

COMPETITION COMMISSION OF INDIA

1st October, 2012

Combination Registration No.: C-2012/08/75

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

1. On 24th August, 2012, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the “**Act**”), of the proposed combination, given by SG Indian Holding (NQ) Co. I Pte. Ltd. (hereinafter referred to as “**SG I**”), SG Indian Holding (NQ) Co. II Pte. Ltd. (hereinafter referred to as “**SG II**”), SG Indian Holding (NQ) Co. III Pte. Ltd. (hereinafter referred to as “**SG III**”), Pune Dynasty Projects Private Limited (hereinafter referred to as “**PDPPL**”) and Embassy Property Developments Limited (hereinafter referred to as “**EPDL**”) (hereinafter SG I, SG II, SG III, PDPPL and EPDL are collectively referred to as the “**parties to the combination**”).
2. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as the “**Combination Regulations**”), vide letter dated 31st August, 2012, the parties to the combination were required to remove defect(s) and furnish certain information in relation to the notice. The parties to the combination filed their reply to the said letter on 6th September, 2012.
3. In terms of sub-regulation (4) of Regulation 5 and sub-regulation (2) of Regulation 19 of the Combination Regulations, vide letter dated 17th September 2012, the parties to the combination were required to provide additional information which was filed by them on 21st September, 2012.
4. The notice was given to the Commission pursuant to the execution of an Investment Agreement amongst SG I, SG II, SG III (hereinafter SG I, SG II and SG III are collectively referred to as “**SG-Investors**”), EPDL, PDPPL, Manyata Promoters Private Limited (hereinafter referred to as “**MPPL**”) and Pune Embassy Projects Private Limited (hereinafter referred to as “**PEPPL**”) on 14th August, 2012.



5. As per the information given in the notice, the SG-Investors were recently incorporated in Singapore and are owned by the funds managed or advised by the affiliates of the Blackstone Group L.P. (hereinafter, together with its affiliates, referred to as “**Blackstone**”). The SG-Investors are stated to be currently not engaged in any business activities and have been created solely for the purpose of holding investments and related activities. Further, Blackstone is stated to be a global alternative asset manager and provider of financial advisory services with headquarters in USA and offices in Europe and Asia. The alternative asset management business of Blackstone includes the management of corporate private equity funds, real estate funds, funds of hedge funds, mezzanine funds, proprietary hedge funds, closed-end mutual funds etc.
6. EPDL is a public limited company incorporated under the provisions of the Companies Act, 1956. EPDL is stated to be primarily engaged in the business of real estate development and related consulting services, leasing of properties etc. EPDL provides construction development and property management services predominantly in the cities of Bangalore and Pune in India. It has been stated in the notice that bulk of EPDL’s current construction development asset portfolio is held in project specific enterprises i.e. PDPPL, PEPPL, MPPL and Golflinks Software Park Private Limited (hereinafter referred to as “**GSPPL**”)
7. PDPPL is a private limited company incorporated under the provisions of the Companies Act, 1956. It has been stated in the notice that EPDL currently holds 51 per cent equity share capital of PDPPL and the remaining 49 per cent equity share capital is held by Alta Vista Investments Limited, an overseas financial investor, incorporated in Mauritius (hereinafter referred to as “**Alta Vista**”). PDPPL is stated to be primarily engaged in the business of development and management of commercial and office space and related interiors. PDPPL is currently developing the non-SEZ portion of Embassy TechZone, a project located in Phase II, Rajiv Gandhi Infotech Park, Hinjewadi, Pune.
8. PEPPL is a private limited company incorporated under the provisions of the Companies Act, 1956. It has been stated in the notice that EPDL currently holds 51.01 per cent equity share capital of PEPPL and the remaining 48.99 per cent is held by Alta Vista. PEPPL is engaged in the business of development and management of commercial and office space and related interiors. PEPPL is currently developing the SEZ portion of Embassy TechZone, Pune.



