



## COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2014/12/227)

29<sup>th</sup> January 2015

### Notice under section 6(2) of the Competition Act, 2002 given by Quality Investment Holdings

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

1. On 8<sup>th</sup> December 2014, the Competition Commission of India (**'Commission'**) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (**'Act'**) given by Quality Investment Holdings (**'Acquirer'**), pursuant to a Share Purchase Agreement dated 27<sup>th</sup> November, 2014, entered into between Destimoney Enterprises Limited (**'DEL'**), Destimoney Enterprises Private Limited (**'Target Enterprise'**) and the Acquirer .
2. The proposed combination relates to acquisition of hundred percent share capital of the Target Enterprise by the Acquirer from DEL. The proposed combination will also result in an indirect acquisition of forty-nine percent stake in Punjab National Bank Housing Finance Limited (**'PNBHFL'**), which at present is held by the Target Enterprise.
3. Further, as stated in the notice, the proposed combination would entail the following steps; (a) six subsidiaries of the Target Enterprise would be hived off from the Target Enterprise. However, the Target Enterprise would continue to hold its forty-nine percent shareholding in PNBHFL, and (b) as stated above, hundred percent share capital of the Target Enterprise would be acquired by the Acquirer.
4. The Acquirer, incorporated under the laws of Mauritius, is an investment holding company and has no other business activities. The Acquirer is owned and controlled by the affiliates of The Carlyle Group, L.P. (**'Carlyle group'**), a global alternative asset manager, which manages funds that invest globally across corporate private equity, real assets, global market strategies, hedge funds, etc. As per the information furnished in the notice, in the financial services sector, the Carlyle group has



minority investments in three enterprises having operations in India namely, Edelweiss Financial Services Limited ('**Edelweiss**'), India Infoline Limited ('**IIFL**') and South Indian Bank Limited ('**SIB**'). Edelweiss, IIFL and SIB are collectively referred to as '**Portfolio Companies**'.

5. The Target Enterprise is a private limited company incorporated in India and is a subsidiary of DEL. DEL is a private limited liability company incorporated under the laws of Mauritius, promoted by New Silk Route, an Asia-focused growth capital firm. The Target Enterprise is, *inter-alia*, engaged in the business of distribution of financial products including mortgage and home loans of the third parties and providing advisory and consultancy services for wealth management, investments, financial services etc. As stated earlier, it also holds forty-nine percent stake in PNBHFL.
6. PNBHFL is a company registered with the National Housing Bank under the National Housing Bank Act, 1987. At present Punjab National Bank, holds fifty-one percent of the equity share capital of PNBHFL, with the remaining share capital being held by the Target Enterprise. PNBHFL is engaged in providing home loans and non-home loans including loans for commercial property, loan against property etc.
7. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 ('**Combination Regulations**'), communication was sent on 19<sup>th</sup> December 2014 to the Acquirer for removal of defects and furnishing certain information/document(s). The Acquirer submitted its response on 24<sup>th</sup> December 2014 and 30<sup>th</sup> December 2014 respectively. Further, as defects were found in the response, another communication dated 2<sup>nd</sup> January 2015 was sent to the Acquirer to furnish the required information / document(s) by 8<sup>th</sup> January 2015, to which the Acquirer submitted its response on 7<sup>th</sup> January 2015. Further, vide letter dated 13<sup>th</sup> January 2015, the Acquirer was required to remove certain defects and furnish the required information / document(s) by 19<sup>th</sup> January 2015 to which the Acquirer submitted its response on 16<sup>th</sup> January 2015. Further, vide letter dated 21<sup>st</sup> January 2015, under Regulation 5 and Regulation 19 of the Combination Regulations, the Acquirer was required to provide additional information by 27<sup>th</sup> January 2015 to which the Acquirer submitted its response on the due date.



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8. As stated earlier, the Acquirer is an investment holding company and has no other business activities, whereas, the Target Enterprise is a financial services company, engaged, *inter alia*, in the business of distribution of financial products. PNBHFL, in which the Acquirer would indirectly hold forty-nine percent stake post combination, is engaged in providing home loans and non-home loans. Therefore, it is observed that there is no horizontal overlap or vertical relationship between the business activities of the Acquirer, the Target Enterprise and PNBHFL.
9. Further as observed earlier, the Acquirer is owned and controlled by affiliates of Carlyle group which has only minority, non-controlling stake in the Portfolio Companies in India.
10. 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.
11. This approval is without prejudice to any other legal/statutory obligation as applicable.
12. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
13. The Secretary is directed to communicate to the Acquirer accordingly.