



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2015/03/257)

13th May 2015

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

- **Sundaram Finance Limited and**
- **Royal Sundaram Alliance Insurance Company Limited**

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

1. On 16th March 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 Sundaram Finance Limited (“**SFL**” or “**Acquirer**”) and Royal Sundaram Alliance Insurance Company Limited (“**Royal Sundaram**” or “**Target**”), pursuant to execution of a Share Purchase Agreement on 18th February 2015, between SFL, Royal & Sun Alliance Insurance, Plc (“**RSA**”), and Royal Sundaram. Hereinafter the Acquirer and the Target are collectively referred to as the “**Parties**”.
2. The proposed combination relates to acquisition by SFL of additional 26 percent stake in Royal Sundaram from RSA as a result of which, the shareholding of SFL in Royal Sundaram would increase from 49.9 percent to 75.9 percent, post-combination and SFL would acquire sole control over Royal Sundaram.
3. 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**”), *vide* letter dated 25th March 2015, the Parties were required to remove defects and furnish certain information/document(s) by 30th March 2015. The Parties filed their response on 6th April 2015 after seeking extension of time. As the response dated 6th April 2015 was incomplete, *vide* letter dated 13th April 2015, the Parties were again required to remove defects and furnish certain information/document(s). The Parties filed their partial response on 17th April 2015 and complete response in this regard on 27th April 2015 after seeking extension of time.



4. SFL is registered with the Reserve Bank of India (“**RBI**”) as a NBFC and is classified by the RBI as an asset financing company. Royal Sundaram is a general insurance company registered with the Insurance Regulatory Development Authority of India (“**IRDA**”). It is engaged in providing general insurance solutions to individuals, families and businesses and inter-alia offers motor, health, personal accident, home and travel insurance.
5. The proposed combination relates to insurance sector in India. The insurance sector in India can be broadly divided into life insurance, general insurance and reinsurance business. It is stated in the Annual report of IRDA, for the year 2013-14, that there are 53 insurance companies operating in India; of which 24 are in life insurance business and 28 are in non-life insurance business. In addition, General Insurance Corporation of India is the sole national reinsurer.
6. The proposed combination envisages transfer from joint to sole control of SFL in Royal Sundaram. In this regard, it is observed that there is no horizontal overlap between the business of Royal Sundaram and SFL; SFL is engaged in the business of general insurance through its shareholding in Royal Sundaram only. It is also observed that Royal Sundaram has an insignificant market share in the general insurance sector in India. As per the IRDA’s Annual Report for the year 2013-14, Royal Sundaram’s market share in the gross direct premium income of non-life insurers in India in the year 2013-14 was only 2.04 percent. Further, it is noted that the general insurance sector is characterised by large number of players in India. As regards the vertical relationship between the Parties, it is noted that SFL, currently, acts as a corporate agent of Royal Sundaram for distribution of Royal Sundaram’s general insurance products under a license issued by IRDA. However, the said vertical relationship between SFL and Royal Sundaram is insignificant and not likely to give rise to any competition concern.
7. Considering the facts on record and the details provided in the notice given under subsection (2) of Section 6 of the Act and the assessment of the combination after considering the relevant factors mentioned 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 appreciable adverse effect on competition in India and therefore, the Commission hereby approves the proposed combination



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under sub-section (1) of Section 31 of the Act. This order is, however, issued without prejudice to the proceedings under Section 43A of the Act.

8. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
9. The Secretary is directed to communicate to the Acquirer accordingly.