



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2018/02/556)

3rd April, 2018

Notice under Section 6 (2) of the Competition Act, 2002 (“Act”) jointly given by KPIT Technologies Limited, KPIT Engineering Limited, KPIT promoters, Birlasoft (India) Limited and Birlasoft Promoters

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. Augustine Peter
Member

Mr. U.C. Nahta
Member

Mr. G.P. Mittal
Member

Legal Representatives: Khaitan & Co. and AZB & Partners

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

1. On 13th February, 2018, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice jointly given by KPIT Technologies Limited (“**KPIT**”), KPIT Engineering Limited (“**KPIT New Co**”), KPIT Promoters, Birlasoft (India) Limited (“**Birlasoft**”) and Birlasoft Promoters, pursuant to Implementation Agreement (“**IA**”) dated 29th January, 2018, executed



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between KPIT, KPIT promoters, Birlasoft Promoters, Birlasoft and KPIT New Co. With regards to proposed combination the Parties have also entered into and executed certain other agreements and documents (hereinafter, KPIT, KPIT Promoters, Birlasoft, Birlasoft Promoters and KPIT New Co are collectively referred to as “**Parties**”).

2. The proposed combination, filed under sub-section (2) of Section 6 read with sub-section (a) of Section 5 of the Competition Act, 2002 (“**Act**”), involves following steps: (i) Birlasoft, Birlasoft promoters and KPIT Promoters would jointly launch an open offer to acquire 26 percent of the total paid up equity share capital of KPIT from its public shareholders in terms of SEBI (Substantial Acquisition Of Shares And Takeovers) Regulations, 2011; (ii) Birlasoft will merge with KPIT and the combined entity will demerge its business into two units: (a) digital IT services company and (b) an automotive engineering and mobility solutions.
3. Further, in terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), certain information(s) / clarification(s) *inter-alia*, relating to non-compete and structure of the proposed combination were sought from the Parties *vide* email dated 20th March, 2018. Response to the same was received on 23rd March, 2018. Parties also submitted various information through e-mails from time to time.
4. KPIT, a public company incorporated in India and listed at Bombay Stock Exchange and National Stock Exchange, is an Information Technology company. It is, *inter-alia*, engaged in IT, IT enabled services (ITES), software development, consulting, engineering services and solutions.
5. KPIT has two business division: (a) IT support services business (IT Division); and (b) Automotive embedded software business (KPIT Engineering Division). KPIT’s IT division offers services such as IT consulting, Oracle and Infor and also provides application maintenance and IT Infrastructure management services, data analytics, Product Lifecycle Management and digital transformation products



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services and solutions. KPIT's Engineering division *inter-alia*, provides powertrain engineering, body electronics and mechanical engineering services.

6. KPIT New Co., a newly incorporated public company, is a wholly owned subsidiary of KPIT and shall own business of KPIT's Engineering Division, post the proposed combination.
7. Birlasoft, a public company incorporated in India, is *inter-alia*, engaged in providing Information Technology services, and provides following services: Application Development; Maintenance & Support; Quality Assurance Testing and Infrastructure Services.
8. The Commission noted that the products services of the Parties overlap horizontally in the broad segments for "IT and ITES", and in the narrow segment of providing; (i) IT consulting services; (ii) IT outsourcing services and (iii) implementation services. However, the Commission decided to leave the delineation of the relevant market open as it was observed that the proposed combination is not likely to cause an appreciable adverse effect on competition.
9. Based on the submissions of the Parties, the Commission noted that combined market share of the Parties in the broader IT and IT services or in any narrower segment, in India, is insignificant and there are other existing players in the market, such as Tata Consultancy Services Limited, IBM, Wipro Limited and HCL, providing similar services who would provide competitive constraint.
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 factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that proposed combination is not likely to have an 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 Parties is found to be incorrect.



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12. The information provided by the Parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
13. The Secretary is directed to communicate to the Parties accordingly.