



## COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2013/10/136)

30.01.2014

### Notice under section 6(2) of the Competition Act, 2002 given by:

- Synnex Corporation

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

1. On 10<sup>th</sup> October 2013, 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**”) given by Synnex Corporation (hereinafter referred to as “**Synnex**”).
2. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”), vide letter dated 18<sup>th</sup> October, 2013, the Acquirer was required to remove certain defects and provide certain information/document(s) latest by 31<sup>st</sup> October, 2013. After seeking extension of time, the Acquirer filed its reply on 12<sup>th</sup> November, 2013. In continuation of the said submission, the Acquirer further filed additional submission on 20<sup>th</sup> November 2013.
3. In terms of Regulation 14 of the Combination Regulations, vide letter dated 3<sup>rd</sup> December 2013, the Acquirer was required to provide certain information/document(s) latest by 15<sup>th</sup> January 2014. The Acquirer filed its partial response on 15<sup>th</sup> January 2014 with a request for extension of time till 31<sup>st</sup> January 2014. The final response of the Acquirer was filed on 21<sup>st</sup> January 2014.
4. The proposed combination comprises acquisition of the customer relationship management business process outsourcing (CRM BPO) business of



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International Business Machines Corporation (hereinafter referred to as “**IBM**”) by Synnex. The notice has been given to the Commission pursuant to the execution of a Master Asset Purchase Agreement (hereinafter referred to as ‘**MAPA**’) on 10<sup>th</sup> September 2013 between IBM and Synnex. In India, the proposed combination would lead to acquisition of IBM Daksh Business Process Service Private Limited (herein after referred to as “**IBM Daksh**”) with certain assets, employees and customer contracts serviced by IBM India Private Limited (herein after referred to as “**IBM India**”) and IBM Daksh in India pursuant to a Local Acquisition Agreement (herein after referred to as “**LAA**”). As stated in the notice, the LAA was to be executed in the first quarter of 2014. The respective parties executed the LAA on 21<sup>st</sup> January 2014. The proposed combination falls under Section 5 of the Act.

5. Synnex, which is listed on the NYSE, is stated to be a business process services company, servicing resellers, retailers and original equipment manufacturers in multiple industry verticals and regions around the world. Synnex, *inter alia*, provides services in IT distribution, supply chain management, contract assembly and business process outsourcing and has presence in India through its wholly owned subsidiary Concentrix Technologies (India) Private Limited (herein after referred to as “**Concentrix**”).
6. IBM, which is listed on the NYSE, is a multinational technology and consulting corporation which manufactures and markets computer hardware and software, and *inter alia*, offers infrastructure hosting and consulting services in areas ranging from mainframe computers to nanotechnology. As per the information provided by the Acquirer, IBM has presence in India through its wholly owned subsidiary IBM India and IBM Daksh. IBM Daksh, a company incorporated in India, is stated to be engaged in the business of outsourced business process, primarily managing the customer care services and back office processes, amongst other activities, for various global and local clients in the domain of banking, insurance, financial services, travel, technology, telecom and retail.



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7. As already stated, as a result of the proposed combination, the CRM BPO business operations of IBM, including its Indian operations, would stand transferred to Synnex. In India, the proposed combination would result in the acquisition of IBM Daksh by Synnex after reorganisation of the relevant assets to ensure that the entire CRM BPO business of IBM in India is with IBM Daksh.
8. It is observed that while a substantial portion of the revenues of IBM Daksh is derived from exports, the revenues of Concentrix from the domestic market are also insignificant. Further, the IT BPO industry in India is relatively fragmented and also characterised by the presence of several large players. The proposed combination, therefore, is not likely to raise any adverse effect on competition in India.
9. Considering the facts on record and the details provided in the notice, 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.
10. This approval is without prejudice to any other legal/statutory obligation as applicable.
11. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
12. The Secretary is directed to communicate to the Acquirer accordingly.

(Ashok Chawla)  
Chairperson



## COMPETITION COMMISSION OF INDIA



(Geeta Gouri)  
Member

(Anurag Goel)  
Member

(S.N. Dhingra)  
Member

(S.L. Bunker)  
Member