

## COMPETITION COMMISSION OF INDIA

28<sup>th</sup> February, 2012

**Combination Registration No.: C-2012/01/24**

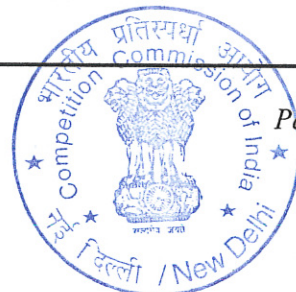
### **Order under Section 31(1) of the Competition Act, 2002**

1. On 24<sup>th</sup> January, 2012, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the “**Act**”) of the proposed combination between Viscount Management Services (Alpha) Limited (hereinafter referred to as the “**VMSA**”) and Reliance Capital Limited (hereinafter referred to as the “**RCAP**”) (hereinafter VMSA and RCAP are collectively referred to as “**parties to the combination**”). The notice was filed jointly by the parties to the combination.
2. The notice relates to the proposed combination wherein VMSA would merge into RCAP, pursuant to implementation of the scheme of amalgamation under Sections 391 to 394 of the Companies Act, 1956, approved by the Board of Directors of each of the parties to the combination (hereinafter referred to as “**Scheme**”) on 5<sup>th</sup> October, 2011. As per the information provided in the notice and other submissions on record, Hon’ble High Court of Judicature at Bombay has sanctioned the scheme on 20<sup>th</sup> January, 2012.
3. VMSA and RCAP, along with the notice filed under sub section (2) of Section 6 of the Act, also filed an affidavit dated 23<sup>rd</sup> January, 2012 requesting the Commission for condoning the delay in filing the notice as the notice was filed beyond the time limit mentioned in sub section (2) of Section 6 of the Act. The Commission in its ordinary meeting held on 1<sup>st</sup> February, 2012 considered the request of the parties to the combination for condonation of delay in filing the notice under sub section (2) of Section 6 of the Act and decided to admit the belated notice with effect from 1<sup>st</sup> February, 2012. The Commission in its said



meeting also decided to initiate separate proceedings under Section 43A of the Act, as the notice was not filed in accordance with the provisions contained under sub-section (2) of Section 6 of the Act and was given to the Commission belatedly.

4. The proposed combination falls under Section 5(c) of the Act.
5. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, vide letter dated 3<sup>rd</sup> February, 2012, the parties to the combination were required to remove certain defect(s) and provide information/document(s) by 21<sup>st</sup> February, 2012. The response of the parties to the combination was received on 17<sup>th</sup> February, 2012. In continuation of their response dated 17<sup>th</sup> February, 2012, the parties to the combination submitted another communication dated 23<sup>rd</sup> February 2012.
6. RCAP is a public limited company incorporated under the provisions of the Companies Act, 1956. It is listed on the BSE and NSE. It is stated in the notice that RCAP is registered as a Non-Banking Finance Company under the provisions of the Reserve Bank of India Act, 1934 and is engaged in asset financing, lending and investment activities. RCAP, through its investments, is stated to have interests in asset management, mutual funds, pension funds, private equity and proprietary investments, stock broking and depository services, investment banking, wealth management, home and commercial finance, financial products distribution, venture capital, exchanges, asset reconstruction and other activities in financial services.
7. VMSA is a public limited company incorporated under the provisions of the Companies Act, 1956. It is stated in the notice that RCAP, through its investments, has 100 per cent economic interest in VMSA and as a consequence, RCAP is in a position to exercise control over VMSA. As per the information provided by the parties to the combination in their response and other submissions on record, 50 per cent of the equity share capital of VMSA is held by Viscount



Management Services Limited (hereinafter referred to as the “VMS”), 18 per cent of the equity share capital is held by Reliance Land Private limited (hereinafter referred to as the “RLPL”), another 18 per cent of the equity share capital is held by RCAP & its nominees and the remaining 14 per cent of the equity share capital is held by Reliance Share and Stock Brokers Private Limited (hereinafter referred to as the “RSSBPL”). Further RLPL, RSSBPL, VMS and VMSA are part of RCAP Group as RCAP is the ultimate entity controlling RLPL, RSSBPL, VMSA and VMS. It is also stated in the notice that presently, VMSA is not carrying on any business activity except that of holding 47.89 per cent equity shares in Reliance Life Insurance Company Limited (hereinafter referred to as the “RLIC”) and 13 per cent equity shares in VMS.

8. The said scheme of amalgamation is subject to the condition that on or before the scheme becoming effective, the entire issued, subscribed and paid up share capital of VMSA shall be held by RCAP. Further, RCAP will acquire all the shares of VMSA held by VMS, RLPL and RSSBPL and the entire shareholding of VMSA will be held by RCAP. Consequently, VMSA will become the wholly owned subsidiary of RCAP. It is stated in the notice that the purpose of the proposed combination is to achieve greater financial capabilities and strategic partnerships, reduce administrative cost, remove multiple layer inefficiencies, achieve operational and management efficiency and enable the transfer of 26 per cent stake in RLIC to Nippon Life Insurance Corporation of Japan efficiently. As per the information provided by the parties to the combination, after the said transfer, VMSA is currently holding 23.48 per cent equity shares in RLIC.
9. As per the information provided in the notice and other submissions on record, it is observed that VMSA is not carrying on any business activity except that of holding investments in group companies. Further, ultimate control over the management of VMSA, before and after the proposed combination, remains with RCAP.
10. Based on the facts on record and the details provided in the notice filed under subsection (2) of Section 6, it is observed that the proposed combination is not likely to give rise to any adverse competition concern in India.



11. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the proposed combination, 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 proposed combination under sub-section (1) of Section 31 of the Act.
12. This approval is without prejudice to any other legal/statutory obligations as applicable.
13. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.
14. The Secretary is directed to communicate to the parties to the combination accordingly.



Certified True Copy

  
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