, 2002 jointly given by Alstom S.A.,  
Bombardier Inc. and Caisse de Dépôt et Placement du Québec**

### **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 20<sup>th</sup> July 2020, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Act jointly given by Alstom S.A. (“**Alstom**”), Bombardier Inc. (“**Bombardier**”) and Caisse de Dépôt et Placement du Québec (“**CDPQ**”) regarding the (i) acquisition of sole control over Bombardier Transportation (Investment) UK Limited (“**Bombardier Transportation**”) by Alstom and (ii) acquisition of certain shareholding in Alstom by CDPQ. (Hereinafter, Alstom, Bombardier Transportation and CDPQ are together referred to as “**Parties**”).
2. The notice was filed pursuant to a Share Purchase Agreement and an Investment Agreement between each Alstom and Bombardier, and Alstom and CDPQ. Alstom, Bombardier and CDPQ entered into a Memorandum of Understanding (“**MoU**”) and a Letter Agreement with an agreed form Share Purchase Agreement (“**SPA**”) and agreed



form Investment Agreements on 17<sup>th</sup> February 2020 with subsequent amendments on 30<sup>th</sup> March 2020.

3. Under the Proposed Combination, Alstom will acquire Bombardier Transportation (which houses the global rail solutions division of Bombardier) (**Step 1**), and CDPQ (which is currently the second largest shareholder of Bombardier Transportation) will acquire approximately 18% of the share capital of Alstom, with the right to appoint 2 directors and 1 observer on Alstom's board. In addition, Bombardier will acquire a 3% shareholding in Alstom post equity raising with a three month lock-up undertaking from closing (**Step 2**) (Steps 1 and 2 are collectively referred to as the **Proposed Combination**).
  
4. **Alstom:** Alstom is a corporation (*i.e.* a société anonyme), organised, registered and headquartered in France. It is listed on the Euronext Paris Stock Exchange and is active globally in many countries. Globally, it is active in the rail transport industry and develops & markets systems and equipment and services for the rail industry. It manufactures and provides for signalling, rolling stock, rail electrification, track works, maintenance & modernisation, associated constructing & engineering services and digital mobility. In India, it is present in the mobility business including signalling solutions, rail electrification, track works and rolling stock (locomotives and metros) and maintenance services through its following subsidiaries:
  - Alstom Manufacturing India Private Limited (**AMIPL**)
  - Alstom Systems India Private Limited (**ASIPL**)
  - Alstom Transport India Limited (**ATIL**)
  - Madhepura Electric Locomotive Private Limited (**MELPL**)
  
5. It does not engage in sale of any components / products on a standalone basis and provides complete project solutions only. Alstom has a global engineering centre for signalling in Bangalore which helps it in optimisation of costs as well as on project execution capabilities including system design architecture, installation, and commissioning methodologies.



6. **CDPQ:** It is a long-term institutional investor registered in Montreal (Province of Quebec), Canada. It manages funds primarily for public and para-public pension and insurance plans. It invests in major financial markets, private equity, fixed income, infrastructure and real estate. It is present in India through its indirect subsidiary, CDPQ India Private Limited. The activities of CDPQ India Private Limited are primarily the provision of advisory services to another CDPQ subsidiary located in Singapore. CDPQ has investments in three portfolio companies, which are active in the broader railway sector in India, namely Delachaux S.A. (**Delachaux**), Keolis S.A. and the Fives Group. Further, Delachaux is present in India through Pandrol Rahee Technologies Private Limited (**Pandrol Rahee**) and Frauscher Sensor Technology India Private Limited (**Frauscher India**).
7. **Bombardier:** It is a Canadian multinational manufacturer of business jets and rail. It has two divisions, *i.e.* Bombardier Aviation and Bombardier Transportation. It has production and engineering sites in 25 countries across the segments of transportation, including business aircraft, commercial aircraft, aero-structures and engineering services & railway transport. In the aviation business, Bombardier does not have any manufacturing facility in India and is only engaged in providing engineering services from Bangalore and customer support / sales from Mumbai. For technical publications, Bombardier Aviation works with Capgemini and Axix Cades in Bangalore. Its railway transport business is housed in Bombardier Transportation.
8. **Bombardier Transportation:** It is the global rail solutions division of Bombardier. It offers a wide range of rail solutions, ranging from trains to sub-systems and signalling to complete turnkey transport systems, e-mobility technology and data-driven maintenance services. It has production, engineering and service centres around the world and its global headquarter is located in Berlin, Germany. Globally, it provides (i) Urban rolling stock (including metro rolling stock, light rail vehicles, monorails, etc.), (ii) Mainline rolling stock (including mainline trains, commuter trains, etc.), (iii) E-Mobility Battery Technology, (iv) Other rolling stock (including locomotives), (v) Urban Equipment and



Mainline Equipment, (vi) Signalling Solutions (mainline and urban transit systems) and (vii) Maintenance services.

