



**COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2021/06/846)**

9th September 2021

**Notice under Section 6 (2) of the Competition Act, 2002 given by
Savex Technologies 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 28th June 2021, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), given by Savex Technologies Private Limited, India (**Savex/ Acquirer**). The Notice was given *inter alia* pursuant to Share Purchase Agreement executed between Savex, Inflow Technologies Private Limited, India (**Inflow**) and the existing shareholders of Inflow on 5th May 2021; and Shareholders Agreement executed between Savex, Inflow and the Continuing Inflow Shareholders on 5th May 2021.
2. The Proposed Combination envisages acquisition of 100% shareholding of Inflow by Savex (**Proposed Combination**) in the following manner:
 - *Tranche 1*: Savex would acquire 58% of the shareholding of Inflow and become a majority shareholder in Inflow;
 - *Following Tranches*: The continuing shareholders shall have the right to exercise a Put Option and Savex shall have the right to exercise a Call Option for the remaining equity



(Combination Registration No. C-2021/06/846)



shares in Inflow exercisable as per the terms of the transaction documents in three tranches, during the time period specified in transaction documents. The time limit for exercise of third tranche of the Put Option is 30 days from the date of approval by the shareholders of financial statements and the profit after tax for the financial year ending March 31, 2023, and the time limit for exercise of third tranche of the Call Option is 30 days from expiry of the third put option exercise period.

3. 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**), *vide* letters dated 8th July 2021 and 19th July 2021, notifying parties were required to provide certain information(s)/clarification(s). Parties submitted the response *vide* communication dated 13th July 2021, 28th July 2021 and 16th August 2021. Notifying parties voluntarily submitted certain information *vide* letters dated 23rd August 2021 and 25th August 2021.
4. Savex is a private limited company engaged in the distribution of Information and Communication Technologies (**ICT**) products. It largely caters to the consumer and mixed segment and functions as an intermediary between original equipment manufacturers (**OEMs**)/ original brand manufacturers (**OBMs**) and the large scale resellers, value added resellers, wholesalers, system integrators, e-commerce networks, *etc.* As part of its distribution services, Savex also offers ancillary services such as consulting and technical support, demo lab and testing, marketplace fulfilment services, project based finance offerings, reverse logistics, warranty management services, and supply services *etc.* to its customers.
5. Savex also has a wholly owned subsidiary, Savex Singapore Pte. Ltd. Savex Singapore Pte. Ltd. is a distributor for Hewlett – Packard Singapore (Sales) Pte. Ltd. for their ‘Enterprise, Server, Storage and Networking’ division. Savex Singapore Pte. Ltd. also distributes products of other brands like Aruba, Citrix, Huawei, Lenovo, LG and Samsung.



(Combination Registration No. C-2021/06/846)



6. Savex has interest in Uniserved Tech Solutions Private Limited which, is a technology infrastructure platform engaged in providing on-demand technology services to its clients using enterprise crowdsourcing who have the expertise and local presence for timely delivery of services in the target geographical area. Uniserved Tech Solutions Private Limited is a market place for skilled and technically educated personnel for on-spot technical support and implementation services, field project management, field deployments, technical assistance support, *etc.*
7. Savex also has interest in a partnership firm called Marina Distributors (**Marina**) which was constituted on 25th November 2014. Marina is present in the downstream activity of system integration of ICT products sourced from various ICT distributors. System integration involves integrating the physical and virtual components of an organization's system so as to enable them to act like a single system.
8. Inflow is a private limited company active as distributor of ICT products, largely catering to the enterprise segment for various technology vendors and OEMs. It is a distributor for products such as networking systems, cyber security, storage and server management systems and functions as an intermediary between technology vendors / OEMs and large scale service providers, resellers, value added resellers and system integrators. Inflow also enables partners to deliver new technologies to customers with support from technology vendors including training, pre-sales technical support, commercial support and professional services; and works with technology vendors and partners to conduct marketing activities, road shows, events, seminars *etc.* to enable customers adapt to new technologies.
9. Inflow has presence all over India and South Asia. It has a wholly owned subsidiary in Singapore namely Inflow Technologies Singapore Pte. Limited. Inflow Technologies Singapore Pte. Limited has two wholly owned subsidiaries, one in Singapore and the other in Sri Lanka catering to customers in the SAARC Region with products similar to those provided by Inflow in India.



10. The ICT is generally the combination of Information Technology (IT) and digital telecommunication. Information technology focuses on computers and related devices, and digital telecommunications, including cell phones, the internet and other digital networks. There are more than 10 distributors, including the parties, of ICT products at the national level who are members of the Technology Distribution Association of India.

