



**COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2019/07/672)**

06.09.2019

Notice u/s 6(2) of the Competition Act, 2002 filed by RA Hospitality Holdings (Cayman), SVF India Holdings (Cayman) Limited, Nomura Holdings, Inc and Mizuho Bank 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 15.07.2019, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”) filed by RA Hospitality Holdings (Cayman) (“**RA Co**”).
2. The proposed combination relates to the acquisition of equity securities in Oravel Stays Private Limited (“**OYO**”/ “**Target**”) by RA Co (“**OYO Transaction**”).

Other reported transactions

3. It is stated in the notice that apart from OYO Transaction, SVF India Holdings (Cayman) Limited (“**SVF**”) (and its affiliates), which currently holds 49.16% of OYO on a fully diluted basis, is seeking to increase its stake in OYO by 0.83% to 49.99%.



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It is also stated that SVF currently entitled to appoint two out of nine directors and post the OYO Transaction will be entitled to appoint one additional director on the board of OYO as the overall size of the board is being increased. SVF will be entitled to appoint only three out of eleven directors. (“**SVF Transaction**”);

4. It is also mentioned that two other investors are acquiring a minority shareholding in OYO viz: (i) ■■■ (directly or indirectly through one of its subsidiaries) and (ii) ■■■. Further, it is stated that on ■■■ signed a ■■■ to acquire ■■■% of the equity share capital of OYO on a fully diluted basis, as a step towards the ultimate acquisition of the same equity share capital of OYO by ■■■. On ■■■, ■■■ signed a ■■■ to acquire ■■■% of the equity share capital of OYO on a fully diluted basis ■■■.
5. For the purposes of the Proposed Combination, parties *inter alia*, have entered into the following transaction documents:
 - a) Binding Terms Sheet dated 30.06.2019 executed between OYO, Mr. Ritesh Agarwal and RA Hospitality Holdings Co. Pte. Ltd. (“**RA Co Term Sheet**”);
 - b) Share Subscription Agreement dated 29.07.2019 executed between OYO, Mr. Ritesh Agarwal and SVF.(“**SVF Transaction Agreement**”);
 - c) ■■■ executed between OYO, RA Co, and ■■■;
 - d) ■■■ executed between OYO, RA Co, and ■■■.(hereinafter, above documents collectively referred to as “**Transaction Documents**”)
6. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), the Commission *vide* letter dated 26.07.2019, sought certain information(s)/ clarification(s), *inter alia*, relating to inter-connected transactions; response to the same was submitted by the acquirer on 01.08.2019 (“**Response-I**”). As the Response-I was not complete, a letter in continuation to earlier one was issued on 07.08.2019; response to the same was received in part at different intervals and final response received on 03.09.2019, after seeking extension of time.



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7. During the course of review of the Proposed Combination, the Parties also submitted certain information(s)/clarification(s), *inter alia*, overlaps from time to time.
8. The Commission, upon considering the Transaction Documents, submissions of the Parties and other material on records, observed that SVF Transaction, [REDACTED] and [REDACTED] are inter-connected with the OYO Transaction. Accordingly, upon direction, concerned parties rectified the defects and also furnished consequential information to make the notice valid in terms of Combination Regulations. (hereinafter, these transactions will be referred to as “**Proposed Combination**”.)

Details about the Parties

9. RA Co is a company incorporated in the Cayman Islands and does not have any commercial operations in India. It is stated 100% of RA Co will be indirectly held by Mr. Ritesh Agarwal – the founder and promoter of OYO. Presently, Mr. Ritesh Agarwal holds 12.28% of the equity securities of OYO.
10. OYO is a technology ‘start up’ incorporated in India by Mr. Ritesh Agarwal. It is stated to be primarily active in the hotels and hospitality business in India as well as in countries such as China, United Kingdom, Malaysia, and Nepal, among others. OYO uses technology solutions to facilitate standardization of services and through capital investment to upgrade the infrastructure of the hotel, amenities and in-room experience; helps maintain service standards while ensuring operational efficiencies using predictive analytics in revenue management, inventory management, and dynamic pricing.
11. SVF, an entity incorporated in Cayman Islands, is a holding company to hold the proposed investment on behalf of Softbank Vision Fund L.P. and belongs to the Softbank Group (“**SBG**”). It is stated that SVF is not engaged in the provision of any services and does not have any physical presence in India. However, certain direct/ indirect subsidiaries of SBG and portfolio companies, in which SBG has non-controlling investments (with certain veto rights) are present in India.



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12. Nomura, an entity incorporated in Japan, and belongs to the NHI Group. NHI group is stated to be an Asia-headquartered financial services group with four business divisions: retail, asset management, wholesale (global markets and investment banking), and merchant banking, comprising NHI and its subsidiaries all over the world, with Japan as its primary market.
13. Mizuho, an entity incorporated in Japan, is a part of the Mizuho Financial Group, Inc. (“MFG”). MFG, a bank holding company, is stated to manage and engage in ancillary operations related to the management of its legally-owned subsidiaries as defined by the Japanese Banking Act. It is submitted in the notice that Mizuho does not have a registered company(s) in India. It operates through its five branch offices.

Overlaps and Competition Assessment

14. It is submitted in the notice that RA Co does not have any commercial operations in India. It is also mentioned that Mr. Ritesh Agarwal, who will be holding 100% of RA Co, does not have any investments in the hotels and hospitality space in which OYO primarily operates (apart from his investment in OYO itself).
15. As stated above, SVF through its group entities have overlaps with the activities of OYO. However, considering the fact that SVF already holds 49.16% in OYO and as a result of this Proposed Combination, its shareholding is increasing by 0.83% to 49.99%, it appears that the proposed increase in shareholding may not likely change the competition dynamics of any segments in which OYO is present.
16. It is stated that Nomura and OYO are not engaged in the provision of similar or substitutable services and there are no vertical relationships between them. It is also stated that Mizuho/Mizuho Group does not have any direct or indirect shareholding and/or control over another enterprise which has a horizontal or vertical overlap with OYO in India.
17. In view of above, it appears that the Proposed Combination is not likely to result in change in the competition dynamics in any market in India and the Proposed



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Combination is thus not likely to result in an appreciable adverse effect on competition in any of the markets in India.

18. Considering the facts on record and the details provided in the notice given under Section 6(2) of the Act and 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 in any of the relevant market(s) and therefore, the Commission hereby approves the same under Section 31(1) of the Act.
19. This order shall stand revoked if, at any time, the information provided by the parties is found to be incorrect.
20. The information provided by the parties is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
21. The Secretary is directed to communicate to the parties accordingly.