



24<sup>th</sup> April 2012

To,  
Ms. Jyoti Jindgar  
Additional Director General  
Office of the Director General  
**Competition Commission of India**  
'B' Wing HUDCO Vishal,  
Bhikaji Cama Place,  
New Delhi – 110 066

Dear Ms. Jindgar,

We thank you for giving us a patient hearing on our visit to your office on the 19<sup>th</sup> of April 2012 to explain the monopolistic behavior of Daimler AG and Mercedes Benz India Private Limited as seen by us as dealers for Mercedes cars over thirteen years in the state of Gujarat and Rajasthan.

We understand that the **current investigation** under which we were served a notice to provide information was directed at **general** monopolistic behavior of automobile manufacturers affecting the **freedom of consumers** and **subverting free market forces**.

It is due to the same industry practices that Mercedes Benz has been able to carry out highly anti competitive and monopolistic policies in the field for years as follows:

1. Relationship with dealer is based on total **DOMINANCE**:

Even though the term "PRINCIPAL TO PRINCIPAL" is used in the dealer agreement the terms of the agreement are totally one sided and over the years any change in the terms is made at the sole discretion of Mercedes Benz. The manufacturer is protected against all possibilities while the dealer is without any protection at all. **Dealer agreements are being enclosed to prove this point.** It may be noted that a LOI with acceptable terms was used to lure dealers in and replaced with suffocating agreements in later years when the dealership was well settled.

**Enclosed in connection with this point: Ann: A (series of Dealership Agreements)**

2. All commercial terms are fixed by Mercedes Benz and the parent Daimler:

This point can be proved by the commercial agreements which were always handed over filled in and signed by the company management and the dealer was forced to sign or leave the network at the cost of ruin. Every price of every item and even the necessary



stock etc. were dictated by the company yet the financial burden and loss due to over stocking or non-moving cars and parts fell upon the dealer alone.

**Enclosed in connection with this point: Ann: A (series of Dealership Agreements)**

3. All targets are unilaterally issued By Mercedes Benz/Daimler:

This point can be substantiated as above and some comprehensive target related documents such as "annual development plans" are being attached with this letter. It can be seen that every aspect including how many telephone lines are available are set by the company and are to be adhered regardless of any external factors.

**Enclosed in connection with this point: Ann: B (Target Agreements of various kinds)**

4. Territory of sale is totally dictated by Mercedes Benz and Daimler:

Dealers were told that MRTTP regulations prevent instructions regarding sale outside of a dealer's assigned territory from being put in writing. However we can prove that we were prevented from even selling vehicles to customers based in our own territory where they wished the billing address to be in another state not falling in our territory. We and our customers suffered greatly due to this policy.

5. Dealers were put in unviable conditions and as a result non-principled dealerships exploited customers/govt. duties etc. to make ends meet while principled dealers faced unviable conditions for many years:

The burdens placed on the dealer were so high due to above mentioned factors so that the margin on sales of vehicles was inadequate to make ends meet. The understanding was that dealers would make their dealership viable at any cost within the existing framework. This meant that after sales revenue had to be maximized and the manufacturer helped the dealer monopolize the repair business and even the hourly labor rate was fixed as high as possible after being authorized by senior management. Year after year all financial decisions were forcefully taken by the company and enforced entirely at their discretion. Even the details of extended warranty packages (including terms), Annual maintenance packages etc. were controlled by the manufacturer.

6. Penalties were harshly implemented and interest was charged on unsold inventory at the sole discretion of Mercedes Benz:

Dealers were forced to predict the entire sale for the coming year in advance and it was claimed that the entire production of vehicles was exclusively based on the demands thus submitted. The dealer was totally bound by this form of pressure and even when the entire economy on a national level was changing on a monthly or quarterly level the dealer was unable to have vehicles of his customer's choice. In territories with small volumes the loss to the dealer was huge due to availability of needed cars while large dealerships had enough choice due to natural statistical factors. When the pre-predicted cars were forced into a dealer's inventory, while needed cars were denied to him because they were not

predicted one year ago, the resulting interest cost was a huge drain. At the same time a car of the customers color choice might be easily available at a metro dealer due to pure mathematics. This led to loss of sale to larger dealers who became stronger and stronger. Dealers whose markets were slow to expand like Gujarat and Rajasthan were refused response to ten years of questioning these dictatorial and unfair policies and finally forced to resign.

7. Dealers were prevented from taking dealerships of any similar product:

This is a universal policy of foreign carmakers in particular, even though it is not put in writing. As a result the manufacturer can make the dealer so dependant on his company that the dealer is a virtual slave.

8. Parts had to be bought exclusively from the company against threat of termination:

A total dominance over spare parts was maintained by Mercedes Benz and any dealer buying genuine parts from any source other than Mercedes Benz India would be severely punished. Extensive audits were done and every transaction was monitored. An online dealer management system was enforced so that no activity of the dealership was outside the control of the manufacturer.

