



Fair Competition  
For Greater Good

## COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2013/11/141)

12.12.2013

### Notice u/s 6 (2) of the Competition Act, 2002 given by:

- Wal-Mart Mauritius (1) Holdings Co. Ltd., and
- Bharti Ventures Limited.

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

1. On 28<sup>th</sup> November 2013, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice relating to a proposed combination under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the “**Act**”) given by the Wal-Mart Mauritius (1) Holdings Co. Ltd. {hereinafter referred to as “**WMM(1)**”} and Bharti Ventures Limited (hereinafter referred to as “**BVL**”). The notice was given to the Commission pursuant to a Share Purchase Agreement and a CCD Transfer Agreement, both executed on 21<sup>st</sup> November 2013.
2. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”), on 3<sup>rd</sup> December 2013, WMM(1) and BVL were required to remove certain defects and provide information/document(s). The reply was filed by the parties on 5<sup>th</sup> December 2013.
3. As per the details provided in the notice, the proposed combination seeks to materialise the split between Wal-Mart group and Bharti group in India vide two inter-connected and inter-dependent transactions, with respect to the businesses and as per the details given below:



- (a) Acquisition of 50 per cent minus 515 equity shares of Bharti Wal-Mart Private Limited (hereinafter referred to as “**BWM**”) by WMM(1) from BVL and Cedar Support Services Limited (hereinafter referred to as “**Cedar**”) (hereinafter referred to as the “**Proposed Transaction 1**”). It is noted that WMM(1) and Wal-Mart Mauritius (2) Holdings Co. Ltd. {hereinafter referred to as “**WMM(2)**”} already hold 50 per cent plus 515 equity shares of BWM. Therefore, post the Proposed Transaction 1, the Wal-Mart group, through WMM(1) and WMM(2), will hold 100 per cent of equity share capital of BWM.
- (b) Acquisition of 45.58 crore Compulsorily Convertible Debentures (CCDs) of Cedar by BVL from Wal-Mart Mauritius Holdings (4) Co. Ltd. {hereinafter referred to as “**WMM(4)**”} (hereinafter referred to as the “**Proposed Transaction 2**”). It is noted that though BVL is presently holding 100 per cent of the equity share capital of Cedar, however conversion of 45.58 crore CCDs would amount to 49 per cent shareholding by WMM(4) in the fully diluted equity share capital of Cedar. Therefore, post the Proposed Transaction 2, Bharti group through BVL will hold 100 per cent of equity share capital of Cedar without any holding of the CCDs by WMM(4).
4. The proposed combination falls under Section 5 of the Act.
5. As per the information given in the notice, WMM(1), a wholly owned subsidiary of Wal-Mart Stores Inc. (hereinafter referred to as “**WMT**”), incorporated in Mauritius and a holding company of the Wal-Mart group (which term would mean WMT, its subsidiaries and affiliates) is not engaged in any business activity in India. BVL, incorporated in India, is an investment holding company of the Bharti group. Cedar is a wholly owned subsidiary of BVL and it provides real estate consultancy services including real estate development advisory, market research,



site finding and valuation services, building design and store planning. Bharti Retail Limited (hereinafter referred to as “**BRL**”), a wholly owned subsidiary of Cedar, is engaged in retailing of various products and owns and operates a chain of neighbourhood stores under the brand ‘Easyday’ alongwith a chain of compact hypermarkets under the brand ‘Easyday Market’. Presently, BRL is stated to have 190 Easyday stores and 21 Easyday Market stores in India.

6. As stated in the notice, the Wal-Mart group operates retail and wholesale stores in various formats around the world and WMT, its flagship company, incorporated in U.S.A. operates in various countries globally including India. Apart from its joint venture with the Bharti group in the form of BWM, WMT has subsidiaries in India which provide services to WMT’s subsidiaries and affiliates. WMM(1), WMM(2), Wal-Mart Mauritius Holdings (3) Co. Ltd. {hereinafter referred to as “**WMM(3)**”} and WMM(4) are all wholly owned subsidiaries of WMT, which have all been incorporated in Mauritius, and are currently serving as the holding companies of the Wal-Mart Group and are not engaged in any business activity, in India.
7. The Bharti group is an Indian business conglomerate. Bharti Enterprises (Holding) Pvt. Ltd. (hereinafter referred to as “**BEHPL**”) is an investment company under the Bharti group and BVL is a wholly owned subsidiary of BEHPL. As already stated, Cedar is wholly owned subsidiary of BVL and is presently engaged in real estate consultancy business in India. BRL, which is a wholly owned subsidiary of Cedar, is presently engaged in the retail business and operates stores under the brand name ‘Easyday’ and ‘Easyday Market’. Bharti group also has a joint venture company named ‘Fieldfresh Foods Private Limited (hereinafter referred to as “**Fieldfresh**”) with Philippines based Del Monte Pacific Limited. Fieldfresh is involved in the production and sale of food and beverage products in India under the brand ‘Del Monte’ and also exports branded fresh vegetables under the brand ‘Fieldfresh’.



8. With respect to the Proposed Transaction 1, as stated in the notice, BWM operates wholesale stores under the brand name 'Best Price Modern Wholesale' and presently owns 19 such Best Price wholesale cash & carry stores across several states in India. Further, as stated, BWM does not sell any goods or provide any service to the retail consumers in India.
9. With respect to the Proposed Transaction 2, as already stated, it is observed that while BVL is an investment holding company, Cedar provides real estate consultancy services. Further, BRL owns and operates a chain of neighbourhood stores under the brand 'Easyday' and a chain of compact hypermarkets under the brand 'Easyday Market' with BRL currently operating 190 Easyday stores and 21 Easyday Market stores in India. Fieldfresh is one of the numerous suppliers to BRL's stores for food and beverage products sold under the brand Del Monte.
10. Further, although BWM is presently the sole merchandiser vendor for BRL pursuant to a supply agreement (hereinafter referred to as the "**Supply Agreement**"), post combination, the Supply Agreement will be terminated and BWM will stop supplying merchandise to BRL and it will continue to supply merchandise to its other customers. It is observed that the termination of the Supply Agreement may not adversely affect BRL or the retail market in general due to the presence of alternative sources of procurement.
11. From the information provided in the notice, it is observed that the proposed combination would not result in the elimination of any competition from the markets for the wholesale, retail or the real estate services, as presently, the parties to the proposed combination are not competing with each other in the markets for wholesale, retail or real estate services. It is also observed, from the notice and other documents on record, that wholesale, retail or real estate sectors in India are



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characterised by the presence of a large number of players and the market share of the parties to the combination in these businesses is also negligible.

12. Considering the facts on record and the details provided in the notice given under sub-section (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 under sub-section (1) of Section 31 of the Act.
13. This approval is without prejudice to any other legal/statutory obligations as applicable.
14. This order shall stand revoked if, at any time, the information provided by the notifying parties is found to be incorrect.
15. The Secretary is directed to communicate to the parties to the combination accordingly.

-sd-  
(Ashok Chawla)  
Chairperson

-sd-  
(Geeta Gouri)  
Member

-sd-  
(Anurag Goel)  
Member



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-sd-  
(M.L. Tayal)  
Member

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(S.N. Dhingra)  
Member

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(S.L. Bunker)  
Member