

Competition Commission of India invites comments of the stakeholders on the proposed acquisition of the electrical and automation business of Larsen & Toubro Limited by Schneider Electric India Private Limited and MacRitchie Investments Pte. Limited

Disclaimer

Under Section 29(2) of the Competition Act 2002, the Competition Commission of India, if it is of the prima facie opinion that the combination has, or is likely to have, an appreciable adverse effect on competition, shall direct the parties to the said combination to publish details of the combination for bringing it to the knowledge or information of the public and persons affected or likely to be affected by such combination. In accordance with the provisions of Section 29(2) of the Competition Act, 2002, the Competition Commission of India requires Schneider Electric India Private Limited and MacRitchie Investments Pte. Ltd. to publish details of the Proposed Combination.

The contents given herein do not represent in any manner the views of the Competition Commission of India and do not prejudice the view that the Competition Commission of India may take of the Proposed Combination. The Competition Commission of India is not responsible for any incorrect or misleading information contained herein.

FORM IV

I. Details of combination under sub-section (2) of Section 29 of the Competition Act, 2002 (“Act”)

1. The Competition Commission of India (“**Commission**”) is investigating into the combination between Schneider Electric India Private Limited, having its registered office at C-56, Mayapuri, Industrial Area, Phase-II, New Delhi-110064, India (“**SEIPL**”) and MacRitchie Investments Pte. Ltd., having its registered office at 60B Orchard Road, #06-18 Tower 2, The Atrium Orchard, Singapore, 238891

("MacRitchie") (SEIPL and MacRitchie are collectively referred to as "Acquirers") and Larsen & Toubro Limited ("L&T"), having its registered office at L&T House, Ballard Estate, P. O. Box: 278, Mumbai - 400 001, India (the Acquirers and L&T are collectively referred to as "Parties").

2. The proposed transaction contemplates (a) the acquisition of the electrical and automation ("E&A") business of L&T (excluding the marine business unit and Servowatch Ltd., which are currently part of the E&A business of L&T) ("Target Business"), by SEIPL, as a going concern on a slump sale basis; and, (b) the acquisition of 35% of the shareholding in SEIPL by MacRitchie (together, the "Proposed Combination").

II. The details of the combination in the form of the summary, as provided by the Parties to the combination under column 1 of Form II are as under:

Parties to the Proposed Combination

SEIPL

3. SEIPL is a company incorporated in India and is an indirect, wholly-owned subsidiary of Schneider Electric SE ("Schneider"). Schneider is present in power management – Medium Voltage ("MV"), Low Voltage ("LV") and secure power, and in automation systems. Schneider operates through its subsidiaries and affiliates in India and offers products and services relating to, *inter alia*, E&A. In relation to the overlapping products/solutions [i.e., products offered by both Schneider and L&T] mentioned in Paragraph 20 below, the business of Schneider in India is conducted through the following six legal entities, i.e., SEIPL, Schneider Electric Infrastructure Limited ("SEIL"), Schneider Electric President Systems Limited ("SEPSL"), Schneider Electric IT Business India Private Limited ("SEITB"), Luminous Power Technologies Private Limited ("Luminous"), Schneider Electric Systems India Private Limited ("SESIPL"), collectively "Schneider India".

MACRITCHIE

4. MacRitchie, a company incorporated in Singapore, is an indirect wholly-owned subsidiary of Temasek Holdings (Private) Limited, a global investment company headquartered in Singapore. MacRitchie is an investment holding company and does not have any business operations other than holding investments.

L&T

5. L&T is a company incorporated in India. L&T is a technology, engineering, construction, manufacturing and financial services conglomerate, with global operations and customers in over 30 countries around the world. L&T's manufacturing footprint extends across eight countries (in addition to India), and it also has several international offices and a supply chain that extends around the globe. L&T is engaged in core, high impact sectors of the economy and caters to various industries, including hydrocarbon, infrastructure, power, process industries and defence.

