



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2015/12/346)

17th December 2015

Notice under Section 6 (2) of the Competition Act, 2002 given by AIA International Limited

CORAM:

Ashok Chawla
Chairperson

Sudhir Mital
Member

Augustine Peter
Member

U.C. Nahta
Member

M.S. Sahoo
Member

G.P. Mittal
Member

Legal Representative: Cyril Amarchand Mangaldas

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

1. On 4th December 2015, the Competition Commission of India (“**Commission**”) received a notice filed by AIA International Limited (“**AIA**”/ “**Acquirer**”) under Section 6 (2) of the Competition Act, 2002 (“**Act**”). The notice was filed pursuant to a Call Option Election notice issued by AIA to Tata Sons Limited (“**Tata**”/“**Seller**”), dated 6th November 2015.
2. The proposed combination relates to an acquisition of an additional 23% of the issued and paid-up share capital of Tata AIA Life Insurance Company Limited (“**Tata AIA**”/“**Target**”) from the Seller by the Acquirer, which already holds a 26%



equity interest in the Target. Post the proposed transaction, the Acquirer would hold 49% of the issued and paid-up share capital of the Target and Tata's shareholding in the Target would reduce to 51%.

3. AIA, belonging to the AIA Group Limited ("**AIA Group**"), having its registered office in Bermuda, offers insurance and investment-oriented products to high net worth customers, life and general insurance and coverage for partners and key men in business. It is present in India only by way of its joint venture with Tata.
4. The Target is a joint venture company between the Acquirer and Tata, registered in India. It is a private life insurance company in India and offers a range of individual and group insurance solutions, catering to retail and group/corporate customers, by way of its 170 branches across India.
5. The Seller is promoter of majority of Tata group companies. The Acquirer has submitted that about 66 per cent of the equity capital of Tata Sons is held by philanthropic trusts endowed by members of the Tata family. Its principal activities are to invest in operating companies to support their growth, to invest in new businesses and to maintain its shareholding in major operating companies.
6. It is noted that since the Acquirer already holds 26% shareholding in the Target, as per the decisional practice of the Commission, it has joint control of the Target along with AIA Group Limited. It is also noted that the Joint Venture Agreement ("**JVA**") dated 25th February 2010 between the Parties and the Seller provides that affirmative vote of the Acquirer would be required for, inter alia, appointment and removal of the Managing Director and approval and amendment of the business plan. 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.
7. The proposed combination is not covered under Category 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 Category 1A.
8. 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 insurance sector in India.

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