Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2015/11/343)

8th December 2015

Notice under Section 6 (2) of the Competition Act, 2002 given by FAL Corporation

CORAM:

Ashok Chawla
Chairperson

S. L. Bunker
Member

Sudhir Mital
Member

Augustine Peter
Member

U.C. Nahta
Member

M.S. Sahoo
Member

G.P. Mittal
Member

Legal Representative: AZB & Partners

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

1. On 30th November 2015, the Competition Commission of India (**"Commission"**) received a notice under sub-section 2 of Section 6 of the Competition Act, 2002 ("**Act"**) given by FAL Corporation ("**FAL**"/"**Acquirer**"). The notice was filed pursuant to execution of Amendment Agreement dated 30th October 2015, amending the Joint Venture Agreement dated October 4, 2000 between the Acquirer and ICICI Bank Limited ("**Seller**").

2. The proposed combination is a purchase of additional 9 per cent shares of ICICI Lombard General Insurance Company ("**Target**") (an existing joint venture company of Acquirer and Seller) by the Acquirer from the Seller. Post the proposed combination, the shareholding of the Acquirer in the Target will increase from 25.59% to 34.59% and the remaining shares will be held by the Seller.

3. FAL, a company incorporated in Mauritius, is an indirect wholly owned subsidiary of Fairfax Financial Holdings Limited ("**FFHL**"). FAL's principal activity is that of an investment holding company for investments made by FFHL.

4. The Target is a public limited company incorporated under the Companies Act, 1956. It is engaged in general insurance business and is registered with the Insurance Regulatory and Development Authority of India.

5. It is noted that the Acquirer enjoys certain affirmative rights in the Target, including in the matters pertaining to, *inter alia*, commencement of new business lines or plans, annual business plan, appointing, remunerating or terminating managing director or chief executive officer. It is noted that as per the decisional practice of the Commission, such rights confer control and therefore, at present the Acquirer has joint control over the Target. It is submitted by the Acquirer that since the rights enjoyed, at present, by the Acquirer in the Target shall remain unchanged post combination, the increase in the shareholding of the Acquirer in the Target, post combination, will not result in any change in control of the Target.

6. The proposed combination is not covered under Item 1A of Schedule I of the the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011. While the Acquirer already holds more than 25 per cent shares in Target, the increase in their shareholding in Target would be more than the limit of acquisition of 5 per cent shares in a financial year as set out in Item 1A.

7. In view of the foregoing, it is noted that since there is no change in control of Target on account of acquisition of additional shares by the Acquirer, the proposed combination is not likely to alter the competitive landscape in the general insurance sector 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 assessment of the proposed combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, 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 same under sub-section (1) of section 31 of the Act.

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

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