9. MPPL is a private limited company incorporated under the provisions of the Companies Act, 1956. It has been stated in the notice that 36.97 per cent equity share capital of MPPL is held by BRE/Mauritius Investments, a company incorporated under the laws of Mauritius, 35.77 per cent equity share capital is held by EPDL and the remaining 27.26 equity share capital is held by other person(s). MPPL is engaged in the business of development and management of commercial and office space and related interiors. MPPL is currently developing Manyata Embassy Business Park, an IT Park consisting of both SEZ and non-SEZ portions, in Bangalore.
10. GSPPL is a private limited company incorporated under the provisions of the Companies Act, 1956. It has been stated in the notice that 50 per cent equity share capital of GSPPL is held by Kelachandra Holdings Private Limited; 48.75 per cent equity share capital is held by EPDL and the remaining 1.25 per cent equity share capital is held by PDPPL. GSPPL is engaged in the business of development and management of commercial and office space and related interiors. GSPPL has developed Embassy Golflinks Business Park, a non-SEZ IT Park, in Bangalore.
11. The proposed combination relates to the subscription by the SG-Investors, to the compulsorily convertible debentures of PDPPL, pursuant to the Investment Agreement, upon conversion of which into equity shares of PDPPL, the SG-Investors will hold 50 per cent of the total equity share capital of PDPPL on fully diluted basis. As per the details provided in the notice and other documents placed on record, pursuant to the proposed combination, Blackstone and EPDL would have joint control over the assets, business and affairs of PDPPL.
12. As per the details provided in the notice and other documents placed on record, prior to the proposed combination, EPDL and one or more of its nominees would acquire the remaining 49 per cent equity share capital of PDPPL from Alta Vista and consequently PDPPL would become a wholly owned subsidiary of EPDL. After the said acquisition of the remaining equity share capital of PDPPL, EPDL would transfer its shareholding of 35.77 per cent in MPPL, 51.01 per cent in PEPPL and 48.75 per cent in GSPPL, along with some other assets in the form of advances paid for the purchase of land and for acquiring joint development rights to, PDPPL (hereinafter MPPL, PEPPL and GSPPL are collectively referred to as “Investee companies”). Further, after the proposed



combination, PDPPL would acquire the remaining 48.99 per cent equity share capital of PEPPL from Alta Vista and consequently, PEPPL would become a wholly owned subsidiary of PDPPL.

13. As mentioned above, prior to the execution of the proposed combination, EPDL would transfer its shareholding in the Investee companies along with other assets to PDPPL and, therefore, the value of assets and turnover of EPDL would be attributed to the value of assets and turnover of PDPPL in terms of sub regulation (9) of Regulation 5 of the Combination Regulations for the purpose of Section 5 of the Act.
14. The proposed combination falls under Section 5(a) of the Act.
15. It is observed from the information given in the notice as well as the information available in public domain, that Blackstone is currently holding certain investments in the enterprises engaged in the business of development and management of commercial and office space in Pune and Bangalore. EPDL, PDPPL and the Investee companies are also engaged in similar business activities in Pune and Bangalore. However, on the basis of data provided in the notice regarding the total commercial stock (in million square feet) of commercial and office space in eight major cities in India (i.e. Mumbai, NCR Delhi, Bangalore, Chennai, Pune, Hyderabad, Kolkata and Ahmedabad), the combined market share of Blackstone, EPDL, PDPPL and Investee companies in these cities is in single digits. Further, even if the market of development and management of commercial and office space is defined locally and Pune and Bangalore are identified as distinct and separate markets for the purpose of assessment of the proposed combination, the combined market share of Blackstone, EPDL, PDPPL and Investee companies, separately in Pune and in Bangalore, would still not be significant enough to give rise to any adverse competition concern.
16. It is also noted that there are no significant entry barriers in the market for development and management of commercial and office space in India.
17. In view of the foregoing, the Commission is of the opinion that it may not be required to precisely delineate the relevant market for the purpose of assessment of the proposed combination in the instant case.



18. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the proposed combination, 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 hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.
19. This approval is without prejudice to any other legal/statutory obligations, as applicable.
20. This order shall stand revoked if, at any time, the information provided by parties to the combination is found to be incorrect.
21. The Secretary is directed to communicate to the parties to the combination accordingly.



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ANIL K. VASHISHT
Office Manager
Competition Commission of India
New Delhi