



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2018/07/591)

Dated: 26th September, 2018

Notice under Section 6 (2) of the Competition Act, 2002 given by Tata Advanced Systems Limited

CORAM:

Mr. Sudhir Mital
Chairperson

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Legal Representatives of the parties: Shardul Amarchand Mangaldas & Co

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

1. On 30th July 2018, the Competition Commission of India (**Commission**) received a Notice under sub-section (2) of Section 6 of the Competition Act, 2002 (**Act**), given by Tata Advanced Systems Limited (**TASL**).
2. By way of the proposed combination, TASL proposes to acquire various defence/ aerospace related businesses/ companies from other companies in which Tata Sons Limited (**TSL**) and its subsidiaries have shareholdings. The target assets comprises Tata Advanced Materials Limited (**TAML**), TAL Manufacturing Solutions Limited (**TAL**), Strategic Engineering Division of Tata Power Company Limited (**TPSED**) and Defence Undertaking of Tata Motors Limited (**TMLD**).
3. The Notice was given pursuant to the execution of an Implementation Agreement between TPCL and TASL dated 26th April 2018 (**TPSED**



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Agreement); Implementation Agreement between Tata Motors Limited (**TML**) and TASL dated 27th July 2018 (**TMLD Agreement**); Share Purchase Agreement between TASL, Tata Industries Limited (**TIL**) and TAML dated 9th May 2018; Share Purchase Agreement between TASL, TAL and TML dated 29th May 2018; and a Cooperation Agreement between TML and TASL dated 27th July 2018.

4. The details of the proposed combination are as under:
 - 4.1. Acquisition of TPSED by TASL as a going concern, on a slump sale basis, in accordance with a Scheme of Arrangement which has been agreed as part of the TPSED Implementation Agreement.
 - 4.2. Acquisition of 99.99% of equity shareholding and 100% of preference shareholding of TAML by TASL from TIL by way of TAML SPA.
 - 4.3. Acquisition of the defence undertaking of TML i.e. TMLD by TASL as a going concern, on a slump sale basis, in accordance with a Scheme of Arrangement which has been agreed as part of the TMLD Implementation Agreement.
 - 4.4. Acquisition of 100% shareholding of TAL by TASL from TML. As a condition precedent TAL should transfer all its non-aerospace business to TML prior to the closing of the Proposed Transaction in order to ensure that only the aerospace business of TAL is acquired by TASL.
5. TASL is a wholly owned subsidiary of TSL and belongs to the Tata Sons group. After the proposed combination, the targets will be wholly owned by TASL except TAML which will be 99.99% owned by TASL.
6. The details of the parties to the proposed combination are as follows:



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- 6.1. TASL is an aerospace and defence company. It provides integrated solutions for aerospace and defence. In addition, it has capabilities throughout the aerospace value chain from design to raw materials to full aircraft assembly. TASL and its subsidiaries operate from multiple locations in Delhi, Noida, Hyderabad and Bangalore.
- 6.2. TPSED is a division of Tata Power Company Limited (TPCL). It is engaged in indigenous design, development, production, integration, supply and life-cycle support of defence systems. Over 90% of the TPCL's strategic electronic product developments are executed for the Indian defence sector, including the Indian Armed Forces and the Defence Research and Development Organization.
- 6.3. TAML is engaged in manufacturing of composite materials for various sectors. In the aerospace sector, it contributes to aero structures, engine parts and interior parts; in the defence sector, it offers armouring solutions; and in the space sector, it offers solar panel substrates and yokes for satellite launchers, in collaboration with the Indian Space Research Organization.
- 6.4. TMLD is a division of TML, which designs, develops, manufactures, supplies and provides after-sales support for a wide range of logistics, combat support and combat vehicles, and parts thereof.
- 6.5. TAL, through its aerospace unit, delivers as built-to-print manufacturing for the aerospace sector. TAL also has non-aerospace business which will be transferred to TML and will not be transferred to TASL.
7. As per the notice and subsequent submission of the Acquirer, the businesses of the parties to the proposed combination do not exhibit horizontal overlap except that both TASL and TPSED are present in the defence related systems integration activities, which comprises in missile systems, defence electronic



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systems and weapon systems. Within this segment, the activities of the said parties particularly overlap in defence electronic systems.

8. It is observed that there are several other players operating in defence related systems integration and are relatively larger in size when compared to the parties. This segment of the industry also has presence of defence public sector undertakings such as Bharat Electronics Limited and Electronics Corporation of India Limited, which are apparently prominent players in defence electronic systems. This segment is also stated to have the presence of private sector entities like L&T, TAK, Tonbo, Shobha, Datacon and Alpha Design.
9. It is further observed that based on the information provided by the Acquirer, TPSED does not appear to be a large player in terms of financials or value of its order book. Furthermore, as per the bid data submitted by the parties, TASL and TPSED have not competed with each other in any bids relating to defence electronic systems during the last two years. These suggest that there are several players operating in defence systems integration activities including defence electronic systems and thus, the proposed combination is not likely to result in any incremental change that would raise competition concerns.
10. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment of the proposed combination on the basis of the factors stated 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 any appreciable adverse effect on competition in India and therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.
11. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
12. The information provided by the Acquirer is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.



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