



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2017/09/527)

Dated: 03.11.2017

**Notice under Section 6 (2) of the Competition Act, 2002 given by Reco Diamond
Private Limited**

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. S. L. Bunker
Member

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Mr. G. P. Mittal
Member

Legal Representatives of the parties: M/s AZB & Partners

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

1. On 06.09.2017, the Competition Commission of India (“**Commission**”) received a Notice under Section 6(2) of the Competition Act, 2002 (“**Act**”), given by Reco Diamond Private Limited (“**Reco Diamond**” / “**Acquirer**”). The said notice was given to the Commission pursuant to execution of Share Purchase and Shareholders Agreement on 27.08.2017, by and between, *inter alia*, Reco Diamond and DLF Cyber City Developers Limited (“**DCCDL**”) (“**SPSHA**”).



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2. In accordance with the SPSHA, Reco Diamond proposes to acquire 33.34 percent¹ of the total equity shares of DCCDL currently held by Rajdhani Investments & Agencies Private Limited, Buland Consultants and Investments Private Limited and Sidhant Housing and Development Company (“**Promoter Group**”) (“**Proposed Combination**”). As a part of the Proposed Combination, DCCDL will carry out internal reorganization whereby certain subsidiaries of DCCDL will no longer be part of the DCCDL group. Further, it is proposed that certain steps will be undertaken in respect of the demergers whereby the special economic zones (“**SEZs**”) of DLF Commercial Developers Limited (“**DCDL**”) and DLF Home Developers Limited (“**DHDL**”) (two companies of the DLF Group) in Hyderabad and Chennai respectively, shall be transferred in a manner such that all the rights, title and interest held by DCDL and DHDL in the land forming a part of the SEZs and government approvals held by DCDL and DHDL in relation to the SEZs, shall be ultimately transferred to DCCDL Group.

3. In terms of Regulation 14 of The Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), *vide* letter dated 22.09.2017, the Acquirer was required to provide certain information/document(s) by 28.09.2017. The Acquirer filed response on the due date and made certain additional submissions on 04.10.2017 and 16.10.2017. *Vide* letter dated 18.10.2017, the Acquirer sought additional time, in terms of Regulation 14 of the Combination Regulations, to submit data to supplement and/or revise market share estimates submitted earlier in the Notice. The Acquirer submitted information in this regard on 26.10.2017 and 31.10.2017.

4. Reco Diamond, incorporated as a private limited company in Singapore, is a wholly owned subsidiary of Recosia Private Ltd, which is in turn, a wholly owned subsidiary of GIC (Realty) Pte Ltd (“**GIC Realty**”). GIC Realty, incorporated as a private

¹ On a fully diluted basis, Reco Diamond will acquire 31.98% of the total shareholding of DCCDL on the closing date. In the event certain terms and conditions under the SPSHA are not met, then the SPSHA provides for a potential stake adjustment and increase in Reco Diamond’s shareholding by a maximum of 0.58% of paid-up share capital of DCCDL, at 3 years from closing, leading to an increase in total shareholding of Reco Diamond of up to 33.92 percent.



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company with limited liability under the laws of Singapore, holds real estate investments made on behalf of Government of Singapore.

5. DCCDL, incorporated in India is a subsidiary of DLF Limited (“**DLF**”). DLF is a listed, public company and is the holding company for the DLF group of companies, engaged in the business of development of residential, commercial and retail properties. DCCDL, along with its subsidiaries, is engaged in construction, development and leasing of commercial properties in India.
6. For the purpose of assessment of the Proposed Combination, the Commission considered the market for leasing of commercial real estate. As regards the geographic dimension of the market, based on the location of projects of DCCDL and that of the portfolio companies of GIC Realty, the Commission observed that Parties’ activities overlap in the cities of Delhi, Gurgaon, Chennai and Hyderabad. However, in view of the fact that the Proposed Combination is unlikely to cause an appreciable adverse effect on competition (“**AAEC**”) in any of the potential markets that could have been identified, the Commission decided to leave the exact delineation of relevant market open.
7. The Commission noted the presence of the Parties in each of the overlapping cities in terms of: (i) current inventory; and (ii) current inventory and projects under construction as on date. The Commission observed that the overlap arising from the Proposed Combination are limited and are not likely to cause any significant change in market concentration.
8. The Commission noted that 100 percent foreign direct investment under the automatic route has been permitted in construction led development projects on residential and commercial premises. The Indian real estate companies are receiving funding from foreign investment houses and investment funds and the Proposed Combination also involves the same. Accordingly, the Commission noted the overall presence of GIC Realty in the Indian real estate sector and held that the Proposed Combination is not likely to cause significant change in competition dynamics in the real estate market.



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9. Based on the aforesaid, the Commission is of the opinion that the Proposed Combination is not likely to cause an AAEC in any of the real estate markets in India.
10. Considering the facts on record, details provided in the Notice given under Section 6(2) of the Act and assessment of the Proposed Combination on the basis of factors stated in Section 20(4) 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, hereby approves the same under Section 31(1) of the Act.
11. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
12. The information provided by the Acquirer is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
13. The Secretary is directed to communicate to the Acquirer accordingly.