



COMPETITION COMMISSION OF INDIA

(Combination Registration No.C-2021/02/816)

05.04.2021

Notice under Section 6 (2) of the Competition Act, 2002 filed by Sundaram Asset Management Company Limited.

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

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

1. On 25.02.2021, Competition Commission of India (**Commission**) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (**Act**) filed by Sundaram Asset Management Company Limited (**SAMC/ Acquirer**). The notice has been filed pursuant to the Share Purchase Agreement dated 28.01.2021 (**SPA**) between SAMC, Sundaram Trustee Company Limited (**STCL**), Principal Financial Group (Mauritius) Limited, Principal International India (UK) Limited, Principal Asset Management Private Limited (**PAMPL/ Target 1**), Principal Trustee Company Private Limited (**PTCPL/ Target 2**) and Principal Retirement Advisors Private Limited (**PRAPL/ Target 3**). (Hereinafter, PAMPL, PTCPL and PRAPL are collectively referred to as the '**Targets**' and SAMC and Targets as "**Parties**").
2. The proposed combination relates to the acquisition of 100% of the issued and paid-up equity share capital of: (i) PAMPL; (ii) PTCPL; and (iii) PRAPL by SAMC. As a part of



the proposed combination, the schemes of the Principal Mutual Fund (**PMF**) shall be transferred to Sundaram Mutual Fund (**SMF**) and the trusteeship and management of the PMF schemes shall be transferred to Sundaram Trustee Company Limited (**STCL**) and SAMC, respectively (hereinafter referred to as the “**Proposed Combination**”). It is stated that post the Proposed Combination, SAMC will hold 100% equity share capital and voting rights of the Targets, and thereby solely control them.

3. SAMC, a public limited company incorporated in India, is a wholly owned subsidiary of Sundaram Finance Limited (**SFL**). SAMC is the investment manager for SMF and manages funds that cater to the investment needs of investors with different risk, reward and liquidity preferences. SFL along with its affiliates is referred to as the ‘**SFL Group**’. The SFL Group has presence in segments such as mutual funds, housing finance, general insurance, IT, business process outsourcing.
4. The Targets are indirect wholly owned subsidiaries of Principal Financial Services Inc. USA (Sponsor of Principal Mutual Fund) which in turn is a subsidiary of Principal Financial Group, Inc. a US publicly traded company.
5. PAMPL is engaged in the business of providing asset management services to the Principal Mutual Fund (**PMF**) and operating/ managing the PMF schemes. PMF is a trust established under the provisions of the Indian Trusts Act, 1882 and is registered as a mutual fund with the Securities and Exchange Board of India (**SEBI**). It is also engaged in provision of portfolio management and advisory services (PMS). However, its PMS business has been inactive, and it is not presently engaged in the said business.
6. PTCPL is engaged in the business of providing trusteeship services to the PMF.
7. PRAPL is registered with: (i) SEBI as an investment advisor and provides long term investment and retirement planning and advisory solutions, including distribution of a wide range of financial products; (ii) Insurance Regulatory and Development Authority of India (**IRDAI**) as a corporate agent (composite) and provides services pertaining to procurement, solicitation and distribution of insurance products and policies, and other value added services and (iii) Association of Mutual Funds in India (**AMFI**) as a distributor of mutual funds.



8. It is submitted in the notice that the SFL Group and the Targets have overlaps in the market for mutual funds in India. It is also submitted that, for the purpose of competition assessment of the Proposed Combination, the relevant markets may be considered as, (a) At Broad Level: Market for mutual funds in India (**Broad Relevant Market**) and (b) At Narrow Level: (i) Market for equity oriented mutual funds schemes in India; (ii) Market for debt oriented mutual funds schemes in India; and (iii) Market for hybrid mutual funds schemes in India. (hereinafter collectively referred to as '**Narrow Relevant Markets**'), .
9. With regard to vertical relationship it is submitted that the SFL Group (through SFL) is also engaged in the market for distribution of mutual funds in India (**Mutual Funds Distribution Market**). Accordingly, there is a vertical relationship between the SFL Group and the Targets, as follows (a) **Upstream Market**: Market for mutual funds in India) and b) **Downstream Market**: Mutual Funds Distribution Market.
10. The Commission decided to leave the exact delineation of the relevant market open as it observed that the Proposed Combination, for the reasons detailed in ensuing paragraph, is not likely to cause an appreciable adverse effect on competition in India in any of the plausible alternative relevant markets that could be delineated.
11. Based on the submission in the notice, the Commission noted that the combined market shares of the Parties both at the level of Broad Relevant Market as well as at the level of each of the Narrow Relevant Markets is insignificant with negligible incremental market share. Moreover, there are other players such as ICICI Prudential Mutual Fund, HDFC Mutual Fund, Reliance Mutual Fund, Aditya Birla Sun Life Mutual Fund present in the market who will continue to pose competitive constraints to the Parties. Further, with respect to the vertical relationship, the Commission noted that the presence of the Parties at both the Upstream as well as Downstream level is not significant to raise any competition foreclosure concern in India. Furthermore, the downstream market in India is characterized by the presence of other players including Angel Broking Limited, Aditya Birla Finance Limited, AU Small Finance Bank Limited, Axis Bank Limited *etc.*
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 Proposed Combination is not likely to have an appreciable adverse effect on competition in



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India. Therefore, the Commission approves the Proposed Combination under Section 31(1) 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 Parties accordingly.