



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2014/02/153)

05.03.2014

Notice under section 6(2) of the Competition Act, 2002 given by:

- Thomas Cook (India) Limited (“**TCIL**”);
- Thomas Cook Insurance Services (India) Limited (“**TCISIL**”); and
- Sterling Holiday Resorts (India) Limited (“**SHRIL**”).

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

1. On 14th February 2014, the Commission received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the “**Act**”) given by Thomas Cook (India) Limited (hereinafter referred to as “**TCIL**”), Thomas Cook Insurance Services (India) Limited (hereinafter referred to as “**TCISIL**”) and Sterling Holiday Resorts (India) Limited (hereinafter referred to as “**SHRIL**”) (hereinafter TCIL, TCISIL and SHRIL shall be collectively referred to as the “**Parties**”).
2. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”), vide letter dated 20th February 2014, the Parties were required to remove certain defects and provide information/document(s) latest by 26th February 2014. The Parties filed their reply on 25th February 2014.
3. The notice under sub-section (2) of Section 6 of the Act was given to the Commission in respect of the composite scheme of arrangement and amalgamation, whereby:
 - (a) the resorts and time share business of SHRIL are proposed to be transferred by way of a demerger from SHRIL to TCISIL (a subsidiary of TCIL), in lieu whereof, certain equity shares of TCIL would be issued to the shareholders of SHRIL, as per the ratio set out; and



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- (b) SHRIL, with its residual business, is proposed to be amalgamated into TCIL, in lieu whereof, certain equity shares of TCIL would be issued to the shareholders of SHRIL, as per the ratio set out.

(hereinafter the aforesaid transactions shall be referred to as the “**Scheme**”)

4. The notice has been given to the Commission pursuant to the approval of the Scheme by the boards of directors of TCIL, TCISIL & SHRIL by passing their respective board resolutions on 7th February 2014. The Parties have also entered into the following agreements on 7th February 2014:
- (a) Subscription Agreement (‘SA’): The Parties have entered into a SA on 7th February 2014 for the purpose of TCISIL subscribing 20, 650, 000 equity shares of SHRIL, representing 22.86 percent of the equity share capital of SHRIL, on a fully diluted basis, pursuant to a preferential allotment;
 - (b) Share Purchase Agreement (‘SPA’): The Parties, India Discovery Fund Limited, Bay Capital Investments Limited & Bay Capital Investment Managers Private Limited have entered into a SPA on 7th February 2014 for the purpose of TCISIL acquiring 19.94 percent of the equity share capital of SHRIL on a fully diluted basis (post the aforesaid preferential allotment/subscription);
 - (c) Merger Co-operation Agreement (‘MCA’): The Parties have entered into a MCA on the manner of implementation of the Scheme.
5. It has been stated in the notice that pursuant to the aforesaid SA and SPA, the obligation to make an open offer under the relevant provision of the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 is triggered. Therefore, on 13th February 2014, TCISIL, along with TCIL, has made a public announcement of an open offer to purchase up to 26 percent of the equity share capital of SHRIL from the public shareholders.
6. It has been further stated in the notice that between 10th & 12th February 2014, TCISIL had acquired 9, 026, 794 equity shares, representing 9.93 percent of the



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equity share capital of SHRIL, on a fully diluted basis, through market purchases on the BSE Limited.

7. TCIL, a company listed in India, is stated to be engaged in travel and travel-related services including leisure travel services, corporate travel services and foreign exchange services. TCISIL, a subsidiary of TCIL, is stated to be an Insurance Regulatory and Development Authority (IRDA) registered corporate agent of Bajaj Allianz General Insurance Company Limited, engaged in the business of selling insurance to outbound travellers as well as, though in a very small proportion, health insurance, home insurance, motor insurance, personal accident insurance, fire insurance and marine insurance.
8. SHRIL, a company listed in India, is stated to be engaged in the business of providing premium hotel services, vacation ownership services (also known as timeshare services), normal hotel services like renting of rooms, restaurants, holiday activities, etc. as well as providing corporate clients with MICE (meetings, incentives, conference & events) services.
9. The proposed combination concerns the travel and hotel related services in and from India. As per the details provided in the notice, the Parties are not engaged in similar business. The business of TCIL offering holiday package/other travel related services and the business of SHRIL providing resort and hotel services are related to each other at different stages/levels of the production chain. However, it has been stated in the notice that currently there are no vertical arrangements between the Parties. It is observed that SHRIL is primarily engaged in the vacation ownership services where, in general, the customers are stated to directly deal with the service provider. It is further observed that the business of hotel services across India is relatively fragmented and there are different channels for availing the hotel services along with the presence of large number of big players as well as intermediaries/agents. Therefore, the proposed combination is not likely to raise any competition concern.
10. Considering the facts on record and the details provided in the notice, 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



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Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act. This approval, however, shall have no bearing on the proceedings relating to Section 43A of the Act

11. This approval is without prejudice to any other legal/statutory obligation as applicable.
12. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
13. The Secretary is directed to communicate to the Parties accordingly.

(Ashok Chawla)
Chairperson

(Anurag Goel)
Member

(M.L. Tayal)
Member

(S.L. Bunker)
Member