



28<sup>th</sup> September, 2017

**Notice under sub-section (2) of Section 6 of the Competition Act, 2002, jointly filed by  
CA Rover Holdings and State Bank of India**

**CORAM:**

Mr. Sudhir Mital  
Member

Mr. Augustine Peter  
Member

Mr. U. C. Nahta  
Member

Mr. G. P. Mittal  
Member

**Legal representatives:** 1. Cyril Amarchand Mangaldas on behalf of CA Rover Holdings.  
2. Self –filing by State Bank of India.

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

1. On 24<sup>th</sup> August, 2017, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) jointly filed by CA Rover Holdings (“**Rover**”) and State Bank of India (“**SBI**”) (“**Notice**”). (Hereinafter, Rover and SBI are collectively referred to as the “**Acquirers**”). The proposed combination relates to acquisition of shares in SBI Cards and Payment Services Private Ltd. (“**Target 1**”) and GE Capital Business Process Management Services Private Ltd. (“**Target 2**”) by SBI and Rover from the entities currently in possession of these shares, namely, GE Capital Mauritius Overseas Investment Limited (“**GE Capital**”) and GE Real Estate Investments Holdings (“**GE Real Estate**”). (Hereinafter, Target 1 and Target 2 are collectively referred to as the “**Targets**” and Acquirers and Targets are collectively referred to as the “**Parties**”).
2. The notice has been filed pursuant to simultaneous execution of following agreements, each dated 21<sup>st</sup> July, 2017: (i) Stock Purchase Agreement between Rover and GE Capital; (ii) Stock Purchase Agreement of Rover with GE Real Estate; (iii) Stock Purchase Agreement between SBI and GE Capital; and (iv) Stock Purchase Agreement between SBI and GE Real



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Estate. Additionally, the Parties have also entered into Shareholders' Agreement, on 21<sup>st</sup> July, 2017. Further, Target 1 has executed a side letter dated 21<sup>st</sup> July, 2017 in favour of Rover and GE Capital, and Target 2 has executed a side letter dated 21<sup>st</sup> July, 2017 in favour of Rover and GE Real Estate.

3. SBI already holds 60% shares of Target 1 with remaining 40% shares held by GE Capital. The proposal relates to acquisition of 14% shares by SBI and 26% shares by Rover in Target 1, from GE Capital. Post combination, SBI would hold 74% shares and Rover would have remaining 26% shares of Target 1. With respect to Target 2, SBI has existing shares of 40% and remaining 60% is held by GE Real Estate. The proposal relates to acquisition of 34% shares by SBI and 26% shares by Rover in Target 2, from GE Real Estate. Post combination, SBI would hold 74% shares and Rover would have remaining 26% shares of Target 2.
4. Rover is an investment holding company (a newly incorporated entity), owned and controlled by Carlyle Asia Partners, an affiliate of The Carlyle Group, L.P. ("**Carlyle**"). Carlyle is a publicly traded limited partnership, listed on the NASDAQ stock exchange. Rover is not engaged in any business activity in India, and does not hold any investment outside India. Rover neither holds any shares in the Targets nor holds shares in any other enterprise in which the Targets also hold shares. It has been submitted that none of the portfolio companies of Carlyle (that are either owned or controlled by Carlyle and which are headquartered in India or which have subsidiaries in India ("**Portfolio Companies**")), are engaged in issuing credit cards in India.
5. SBI, headquartered in Mumbai and listed on the Bombay Stock Exchange and National Stock Exchange, is a nationalised bank. As already stated, it holds 60% shares in Target 1 and 40% shares in Target 2. Other than its existing stake in the Targets, SBI is not, directly or indirectly, engaged in the business of issuing credits cards in India.
6. Target 1 is registered with the RBI as a non-banking financial company and is engaged in, *inter alia*, the business of issuance of credits cards and other services and facilities associated with credits cards business in India. Target 2 is engaged in providing business process management services exclusively to Target 1. Target 1 and Target 2 do not have any presence through subsidiaries in their respective areas of businesses. Moreover, Target 1 and Target 2 do not have any presence outside India. Target 1 and Target 2 constitute SBI's credit card business and operate under the brand name "**SBI Card**".



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7. GE Capital and GE Real Estate are indirect wholly owned subsidiaries of General Electric Company (“GE”).
8. In terms of Regulation 5(6) 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**”), Rover submitted relevant information to the Commission, including copies of certain documents, *vide* its communications dated 31<sup>st</sup> August, 2017 and 18<sup>th</sup> September, 2017.
9. The Commission observed that the proposed combination envisages: (i) increase in the shareholding of SBI in the Targets; (ii) Rover becoming new shareholder in Targets; and (iii) exit of GE from the Targets, as shareholder. In view of the foregoing, the proposed combination does not appear to change existing competition dynamics.
10. Further, based on the submission of the Acquirers, the Commission observed that Rover is a newly incorporated company and is not engaged in any business activity in India. With respect to overlap between the activities of Carlyle and Target 1, the Commission observed none of the portfolio companies of Carlyle is engaged in issuing credit cards in India, *i.e.*, the business in which Target 1 is engaged in India. Thus, there is no horizontal overlap between Carlyle and Target 1. However, Carlyle holds non-controlling stake in South Indian Bank which has collaborated with Target 1 to launch co-branded credit cards. In this regard, the Commission is of the view that Carlyle’s holding in South Indian Bank is not likely to raise any appreciable adverse effect on competition in India.
11. The Commission noted that none of the other Portfolio Companies of Carlyle in India are engaged in similar business as Target 2.
12. With respect to potential vertical relationship between the activities of the Parties, the Commission observed that Target 1 has entered into an agreement for obtaining tele-calling services from Allsec Technologies Limited (“**Allsec**”), a portfolio company of Carlyle. In this regard, the Commission, based on the submissions of the Acquirers, observed that Allsec does not have any direct agreement with any credit card company in India, other than Target 1. Furthermore, there are various other industry players engaged in provision of similar services as Allsec. Thus, the said business arrangement and the said agreement is not likely to raise any competition concern.



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13. Considering facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment 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.
14. This order shall stand revoked if, at any time, the information provided by the Acquirers is found to be incorrect.
15. The information provided by the Acquirers is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
16. The Secretary is directed to communicate to the Acquirers accordingly.