



7th March, 2018

Notice under sub-section (2) of Section 6 of the Competition Act, 2002 filed by Octavia Holdco Inc., Octavia Merger Sub Inc., Aricent, and KKR Octavia LLC.

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Mr. Justice G. P. Mittal
Member

Legal representatives: Hemant Sahai Associates and Khaitan & Co.

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

1. On 29th December, 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 Octavia Holdco Inc. (**Octavia**), Octavia Merger Sub Inc. (**Merger Sub**), Aricent and KKR Octavia LLC (**KKR**) pursuant to an Agreement and Plan of Merger executed between the said Parties on 29th November, 2017.
2. The Parties sought the approval of the Commission for the following proposal: (i) Octavia will enter into a business combination transaction whereby the Merger Sub will merge with and into Aricent, with Aricent being the surviving entity; (ii) As a result of step (i), Aricent would become a wholly owned subsidiary of Octavia; and (iii) Affiliates of KKR & Co. L.P, which holds stake in Aricent will exit (**Proposed Combination**).



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3. Octavia and Merger Sub are special purpose vehicles created specifically for the purposes of the Proposed Combination and their ultimate holding company is Altran Technologies (**Altran**), a limited company organised under the laws of France. Altran is stated to be an international group primarily offering innovation and high-tech engineering and innovation consultancy services for more than 30 years to key players in aerospace, automotive, energy, railway, finance, healthcare and telecom sectors. In India, Altran Group offers engineering research and development services (**ER&D Services**) catering to customers in two industries viz. (i) *Semiconductors*: chipset design and validation, embedded software development; and (ii) *Telecommunications*: network operation services and network equipment product development. Apart from the above two industries, Altran Group has very limited presence in the automotive, energy and aeronautics industries in India
4. Aricent is a company incorporated under the laws of Cayman Islands. Headquartered in California, USA, Aricent provides research and development, engineering and design services to major companies on a global scale. In India, Aricent is primarily engaged in provision of engineering services and products to multinational customers that have subsidiaries located in India. The services of Aricent to customers located in India relate to work for customers in the semiconductor, telecom, and software sectors.
5. Upon considering the notice given by the Parties and further submissions made by them, the Commission found that both Altran and Aricent offer ER&D services relating to telecommunications and semiconductors, in India. Considering the horizontal overlap between the Parties to the Proposed Combination, the Commission decided to obtain information from the competitors of Altran and Aricent, in terms of Regulation 19(3) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011. Accordingly, letters were sent to top five competitors of Altran and Aricent in ER&D services relating to telecommunications and semiconductors, in India.
6. Based on the responses received from the competitors of Altran and Aricent, it has been found that the market for ER&D services relating to telecommunications and semiconductors, in India, is apparently competitive with the presence of several players



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such as HCL, Sasken, Tech Mahindra, Infosys, *etc.* Further, the combined market share of Altran and Aricent is in the range of 0-5% irrespective of whether the relevant market is taken as a composite ER&D market comprising both telecom and semiconductor sectors or each of them constituting distinct and separate relevant markets. Thus, the proposed combination does not appear to raise any competition concern in any of the plausible market definitions.

7. Considering the facts on record, details provided in the notice given under Section 6(2) of the Act and assessment on the basis of factors specified in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have an appreciable adverse effect on competition in India and therefore, the same is hereby approved in terms of Section 31(1) of the Act.
8. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
9. The information provided by the Parties is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
10. The Secretary is directed to communicate to the Parties accordingly.