



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2015/05/270)

12th June 2015

Notice under section 6(2) of the Competition Act, 2002 given by

- Advent International Corporation
- MacRitchie Investments Pte. Limited

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

1. On 1st May, 2015 the Competition Commission of India ('**Commission**') received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 ('**Act**'), given by Advent International Corporation ('**Advent**') and MacRitchie Investments Pte. Limited ('**MacRitchie**') (hereinafter, advent and MacRitchie are collectively referred to as '**Acquirers**'), pursuant to the execution of a Share Purchase Agreement ('**SPA**') on 23rd April, 2015.
2. The proposed combination entails following steps i.e. (a) acquisition of 34.37 percent of the total issued and paid up equity share capital of Crompton Greaves Consumer Electricals Ltd ('**Target**') by Advent through (Amalfiaco Limited ('**Amalfiaco**')) and MacRitchie from Avantha Holdings Limited ('**Avantha**') and/or its subsidiaries or group companies in the ratio of 65:35, under the SPA, and (b) acquisition of up to 26 percent of equity share capital of the Target by Advent (through Amalfiaco and/or Nirsinia Limited ('**Nirsinia**')) and MacRitchie by way of an open offer under the provisions of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011) ('**Open Offer**'). Amalfiaco and Nirsinia incorporated in Cyprus are the special purpose vehicles ('**SPVs**') which form part of the Advent group. Further, as stated in the notice, as regards the acquisition of shares of the Target as agreed upon in the SPA and by way of an Open Offer, MacRitchie, Amalfiaco and Nirsinia have entered into an Inter-se Agreement dated 23rd April 2015 simultaneously along with the SPA, as per which, the equity shares of the Target tendered in the Open Offer shall be acquired in the manner i.e. (a) Advent (through Amalfiaco and / or Nirsinia) shall first acquire equity shares representing 3.67 percent of the issued and paid up share capital of the



Target tendered in the Open Offer, (b) post-acquisition of shares mentioned in (a) above by Advent, MacRitchie shall acquire equity shares representing 1.98 percent of the issued and paid up share capital of the Target tendered in the Open Offer, and (c) post the acquisitions mentioned in (a) and (b) above, the remaining equity shares tendered in the Open Offer shall be acquired by the Advent (through Amalfiaco and / or Nirsinia) and MacRitchie in the ratio of 65:35.

3. In terms of Regulation 14 of the Combination Regulations, *vide* letter dated 15th May, 2015 the Acquirers were required to remove defects and furnish certain information/document(s) by 19th May, 2015. The Acquirers filed its response on 20th May, 2015 after seeking extension of time. Since the response dated 20th May, 2015 was incomplete, *vide* another letter dated 26th May, 2015, the Acquirers were again required to remove defects and furnish certain information/document(s), the response of which was given by the Acquirers on 3rd June, 2015 after seeking extension of time.
4. As stated in the notice, Advent, a private equity investor, incorporated under the laws of the USA, has investments in various sectors of the economy such as financial services, healthcare, retail and entertainment, IT, media etc. MacRitchie, incorporated in Singapore, is an investment holding company and a subsidiary of Temasek Holdings (Private) Limited ('**Temasek Holdings**').
5. As per the information provided in the notice, the Target has been incorporated on 25th February 2015 under the Companies Act, 2013, as a wholly-owned subsidiary of Crompton Greaves Limited ('**ParentCo**'), to carry on the consumer products business comprising household appliances and goods such as fans, water heaters, air coolers, tube lights etc., which would be demerged from the ParentCo into the Target through a scheme of demerger under the respective provisions of the Companies Act, 1956 ('**Scheme**'). ParentCo, a company incorporated under the Companies Act 1956, is a public listed company which is, *inter alia*, engaged in business of power and industrial systems and consumer products. Avantha, a company incorporated under the Companies Act 1956, is the promoter of the ParentCo and currently holds 34.37 percent of the total issued and paid up share capital of the ParentCo on a fully diluted basis. It is also proposed that pursuant to the demerger, the shareholding pattern of the Target would be same as that of the ParentCo and thus, the public shareholders of the



Target will be issued shares in the same proportion as they presently hold in the ParentCo once the shareholding of the ParentCo in the Target stands cancelled.

6. It has also been submitted by the Acquirers that the Scheme and the proposed combination as envisaged are the independent events. Further, the Scheme which was initially approved by the board of directors of the ParentCo on 16th October 2014 was again approved by the board on 9th March 2015 after incorporating amendments to the Scheme suggested by the respective stock exchanges. In this regard, it is noted that based on facts and the information available on records, the said demerger under the Scheme is an independent transaction which was not carried out specifically for the purposes of the proposed combination.
7. It is also noted that neither of the Acquirers produce or provide similar or identical or substitutable products or services to those forming part of the consumer products business of the Target, in India. Further, as stated in the notice, there is also no vertical relationship between the consumer products business of the Target and the Acquirers and / or the operating portfolio companies of the Acquirers in India.
8. Further, in the course of the assessment of the proposed combination, it was observed that the SPA imposes non-compete restrictions on Avantha and its affiliates for a period of five years. The Acquirers were required to provide necessary clarification and justification. In this regard, the Acquirers vide their response dated 12th June, 2015 offered modification, under the provisions of sub-regulation (2) of Regulation 19 of the Combination Regulations, regarding reduction in the duration of non-compete obligation on Avantha and its affiliates from five years to three years. The Commission considered and accepted the modification offered by the Acquirers to reduce the duration of non-compete obligation as imposed under the provisions of the SPA on Avantha and its affiliates from five to three years, in its meeting held on 12th June 2015. In this regard, the Commission, while accepting the above said modification offered by the Acquirers under the provisions of sub-regulation (2) of Regulation 19 of the Combination Regulations directed the Acquirers to make necessary amendment(s) in the SPA, so as to incorporate the said modifications and submit a copy of such amended agreement, along with the relevant documents, to the Commission within three months from the date of this Order.



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9. Considering the facts on record and the details provided in the notice given under subsection (2) of Section 6 of the Act and the assessment of the combination after considering the relevant factors mentioned in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have appreciable adverse effect on competition in India and therefore, the Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.
10. This order shall stand revoked if, at any time, the information provided by the Acquirers are found to be incorrect.
11. The Secretary is directed to communicate to the Acquirers accordingly.