



COMPETITION COMMISSION OF INDIA
(Combination Registration No.C-2015/11/337)

30th December, 2015

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

- **Reliance Capital Asset Management Limited and**
- **Reliance Capital Trustee Co. Limited**

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

CORAM:

Mr. Ashok Chawla
Chairperson

Mr. Sudhir Mital
Member

Mr. U. C. Nahta
Member

Mr. M. S. Sahoo
Member

Mr. G. P. Mittal
Member

Legal representative: Luthra & Luthra Law Offices

1. On 5th November 2015, the Competition Commission of India ("**Commission**") received a notice under sub-section (2) of Section 6 of the Act, jointly given by Reliance Capital Asset Management Limited ("**Acquirer AMC**") and Reliance Capital Trustee Co. Limited ("**Acquirer Trustee**") (Acquirer AMC and Acquirer Trustee hereinafter collectively referred to as "**Acquirers**").
2. The notice was given pursuant to the execution of a Transfer Agreement dated 20th October 2015 amongst Goldman Sachs Asset Management (India) Private Limited ("**Target AMC**")



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Goldman Sachs Trustee Company (India) Private Limited (“**Target Trustee**”) and the Acquirers. (Target AMC and Target Trustee are, hereinafter, collectively referred to as “**Targets**”).

3. The proposed combination relates to acquisition of control of schemes of Goldman Sachs Mutual Fund (“**Target MF**”) by Reliance Mutual Fund (“**Acquirer MF**”) by way of change in trusteeship, management and administration of the schemes of Target MF to Acquirer MF. (Acquirers, Acquirer MF and Targets and Target MF are hereinafter referred to as “**Parties**”).
4. 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**”), *vide* letter dated 7th December 2015, the Acquirers were required to remove defects and furnish certain information/document(s). The Acquirers filed their response on 15th December 2015, after seeking an extension of time.
5. Pursuant to the proposed combination, the Acquirer AMC will acquire rights and privileges to manage and administer all schemes of the Target MF from the Target AMC (including all rights, obligations, liabilities, responsibilities and duties relating to the schemes of Target MF). Further, the Acquirer Trustee will acquire trusteeship of the schemes of the Target Trustee (including all assets, obligations and liabilities in relation to the schemes of Target MF and the unclaimed dividends and unclaimed redemptions). Thereafter, the Acquirer AMC and Acquirer Trustee will act as the asset management company (“**AMC**”) and trustee of the Target MF, respectively.
6. Acquirer MF is an Indian trust, constituted in accordance with the provisions of the Indian Trusts Act, 1882, and is registered as a Mutual Fund with the Securities and Exchange Board of India (“**SEBI**”). Acquirer AMC is an unlisted public limited company, incorporated under the provisions of the Companies Act, 1956. It is engaged in the business of asset management, advisory and portfolio management services in India. Acquirer Trustee, a company incorporated under the Companies Act, 1956, has been appointed as the trustee of Acquirer MF.
7. Target MF has been constituted as a trust in accordance with the provisions of the Indian Trusts Act, 1882, and is registered as a Mutual Fund with SEBI. Target Trustee is a company incorporated under the provisions of the Companies Act, 1956. The Target Trustee holds the Target MF in trust for the benefit of Target MF unit holders. Target AMC is a company incorporated under the Companies Act, 1956. It is the AMC and investment



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manager of the Target MF. The Target AMC, Target Trustee, Target MF belong to the Goldman Sachs Group

8. The Commission, in its earlier orders, has observed that as per the market practice, the mutual funds schemes may be, *interalia*, categorised into (a) growth /equity oriented scheme; (b) income/debt oriented scheme; (c) balanced fund scheme; (d) money market/liquid fund scheme; (e) gilt funds; (f) index funds; and (g) fund of funds.
9. The total Average Asset Under Management (“AAUM”) of Indian mutual fund industry was INR 13,15,759 crore (as on September 30, 2015). Based on AAUM of the Parties as on September 30, 2014, the incremental increase in the market share of Acquirer MF in the overall market of mutual fund due to the proposed combination will be around 0.54 per cent, which is insignificant to raise any competition concerns.
10. Based on investment objectives and criteria, the schemes of Acquirer MF can be broadly categorised into (a) growth /equity oriented scheme; (b) income/debt oriented scheme; (c) balanced fund scheme (d) gilt funds; (e) index funds; and (f) fund of funds. On the same basis, the schemes of Target MF can be broadly categorised into (a) growth /equity oriented scheme; (b) income/debt oriented scheme; (c) balanced fund scheme and (d) index funds. However, as the proposed combination is not likely to raise competition concerns in any of the overlapping sub-segments, it was decided that the exact delineation of relevant market may be left open.
11. As per the SEBI’s Handbook of Statistics on Indian Securities Market 2014, there are 49 mutual funds that are active in India and it is observed that most mutual funds including certain larger players such as HDFC Mutual Fund (“HDFC”), ICICI Prudential Mutual Fund (“ICICI”), Birla Sun Life Mutual Fund (“Birla”), UTI Mutual Fund (“UTI”), Franklin Templeton Mutual Fund (“Franklin”), are offering similar schemes as the Parties. Therefore, an investor has a number of options to switch from one mutual fund to another offering similar type of schemes.
12. Considering the facts on record, details provided in the notice and assessment of the proposed combination on the basis of factors stated 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 an appreciable adverse effect on competition in India and, therefore, the Commission hereby approves the same under sub-section (1) of Section 31 of the Act.



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13. This order shall stand revoked if, at any time, information provided by the parties is found to be incorrect.
14. The Secretary is directed to communicate to the Acquirers accordingly.