

COMPETITION COMMISSION OF INDIA

4th October, 2012

Combination Registration No. C-2012/09/78

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

1. On 14th September, 2012, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the “**Act**”) of the proposed combination given by Century Tokyo Leasing Corporation (hereinafter referred to as “**CTLC**”) and Tata Capital Financial Services Limited (hereinafter referred to as “**TCFSL**”) (CTLC and TCFSL together referred to as “**parties to the combination**”).
2. The proposed combination relates to acquisition of joint control by CTLC of the leasing division of TCFSL (hereinafter referred to as “**Leasing Division**”). The notice was filed pursuant to the execution of a Business Partnership Agreement between the parties to the combination on 16th August, 2012 (herein after referred to as “**Business Partnership Agreement**”).
3. Pursuant to the Business Partnership Agreement, the Leasing Division would have its own organisations, distinct from TCFSL, including a supervisory committee that is stated to be a governing body of the Leasing Division and has functions similar to those of a committee of directors of a company. The supervisory committee would comprise of four members out of which three members shall be nominated for appointment by TCFSL and one member shall be nominated for appointment by CTLC. In terms of the Business Partnership Agreement, certain decisions pertaining to the Leasing Division cannot be taken unless they have been approved by one TCFSL nominated and one CTLC nominated committee member. Such decisions include strategic affairs of the Leasing Division such as approval of business plans; approval of annual operating plan which includes annual budget plan; commencing a new line of activity and discontinuing any existing line of activity or business; and appointment of key managerial personnel of the Leasing Division and their compensation. Further, the Business Partnership Agreement requires the Leasing Division to prepare its own accounts/records of all its operations for every fiscal year ending 31st March, 2012. CTLC has also entered into an Option Agreement with Tata Capital Limited (herein after referred to as “**TCL**”), parent shareholder of TCFSL, on



16th August, 2012 with a view to enter into a joint venture in the leasing business in India through a newly created joint venture company. Upon exercise of the option by CTLC, the business carried out by the Leasing Division will be transferred and carried out by the new joint venture company.

4. In view of the foregoing, it is observed that the Business Partnership Agreement envisages a situation of joint control over assets as well as the operations of the leasing business of TCFSL. The proposed combination is covered under Section 5 (a) of the Act.
5. CTLC is a listed company incorporated under the laws of Japan and is primarily engaged in the business of leasing of equipment, instalment sales of information and communication equipment, and solution-oriented financing for different businesses. It has been stated in the notice that CTLC has no presence in India, either directly or indirectly, whether by way of a subsidiary, joint venture or otherwise.
6. TCFSL is a company incorporated under the provisions of the Companies Act, 1956 and is a wholly owned subsidiary of TCL. It has been stated in the notice that TCFSL is registered with the Reserve Bank of India as a systematically important non deposit accepting non-banking financial company and is mainly engaged in the business of corporate and consumer finance.
7. It is observed that CTLC has no business operations in India and therefore, the business operations of the parties to the combination in India do not compete or are related to each other at different stages of the production chain. Further, as per the details of the annual report of TCFSL for the Financial Year ending 31st March, 2012, the value of the assets and revenue earned from the leasing business of TCFSL is relatively small. Further, other players are also present in the leasing business in India and the share of the Leasing Division in such business is relatively insignificant. Therefore, the proposed combination is not likely to give rise to any adverse competition concern.
8. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the proposed combination after considering the relevant factors mentioned in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, the Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.



9. This approval is without prejudice to any other legal/statutory obligations as applicable.
10. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.
11. The Secretary is directed to communicate to the parties to the combination accordingly.



Certified True Copy

[Handwritten Signature]
ANIL K. VASHISHT
Office Manager
Competition Commission of India
New Delhi

10/2/12