



सत्यमेव जयते



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2019/09/682)

**30<sup>th</sup> October, 2019**

**Notice under Section 6(2) of the Competition Act, 2002 filed by Hyundai Motor Company and Kia Motors Corporation**

**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 2<sup>nd</sup> September, 2019, the Competition Commission of India (**Commission**) received a notice under Section 6(2) of the Competition Act, 2002 (**Act**), filed by Hyundai Motor Company (**HMC**) and Kia Motors Corporation (**KMC**) in relation to their proposed acquisition of shares in ANI technologies Pvt. Ltd. (**ANI/ OLA**) and Ola Electric Mobility Private Limited (**OEMPL**). HMC and KMC shall be together referred to as the **Acquirers**.
2. The notice has been given pursuant to the share subscription agreements and the Shareholders' agreements, all executed amongst the concerned parties between 15<sup>th</sup> March, 2019 and 26<sup>th</sup> March, 2019.
3. The Proposed Combination envisages:
  - 3.1. acquisition of fully and compulsorily convertible cumulative preference shares (**CCPS**) of OLA by HMC and KMC, resulting in them holding 3.61% and 0.90% of the shareholding in OLA, respectively. Along with this



सत्यमेव जयते



investment, the parties also envisage certain strategic co-operation between HMC and OLA in relation to fleet operation, connected car-platform, mobility solutions, development of electronic vehicles, *etc.*; and

- 3.2. acquisition of CCPS of OEMPL by HMC and KMC, resulting in them holding 4.54% and 1.13% of the shareholding of OEMPL, respectively. Along with this investment, the parties also envisage certain strategic co-operation between the HMC and OEMPL in relations to e-mobility Business in India.
4. In terms of Regulation 19(2) of the Competition Commission of India (Procedure in Regard to the transaction of Business relating to Combinations) Regulations, 2011 (**Combination Regulations**), *vide* letter dated 12<sup>th</sup> September, 2019, the Acquirers were required to provide certain information / document(s). After seeking due extension of time, the Acquirers filed their reply on 24<sup>th</sup> September, 2019. Subsequently, additional information and clarification was sought from the Acquirers *vide* another communication dated 25<sup>th</sup> October, 2019. In response, the Acquirers filed their submissions on 28<sup>th</sup> October, 2019 and 30<sup>th</sup> October, 2019.
5. HMC is engaged in the business of manufacturing and distribution of automobiles, automobile parts and accessories, after-sales service, research and development of automotive engineering across several countries. In India, HMC operates through its wholly owned subsidiary *viz.* Hyundai Motor India Limited (**HMIL**), which is engaged in the business of manufacturing and distribution of automobiles, automobile parts and accessories, after-sales service and research and development of automotive engineering within India. Hyundai Motor India Engineering Limited (**HMIE**), another wholly owned subsidiary of HMC operating in India, is stated to be engaged in research and development with focus on state-of-the-art product, design engineering and rigorous quality enhancement. Further, Prime Mover Mobility Technologies Private Limited (**Revv**), an affiliate of HMC, is engaged in four-wheeler (**4W**) self-drive, car rental and car subscription service.



6. KMC is also engaged in the manufacture of automobiles, and its parts and accessories, after-sales services across several countries. It belongs to the group of HMC. In India, KMC operates through its subsidiary viz. Kia Motors India Private Limited (**KMIPL**). It was incorporated on 19<sup>th</sup> May 2017 and began commercial operations in March 2019.
  
7. OLA is stated to be a ride-sharing company that facilitates transportation services through an online platform ensuring convenient, transparent and quick service fulfilment. It also undertakes various incidental activities either directly or through its subsidiaries and affiliates, the details of which are as under:
  - 7.1. *Ola Fleet Technologies Private Limited (OFT)* is engaged in the business of leasing commercial passenger vehicles to individuals. OFT also envisages operating in 4W self-drive market;
  - 7.2. *Pisces e-Services Private Limited* is engaged in the business of food products and sale thereof through online platforms;
  - 7.3. *Ola Skilling Private Limited* is engaged in the business of training and upskilling interested individuals for the purposes of promoting livelihood and creating micro-entrepreneurship opportunities;
  - 7.4. *Zipcash Services Private Limited* is in the business of issuing semi-closed prepaid instruments, i.e., Ola Money powered by “Zipcash” and “Zipcash Wallet”, to facilitate payments for services availed by customers on various merchant platforms including the OLA platform;
  - 7.5. *Birds Eye Systems Private Limited* is engaged in the business of development of software technology and proprietary algorithms in the areas of automatic fare collection, commuter travel planning, and real time information (traffic, incidents) including development of navigation and location based mobile application and providing transit agencies for public



सत्यमेव जयते



transportation with AFC systems (hardware and software), leveraged by latest smart card and mobile technologies;

7.6. *Ola Capital Services Private Limited* is a wholly owned subsidiary of OLA looking to apply for a license to act as a non-banking financial institution; and

7.7. *Vogo Automotive Private Limited* is an affiliate of OLA. It is a dockless scooter sharing start-up, which rents scooters to customers for last mile travel.

