



**COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2021/11/882)**

10th January 2022

Notice under Section 6 (2) of the Competition Act, 2002 given by Coral Blue Investment Pte. Ltd.

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 18th November 2021, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), given by Coral Blue Investment Pte. Ltd. (**GIC Acquirer**). The Notice was given pursuant to execution of Series C Preferred Stock Purchase Agreement between Sutherland Global Holdings Inc. (**Sutherland**) and GIC Acquirer on 4th November 2021 (**SPA**).
2. The Commission *vide* its letters dated 6th, 7th and 21st December 2021, issued under Regulation 14(3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011, required the notifying party to remove defects in the Notice and furnish certain information relevant for the purpose of assessment of the Proposed Combination. Notifying party submitted information *vide* their submissions dated 10th and 24th December 2021. Notifying party voluntarily submitted certain information *vide* submissions dated 16th December 2021.
3. The proposed combination envisages acquisition of preferred stock representing ~13.75% common stock of Sutherland by the GIC Acquirer in two tranches. The GIC Acquirer may convert its preferred stock to upto 19.5% of common stock of Sutherland based on certain conditions set out in the SPA. The proposed combination also envisages



(Combination Registration No. C-2021/11/882)



that the GIC Acquirer will also have certain rights including representation on the board and various committees, information rights, and consent rights in Sutherland.

4. GIC Acquirer is wholly owned by GIC Blue Holdings Pte. Ltd. (**GIC Blue**). In turn, GIC Blue is wholly-owned by GIC (Ventures) Private Limited (**GIC Ventures**). GIC Acquirer is part of a group of investment holding companies managed by GIC Special Investments Private Limited (**GICSI**) and Integrated Strategies Group of GIC (**GICISG**). GICSI is wholly-owned by GIC Private Limited (**GIC**). Hereinafter, group of investment holding companies managed by GICSI and GICISG are referred to as GIC Group. Both GIC Ventures and GIC Group are wholly-owned by the Minister for Finance of Singapore.
5. Sutherland is claimed to be a global information technology service provider. It is engaged in providing business process outsourcing (**BPO**), business transformation, cloud, back office, and front office services, business process and technology management services. It operates through four indirect subsidiaries in India:
 - Sutherland Global Services Private Limited (**Sutherland Global**);
 - Adventity Global Services Private Limited (**Adventity**);
 - Sutherland Healthcare Solutions Private Limited (**Sutherland Healthcare**); and
 - Sutherland Development Company Private Limited (**Sutherland Development**).
6. Sutherland also has a subsidiary company named Nuevora Analytics Technologies Private Limited (**Nuevora**) in India. However, it does not have any operations and is awaiting closure with the Registrar of Companies.
7. While Sutherland Global and Adventity are engaged in the provision of BPO services to various businesses, Sutherland Healthcare provides BPO services only to health insurance companies, hospitals, physician groups, and similar service providers. Sutherland Development is engaged in the business of developing IT Parks, Special Economic Zones, and infrastructure facilities.
8. The notifying party has submitted that based on the scope of services and limited nexus to India, for the overlaps analysis, the GIC Group has not considered *inter alia* investee companies which:



- do not identify as IT companies [*i.e.* companies which are engaged in the provision of BPO, Information Technology Operations (ITO), Consulting and Implementation Services], but may have some activities in the technology space (such as companies that happen to have some software development / SaaS) or the telecom sector (such as data center services); or
 - have small / incidental IT services revenue (such as, revenue from IT services being less than 5% of total revenue of the company). This is intended to exclude those entities which: (a) have minuscule revenue (*i.e.* less than 5% revenue) from IT services; and (b) do not carry out IT services as their main business; or
 - generate sales into India or revenue from India of less than a certain *De Minimis* amount of INR 2 crores in the previous financial year, *i.e.*, FY ending on 31st March 2021.
9. At the outset, it is to be noted that for the purpose of identification of overlaps, the Commission has not laid down any of the above mentioned criteria. The Commission further observed that whether there exists an overlap, either horizontal or vertical, or complementarity between the activities of two or more enterprises, depends on the scope of activities performed by the enterprises, and not on attribution of the enterprise to a particular sector or industry, size of business, or contribution of revenue from particular activity in the overall revenue of the entity *etc.* Above mentioned factors may, at most, be relevant for assessment of likely effect of the Proposed Combination on competition but do not dispense with overlap identification requirement.
10. It was observed from another notice filed under Section 6(2) of the Act, that GIC Group affiliates entered into binding agreements (along with a consortium), to acquire a shareholding in another company (**Another Target**). The Another Target is said to be operating in the IT and ITES sector. However, details of presence of the Another Target were not furnished for the assessment of the Proposed Combination. With regard to pipeline acquisitions, the Commission in its order dated 18th October 2021, issued under Section 31(1) of the Act, in Combination Registration No. C-2021/09/870 has already observed that if parties to a proposed combination envisage another merger and/or acquisition (unless it is too speculative), whether or not inter-connected to the proposed combination, it is imperative that competition assessment covers the impact of that merger and acquisition. Therefore, notifying party was required to furnish details



considering the activities of the Another Target, for the purpose of assessment of the Proposed Combination.

11. It has been submitted that Sutherland is present in the IT and ITES sector. Most of the IT services firms offer all types of IT and ITES services, including BPO, consulting and implementation services. The high level of supply side substitutability and the dynamic nature of the offering ensures that services can be customized comprehensively to meet the needs of varied customers. Notifying party, suggested that notwithstanding the constituent individual services offered by providers of IT and ITES the market for IT and ITES should be considered as the relevant product market. It has also been submitted that the activities of portfolio companies of GIC exhibit horizontal overlap with the BPO services activity of Sutherland. Accordingly, within IT and ITES segment, market for provision of BPO services should be considered as relevant product market.
12. In this regard, the Commission observed that parties and their portfolio entities are *inter alia* engaged in provision of services for certain domains of BPO/ Knowledge Process Outsourcing (**KPO**), including healthcare. Different domains such as healthcare, finance, telecommunication, and education may require distinct knowledge, training, experience, expertise *etc.*, which are unique to the specific domain and may not be interchangeable. Activities undertaken within the healthcare BPO segment are specialised services. These services require expertise and domain knowledge related to the healthcare industry in as much as that they may be categorised as part of niche areas, *i.e.*, KPO. This is also reflected through the human resources involved and input costs incurred to deliver such services. Thus, these services are different from the services of other BPOs. Therefore, services such as the Healthcare BPO Services activity, a sub-segment of KPO services, deserves separate assessment. However, the Commission decided to leave the precise delineation of the relevant market open as it was observed that the Proposed Combination is not likely to cause any appreciable adverse effect on competition in any of the plausible relevant markets in India.
13. The IT and ITES industry is broad and characterized by the presence of players such as TCS, IBM, Deloitte, Wipro etc. Similarly, the BPO industry is also characterized by the presence of players such as FIS, Hitachi, TCS, Concentrix etc. With regard to the provision of Healthcare BPO Services, in view of the nature of industry, market position of parties including affiliates and size of business relatable to India, the Proposed Combination does not appear to raise any competition concern.



(Combination Registration No. C-2021/11/882)



14. Considering the facts on record including details provided in the Notice given under Section 6(2) of the Act and 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 to have any appreciable adverse effect on competition in India in any of the relevant market(s) and therefore, the Commission hereby approves the same under Section 31(1) of the Act.
15. This order may be revoked if, at any time, the information provided by the notifying party is found to be incorrect.
16. The information provided by the notifying party is confidential at this stage in terms of and subject to the provisions of Section 57 of the Act.
17. The Secretary is directed to communicate to the notifying party, accordingly.