9. In India, Bombardier Transportation is engaged in the sale of rail vehicles, propulsion, control equipment and signalling solutions. It provides urban signalling and metro rolling stock solutions in India with manufacturing facilities at Hyderabad, Gurgaon, Savli and Vadodara. It has administrative offices in Kolkata and Mumbai. It has one subsidiary in India, namely Bombardier Transportation India Private Limited, which provides rolling stock and signalling solutions.
10. In terms of Regulation 19(3) of the Competition Commission of India (Procedure in Regard of Business relating to Combinations) Regulations, 2011 read with Section 36(4) of the Act, the Commission also sought information *inter alia* from the competitors and customers of the Parties *vide* letters dated 5<sup>th</sup> August 2020. The Commission received responses from some of the competitors (“**Competitor Responses**”) and customers (“**Customer Responses**”).
11. In India, Bombardier Transportation and Alstom are engaged in products, services and solutions relating to railway transportation which *inter alia* include signalling and rolling stock. With regards to the overlapping products and services in India, Parties have a wide product portfolio and compete for the manufacture and/or supply of:
  - **Signalling solutions:** Signalling solutions include signalling systems that provide safety controls on mainline and urban rail networks; and
  - **Rolling stock (trains including locomotive):** Mainline rolling stock includes intercity and regional trains while urban rolling stock includes metros.

### Signalling

12. Signalling is the provision of systems that provide safety controls for rail networks. At their most basic level, these systems protect against train collisions by preventing two trains from meeting on the same section of a track. Although there appears to be some



degree of supply-side substitutability between mainline and urban signalling, however, there are differences in technology and specifications, customers, standards of systems, and size of the project. It is stated that the Parties' activities do not overlap in the mainline signalling segment based on order intake and bidding data. Further, it is stated that the Parties' activities overlap only in the urban signalling segment which includes communications-based train control (“**CBTC**”) and Non-CBTC sub-segments.

13. Urban signalling (also called mass transit (“**MT**”) signalling) provides safety controls on urban transport networks such as metros. It prevents collisions between trains and increasingly responds to other challenges faced by network operators such as network congestion, security, and capacity constraints. There are two different types of technologies under urban signalling: CBTC and Non-CBTC signalling. Non-CBTC signalling systems regulate safety by ensuring presence of only one train on pre-defined segments of tracks (‘blocks’), *i.e.* granting moving authority only if the entire block is empty, thereby creating a fixed safety buffer – referred to as ‘fixed-block’ signalling. In addition to fixed-block signalling, Non-CBTC signalling typically also relies on drivers ‘driving by sight’, e.g., for trams because trams are not only interacting with other trams (for which fixed-block signalling provides the safety solution) but also with people, bicycles, and cars that can show up onto the tram track. On the other hand, CBTC signalling systems rely on continuous communication between the train and wayside devices and create a “moving” safety buffer between trains based on their actual position allowing for a reduction of intervals between trains and a greater amount of automation – referred to as “moving-block” signalling. CBTC signalling systems are modern railway signalling systems that are mainly used in metro lines and Airport People Movers (“**APM**”).

14. In urban signalling, majority of customers have stated that (a) complete signalling system is designed and supplied for a Metro Project; (b) segmentation of urban signalling project is not feasible as interoperable systems from different vendors are not available in the market; and (c) competitive conditions do not differ as there are adequate numbers of independent suppliers. Customers prefer only CBTC technology for the new projects and



for replacement or extension of previous lines with Non-CBTC technology. Further, at the narrower level urban signalling may be segmented into Non-CBTC and CBTC for the purposes of market assessment. In view of the above, the Commission has carried out competition assessment at broader urban signalling as well as at narrower CBTC and Non-CBTC segments separately.

15. With regards to the geographic segmentation, the Commission is of the opinion that the scope of the relevant market for mainline and urban signalling extends to the whole of India. Since, the Proposed Combination does not raise any competition concerns under any potential market segmentation, the definition of the relevant product and geographic market is being left open.
16. With regard to the maintenance for signalling, the Commission noted that Parties do not provide maintenance services for the signalling equipment of other signalling suppliers in India but provide these services for their own equipment only and thus there is no need to define a separate market for service and maintenance for urban signalling projects.
17. It has been submitted that both Alstom and Bombardier Transportation have been active in the CBTC and Non-CBTC urban signalling market in India, and have executed signalling projects for various metro rail corporations. The Commission noted that the combined market shares of the Parties in terms of order intake value during 2010-19 in the CBTC urban signalling segment is in the range of [37-42]% and in the Non-CBTC urban signalling segment is in the range of [31-35]%. Further, given that the urban signalling segment is a bidding market, the Commission also considered and analysed the past bidding data to ascertain the closeness of competition between the parties. It was observed that there are other global players who are not only competing in terms of participation in tenders but have also won several bids. In relation to this, the Commission noted that the Parties participated in a limited number of common projects, thereby indicating that the Parties were not competing with each other in a significant number of contestable projects. In the CBTC segment, bids were mostly won by Alstom, Hitachi/Ansaldo, Nippon Signal, Siemens and Thales. Thus, in this segment, the bidding



