



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2021/08/860)

31st August 2021

Notice under Section 6(2) of the Competition Act, 2002 jointly given by TS Rajam Rubbers Private Limited and Dhinrama Mobility Solution Private Limited

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

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

1. On 3rd August 2021, the Competition Commission of India (**‘Commission’**) received a Notice under Section 6(2) of the Competition Act, 2002 (**‘Act’**), jointly given by TS Rajam Rubbers Private Limited (**‘Acquirer 1’**) and Dhinrama Mobility Solution Private Limited (**‘Acquirer 2’**) (collectively referred to as **‘Acquirers’**). The Notice was filed pursuant to the execution of a Share Purchase Agreement (**‘SPA’**) on 2nd August 2021, by and amongst the Acquirers and CDPQ Private Equity Asia Pte. Ltd. (**‘CDPQ’**).
2. The Acquirers are wholly owned subsidiaries of TVS Mobility Private Limited (**‘TVS Mobility’**), which is owned and controlled by the TS Rajam Family. The TS Rajam Family was founded by Mr. TS Rajam, son of Mr. TV Sundaram Iyengar. As of date, the TS Rajam Family holds 25% shareholding in TV Sundaram Iyengar & Sons Private



Limited (**'TVS & Sons'**), the ultimate holding entity of the TVS Group. The remaining shareholding of TVS & Sons is held by the respective families of the three other children of Mr. TV Sundaram Iyengar (25% each). As submitted, TVS & Sons is under the control of, *inter alia*, the TS Rajam Family, by virtue of shareholding, right to board representation and other rights, which amount to decisive influence/control.

3. The proposed combination envisages acquisition by the Acquirers of 35.33% of the paid-up share capital of TVS Supply Chain Solutions Limited (**'Target'**), on a fully diluted basis from CDPQ (**'Proposed Combination'**). As of date, TVS & Sons holds around 31% shareholding and the members of the TS Rajam Family, in their individual capacity, hold 0.98% shareholding in the Target on a fully diluted basis. The Target is under the joint control of, *inter alia*, CDPQ and the TS Rajam Family and pursuant to the Proposed Combination, the TS Rajam Family will be able to exercise greater control over the Target.
4. It is further submitted that immediately upon the closing of the Proposed Combination, Acquirers will transfer a part of their shareholding in the Target to certain independent and unconnected third parties (**'Other Investors'**). As submitted, none of the Other Investors would acquire more than 5% shareholding of the Target on an individual basis, and none of the Other Investors will acquire any other rights or benefits of a commercial nature not available to an ordinary shareholder. Further, it is also envisaged that a certain shareholding of the Target would be transferred to an affiliate of TVS & Sons and to members of the TS Rajam Family (**'Other Transactions'**). Pursuant to transfer of shares to Other Investors and Other Transactions, the TS Rajam Family (directly and through the Acquirers, both of which are owned and controlled by the TS Rajam Family) will hold a shareholding in the range of 25-30% in the Target.
5. The Target is an unlisted public company, and, along with its affiliates, it is engaged in the provision of logistics services in India and abroad which, *inter alia*, includes contract logistics, warehousing, transportation, freight forwarding, packaging design and solutions, and material handling and management.



6. Considering that the Proposed Combination envisages change in the degree of control of TS Rajam Family over the Target, the relevant activities for the purpose of competition assessment were identified by considering activities of TS Rajam Family other than through the Target and that of the Target. Based on the submissions, it was observed that the Target and Southern Roadways Private Limited ('SRPL'), an affiliate of TS Rajam Family, exhibit horizontal overlaps in the broad market for the provision of logistics services in India, which can be narrowed down to the market for provision of surface transportation services, which may be further segmented into road transportation and rail transportation segments. Both Target and SRPL provide services in the road transportation segment only. However, considering the existing control of the Target, changes in control resulting from the exit of CDPQ and consequent greater control of TS Rajam Family over the Target, the Proposed Combination is not likely to change competition dynamics significantly. Further, the presence of TS Rajam Family other than through the Target is also not significant enough to cause any appreciable adverse effect on competition in any plausible relevant market that could have been delineated. Accordingly, the Commission decided to leave the delineation of the relevant market(s) open.
7. With respect to vertical/complementary relationships, based on the submission of the Acquirers, the Commission noted that there is a complementary overlap between Tagbox Solutions Private Limited ('Tagbox'), an affiliate of the TS Rajam Family, and the Target. Tagbox is engaged in providing artificial intelligence and information technology based solutions in the logistics sector. However, it is submitted that the market share of Tagbox is not significant to cause any change in the ability or incentives of the TS Rajam Family to foreclose competition in any of the markets that may be affected by the Proposed Combination.
8. Considering the material on record, including the details provided in the Notice and the assessment of the Proposed Combination based on the factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely



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to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.

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