



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/04/740)

04.06.2020

Notice u/s 6 (2) of the Competition Act, 2002 jointly filed by Peugeot S.A. and Fiat Chrysler Automobiles N.V.

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 15.04.2020, the Competition Commission of India (**Commission**) received a notice under Section 6(2) of the Competition Act, 2002 (**Act**) jointly filed by Peugeot S.A. (**PSA**) and Fiat Chrysler Automobiles N.V. (**FCA**) (hereinafter, PSA and FCA are collectively referred to as "**Parties**").
2. The proposed combination relates to the merger between PSA and FCA and upon completion of the Proposed Combination, PSA will be merged with and into FCA (**Proposed Combination**). The notice has been filed pursuant to Combination Agreement dated 17.12.2019.



Combination Registration No. C-2020/04/740



3. In terms of regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to Combinations) Regulations, 2011 (**Combination Regulations**), the Commission *vide* its email dated 04.05.2020, sought certain information /clarification(s) *inter alia*, relating to activities of the Parties; response to the same was received on 13.05.2020, after seeking extension of time by the Parties (**Response**). Further, certain clarification(s)/ information in relation to Response was sought from the Parties, reply to which were received on 28.05.2020. Additionally, Parties *vide* their email dated 02.06.2020 provided certain information/clarification(s) necessary for the purpose of assessment of the Proposed Combination.
4. PSA is stated to be a publicly listed limited liability company incorporated in France. It is stated to be the holding company of a French-based group, which is mainly an original equipment manufacturer (OEM) and dealer of motor vehicles, passenger cars as well as light commercial vehicles (LCV) under the brands Peugeot, Citroën, Opel, Vauxhall and DS. It also provides ancillary services such as financing solutions for the acquisition of motor vehicles and mobility services and solutions. In India, PSA (through JV) is *inter alia*, presently active in the manufacturing of MB6 gearboxes (a component of powertrains). However, it is stated that the entire production of MB6 gearboxes has been for the captive consumption by PSA Group.
5. FCA is a public company with limited liability, headquartered in London and incorporated in Netherlands. It is stated to be engaged in designing, engineering, manufacturing, distributing and selling vehicles, components and production systems worldwide. It is also engaged in retail and dealer financing, leasing and rental services through its subsidiaries, joint ventures (“JVs”) and commercial arrangements with third party financial institutions.
6. With regard to the overlaps between activities of the Parties in India, it is submitted in the notice that PSA and FCA are not currently engaged in the production/provision of similar or identical or substitutable products or services, either directly or indirectly in India. Further, it is stated that PSA currently does not manufacture or sell automobile vehicles



Combination Registration No. C-2020/04/740



in India. However, it is mentioned that PSA is planning to enter into the Indian automobile market in the first quarter of 2021. With respect to FCA, it is stated that FCA owns 50% in Fiat India Automobiles Private Limited (**FIAMPL**), which is a JV with Tata Motors, which manufactures a vehicle named ‘Jeep Compass’ that is sold in the Indian market through FCA India Automobiles Private Limited (**FCA India**), a wholly-owned subsidiary of FCA. Additionally, FCA India is *inter alia*, engaged in the sale of the passenger vehicles such as Fiat Urban Cross, Fiat Abarth Punto, Fiat Punto Evo, Fiat Linea in India. Therefore, there is a potential horizontal overlap in future between the passenger vehicles sold by PSA and FCA. In this regard, Parties have submitted that the relevant market for competition assessment may be considered as the ‘market of passenger vehicles in India’.

7. The Commission noted that the market of passenger vehicles in India may be broadly segmented as (i) passenger cars, (ii) utility vehicles, and (iii) vans. Further, these broad categories may be sub-segmented on the bases of other factors such as price and features. However, the Commission decided to leave the exact definition of relevant market open since the Proposed Combination does not give rise to competition concern irrespective of the manner in which the market is defined.
8. Based on the submissions of the Parties, the Commission notes that potential overlap emanating from the Proposed Combination is not likely to raise any competition concern considering the overall presence of the Parties and presence of other players such as Maruti Suzuki, Honda, Toyota, Tata.
9. It is stated in the notice that PSA would launch its financing activity in India through its French subsidiary, namely BPF, which is going to start operations in partnership with three Indian entities, Axis Bank, ALD Automotive and Kotak Mahindra Prime Ltd, as soon as PSA branded vehicles will be sold in India. Further, FCA India has entered into co-operation agreements with various financial institutions to provide retail and/or dealer financing in relation to the Jeep brand.
10. With regard to presence in Automotive Finance Segment, the Commission, based on the submissions of the Parties, notes that: (i) FCA itself does not carry out the financing



Combination Registration No. C-2020/04/740



activities but has entered into co-operation agreements with various financial institutions for retail and/or dealer financing, (ii) the financing services are not offered for other brands of cars, (iii) PSA has not yet commenced with its financing activities, and (iv) PSA's financing services will also not be offered to other brands of car. Further, it is stated that there exist several banks and NBFCs which are present in the automotive financing. In view of above, it appears that presence of Parties in financing activities is not likely to raise any competition concerns in India.

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 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 in any of the relevant market(s) and therefore, the Commission hereby approves the same under Section 31(1) of the Act.
12. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
13. The information provided by the Parties 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 Parties accordingly.