PRESS RELEASE

Price-Fixing Cartel amongst suppliers of EPS Systems to automobile OEMs

The Competition Commission of India (‘CCI’) passed a final order with respect to cartelisation amongst NSK Limited, Japan (‘NSK’) and JTEKT Corporation, Japan (‘JTEKT’) and their Indian subsidiaries namely Rane NSK Steering Systems Ltd. (‘RNSS’) and JTEKT Sona Automotive India Limited (‘JSAI’) respectively, in relation to the supply of Electric Power Steering (‘EPS’) Systems to three automotive Original Equipment Manufacturers (‘OEMs’), by means of directly or indirectly determining price, allocating markets, co-ordinating bid response and manipulating the bidding process in Request for Information/ Request for Quotations (‘RFIs/ RFQs’) issued by these three automobile OEMs. The duration of the cartel was found to be from 2005 to 25.07.2011.

The case was initiated on the basis of an application received by the CCI under Section 46 of the Competition Act, 2002 (the ‘Act’) read with Competition Commission of India (Lesser Penalty) Regulations, 2009 (‘LPR’), from NSK/ RNSS. Thereafter, during the pendency of investigation, JTEKT/ JSAI also approached the CCI by filing an application under the Section 46 of the Act read with the LPR.

The evidence collected in the case included instances of meetings and telephonic exchanges in which commercially sensitive information about prices etc. was discussed. Such conduct of the parties was found to have caused appreciable adverse effect on competition in India. Accordingly, the CCI concluded that NSK and JTEKT, and their Indian subsidiaries RNSS and JSAI respectively, indulged into anti-competitive conduct in contravention of the provisions of Section 3(3)(a) read with Section 3(1) of the Act.

Considering all the relevant factors, penalty, in terms of the proviso to Section 27 (b) of the Act, was computed for each party, from the date of enforcement of the provisions of Section 3 of the Act i.e. 20.05.2009 till 25.07.2011. In terms thereof, the penalty to be imposed upon NSK/ RNSS was computed at the rate of 4% of the relevant turnover of RNSS and upon JTEKT/ JSAI, at the rate of 1 time of the relevant profit of JSAI. Also, considering the totality of facts and circumstances of the case, penalty, in terms of Section 27 (b) of the Act, to be imposed on the individuals of NSK and JTEKT, held liable under Section 48 of the Act, was computed at the rate of 10 percent of the average of their income for the preceding three years.

In view of the fact that NSK/ RNSS was the first to approach the Commission as a Lesser Penalty applicant and had provided complete, true and full disclosures, 100 percent reduction in penalty was granted to NSK/ RNSS and its individuals and the penalty to be paid by them is nil. Further, in view of the fact that JTEKT/ JSAI was the second to approach the Commission as a Lesser Penalty applicant and had provided significant value addition in the matter, 50 percent reduction in penalty was granted to JTEKT/ JSAI and its individuals. Therefore, the total penalty to be paid by JTEKT/ JSAI is INR 17,07,31,443/-.