



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/03/738)

13th April, 2020

Notice under Section 6(2) of the Competition Act, 2002 filed by Emerald Sage Investment 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 20th March, 2020, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), filed by Emerald Sage Investment Limited (**Acquirer**). The Notice has been filed pursuant to the execution of an investment agreement *inter alia* amongst the Acquirer, Apollo Tyres Limited (**Apollo Tyres**), PTL Enterprises Limited (**PTL**) and the Promoter Group of Apollo, on 27th February, 2020.
2. The Proposed Combination envisages subscription to 10,80,00,000 compulsorily convertible preference shares of Apollo Tyres by the Acquirer. The said shares would constitute approximately 9.93% of the post-issue share capital of Apollo Tyres. Along with the said acquisition of shares, the Acquirer would have the rights to (i) appoint a non-executive director on the board of directors of Apollo Tyres (**Investor Director**) and two of its subsidiaries based outside India; and (ii) nominate the Investor Director on various board committees of Apollo Tyres. The Acquirer has



- submitted that the person identified to be appointed as the Investor Director has a passive, minority shareholding of less than 0.1% in an entity that proposes to operate in the tyre industry.
3. Acquirer *i.e.* Emerald Sage Investment Limited, an investment holding company, is incorporated in Mauritius. It is wholly owned by certain private equity funds managed by Warburg Pincus LLC (**Warburg**). Warburg, through one of its affiliates, already holds 8.92% of the shareholding in Apollo Tyres. As a result of the Proposed Combination, the shareholding of Warburg in Apollo Tyres would increase to around 17.97%.
 4. Apollo Tyres is the parent company of Apollo Group. The principal business activity of Apollo Tyres is manufacturing and sale of automotive tyres.
 5. Neither the Acquirer nor any of the portfolio companies of Warburg Group is engaged in any business relating to automotive tyres, in India. However, Warburg Group has investments in logistic service providers, those may buy automotive tyres in limited quantities. Taking into consideration these factors, the Proposed Combination is not likely to raise any competition concern.
 6. 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.
 7. This order shall stand revoked if, at any time, the information provided by Acquirer is found to be incorrect.
 8. The information provided by Acquirer is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.



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9. The Secretary is directed to communicate to the Acquirer, accordingly.