



08.03.2019

Notice u/s 6 (2) of the Competition Act, 2002 given by CK Holdings Co., Ltd.

CORAM:

Mr. Ashok Kumar Gupta

Chairperson

Mr. U. C. Nahta

Member

Ms. Sangeeta Verma

Member

Legal Representatives of the parties: M/s Cyril Amarchand Mangaldas

Order under Section 31(1) of the Competition Act, 2002

1. On 31.01.2019, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”) filed by CK Holdings Co., Ltd. (“**CK Holdings**”/ “**Acquirer**”)¹ pursuant to a Share Purchase Agreement dated 20.10.2018 (“**SPA**”) executed by and between the Acquirer, Fiat Chrysler Automobile N.V. (“**Fiat**”) and Magneti Marelli S.p.A. (“**MM Italy**”).
2. The proposed combination relates to acquisition of the automotive component business (“**Target Business**”) of Fiat which is housed in MM Italy, Automotive Lighting Reutlingen

¹ While filing the notice, CK Holdings submitted an undertaking under Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), to provide certain information/document(s) by 01.02.2019. The said information/documents were filed by CK Holdings on 01.02.2019.



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GmbH (“**AL Germany**”), Magneti Marelli Holding USA LLC (“**MM US**”) and their subsidiaries and has been structured as an acquisition of entire share capital of MM Italy, AL Germany and MM US by CK Holdings (MM Italy, AL Germany and MM US are collectively referred to as the “**Target Entities**”) (“**Proposed Combination**”).

3. In terms of Regulation 14 of the Combination Regulations, *vide*, letter dated 21.02.2019, certain information(s)/ clarification(s) *inter alia*, relating to parties’ presence, product overlaps and vertical relationships were sought from the Acquirer. The response to the same was submitted on 27.02.2019, followed by additional clarifications submitted on 05.03.2019 and 07.03.2019.
4. CK Holdings is the holding company of Calsonic Kansei Corporation (“**Calsonic Kansei**”), a Japan based global automotive components supplier. CK Holdings is 100 percent held and controlled by investment funds advised or managed by affiliates of KKR & Co. Inc. (together with its affiliates “**KKR**”). KKR is a global investment firm, which offers a broad range of alternative asset funds and other investment products to investors and provides capital markets solutions for the firm, its portfolio companies and other clients.
5. In India, CK Holdings is present through Calsonic Kansei Motherson Auto Products Limited (“**CK-Motherson**”), a joint venture between Calsonic Kansei and the Samvardhana Motherson Group. In addition to CK Motherson, KKR also holds shares/control over certain enterprises engaged in automotive components business in India *viz.*, LS Auto, LS Automobiles India Private Limited and Tekfor.
6. The Target Entities belong to Fiat, a group engaged, worldwide, in designing, manufacturing and selling vehicles and its parts and services and production systems related to such vehicles. The Target Entities are engaged in manufacture and sale of automotive components and systems. In India, Target Entities are present through a wholly owned subsidiary of MM Italy *viz.*, Magneti Marelli India Private Limited and through certain joint ventures.



7. It is observed that the activities of parties forming part of the Proposed Combination relate to the automotive components business. The automotive components may be segmented into broad categories such as Body Electronics, Heating; Ventilation and Air Conditioning (“HVAC”); Human Machine Interface Electronics (“HMI”); Lighting; Powertrain; Suspension; Exhaust; and parts for Aftermarket. These categories can be further sub-segmented into various modules and/or components, which can be further classified on the basis of the type of vehicles viz., light vehicles; two wheelers etc., for which automotive components are manufactured. Based on the submissions of the Acquirer, the Commission noted that while the Parties overlap in 5 broad categories in India i.e., Body Electronics, HVAC, HMI, Lighting, and Powertrain, there are no market facing overlaps at component/module level. Accordingly, the Proposed Combination is not likely to result in any change in competition dynamics of any market for automotive components.

8. The Proposed Combination is leading to the following potential vertical relationships in India:

(a) BCM components and BCM modules emanating from upstream supply of these components by CK-Motherson and the downstream manufacture of BCM modules by Target Entities; and

(b) Headlamps and Front End Modules emanating from upstream sale of headlamps by Target Entities and the downstream sale of front end modules by CK-Motherson.

However, in this regard, it is observed that the above potential vertical relationships are not likely to change the competition dynamics as the Acquirer is not engaged in any market facing activities in relation to the products forming part of such potential vertical relationships.

9. 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



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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.

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