



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2014/10/216)

20.11.2014

Notice u/s 6 (2) of the Competition Act, 2002 given by:

- Kotak Mahindra Asset Management Company Limited, and
- Kotak Mahindra Trustee Company Limited

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

1. On 13th October 2014, 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**”), given by Kotak Mahindra Asset Management Company Limited (hereinafter referred to as “**Kotak AMC**”) and Kotak Mahindra Trustee Company Limited (hereinafter referred to as “**Kotak Trustee**”). Kotak AMC and Kotak Trustee are hereinafter collectively referred to as “**Acquirers**”.
2. The notice was given pursuant to execution of Transfer Agreement dated 19th September 2014, entered into between PineBridge Investments Asset Management Company (India) Private Limited (hereinafter referred to as “**PBI AMC**”), PineBridge Investments Trustee Company (India) Private Limited (hereinafter referred to as “**PBI Trustee**”), Kotak AMC, and Kotak AMC.
3. The proposed combination relates to acquisition of control of schemes of PineBridge Mutual Fund (hereinafter referred to as “**PBI MF**”) by Kotak Mahindra Mutual Fund (hereinafter referred to as “**Kotak MF**”) by way of change in trusteeship, management and administration of the schemes of PBI MF to Kotak MF. The proposed combination falls under Section 5 of the Act (Kotak MF and PBI MF are hereinafter referred to as “**Parties**”).



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4. Kotak AMC, a company incorporated under the provisions of the Companies Act, 1956, is engaged in management and administration of mutual fund schemes offered by Kotak MF. Kotak MF has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882 with Kotak Mahindra Bank Limited (hereinafter referred to as “**KMBL**”), as the sponsor and Kotak Trustee as its trustee. As per the details provided in the notice, Kotak MF has 91 schemes in operation, with average asset under management (hereinafter referred to as “**AAUM**”) of INR 35,884.80 crores in total (as on quarter ending June 30, 2014).
5. PBI AMC, a company incorporated under the Companies Act, is engaged in the management and administration of schemes of PBI MF. PBI MF has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882 with PineBridge Investments Japan Co., Ltd. as the sponsor and PBI Trustee as its trustee. As per the details provided in the notice, PBI MF has 9 schemes in operation, with AAUM of INR 635.84 crores (as on quarter ending 30th June, 2014) in total.
6. 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 24th October 2014, the Acquirers were required to remove certain defects and provide information/document(s) latest by 3rd November 2014. The Acquirers filed their response on 3rd November 2014.
7. As per market practice, mutual funds schemes are categorised into the following type of schemes: (a) growth /equity oriented scheme; (b) income/debt oriented scheme; (c) balanced fund scheme; (d) money market/liquid fund scheme; (d) gilt funds scheme; (e) index funds scheme; and (f) fund of funds scheme.



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8. Based on investment objectives and criteria, the schemes of Kotak MF can be broadly categorised into (a) equity schemes; (b) debt schemes; (c) gilt schemes; (d) exchange traded funds; (d) balanced schemes; and (e) fund of fund schemes. On the same basis, the schemes of PBI MF can be broadly categorised into (a) equity schemes; (b) debt schemes; and (c) fund of fund schemes.
9. It is observed that most mutual funds in India, including certain larger players, are offering similar schemes as the Parties. Therefore, from demand side perspective, an investor may switch from one mutual fund to another offering similar type of schemes.
10. The total AAUM in Indian mutual fund industry was INR 9,93,232.40 crores (as on June 30, 2014). Based on AAUM of the Parties as on June 30, 2014, the incremental increase in the market share of Kotak MF in the overall market of mutual fund due to the proposed combination will be 0.06 per cent, which is insignificant.
11. The Parties' combined market share in the overall market of mutual funds in India would be 3.67 per cent which is significantly lower than the other large players in the mutual fund industry.
12. 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 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 proposed combination is not likely to have 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.



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13. This approval is without prejudice to any other legal/statutory obligations as applicable.
14. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
15. The Secretary is directed to communicate to the Acquirers accordingly.