

After Rare 'Phase-II' Probe, CCI Approves Bharat Forge-AAM India Deal



In a significant development for the automotive and heavy-vehicle components industry, the Competition Commission of India (CCI) has approved the acquisition of AAM India Manufacturing Corporation by Bharat Forge. This approval, finalized after a rare and detailed 'Phase-II' investigation, was granted with voluntary modifications and behavioral commitments from Bharat Forge to address competition concerns. The CCI's scrutiny of the deal highlights its active role as an antitrust watchdog, ensuring that major mergers and acquisitions do not create a negative impact on market competition.

The deal, valued at ₹746.46 crore, faced a detailed probe after the CCI concluded that the proposed acquisition was likely to have an "appreciable adverse effect on competition" (AAEC) in the commercial vehicle (CV) axle market. A 'Phase-II' investigation is a rarely invoked provision of the Competition Act, used when the CCI believes a combination could significantly reduce competition. It involves a deeper look into the transaction, including issuing a show-cause notice to the companies and inviting public comments. Prior to this, a Phase II probe was initiated in 2019 for the proposed acquisition of GMR Airports by the Tata group.

To secure the CCI's approval, Bharat Forge offered a series of commitments. The most notable of these is the promise to maintain a "distinct and independent brand identity" for AAM India's products. This is intended to prevent brand confusion and ensure clear differentiation from products offered by Bharat Forge's other affiliate joint ventures, such as Meritor HVS and

Automotive Axles. The CCI has also mandated the appointment of an independent monitoring agency to ensure these commitments are upheld after the acquisition is completed.

This acquisition is a strategic move for Bharat Forge, as it seeks to expand its presence in both traditional and new mobility technology segments, including electric vehicles. The deal brings a well-established automotive component supplier into Bharat Forge's fold, with a strong track record of catering to leading original equipment manufacturers (OEMs). The CCI's approval, though delayed by the in-depth investigation, allows the company to move forward with its plans to enhance its product portfolio and strengthen its market position.