



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2014/11/226)

30.12.2014

**Notice u/s 6 (2) of the Competition Act, 2002 given by Dewan Housing
Finance Corporation Limited**

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

1. On 26.11.2014, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (hereinafter referred to as “**Act**”) filed by Dewan Housing Finance Corporation Limited (hereinafter referred to as “**Acquirer**”). The notice was filed pursuant to the execution of a Master Transaction Agreement dated 28.10.2014 entered into by the Acquirer, PGLH of Delaware, Inc. (hereinafter referred to as “**PGLH**”), Pramerica Asset Managers Private Limited (hereinafter referred to as “**Target AMC**”) and Pramerica Trustees Private Limited (hereinafter referred to as “**Target Trustee**”). The Acquirer, Target Trustee and Target AMC are hereinafter referred to as “**Parties**”.
2. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), the Commission issued a letter dated 8.12.2014 requiring the Acquirer to remove defects by 12.12.2014. The Acquirer sought an extension of two days and filed its response on 15.12.2014.
3. Under the proposed combination, the Acquirer proposes to purchase fifty per cent of the shareholding of Target AMC and Target Trustee from PGLH, pursuant to which the Target AMC and the Target Trustee will become 50:50 joint ventures between the Acquirer and PGLH. Consequently, by virtue of the acquisition of shares in the Target AMC and Target Trustee, the Acquirer will also acquire joint control on Pramerica Mutual Fund (“**Target MF**”).
4. As stated in the notice, the Acquirer is a public limited company incorporated in India and, *inter alia*, provides home financing services and mortgage finance products. An associate company of the Acquirer, namely, Arthveda Fund Management Private Limited (“**Arthveda**”) is in



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the business of asset management services, including portfolio management services.

5. The Target MF has been constituted as a trust under the Indian Trusts Act, 1882 with the Target Trustee as its trustee. As stated in the notice, it has twelve operational schemes, which based on the investment objectives and criteria can be broadly categorised into equity and debt schemes.
6. The Target AMC, a company incorporated under the Companies Act, 1956 is a wholly owned subsidiary of PGLH. It has been appointed as an investment manager of the Target MF in accordance with the SEBI (Mutual Fund) Regulations, 1996. The Target AMC provides asset management services exclusively to the Target MF by managing the schemes of the Target MF. Additionally, it also provides portfolio management services to corporates and individuals in India. The Target Trustee is a company incorporated under the Companies Act, 1956 and is a wholly owned subsidiary of PGLH. The Target Trustee ensures that the Target AMC manages the schemes of the Target MF in accordance with extant regulations.
7. It is observed that the Acquirer or its associated companies are at present not engaged in the provision of services pertaining to mutual funds. As a result, there is no horizontal overlap in services provided by the Parties in relation to mutual funds. Further, it is also noted that both Arthveda and the Target AMC provide asset management services. However, it is observed that the asset management services, other than the portfolio management services, provided by Arthveda and Target AMC are intended for different usage, i.e., while Arthveda focuses on alternative investment funds, the Target AMC provides asset management services exclusively to the Target MF for the mutual fund schemes. There is accordingly no horizontal overlap between the asset management services, other than the portfolio management services, offered by Arthveda and the Target AMC.
8. With regard to the portfolio management services, it is observed that there is an overlap between the said services provided by the Target AMC and Arthveda. However, considering the fact that Arthveda has only insignificant assets under its management in comparison to the total market size of the portfolio management services in India, the proposed combination is not likely to affect the competition in the portfolio



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management services in India. In this regard, it is also observed that there are more than two hundred registered portfolio managers in India, which provide similar services as the Parties, indicating the existence of adequate competitive constraints.

9. 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.
10. This approval is without prejudice to any other legal/statutory obligations as applicable.
11. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
12. The Secretary is directed to communicate to the Acquirer accordingly.