



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2019/03/651)

15th April, 2019

Notice under Section 6 (2) of the Competition Act, 2002 filed jointly by Bandhan Bank Ltd., GRUH Finance Ltd. and Housing Development Finance Corporation Limited.

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 18th March, 2019, Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”), jointly filed by Bandhan Bank Ltd. (“**Bandhan Bank**”), GRUH Finance Ltd. (“**GRUH**”) and Housing Development Finance Corporation Ltd. (“**HDFC Ltd.**”) The notice has been filed pursuant to the scheme of amalgamation (“**Scheme**”) under Sections 230 – 232 of the Companies Act, 2013, approved by the board resolution passed by the Boards of Directors of Bandhan Bank, GRUH and HDFC Ltd. on 7th January, 2019 and the Merger Co-operation Agreement executed between Bandhan Bank and GRUH on 7th January, 2019.



2. The proposed combination pertains to amalgamation of GRUH into Bandhan Bank and subsequent to the above step, HDFC Ltd. proposes to acquire 14.96% stake in Bandhan Bank, subject to the approval from the Reserve Bank of India (“RBI”). In this context, it has been submitted that HDFC Ltd. has received in-principle regulatory approval from the RBI to acquire only up to 9.9% equity stake in Bandhan Bank.
3. In response to certain clarifications sought by the Commission, the Parties, *vide* e-mail / letter dated 8th and 10th April, 2019, provided the requisite information.
4. The Commission noted that earlier, on 6th February, 2019, Bandhan Bank and GRUH had filed a notice in Form I under sub-section (2) of Section 6 of the Act, in relation to the above said proposed combination. In this context, the Commission, in its meeting held on 14th February, 2019, observed that the notice filed on 6th February, 2019 had several defects and did not contain the requisite information for carrying out competition assessment of the proposed combination. Also, the Commission noted that the Parties had filed the notice in Form I, though the combined market share of Bandhan Bank, GRUH and HDFC Ltd. is more than 15% in some markets. Accordingly, Bandhan Bank, HDFC Ltd. and GRUH were directed to file a fresh notice, in Form-II under Regulation 5(5) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”). In compliance with the direction of the Commission, Bandhan Bank, GRUH and HDFC, jointly filed the present notice on 18th March, 2019.
5. Bandhan Bank is stated to be a public listed company incorporated under the Companies Act, 2013. It is engaged in the business of providing banking services, including, provision of bank accounts, loans, acceptance of deposits, provision of debit cards, *etc.*
6. GRUH is stated to be a public listed company incorporated and registered under the Companies Act, 1956. It is registered with the National Housing Bank (“NHB”) as a Housing Finance Company (“HFC”), engaged in the business of, *inter alia*, providing housing finance, loans against deposits, loans against property, personal loans *etc.*



7. HDFC Limited is stated to be a public limited company incorporated under the Companies Act, 1956. It is also registered as a HFC with the NHB. It is listed on BSE and the NSE and focuses primarily on the provision of housing finance. HDFC Ltd. has several subsidiaries, which are present in the entire gamut of financial services, including, insurance (life and non-life), mutual funds and asset management services, pension fund management services, education loans and property fund management.
8. The Commission assessed the presence of Bandhan Bank and GRUH, as well as presence of Bandhan Bank, GRUH and HDFC Ltd. in various overlapping business segments.
9. With respect to horizontal overlap between Bandhan Bank and GRUH, the Commission noted that their activities overlap in the broader business segment, namely, provision of loans, provision of deposit taking. Further, for the business segment - provision of loans, the Commission assessed the presence of Bandhan Bank and GRUH in narrower business sub-segments, namely, provision of housing finance/home loans, provision of loans against deposit, provisions of loans against property. The Commission noted that the both the incremental as well as the combined market share is insignificant for each of the said business segments and sub-segments to raise any competition concerns in India. Accordingly, the Commission decided to leave the market definition open.
10. As aforesaid, the Commission, also assessed combined presence of Bandhan Bank, HDFC Ltd. and GRUH in various business segments and their sub-segments. The Commission noted that the activities of the parties broadly overlap in business segments, namely, provision of bank accounts, provision of loans, accepting deposits, provision of card based payment services, provision of online banking services, distribution of mutual funds products and distribution of insurance (life and non-life) products. Further, with respect to certain business segments, viz., provision of loans, distribution of mutual fund products and distribution of insurance products, competition assessment was carried at further narrower level. For the segment provision of loans, narrower business sub-segments that were considered are, provision of housing finance/home loans, provision of loans against deposit, provision of loan against



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property, provision of MSME loans, provision of micro-loans, provision of personal loans, provision of gold loans, provision of education loans and provision of two-wheeler loans. In the case of distribution of mutual funds products, narrower levels considered were, distribution of debt based mutual funds, distribution of equity based mutual funds, and distribution of hybrid mutual funds. Further, in the case of distribution of insurance products (at a broader level), at narrower level, distribution of life insurance products, distribution of general insurance products, and distribution of health insurance products, were taken into account. However, as discussed below, it was noted that in each of the above said product / service segments and their sub-segments, there was no competition concern, so definition of the relevant market has been left open.

11. The Commission noted that the combined market share of the parties in each of the business segments at the broader level as well as in the narrower level were insignificant. Further, the incremental market share was also negligible in each of the business segments and their respective sub-segments. In one of the business sub-segments, namely, micro loans, the Commission noted that the combined market share of the parties was in the range of 25-30 percent, but the same was not likely to raise any competition concerns due to the presence of various competitors, including public sector and private sector banks. Accordingly, the Commission noted that the proposed combination is not likely to cause appreciable adverse effect on competition in any of the possible alternative business segments or their sub-segments in India.
12. 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..
13. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.



14. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.

15. The Secretary is directed to communicate to the Acquirer accordingly.