Rationale, objectives, strategy and the likely impact of the Proposed Combination

6. The Proposed Combination involves the acquisition of the Target Business which is strongly complementary to, and in line with, Schneider's business in India (through Schneider India). The Proposed Combination will combine Schneider's strong global technology platform, digital offers and global presence with L&T's wide domestic reach, coupled with its end-to-end Research & Development ("R&D") and manufacturing capabilities specific to the Indian market.
7. The Proposed Combination will help accelerate Schneider India's manufacturing footprint in India which will result in greater domestic production, reduced dependence on imports and increased employment opportunities. The combined business will have an optimized manufacturing base, through use of superior technologies, native engineering systems and economies of scale, which will permit Schneider India to undertake local manufacturing of products and solutions in India that are currently largely imported from overseas.
8. The Proposed Combination is in alignment with L&T's growth strategy and strategic plan, under which L&T plans to focus on its core business activities and to divest its non-core businesses which includes the Target Business. Therefore, L&T proposes to divest the Target Business to the selected buyer, i.e., SEIPL.
9. The Proposed Combination will harness the strengths of the combined entity to address the energy, and electrical & automation requirements of consumers in India and in other new economies such as, the Middle East, Africa and South-East Asia, along with an accelerated focus on the contribution to "Make in India" to serve the fast-growing Indian LV and industrial automation market.
10. The Proposed Combination will also enhance Schneider India's ability to offer a wider range of products and technologically superior solutions to Indian consumers across

portfolios and price points in India. The Proposed Combination leverages the complementary businesses of Schneider India and L&T, including L&T's widespread network of distributors/ channel partners and extensive geographical reach across India (in over 260 cities), enabling Schneider India to access consumers in tier II and tier III cities and semi-urban and rural areas across India, where Schneider India currently has a limited presence.

11. Post the Proposed Combination, Schneider aims to develop India as the “fourth hub” for Schneider globally (the other three being US, France and China) to cater to the growing Indian market as well as to develop India as the hub for new and emerging markets such as, the Middle East, Africa and South-East Asia.

Nature of the Proposed Combination

12. On 1 May 2018, SEIPL and L&T entered into a Business Transfer Agreement (“BTA”) that contemplates the proposed acquisition of full and complete ownership and control over the Target Business by SEIPL. Further, the Share Subscription Agreement dated 1 May 2018 executed between SEIPL, Schneider Electric Industries SAS and MacRitchie contemplates an acquisition of 35% of the shareholding in SEIPL by MacRitchie. The parties also entered into a brand license agreement permitting SEIPL to use the brand and certain registered marks of L&T for a limited duration.
13. The Proposed Combination is in the nature of an acquisition (under Section 5(a) of the Act). As mentioned above, the Proposed Combination contemplates the acquisition of the Target Business of L&T by SEIPL, as a going concern on a slump sale basis and the proposed acquisition of 35% of the shareholding in SEIPL by MacRitchie.

Area of activities of the parties to the combination

14. SEIPL is a company incorporated in India and is an indirect, wholly-owned subsidiary of Schneider. Schneider is actively involved in the digital transformation of energy management and automation in homes, buildings, data centres, infrastructure and industries. With a global presence in over 100 countries, Schneider is present in power management - MV, LV and secure power, and in automation systems. Schneider provides integrated efficiency solutions, combining energy, automation and software. Schneider is operating through its subsidiaries and affiliates in India

and offers products and services relating to, *inter alia*, the E&A business. Schneider India offers around 74 different products/solutions in the E&A sector in India.

15. MacRitchie is an investment holding company and does not have any business operations other than holding investments.
16. L&T is a company incorporated in India. L&T is a technology, engineering, construction, manufacturing and financial services conglomerate, with global operations and customers in over 30 countries around the world. L&T's manufacturing footprint extends across eight countries (in addition to India), and it also has several international offices and a supply chain that extends around the globe. L&T is engaged in core, high impact sectors of the economy and caters to various industries, including hydrocarbon, infrastructure, power, process industries and defence. The Target Business offers a wide range of LV and MV switchgears, electrical systems, industrial and building automation solutions, energy management systems and metering solutions. L&T offers around 46 different products/solutions in the E&A sector in India.

