



COMPETITION COMMISSION OF INDIA
(Combination Registration No.C-2016/04/391)

13th June 2016

**Notice under Section 6 (2) of the Competition Act, 2002 given by
Marble II Pte. Ltd.**

CORAM

S. L. Bunker
Member

Sudhir Mital
Member

Augustine Peter
Member

U. C. Nahta
Member

G. P. Mittal
Member

Legal Representatives of the parties: Shardul Amarchand Mangaldas & Co.

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

1. On 22nd April 2016, the Competition Commission of India (“**Commission**”) received a notice filed by Marble II Pte. Ltd. (“**Marble II**” or “**Acquirer**”) under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”). The proposed combination contemplates acquisition of the equity share capital of Mphasis Limited (“**Mphasis**” or “**Target**”).
2. The notice was given pursuant to execution of a Share Purchase Agreement (“**SPA**”) between EDS Asia Pacific Holdings (“**EDS Asia**”), EDS World Corporation (Far East) LLC (“**EDS Far East**”), EDS World Corporation (Netherlands) LLC (“**EDS Netherlands**”) and the



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Acquirer on 4th April 2016 for acquisition of up to 60.17% equity share capital of Mphasis. (Hereinafter, EDS Asia, EDS Far East and EDS Netherlands are collectively referred to as “**Sellers**”)

3. The proposed combination contemplates, as follows:
 - a. Acquisition by Marble II of a minimum of 50.27% of the equity share capital of Mphasis from the Sellers. The Sellers are indirect wholly owned subsidiaries of Hewlett Packard Enterprise Company, USA (“**HPE**”).
 - b. Pursuant to the acquisition of more than 50% of equity share capital of Mphasis, an open offer, in terms of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (“**Takeover Regulations**”), would get triggered. Through the open offer, the Acquirer proposes to acquire up to 26% of the share capital of Mphasis, depending on the number of equity shares tendered by the public shareholders in the open offer. In this regard, a Public Announcement was made on 4th April 2016 by the Acquirer (together with persons acting in concert) to acquire up to 26% of Mphasis’ equity share capital.
 - c. In addition to point (a) above, pursuant to the SPA, the Acquirer has the right to acquire an additional 9.90% of the equity share capital of Mphasis depending upon the equity shares validly tendered and accepted pursuant to the open offer (in case, less than 26% of the public shareholders tender their share in the open offer).
 - d. Further, in an inter-connected transaction, Waverly Pte. Ltd. (“**Waverly**”), a wholly owned indirect subsidiary of GIC (Ventures) Pte. Ltd. (“**GIC Ventures**”) proposes to acquire non-voting ordinary share capital in Marble I Pte. Ltd. (“**Marble I**”). (Hereinafter referred to as “**Waverly Combination**”).
 - e. The abovementioned steps are collectively referred to as “**Proposed Combination**”.



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4. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), *vide* letter dated 19th May 2016, Marble II was required to remove certain defects and provide information/document latest by 26th May 2016. Marble II filed its response on 30th May 2016, after seeking an extension of time.
5. Marble II, a private limited company incorporated in Singapore, is a special purpose vehicle incorporated for the purpose of the Proposed Combination. It is a wholly owned subsidiary of Marble I Pte. Ltd. (“**Marble I**”) and an indirect subsidiary of Blackstone Capital Partners (Cayman II) VI L.P. (“**BCP VI**”), a private equity fund managed / advised by affiliates of The Blackstone Group L.P. (“**Blackstone**”). Blackstone listed on the New York Stock Exchange (“**NYSE**”) and headquartered in the United States, is a global alternative asset manager and provider of financial advisory services.
6. HPE, a Delaware company registered on NYSE, is the ultimate parent entity of the Target. HPE renders technology solutions to customers by offering, *inter alia*, servers, storage, networking, converged systems, software and services.
7. Mphasis, incorporated in India, is listed at BSE and NSE. Through its indirect wholly owned subsidiary, namely, EDS Asia, EDS Far East and EDS Netherlands, HPE holds approximately 60.17% of the equity share capital of Mphasis, the rest being held by public shareholders. In India, Mphasis is active in the IT and ITeS business. Among others, Mphasis is stated to provide BPO services, applications and Information Technology Outsourcing (“**ITO**”) services.
8. Waverly, a wholly-owned indirect subsidiary of GIC (Ventures) Pte. Ltd. (formerly known as Government of Singapore Investment Corp (Ventures) Pte. Ltd.) (“**GIC Ventures**”), is an investment holding company, and it has been submitted by the Acquirer that no products are manufactured or sold and no services are provided by them in India.



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9. The Commission noted that at broader level, activities of the parties' overlap in the business of IT and ITeS in India. While, the Acquirer, being a special purpose vehicle, is not engaged in any business activity, the portfolio companies of Blackstone and the Target are engaged in the overlapping activities i.e. IT and ITeS business in India. The Commission further noted that the provision of services relating to IT and ITeS can be sub-segmented into the provision of Consulting, Implementation Services and ITO services in India. However, in the instant case as the market shares of the parties are insignificant and there is presence of several other players, the market definition may be left open.
10. On the basis of the submissions of the Acquirer, the Commission noted that there is insignificant vertical relationship between the Target and portfolio companies of Blackstone in India.
11. It is observed that the competition assessment of the proposed combination for overlapping businesses of namely, (i) Mpahsis and the Acquirer, and (ii) Mpahsis and the relevant portfolio companies of Blackstone, would relate to the business of IT and ITeS in India. It is observed that the combined market share of the Target and portfolio companies of Blackstone, post-combination, are insignificant regardless of how the market is delineated. Further, other players, with a sizeable market share, are present in each of the sub-segment of the IT and ITeS business in India.
12. It has been further submitted that GIC Ventures, directly or indirectly, does not have any controlling investments in companies that are active in the IT and ITeS sector in India. GIC Ventures has non-controlling passive minority investments in certain IT and ITeS companies active in India.
13. As regards the competition assessment of the Proposed Combination for vertically related businesses of the parties, it is observed that there are insignificant vertical relationships between Mphasis and certain portfolio companies of Blackstone, which are unlikely to have any appreciable adverse effect on competition in India.



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14. Considering the facts on record and the 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 the Proposed Combination is not likely to have 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.
15. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
16. The Secretary is directed to communicate to the Acquirer accordingly.