



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2021/06/847)

13th August 2021

Notice under Section 6 (2) of the Competition Act, 2002 filed by Zomato Limited

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

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

1. On 29th June 2021, the Competition Commission of India (**Commission**) received a notice under Section 6(2) of the Competition Act, 2002 (**Act**) given by Zomato Limited (**Zomato/Acquirer**). The notice has been filed pursuant to, *inter alia*, the (i) Share Subscription Agreement executed between Zomato and Grofers India Private Limited (**Grofers India**) and Grofers International Pte Ltd (**Grofers International**) dated 28th June 2021 and the (ii) Share Subscription Agreement between Zomato and Hands on Trades Private Limited (**HoT**) dated 28th June 2021.
2. The proposed combination relates to acquisition by the Acquirer of approximately 9.3% stake in each of Grofers India and HoT (**collectively, Grofers Indian Subs**). Additionally, the Acquirer will also have one board seat as well as affirmative voting rights (**AVRs**) in Grofers International, Grofers India and HoT (collectively referred to as **Target**) (hereinafter, Acquirer and Target are collectively referred to as **Parties**) (**Proposed Combination**).



3. In terms of Regulation 14(3) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**), the Commission, *vide* communication dated 14th July 2021, sought certain information(s)/ clarification(s) from the Acquirer relating, *inter alia*, to the identification of overlaps and activities of the Parties. The response was submitted by the Acquirer on 22nd July 2021. Further, certain information(s)/clarification(s) necessary for the assessment of the Proposed Combination were sought from the Acquirers; and the response to the same was received on 27th July 2021.
4. Zomato is a public limited company incorporated in India. It primarily operates in the food services market and provides a platform that connects customers, restaurant partners and delivery partners, serving their multiple needs. Zomato's subsidiary, Zomato Internet Private Limited, also operates Hyperpure, which supplies fresh, high quality ingredients (such as vegetables, fruits, meats, etc.) primarily to Zomato's restaurant partners.
5. Grofers India is a private limited company incorporated in India. It operates an e-commerce marketplace in India, providing an information technology platform on a digital and electronic network to act as a facilitator between third-party sellers of various products (such as grocery, fruits and vegetables, bakery items, personal care, health and hygiene, pet care, baby care, etc.) and potential buyers of goods.
6. HoT is a private limited company incorporated in India. It is engaged in the business of business to business (**B2B**) wholesale trading with third-party merchants; contract manufacturing of grocery, food-related products and other goods for the purpose of onward sale on a wholesale basis; and providing warehousing services including storage of grocery goods and food-related products to third-party merchants.
7. Grofers International is a private limited company incorporated in Singapore. It is an investment holding company and the holding company of Grofers India and HoT.
8. It is submitted by the Acquirer that the activities of the Parties presently overlap in terms of providing fruits, vegetables and other food-related products on a B2B level. It is also submitted that, accordingly, the Acquirer and the Target can both be said to be active within the overall



- market for the supply of groceries, household items, general merchandise, personal hygiene products, fruits and vegetables in India and narrower segment of B2B supply of groceries, household items, general merchandise, personal hygiene products, fruits and vegetables in India.
9. In addition, it is stated that the Target, through Grofers India, operates an e-commerce marketplace platform for groceries, household items, general merchandise, personal hygiene products, fruits and vegetables, where various independent sellers sell their products. On the other hand, the Acquirer operates a food ordering and delivery platform that connects customers, restaurant partners and delivery partners. Therefore, both Parties' platforms provided marketplace services for groceries, household items, general merchandise, personal hygiene products, fruits and vegetables.
10. The Acquirer has submitted that there are no vertical relationships between the Parties. However, it is submitted by the Acquirer that there currently exists one minor relationship between the Parties. This arrangement only led to revenues of less than INR 5 lakhs for the Acquirer till 31st May 2021 and is an insignificant relationship for both the Acquirer and the Target.
11. Based on the information provided in the notice filed by the Acquirer, relevant markets for the purpose of carrying out competition assessment may be defined as under: (a) the market for supply of groceries, household items, general merchandise, personal hygiene products, fruits and vegetables in India (**Broad Relevant Market**); (b) in the narrower segment of B2B supply of groceries, household items, general merchandise, personal hygiene products, fruits and vegetables in India (**Narrower Relevant Segment**); (c) further narrower categories, i.e., market for supply of groceries, fruits and vegetable in India (**Narrowest Relevant Segment**); and (d) the market for services provided by online platforms for the sale of groceries, household items, general merchandise, personal hygiene products, fruits and vegetables in India (**Online Marketplace Market**).
12. However, the Commission decided to leave the exact delineation of the relevant market open, as it was observed that the Proposed Combination is not likely to cause an appreciable adverse effect on competition in India in any of the alternative relevant markets.



13. Based on the submissions, it was observed that the combined market shares of the Parties in Broad Relevant Market, Narrower Relevant Segment and Narrowest Relevant Segment are less than 1 percent. With regards to the Online Marketplace Market, the combined market shares of the Parties is in the range of 10-15 percent; however, the incremental market share is less than 1 percent. It is also submitted that there are other players in the Narrower Relevant Segment such as Metro, Walmart, and Indiamart, and in the Online Marketplace Market, such as BigBazaar, Bigbasket, Amazon, and Flipkart, who will continue to pose competitive constraints on the Parties post the Proposed Combination.
14. Considering the material on record, including the details provided in the Notice and the assessment of the Proposed Combination based on the factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
15. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
16. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
17. The Secretary is directed to communicate to the Acquirer accordingly.