data does not show Bombardier to be a credible competitor to Alstom. In the Non-CBTC segment, a sizeable proportion of the projects constitute non-contestable bids with a limited number of contestable projects. Bombardier is an insignificant player in these contestable bids in the Non-CBTC segment. Siemens is a major player in projects with a higher order intake value with a significant market share. Similar results were also obtained from value-weighted bid analysis. Further, even as per the third-party responses and data submitted by the Parties, the Commission noted the presence of other credible and big competitors operating in the urban signalling segment, which are Siemens, Hitachi-Ansaldo, Nippon and Thales. Furthermore, a number of international suppliers such as Hyundai Rotem, Stadler Rail AG, CRRC, CRSC, and Beijing TCT, with their own CBTC signalling solutions have considerable presence in the international markets and are expected to enter the CBTC signalling segment in India. In this regard, the Commission also noted that the main customers / end-users for solutions in the urban signalling segment are metro rail corporations, who possess significant countervailing buyer power as they are capable of designing tenders and structuring the bid contest in such a way that fosters competition and maximises their incentives.

18. In view of the foregoing, it is observed that the Proposed Combination is not likely to result in an appreciable adverse effect on competition in the broader urban signalling market in India and in the narrower sub-segments, *i.e.* CBTC and Non-CBTC.

### **Rolling Stock**

19. The term “rolling stock” refers to the various vehicles that travel on railway networks, whether powered or unpowered (*i.e.* self-propelled). The rolling stock segment may be further divided into the following categories: (a) mainline rolling stock; (b) urban rolling stock; and (c) locomotives.
20. Mainline rolling stock or trains are those vehicles, which circulate around and between cities. They operate on large networks and are used for transporting both passengers and goods. Urban rolling stocks operate within cities, typically on closed networks which



separate from mainline networks. They are characterised by lower speeds, more frequent stops, and/or high passenger capacity compared to mainline trains. Different types of categories are (i) trams / light rail vehicles, (ii) APM, (iii) metros.

21. It is stated that Alstom is not present in mainline rolling stock. Therefore, there is no product overlap between the Parties in respect of mainline rolling stock. Further, Parties have submitted that overlaps exist only within the sub-segment of metro rolling stock; as such the relevant product market needs to be restricted to metro rolling stock. As per submissions, Alstom is neither present in trams/light rail vehicles nor in the APM segment. In respect of locomotives, it has been submitted that while Alstom is active in locomotives rolling stock in India, Bombardier Transportation is not. Therefore, there is no overlap between the Parties in respect of locomotives.
22. Since, the Proposed Combination does not raise any competition concerns under any potential market segmentation, the definition of the relevant product and geographic market is being left open.
23. It has been submitted that both Alstom and Bombardier Transportation have been active in the urban metro rolling stock market in India. The Commission noted that combined market shares of the Parties in terms of order intake value during 2010-19 in the urban metro rolling stock market is in the range of [27-32]%. Further, given that the urban rolling stock segment is a bidding market, the Commission also considered and analysed the past bidding data and observed that there are other global players who are not only competing in terms of participation in tenders but have also won several bids. In relation to this, the Commission noted that the Parties participated in few limited common contestable projects, thereby indicating that the Parties were not competing with each other in a significant number of projects. Moreover, other players were successful in terms of winning the bids in which the Parties commonly participated, thereby indicating that the Parties are not close competitors. In the non-contestable projects, Bombardier appears to be an insignificant player. In terms of order intake value, Hyundai Rotem and CRRC are major players in contestable projects in the urban rolling stock segment. As per





- the information given by the Parties, BEML, Hyundai Rotem, CRRC, Titagarh Firema, etc., are other significant competitors present in this segment. The Commission also noted that there are other bidders for urban rolling stock segment in India such as CAF, Mitsubishi and Kawasaki. In this regard, the Commission also noted that the main customers / end-users are metro rail corporations, who possess significant countervailing buyer power, as they are capable of designing tenders and structuring the bid contest in such a way that fosters competition and maximises their incentives.
24. Further, with respect to supply of propulsion systems, it has been submitted that Alstom never had any standalone sales of propulsion systems in India and accordingly, their activities do not overlap in respect of propulsion systems.
  25. In view of the foregoing, it is observed that the proposed combination is not likely to result in an appreciable adverse effect on competition in the urban rolling stock segment in India.
  26. The Parties have submitted that there are currently no vertical relationships between Alstom, CDPQ and Bombardier Transportation in India. However, there are indirect vertical relationships between Alstom and CDPQ (through the subsidiaries of one of its portfolio companies). The Commission noted vertical relationships exist between Alstom and subsidiaries of Delachaux (portfolio company of CDPQ) as Alstom procures rail-fastening systems from Pandrol Rahee and procures digital axle counters from Frauscher India. However, these vertical relationships arising with CDPQ portfolio companies do not appear to be significant in terms of value or share. Accordingly, there do not appear to be any foreclosure related concern due to the Proposed Combination in any of the market(s) involved.
  27. 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



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in any of the relevant market(s) and therefore, the Commission hereby approves the same under Section 31(1) of the Act.

28. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
29. The information provided by the Parties is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
30. The Secretary is directed to communicate to the Parties accordingly.