9. Customers who had repair work done at any location other than a company dealership would have their warranty cancelled:

As a tool to help the dealer force the customer to pay the charges of an authorized workshop strict instructions were issued to cancel the warranty of any car found to have been attended by any agency other than the authorized dealer.

10. Dealers could not repair any assembly without specific instructions and only replacement of parts was allowed. However when the parts were replaced at the cost of Mercedes Benz/Daimler AG many "repair kits" were introduced to save money for the company. Repair kits were also used where the parts repeatedly failed due to poor quality and customers were very upset (like suspension and many more):

Service Measure documents of Daimler AG prove this point adequately.

11. No counter sale of parts is allowed:

Policy strictly enforced. In thirteen years we were given permission in one single case, where the customer had challenged Mercedes Benz legally and a case was already ongoing, to counter sell directly to the customer after obtaining a waiver.

12. In case of dispute over quality the customer has no remedy and is at the mercy of Mercedes Benz:

**This point has been explained in our letter dated 7<sup>th</sup> March 2012 to Mr. AK Singhal in great detail and a separate investigation is needed for this point as current customers having suffered loss of dear ones are still awaiting justice on this account.**

13. Control is maintained at all levels by forcing proprietary software to be used by dealerships and also within the cars where by accountability and transparency is totally eliminated:

**This point has been explained in our letters dated 7<sup>th</sup> March 2012 to AK Singhal in great detail and a separate investigation is needed for this point as current customers having suffered loss of dear ones are still awaiting justice on this account.**

14. Intellectual property related regulations are used to cover all competitive issues and as a result market forces are prevented from creating any level of fairplay:

**This point has been explained in our letters dated 7<sup>th</sup> March 2012 to Mr. AK Singhal in great detail and a separate investigation is needed for this point as current customers having suffered loss of dear ones are still awaiting justice on this account.**

The above points being very genuine, we are sure the Competition Commission's action on the above will be a great relief to consumers.

#### **NEW ISSUES RAISED BY US IN RESPONSE TO YOUR NOTICE:**

However while the non-regulated, primitive conditions, of sales and after sales in India have been taken advantage of in an unfair manner by many companies for their commercial interests, no company, to the best of our knowledge has completely subverted the consumer's rights in the same manner as Mercedes Benz.

Since we have been asked to provide all information available to us regarding anti-competitive and unfair practices of Mercedes Benz India Pvt. Ltd. in the notice received by us on 5<sup>th</sup> March 2012, we have replied in great detail via our communication dated 7<sup>th</sup> March 2012 to Mr. A.K.Singhal. We request the commission to re-examine the documents enclosed with the above reply from the point of view of a criminal investigation. Regarding our previous reply dated 7<sup>th</sup> March 2012 we would like to strongly emphasize the following:

1. All the proof regarding the allegations made by us in the above letter and in any previous or future letters is **contained in the enclosures submitted to Mr. AK Singhal vide our letter dated 7<sup>th</sup> March 2012.** If persons with the required

knowledge of the automobile industry are allowed to see the enclosed documents, **all the allegations will be confirmed.**

2. In case any further supporting evidence or information is required it can be provided from our **extensive data accumulated over years of operation.**

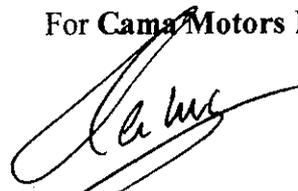
We hope the Commission will consider a serious investigation into these practices which are of a highly criminal nature, affect safety and are a violation of consumer rights on a massive level. A separate and specialized technical investigation will be needed for this.

We hope the Competition Commission will carry out a further technical investigation on the specific charges raised by us in reply to your notice dated 5<sup>th</sup> March 2012 which were not part of your ongoing investigation.

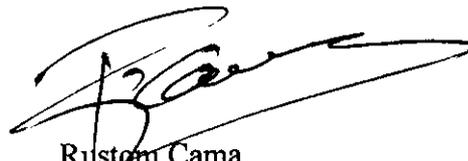
Thanking you,

Sincerely yours,

For **Cama Motors Pvt. Ltd.**



Jehangir RJ Cama  
Chairman



Rustom Cama  
Executive Director

Encl: as listed hereunder:

1. Letters dtd. 7<sup>th</sup> March 2012, 30<sup>th</sup> March 2012 & 6<sup>th</sup> April 2012 to Mr. A.K.Singhal.
2. Letter dated 18<sup>th</sup> April 2012 to CCI
3. All copies of LOI and Dealership Agreements (**Ann A**)
4. Non Disclosure Agreement (**Ann A**)
5. Annual Development plan Year 2004 (**Ann B**)
6. International Dealers Standards (**Ann B**)

Copy to: Mr. AK Singhal