



**COMPETITION COMMISSION OF INDIA  
(Combination Registration No. C-2020/12/794)**

**24<sup>th</sup> February 2021**

**Notice under Section 6 (2) of the Competition Act, 2002 jointly given by NAM Estates Private Limited, Embassy One Commercial Property Developments Private Limited, Indiabulls Real Estate Limited and Others**

**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 3<sup>rd</sup> December 2020, the Competition Commission of India ('**Commission**') received a notice ('**Notice**') under Section 6(2) of the Competition Act, 2002 ('**Act**'). Initially, Notice was given by only NAM Estates Private Limited ('**NAM Estates**'), Embassy One Commercial Property Developments Private Limited (**EOCPDPL**), Indiabulls Real Estate Limited (**IBREL**). However, acquirers for inter connected transactions were not the notifying parties to the Notice. Later on, such acquirers<sup>1</sup> became notifying parties by furnishing relevant documents. The Notice has been *inter alia* given pursuant to execution of the Implementation Agreement entered into between NAM Estates, EOCPDPL and IBREL on 18<sup>th</sup> August 2020 (**IA**)<sup>2</sup> and draft merger

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<sup>1</sup> JV Holding Private Limited, Embassy Property Developments Private Limited, OMR Investments LLP, Mr. Karan Virwani, Mr. Aditya Virwani, Mr. Neel Virwani, Mr. Jitendra Virwani, Ms. Vasundhara Harshavardhan, Mr. Narpat Singh Choraria, Blackstone Swap Investors (including transferees) [Blackstone IPPL Investor: FIM Holdco I Limited; Ariston Investments Sub A Limited], Blackstone EODPL Investor [WWD Pearl Limited, Mauritius; BREP Asia SG City View Holding (NQ) Pte Ltd.; BREP VII SG City View Holding (NQ) Pte Ltd; BREP Asia SBS City View Holding (NQ) Ltd.; BREP VII SBS City View Holding (NQ) Ltd.] Blackstone IPPL Transferee [BREP Asia SG L&T Holding (NQ) Pte Ltd.; BREP Asia SBS L&T Holding (NQ) Ltd.; BREP VIII SBS L&T Holding (NQ) Ltd.] and Florence Investments Limited

<sup>2</sup> Amended *vide* Amendment Agreement dated 12<sup>th</sup> November 2020 (**Amendment to IA**).



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scheme approved by the board of directors of NAM Estates, EOCPDPL and IBREL on 18<sup>th</sup> August 2020.

2. The Commission *vide* its letter dated 21<sup>st</sup> December 2020, issued under Regulation 14(3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**), required the parties to remove defects in the Notice and furnish certain information relevant for the purpose of assessment of the proposed combination. Parties furnished their submissions *vide* communications dated 8<sup>th</sup> January 2021, 12<sup>th</sup> January 2021, 12<sup>th</sup> February 2021, 17<sup>th</sup> February 2021, and 23<sup>rd</sup> February 2021.

3. The Proposed Combination envisages merger of NAM Estates and EOCPDPL into IBREL. However, before the merger of NAM Estates and EOCPDPL into IBREL is given effect to: (i) reorganisation of the Embassy Group will be carried out, thereunder certain identified assets, securities, interest and / or investments of certain entities of the Embassy Group will be transferred to NAM Estates (**Restructuring**); and (ii) certain third party investors and Embassy Property Developments Private Limited (**EPDPL**) would swap their current shareholding held in certain entities in exchange for shares in NAM Estates / EOCPDPL (**Share Swap**). Restructuring and Share Swap are part of one composite transaction [*i.e.* Proposed Combination]. Upon conclusion of the Proposed Combination, Mr. Jitendra Virwani, Chairman of the Embassy Group, along with certain other individuals and promoter entities of Embassy Group, will be classified as the new promoter group of IBREL. Further, as a result of the Proposed Combination, Blackstone group would have: (i) right to appoint 1 Director and 1 Observer on the board of directors and (ii) affirmative voting rights and information rights in resultant entity.

4. NAM Estates is engaged in the business of development of commercial and residential real estate and other related activities. EOCPDPL is engaged in the business of providing common area maintenance services for construction and development of real estate projects (both residential and commercial) and other related activities. Both NAM Estates and EOCPDPL are part of the Embassy Group. Embassy Group is a real estate development group. It operates in commercial, residential, retail, hospitality, educational, industrial warehouse spaces and other



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miscellaneous services. It is said to be operating in leasing office space and developing integrated office parks, including certain commercial space of Embassy Office Parks. Embassy Office Parks was eventually transferred to Embassy Office Parks REIT (**EOP REIT**).

5. Principal business activities of IBREL are real estate project advisory, construction and development of real estate projects, real estate rental and other services that are related, and ancillary, to the real estate sector. It is said to have a presence in both commercial and residential real estate development.

6. Parties submitted that the Proposed Combination is essentially a merger between the real estate portfolios of the Embassy Group and IBREL, and market shares of the Blackstone group and EOP REIT should not be aggregated while performing the competition assessment. This is on the basis that assets of Blackstone group and EOP REIT are not getting transferred to the resultant entity and the Proposed Combination will not change the position of the Blackstone group and EOP REIT in the current competitive landscape in the relevant market.

