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COMPETITION COMMISSION OF INDIA
(Combination Registration No.C-2017/05/511)

29th June, 2017

Notice under Section 6 (2) of the Competition Act, 2002 given by Essilor International S.A. and Delphin S.a.r.l.

Coram:

S.L. Bunker
Member

Sudhir Mital
Member

Augustine Peter
Member

U. C. Nahta
Member

G.P. Mittal
Member

Legal Representatives of the parties: Khaitan & Co., LLP

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

1. On 19th May 2017, the Competition Commission of India ("**Commission**") received a notice filed by Essilor International S.A. ("**Essilor**") and Delphin S.a.r.l. ("**Delphin**") under sub-section (2) of Section 6 of the Competition Act, 2002 ("**Act**") (hereinafter Essilor and Delphin are collectively referred to as "**Parties**"). Earlier, the notice under sub-section (2) of Section 6 of the Act was filed on 14th February, 2017, which was regarded by the Commission as invalid for lack of complete information.

2. The proposed combination has been filed pursuant to execution of a Combination Agreement dated 15th January, 2017 executed between Essilor and Delfin. Subsequently, a Contribution

Agreement dated 27th March, 2017 was executed between Essilor and Delamare Sovra, a wholly owned subsidiary of Essilor.

3. The proposed combination entails a combination of the businesses of Essilor and Luxottica Group S.p.A ("**Luxottica**") through the following inter-connected steps:
   (i) Delfin contributing its entire stake in Luxottica (approx. 62% of Luxottica share capital) to Essilor in return for newly-issued Essilor shares;
   (ii) Essilor subsequently making a mandatory public exchange offer to acquire all of the remaining issued and outstanding shares of Luxottica.

4. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 ("**Combination Regulations**"), *vide* letter dated 09.06.2017, Parties were required to remove defects and furnish certain information/document(s) which was duly furnished by Parties on 14.06.2017.

5. Essilor, a public company headquartered in France, is globally active in the business of ophthalmic (corrective) lens development (from design to manufacture to wholesale), with a particular focus on research and development. Its flagship brands, *inter alia*, are Varilux, Crizal, *etc*. Essilor also manufactures and markets machines, instruments and services for eye-care professionals. In India, Essilor offers its products and services through its wholly owned subsidiaries and joint ventures. Essilor is engaged in processing and wholesale of ophthalmic substrates lenses, which are further surfaced, coated or tinted before being finished and sold to the end-consumer. It is also engaged in wholesale of namely: (a) optometric instruments, machines and related consumables, and related after sales services, (b) readers, and (c) sunglasses and prescription frames.

6. Luxottica, a publicly traded company, is engaged in designing, manufacturing, and distributing eyewear, *i.e.*, prescription frames and sunglasses globally. Its portfolio includes proprietary brands such as Ray-Ban, Oakley, Vogue Eyewear, *etc*., and licensed brands such as Giorgio Armani, Burberry, Chanel, Dolce&Gabbana, Michael Kors, Prada, Versace, *etc*.In India, Luxottica conducts its business primarily through two indirect wholly owned subsidiaries, *i.e.*, RayBan Sun Optics India Private Limited ("**RBSOIL**") and Luxottica India Eyewear Private Limited ("**LIEPL**"). It distributes its products and services in India through LIEPL and operates a small manufacturing facility in Bhiwadi, Rajasthan through RBSOIL.

7. Delfin is the Luxembourg based holding company of the Del Vecchio family. Delfin's main investments are in Luxottica Group S.p.A. Delfin is not present in India except through its interest in Luxottica.

8. The Commission noted that there is horizontal overlap in the market for wholesale of sunglasses and prescription frames in India. The combined market share of the Parties, as per the Euromonitor Report 2016, post-combination would be in the range of 0-5 percent by volume and 10-15 percent by value with respect to sunglasses and in the range of 0-5 percent by volume and 0-5 percent by value for prescription frames. However, there is a presence of numerous competitors in market such as Titan Company Limited (5-10 percent), Sterling Metaplast India Private Limited (0-5 percent), Ronak Optik India Private Limited (0-5 percent), Safilo India Private Limited (0-5 percent) and Eternity Lifestyle Private Limited (0-5 percent).

9. As regards vertical relationship, the Commission noted that there is no existing vertical relationship between the activities of the Parties in India. It is further noted that the only potential linkage between the Parties may arise in relation to complementary wholesale markets of ophthalmic lenses and prescription frames. However, the same is not likely to give rise to concerns of vertical foreclosure.

10. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and on basis of the assessment of the proposed combination, 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.

11. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.

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

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13. The Secretary is directed to communicate to the Parties accordingly.