



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/12/795)

20th January 2021

Notice under Section 6 (2) of the Competition Act, 2002 given by Axis Bank Limited, Axis Capital Limited and Axis Securities Limited.

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

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

1. On 8th December 2020, the Competition Commission of India (**'Commission'**) received a notice under Section 6(2) of the Competition Act, 2002 (**'Act'**), given by Axis Bank Limited (**'Axis Bank'**), Axis Capital Limited (**'Axis Capital'**) and Axis Securities Limited (**'Axis Securities'**). (Hereinafter, Axis Bank, Axis Capital and Axis Securities are collectively referred to as **'Acquirers'**).
2. The notice has been filed, *inter alia*, pursuant to the (i) execution of the Share Purchase Agreement (**'SPA'**) dated 27th April 2020, executed by and between Axis Bank, the Max Life Insurance Company Limited (**'Target'**) and Max Financial Services Limited (**'Seller'**) and (ii) Restated Shareholders' Agreement (**'SHA'**) dated 30th October 2020, executed between the Acquirers, the Seller, Mitsui Sumitomo Insurance Company Limited, Max Ventures



Investment Holding Private Limited, Analjit Singh and the Target. (Hereinafter, Acquirers and Target together collectively referred to as '**Parties**')

3. It is stated in the notice that Axis Bank already has an existing shareholding of 2% in the Target company and by virtue of the proposed transaction, the shareholding of Axis Bank in the Target company will increase to approximately 9.9% and Axis Capital and Axis Securities will acquire 2% and 1% shareholding, respectively, in the Target company ('**First Acquisition**'/ '**Proposed Combination**'). Further, it is stated that the Acquirers have a right to increase their shareholding, in one of more tranches, such that the aggregate shareholding of the Acquirers in the Target company increases by 7% to up to 19.99%, within 42 months of completion of the First Acquisition ('**Additional Acquisition**').

4. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 ('**Combination Regulations**'), the Commission *vide* its email dated 23rd December 2020, sought certain information(s)/ clarification(s), *inter alia*, relating to the activities of the Parties; response to the same was received on 30th December 2020. Further, certain information(s)/ clarification(s) necessary for the assessment were sought from the Parties; response to the same was received on 14th January 2021.

5. Axis Bank is an Indian private sector bank and is involved in the business of banking. It provides services in retail banking, which includes retail lending and retail deposits; wholesale banking; payment solutions; wealth management; forex and remittance products; distribution of mutual fund schemes and distribution of insurance policies, *etc.*

6. Axis Capital a company incorporated in India, belongs to the Axis group and is a subsidiary of Axis Bank. It is engaged in the business of providing services in the areas of investment banking and institutional equities.

7. Axis Securities also belongs to the Axis group and is a subsidiary of Axis Bank. It is engaged in the business of broking, distribution of financial products (including life insurance products) and advisory services.

8. The Target is a life insurance company, incorporated in India, registered with the Insurance Regulatory and Development Authority of India (**IRDAI**). It is a part of the Max group and does not have any downward affiliates or subsidiaries. It is engaged in the business of



providing life insurance and annuity products and investment plans in India. These products can be individual life insurance plans as well as group insurance plans.

9. In relation to identification of overlaps, it is stated that the Target provides life insurance products in India at upstream level, whereas Axis Bank and Axis Securities are engaged in third party distribution of insurance products, including the life insurance products provided by the Target, at downstream level. As such, there is an existing vertical relationship between Axis Bank and the Target and Axis Securities and the Target.

10. The Parties have submitted that the relevant market at the upstream level and downstream level in relation to the vertical relationship between Axis Bank and Axis Securities with the Target can be defined as the market for life insurance products in India (**'Upstream Market'**), and the market for distribution of life insurance products in India (**'Downstream Market'**), respectively.

11. The Commission decided to leave the delineation of the relevant market open as it was observed that the Proposed Combination, for the reasons detailed in ensuing paragraph, is not likely to cause an appreciable adverse effect on competition in any of the possible alternative relevant markets that could be delineated.

12. Based on the submissions in the notice, the Commission noted that the market shares of the Parties in the Upstream as well as Downstream Market are not significant to raise any competition foreclosure concern in India. Further, there are other players present in life insurance business at the upstream level such as Life Insurance Corporation of India, ICICI Prudential Life Insurance Company Ltd, HDFC Standard Life Insurance Company Ltd, SBI Life Insurance Company Ltd and Tata AIA Life Insurance Company Ltd and the downstream level is also categorised by presence of other insurance intermediaries like insurance brokers and web aggregators, which would continue to pose competitive constraints to the Parties post the Proposed Combination.

13. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act 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



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India and therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.

14. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.

15. The information provided by the Parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.

16. The Secretary is directed to communicate to the Parties accordingly.