



COMPETITION COMMISSION OF INDIA
(Combination Registration No.C-2016/06/406)



*Fair Competition
For Greater Good*

26th July 2016

**Notice under Section 6 (2) of the Competition Act, 2002 jointly given by
General Electric International (BENELUX) B.V.**

CORAM

Devender Kumar Sikri
Chairperson

S.L. Bunker
Member

Sudhir Mital
Member

Augustine Peter
Member

U. C. Nahta
Member

M.S. Sahoo
Member

G.P. Mittal
Member

Legal Representatives of the parties: AZB & Parties

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

1. On 7th June 2016, the Competition Commission of India (“**Commission**”) received a notice filed by General Electric International (BENELUX) B.V. (“**GEIBV**” or “**Acquirer**”) under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”). The notice was filed



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pursuant to a Business Transfer Agreement (“**DEC GEIBV BTA**”) executed between the Acquirer and Doosan Engineering & Construction Co. Ltd (“**DEC**”) on 10th May 2016.

2. The notice has been filed under section 6(2) r/w section 5(a) of the Act.
3. Under the proposed combination, GEIBV proposes to acquire the business of designing, manufacturing, distributing and servicing of heat recovery steam generator (“**HRSG**”), including certain intellectual property rights (“**IP Rights**”), assets, liabilities, and the existing employees related to the HRSG business (“**Target Business**”) from DEC and its affiliates (“**Proposed Combination**”).
4. GEIBV, incorporated in Netherlands, is a wholly-owned subsidiary of General Electric Company (“**GE**”) and is engaged in investment holding, finance and intercompany service activities.
5. GE is a global, diversified manufacturing, technology and services company, listed on New York Stock Exchange. Its primary business units include GE Power, GE Renewable Energy, GE Energy Connections, GE Oil & Gas, GE Healthcare, GE Aviation, GE Transportation, GE Capital and GE Home & Business Solutions. In India, GE Power serves power generation, industrial, government and other customers with products and services related to power generation and energy delivery. It is active several areas of the energy industry such as gas power, steam power and nuclear energy.
6. DEC is a subsidiary of Doosan Heavy Industries & Construction Co. Ltd (“**DHI**”), incorporated and headquartered in South Korea. DEC is *inter alia* engaged in business of construction, manufacture of chemical process equipment (CPE), and manufacture of HRSGs.
7. Doosan Heavy Industries Vietnam Co. Ltd (“**VINA**”) is a subsidiary of DHI and is engaged in the HRSG business. It owns power plant manufacturing facility and manufactures boilers, HRSGs and chemical process equipment.



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8. DHI is the parent company of each of DEC and VINA, engaged in energy (owner of source technology regarding nuclear power generation, coal thermal power generation and combined cycle power generation, supply of power generation equipment and services regarding such equipment), water plant solutions, castings and forgings and construction and engineering. It is stated in the notice that apart from the Target Business, DHI will continue to operate in the energy sector in respect of turbines, boilers and generators, post of the Proposed Combination, and that these businesses will not be affected by the Proposed Combination in any manner.
9. Doosan Engine Co. Ltd. (“**Doosan Engine**”) is engaged in the manufacture and sale of marine diesel engines and diesel engines for power plants. It is stated in the notice that Doosan Engine would contribute certain real estate assets to the Proposed Combination (via DEC) and its business will not be affected by the Proposed Combination in any manner.
10. Doosan Heavy Industries Vietnam Haiphong Co. Ltd. (“**DVH**”) is incorporated in Vietnam and is a supplier of modern systems and components in the field of manufacturing of power generation equipment, including HRSGs, boilers, storage tanks and industry equipment.
11. It is stated in the notice that DEC, VINA, Doosan Engines and DVH do not have any Indian subsidiaries.
12. On the basis of the submissions of the Acquirer, the Commission observed that there is no horizontal overlap between the Acquirer and the Target Business, globally and in India in respect of HRSG servicing - the Target Business focuses on servicing its own equipment, whereas GE has the capability to service third party manufacturers’ HRSGs (including that of the Target Business). However, GE does not do so currently, globally and in India.
13. At a global level, the Parties are active in the production and supply of HRSG which is used in thermal power plants. The Commission observed that as per the notice, neither of the Parties is currently active in relation to HRSGs in India. Thus, although at a global level there is a horizontal overlap in the production and supply of HRSG, horizontal overlap in India exists between the Acquirer and the Target only with respect to the product portfolio only in terms of the ‘*ability to produce and supply HRSG*’.



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14. The Commission decided that the definition of relevant product and geographic market may be left open as the market shares of both Acquirer and Target Business in overall HRSG market and in different segment markets according to capacities is nil in India.
15. The Commission observed that neither party has competed for the supply of a HRSG in India in the last five financial years, i.e. 2011-12 to 2015-16. It has been stated in the notice that neither GE nor Doosan have bid for, or won, a project for the supply of a HRSG in India in the last five years. Therefore, the market share of the Parties in India in the last five years is nil and the Proposed Combination will not bring forth any change to the existing dynamics for the supply of HRSG in India.
16. The Commission also observed that there are at least 35 other global suppliers of HRSGs, of which at least 9 are operational in India. Even if potential competition is taken into account, there exist various potential significant bidders like NooterEriksen, Mitsubishi Hitachi PR systems, NEM Energy, Vogt Power International, CMI, AMEC Foster Wheeler for future contracts for HRSGs.
17. It has been submitted that the Parties have no existing vertical relationships with respect to HRSGs in India.
18. Considering the facts on record and the 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 the proposed combination is not likely to have appreciable adverse effect on competition in India and therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.
19. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.



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20. The information provided by the Acquirer is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.

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