7. With regard to Blackstone group, the Commission observed that, as part of the Proposed Combination, the Blackstone group would have more than 10% shareholding, right of representation on the board of directors, affirmative voting rights and information rights in resultant entity. Blackstone group, through participation in board process, having affirmative voting right and information right, will be having significant influence over the resultant entity. Thus, irrespective of whether assets of the Blackstone group are being transferred to the resultant entities or not, it is imperative that Blackstone group is also included in the competition assessment of the Proposed Combination.

8. With regard to EOP REIT, the Commission observed that the Securities and Exchange Board of India (Real Estate Investment Trusts) Regulations, 2014 (**REIT Regulations**) *inter alia* provides that the manager shall undertake management of the REIT assets including lease management. Further, parties themselves acknowledged that day-to-day management of the EOP REIT is undertaken by the Manager without consulting the unitholders. Primarily, the manager is



responsible for the operation and management of a REIT. In view of the role of a manager of a REIT, one cannot claim that the manager would not be in a position to influence the configuration of supplies by a REIT. Thus, a manager of a REIT is likely to have the ability to significantly influence the policies and practices relating to lease of assets of a REIT. Therefore, for competition assessment of a combination involving the manager of a REIT or person(s) controlling the manager of REIT, supplies of REIT are also to be attributed to the manager and thus ought to be included in overlap identification and competition assessment. In the instant matter, it is observed that Embassy Office Parks Management Services Private Limited (**EOPMSPL / Manager**) is the manager of EOP REIT. Significant share capital of the Manager is held by EPDPL and its remaining share capital is held by entities forming part of the Blackstone group. Further, from the annual report of EOP REIT for FY 2019-20, it is observed that: (i) Blackstone group and Embassy group together hold more than 70 % of units of EOP REIT, (ii) Mr. Jitendra Virwani<sup>3</sup> and Mr. Aditya Virwani are directors on the board of the Manager and (iii) Mr. Jitendra Virwani is member of Nomination and Remuneration Committee, Investment Committee, Risk Management Committee and Audit Committee of Manager. Thus, the Proposed Combination deserves overlap assessment considering EOP REIT.

9. From the Notice bearing Combination Registration No. C-2020/11/785 given under Section 6 (2) of the Act, it is observed that, Blackstone group envisages acquisition of certain real estate business(es) of Prestige group (**Blackstone - Prestige Acquisition**). Details relevant for competition assessment relating to Blackstone - Prestige Acquisition were not furnished in the Notice. Parties have alluded for exclusion of Blackstone - Prestige Acquisition from competition assessment of the Proposed Combination. This is largely on the basis that Blackstone - Prestige Acquisition is yet to be consummated. In this regard, it is observed that competition assessment of a merger is *ex-ante* forward looking exercise. Thus, if parties to a merger envisages a transaction<sup>4</sup> that is likely to change market position of parties during the forward period considered for competition assessment, it is imperative to consider the impact of that transaction

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<sup>3</sup> Promoter of Embassy Group and Promoter of resultant entity, post the Proposed Combination

<sup>4</sup> Unless it is too speculative



into competition assessment of the merger. Therefore, the Proposed Combination deserves competition assessment considering Blackstone - Prestige Acquisition.

10. The Proposed Combination exhibits horizontal overlap in the segments of both commercial real estate (**CRE**) and residential real estate (**RRE**). CRE may be sub-segmented into retail space, office space in SEZ, office space in non-SEZ, warehouse space, *etc.* Similarly, RRE may be sub-segmented into apartments, villas, plots, *etc.* However, in the instant matter, the Commission decided to leave the precise delineation of the relevant market open as it was observed that the Proposed Combination is not likely to cause an appreciable adverse effect on competition in any of the plausible alternative relevant markets.

*Commercial Real Estate and its Sub-segments:* IBREL does not have any CRE project in Bangalore. Embassy Group, Blackstone group (including Blackstone - Prestige Acquisition) and EOP REIT have presence in CRE segment, particularly office space, in Bangalore. Market share of Embassy Group, Blackstone group (including Blackstone - Prestige Acquisition) and EOP REIT put together in office space sub-segment in Bangalore is in the range of 20-25%. However, Proposed Combination does not envisage any transaction which may result into any new horizontal overlap in CRE segment in Bangalore, if planned CRE projects are not considered. However, as part of the Proposed Combination, Embassy Group proposes to transfer five planned office space CRE projects to resultant entity. The volume proposed to be developed under these five projects in medium term is not significant. Considering the overall presence of the parties and the incremental market shares resulting from the Proposed Combination, it appears that the same is not likely to raise competition concern. Based on the Combined as well as incremental market shares, it appears that the Proposed Combination is also not likely to raise competition concern in other overlapping cities, *i.e.* Mumbai Metropolitan Region and National Capital Region.

11. *Residential Real Estate and its Sub-segments:* Based on the combined as well as incremental market shares, it appears that the Proposed Combination is not likely to raise competition concern in overlapping cities, *i.e.* Bangalore and MMR. Further, planned projects are



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also not significant to raise competition concern.

12. Considering the facts on record including details provided in the Notice given under Section 6(2) of the Act and assessment of the Proposed Combination based on the 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 in any of the relevant market(s) and therefore, the Commission hereby approves the same under Section 31(1) of the Act.

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

14. The information provided by the Acquirer is confidential at this stage in terms of and subject to the provisions of Section 57 of the Act.

15. The Secretary is directed to communicate to the Acquirer accordingly.