The market(s) (including its structure and state of competition) in which the combination will have or is likely to have an impact

17. The Proposed Combination relates to the E&A sector in India. Schneider India and the Target Business are engaged in providing E&A products and solutions in India and provide similar products/solutions across a number of product/ solution categories.
18. Based on the application, substitutability, functionality, and end-use, there are 29 Overlapping Products/Solutions between Schneider India and the Target Business in India ("**Overlapping Products/Solutions**"), each of which constitutes a separate relevant product market in India.
19. The 29 Overlapping Products/Solutions between Schneider India and Target Business are primarily intermediate products (inputs) used in the provision of E&A business applications, specified by downstream customer demands, which mostly comprise panel builders, electrical contractors and original equipment manufacturers. The Overlapping Products/Solutions on a standalone basis are different and are not substitutable with each other.
20. **Relevant Product Market:** The 29 Overlapping Products/Solutions between Schneider India and the Target Business in India, are set out below:

S. No.	Overlapping Products/Solution
1.	Wires
2.	Human Machine Interface (“HMI”)
3.	Wiring devices/Wiring accessories (“WAS”)
4.	Programmable Logic Computers (“PLC”)
5.	Active Harmonic Filter (“AHF”)
6.	Servo
7.	Low Voltage Panel and Solutions (“LV Panel and Solutions”)
8.	Automatic Power Factor Correction Panels (“APFC Panels”)
9.	Low Voltage Variable speed/ Frequency Drives (“LV Drives”)
10.	Busways Power/ Busbar Trunking (“BBT”)
11.	Digital Protective Relays/ Numerical Relays (“DPR”)
12.	Medium Voltage Equipment (“MVE”)
13.	Final Distribution Enclosure Systems/Distribution Board (“DBs”)
14.	Changeover Switches (“COS”)
15.	Electrical and Automation Solutions (“EAS”)
16.	Residual Current Devices (“RCD”)
17.	Final Distribution Breakers Devices/Miniature Circuit Breakers (“MCB and Isolators”)
18.	Power Factor Correction Components (“PFC Components”)
19.	Power Metering Products/Digital Panel Meters (“DPM”)
20.	Industrial Starters
21.	Motor Management Relays (“MMR”)
22.	Panel Accessories
23.	Outdoor Cabinets (“ODC”)
24.	Air Circuit Breakers (“ACB”)
25.	Moulded Case Circuit Breakers (“MCCB”)
26.	Switch Disconnecter Fuse (“SDF”)
27.	Contactors (Including Control Contactors) (“Contactors”)
28.	Motor Protection Circuit Breaker (“MPCB”)
29.	Overload Relays

21. **Relevant Geographic Market:** The conditions for manufacturing/ selling each of the separate relevant product markets as mentioned above in the entire country are uniform and homogenous. There are no barriers within the territory of India in terms of geographic location of the consumers for availing these products/solutions, as

irrespective of where the plants and distributors are located, the products are being sold across India and transportation costs are low. Therefore, the 'relevant geographic market' is 'India'.

Information with reference to sub-section 4 of Section 20 of the Act

A. Extent of barriers to entry into the market:

22. The Acquirers are of the view that the Indian E&A industry in India is characterized by low barriers to entry which is evidenced by the fact that over the last few years, several new players have entered the relevant markets (both domestic and international players). The market has witnessed the entry of more than 11 organized competitors, including competitors with a global presence like Legrand (India) Pvt. Ltd. ("**Legrand**"), Eaton Corporation ("**Eaton**"), Mitsubishi Electric Corporation ("**Mitsubishi**"), Hager group ("**Hager**"), low-cost Chinese players like Chint group ("**Chint Electric**") and Indian players like Havells India Limited ("**Havells**").

B. Level of combination in the market:

23. The Acquirers are of the view that the relevant markets as mentioned above in India are sufficiently competitive and contestable with the presence of at least 7-20 competitors in each relevant market offering choice to the customers, including Siemens AG ("**Siemens**") and ABB group ("**ABB**") who are global giants with recognized brands and sophisticated technology as well as cost-competitive Indian players such as, C&S Electric ("**C&S**") and Havells and Chinese players such as Chint Electric.

