



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2021/10/878)

20 December 2021

Notice under Section 6(2) of the Competition Act, 2002 given by Lunolux Limited

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 22 October 2021, the Competition Commission of India (**Commission**) received a notice under Section 6(2) of the Competition Act, 2002 (**Act**), given by Lunolux Limited (**LL/Acquirer**). The notice was given pursuant to the execution of Share Purchase Agreement (**SPA**) dated 19 September 2021 between the Acquirer, Shapoorji Pallonji and Company Private Limited (**SPCPL/Seller**), Forbes & Company Limited (**FCL**), Forbes Campbell Finance Limited (**FCFL**), Eureka Forbes Limited (**EFL**) and Forbes Enviro Solutions Limited (**FESL/Target**). [Hereinafter, Acquirer and Target are collectively referred to as '**Parties**']
2. The proposed combination relates to (i) acquisition of up to 72.56% equity stake in FESL by AI Global Investments (Cyprus) PCC Limited (**AI Global**) through LL from



SPCPL, upon effectiveness of the Scheme¹ and listing of the shares of FESL on BSE Limited (**BSE**); subject to statutory time periods, as applicable; and (ii) acquisition of up to 26% of the equity share capital of FESL by AI Global (through LL) by way of an Open Offer (**Open Offer**) under the provisions of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (**SEBI Takeover Regulations**) (Hereinafter (i) and (ii) collectively referred to as '**Proposed Combination**'). The Proposed Combination would result in AI Global through LL acquiring controlling stake in the health and safety business (i.e., business comprising the following products and services: (i) water purifiers, (ii) air purifiers, (iii) security solutions, (iv) vacuum cleaners and (v) electric air cleaning systems) of the Eureka Forbes group (**Health and Safety Business**).

3. As per the SPA, the manner of acquisition is as follows:

3.1 **Tranche 1:** LL would acquire an aggregate of 63.86% of equity share capital of the Target from SPCPL out of its 72.56% shareholding. Pursuant to this acquisition, the obligation to make an Open Offer under the provisions of the SEBI Takeover Regulations will be triggered. Accordingly, as part of the Open Offer, LL would acquire up to 26% of the equity share capital of the Target from its public shareholders.

3.2 **Tranche 2:** Following the completion of Tranche 1 (including the Open Offer), if LL's shareholding in the Target is below 74.9%, LL would acquire a portion of SPCPL's remaining shareholding in the Target, such that LL's shareholding does not exceed 74.9%. If LL's shareholding in the Target post Tranche 1 (including the Open Offer), is equal to or above 74.9%, LL will not acquire any shares in the Target from SPCPL as part of Tranche 2, and accordingly, there will be no Tranche 2.

¹ Eureka Forbes group has filed a scheme of arrangement (**Scheme**) on 23 February 2021 before the National Company Law Tribunal (**NCLT**) to undergo an internal restructuring that would effectively result in the transfer of the Health and Safety Business from EFL to FESL. EFL will be amalgamated into its parent FCL. Post the Scheme being effective, FESL will be renamed Eureka Forbes Limited and listed on BSE.



- 3.3 Post the Open Offer, if the shareholding of the Acquirer in the Target exceeds the maximum permissible non-public shareholding, the Acquirer in terms of the SEBI Takeover Regulations shall be required to bring down the same to less than or equal to 75%.
4. In terms of Regulations 14(3) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, *vide* communication dated 16 November 2021, the Acquirer was required to furnish certain information and clarifications. The response was submitted by the Acquirer on 6 December 2021 after seeking extension of time.
5. LL is a special purpose vehicle incorporated by AI Global for the purposes of the Proposed Combination. AI Global operates as the investment hub for Asia for all the funds managed by Advent International Corporation (**Advent Corporation**). AI Global is a private company incorporated in Guernsey in May 2010. It was registered in Cyprus as an overseas company in September 2010. Advent International is a global private equity investor. With 14 offices in 11 countries, Advent International has established a globally integrated team of investment professionals across North America, Europe, Latin America and Asia. It focuses on investments in core sectors, including business and financial services; healthcare; industrial; retail, consumer and leisure; and technology. In India, it has been investing since 2007 and has an indirect subsidiary, Advent India PE Advisors Private Limited. Advent International directly/indirectly manages various funds, which incorporate special purpose vehicles to facilitate their investments in various portfolio companies. The funds managed directly/indirectly by Advent International have investments in around 40 portfolio companies that generate revenue in India.
6. FESL is presently a subsidiary of EFL. FESL is present in the business of manufacture of water treatment plants in India. FESL does not presently carry out any business activities outside India. FESL and its affiliates are referred as '**Target Group**'/'**Eureka Forbes Group**'.



7. EFL (presently the holding company of FESL) is presently engaged in the manufacture of health and safety products worldwide and in India, which include water purifiers, water treatment solutions, air purifiers, electronic air conditioners and digital security solutions. EFL is the entity that presently undertakes the business activities of the Health and Safety Business of the Eureka Forbes Group.
8. FESL, as part of the Health and Safety Business, is engaged in the manufacture and sale of a range of various types of water purifiers and water filters under the brand names '**Dr. Aquaguard**', '**Aquaguard**' and '**Aquasure**'.
9. It is submitted in the notice that Advent International, the ultimate holding entity of Acquirer (either directly or through its affiliates) do not carry out any business activities similar to or directly competing with the products and services offered under the Health and Safety Business of FESL. However, it is submitted that one of Advent International's portfolio companies, Culligan International (**Culligan**) (through its subsidiaries), is engaged in the sale of water purifiers and water filters. Therefore, horizontal overlaps exist between Culligan and FESL in the market of water purification and water filtration products in India.
10. The Commission decided to leave the delineation of the relevant market open as it was observed that the Proposed Combination is not likely to cause an appreciable adverse effect on competition in any of the relevant markets.
11. Based on the submission by the Acquirer, the assessment has been carried in the market for water filtration and water purification products. It is noted that the combined market share of the Parties in the market for water filtration and water purification products is in the range of [25–30%] for the last three financial years. However, the incremental market share is very minimal and is in the range of [0–5%] and there are other significant competitors such as Kent, Pureit, LG, Livpure, A.O. Smith, etc. With regard to vertical and complementary relationships, it is submitted in the notice that there are no existing vertical/complementary relationships between the activities of the Parties.



12. Considering the material on record, including the details provided in the notice and the assessment of the Proposed Combination based on the 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. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
13. This order may be revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
14. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the Acquirer accordingly.