



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2015/08/303)

**20.10.2015**

**Notice under Section 6 (2) of the Competition Act, 2002 given by Pramerica Asset Managers Private Limited, Pramerica Trustees Private Limited, PGLH of Delaware Inc., Prudential Financial Inc., Dewan Housing Finance Corporation Limited**

**CORAM:**

Mr. Ashok Chawla  
Chairperson

Mr. S. L. Bunker  
Member

Mr. Augustine Peter  
Member

Mr. U.C. Nahta  
Member

Mr. M.S. Sahoo  
Member

Mr. G. P. Mittal  
Member

**Legal Representative:** Cyril Amarchand Mangaldas and J. Sagar Associates

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

1. On 27<sup>th</sup> August 2015, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) given by Pramerica Asset Managers Private Limited (“**Pramerica AMC**”), Pramerica Trustees Private Limited (“**Pramerica Trustee**”), PGLH of Delaware Inc. (“**PGLH**”), Prudential Financial Inc. (“**Prudential**”) and Dewan Housing Finance Corporation Limited (“**DHFL**”). The notice was filed pursuant to execution of a Transfer of Mutual Fund and Portfolio Management Business Agreement dated 7<sup>th</sup> August 2015.



2. The proposed combination is an acquisition of Deutsche Mutual Fund (“**Target MF**”) and portfolio management accounts of the Deutsche Asset Management (India) Private Limited (“**Seller AMC**”). In order to acquire the Target MF, Pramerica AMC will acquire rights and privileges to manage and administer all schemes of the Target MF (including the assets and liabilities of the schemes of the Target MF and the unclaimed dividends and unclaimed redemptions) from the Seller AMC. Further, Pramerica Trustee will acquire trusteeship of Deutsche Trustee Services (India) Private Limited (“**Seller Trustee**”). Thereafter, Pramerica Trustee and Pramerica AMC will act as the Trustee Company and asset management company of the Target MF, respectively.
3. 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**”), *vide* letter dated 10<sup>th</sup> September 2015, the Acquirers were required to remove defects and furnish certain information / document (s). The Acquirers filed their partial response on 18<sup>th</sup> September 2015 and the final response was filed on 24<sup>th</sup> September 2015, after seeking an extension.
4. Pramerica Mutual Fund has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882, with Prudential as the sponsor and Pramerica Trustee as its trustee. It has thirteen operational schemes, with average asset under management (“**AAUM**”) of INR 1,825.44 crores (as on quarter ending 30<sup>th</sup> June 2015). Based on investment objectives and criteria, the schemes of Pramerica MF can be broadly categorised into (a) equity schemes; and (b) debt schemes.
5. Target MF has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882 with Deutsche Asset Management (Asia) Limited, as its sponsor and Seller Trustee as its trustee. It has twenty two operational schemes, with AAUM of INR 17,719.03 crores (as on quarter ending 30<sup>th</sup> June 2015).
6. Pramerica AMC, a private limited company incorporated under the Companies Act, 1956, has been appointed as the asset management company of Pramerica MF by Pramerica Trustee. At present, it has AAUM of INR 1,825.44 crores (as on quarter ending 30<sup>th</sup> June 2015). Pramerica AMC is also a registered portfolio manager under the SEBI (Portfolio Managers) Regulations, 1993. At present, it has AAUM of Rs. 68.29 crores as portfolio manager.
7. Seller AMC, a private limited company incorporated under the Companies Act, 1956, has been appointed as the asset management company of the Target MF. Seller AMC is also a registered portfolio manager under the SEBI (Portfolio



Managers) Regulations, 1993. At present, it has AAUM of Rs. 1,192.62 crores as a portfolio manager.

8. Based on the information submitted by the Acquirers, it is noted that the parties to the combination have horizontal overlaps regarding the following:
  - (a) Mutual funds; and
  - (b) Portfolio management services.
9. It is noted that as per market practices, mutual funds schemes are categorised as: (a) growth/equity oriented schemes; (b) income/debt oriented schemes; (c) balanced fund schemes; (d) money market/liquid fund schemes; (d) gilt funds; (e) index funds; and (f) fund of funds. Past trends in the mutual fund industry indicate substitutability between equity oriented schemes, debt oriented schemes and balanced schemes, which suggests that these schemes would form part of a single relevant market.
10. Based on the submissions made by the Acquirers, it is noted that Pramerica Mutual Fund is present only in growth/equity oriented and income/debt oriented schemes and therefore, the horizontal overlaps between the parties are vis-a-vis growth/equity oriented schemes and income/debt oriented schemes.
11. It is noted that in the market for growth/equity oriented schemes, income/debt oriented schemes and balanced schemes, for the quarter ending 30<sup>th</sup> June 2015, the market share of Target MF is 1.72 per cent and that of Pramerica MF is 0.18 per cent. Post combination, the combined market share of Pramerica MF would be 1.9 per cent, which is not significant enough to cause any competition concerns.
12. Further, it is observed that there are a large numbers of mutual funds, such as, HDFC Mutual Fund, Reliance Mutual Fund, etc offering similar schemes as the Parties in the relevant market.
13. With regard to portfolio management services, it is noted that there are more than 190 registered portfolio managers present in the Indian market. Further, for the quarter ending 30<sup>th</sup> June 2015, the market share of Seller AMC is 0.125 per cent and that of Pramerica AMC is 0.007 per cent. Post combination, the combined market share of Pramerica AMC would be 0.13 per cent, which is not significant enough to cause any competition concerns.
14. Further, post combination, there will be several effective competitors in the market for portfolio management services.



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15. Considering the facts on record and the details provided in the notice given under sub-section (2) of section 6 of the Act and assessment of the proposed combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, 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 same under sub-section (1) of section 31 of the Act.
16. This order shall stand revoked if, at any time, the information provided by the Acquirers is found to be incorrect.
17. The Secretary is directed to communicate to the Acquirers accordingly.