



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2018/10/607)

19th December, 2018

Notice under Section 6 (2) of the Competition Act, 2002 filed by Dana International Luxembourg S.À R.L. (Acquirer)

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Legal Representatives of the Acquirer: Mr. Rajat Sethi and Ms. Simran Dhir, S&R Associates

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

1. On 30.10.2018, the Competition Commission of India (**Commission**) received a notice, under Section 6(2) of the Competition Act, 2002 (**Act**), filed by Dana International Luxembourg S.À R.L. (**Dana/Acquirer**) pursuant to the Share and Loan Purchase Agreement (**SPA**) executed between the Dana and OC Oerlikon Corporation AG, Pfäffikon (**Oerlikon /Seller**), on 29.07.2018 (Hereinafter, Dana and Graziano are collectively referred to as **Parties**).
2. The proposed combination contemplates acquisition of 100% of the shares of GrazianoFairfield AG (**Graziano/Target**) by the Dana from Oerlikon (**Proposed Combination**). As a result, the Graziano will become wholly owned subsidiary of the Dana. The Proposed Combination is a global acquisition and includes facilities and interests of the Target in India



3. The Commission issued a letter, dated on 02.11.2018, (**Defect Letter**) under regulation 14 (3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**) to the Acquirer whereunder it was required to furnish certain information. Acquirer submitted its response on 12.11.2018. Since the response was not complete another letter, dated 15.11.2018, was also issued to the Acquirer to furnish complete information. Acquirer filed its responses to this letter on 20.11.2018, 22.11.2018 and 23.11.2018.
4. The Acquirer is a wholly owned indirect subsidiary of Dana Incorporated (**Dana Inc.**), a company incorporated in USA. Dana Inc., along with its subsidiaries (collectively referred to as **Dana Group**), is a global supplier of driveline, sealing and thermal-management products to manufacturers of light, commercial and off-highway vehicles as well as certain industrial stationary equipment. In India, the Acquirer is present through its subsidiaries and affiliate namely: (i) Dana India Private Limited; (ii) Brevini India Private Limited; (iii) Dana India Technical Centre Private Limited; (iv) Spicer India Private Limited; (v) Victor Reinz India Private Limited; and (vi) Axles India Limited. The activities of the Acquirer in India includes engineering, manufacturing and sales of planetary gearboxes, axles and transmissions for automotive, commercial vehicle and off-highway vehicles. It also operates Dana India Technical Center in which 215 (as of March, 2018) engineers design, develop, and validate axles, driveshafts, sealing, and thermal management products.
5. Target, incorporated in Switzerland, is a wholly owned subsidiary of the Seller. It provides gears, shifting and drives parts for equipment used in off-highway vehicles as well as high-performance cars and hybrid and electric vehicles. In India, the Target is presented through its subsidiaries namely (i) Fairfield Atlas Limited; and (ii) Graziano Trasmissioni India Private Limited. The products offered by these companies include gear components, shifting solutions (synchronizers and clutches), driveline products (axles), custom gear assemblies and solutions.



6. Based on the material on record, the activities of Dana and Graziano overlap horizontally in the following product segments in India: (i) Planetary gearboxes for off-highway vehicles; and (ii) Axles for construction vehicles. Further, their business operations, in India, vertically overlap in the manufacture and supply of gears (upstream) used in axles for commercial and off-highway vehicles in India (downstream).
7. The Commission noted that in the product segment for Planetary Gearboxes for off-highway Vehicles, in India, the combined market share of the Parties is not significant to cause any change to the competition dynamics of the concerned market(s).
8. As regards the product segment for Axles for construction vehicles in India, the Commission observed that during 2017, the Acquirer had supplied axles for compactor, front end loader, mining loader. On the other hand, the Target had supplied axles only for motor grader and wheel loader. Although there is no overlap at a narrower field of operation, the activities of both the Parties may be grouped under the broader product segment for Axles for construction vehicles in India. The combined market share of the Parties in value terms is in the range of [20-25] % with incremental market share of [5-10] %. In volume terms, their combined as well as the incremental market share is considerably less. Further, this product segment is also characterized by the presence of other players *viz.* Carraro, ZF, Kessler and Meritor. Thus, the Proposed Combination is not likely to raise any competition concern.
9. On the issue of vertical overlap between the parties, the Commission noted that the Target manufactures and supplies gears in India and has a market share of [10-15] % in the said segment. This product segment is characterized by the presence of other players including Bharat gears, Hi-Tech Gears, New Allenberry, Sanjeev Auto, and GNA Gears. The Acquirer is present in the downstream market for axles for commercial and off-highway vehicles with a market share of [15-20]%. The other players in this segment include Carraro, ZF, Kessler, Meritor, AAM and Comer. Further, the total requirement of Acquirer for gears appears to be significantly small *vis-à-vis* the total



sales of gears of the Target. Given these factors, the combined entity is not likely to have incentives to foreclose supplies to anyone.

10. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and an assessment of the Proposed Combination on the basis of factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have an appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under sub-section (1) of Section 31 of the Act.
11. This order shall stand revoked if, at any time, information provided by the Acquirer is found to be incorrect.
12. The information provided by the Acquirer is confidential at this stage, in terms of and subject to provisions of Section 57 of the Act.
13. The Secretary is directed to communicate to the Acquirer accordingly.