



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2019/11/701)

13th December, 2019

Notice under Section 6(2) of the Competition Act, 2002 filed by Honey Wheat Investment 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 5th November, 2019, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), filed by Honey Wheat Investment Limited (**Honey Wheat/Acquirer**). The Notice has been given pursuant to the execution of the share purchase agreement between IAG International Pty Limited (**IAG International/Seller**), Honey Wheat and SBI General Insurance Company Limited (**SBI General Insurance**) on 16th October, 2019 (**SPA**). Honey Wheat and SBI General Insurance are collectively referred to as Parties. The Parties also envisage execution of shareholder's agreement amongst Target and its shareholders.
2. The Commission *vide* its letter dated 19th November, 2019, issued under Regulation 14(3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011, required the Acquirer to remove defects in the Notice and furnish certain information. In response, the Acquirer filed its submissions on 22th November, 2019 and 4th December, 2019.
3. The Proposed Combination envisages acquisition of 9.99% of the equity shareholding in the SBI General Insurance by Honey Wheat from IAG International. As per the agreement between the Parties, the Acquirer will be having information and certain other rights in relation to the Target.



4. Honey Wheat, incorporated in Mauritius, is an indirect wholly owned company of certain private equity funds managed by Warburg Pincus LLC. Warburg Pincus LLC is a member-owned private equity firm. It is headquartered in New York, United States. The portfolio companies owned by the private equity funds are said to be active in a variety of sectors including energy, financial services, healthcare, pharma, general insurance, consumer, industrial and business services, technology, media and telecommunications. Warburg Pincus LLC together with its affiliates are referred to as **WP**.
5. The Target is engaged in the business of providing general insurance products in India. Its product range includes motor, health, personal accident, travel, home, aviation, fire, marine, package etc.
6. Activities of WP including its portfolio companies in India and the Target, do not exhibit horizontal overlap.
7. It is observed that certain private equity funds of WP have investments in companies in India that are engaged in banking and certain other financial services, and allied support services. AU Small Finance Bank Limited (**AU Bank**), IDFC FIRST Bank Limited (**IDFC Bank**) and Avanse Financial Services Limited (**Avanse**) are the entities engaged in banking and certain other financial services. AU Bank, IDFC Bank and Avanse are engaged into distribution of general insurance products. Thus, the activities of the Target and said entities are placed at different levels of the supply chain. In this regard, the Commission notes that the presence of SBI General Insurance in the business of general insurance is not significant. Further, AU Bank, IDFC Bank and Avanse also do not appear to have a market position of significance in distribution of general insurance products.
8. Computer Age Management Services Private Limited (**CAMS**), another portfolio entity of WP in India, through its wholly owned subsidiary viz. CAMS Insurance Repository Services Limited (**CAMS Repository**) is engaged in insurance repository services. CAMS Repository also offers certain outsourcing services to insurance companies.
9. CAMS Repository has significant presence in insurance repository services. However, the market for such services is in its nascency and is presently, a requirement only in case of



purchase of insurance policies through electronic route. It is observed that an insignificant portion of the insurance policies are held in electronic insurance accounts with insurance repositories in India. Further, a small portion of these policies held in electronic form are general insurance policies. It does not appear that the Parties and/or their affiliates have incentives to engage in any activity that raise competition concern because of the above said factors and the fact that the market position of the Target in general insurance business in India is not significant. CAMS Repository also provides outsourcing services such as agency operations, payout processing and insurance service centres, to insurance companies. As per the details provided by the Acquirer, these business segments are fragmented with the presence of several players.

10. Considering the material on record including the details provided in the Notice and the assessment of the Proposed Combination on the basis of factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
11. This order shall stand revoked if, at any time, information provided by Acquirer is found to be incorrect.
12. The information provided by Parties is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
13. The Secretary is directed to communicate to the Acquirer, accordingly.