



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2016/09/427)



07.12.2016

Notice u/s 6 (2) of the Competition Act, 2002 given by Nidec Corporation

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Mr. G. P. Mittal
Member

Legal Representatives of the parties: M/s Shardul Amarchand Mangaldas

Order under sub-section (1) of Section 31 of the Act

1. On 01.09.2016, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) given by Nidec Corporation (“**Nidec**”/ “**Acquirer**”). The notice was given pursuant to the execution of a Asset and Stock Purchase Agreement dated 02.08.2016 (“**ASPA**”) executed by and between Nidec and Emerson Electric Co. (“**Emerson**”) (Hereinafter Nidec and Emerson are together referred to as the “**Parties**”).



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2. The proposed combination relates to the acquisition by Nidec of sole control of Emerson's motors, drives and electric power generation businesses, which are currently conducted under the brand names Leroy-Somer Electric Power Generation, Leroy-Somer Motors & Drives, Control Techniques and Kato Engineering ("**Target Business**") ("**Proposed Combination**").
3. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as "**Combination Regulations**"), vide letter dated 16.09.2016, the Acquirer was required to provide certain information regarding relevant market and market shares of the Parties and that of their competitors by 20.09.2016. The Acquirer filed its response on 27.09.2016 after seeking extension of time. Since the response of the Acquirer was not complete, another letter dated 10.10.2016, in continuation of the previous letter dated 16.09.2016, was issued to the Acquirer to furnish requisite information by 17.10.2016. The Acquirer submitted its reply on 04.11.2016, after seeking extension of time.
4. Nidec, incorporated in Japan and listed on the Tokyo Stock Exchange, is active in the manufacture and sale of small precision motors, general motors, machinery, electronic and optical components etc. Emerson, incorporated in the United States, listed on the New York Stock Exchange and the Chicago Stock Exchange, has business presence in process management, industrial automation, network power, climate technologies and commercial & residential solutions.
5. The Commission observed that, in India, the activities of Nidec and Target Business overlap in the motors segment. The Commission also observed that the motors segment may be further segmented, for the purposes of competition assessment of the Proposed Combination on the basis of: (i) type of motor; (ii) end users; (ii) power output and (iv) voltage range. It was noted that the motors segment can be sub-segmented based on motor type into AC motors and DC motors. On the basis of end-user, the motors segment may be classified into five main types viz., industrial, commercial, residential, agriculture and transportation motors. On the basis of power output, the motors segment can be sub-segmented into: (a) large motors (more than 7 MW); (b) medium motors (200 kW – 7MW); (c) small motors (1-200 kW), and (d) micro motors (less than 1 kW). On the basis of voltage range, the motors segment may be classified



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into (a) High and medium voltage range (More than 1000V); (b) Low voltage motors (Less than or equal to 1000V). However, in view of the fact that the Proposed Combination is unlikely to cause an appreciable adverse effect on competition (“AAEC”) in any of the above-mentioned segments/sub-segments, the Commission decided to leave the exact delineation of relevant market(s) open.

6. The Commission observed that the market shares, of the Acquirer and the Target Business, in any of these segments / sub-segments of motors are not significant to raise any competition concerns and the Acquirer, post the Proposed Combination, would continue to face competitive constraints from competitors such as Crompton Greaves, ABB-Baldor, Marathon, Siemens, Bharat Bijlee etc.
7. The Commission noted the submissions of the Acquirer that Nidec and the Target Business are not engaged in any activity in relation to the production, supply, distribution, storage, sale and service or trade in products or provision of services which are at different stages or levels of the production chain in India, although Nidec and the Target Business have a customer-supplier relationship at global level. The Commission thus observed that the vertical relationship between Nidec and the Target Business is not significant to cause any AAEC concerns in India.
8. Considering facts on record and 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 AAEC in India and therefore, the Commission approved the same under sub-section (1) of section 31 of the Act.
9. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
10. The information provided by the Acquirer is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.



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