

COMPETITION COMMISSION OF INDIA

22nd January, 2013

Combination Registration No. C-2012/12/102

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

1. On 28th December, 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**”) given by Magma Fincorp Limited (hereinafter referred to as “**Magma**”).
2. The notice which was given pursuant to an Agreement for Sale dated 15th December, 2012 (hereinafter referred to as the “**Agreement**”) executed between Religare Finvest Limited (hereinafter referred to as “**Religare**”) and Magma, relates to the acquisition by Magma of all the rights, title and interest in the vehicles and all receivables arising therefrom, whether under the lease agreements/vehicles purchase agreement or otherwise, which constitutes the entire leasing portfolio of Religare.
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 (hereinafter referred to as the “**Combination Regulations**”), vide letter dated 4th January, 2013, Magma was required to remove certain defects and provide information/ document(s). The response of Magma in this regard was received on 14th January, 2013.
4. The proposed combination falls under Section 5 (a) of the Act.
5. Magma, a listed Non-Banking Financial Company (hereinafter referred to as “**NBFC**”), is stated to be engaged in the business of providing commercial vehicle finance, construction equipment finance, car and utility vehicle finance, suvidha loan (refinance), strategic construction equipment finance, tractor finance, loan against gold, auto leasing etc. to individuals, corporates and other entities in India. Religare, also a NBFC, is stated to be engaged in providing loans to Small and Medium Enterprises (hereinafter referred to as “**SME**”). It has been stated in the notice that the diversified lending solutions of Religare includes SME mortgage loans, SME commercial asset loans, SME working capital loans, auto leasing and retail capital markets financing which includes loan against marketable securities. As per the *Reserve Bank of India’s Working Paper on Inter-connectedness of Banks and NBFCs in India: Issues and Policy Implications* published in December 2011, as on 31st March, 2011, the total number of NBFCs registered with RBI was 12,409.
6. From the details provided in the notice and other information available on record, it is observed that both Magma and Religare are inter-alia engaged in the leasing business, which is characterised by the presence of a large number of players and insignificant entry

barriers. Further, the combined market share of Magma and Religare in the market for car leasing is not significant enough to give rise to any adverse competition concern.

7. 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.
8. This approval is without prejudice to any other legal/statutory obligations as applicable.
9. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.
10. The Secretary is directed to communicate to Magma accordingly.