



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2019/05/662)

20th June, 2019

Notice under Section 6(2) of the Competition Act, 2002 jointly filed by Indiabulls Housing Finance Limited, Indiabulls Commercial Credit Limited and Lakshmi Vilas Bank Limited

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Mr. U. C. Nahta
Member

Ms. Sangeeta Verma
Member

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

1. On 10th May, 2019, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), jointly filed by Indiabulls Housing Finance Limited (**IHFL**), Indiabulls Commercial Credit Limited (**ICCL**) and Lakshmi Vilas Bank Limited (**LVB**) (Hereinafter, IHFL, ICCL and LVB are collectively referred to as **Parties**). The Notice has been given pursuant to the execution of the merger cooperation agreement between the Parties on 6th May, 2019.
2. The Commission *vide* letter dated 21st May, 2019, 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**), directed the Parties to remove defects in the Notice and furnish certain information. After seeking due extension of time, the Parties filed their reply on 4th June, 2019. Since the reply was not complete, another letter was issued to the Parties to furnish



complete information. Subsequently, the Parties, furnished their response on 18th June, 2019.

3. The proposed combination envisages merger of IHFL and ICCL into and with LVB (**Proposed Combination**). The resultant company of the Proposed Combination would operate under the business name of Indiabulls Lakshmi Vilas Bank Limited or such other name as may be approved by the relevant authorities (**ILVB**). After the approval of the Proposed Combination by the Commission, LVB proposes to raise funds from IHFL by way of a preferential allotment, to meet funding requirements. This would increase the issued and paid-up share capital of the LVB upto INR 16.80 crore.
4. After the Proposed Combination, subject to applicable laws, the extant promoters of IHFL would be designated as the promoters of ILVB and the present promoters of LVB would be reclassified as public shareholders. The Proposed Combination would result in IHFL Promoter Group holding 19.5% of the equity share capital of LVB, which they propose to reduce to 15% of the paid-up voting share capital of ILVB. The Parties have clarified that no step towards such reductions has been taken so far by the promoters of IHFL and thus, such proposed reduction in shareholding has not been considered as a part of the Notice.
5. IHFL is a housing finance institution registered with the National Housing Bank and is *inter alia* engaged in the business of providing home loans. The other business of IHFL includes provision of mutual funds and distribution of insurance products. ICCL is a wholly owned subsidiary of IHFL and is engaged in the business of providing long-term secured mortgage-backed loans.
6. As per the information provided in the Notice, one of the Promoters of IHFL *i.e.* Mr. Sameer Gehlaut has also, directly or indirectly, promoted companies offering financial services *viz.* Indiabulls Ventures Limited (**IVL**) and Indiabulls Rural Finance Private Limited (**IRFPL**). IVL *inter alia* is engaged in business of lending - personal and MSME loans; and distribution of mutual funds. IRFPL is engaged in



the business of lending - home loans and loan against property; and distribution of insurance products. Hereinafter, IHFL, ICCL, IVL and IRFPL are collectively are referred to as **IHFL Group**.

7. Lakshmi Vilas Bank is a scheduled commercial bank offering banking and ancillary financial services like distribution of insurance products and distribution of mutual funds.
8. Both IHFL Group and Lakshmi Vilas Bank are engaged in the business of provision of loans in India, distribution of mutual funds and distribution of insurance policies/products. Within the business of lending, their activities particularly overlap in provision of home loans, loan against property and MSME loans. As regards distribution of insurance products, activities of IHFL Group and Lakshmi Vilas Bank overlap in distribution of life, health and general insurance products/schemes. Although there are horizontal overlaps between IHFL Group and Lakshmi Vilas Bank, the incremental market share of the resultant company would be insignificant and thus, the Proposed Combination is not likely to raise any competition concern.
9. The provision of mutual funds by IHFL Group and the business of distribution of mutual funds by Lakshmi Vilas Bank are placed at different levels of the supply chain. However, the size of such business of Lakshmi Vilas Bank is insignificant, which is not likely to raise any competition concern.
10. Considering the facts on record, 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 Parties is found to be incorrect.



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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 Parties, accordingly.