



Fair Competition
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COMPETITION COMMISSION OF INDIA
(Combination Registration No.C-2016/10/451)

18th January 2017

**Notice under Section 6 (2) of the Competition Act, 2002 given by
MIH Internet SEA Pte Ltd.**

CORAM

Mr. S. L. Bunker
Member

Sudhir Mital
Member

Mr. Augustine Peter
Member

Mr. U. C. Nahta
Member

Mr. G. P. Mittal
Member

Legal Representatives of the parties: Trilegal

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

1. On 26.10.2016, the Competition Commission of India (“**Commission**”) received a notice filed by MIH Internet SEA Pte Ltd. (“**MIH Internet**”/“**Acquirer**”) under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”). The notice was filed pursuant to the Transaction Agreement dated 18.10.2016 executed, *inter alia*, between MIH Internet and MakeMyTrip Limited (“**MMT Limited**”/“**Target**”). (MIH Internet and MMT Limited are hereinafter collectively referred to as “**Parties**”).



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2. The proposed combination contemplates acquisition of 100% of Ibibo Group Holdings (Singapore) Pte Ltd. (“**Ibibo Group Holdings**”) by MMT Limited from MIH Internet and the subsequent acquisition of 40% stake in MMT Limited by the Acquirer, or MIH Internet (“**Proposed Combination**”).
3. In terms of Regulation 14 of the Combination Regulations, a letter dated 23.11.2016 seeking certain information was issued to the Acquirer and response to the same was received on 01.12.2016 after seeking an extension of time. Another response in continuation of the response received on 01.12.2016 was received on 14.12.2016.
4. MIH Internet, a limited company incorporated in Singapore, is engaged in the business of investment holding and provision of administrative services to group or related companies. It is an indirect subsidiary of Naspers Limited, which is incorporated in South Africa and is the ultimate parent entity of Naspers group. Naspers Limited is engaged in the business of investment in e-commerce, video entertainment and print media and in India, it has investment in companies operating in online businesses including, *inter alia*, Ibibo Group Private Limited.
5. It is stated in the notice that the entire issued equity share capital of Ibibo Group Holdings is held by MIH Internet and through its investments, it is engaged in the business of selling travel products and solution in India, Singapore, Malaysia and Peru. In India, it is present through Ibibo Group Private Limited (“**Ibibo Group**”) and Saaranya Hospitality Technologies Private Limited. Ibibo Group is a wholly owned subsidiary of Ibibo Group Holdings and is engaged primarily in e-commerce, web application solutions and internet related services. It operates electronic platforms such as Goibibo.com, redbus.in, *etc.*



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6. MMT Limited, a public company incorporated in Mauritius and listed on NASDAQ, is the parent company of the MakeMyTrip group of companies (“**MMT Group**”). MMT Group is primarily engaged in the business of selling travel products and solution in India, USA, Singapore, Malaysia, Thailand and the UAE through electronic platforms as well as physical stores. In India, MMT Group is present through MakeMyTrip (India) Private Limited, Bona Vita Technologies Private Limited, and Easytobook Travel Services Private Limited.
7. With respect to delineation of relevant product market, the Commission noted that Section 2(t) of the Act defines the relevant product market as “*a market comprising all those products or services which are regarded as interchangeable or substitutable by the consumer, by reason of characteristics of the products or services, their prices and intended use.*”
8. The Commission noted that the activities of the parties overlap in the provision of travel services in India. The Commission further noted that the travel services in India can be availed through three alternative channels: (i) travel agencies (ii) direct suppliers, and (iii) online travel aggregators (“**OTAs**”). (collectively referred to as “**Travel Channels**”)
9. The Commission observed that that all the Travel Channels operate through both offline and online modes. Some predominantly online players also have an offline presence and similarly, predominantly offline Travel Channels have an online presence. Thus, from a supply side perspective, it appears that most of these channels operate on a ‘hybrid model’ wherein a Travel Channel has both online as well as offline presence to provide convenience to customers with specific online or offline preferences. It was observed that characteristics of products and services available with the different Travel Channels are similar and therefore substitutable from consumer’s point of view. Further, prices



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offered by different players across the Travel Channels are comparable with each other since they are for the same product and services and a consumer can switch between these various channels easily. Further, from demand side perspective, it is easy for a consumer to switch between online and offline modes within and across Travel Channels in the two main activities related to travel products and services- i.e information gathering and purchase at any point of time without incurring significant switching cost.

10. In view of the same, the Commission observed that the relevant product market may be defined as the market of *'sale of travel and travel related services'*.
11. With respect to delineation of relevant geographic market, the Commission noted that Section 2(s) of the Act defines the 'relevant geographic market' as *"a market comprising the area in which the conditions of competition for supply of goods or provision of services or demand of good or services are distinctly homogenous and can be distinguish from the conditions prevailing in the neighbouring areas"*.
12. The Commission observed that the travel agencies are located in India and so are all the direct suppliers. Further, some of the OTAs may have physical locations in India. It has already been noted that the travel consumer is looking for the best price and other associated features for its specific requirements and there is no switching cost between Travel Channels, regardless of their geographical location. Also, there are no regulatory or trade barriers between geographical location in India for these Travel Channels. These factors make conditions of competition homogeneous throughout India. Thus, India may be considered as the relevant geographical market for the assessment of the proposed combination.



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13. The Commission observed that the combined market share of MMT Limited and Ibibo is less than 11 per cent in the overall travel market as well as in narrower sub-segments of air, hotel and bus and car bookings in India.
14. Further, it was noted by the Commission that there is a presence of significant competitors in the overall market for travel products and services and sub-segments of air, hotel, bus and car bookings such as Yatra, Cleartip, Travelguru, Ixigo, Easemytrip, Travelchacha, Travelocity, Arzoo.com, Thomas Cook, Cox and Kings, , Balmer Laurie, TUI, Carnation Holidays, Maharaja Tours and Travels, direct suppliers such as IRCTC, airlines and bus operators who would continue to pose a significant competitive constraint to the Acquirer, post-combination.
15. The Commission observed that there exists a vertical relationship between businesses of the Parties since Naspers Group has a majority investment in PayU Global B.V. (“**PayU**”), which is an online payment service provider. It has been submitted that both MMT Limited and Ibibo Group Holdings use this platform to facilitate payments on their respective websites. It is submitted by the Acquirer that PayU has a market share in the range of 15 to 20% in the market for payment gateway services for online travel agencies and airlines. The Commission observed that in this segment, PayU faces competition from players such as CCAvenue, Billdesk, Techprocess, ICIC, HDFC, Citi, *etc.* Thus, the said vertical relationship appears to insignificant to cause any adverse effect on competition in either the upstream or downstream market.
16. 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 appreciable adverse effect on



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competition in India and therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.

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

18. The information provided by the Acquirer is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.

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

(S. L. Bunker)
Member

(Sudhir Mital)
Member

(Augustine Peter)
Member

(U. C. Nahta)
Member

(G.P Mittal)
Member