C. Degree of countervailing power in the market:

24. The Acquirers are of the view that there is a high degree of countervailing power in respect of the Overlapping Products/Solutions, which are primarily used in commercial and industrial projects. The customers in this segment are sophisticated buyers, and well-positioned to exercise countervailing bargaining power. Additionally, the sale of the Overlapping Products/Solutions in India by Schneider India is largely based either on fixed pricing (based on what is shared with distributors) and individualized negotiations based on the negotiations held with Schneider India's customers. As such, the customers who purchase the Overlapping Products/Solutions from Schneider India, have the ability to negotiate the terms of sale based on their requirements. At the overall LV switchgear market level, the

industrial and commercial customers represent around 50% of the global LV switchgear market (as of 2014).

D. Likelihood that the combination would result in the parties to the combination being able to significantly and sustainably increase prices or profit margins:

25. The Acquirers are of the view that the Proposed Combination is unlikely to result in SEIPL being able to significantly and sustainably increase prices on account of the presence of at least 7-20 competitors in each relevant market mentioned in Paragraph 20, which includes global competitors such as, ABB, Siemens, C&S, Legrand, Eaton, Mitsubishi, etc. as well as price competitive domestic competitors such as, C&S, Havells, BCH Electric Limited (“**BCH Electric**”), Polycab Wires Pvt. Ltd. (“**Polycab**”), HPL Electric & Power (“**HPL**”) etc., which exert and will continue to exert significant competitive constraint on Schneider India post the Proposed Combination. Furthermore, the market is characterized by excess capacity, which hinders and will continue to hinder the ability of the combined entity to sustainably increase prices post the Proposed Combination.

E. Extent of effective competition likely to sustain in a market:

26. The Acquirers are of the view that after the completion of the Proposed Combination, effective competition will continue to be sustained in the market. There is presence of large competitors in India, such as, ABB, Siemens, C&S, Legrand, Eaton, Mitsubishi, etc., as well as price competitive domestic competitors such as, C&S, Havells, BCH Electric, Polycab, HPL, etc., who pose significant competitive constraints and will continue to do so post the Proposed Combination. Any attempt to increase prices by SEIPL will result in customers shifting their procurement to other competitors which have the resources to increase their production capacities within a short time-period.

F. Extent to which substitutes are available or are likely to be available in the market:

27. The switchgear products of all manufacturers comply with the IS / IEC 60947 standard, and are closely matched on specifications, along with being substitutable in nature. Accordingly, there are no technical constraints in using the products/ solutions from different manufacturers in the same panel, and this aspect significantly increases the level of competition within the competitors.

G. Market share, in the relevant market, of the persons or enterprise in a combination, individually and as a combination:

28. The market shares of SEIPL, L&T and the combined entity post the Proposed

Combination along with the market shares of the top five (5) competitors of the combined entity for the calendar year 2016 in respect of all 29 Overlapping Products/Solutions are provided in the table set out below:

Market Share Data for CY 2016

S. No.	Product/Solution	Market share (%)			
		Schneider	L&T	Combined MS	Top 5 Competitors
1.	Overload Relays	20-25%	35-40%	55-60%	Siemens (15-20%), C&S Electric (10-15%), ABB (5-10%), BCH Electric (0-5%), Eaton (0-5%)
2.	MPCB	40-45%	10-15%	50-55%	Siemens (25-30%), ABB (5-10%), C&S Electric (5-10%), Others (5-10%)
3.	Contactors	20-25%	25-30%	45-50%	Siemens (20-25%), ABB (10-15%), C&S Electric (5-10%), BCH Electric (0-5%), Eaton (0-5%)
4.	SDF	0-5%	45-50%	45-50%	Siemens (25-30%), C&S Electric (5-10%), ABB (5-10%), Havells (5-10%), Others (0-5%)
5.	MCCB	20-25%	25-30%	45-50%	ABB (10-15%), Siemens (10-15%), C&S Electric (5-10%), Others (15-20%)
6.	ACB	20-25%	25-30%	45-50%	ABB (20-25%), Siemens (15-20%), C&S Electric (5-10%), Others (5-10%)
7.	ODC	20-25%	15-20%	35-40%	Rittal (25-30%), MaxBros (10-15%), Netrack (0-5%), Valrack (0-5%), Others (15-20%)
8.	Panel Accessories	10-15%	20-25%	35-40%	Teknic (10-15%), Esbee (10-15%), Selectron (5-10%), Omron (5-10%), C&S Electric (5-10%)
9.	MMR	25-30%	5-10%	35-40%	Siemens (35-40%), ABB (15-20%), C&S Electric (5-10%), Eaton (0-5%), Others (0-5%)
10.	Industrial Starters	0-5%	30-35%	30-35%	Siemens (20-25%), BCH Electric (20-25%), C&S Electric (20-25%), Others (0-5%)
11.	DPM	25-30%	0-5%	30-35%	Elmeasure (10-15%), Secure (10-15%), HPL (5-10%), Trinity (5-10%), Rishabh (5-10%)
12.	PFC Components	5-10%	15-20%	25-30%	Epcos (30-35%), Vishay electronics (5-10%), Neptune (0-5%), Shreem (0-5%), Subodhan engineers (0-5%)

