



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA
(Combination Registration No. - C-2016/08/422)

27th September, 2016

Notice under Section 6 (2) of the Competition Act, 2002 jointly given by Coffee Day Enterprises Limited and Coffee Day Overseas Private Limited

CORAM

Mr Devender Kumar Sikri
Chairperson

Mr S. L. Bunker
Member

Mr Sudhir Mital
Member

Mr Augustine Peter
Member

Mr M. S. Sahoo
Member

Mr U. C. Nahta
Member

Legal Representatives of the parties: Cyril Amarchand Mangaldas

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

1. On 17th August 2016, the Competition Commission of India (“**Commission**”) received a notice jointly given by Coffee Day Enterprises Limited (“**CDEL**”) and Coffee Day Overseas Private Limited (“**CDOPL**”) under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) (Hereinafter, CDEL and CDOPL are referred to as



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“Parties”). The notice was filed pursuant to board resolutions passed by the respective board of directors of CDOPL and CDEL in their meeting held on 9th August 2016 and 11th August 2016, respectively.

2. The proposed combination relates to the amalgamation of CDOPL with CDEL by way of a Scheme of Amalgamation (“Scheme”). As contemplated in the Scheme, all assets, investments, rights, title and interests comprised in the undertaking of CDOPL will stand transferred to CDEL pursuant to Section 394 of the Companies Act and Section 232 of the Companies Act, 2013 (as may be applicable).
3. As stated in the notice, CDEL, the holding company of Coffee Day Group, is engaged in the business of coffee and related business, leasing of commercial office space, financial services, integrated multimodal logistics, hospitality and IT/ ITeS through its subsidiaries and affiliates. CDEL, through its subsidiary, is engaged in retailing of coffee and other related products through its chain of outlets under the Café and Xpress kiosks formats, under the brand name ‘Café Coffee Day’.
4. CDOPL, incorporated as a private limited company under the Companies Act, 1956, is owned by Coffee Welfare Trust. It has been further submitted that none of the trustees of the Coffee Welfare Trust are connected, directly or indirectly, to the Coffee Day group.
5. As submitted, it was envisaged that CDOPL would be engaged in the business of, *inter alia*, cultivating and dealing with agricultural products, horticultural products, dairy and farm produce and products including food grains, cereals, seeds, oilseeds, vegetables, fruits, edible oils, food products. It is also stated that, currently, CDOPL is not actively engaged in any business activity and that CDOPL has, in a few instances, acted as an agent in relation to procurement of raw coffee beans on commission basis and generated an insignificant turnover in FY 2015-16. In this regard, it has further been submitted that CDOPL has not acted as an agent for CDEL or any of its subsidiaries for the sale of raw coffee beans.



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6. Coffee Day Global Limited (“**CDGL**”), incorporated as a public limited company under the Companies Act, 1956, is a subsidiary of CDEL (CDEL holds 86.62% of equity shares). Further, CDOPL holds 3.21% shares of CDGL and the rest is held by other investors. CDGL is engaged in the business of, *inter alia*, cultivating, processing, curing, importing, exporting, dealing as wholesaler, retailer and distributor of coffee seeds, coffee powder etc. It has been further stated in the notice that CDOPL and other investors having insignificant shareholdings in CDGL do not hold any affirmative and/or veto rights in CDGL. Post the consummation of the proposed combination, CDEL would hold 89.83% shares of CDGL.
7. It has been stated in the notices that although both CDEL and CDOPL are engaged in business related to coffee, but the businesses in which the parties are engaged in are neither identical nor substitutable. It has been further submitted by the Parties that neither CDOPL has any subsidiaries nor does it directly or indirectly hold shares and/or control over other enterprises which are engaged in the business carried out by CDEL. Thus, it appears that there is no horizontal overlap between the parties.
8. Further, the Commission, on the basis of the submissions of the Parties, observes that there is no vertical relationship between businesses of the Parties and that the potential vertical relationship between CDOPL and CDEL wherein CDOPL may act as agent for procurement of raw coffee beans is not likely to raise any competition concern given the limited presence of CDOPL in the business of procurement of raw coffee.
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 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.



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10. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
11. The information provided by the Parties is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
12. The Secretary is directed to communicate to the Parties accordingly.