

COMPETITION COMMISSION OF INDIA

28th February, 2012

Combination Registration No.: C-2012/01/23

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

1. On 23rd January, 2012, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as “**Act**”) jointly filed by Sundaram-Clayton Ltd. (hereinafter referred to as “**SCL**”), Anusha Investments Ltd. (hereinafter referred to as “**AIL**”) and Sundaram Investment Ltd. (hereinafter referred to as “**SIL**”) (hereinafter SCL, AIL and SIL are collectively referred to as “**parties to the combination**”). As per information provided in the notice, the parties to the combination are direct or indirect subsidiaries of TV Sundaram Iyengar & Sons Ltd. which is the flagship company of the TVS Group.
2. The notice relates to the proposed combination pursuant to a Composite Scheme of Arrangement under the provisions of Sections 391 to 394 of the Companies Act, 1956, (hereinafter referred to as “**Scheme**”), approved by the Board of Directors of SCL on 30th November, 2011 and by the committee of Board of Directors of SCL and Board of Directors of AIL and SIL respectively on 26th December, 2011.
3. The said Scheme is to be executed with the objective to split and restructure the business of SCL into automotive and non-automotive related businesses and includes amalgamation of AIL into SCL; demerger of non-automotive related business of SCL into SIL after amalgamation of AIL with SCL and consequential reduction of equity share capital and reserves of SCL; and keeping the equity shares of SIL unlisted and providing exit opportunity to the shareholders of SIL after demerger of non-automotive related business of SCL into SIL.
4. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”), on 27th January, 2012, the parties to the



combination were required to remove defect(s) and furnish required information/document(s), which were furnished by them on 10th February, 2012.

5. The proposed combination falls under Section 5(c) of the Act.
6. As per information given in the notice and other documents placed on record, SCL is a listed company incorporated under the provisions of the Companies Act, 1956. SCL, a subsidiary of TV Sundaram Iyengar & Sons Ltd., and its wholly owned subsidiaries namely AIL, SIL and TVS Investments Ltd. (TVSIL), are engaged in automotive and non-automotive businesses. As per the Scheme, the automotive related business of SCL includes manufacture and sale of non-ferrous aluminium castings for automobiles as its own business and manufacture and sale of automotive and ancillary products carried on by SCL through its various direct and indirect subsidiaries and also activities carried on by SCL as Share Transfer Agent. The non-automotive related business of SCL, *inter alia*, includes trading in electronic hardware as part of its own operations and manufacture of electronic hardware, software services, finance, investment and asset management business carried on through its direct and indirect subsidiaries.
7. It is stated in the notice that AIL, a wholly owned subsidiary of SCL, is registered with Reserve Bank of India as a Non-Deposit taking Non-Banking Financial Company under Section 45-IA of the Reserve Bank of India Act, 1934. AIL is an investment company and the main objective of AIL is to hold investments in the group companies. AIL is engaged in the business of investing in shares, bonds, stocks, securities, debenture stocks in India or outside India and has investments both in automotive and non-automotive related businesses. AIL presently holds 48.56 percent of the paid up equity share capital of TVS Motor Company Ltd., a listed company, in which SCL also holds 8.84 percent of the paid up equity share capital. It is stated in the notice that consequent to the amalgamation of AIL into SCL on implementation of the Scheme, SCL will directly hold 57.40 percent in TVS Motor Company Ltd.
8. As per information given in the notice and other documents placed on record, SIL, an unlisted public limited company, is a wholly owned subsidiary of SCL and was incorporated primarily to carry on the non-automotive related business presently carried on by SCL and its subsidiaries and, among other things, for the purpose of carrying on the business of trading in computer software, computer hardware and investments. Pursuant



to the Scheme, on demerger of non-automotive related business of SCL into SIL, the shares of TVSIL would be transferred to SIL. TVSIL is a wholly owned subsidiary of SCL, whose subsidiaries are engaged in the business of electronics hardware manufacturing, computer software services, financial services and asset management and which constitutes the dominant part of the non-automotive related business assets of SCL. Consequent to transfer of shares of TVSIL to SIL, TVSIL would become a wholly owned subsidiary of SIL and the subsidiaries of TVSIL including TVS Electronics Ltd., a listed company in which TVSIL holds 59.72 percent equity shares, would become step down subsidiaries of SIL.

9. Further, as per the Scheme, the investment of AIL in Sundaram Engineering Products Services Ltd. (SEPSL) which would vest in SCL pursuant to the amalgamation of AIL into SCL, would, pursuant to the demerger of non-automotive related business of SCL into SIL in terms of the said Scheme, be transferred to SIL. It is stated in the notice and other documents placed on record that SEPSL is an unlisted public limited company, incorporated on 1st December, 2011 under the Companies Act, 1956, in which AIL holds 49 percent of the equity shares and Sundaram Auto Components Ltd. and TVS Energy Ltd., both of which are subsidiaries of TVS Motors Ltd., together hold the balance 51 percent equity shares. Under the Scheme, SEPSL is proposed to provide an exit route for the public shareholders of SCL, who pursuant to the Scheme, would hold equity shares in SIL.

10. It is observed that the proposed amalgamation of AIL into SCL and the subsequent transfer of non-automotive related business of SCL into SIL involves consolidation and division of the existing businesses within the same group. While SCL, a subsidiary of TV Sundaram Iyengar & Sons Ltd, which is engaged in automotive as well as non-automotive businesses through its various direct and indirect subsidiaries, would on implementation of the Scheme continue to be predominantly engaged in the automotive business, AIL would be amalgamated into SCL, and SIL would be engaged in the non-automotive related business transferred to SIL under the Scheme. Considering that the Scheme involves reorganisation of the businesses of SCL and the ultimate control over the business activities carried on by the parties to the combination, before and after the proposed combination, remains unchanged, the proposed combination is not likely to have any adverse competition concern.



11. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the proposed acquisition, the Commission is of the opinion that the proposed acquisition is not likely to have an appreciable adverse effect on competition in India. The Commission therefore, hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.
12. This approval is without prejudice to any other legal or statutory obligations as applicable.
13. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.
14. The Secretary is directed to communicate to the parties to the combination accordingly.



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