



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/09/769)

13th October, 2020

Notice under Section 6(2) of the Competition Act, 2002 filed by Tube Investments of India Limited

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 08th September, 2020, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), filed by Tube Investments of India Limited (**TIIL/ Acquirer**). The Notice has been filed pursuant to execution of Securities Subscription Agreement between TIIL and CG Power and Industrial Solutions Limited (**CG Power/ Target**) on 7th August, 2020 (**SSA**); revised resolution proposal dated 11th August 2020 submitted by TIIL under the Swiss Challenge bidding process; and Amendment to SSA dated 2nd September, 2020.
2. The Commission *vide* its letter dated 18th September, 2020, issued under Regulation 14(3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011, required the Acquirer to remove defects in the Notice and furnish certain information relevant for the purpose of assessment of the Proposed Combination. In response, the Acquirer filed their submissions on 24th September, 2020.
3. The Proposed Combination envisages acquisition of approximately 58.6% of the equity share capital of CG Power by TIIL, pursuant to a preferential allotment of equity shares and warrants (**Proposed Combination**). It has been submitted that CG Power is undergoing financial stress and the Lenders of CG Power have initiated the process for resolution of



- debts under the Reserve Bank of India (Prudential Framework for Resolution of Stressed Assets) Directions, 2019.
4. TIIL forms part of the Murugappa Group. It is engaged in the manufacture of products for automotive, railway, construction, mining and agriculture industries. It has three business verticals (i) engineering; (ii) metal formed products; and (iii) bicycles. Its Engineering vertical is said to be engaged in manufacture of safety-critical cold drawn welded tubes, electric resistance welded tubes and tubular components for automobile applications, large diameter tubes for hydraulic cylinders and off-road applications and special grade cold rolled steel strips. Its metal formed products vertical undertakes the manufacture of sheet metal formed products, industrial chains, fine blanked components, railway coach parts and motor casings. Its bicycles vertical is involved in the manufacture and marketing of bicycles and accessories.
 5. CG Power has two major business units viz. (i) power systems; and (ii) industrial systems. Its Power systems unit focuses on power transmission, distribution, power solutions, setting up of integrated power systems and associated services businesses. It is engaged in *inter alia* manufacture of transformers, extra high voltage and MV circuit breakers, switchgears, lightning arrestors, isolators and vacuum interrupters. Its Industrial systems unit consists of rotating machines (motors and alternators), automated AC, DC and variable frequency drives and control systems as well as traction electronics and machines, signaling and coach products and integrated solutions for railway transportation.
 6. It has been submitted that neither TIIL nor any entity belonging to the Murugappa Group is engaged in similar or identical or substitutable businesses *vis-à-vis* CG Power, considering all plausible alternatives.
 7. Shanti Gears Limited (SGL), a subsidiary of TIIL, is engaged in supply of housing & casing products and gears & pinions that are used in manufacture of traction motors for railway applications. CG Power is engaged in manufacture of traction motors for railway applications. Carborundum Universal Limited (CUMI), an associate of TIIL is engaged in manufacture of Metallised Ceramic Cylinders that are used in manufacture of Vacuum



Interruption. CG Power is engaged in manufacture of Vacuum Interrupters. Thus the activities of Parties exhibit vertical interface. However, the vertical relationships are not such as to cause appreciable adverse effect on competition in India.

8. Considering the material on record including the details provided in the Notice and the assessment of the Proposed Combination based on 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. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
9. This order shall stand revoked if, at any time, information provided by Acquirers is found to be incorrect.
10. The information provided by Acquirers is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
11. The Secretary is directed to communicate to the Acquirers, accordingly.