



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2016/10/438)



7th December 2016

Notice under Section 6 (2) of the Competition Act, 2002 jointly given by Ashok Leyland Limited and Hinduja Foundries Limited

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U.C. Nahta
Member

Mr. G.P. Mittal
Member

Legal Representative: Shardul Amarchand Mangaldas & Co.

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

1. On 5th October, 2016, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice jointly given by Ashok Leyland Limited (“**Ashok Leyland**”) and Hinduja Foundries Limited (“**Hinduja Foundries**”) (hereinafter, collectively referred to as “**Parties**”). The notice was filed by the parties pursuant to their Board Resolutions, each dated 14th September, 2016, approving the Scheme of Amalgamation (“**Scheme**”). The proposed combination involves the merger of Hinduja Foundries into Ashok Leyland, as a result of which Ashok Leyland will be the surviving entity.



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2. The proposed combination has been filed under Section 6(2) read with Section 5(c) of the Competition Act, 2002 (“Act”).
3. Ashok Leyland, a public company listed at BSE Ltd. (“BSE”) and National Stock Exchange of India Ltd (“NSE”), is engaged, *interalia*, in the business of manufacture and sale of commercial vehicles, defence vehicles, engine of vehicles and spare parts. It is submitted that Ashok Leyland is a subsidiary of Hinduja Automotive Ltd. (U.K.) and is a part of Hinduja Group. Further, Ashok Leyland holds 7.57% stakes in Hinduja Foundries.
4. Hinduja Foundries, a public company listed at BSE and NSE, is engaged in the business of manufacture and sale of grey iron castings namely; cylinder heads, cylinder blocks, transmission cases and housings, which are used, *interalia*, in passenger cars, commercial vehicles and industrial engines. Hinduja Automotive Ltd. (U.K.) and Hinduja Foundries Holding Ltd., Mauritius, currently, hold 20-25 percent stake in Hinduja Foundries. Parties have submitted that Hinduja Foundries is also a part of Hinduja Group. It has been further stated that proposed combination is aimed at reviving Hinduja Foundries which is currently a loss making entity. As a result of the proposed combination, Hinduja Automotive Ltd. (U.K.) will hold 51.05% in the surviving entity.
5. The Parties were required to remove certain defects in their notice vide letter of the Commission dated 25th October, 2016 and provide certain information/document(s) pertaining, *interalia*, to products, suppliers and customers in India, in terms of Regulation 14 of the Competition Commission of India (Procedure in Regard to the Transaction of Business Relating to Combinations) Regulation, 2011 (“Combination Regulations”). Response to the said letter was filed on 28th October, 2016. Thereafter, certain information and clarifications were also sought from the Parties, the response to which was received through emails dated 11th November, 2016 and 15th November, 2016.



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6. As stated above, Ashok Leyland is engaged in the manufacture and sale of automobiles and Hinduja Foundries is engaged in the business of grey iron castings and accordingly, there is no horizontal overlap between their activities. With regard to vertical relationship, it has been submitted that Hinduja Foundries supplies cylinder heads and cylinder blocks to Ashok Leyland. Hinduja Foundries does not supply any Transmission Cases and Housings to Ashok Leyland as it manufactures grey iron casting Transmission Cases and Housings only, while Ashok Leyland purchases only aluminum based Transmission Cases and Housings. In absence of any competition concerns, the precise definition of the relevant market is being left open.
7. With regards to the markets of cylinder heads and cylinder blocks, it is observed that Kirloskar Ferrous Industries, DCM Engineering Limited, Srinivas Engineering Auto Components Private Limited, Ashok Iron Works Pvt. Limited and Neosym Industry Limited are major competitors of Hinduja Foundries. Further, there are a number of other entities such as Alicon Castalloy Ltd., Amtek Auto Ltd., Aurangabad Electrical Ltd., Continental Engines Ltd., Cooper Corporation Pvt Ltd., Banco Products (India) Ltd, Nematik Aluminium Castings India Pvt. Ltd., Paranjape Autocast Pvt. Ltd. and Rico Auto Industries Ltd. which manufacture cylinder heads and cylinder blocks in India.
8. Considering the facts on record, 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 any appreciable adverse effect on competition in India and therefore, the Commission, approved the same under sub-section (1) of Section 31 of the Act.
9. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.



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10. The information provided by the Parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
11. The Secretary is directed to communicate to the Parties accordingly.