



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2014/02/155)

20.03.2014

Notice u/s 6 (2) of the Competition Act, 2002 given by Lenovo Group Limited

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

1. On 24th February 2014, 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 Lenovo Group Limited (hereinafter referred to as “**Lenovo**” or the “**Acquirer**”). The notice was given pursuant to execution of a Master Asset Purchase Agreement (hereinafter referred to as “**MAPA**”) and an Amended and Restated MAPA, entered into between Lenovo and International Business Machines Corporation (hereinafter referred to as “**IBM**”) on 23rd January 2014. Lenovo and IBM have also entered into certain ancillary agreements (MAPA, Amended and Restated MAPA and the ancillary agreements hereinafter referred to as “**Transaction Documents**”).
2. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, vide letter dated 26th February 2014, the Acquirer was required to remove certain defects and provide information/document (s) latest by 7th March 2014. After seeking extension of time, the Acquirer filed its reply on 10th March, 2014.
3. As per the information provided in the notice, the proposed combination relates to acquisition by Lenovo of the x86 server business of IBM. As per the Transaction Documents, the proposed combination, *inter alia*, includes the transfer of assets, contracts and employees associated with IBM's x86 server business. As stated in the notice, IBM will not dispose of its enterprise system portfolio. The proposed combination falls under Section 5(a) of the Act.
4. Lenovo, a company incorporated in Hong Kong, is stated to be a multinational computer technology group, which is engaged in the business of personal



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computers, tablets, smartphones, servers and storage. In India, Lenovo is present through its subsidiary, Lenovo (India) Private Limited and is engaged in sale of personal computers, tablets, smartphones and storage and services including warranty support, laptop protection services against breakages, etc. It is stated in the notice that Lenovo is not present in the server market in India.

5. IBM, a company incorporated in New York, is stated to be a multinational technology and consulting corporation which manufactures and markets information technology related hardware, software, services and offers infrastructure hosting and consulting services in areas ranging from mainframe computers to nanotechnology. In India, IBM is stated to operate in five main segments, namely, global technology services, global business services, software, systems and technology, and global financing through its subsidiary, IBM India Private Limited.
6. As stated in the notice, Lenovo is not present in the server market in India and through the proposed combination, Lenovo will enter as a competitor in the already competitive and dynamic server market in India. There is no horizontal overlap between Lenovo and IBM in the market of x86 server business in India. As per the information provided in the notice, post combination, IBM will continue to provide maintenance services for the x86 server business on Lenovo's behalf for a limited transitional period to ensure continuity and smooth transition. There is also the presence of other players in India like Hewlett Packard, Dell, Oracle, Cisco, etc., in the x86 server business. The proposed combination, therefore, is not likely to raise any appreciable adverse effect on competition in India.
7. 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 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 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.
8. This approval is without prejudice to any other legal/statutory obligations as applicable.
9. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.



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10. The Secretary is directed to communicate to the Acquirer accordingly.

(Ashok Chawla)
Chairperson

(Geeta Gouri)
Member

(Anurag Goel)
Member

(M. L. Tayal)
Member