



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2017/02/481)

30.03.2017

**Notice filed under sub-section (2) of Section 6 of the Competition Act, 2002 given by Jabil
Circuit India Pvt. Ltd.**

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Legal Representative: M/s Cyril Amarchand Mangaldas

Order under sub-section (1) of Section 31 of the Act

1. On 13.02.2017, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) given by Jabil Circuit India Pvt. Ltd. (“**Jabil India**”/ “**Acquirer**”). The Acquirer submitted certain information on 14.02.2017, as per the undertaking filed at the time of giving the notice.
2. The proposed combination relates to the acquisition of Ericsson India Pvt. Ltd.’s (“**Ericsson India**”) Electronic Manufacturing Services (“**EMS**”) business as a going concern on a slump sale basis by Jabil India. (“**Proposed Combination**”) (Hereinafter Jabil India and Ericsson India are collectively referred to as the “**Parties**”) The EMS business being acquired pertains to PCBA assembly, test and repair activities for its radio base station



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modules, transmission & access products (not including system integration and test of core and node products) (“**Target Business**”), which is currently conducted in its plant in Jaipur, India. For the purpose of Proposed Combination, the Parties have entered into Business Transfer Agreement (“**BTA**”) on 12.01.2017.

3. 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 06.03.2017, the Parties were required to provide certain information/document(s) regarding relevant market delineation, market shares of the Parties and vertical relationship emanating from the Proposed Combination *etc* by 10.03.2017. The Parties filed their partial response on 10.03.2017 and complete response on 14.03.2017 after seeking extension of 4 days.
4. Jabil India, a company incorporated under the Companies Act, 1956, is a part of Jabil US, a Delaware corporation. It is an Electronic Manufacturing Services (“**EMS**”) company, engaged in providing EMS in relation to a variety of products that have applications in sectors such as consumer goods, industrial, communications, automotive etc. EMS includes the whole range of services involved in the production of electronic products, component selection and procurement, prototyping, product assurance, production, assembly, testing, failure, analysis, logistics, distribution and after-sales services.
5. Ericsson India, incorporated in India, is a part of Telefonaktiebolaget LM Ericsson (“**LME**”). Its business activities can be broadly divided into two segments: Systems and Managed Services. The Systems segment includes manufacturing, selling and trading of products and software for mobile as well as fixed systems network, installation and commissioning of the network (implementation services) and providing technical support in relation to the same (system support services). The Managed Services include provision of specialised services in terms of managing and operating mobile network systems of telecom operators.



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6. The Target Business is an in-house production unit of Ericsson India located at Jaipur, India. It is involved in EMS such as assembly, test and repair activities for Ericsson's Radio Base Station (RBS) Modules, Transmission and Access (Minilink) products, and production of Minilink (not including system integration and test of Core and Node products).
7. The Commission noted that both Jabil India and Ericsson India are engaged in EMS business. However, Parties have submitted that electronic manufacturing services provided by the Target Business are inhouse/captive *i.e.* there are no external customers of the Target Business. The Commission further observed that presence of Parties in EMS or any of the sub-segment of EMS that could be identified on the basis of its usage is not substantial to cause any AAEC concerns in India. Further, the market is characterized by presence of a large number of players operating in the EMS business such as Samina-SCI, SFO Technologies, NTL Electronic, Dixon Technologies *etc.* Accordingly, Commission observed that the Proposed Combination is not likely to have any appreciable adverse effect on competition in any of the potential relevant market segment that may have been delineated.
8. With regard to vertical overlaps, the Commission observed that Target Business produces radio base stations and provides services for radio base station to telecom operators in India while Jabil India produces radio modules and mini links radio, which are input or raw material for radio base stations. Further, there exists a supply arrangement between the Parties. Commission observed that the presence of the Parties in any of these segments is not significant to raise any competition concerns in India.
9. Considering facts on record and 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 factors stated in sub-section (4) of section 20 of the Act, the Commission is of the opinion that the



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Proposed Combination is not likely to have 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.

10. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
11. The information provided by the Acquirer is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
12. The Secretary is directed to communicate to the Acquirer accordingly.