



सत्यमेव जयते



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA

Combination Registration No. C-2023/05/1025

20th February 2024

Notice under Section 6(2) of the Competition Act, 2002 given by Minda Corporation Limited

CORAM:

Ms. Ravneet Kaur
Chairperson

Mr. Anil Agrawal
Member

Ms. Sweta Kakkad
Member

Mr. Deepak Anurag
Member

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

1. On 9th May 2023, the Competition Commission of India (**'Commission'**) received a notice under Section 6(2) of the Competition Act, 2002 (**'Act'**) given by Minda Corporation Limited (**'Minda'**/ **'Acquirer'**). The notice was filed pursuant to the Board Resolution passed on 1st May 2023 by the Board of Directors of Minda.
2. The proposed combination envisages the acquisition of up to an additional 8.79% equity share capital of Pricol Limited (**'Pricol'**/ **'Target'**) (**'Proposed Combination'**)



[Hereinafter, Minda and Pricol are collectively referred to as '**Parties**']. In the notice, it was submitted that Minda had earlier acquired 15.70% equity shares of Pricol via open market transaction through stock exchanges on 17th February 2023 ('**Existing Stake**'). Post the Proposed Combination, Minda's shareholding will be up to 24.5% of total equity share capital of Pricol.

3. It is submitted in the notice that Minda is a company incorporated in India under the provisions of the Companies Act, 1956. Its shares are listed on the BSE Limited ('**BSE**'), and the National Stock Exchange of India Limited ('**NSE**'). It operates under the brand name Spark Minda in India and belongs to Minda Corporation Limited group. Minda is engaged in the manufacturing of auto-components parts and caters to all major Original Equipment Manufacturers ('**OEMs**') and Tier-1 suppliers in the segments of Commercial Vehicles [Light Commercial Vehicles ('**LCVs**'), Medium & Heavy Commercial Vehicles ('**HCVs**'), 2-wheelers ('**2W**'), 3-wheelers ('**3W**'), 4-wheelers/Passenger Vehicles ('**PV**'), Tractors and Off-road vehicles] in India. Minda has a diversified product portfolio that encompasses mechatronics, information and connected systems, instrument clusters, interior plastic, and electronics for automobile OEMs.
4. Pricol is a company incorporated in India under the provisions of the Companies Act, 1956. Its shares are listed on the BSE and the NSE. It operates under the brand name Pricol in India. It is engaged in the business of manufacturing of automobile components for OEMs, Tier-1 suppliers and replacement markets. Pricol manufactures driver information systems, instrument clusters, sensors, pumps & allied products, and telematics catering to leading automotive OEMs in 2W, 3W, PVs, CVs, Tractors and Off-road vehicles across India. Further, as per the notice, Pricol's geographical presence includes seven manufacturing plants across India.
5. In terms of Regulations 14(3) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 ('**Combination Regulations**'), *vide* letter dated 24th May 2023 Minda was asked to



provide certain information and clarifications. Subsequently, Minda filed its response dated 7th June 2023, after seeking extension of time.

6. In the meantime, the High Court of Madras passed an order, *inter alia*, for interim injunction on 24th May 2023 pursuant to two writ petitions¹ filed by Pricol on 22nd May 2023. Subsequently, the High Court of Madras in its order dated 11th July 2023 vacated the aforesaid interim injunction, and observed the following:

“... If any prohibitory orders are passed against the Commission, it would tantamount to prohibiting the statutory authority from proceeding further in the matter. The same would not be appropriate. Moreover, the proceedings before the Commission are at a nascent stage...”

In the light of the above, we vacate the ex parte ad – interim order granted by this court on 24.5.2023.”

7. As the information provided by Minda *vide* its aforementioned response dated 7th June 2023 was not complete, letters under Regulation 14(3) of the Combination Regulations were issued on 19th July 2023 and 30th August 2023 and Minda filed its responses dated 3rd August 2023, 12th August 2023, 11th September 2023 and 13th September 2023, after seeking extension of time.
8. In terms of Regulation 9(2) of the Combination Regulations read with Section 36(4) of the Act, *vide* letter dated 11th October 2023, Pricol was asked to furnish information, *inter alia*, pertaining to the Proposed Combination including identification of overlaps and market assessment thereof. Pricol filed its responses dated 18th October 2023, 25th October 2023, and 10th November 2023, after seeking an extension of time [collectively referred to as **Pricol’s Responses**]. In terms of the proviso to Regulation 9(2) of the Combination Regulations, the time taken to obtain this information has been excluded from the period provided in Sections 6(2A) and 31(11) of the Act and Regulation 19(1)

¹ WP/16079/2023 and WP/16081/2023



of the Combination Regulations. Earlier, Pricol had also made voluntary submissions dated 16th May 2023 and 1st August 2023 to the Commission, *inter alia*, regarding the effects of the Proposed Combination on competition [collectively referred to as **Pricol's Voluntary Submissions**].

9. In terms of Regulation 19(3) of the Combination Regulations read with Section 36(4) of the Act, the Commission also sought information from various third parties such as the competitors [Original Equipment Suppliers ('OESs')] and customers [including OEMs and Tier 1 suppliers] of the Minda and Pricol *vide* letters dated 26th October 2023. The Commission received responses from certain competitors and customers. In terms of the proviso to Regulation 19(3) of the Combination Regulations, the time taken to obtain information from such enterprise(s), limited to a maximum period of fifteen working days, has also been excluded from the period provided in Regulation 19(1) of the Combination Regulations.
10. Subsequently, another letter under Regulation 14(3) of the Combination Regulations was issued to the Acquirer on 20th November 2023 and the Acquirer filed its response on 4th December 2023 and 5th December 2023.
11. The Commission, in its meeting held on 5th December 2023, considered the information on record, details provided in the Notice, Minda's responses to various letters issued under Regulation 14(3) of the Combination Regulations, Pricol's Responses, Pricol's Voluntary Submissions, responses of competitors, responses of customers, and other materials available on record, and formed a *prima facie* opinion that the Proposed Combination is likely to cause an appreciable adverse effect on competition ('AAEC') in the relevant market(s) in India. Accordingly, in terms of Section 29(1) of the Act, a show-cause notice ('SCN') dated 3rd January 2024 was issued to Minda and Pricol, wherein Minda and Pricol were directed to respond in writing, within 30 days of the receipt of the SCN, explaining as to why investigation in respect of the Proposed Combination should not be conducted. Both Minda and Pricol submitted their responses to the SCN on 2nd February 2024.



12. In response to the SCN, the Acquirer *inter alia* submitted that on 17th January 2024, the Acquirer sold its entire Existing Stake of 15.70406% of the Target's total issued and paid-up equity share capital. In view of this recent development, the term 'Existing Stake', as defined in the notice and all supplementary submissions, shall, effective from 17th January 2024, be read as zero instead of 15.70406%. The Proposed Combination seeks approval of the Commission in relation to the acquisition by the Acquirer of up to 08.79594% of the Target's total issued and paid-up equity share capital with the acquisition of such rights that are exercisable by the ordinary shareholders of the Target to the extent of their respective shareholding in the Target. This intimation of change was filed by the Acquirer under Regulation 16 of the Combination Regulations.
13. Considering the material on record, including the intimation by the Acquirer under Regulation 16 of the Combination Regulations, the Commission has decided not to proceed further with the investigation as the *prima facie* concerns of a likely AAEC laid down in the SCN have become infructuous. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
14. This order may be revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
15. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
16. The Secretary is directed to communicate to the Acquirer accordingly.