



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2021/08/861)

23 September 2021

Notice under Section 6(2) of the Competition Act, 2002 given by Sumitomo Mitsui Financial Group, Inc.

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

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

1. On 3 August 2021, the Competition Commission of India ('**Commission**') received a notice under Section 6(2) of the Competition Act, 2002 ('**Act**'), given by Sumitomo Mitsui Financial Group, Inc. ('**SMFG**'/'**Acquirer**'). The notice was given pursuant to the Share Purchase Agreement ('**SPA**') executed between Fullerton Financial Holdings Pte. Ltd. ('**FFH**'/'**Seller-1**'), Angelica Investments Pte. Ltd. ('**Angelica**'/'**Seller-2**') and SMFG on 6 July 2021 and the Shareholders' Agreement ('**SHA**') dated 6 July 2021 executed between Fullerton India Credit Company Limited ('**FICC**'/'**Target**'), Angelica and SMFG. SMFG and FICC are collectively referred to as the '**Parties**'.
2. The proposed combination relates to the acquisition of 100% of the issued and paid-up equity share capital of FICC by SMFG through the following steps:



Step I: Acquisition of 74.9% of the total paid up equity share capital of FICC (on a fully diluted basis) by SMFG from FFH and Angelica; and

Step II: Acquisition of entire remaining shareholding of Angelica in FICC (i.e., 25.1% of the total paid up equity share capital) either by way of put/call option within a period of 2–5 years from the date of completion of Step I or by way of mandatory sale in the manner detailed in the SHA.

[Steps I and II are collectively referred to as the '**Proposed Combination**'.]

3. In terms of Regulation 14(3) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, *vide* communication dated 24 August 2021, the Acquirer was required to furnish certain information and clarifications. The response was submitted by the Acquirer on 3 September 2021.
4. SMFG is the holding company of Sumitomo Mitsui Banking Corporation ('**SMBC**') and its other group companies (SMFG and its group companies are collectively referred to as the '**SMBC Group**'). SMFG's primary business is to manage its banking subsidiaries and other companies. SMFG is present in the banking services sector in India through its subsidiary, SMBC, which has branches in Mumbai, New Delhi and Chennai. SMBC provides a range of banking services, such as provision of loans, accepting deposits and provision of letters of credit in India. Apart from commercial banking, SMBC Group is also engaged in a diverse range of financial services, including leasing finance, project finance, real estate financing, securities and derivatives, maritime finance, consumer finance, credit card, trade finance, cash management, etc.
5. SMFG is also present in India through its investments (directly or indirectly) in (i) Northern Arc Capital Limited ('**Northern Arc**') and (ii) SMAS Auto Leasing India Private Limited ('**SMAS**'). Northern Arc is engaged in the business of providing access to loans directly and indirectly through their Originator Partners (i.e., their partner financial institutions) for on-lending by them. Their focus sectors are microfinance, MSME lending, vehicle finance,



consumer finance, affordable housing finance and agricultural supply chain finance. SMAS is engaged in end-to-end vehicle leasing services in India, including servicing and repair, insurance management support, accident management support and fleet tracking and reporting.

6. FICC is registered as a deposit-taking Non-Banking Financial Company ('**NBFC**') with the Reserve Bank of India ('**RBI**'). However, it is submitted that FICC has not accepted any public deposits since FY 2005–2006. It has a pan-India presence across rural and urban segments. It is primarily engaged in the provision of loans such as loans for commercial vehicles and two-wheelers, loans against property, loans against securities, personal loans, loans extended to real estate developers, loans extended to businesses and loans for rural solidarity groups. FICC has two subsidiary companies, namely, Fullerton India Home Finance Company Limited ('**FIHFC**') and Fullerton India Social and Economic Development Private Limited ('**FISED**'). It has been submitted in a response dated 3 September 2021 that the process of liquidation of FISED is complete and its name has been removed from the ROC. FIHFC is registered with the National Housing Bank as a non-deposit taking Housing Finance Company ('**HFC**'). It offers loans to salaried and self-employed individuals and organizations and operates in 70 locations across India.
7. It is submitted in the notice that both SMFG (through SMBC) and FICC (and its subsidiaries) are engaged in the business of provision of loans in India at the broad level and in the provision of MSME loans at the narrow level. Further, the Acquirer through Northern Arc is also engaged (directly and/or indirectly) in the provision of (i) MSME loans; (ii) commercial vehicle loans; (iii) housing finance; and (iv) personal loans, which are also offered by FICC (or its subsidiaries). Accordingly, at the broad level, the Parties exhibit horizontal overlaps in the market for the provision of loans, and at the narrow level, in markets for the provision of (i) MSME loans; (ii) commercial vehicle loans; (iii) housing finance; and (iv) personal loans.
8. The Commission decided to leave the delineation of the relevant market open as it was observed that the Proposed Combination is not likely to cause an appreciable adverse effect on competition in any of the relevant markets.



9. Based on the submission by the Acquirer, the assessment has been carried out in broad and narrow level markets as mentioned above. It is noted that the combined market share of the Parties in the broad market for the provision of loans in India and each of the narrow markets for the provision of (i) MSME loans; (ii) commercial vehicle loans; (iii) housing finance; and (iv) personal loans in India is [0–5%]. With regard to vertical and complementary relationships, it is submitted in the notice that there are no existing vertical/complementary relationships between the Parties.
10. Considering the material on record, including the details provided in the notice and the assessment of the Proposed Combination based on the factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
11. This order may be revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
12. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
13. The Secretary is directed to communicate to the Acquirer accordingly.