8. OEMPL is an affiliate of OLA. It was initially incorporated as a wholly-owned subsidiary of OLA in 2017 and was later carved out of OLA in December 2018. It envisages to operate primarily in the electric vehicles (EVs) value chain, with focus on charging infrastructure. The business of OEMPL is at a nascent stage and is currently conducting feasibility studies and analysis through pilot tests to establish charging infrastructure for two-wheeler (2W) and three-wheeler (3W) EVs. OEMPL has commenced its first pilot test in Gurgaon for provision of charging infrastructure services for 3W EVs in February 2019.

***4W Self-drive services:***

9. The parties are currently not engaged in production, distribution or trading of similar or identical or substitutable products or provision of similar/ identical/ substitutable services. However, OFT, a wholly owned subsidiary of OLA, proposes to broaden its portfolio of mobility solutions and aims to launch 4W self-drive service, by the end of the calendar year 2019. As noted earlier, Revv, an affiliate of HMC, is also engaged in 4W self-drive service. Thus, there exists horizontal overlap between Revv and OFT in the domain of 4W self-drive service.

10. A 4W self-drive service is a service whereby a car is typically rented for a short duration, *i.e.* only an hourly, a weekly and/or monthly basis, whereby the customer



collects and returns the car to fixed stations. The duration of the car rental is generally less than 12 months. Revv vehicles can only be used by an individual for personal use and can't be used for any commercial use.

11. It is observed that the proposed combination is not likely to raise any competition concern as OFT is yet to commence operations in 4W self-drive services and this segment has the presence of various other players such as Zoomcar, JustRide, Mylrs, Voler, Drivezy and Corzonrent. A person willing to hire a vehicle on self-drive basis may also consider options such as radio-taxi services and other modes of public transportation. While these may not be a constraint on 4W self-drive services, precise definition of the relevant market has not been considered necessary given that the combination is not likely to raise any competition concern in this segment.

#### ***Electric vehicle supply chain***

12. OEMPL envisages to operate in the market for charging infrastructure services for EVs in India. On the other hand, the automobile manufacturers like the Acquirers are looking to operate in the manufacture and supply of EVs. The business line of OEMPL and the Acquirers in the EV supply chain are complementary in nature. However, it is observed that the EVs industry is at its nascent stage in India. Players like OEMPL and automobile manufacturers are looking at EV ecosystem in light of the social and policy preferences to shift to clean energy vehicles. The EV supply chain is yet to take-off and evolve in times to come. Thus, the collaborations envisaged between the parties in EV supply chain is not likely to raise any competition concern.

#### ***Radio taxi supply chain***

14. The Acquirers are primarily engaged in manufacturing and distribution of automobiles, automobile parts and accessories, and after-sales services. They manufacture and supply different types of passenger cars in India. Although KMC is a recent entrant into the Indian automobiles market, HMIL has been in India and is presently, the second largest player in said business on a pan-India level.





\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*

\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*

\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*

\*  
 \*\*\*\*\*  
 \*\*\*\*\*

\*  
 \*\*\*\*\*  
 \*\*\*\*\*

\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*

\*  
 \*\*\*\*\*  
 \*\*\*\*\*



सत्यमेव जयते



18. The OLA systems follow \*\*\*\*\* modes of cab allocation \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*

19. OLA, has a wholly owned subsidiary viz. OFT, which is engaged in the business of operational car leasing. It procures passenger cars of different makes including HMIL and leases them to drivers, who in-turn use the vehicle in different ways to earn their livelihood. The Acquirers have submitted that OLA does not have any control over the way the leased vehicle is used by the lessee driver. However, based on the material provided in the notice and subsequent submissions, it was observed that a substantial majority of these vehicles leased by OFT are registered in the marketplace of OLA.

20. The Commission noted that through the ANI Strategic Cooperation agreement, Hyundai and OLA propose to \*\*\*\*\*  
 \*\*\*\*\*1 \*\*\*\*\*.  
 \*\*\*\*\*2 ; \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*

---

1 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*

2 \*\*\*\*\*  
 \*\*\*\*\*



\*\*\*\*\*<sup>3</sup> \*\*\*\*\* The ANI strategic cooperation agreement also has \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\* Further, the internal presentation of HMC regarding the Proposed Combination *inter alia* \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*”

21. In view of the above, the Acquirers were *inter alia* required to furnish separate details of fleet size, GBV and incentives given by OLA group to OFT cars and others registered in the OLA marketplace, for top ten cities, during the financial years 2017-18 and 2018-19. \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\*  
 \*\*\*\*\* The Acquirers have further clarified that the consumer who is booking from the OLA App does not have the ability to distinguish (or opt) between OFT leased cars or a non-OFT vehicle.
  
