

COMPETITION COMMISSION OF INDIA

13th December, 2012

Combination Registration No. C-2012/11/92

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

1. On 19th November, 2012, the Competition Commission of India (hereinafter referred to as "Commission") received a notice under sub-section (2) Section 6 of the Competition Act, 2002 (hereinafter referred to as "Act") of the proposed combination between Dewan Housing Finance Corporation Limited (hereinafter referred to as "DHFL"), First Blue Home Finance Limited (hereinafter referred to as "First Blue") and DHFL Holdings Private Limited (hereinafter referred to as "DHPL") (hereinafter DHFL, First Blue and DHPL shall collectively be referred to as the "parties to the combination").
2. The proposed combination relates to the merger of First Blue and DHPL with DHFL pursuant to a scheme of amalgamation under the provisions of Sections 391 to 394 of the Companies Act, 1956 (hereinafter referred to as the "Scheme"). The Board of Directors of each of the parties to the combination approved the Scheme, through separate resolutions passed on 28th September, 2011. The parties to the combination have also submitted an application for condonation of delay, along with the notice, as the notice was given to the Commission beyond the time period mentioned in sub-section (2) of Section 6 of the Act. The Commission considered the application for condonation of delay of the parties to the combination, in its meeting held on 29th November, 2012 and admitted the belated filing in terms of Regulation 7 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011. The Commission in the said meeting also decided to initiate a separate proceeding regarding imposition of penalty under Section 43A of the Act as the notice was not given within the time mentioned in sub-section Section 6 of the Act.
3. The proposed combination falls under Section 5 (c) of the Act.
4. DHFL, a listed company incorporated under the provisions of the Companies Act, 1956 is primarily engaged in the business of mortgage housing finance and is registered with the National Housing Bank ("NHB"), which regulates the system of housing finance in India under the National Housing Bank Act, 1987 ("NHB Act").
5. DHPL, a private limited company incorporated under the Companies Act, 1956 and a wholly owned subsidiary of DHFL, is a holding and investment company.



6. First Blue, a private limited company incorporated in 1995 under the Companies Act, 1956, is also engaged in the business of mortgage housing finance and is registered as a housing finance company with the NHB. As per the details provided in the notice, DHFL, through its wholly owned subsidiary, DHPL, acquired 67.56 per cent equity stake in First Blue.
7. It has been stated in the notice that the proposed combination was undertaken in compliance with the directions of the NHB while approving DHFL's proposed acquisition of equity stake in First Blue. It has been stated in the notice that NHB vide its letter dated 21st March, 2011 had approved the said acquisition subject to certain conditions including the compliance with the provisions of the NHB Act and Housing Finance Companies (NHB) Directions, 2010 ("NHB Directions") which *inter alia* stipulates that investment of a housing finance company in the shares of another housing finance company shall not exceed ten per cent of the equity capital of the investee company and that since both DHFL and First Blue are in the business of providing mortgage finance for housing, the proposed combination pursuant to the Scheme is being undertaken in order to ensure compliance with the NHB Directions.
8. It is observed that both First Blue and DHFL are registered as housing finance companies under the NHB Act and are engaged in the business of providing housing finance in India. However, it is noted that 67.56 per cent per cent of First Blue is indirectly held by DHFL, through its wholly owned subsidiary DHPL. It is, therefore, noted that the DHPL and First Blue are subsidiaries of DHFL and the control over the activities carried on by First Blue and DHPL, before the combination, is with DHFL and will continue to remain with DHFL after the proposed combination. In view of the foregoing, the proposed combination does not give rise to any adverse competition concerns in India.
9. 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 after considering the relevant factors mentioned 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 hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.
10. This approval is without prejudice to any other legal/statutory obligations as applicable.
11. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.



12. The Secretary is directed to communicate to the parties to the combination accordingly.

Certified True Copy



[Handwritten Signature]
27th December, 2012

BHUPENDRA SINGH
Deputy Director (FA)
Competition Commission of India
Government of India
New Delhi