



सत्यमेव जयते



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2019/07/671)

20<sup>th</sup> August, 2019

**Notice under Section 6(2) of the Competition Act, 2002 jointly filed by Housing Development Finance Corporation Limited, HDFC ERGO General Insurance Company Limited and Apollo Munich Health Insurance 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 11<sup>th</sup> July, 2019, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), jointly filed by Housing Development Finance Corporation Limited (**HDFC**), HDFC ERGO General Insurance Company Limited (**HDFC ERGO**) and Apollo Munich Health Insurance Company Limited (**Apollo Munich**). The Notice has been given pursuant to the execution of the Share Purchase Agreements on 19<sup>th</sup> June, 2019, *inter alia* between HDFC and certain existing shareholders of Apollo Munich; and resolutions regarding the proposed merger of Apollo Munich into HDFC ERGO, passed by the respective boards of directors. HDFC, Apollo Munich and HDFC ERGO shall collectively be referred to as **Parties**.
2. The Commission *vide* letter dated 24<sup>th</sup> July, 2019, issued under Regulation 14(3) of the Competition Commission of India (Procedure in regard to transaction of business



relating to combinations) Regulations, 2011, directed the Parties to remove defects in the Notice and furnish certain information. Parties filed their reply on 29<sup>th</sup> July, 2019.

3. The Proposed Combination is in the nature of a composite transaction, comprising of the following inter-connected steps:
  - (i) Proposed acquisition by the Acquirer of an aggregate of 51.20% shareholding of the Apollo Munich from some of its existing shareholders; and
  - (ii) Post the above acquisition, the merger of the Apollo Munich into the HDFC ERGO, pursuant to a scheme of arrangement under the provisions of the Companies Act, 2013.
4. HDFC is a housing finance company, engaged in financing by way of loans for purchase and/or construction of residential houses, commercial real estate and certain other purposes in India. It also provides various other financial services through its subsidiaries.
5. HDFC ERGO is a joint venture between the HDFC and ERGO International AG. It is engaged in general insurance business in India and offers a range of insurance products including motor, health, home and cyber insurance in the retail space and customized products like property, rural, marine, fire, liability and other specialized insurance in the corporate space. It is said to offer services across India through brokers, retailers, corporate agents and bancassurance besides its own direct sales force.
6. Apollo Munich is a joint venture between Apollo Energy Company Limited with certain other shareholders<sup>1</sup> and Munich Health Holding AG. It is stated to be engaged only in health insurance business.

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<sup>1</sup> Apollo Hospitals Enterprise Limited, Ms. Suneeta Reddy, Ms. Sangita Reddy, Ms. Shobana Kamineni, Ms. Preetha Reddy and Ms. Sucharitha Reddy



7. Both Apollo Munich and HDFC Group are engaged in health insurance business in India, which includes personal accident insurance and travel insurance. It is observed that these business segments are characterised by the presence of several public and/or private sector general insurance companies. Further, the incremental market share as a result of the Proposed Combination is not significant in the broader business segment for health insurance business as well as each of the narrower business segments *viz.* personal accident insurances, travel insurance and other health insurance.
8. HDFC Bank, an affiliate of HDFC, is a scheduled commercial bank *inter alia* engaged in distribution of insurance products. Gruh Finance Limited, another affiliate of HDFC, is stated to be in the process of being merged into Bandhan Bank, which is also *inter alia* engaged in distribution of insurance products. These distribution activities and the insurance business of Apollo Munich are at different levels of the supply chain. The annual report of the Insurance Regulatory and Development Authority of India for financial year 2017-18 suggest that distribution through individual agents and direct sales are the major modes of distribution of health insurance (excluding personal accident and travel insurances). In terms of value, only 8% of the products in this segment was distributed by banks. As regards the distribution of personal accident and travel insurances products, it is observed that the presence of Apollo Munich is not significant. Thus, the Proposed Combination is not likely to incentivise the parties to engage in any conduct that is likely to raise any competition concern.
9. Considering the facts on record, details provided in the Notice and the assessment of the Proposed Combination on the basis of factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
10. The Commission further notes that business scope of non-compete covenants, as envisaged in transaction documents/agreements, is not ancillary to the Proposed Combination.



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