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COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2018/09/599)

6th November, 2018

Notice under Section 6 (2) of the Competition Act, 2002 given by
Liberty House Group Pte. Ltd.

CORAM:

Mr. Sudhir Mital
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 11th September, 2018, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”) filed by Liberty House Group Pte. Ltd. (“**Liberty House**” or “**Acquirer**”) for acquisition of Amtek Auto Limited (“**Amtek Auto**” or “**Target**”). Liberty House also made certain submissions, under Regulation 5(6) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), on 20th September, 2018. The proposed combination was notified, pursuant to Resolution Plan, dated 26th March, 2018, filed by Liberty House under Insolvency and Bankruptcy Code, 2016 (“**IBC**”), for consideration of the Committee of Creditors (“**CoC**”). The Resolution Plan was



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approved by the CoC on 5th April, 2018 and by the National Company Law Tribunal, Chandigarh Bench on 25th July 2018.

2. The proposed combination pertains to acquisition of 100 percent shares of Amtek Auto by Liberty House. For this purpose, Liberty House will procure the formation of: (i) an offshore Designated Entity (yet to be named); and (ii) an Indian Designated Entity, *i.e.* Liberty India, being a wholly owned subsidiary of such offshore Designated Entity. As a result of the proposed combination, Amtek Auto is proposed to be delisted from the BSE and the NSE. Liberty India will then merge into Amtek Auto, with Amtek Auto being the continuing entity. Post the merger, Amtek Auto will become a wholly owned subsidiary of Liberty House (*i.e.* the Acquirer) and / or its Designated Entities.
3. In terms of Regulation 14 of the Combination Regulations, *vide* letter dated 26th September, 2018, the Acquirer was required to remove certain defects and provide information / document(s). The Acquirer, after seeking an extension of time filed its response on 8th October, 2018. Further, the Acquirer submitted certain additional information on 2nd November, 2018 and 6th November, 2018.
4. Liberty House, incorporated in the year 2011 in Singapore, is a private limited company. The principal activity of the company is that of an investment holding company. The ultimate holding company of Liberty House is Liberty Global Holding Ltd., which in turn is solely held by Mr. Sanjeev Gupta, a British citizen. Liberty House has no direct presence in India through production operations. However, Liberty House has indirect presence in India through sales and trading of certain steel and other metal products. Liberty House belongs to The Liberty House Group, which operates across various countries. The Liberty House Group is engaged in international industrial and metal business and it specializes in commodities, metals recycling, manufacturing of steel, aluminum and engineering products.
5. Amtek Auto, incorporated in 1985, is an auto parts manufacturer. It is listed on both the BSE and the NSE. The business activities of Amtek Auto include forging, grey and ductile iron casting, gravity and high-pressure aluminium die casting and machining for applications in the



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engine, transmission driveline and chassis segments, and sub-assembly. Amtek Auto caters to several Original Equipment Manufacturers (“OEMs”) in India such as, Maruti Suzuki India, Honda Motorcycle and Scooters, Tata Motors *etc.* The company also manufactures components for non-auto sectors such as agriculture, refrigeration and railways.

6. As per the submissions of the Acquirer, Liberty House had submitted a Resolution Plan for the acquisition of Adhunik Metaliks Limited (“Adhunik”) which was approved by the CoC and the NCLT on 5th July, 2018 and 17th July, 2018, respectively. The Commission has noted the same and has carried out competition assessment after factoring in this development. Adhunik, a public limited company, is listed on both the BSE and the NSE. It is primarily engaged in the manufacture and sale of steel, both alloy and non-alloy. It produces special alloy steel, ferro alloys, iron billets and rolled products at its manufacturing facility at Odisha.
7. The Commission, based on the submissions, noted that the activities of the parties overlap in the business of connecting rods, which is an automotive component for engine of a vehicle. A connecting rod is an engine component that transfers motion from the piston to the crankshaft and functions as a lever arm. It has been submitted that connecting rods differ based on the size of vehicles, like two-wheeler, three-wheeler and a heavy vehicle. Connecting rods, like many other auto parts, are specific to the model and engine type by an OEM. Therefore, connecting rod varies according to OEMs and for each OEMs it varies according to the model and engine type. In this context, it has been submitted that the connecting rods supplied by Liberty House are aluminium based while those of Amtek Auto are micro-alloy and carbon steel based. However, given that the proposed combination is not likely to raise any competition concern, the Commission decided to leave the exact delineation of the relevant market open.
8. The Commission, based on the submissions, noted that Amtek Auto has market share of 15-20 percent in the business of connecting rods. With respect to Liberty House, based on the submissions, the Commission noted that though it is not engaged in the business of manufacturing of connecting rods in India, however, it has supplied small amount of connecting rods to an OEM in previous year. Considering this, the market share of Liberty



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House, is negligible in the business of connecting rods. Accordingly, the existing overlap between Liberty House and Amtek Auto in the supply of the connecting rods is not likely to raise any competition concern.

9. Further, on account of the abovesaid acquisition of Adhunik by Liberty House, the Commission noted that there exists vertical relationship between the parties as Adhunik has supplied alloy based non-flat steel rolled products (upstream business segment) to Amtek Auto which uses it to manufacture and supply auto parts in India (downstream market). However, the Commission noted that the said vertical relationship is not likely to result in any competition concern as OEMs largely determine the type and grade of inputs including steel along with the suppliers of those inputs, and there are other players present in the upstream business segment like JSW Steel Limited, Mukand Limited, Usha Martin Limited, Sunflag Iron and Steel Co limited, Jayaswal Neco Limited, Bhushan Power and Steel Limited, *etc.* who supply similar products as Adhunik.
10. The Commission also noted that there would be potential vertical relationship with respect to the supply of steel products like specialty steel products (upstream business segment) by Liberty House to Amtek Auto which is engaged in manufacture and supply of auto parts in India (downstream business segment). However, in this regard, based on the submissions, the Commission noted that the said potential vertical relationship is not likely to raise any competition concern as the amount of auto-grade steel products supplied for the production of auto-parts by Liberty house in India is negligible.
11. Considering the facts on record and 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.



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12. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
13. The information provided by the Acquirer is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
14. The Secretary is directed to communicate to the Acquirer accordingly.