11. It has been submitted that Savex and Inflow operate as distributors of ICT products and provide ancillary services related to distribution. ICT product distribution consists of the supply of a broad range of ICT products purchased from various OEMs/ OBMs and/or technology vendors. The Products distributed by the Savex and Inflow can also be classified on the basis of end consumers, viz. enterprise, consumer and mixed. Products such as electronics, mobiles, appliances, etc. are mainly consumer segment products, while products such as servers, networking systems, cyber security, unified communications, automatic identification and data capture, infrastructure & application software, storage & servers, and electronic security etc. are mainly enterprise segment products. There are certain products such as desktops, notebooks, laptops, computer peripherals, computer accessories, etc. that fall within both, consumer and enterprise segments and can be classified under the mixed segment. Savex majorly distributes consumer and mixed segment products. Inflow caters to the enterprise segment of distribution of ICT products. Savex also has presence in the enterprise segment. Therefore, both the parties exhibit horizontal overlap in the enterprise segment of ICT products.

12. Parties suggested that the broad relevant product market for the assessment of the present combination should be *Distributors of Information and Communication Technologies* and that the alternative market based on end users may be *Distribution of Information and Communication Technology Products to Enterprises*. The relevant geographic market is pan India.



13. However, distribution of ICT products as a segment is very broad. All or significantly all the products in ICT segment are not substitutable to each other from the demand side. Further, their distribution too may not be substitutable with each other. There may be some enterprises or players in the segment that cater to some sub segments, but not all or significantly all, within the broader segment of ICT products. This might be because of several factors such as differences in the consumer preferences, design of distribution network, end-use of goods, existence of specialized distributors, the knowledge required to provide services in the operation of the business *e.g.* network monitoring, storage products, cybersecurity products

14. One may argue that, most of the distributors operating in the distribution of ICT products are engaged in distributing most of the products, and therefore the ICT may be considered as a relevant market on representative basis. However, all the distributors might not be supplying all the products in different categories. There would be significant number of distributors who distribute only one subset of product segments and other players another subset of the ICT segment. Hence, all the distributors in the segment of ICT products cannot be said to exerting competition constraint on all the other players. Even if all the distributors might be supplying all the products in different categories, their competitive position may not be similar in all the product categories in the ICT. Hence, on representative basis also distribution of ICT products as a whole cannot be considered as single relevant market, and consideration of all the distributors of ICT products may not represent the market reality.

15. In this regard, Parties also submitted information related to narrower markets in the distribution of ICT products to enterprises, on the basis of product segments as follows:
 - a. Network Monitoring and Management Software Products;
 - b. Storage Products which may further be divided into
 - i. External Storage Products
 - ii. Internal Storage Products
 - c. Networking Products which may be further divided into



(Combination Registration No. C-2021/06/846)



- i. Ethernet Switches
 - ii. Routers
 - iii. Wireless LAN
 - d. Unified Communications Products
 - e. Cybersecurity Products which may be further divided into
 - i. Network Security Products
 - f. Servers which may be further divided into
 - i. Blade Servers
 - ii. Large System Servers
 - iii. Multi Node server Systems
 - iv. Rack Optimized Servers
 - v. Tower Servers
 - g. Warranty Management Services in Distribution of ICT Products
 - h. Professional Services in Distribution of ICT Products
16. At the broader level, for distribution of ICT products in India, and the segment of distribution of ICT products to enterprises in India, the combined market share of the parties is less than 5%. At a narrower level for overlapping product segments, the combined market share of the parties is around 15% or less except for Rack Optimised Servers, where the combined market share is less than 20%. The incremental market share at the narrower level overlapping product segments is less than 5%. Further the segment of distribution of ICT products to enterprises and its sub segments are also characterized by the presence of one or more of the players such as Ingram Micro India Private Limited, Redington India Limited, Compuage Infocom Limited, Rashi Peripherals Limited, Tech Data Advanced Solutions India Private Limited. Thus the proposed combination is not likely to raise competition concerns. The precise delineation of the relevant market is left open, as it is observed that the Proposed Combination is not likely to cause an appreciable adverse effect on competition in any of the plausible relevant markets.
17. It has been further submitted that Marina is active in the provision of services of system



(Combination Registration No. C-2021/06/846)



integration of ICT products. Activities of Marina exhibit vertical interface with the activities of the Target, which is distribution of broad range of ICT products. It is observed that the market shares and incremental market shares of the Parties in the both the segments is not significant to raise any foreclosure concerns.

18. 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.
19. This order may be revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
20. The information provided by the Acquirer is confidential at this stage in terms of and subject to the provisions of Section 57 of the Act.
21. The Secretary is directed to communicate to the Acquirer accordingly.