

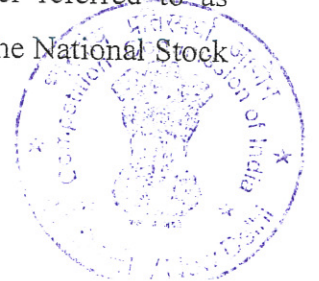
COMPETITION COMMISSION OF INDIA

13<sup>th</sup> December, 2011

Combination Registration No.: C-2011/11/10

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

1. On 25<sup>th</sup> November, 2011, 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 (“**Act**”) of the proposed acquisition of upto 10 per cent of equity share capital of Magma Fincorp Limited (hereinafter referred to as “**Magma**”) pursuant to a proposed share purchase from the secondary market at prevailing market price proposed to be undertaken by KKR Mauritius Direct Investments I, Ltd (hereinafter referred to as “**KKR FII**”) in one or more tranches within a period of 24 months from the date of regulatory approvals.
2. The proposed acquisition falls within Section 5(a) of the Act.
3. The notice under sub-section (2) of Section 6 of the Act was filed by KKR FII pursuant to the Directors’ Written Resolutions approved by the Board of Directors of KKR FII dated 11<sup>th</sup> November, 2011 read with Directors’ Written Resolutions approved by the Board of Directors of KKR FII dated 29<sup>th</sup> November, 2011.
4. 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 “**Combination Regulations**”), on 29<sup>th</sup> November, 2011, KKR FII was required to provide certain information and document(s), which was furnished by them on 7<sup>th</sup> December, 2011.
5. Magma is registered with the Reserve Bank of India (hereinafter referred to as “**RBI**”) as a non-deposit accepting Non-Banking Financial Company (hereinafter referred to as “**NBFC**”). The equity shares of Magma are listed on BSE Limited and the National Stock



Exchange of India Limited. As is evident from the information gathered from the notice and other material placed on record, Magma is an asset financing NBFC active in the business of offering individual and corporate customers a range of financial products and services. It is engaged in this business through its various products viz. commercial vehicle finance, construction equipment finance, car and utility vehicle finance, suvidha loans (refinance) and tractor finance.

6. KKR FII, a sub-account of a Foreign Institutional Investor (hereinafter referred to as "FII") and registered with the Securities and Exchange Board of India (hereinafter referred to as "SEBI"), is an affiliate of Kohlberg Kravis Roberts & Co. LP (hereinafter referred to as "KKR"). KKR FII is primarily engaged in the business of investing in shares of listed companies in India under the Portfolio Investment Scheme. KKR is a global investment firm listed in the New York Stock Exchange, and offers a broad range of alternative asset management services to public and private market investors and provides capital market solutions to its other affiliates, its portfolio companies and clients.
7. It is stated in the notice that Zend Mauritius VC Investments, Limited, Mauritius (hereinafter referred to as "Zend Mauritius"), which is affiliated with KKR, currently holds 14.95 per cent of the total equity share capital of Magma. Pursuant to the proposed share purchase of upto 10 per cent of the equity share capital of Magma by KKR FII from the secondary market at prevailing market price, in one or more tranches within a period of 24 months from the date of regulatory approvals, the shareholding of KKR FII together with the shareholding of Zend Mauritius is likely to be 24.95 per cent of the equity share capital, i.e more than 15 per cent in Magma. It is stated in the notice that the proposed acquisition will not result in the acquisition of any control by KKR FII over Magma and will not result in any change in the constitution of the Board of Directors or the management of Magma.
8. It is stated in the notice that KKR India Financial Services Limited (hereinafter referred to as "KIFSL") which is affiliated with KKR is a non-deposit accepting NBFC. KIFSL is engaged in the business of financing the business needs of the corporates. Neither KKR FII nor Zend Mauritius hold shares in KIFSL.
9. The Commission considered the proposed acquisition in its Ordinary Meeting held on 13<sup>th</sup> December, 2011. As a result of the proposed share purchase of upto 10 per cent



equity share capital of Magma from the secondary market, the shareholding of KKR FII together with the shareholding of Zend Mauritius, another affiliate of KKR, is likely to be 24.95 per cent of the equity share capital i.e. more than 15 per cent in Magma. Further, the proposed acquisition will not result in the acquisition of any control by KKR FII over Magma and will not result in any change in the constitution of the Board of Directors or the management of Magma. Given the foregoing, the proposed acquisition is not likely to have an adverse effect on competition in India.

10. 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 acquisition, the Commission is of the opinion that the proposed acquisition is not likely to have an appreciable adverse effect on competition in India. The Commission therefore, 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 or statutory obligations as applicable.
12. This order shall stand revoked if, at any time, the information provided by KKR FII is found to be incorrect.
13. The Secretary is directed to communicate to KKR FII accordingly.



Certified True Copy

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

13/12/11