



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2018/02/555)

7th March, 2018

Notice under Section 6 (2) of the Competition Act, 2002 (“Act”) given by Capital First Limited, Capital First Home Finance Limited, Capital First Securities Limited and IDFC Bank Limited

Coram:

Mr. Devender Kumar Sikri
Chairperson

Mr. Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Mr. G.P. Mittal
Member

Legal Representatives of the parties: Shardul Amarchand Mangaldas & Co. and AZB & Partners

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

1. On 5th February, 2018, the Competition Commission of India (“**Commission**”) received a notice filed by Capital First Limited (“**CFL**”), Capital First Home Finance Limited (“**CFHFL**”), Capital First Securities Limited (“**CFSL**”) (Hereinafter CFL, CFHFL and CFSL are collectively referred to as “**Capital First**”) and IDFC Bank Limited (“**IDFC Bank**”) under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”), pursuant to the Board Resolution passed by the respective Boards of Capital First and IDFC Bank on 13th January, 2018 and execution of a Implementation Agreement (“**Implementation Agreement**”) entered into between CFL and IDFC Bank on 13th January, 2018 (hereinafter, IDFC Bank and Capital First are collectively referred to as the “**Parties**”).



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2. The proposed combination relates to the amalgamation of the entire business of Capital First into IDFC Bank pursuant to which IDFC Bank will be the resultant entity (“**Proposed Combination**”).
3. CFL, a Non Banking Financial Corporation (“**NBFC**”) registered with Reserve Bank of India, is engaged in providing retail loans including long term loans, business loans, personal loans, vehicle loans and consumer durable loans to MSMEs and retail consumers. CFL has two wholly owned subsidiaries: (i) CFHFL (engaged in providing home loans); and (ii) CFSL (engaged in advisory, support services and loan syndication).
4. IDFC Bank is primarily engaged in following banking activities: a) Treasury operation - consists of investment portfolio, money market borrowing and lending, investment operations and foreign exchange and derivative portfolio. b) Corporate/ Wholesale Banking - consists of loans, non-fund facilities and transaction services to corporate clients, corporate advisory, project appraisal placement and syndication; and c) Retail Banking - consists of lending to individual / business banking customers.
5. Based on the submission of the Parties, the Commission observed that horizontal overlap between the Parties exists in the following product segments - MSME loans, vehicle loans, personal loans, corporate loans, and distribution of insurance products. For the purpose of competition assessment, the Commission decided to keep the relevant market open as no appreciable adverse effect on competition is observed irrespective of the manner in which a relevant market is defined.
6. The Commission noted that in each of the overlapping segments, the combined market share of the Parties is in the range of 0-5 percent. Further, there is a significant presence of competitors such as IDBI Bank, ICICI Bank, Axis Bank etc. and other NBFCs such as Bajaj Finance, PNB Housing Finance, DHFL etc.
7. Considering facts on record and details provided in the notice given under sub-section (2) of Section 6 of the Act and on basis of the assessment of the proposed combination in terms of sub-section (4) of Section 20, the Commission is of the opinion that the Proposed



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Combination is not likely to have 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.

8. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
9. The information provided by the Parties is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
10. The Secretary is directed to communicate to the Parties accordingly.