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For Greater Good

**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2016/12/470)

18.01.2017

**Notice filed under sub-section (2) of Section 6 of the Competition Act, 2002 given by SAIC  
Motor HK Investment Limited**

**CORAM:**

Mr. S. L. Bunker  
Member

Mr. Sudhir Mital  
Member

Mr. Augustine Peter  
Member

Mr. U. C. Nahta  
Member

Mr. G. P. Mittal  
Member

**Legal Representative:** AZB and Partners

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

1. On 30.12.2016, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) given by SAIC Motor HK Investment Limited (“**SAIC HK**”/ “**Acquirer**”). The notice was filed pursuant to the execution of Asset Sale Term Sheet (“**Binding Term Sheet**”), dated 01.12.2016, entered into between SAIC Motor Corporation Limited (“**SAIC**”), General Motors India



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Private Limited (“**GMI**”) and General Motors International Operations Pte. Ltd. (“**GMIO**”).

2. SAIC HK, through its Indian subsidiary namely “**SAIC India**” (which is yet to be incorporated), proposes to acquire certain selected assets of a plant owned by GMI in Halol, Gujarat (“**Proposed Combination**”). SAIC India will have two shareholders, i.e. SAIC HK and SAIC Motor International Co., Ltd. (incorporated in Shanghai) (“**SAIC SH**”). SAIC HK will subscribe to all shares except one share and SAIC SH will subscribe to one share in the SAIC India.
3. SAIC HK, headquartered in Hong Kong is a wholly owned subsidiary of Shanghai Automotive Industry Corporation Group (“**SAIC**”), which in turn is wholly owned by Shanghai SASAC (State owned Assets Supervision and Administration Commission of Shanghai Municipal Government). It’s business includes wholesale distribution of motor vehicle supplies, accessories including engines, gearboxes, powertrains, chassis, interior and exterior electronic components, tools and equipment. Globally, SAIC operates in three segments: a) vehicles and parts; b) financing; and c) services. SAIC is present in India only through its 9.2% stake in SAIC General Motors Investment Limited (“**HKJV**”), which controls GMI and Chevrolet Sales India Private Limited (“**CSIPL**”).
4. GMI, incorporated under the Companies Act, 1956 belongs to General Motors Company group. GMI manufactures ‘Chevrolet’ brand of vehicles in India and sells them through CSIPL in India. GMI operates two manufacturing facilities in India (a) the Halol manufacturing plant in the State of Gujarat; and (b) the Talegaon manufacturing plant in the State of Maharashtra. GMI also operates a flexi propulsion systems plant at Talegaon.
5. The Commission noted that while, GMI is engaged in manufacture of passenger cars in India, neither SAIC nor SAIC HK directly undertake any activities in India. General Motors group as well as SAIC are present in the automobile market in India through GMI



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and CSIPL. However, considering the minimal market share of GMI (1.17%) in the passenger vehicle segment and competitive constraints imposed by other competitors such as Maruti Suzuki India Limited (46.79%), Hyundai Motor India Limited (17.36%), Mahindra & Mahindra Limited (8.47%) *etc.*, and the fact that SAIC HK is exiting from HKJV vide another transaction<sup>1</sup>, the Commission is of the view that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India.

6. The Commission observed that there are no existing vertical overlaps between the Parties as SAIC HK neither has any physical presence nor investment in the passenger vehicles segment in India. The Commission observed that GMI is exploring the option of SAIC India performing contract manufacturing for it. However, considering the minimal market share of GMI in the passenger vehicle segment and competitive constraints imposed by competitors, the Commission is of the opinion that any potential vertical relationship emanating from the Proposed Combination is not likely to have any adverse effect on competition in India.
7. 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 appreciable adverse effect on competition in India and therefore, the Commission, approved the same under sub-section (1) of section 31 of the Act.
8. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
9. 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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<sup>1</sup> Combination registration no. C-2016/12/468 given by General Motors (Hong Kong) Company Limited



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