



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2014/05/173)

26.06.2014

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

- (i) Tata Consultancy Services Asia Pacific Pte Ltd. (“TCS APAC”);
- (ii) Tata Consultancy Services Japan Limited (“TCS Japan”);
- (iii) Nippon TCS Solution Center Limited (“Nippon TCS”); and
- (iv) IT Frontier Corporation (“ITF”)

Hereinafter, TCS APAC, TCS Japan, Nippon TCS and ITF are together referred to as the “Parties”.

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

1. On 16th May 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 the Parties pursuant to execution of a transaction agreement dated 20th April 2014 between TCS APAC, Mitsubishi Corporation (“MC”) and Tata Consultancy Services (“TCS”) (as guarantor for TCS APAC).
2. TCS APAC, a company registered in Singapore, is a wholly owned subsidiary of TCS. TCS APAC is engaged in the business of providing information technology services and information technology enabled services (“IT Services & ITeS”). TCS Japan is a subsidiary of TCS APAC registered in Japan. TCS Japan provides IT Services & ITeS to the companies in Japan. Nippon TCS is a company registered in Japan, wherein TCS Japan holds 60 percent and MC holds 40 percent of the equity share capital. Nippon TCS also provides IT Services & ITeS. ITF, registered in Japan, is a subsidiary of MC. It also provides a wide range of IT Services & ITeS. MC is a trading corporation with business operations all over the world. In India, MC has operations in various sectors including chemicals, energy and automobiles, however, as stated by the Parties, it has no presence in the market for IT Services & ITeS in India.
3. As per information provided in the notice, the proposed combination involves the formation of a joint venture in Japan between TCS APAC and MC in the ratio of 51:49 by way of the following steps:



COMPETITION COMMISSION OF INDIA



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- (a) **Step 1:** Acquisition by TCS Japan of MC's 40 percent stake in Nippon TCS. Presently, Nippon TCS is a 60:40 joint venture between TCS Japan and MC. Pursuant to step 1, Nippon TCS would be a 100 percent subsidiary of TCS Japan;
 - (b) **Step 2:** Merger of Nippon TCS into TCS Japan. Post-merger, TCS Japan would be the surviving entity;
 - (c) **Step 3:** Merger of TCS Japan into ITF. It is stated in the notice that in lieu of the shares held in TCS Japan, TCS APAC would be issued and allotted certain number of equity shares of ITF. The remaining equity share capital of ITF would be held by MC; and
 - (d) **Step 4:** Acquisition of additional shares of ITF by TCS APAC, taking TCS APAC's aggregate shareholding in ITF to 51 percent. The remaining 49 percent will be held by MC.
4. The proposed combination falls under Section 5 of the Act.
 5. In terms of Regulation 14 of the Combination Regulations, vide letter dated 23rd May 2014, the Parties were required to remove certain defects and provide information/document(s). The Parties filed their reply on 2nd June, 2014. Further, vide letter dated 6th June 2014, the Parties were again required to remove defects and provide information/document(s). The Parties filed their reply on 12th June, 2014.
 6. The proposed combination relates to IT Services and ITeS. It is observed that TCS Japan, Nippon TCS, ITF and MC do not provide any IT Services & ITeS in India. TCS APAC also does not provide any services in India. The proposed combination is, therefore, not likely to raise any competition concern 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



COMPETITION COMMISSION OF INDIA



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- 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.
 10. The Secretary is directed to communicate to the Parties accordingly.

(Ashok Chawla)
Chairperson

(M. L. Tayal)
Member

(S.L. Bunker)
Member

(Sudhir Mital)
Member

(Augustine Peter)
Member