



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2019/03/649)

26<sup>th</sup> April, 2019

**Notice under Section 6 (2) of the Competition Act, 2002 filed by CDPQ Private Equity Asia Pte. Ltd.**

**CORAM:**

Mr. Ashok Kumar Gupta  
Chairperson

Mr. U.C. Nahta  
Member

Ms. Sangeeta Verma  
Member

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

1. On 11<sup>th</sup> March, 2019, Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”), filed by CDPQ Private Equity Asia Pte. Ltd (“**CDPQ Asia/Acquirer**”) for its proposed acquisition of compulsorily convertible debentures (“**CCDs**”) of ECL Finance Ltd. (“**ECL**”). The CCDs, which when converted into equity shares would comprise less than 20% of the equity share capital of ECL.
2. The proposed combination has been filed pursuant to the execution of the Securities subscription Agreement (“**SSA**”), executed between ECL, Edelweiss Financial Services Limited (“**EFSL**”) and CDPQ Asia on 5<sup>th</sup> March, 2019. Simultaneously, on the same



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date, Shareholders Agreement (“**SHA**”) has been executed between ECL, EFSL, Edelweiss Securities Limited, Edelweiss Commodities Services Limited, Edel Finance Company Limited and CDPQ Asia.

3. It has been stated that certain businesses of the Edelweiss group housed in the groups’ entities, namely, Edelweiss Retail Finance Limited (“**ERFL**”), Edelweiss Housing Finance Limited (“**EHFL**”) and Edelweiss Finvest Private Limited (“**EFPL**”), prior to the proposed acquisition of CCDs by CDPQ Asia, will be restructured. By way of such restructuring, ERFL will merge with ECL through a formal court-approved merger process under the Companies Act, 2013; ECL will acquire 100% shares of Edelweiss Housing Finance Limited (“**EHFL**”); and ECL would acquire certain business of Edelweiss Finvest Private Limited (“**EFPL**”). Hereinafter, (ECL, ERFL, EHFL and EFPL are together referred to as **Target Companies**).
4. 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**”), a letter dated 1<sup>st</sup> April, 2019, was issued to the Acquirer, for removing certain information gaps in the notice, response to which was received on 11<sup>th</sup> April, 2019, after extension of time.
5. CDPQ Asia is stated to be a wholly owned subsidiary of Caisse de dépôt et placement du Québec (“**CDPQ**”) - a Canadian long-term institutional investor. CDPQ manages funds primarily for public and para-public pension and insurance plans in Québec. With respect to CDPQ Asia, it has been stated that it holds an equity stake of 20% in Edelweiss Assets Reconstruction Company (“**EARC**”), an Edelweiss Group company, in which EFPL also has 5.80% equity stake. It has been submitted that CDPQ also holds certain non-controlling minority stake in listed companies, banks etc. which may be engaged in the same line of business as that of Target Companies.
6. ECL, a part of the Edelweiss group of companies, is a ‘systemically important non-deposit accepting non-banking financial company’ registered with the Reserve Bank of India (“**RBI**”). The credit business of ECL offers, *inter alia*, structured collateralized finance and real estate finance. Edelweiss Group is engaged in carrying out, *inter alia*,



the business of retail credit, corporate/wholesale credit, insurance business, capital market related financing, loans against properties, small and medium enterprise loans.

7. ERFL, EHFL and EFPL are stated to belong to Edelweiss Group and are engaged in the provision of, *inter alia*, construction finance, real estate finance, home loans, small ticket housing loans, loans to SMEs, agricultural and rural finance and corporate lending, lending to individuals.
8. With regards to horizontal overlaps, it has been submitted that CDPQ Asia as well as CDPQ does not provide similar/ identical/ substitutable products/ services as that of Target Companies in India. Further, there may be certain overlap between the portfolio companies of CDPQ, wherein it has non-controlling minority stake, and the Target Companies, but is not likely to cause any competition concerns in any of the business segments wherein Target Companies are active in India.
9. With respect to the potential vertical overlap due to shareholding of CDPQ Asia in EARC, the Commission noted that the market share of the Target Companies is insignificant and is characterized by the presence of, *inter alia*, commercial banks, both in the broader and narrower market segment of lending services.
10. Considering the facts on record, 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.
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 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.