



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2016/03/379)

21st April 2016

Notice under Section 6 (2) of the Competition Act, 2002 given by:

- **Sanlam Emerging Markets (Mauritius) Limited**

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. S.L. Bunker
Member

Mr. Sudhir Mital
Member

Mr. U.C. Nahta
Member

Mr. M.S. Sahoo
Member

Mr. G.P. Mittal
Member

Legal Representative: Cyril Amarchand Mangaldas

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

1. On 1st March 2016, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice from Sanlam Emerging Markets (Mauritius) Limited (“**SEM**”/ “**Acquirer**”) under Section 6 (2) of the Competition Act, 2002 (“**Act**”).



2. The proposed combination relates to the acquisition of 23 percent stake each in Shriram Life Insurance Company Limited (“**SLIC**” / “**Target 1**”) and Shriram General Insurance Company Limited (“**SGIC**” / “**Target 2**”) by SEM from Shriram Capital Limited (“**SCL**”). In this regard, the SEM, SLIC, and SGIC have entered into a Sale of Shares Agreement on 12th February 2016. (Hereinafter, SEM, SLIC, and SGIC are collectively referred to as “**Parties**” and SLIC and SGIC are collectively referred to as “**Targets**”).
3. The proposed combination falls under section 5 (a) of the Act.
4. SEM, a private company registered in Mauritius, is a subsidiary of Sanlam Life Insurance Ltd. (“**SLIL**”) which in turn is a subsidiary of Sanlam Limited. SEM is engaged in holding investments in businesses related to insurance, banking, and investment management. SEM holds a 36.85% stake in Shriram Financial Ventures (Chennai) Private Limited (“**SFVPL**”) which in turn hold 70.56% of the paid up share capital of SCL.
5. SCL, stated to be a Core Investment Company registered with the Reserve Bank of India, is the holding company for the financial services and insurance entities of the Shriram Group. Shriram Group, through its various group companies, is engaged in lending/financing activities predominantly for commercial vehicles, equipment, retail and small business enterprises, and providing life and general insurance services.
6. SLIC, a public limited company incorporated under Companies Act 1956, is a part of the Shriram group. SCL holds a stake of 97.56% in SLIC. SLIC is licensed by Insurance Regulatory and Development Authority of India (“**IRDA**”) to carry on business in the life insurance products / services.
7. SGIC, a public limited company incorporated under Companies Act 1956, is also a part of the Shriram group. SCL holds a stake of 99.89% in SGIC. SGIC is licensed by IRDA to carry on business in the general insurance sector and is engaged in providing general insurance products/services.



8. It may be noted from above that prior to proposed combination, SEM has an indirect stake of 25.37% and 25.97% in each of SLIC and SGIC, respectively. Subsequent to the proposed combination, the shareholding of SCL in the aggregate paid up equity share capital SLIC and SGIC will be reduced to 74.56% and 76.89% respectively and the total shareholding of the SEM will increase to 42.39% and 42.99 percent in SLIC and SGIC respectively.
9. It is noted that the SEM already holds more than 25% indirect shareholding in the Targets and its prior approval¹ is required for, *inter alia*, any material change in the nature and scope of the business carried on by SLIC/SGIC or the entering into of a new business by SLIC/SGIC, the approval of SLIC/SGIC business plans, which include, among other items, annual budget, financial strategies and the investment policy and appointment and removal their CEO/CFO. Since the rights enjoyed, at present, by the SEM in the Targets shall remain unchanged post the proposed combination, the increase in the shareholding of the SEM in the Targets, post proposed combination, will not result in any change in control of the Targets.
10. Considering the facts on record and the 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.

¹ SEM, SCL and SFVPL have previously entered into a transaction in 2012 wherein SEM secured an approval of the Commission to acquire up to 49.90% stake in SFVPL. The combination was approved by the Commission on 8th August 2012. (Comb. Regn. No. C-2012/07/67). As per notice, the Service and Co-operation Agreements between SLIL, SEM, SCL and SLIC/SGIC (“SCA-SLIC” and “SCA-SGIC”), which were part of the transaction agreements for the said combination, prior approval of SEM is required on certain reserved matters.



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*Fair Competition
For Greater Good*

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