S. No.	Product/Solution	Market share (%)			
		Schneider	L&T	Combined MS	Top 5 Competitors
13.	RCD	10-15%	10-15%	25-30%	Legrand (25-30%), Havells (20-25%), ABB (5-10%), Hager (5-10%), Siemens (0-5%)
14.	MCB and Isolators	10-15%	10-15%	25-30%	Legrand (25-30%), Havells (15-20%), Siemens (5-10%), ABB (5-10%), Hager (5-10%)
15.	EAS	10-15%	10-15%	25-30%	Siemens (10-15%), ABB (10-15%), Honeywell (10-15%), Yokogawa (5-10%), Emerson (5-10%),
16.	COS	0-5%	25-30%	25-30%	HPL (35-40%), C&S Electric (10-15%), Havells (5-10%), Indoasian (5-10%), Others (5-10%)
17.	DBs	10-15%	5-10%	15-20%	Legrand (30-35%), Havells (25-30%), Hager (5-10%), ABB (5-10%), Siemens (0-5%)
18.	MVE	10-15%	0-5%	15-20%	Siemens (10-15%), ABB (5-10%), Crompton & Greaves (5-10%), BHEL (0-5%), C&S Electric (0-5%)
19.	DPR	10-15%	0-5%	15-20%	Siemens (25-30%), ABB (20-25%), General Electric (10-15%), Ashida (0-5%), Nari Group (0-5%)
20.	BBT	10-15%	0-5%	10-15%	C&S Electric (15-20%), EAE (5-10%), Godrej (5-10%), Legrand (0-5%), Entraco (0-5%)
21.	LV Drives	5-10%	0-5%	10-15%	ABB (20-25%), Danfoss (15-20%), Siemens (10-15%), Delta (5-10%), Fuji (5-10%)
22.	APFC Panels	10-15%	0-5%	10-15%	Neptune (25-30%), ABB (20-25%), EPCOS (10-15%), Claritas (5-10%), Shreem (5-10%)
23.	Servo	10-15%	0-5%	10-15%	Mitsubishi (10-15%), Siemens (5-10%), Delta (5-10%), Rockwell (5-10%), Others (45-50%)
24.	AHF	0-5%	0-5%	5-10%	Consul Neowatt (15-20%), P2 power (15-20%), Emeron (10-15%), Schaffner India (5-10%), Epcos (5-10%)
25.	PLC	5-10%	0-5%	5-10%	Siemens (20-25%), Rockwell (15-20%), Mitsubishi (5-10%), ABB (0-5%), General Electric (0-5%)

S. No.	Product/Solution	Market share (%)			
		Schneider	L&T	Combined MS	Top 5 Competitors
26.	LV Panel and Solutions	0-5%	0-5%	5-10%	C&S Electric (0-5%), ABB (0-5%), Siemens (0-5%), Others (85-90%)
27.	WAS	0-5%	0-5%	5-10%	Panasonic (20-25%), Legrand (10-15%), Havells (10-15%), GM (5-10%), Greatwhite (5-10%)
28.	HMI	0-5%	0-5%	0-5%	Siemens (5-10%), Advantech (0-5%), Rockwell (0-5%), Mitsubishi (0-5%), Portwell Laxons (0-5%)
29.	Wires	0-5%	0-5%	0-5%	Polycab (10-15%), Finolex (5-10%), Havells (5-10%), KEI (5-10%), RR (0-5%)

Source: Schneider India's internal estimates based on publicly available data and actual sales of L&T; Market share estimates for ACB, MCCB and COS are based on competitor sales data from F&S report on Indian LV Switchgear market for the year 2016 and the actual sales of Schneider India and L&T.

