



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2021/09/872)

25th October 2021

Notice under Section 6(2) of the Competition Act, 2002 given by HDFC Bank 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 17th September 2021, the Competition Commission of India ('**Commission**') received a Notice under Section 6(2) of the Competition Act, 2002 ('**Act**'), given by HDFC Bank Limited ('**Acquirer**'). The Notice was filed pursuant to the execution of a Binding Term Sheet ('**BTS**') on 19th June 2021, between the Acquirer and Housing Development Finance Corporation Limited ('**HDFC**').
2. The proposed combination envisages an acquisition by the Acquirer of 4.99% of the outstanding equity share capital, on an undiluted basis, of HDFC ERGO General Insurance Co. Ltd. ('**Target**') from HDFC ('**Proposed Combination**') (Hereinafter, the Acquirer and Target are collectively referred to as '**Parties**').



3. The Acquirer is a banking company registered with the Reserve Bank of India and provides a wide range of banking services covering commercial and investment banking on the wholesale side and transactional / branch banking on the retail side. It has three key business segments namely wholesale banking, treasury and retail banking. It is submitted that the Acquirer is an 'associate company' of HDFC.
4. The Target is a joint venture between HDFC and ERGO International AG. It is engaged in the general / non-life insurance business in India and offers a complete range of general / non-life 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.
5. Based on the information given by the Parties, it was observed that the business activities of the Parties do not exhibit any horizontal overlap.
6. With respect to vertical/complementary relationships, it is observed that with the Acquirer being engaged in distribution of general / non-life insurance products/services in India and the Target in business of general/non-life insurance in India, the Parties are engaged in activities at different levels or stages of the supply chain. In this context, the Parties defined the relevant product market at the upstream level as the market for general /non-life insurance products in India and at the downstream level as the market for distribution of general/non-life insurance products in India.
7. The Commission has considered the segments/ relevant market identified by the Parties for the purposes of assessment. However, as the material available on record shows that the Proposed Combination is not likely to cause any competition concern in India, the exact delineation of relevant market is being left open in the case.
8. The Commission observed that the Target has a market share of [0-5]% and [5-10]% in the upstream market segment in terms of volume¹ and value² respectively and the

¹ total number of insurance policies which are issued by the general /non-life insurers in India

² gross direct premium underwritten



Acquirer (including its subsidiaries/affiliates/associates) has a market share in the range of [0–5]% in terms of both volume and value in the downstream market segment. Based on the foregoing it appears that the presence of the Parties is insignificant to lead to an ability or incentive on the part of the Parties to foreclose competition in any market in India.

9. Considering the material on record, including the details provided in the Notice and the assessment of the Proposed Combination based on the 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. This order may be revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
11. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
12. The Secretary is directed to communicate to the Acquirer accordingly.