22. The Commission issued another letter dated 25<sup>th</sup> October, 2019 stating that as per the details provided in the notice and the subsequent submission, it appears that: (a) OFT cabs are preferred over the other cabs in OLA marketplace as the gross booking value and incentives of OFT cabs are relatively higher; and (b) as per the ANI strategic cooperation agreement and the internal board presentation of Hyundai, the concerned parties intend to leverage OLA assets to promote leasing of Hyundai vehicles of F/O JV entity and OFT to OLA drivers. Therefore, the Acquirers were required to furnish clarification in this regard.

<sup>3</sup> \*\*\*\*\*



सत्यमेव जयते



23. In response, the Acquirers filed their submissions on 28<sup>th</sup> October, 2019 and 30<sup>th</sup> October, 2019 contending that “...*the software platform created by ANI i.e. the Ola marketplace, a cab and a passenger are matched based on, not one, but several objective parameters.*”. Further, neither OLA nor HMC is dominant in their respective markets and there are several radio taxi platforms similar to that of OLA. However, on a without prejudice basis, the Acquirers offered the voluntary commitment at Annexure A, in terms of Regulation 19(2) of The Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011. The voluntary modification offered by the Acquirers is enclosed herewith at Annexure A.
24. As per the voluntary modification submitted by the Acquirers, the strategic collaboration between the Acquirers and OLA would be on a non-exclusive basis. Further, the algorithm/ programme of the marketplace of OLA would not: (a) give preference to the driver solely based on the brand of the passenger vehicles manufactured by the Acquirers; or (b) discriminate against any driver based solely on the brand of the passenger vehicles manufactured by any other automobile manufacturer. The Acquirers have clarified that apart from the said stipulation on the algorithm/ programme of the marketplace of OLA, its existing business model with OFT would not be impacted. Since the compliance of the modification has to be ensured by OLA, the Commission has directed the Acquirers to procure an affidavit from OLA to the effect that it would ensure compliance of the modifications.
25. The Commission notes that OLA is a known name for services to drivers and commuters in the radio taxi space in India. It has been enjoying a considerable market position in the said business during the last three financial years. If OLA were to prefer drivers owning HMC or KMC vehicles, as a result of the Proposed Combination, such preference might place other drivers/ cabs registered in OLA marketplace at a disadvantage. However, the above modification offered by the Acquirers and OLA would ensure that the radio taxi marketplace of the latter would act in an objective manner and its strategic collaboration with the Acquirers would not result in discrimination of any driver who does not drive a vehicle of HMC or KMC make.



26. Considering the material on record including the details provided in the notice given under sub-section (2) of Section 6 of the Act, assessment of the Proposed Combination on the basis of factors stated in Section 20(4) of the Act and the Voluntary Modification given by the Acquirers under Regulation 19(2) of the Combination Regulations, 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 sub-section (1) of Section 31 of the Act.
27. The terms of the voluntary modification shall be read purposively for the purpose its compliance as the Proposed Combination is approved subject to the modifications. Further, the Commission reserves the right to pass such directions as may be necessary to address unforeseen circumstances, if any.
28. This order shall stand revoked if, at any time, information provided by Parties is found to be incorrect.
29. The information provided by Parties is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
30. The Secretary is directed to communicate to the Acquirers, accordingly.



सत्यमेव जयते



## Annexure A

- (i) The Parties shall cause to procure that the strategic collaborations envisaged pursuant to the Strategic Co-operation Agreement (which are proposed to be subsequently agreed between the Parties by way of separate Business Cooperation Agreement) shall be on a non-exclusive basis.
- (ii) The Target shall cause to procure that the algorithm/ programme of the Radio Taxi Marketplace shall not (i) give preference to the driver based solely on the brand of passenger vehicle(s) manufactured by the Acquirers, or (ii) discriminate against any driver based solely on the brand of passenger vehicle(s) manufactured by any other automobile manufacturer (i.e. other than the Acquirers).

It is clarified that apart from the above, there will be no impact in relation to the Target's existing business model with Ola Fleet Technologies Private Limited. For the purposes of this Voluntary Commitment, the capitalized terms shall have the meaning as set out below:

- (a) Acquirers: Hyundai Motor Company and Kia Motor Corporation
- (b) Target: ANI Technologies Private Limited
- (c) Parties: Acquirers and the Target
- (d) Strategic Co-operation Agreement: ANI Strategic Co-operation Agreement executed between Acquirers and Target on 26 March, 2019. Business Cooperation Agreement shall have the same meaning as stated in Strategic Co-operation Agreement.
- (e) Radio Taxi Marketplace: The radio taxi marketplace platform operated by the Target in India.”