29. The Acquirers are of the view that high market shares in the LV industry do not translate into market power on account of (i) sufficient number of competitors offering choice to the consumers; (ii) cost-conscious nature of the Indian consumer; (iii) inability of Schneider India to dictate end-prices to the distributors; (iv) no lock-in for distributors; (v) no regulatory requirement for entry in the relevant market(s); (vi) contestable market characterized by ease of entry and expansion; and, (vii) competitive constraints posed by the unorganized sector.

30. In relation to ACBs, the combined market share of SEIPL post the Proposed Combination is between 45-50%. However, the market for ACBs is characterized by the presence of at least 13 competitors (i.e., Siemens, ABB, C&S, Havells, Legrand, Mitsubishi, BCH Electric, Hager, Eaton, HPL, Indo Asian, LSIS Industrial Systems Co. Ltd ("**LSIS**") and Chint Electric) who will continue to exert competitive constraint on Schneider India post the Proposed Combination. It is also pertinent to note that the market for ACBs also witnessed entry of several new players between 2008 to 2015, i.e., Legrand, Mitsubishi, Eaton, Hager, and Chint Electric.

31. In relation to MCCBs, the combined market share post the Proposed Combination is between 45-50%. However, the market for MCCBs is characterized by the presence of

at least 13 competitors (i.e., Siemens, ABB, C&S, Havells, Legrand, Mitsubishi, BCH Electric, HPL, Chint, Hager, LSIS, Indo Asian and Eaton) who will continue to exert a competitive constraint on Schneider India post the Proposed Combination. It is also pertinent to note that the market for MCCBs witnessed entry of several new players between 2010 to 2017, i.e., Mitsubishi, Eaton, Hager, Havells and Nader.

32. In relation to Contactors, the combined market share post the Proposed Combination is between 45-50%. However, the market for Contactors is characterized by the presence of at least 12 competitors (i.e., Siemens, ABB, C&S, Eaton, BCH Electric, Legrand, Chint Electric, Mitsubishi, LSIS, HPL, Indo Asian and Havells) who will continue to exert a competitive constraint on Schneider India post the Proposed Combination. The market for Contactors also witnessed entry of several new players between 2012 to 2017, i.e., Eaton, Legrand, Chint Electric, Havells and Mitsubishi.

33. In relation to Overload Relays, the combined market share post the Proposed Combination is between 55-60%. However, the Acquirers are of the view that the market is characterized by the presence of at least 12 competitors (i.e., Siemens, ABB, C&S Electric, Eaton, BCH Electric, Legrand, Chint Electric, Mitsubishi, LSIS, Havells, HPL and Indo Asian) who will continue to exert a competitive constraint on Schneider India post the Proposed Combination. The market for Overload Relays also witnessed entry of several new players between 2012 to 2017, i.e., Eaton, Mitsubishi, Legrand, Chint Electric and Havells.

34. It is also pertinent to mention that post the Proposed Combination, the combined entity would not be the market leader in 15 of the 29 Overlapping Products/Solutions (in terms of market share), i.e., MMR, DPR, PLC, HMI, RCD, DBs, PFC Components, COS, BBT, LV Drives, APFC Panels, Servo, AHF, WAS and Wires. Further, in relation to SDF, the market share of SEIPL prior to the Proposed Combination is less than 5%.

H. Likelihood that the combination would result in the removal of a vigorous and effective competitor or competitors in the market:

35. It is submitted that although Schneider India's and L&T's product portfolio overlap with each other, their products are different in terms of some functionality, geographic reach and brand recognition and as such cater to different customers across various price points and geographies.

