



## COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2015/02/249)

26<sup>th</sup> May 2015

### Notice under section 6(2) of the Competition Act, 2002 given by

- **Piramal Enterprises Limited**

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

1. On 18<sup>th</sup> February 2015, the Competition Commission of India (“**Commission**”) received a notice in Form II given by Piramal Enterprises Limited (“**PEL**” or “**Acquirer**”), pursuant to the direction issued by the Commission under sub-section (1) of Section 20 of the Competition Act, 2002 (“**Act**”) read with Regulation 8 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”).
2. The combination pertains to acquisition by PEL of (a) 9.96 percent stake in Shriram Transport Finance Company (“**STFC**”) on 10<sup>th</sup> May 2013 from the stock exchange by way of a contract note (“**STFC transaction**”); (b) 20 percent equity stake (directly and indirectly) in Shriram Capital Limited (“**SCL**”), pursuant to the execution of a Collaboration Agreement dated 17<sup>th</sup> April 2014, entered into, inter-alios, between PEL and SCL (“**SCL transaction**”); and (c) 9.99 percent stake in Shriram City Union Finance Limited (“**SCUF**”) on 3<sup>rd</sup> June 2014, pursuant to a preferential allotment (“**SCUF transaction**”).
3. In this regard, it is noted that the Commission, while initiating inquiry under the provisions of sub-section (1) of Section 20 of the Act with respect to the above said transactions had observed that PEL failed to notify them in terms of sub-section (2) of Section 6 of the Act and accordingly directed PEL to file notice in Form II in terms of Regulation 8 of the Combination Regulations read with sub-section (1) of Section 20 of the Act.



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4. In terms of Regulation 14 of the Combination Regulations, *vide* letter dated 3<sup>rd</sup> March 2015, the Acquirer was required to remove defects and furnish certain information/document(s) by 9<sup>th</sup> March 2015. The Acquirer filed its response on 8<sup>th</sup> April 2015, after seeking extension of time. Since the response dated 8<sup>th</sup> April 2015 was incomplete, *vide* letter dated 17<sup>th</sup> April 2015, the Acquirer was further required to remove defects and furnish certain information/document(s). The Acquirer filed its response on 28<sup>th</sup> April 2015, after seeking extension of time. Since the response dated 28<sup>th</sup> April 2015 was also incomplete, *vide* another letter 8<sup>th</sup> May 2015, the Acquirer was further asked to remove defects and furnish requisite information/documents. The Acquirer filed its response on 20<sup>th</sup> May 2015, after seeking extension of time.
5. PEL, a listed company incorporated under the Companies Act, 1956 of the Piramal Group is inter-alia engaged in the business of healthcare, wholesale funding of real estate projects, infrastructure and construction projects. PEL carries out its above said business directly and /or indirectly through its subsidiaries. As stated in the notice, the lending business of PEL is carried out through its subsidiary, Piramal Finance Private Limited (“**PFPL**”), a Non Banking Finance Company (“**NBFC**”) registered with the RBI and stated to be engaged in the lending business on whole sale basis without accepting public deposits. PFPL caters to the needs of the real estate sector and allied sectors on wholesale basis. PHL Fininvest Private Limited (“**PHFPL**”), a subsidiary of PEL, is also a NBFC which provides loans to the corporates. PEL carries out fund management through another subsidiary, namely, Piramal Fund Management Private Limited (“**PFMPL**”) which provides investment advisory services in relation to real estate sector and private equity funds.
6. STFC is an asset financing NBFC with a primary focus on financing commercial vehicles. The business activities of STFC include provision of loans at retail level for various kinds of commercial vehicles, farm equipment and construction equipment. In addition, STFC provides ancillary equipment and vehicles part finance, such as, loans for tyres, engine replacement, etc. It has been stated in the notice that STFC has created a separate subsidiary to fund the



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capital requirements of large and medium contractors engaged in building of roads, bridges, dams and other infrastructure projects namely, Shriram Equipment Finance Company Limited.

7. SCL is a systemically important core-investment company registered with the Reserve Bank of India. It is an investment holding company and it does not carry out any specific activity on its own.
8. SCUF is a deposit accepting NBFC which provides its customers a multiple range of products. SCUF, *inter-alia*, offers wide range of loans ranging from automobile loans to personal loans, small and medium business loans, gold loans, automobile loans and home loans to its customers.
9. It is observed that the combination relates to financial services sector in India, wherein, *inter-alia*, credit is provided by the financial intermediaries to retail as well as wholesale borrowers. Loans which are provided to individuals for housing, automobiles and gold etc. and micro-small-and-medium-enterprises (MSMEs) may be classified as retail loans whereas loans provided to the infrastructure and real estate projects would be classified as wholesale lending. However, the exact delineation of relevant market in this regard is being left open as it is observed that the proposed combination is not likely to raise competition concerns in any of the relevant markets in India.
10. On the basis of information provided in the notice and other documents on record, it is observed that PEL and its subsidiaries are mainly engaged in providing loans at wholesale level to its corporate clients engaged in the real estate and allied sectors. On the other hand, it is observed that SCL is a systemic important core-investment company that does not carry out any specific activity on its own and thus, there is no horizontal overlap between the business activities of PEL and SCL. Further, it is observed that STFC and SCUF are generally engaged in providing the financial services at retail level, i.e. by providing the financial lending services to individuals. Thus, there is no horizontal overlap between the services provided by PEL and the services provided by STFC and SCUF.



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11. As regards the vertical relationship between the parties to the combination, it has been stated that none of the parties are engaged in any activity or provision of services which are at different stages or levels of production chain in which the other party is involved.
12. In view of the foregoing, the combination does not or is not likely to have any adverse effect on competition in India.
13. Considering the facts on record and the details provided in the notice given under Regulation 8 of the Combination Regulations read with subsection (1) of Section 20 of the Act and the assessment of the combination after considering the relevant factors mentioned in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the combination does not or is not likely to have an appreciable adverse effect on competition in India and therefore, the Commission hereby approves the combination under sub-section (1) of Section 31 of the Act. This order is, however, issued without prejudice to the proceedings under Section 43A of the Act.
14. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
15. The Secretary is directed to communicate to the Acquirer accordingly.