



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2021/02/815)

12th April 2021

Notice under Section 6(2) of the Competition Act, 2002 given by Piramal Capital & Housing Finance 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 19th February 2021, the Competition Commission of India ('**Commission**') received a notice under Section 6(2) of the Competition Act, 2002 ('**Act**') given by Piramal Capital & Housing Finance Limited ('**PCHFL**' / '**Acquirer**'). The notice was given pursuant to a resolution plan dated 16th October 2020 submitted by the Acquirer under the Insolvency and Bankruptcy Code, 2016 ('**IBC**'); which was subsequently revised on 22nd December 2020.
2. The proposed combination relates to the acquisition of (i) Dewan Housing Finance Corporation Limited ('**DHFL**' / '**Target**') and (ii) Pramerica Life Insurance Limited ('**PLIL**') by the Acquirer through Corporate Insolvency Resolution Process ('**CIRP**')



initiated under the IBC against DHFL (**‘Proposed Combination’**). [Hereinafter, Acquirer, Target and PLIL are collectively referred to as **‘Parties’**.]

3. In terms of Regulation 14(3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (**‘Combination Regulations’**), the Commission *vide* communication dated 16th March 2021 sought certain information/clarifications, *inter alia*, relating to the market shares, market size and relevant market(s) from the Acquirer. The response was submitted by the Acquirer on 24th March 2021 after seeking extension of time.
4. PCHFL is a wholly-owned subsidiary of Piramal Enterprises Limited (**‘PEL’/ ‘Acquirer Group’**). It is registered as a Housing Finance Company (**‘HFC’**) with the National Housing Bank (**‘NHB’**) and is engaged in financial services businesses. It provides wholesale and retail funding across sectors, including housing finance. Its business segments are real estate financing, corporate finance, emerging corporate lending, capital market and advisory services.
5. PEL, a public company listed on National Stock Exchange of India Limited and BSE Limited, belongs to Piramal group and has presence in financial services and pharmaceutical sectors. Its financial services business provides both wholesale and retail funding opportunities across sectors. PEL is also present in the financial services sectors, *inter alia*, through the entities, namely, India Resurgence Fund (**‘IndiaRF’**), India Resurgence ARC Private Limited (**‘IRARC’**), Shriram Capital Limited (**‘SCL’**), Shriram City Union Finance Ltd (**‘SCUF’**) and PHL Fininvest Private Limited (**‘PHL FIN’**).
6. DHFL, a public limited company, is a deposit-taking non-banking financial company (**‘NBFC’**) and a HFC registered with NHB. It is headquartered in Mumbai and has branches in various cities across India. It is submitted in the notice that the main business of DHFL is providing loans to retail customers for construction or purchase of residential property, loan against property (**‘LAP’**), loans to real estate developers and loans to small and medium enterprises (**‘SMEs’**).



7. DHFL has four wholly-owned subsidiaries in India, namely (i) DHFL Advisory & Investments Private Limited, (ii) DHFL Investments Limited ('DIL'), (iii) DHFL Changing Lives Foundation, and (iv) DHFL Holdings Limited. Further, DIL also has an associate company, namely DHFL Ventures Trustee Company Private Limited ('DVTCPL') and a joint venture, namely PLIL.
8. PLIL is a joint venture between DIL and Prudential International Insurance Holdings Limited. PLIL provides a range of life insurance solutions for individuals as well as groups. It does not have business activities outside India.
9. It is submitted that the Acquirer and Acquirer Group exhibit horizontal overlaps with DHFL (including PLIL) in the broad markets for (i) loans and lending services in India and (ii) provision of life insurance services in India. Within the broad market for loans and lending services, these entities exhibit overlaps in the segments of retail loans and wholesale loans. In the segment of retail loans, these entities exhibit overlaps in (a) housing loans, (b) LAP and (c) SMEs loans. In the segment of wholesale loans, these entities exhibit overlaps in (a) project finance/commercial real estate financing and (b) corporate loans.
10. The Commission decided to leave the 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 relevant markets.
11. The Commission noted that in all the segments/sub-segments (except project finance) the combined market share of Acquirer/Acquirer Group and DHFL is in the range of [0-5]% and the incremental market share is insignificant. In the sub-segment of project finance (or commercial real estate financing), the combined market share is in the range of [5-10]% and the incremental market share is in the range of [0-5]%. Further, the combined and incremental market share of Acquirer/Acquirer Group and DHFL (including PLIL) in the market for provision of life insurance services in India is insignificant.



12. With regards to vertical overlaps, it is submitted that there are no existing vertical relationships between the Acquirer/Acquirer Group and DHFL (including PLIL). It is further submitted that there may be following two potential vertical relationship between the activities of Parties:
- (i) Acquirer's presence (through IRARC) in provision of asset reconstruction services (*upstream market*) and Target's presence in the provision of loans/lending services (*downstream market*).
 - (ii) Acquirer's presence (through its investment in Shriram Group's entities) in provision of insurance services (*upstream market*) and Target's presence in distribution and solicitation of life and general insurance products (*downstream market*).
13. Based on the submission of the Acquirer, it is noted that the market share of the respective entities in the upstream and downstream markets as mentioned above is insignificant and hence it appears that the Parties do not have the ability or incentive to foreclose competition in any market/segment.
14. Considering the material on record including the details provided in the Notice and the 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.
15. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
16. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
17. The Secretary is directed to communicate to the Acquirer accordingly.