36. Schneider India and L&T cater to different set of customers with varied functional requirements and features.

I. Nature and extent of vertical integration in the market:

37. The Proposed Combination is horizontal in nature; however, Schneider India supplies three products to L&T's E&A division that are part of the Proposed Combination (i.e., PLC, MVE and DPR). In this regard, the market share of Schneider India is less than 15% in these three relevant product markets. Similarly, the market share of downstream product markets of L&T, which procure these products from Schneider India, are also less than 15% in each of the product markets. As such, the overlapping products and services between Schneider India and L&T do not give rise to such upstream or downstream concentration that would enable post-acquisition vertical foreclosure.

J. Nature and extent of innovation:

38. R&D in the LV sector is necessary and important, but it is neither a barrier to entry nor a big differentiator between competitors. Currently, R&D in the LV sector is focused on incremental improvement to features, cost and material rather than achieving breakthrough innovation. Such incremental improvements allow players to be cost effective and keep pace with ever-evolving customer requirements.

39. The core product design of products in the LV sector has been the same for over 30 years now and all competitors have designs to meet the same specifications. Furthermore, the entry of new competitors in the relevant markets clearly establishes that R&D and intellectual property rights do not act as a bulwark in this industry either for entry or expansion. R&D does not create any competitive advantage in the market or any entry barriers for other competitors in the market.

40. Schneider has a high focus on R&D globally as well as in India, with the aim to make India the 4th global hub for R&D for the group, and focus on developing products in India which are suited for India and other emerging markets. Accordingly, the Proposed Combination will deliver better products and solutions to customers across India and promote India as a strong R&D hub in line with the Government of India's "Make in India" objective and pro-business policies. The Proposed Combination will also further the Government of India's objective of 'Invest in India' and 'Digital India' given that Schneider focuses on digitized and connected products. Schneider will extend the right level of resources and global expertise to Target Business' India R&D which will advance innovation in the Indian market and make more digitized products available to Indian customers.

K. Relative advantage, by way of the contribution to the economic development, by any combination having or likely to have appreciable adverse effect on competition:

41. The Proposed Combination also allows Schneider India to offer wider product ranges and solutions to the Indian consumers across portfolios and price points and the combined business will be well-positioned to serve the fast-growing Indian LV and industrial automation market.
42. The Proposed Combination allows Schneider India through L&T's extensive distribution network to access Tier II and Tier III cities, (over 260 cities) as well as rural areas across India, where it currently does not have significant presence. The geographic market extension and entry/expansion by Schneider India into Tier II and III cities in India will increase competition and choice for distributors and customers.
43. The Proposed Combination will help accelerate Schneider India's manufacturing footprint in India which will result in greater domestic production, reduced dependence on imports and increased employment opportunities.
44. The Proposed Combination will be in line with the Government's 'Make in India' objective and pro-business policies. Post the Proposed Combination, India will become an innovation and manufacturing hub for LV and industrial automation products for India as well as manufacturing in India and exporting to emerging economies such as, Middle East, Africa, South-East Asia. Schneider will develop India as the "fourth hub" for Schneider globally to cater to the growing Indian market as well as develop India as the hub for other new and emerging markets.

Expected timeframe for completion of various stages of the Proposed Combination

45. The Parties expect to close the Proposed Combination within six months from receipt of the approval of the Hon'ble Commission.

Inviting comments on the Proposed Combination

- III. **In order to determine whether the combination has or is likely to have an appreciable adverse effect on competition in the relevant market in India, the Commission invites comments/ objections/ suggestions in writing, from any person(s) adversely affected or likely to be affected by the combination, to submit, in writing, as provided under sub-section (3) of section 29 of the Act, to be addressed to the Secretary, Competition Commission of India, 10th Floor, Office Block, Tower – 1, Ring Road- opposite AIIMS, Kidwai Nagar (East), New Delhi- 10023, within fifteen working days from the date of this publication.**

- IV. **The comments/ objections/ suggestions shall state:**

(a) Name, address and contact details of the person(s) writing to the Commission; and

(b) With supporting documents, how such a person(s) is adversely affected or is likely to be affected by the combination, keeping in view the relevant provisions of the Act/ factors provided under sub-section (4) of Section 20 of the Act.

The Commission is not likely to consider unsubstantiated objections.
