Notice under sub-section (2) of Section 6 of the Competition Act, 2002 jointly filed by Blue Star Limited, Blue Star Infotech Limited and Blue Star Infotech Business Intelligence and Analytics Private Limited

CORAM:

Mr. Ashok Chawla
Chairperson

Mr. S. L. Bunker
Member

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Mr. M. S. Sahoo
Member

Mr. G. P. Mittal
Member

Legal Representative of the parties: None

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

1. On 28th October 2015, the Competition Commission of India ("Commission") received a notice under Section 6(2) of the Competition Act, 2002 ("Act") jointly given by Blue Star Limited ("BSL" or "Transferee Company"), Blue Star Infotech Limited ("BSIL" or "Transferor Company 1") and Blue Star Infotech Business Intelligence and Analytics Private Limited ("BSIBIA" or "Transferor Company 2") (BSL, BSIL and BSIBIA are hereinafter collectively referred to as the "Parties").

2. As submitted by the Parties, the proposed combination is an amalgamation of BSIL and BSIBIA into BSL, and the notice has been filed pursuant to the approval of the
proposa relating to scheme of amalgamation ("Scheme") by the respective board of directors of BSL, BSIL, BSIBIA simultaneously on 29th September 2015. Pursuant to the Scheme, BSIL and BSIBIA will be amalgamated with and into BSL. As a condition precedent to the Scheme and an inter-connected step to the combination, the IT business of BSIL and its subsidiaries (viz., BSIBIA, Blue Star Infotech America Inc., Blue Star Infotech (UK) Limited and Blue Star Infotech (Singapore) Pte. Ltd.) is to be transferred to Infogain India Private Limited ("Infogain") pursuant to a Business Transfer Agreement between Infogain and BSIL executed on 29th September 2015.

3. As stated by the Parties, BSL, a company incorporated under the Companies Act, 1956, and is listed on the Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). As per the Parties, 39.46% of the share capital of BSL is held by the Blue Star Group ("Promoter Group"). It is primarily engaged in the business of packaged air conditioning systems and cooling products. It is also engaged in allied contracting services, such as, plumbing and fire-fighting services. The other businesses of BSL include marketing and maintenance of imported professional electronic and industrial systems and execution of industrial projects.

4. As stated by the Parties, BSIL, a company incorporated under the Companies Act, 1956, is listed on the NSE and the BSE. 51.79% of the share capital of BSIL is held by the Promoter Group, of which 28.69% is held indirectly through BSL. BSIL is currently engaged in the business of leasing of immovable property. In this regard, the Parties have submitted that BSIL has leased its building to a third party which is not a party to the combination. Further, BSIL has only one property in its real estate undertaking and its market size is negligible. BSIL was engaged in the business of providing IT services such as provision of different types of software, cloud computing, analytics, etc., but the said business (along with the IT business of its wholly owned subsidiaries), as aforementioned, is being hived off to Infogain. Infogain, a company incorporated under the Companies Act, 1956, is engaged in the business of, inter alia, providing IT services in India and worldwide.

5. As stated by the Parties, BSIBIA, incorporated under the Companies Act, 1956, is a wholly owned subsidiary of BSIL. It was stated to be engaged in the business of IT
services, such as system support and maintenance, consultancy etc. which has been hived off to the Purchaser.

6. Based on the submissions in the Notice, it is observed that there are no horizontal overlaps between the activities of the Parties in India. Also, there are no vertical relationships between the Parties in India. Further, the Scheme relates to a structural reorganisation within the same group of companies.

7. Considering facts on record, the details provided in the notice 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 an appreciable adverse effect on competition in India and, therefore, the Commission approves the proposed combination under sub-section (1) of Section 31 of the Act.

8. This Order shall stand revoked if, at any time, information provided by the Parties is found to be incorrect.

9. The Secretary is directed to communicate to the Parties accordingly.