



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2016/07/415)

17th August, 2016

Notice under Section 6 (2) of the Competition Act, 2002 given jointly by Aadhar Housing Finance Limited and DHFL Vysya Housing Finance Limited.

CORAM:

Mr. S.L. Bunker
Member

Mr. Augustine Peter
Member

Mr. U.C. Nahta
Member

Mr. M.S. Sahoo
Member

Legal Representative: Shardul Amarchand Mangaldas & Co.

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

1. On 8th July 2016, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice jointly given by Aadhar Housing Finance Limited (“**Aadhar**”) and DHFL Vysya Housing Finance Limited (“**Vysya**”), under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”). (Hereinafter, Aadhar and Vysya are collectively referred to as “**Parties**”). The notice was filed pursuant to board resolutions, each dated 9th June 2016, passed by the respective boards of Aadhar and Vysya, approving the Scheme of Amalgamation. The proposed combination relates to merger of Aadhar into Vysya, as a result of which Vysya will be the surviving entity.
2. The proposed combination has been filed under Section 6(2) read with Section 5(c) of the Act.



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3. Aadhar, a public limited company, is registered as a Housing Finance Company (“HFC”) with National Housing Bank (“NHB”). It is a subsidiary¹ of Wadhawan Global Capital Private Limited (“WGC”) and is engaged in providing housing finance for construction and/or purchase of residential property and loans against property.
4. Vysya, a public limited company, is also registered as a HFC with NHB. It is a subsidiary of WGC and is engaged in the business of providing housing finance for construction and/or purchase of residential property and loans against property.
5. As a result of the proposed combination, IFC will hold 8.6 percent² in the share capital of the resultant surviving entity (combined entity) along with the right to appoint a nominee director on Board of Directors, as well as certain investment protection / affirmative voting rights.
6. As stated in the notice, both Aadhar and Vysya are active in the business of providing housing finance services across different states of India. As per information available on record, Aadhar has operations in 13 states namely Uttar Pradesh, Madhya Pradesh, Chhattisgarh, Orissa, Jharkhand, Bihar, West Bengal, Gujarat, Rajasthan, Maharashtra, Punjab (including Chandigarh), Haryana and Uttarakhand and Vysya has operations in the states of Andhra Pradesh, Karnataka, Tamil Nadu, Maharashtra, Uttar Pradesh, Kerala and Telegana. The operations of the Parties overlap in the business of providing housing finance in certain districts of the state of Maharashtra and Uttar Pradesh. However, the exact delineation of relevant market in the case of proposed combination is being left open as it is observed that the proposed combination is not likely to raise competition concerns in India.
7. The Commission observed that the proposed combination would not cause any competition concern given that there are a number of players providing housing finance namely scheduled commercial banks such as State Bank of India, Canara Bank and

¹ The International Finance Corporation (“IFC”), a member of the World Bank Group, holds 20 percent share capital of Aadhar with the right to appoint a nominee director on its Board of Directors as well as certain affirmative voting rights Further, Dewan Housing Finance Corporation Ltd. also has certain shareholding in both the Parties.

² In case, IFC plans to infuse additional capital in the combined entity IFC will not hold more than 20 percent of the equity share capital of the combined entity.



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Bank of Baroda as well as HFC's such as LIC Housing Finance Ltd., PNB Housing Finance Ltd. and HDFC Ltd.

8. With regard to vertical relationships between the Parties, it has been submitted that neither Vysya nor Aadhar is engaged in any activity relating to the production, supply, distribution, storage, sale and service or trade in products or provision of services which are at different stages or levels of the production chain in which any other Party is involved.
9. 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 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.
10. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
11. The information provided by the parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
12. The Secretary is directed to communicate to the parties accordingly.