COMPETITION COMMISSION OF INDIA

23rd October, 2012

Combination Registration No. C-2012/10/84

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

1. On 12th October, 2012, the Competition Commission of India (hereinafter referred to as the "**Commission**") received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the "**Act**") jointly filed by Inox Leisure Limited (hereinafter referred to as "**Inox**"), Fame India Limited (hereinafter referred to as "**FIL**"), Fame Motion Pictures Limited (hereinafter referred to as "**FMPL**"), Big Pictures Hospitality Services Private Limited (hereinafter referred to as "**BPHSPL**") and Headstrong Films Private Limited (hereinafter referred to as "**HFPL**") (hereinafter Inox, FIL, FMPL, BPHSPL and HFPL are collectively referred to as "**parties to the combination**"). The notice was filed pursuant to the approval by the Board of Directors of Inox, FIL, FMPL, BPHSPL and HFPL to the Composite Scheme of Amalgamation under Section 391 to 394 of the Companies Act, 1956 (hereinafter referred to as the "**Scheme**"), through separate resolutions, each dated 13th September, 2012.

2. The proposed combination relates to the amalgamation of FIL, FMPL, BPHSPL and HFPL with Inox pursuant to the Scheme. The proposed combination falls under clause (c) of Section 5 of the Act.

3. FIL, a listed, public limited company, incorporated under the provisions of the Companies Act, 1956, is a subsidiary of Inox. Inox holds 70.69 percent of the share capital of FIL. Gujarat Flurochemicals Limited (hereinafter referred to as "**GFL**"), the holding company of Inox, also holds 3.68 percent of the share capital of FIL. Therefore, Inox, together with its holding company GFL, holds 74.37 percent shareholding in FIL. It has been stated in the notice that Inox has management control over FIL which is engaged in the business of owning, operating and managing multiplexes and cinema theatres in India.

4. FMPL, a public limited company, and BPHSPL and HFPL, private limited companies, incorporated under the provisions of the Companies Act, 1956, are subsidiaries of FIL. FIL holds around 99.99 per cent in each of FMPL, BPHSPL and HFPL. It has been stated in the notice that FMPL was engaged in the business of exploitation of movie rights, however, since the last financial year it has not been engaged in any business activity. As regards, BPHSPL, it has been stated that it was engaged in the business of operating food courts and restaurants in India, however, since the financial year 2007 – 2008, it has not been engaged in any business activity. HFPL has also not been engaged in any business activity since incorporation.

5. Inox, a listed, public limited company, incorporated under the provisions of the Companies Act, 1956, the holding company of FIL, is a subsidiary of GFL and belongs to the Inox group of companies. Inox is engaged in the business of owning, operating and managing multiplexes and cinema theatres in India.

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6. It is observed from the information provided in the notice that the business operations of parties to the combination are primarily in the area of film exhibition in India. The films are usually exhibited through various modes, including theatres, cable and satellite television and home videos. The theatrical film exhibition in India was historically only through single screen cinemas. However, since the mid-1990's, multiplex theatres have also emerged as a popular mode of theatrical film exhibition in India. It is observed that both Inox and FIL are engaged in theatrical film exhibition as multiplex operators. As per the details provided in the notice, while Inox operates 40 multiplexes with 154 screens and has presence in around 25 cities in India, FIL operates 26 multiplexes with 97 screens and has presence in around 13 cities in India. Apart from parties to the combination, there are various other national and regional multiplex operators engaged in the theatrical film exhibition in India apart from numerous single screen operators throughout India.

7. Given the fact that the proposed combination is an internal restructuring between the enterprises belonging to the Inox group of companies and that the management and control over the activities carried on by the parties to the combination before and after the proposed combination would remain unchanged, therefore, the proposed combination is not likely to raise any adverse competition concern in India.

8. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the proposed combination, the Commission is of the opinion that the proposed combination is not likely to have an appreciable adverse effect on competition in India and therefore, the Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.

9. This approval is without prejudice to any other legal/statutory obligations as applicable.

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

11. The Secretary is directed to communicate to parties to the combination accordingly.

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