

Competition Commission of India

22nd January, 2013

Combination Registration No. C-2013/01/103

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

1. On 2nd January, 2013, 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 Kotak Mahindra Bank Limited (hereinafter referred to as “**Kotak**”). As per the details provided in the notice, the proposed combination relates to acquisition by Kotak of portfolios of certain unsecured loans of Barclays Bank PLC, India Branch (hereinafter referred to as “**Barclays India**”) and Barclays Investments and Loans (India) Limited (hereinafter referred to as “**BILIL**”) under the nomenclature ‘**Business Instalment Loans**’.
2. The said notice was given pursuant to the execution of two framework deeds, one between Barclays India and Kotak and the other between Barclays Bank Plc., BILIL and Kotak, both executed on 24th December, 2012. It has been stated in the notice that all transactions contemplated by the framework deeds are to be consummated simultaneously and no assignment of the portfolio of Business Instalment Loans shall be deemed to take place unless the transactions in both the framework deeds are consummated simultaneously on the same date. It has been further stated in the notice that, as the framework deeds are part of the same transaction and their closings are cross-conditional to each other, a single notice in terms of sub-regulation (4) of Regulation 9 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 is being filled by Kotak.
3. As already stated, the proposed combination relates to the acquisition by Kotak of the Business Instalment Loans portfolio of Barclays India and BILIL. As per the details provided in the notice, Business Instalment Loans comprise of the loans advanced by Barclays India and BILIL to individuals, sole proprietorships, partnership firms and companies for business needs or working capital requirements.
4. The proposed combination falls under Section 5 (a) of the Act.

5. Kotak is a company incorporated under the provisions of the Companies Act, 1956 and is a banking company within the meaning of the Banking Regulation Act, 1949. Kotak provides banking and lending services across India, including services such as treasury, wholesale banking and retail banking.
6. Barclays India is a branch of Barclays Bank Plc., a company incorporated in England and Wales, which is the operating company of the Barclays group providing banking and financial services across the world. Barclays India is currently operating in India through nine branches and is engaged in providing various banking and financial services. BILIL, a wholly-owned subsidiary of Barclays Bank Plc., is a non-deposit taking Non-Banking Financial Company (NBFC) registered with the Reserve Bank of India (RBI).
7. It has been stated in the notice that both Barclays India and BILIL have not been originating new Business Instalment Loans since December 2011 as they propose to exit from the business of lending Business Instalment Loans. Accordingly, Barclays India and BILIL have entered into framework deeds with Kotak to transfer their respective Business Instalment Loans portfolio to Kotak.
8. On the basis of RBI's reports, the Commission had observed in its earlier order that as on 31st March, 2012, there were around 86 scheduled commercial banks, comprising 26 public sector banks, 20 private sector banks and 40 foreign banks, operating in India. Further, the total number of NBFCs registered with RBI at the end of June 2012 was 12,385. Based on the information provided in the notice and other documents on record regarding the total number of accounts and outstanding of Barclays India and BILIL in their respective Business Instalment Loans portfolio in India, it is observed that the size of the Business Instalment Loans portfolio of Barclays India and BILIL is relatively insignificant. There are also other players in the Indian banking and financial services sector providing similar loans. In view of the foregoing, it is observed that the proposed combination is not likely to give rise to any adverse competition concern in India.
9. Considering the facts on record and the details provided in the notice, 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 Kotak accordingly.