

CCI gives nod to Rs 870 cr Thomas Cook-Sterling Holiday deal

NEW DELHI: The Rs 870 crore-deal involving merger of [Sterling Holiday Resorts](#) with travel firm [Thomas Cook \(India\)](#) has received the Competition Commission's approval.

Approving the multi-structured deal, the fair trade regulator [CCI](#) said the deal is not likely to have an adverse impact on competition in the country.

Under the deal, Chennai-based Sterling Holiday Resorts' (India) resorts and some other business would be transferred to [Thomas Cook Insurance Services](#), a subsidiary of Thomas Cook (India). Further, Thomas Cook would issue certain equity [shares](#) of the subsidiary to Sterling Holiday's shareholders.

Besides Sterling Holiday, with its residual business, would merge into Thomas Cook (India). In lieu, certain amount of shares of the travel firm would be issued to shareholders of Sterling Holiday, as per the ratio set out.

In an order dated March 5, the [Competition Commission of India](#) (CCI) said that "the proposed combination is not likely to have an appreciable adverse effect on competition in India"

It also observed that Thomas Cook (India) and Sterling Holiday were "not engaged in similar business".

Among others, CCI observed that "the business of hotel services across India is relatively fragmented and there are different channels for availing the hotel services along with the presence of large number of big players as well as intermediaries/agents".

The deal is being implemented in three stages -- Subscription Agreement (SA), Share Purchase Agreement (SPA) and Merger Co-operation Agreement ([MCA](#)).

The companies have entered into a subscription agreement whereby Thomas Cook Insurance would subscribe to nearly 2 crore shares (22.86 per cent stake) of Sterling Holiday pursuant to a [preferential allotment](#).

Besides, the companies have entered into a 'share purchase agreement' with certain shareholders of Sterling Holiday wherein Thomas Cook Insurance would pick up 19.94 per cent holding in the resort.

Further, Thomas Cook (India) has made an [open](#) offer for acquiring additional 26 per cent under [capital market](#) norms since Sterling Holiday is a listed company. According to information furnished to CCI, Thomas Cook Insurance picked up 9.93 per cent stake in Sterling Holiday, between February 10 and 12, through market purchases.

Thomas Cook is an integrated travel and travel-related [financial services](#) firm. Both, the companies had entered into the deal early in February and had approached CCI seeking approval during the same month.