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Fair Competition
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COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2018/11/614)

22nd November, 2018

Notice under Section 6(2) of the Competition Act, 2002 given by DENSO Corporation

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Legal Representatives of the parties: Khaitan & Co.

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

1. On 06.11.2018, the Competition Commission of India (**Commission**) received a notice under Section 6(2) of the Competition Act, 2002 (**Act**) given by DENSO Corporation (**DENSO / Acquirer**).
2. The notice has been given pursuant to the execution of a binding memorandum of understanding, on 27.09.2018, between the Acquirer and Subros Limited (**Subros / Target**). Subsequently, the Acquirer also submitted certain additional information/clarification(s) *vide* emails dated 14.11.2018 and 16.11.2018.
3. The proposed combination has been notified as acquisition of shares, by way of subscription to new shares, whereby DENSO will increase its existing shareholding from 13% to 20% in Subros and also acquire a right to nominate one more director on the Board of Directors of Subros. (**Proposed Combination**). DENSO already holds a right to nominate one director



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on the Board of Directors of the Target. (Hereinafter, DENSO and Subros are collectively referred to as **Parties**).

4. DENSO, headquartered in Japan, is an automotive components manufacturer. It is also involved in the manufacturing of certain consumer goods, and industrial products like industrial robots, QR Code readers and other automatic identification products.
5. The DENSO Group has various subsidiaries in India. Its activities in India include manufacturing of automobile components and spare parts for both four and two wheelers. The subsidiaries of DENSO in India are DENSO India Ltd. (**DNIN**), DENSO International India Pvt. Ltd. (**DIIN**), DENSO Haryana Pvt. Ltd. (**DNHA**), DENSO Thermal System Pune Pvt. Ltd. (**DTPU**) and DENSO Kirloskar Pvt. Ltd. (**DNKI**). DENSO also has two joint ventures in India *viz.* Subros and DENSO Subros Thermal Engineering Centre India Limited (**DSEC**).
6. In India, DENSO is engaged in manufacturing and commercial sale of automotive air-conditioning systems through three subsidiaries *viz.* DNKI, DNHA and DTPU. DIIN acts as a sales agent and an after-sales service provider for DENSO group companies. DNIN has presence by way of commercial sale of alternator, starter, and CDI amplifier. DSEC provides application design services for automotive thermal products to DENSO group companies in India. DIIN, DNIN and DSEC are neither engaged in manufacturing nor sale of AC systems or components, in India.
7. Subros is an integrated manufacturing unit in India for automotive air conditioning systems and engine cooling system. It manufactures HVACs, compressors, condensers, heat exchangers and all connecting elements required to complete the air conditioning systems. It is joint venture between Suzuki Motor Corporation, DENSO and Suri family.
8. The Acquirer being one of the existing joint venture partner, proposes to: (i) increase its shareholding in Target; and (ii) acquire right to appoint one more director on the Board of Directors of the Target. As the Acquirer already holds 13% shareholding and has right to



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nominate one director on the Board of Directors of the Target, the Commission is of the view that proposed increase in shareholding by 7% and the right to nominate one more director do not give rise to any combination specific competition concern.

9. Considering the facts on record, the details provided in the notice given under Section 6(2) of the Act and 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 any appreciable adverse effect on competition in India and therefore, the Commission hereby approves the same under Section 31(1) of the Act.
10. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
11. The information provided by the Acquirer is confidential, at this stage, in terms of and subject to the provisions of Section 57 of the Act.
12. The Secretary is directed to communicate to the Acquirer accordingly.