



**COMPETITION COMMISSION OF INDIA**

**Case No. 14 of 2022**

**In Re:**

**Mr. Murali Vengaly  
Vengaly House, Muttichur  
Padiyam P.O, Thrissur  
Kerala-680641**

**Informant**

**And**

**Rajasree Motors (P) Ltd.  
Mercedes Benz Dealer  
2/393-C, NH-47, Vytilla- Aroor Bypass  
Maradu, Kochi- 682304**

**Opposite Party 1**

**Bridgeway Motors LLP  
NH-17, Kannur Road, West Hill P.O  
Calicut- 673005**

**Opposite Party 2**

**Mercedes Benz- India  
E-3, MIDC Chakan, Phase-3  
Chakan Industrial Area, Kuruli & Nighoje  
Pune- 410501**

**Opposite Party 3**

**CORAM**

**Mr. Ashok Kumar Gupta  
Chairperson**

**Ms. Sangeeta Verma  
Member**

**Mr. Bhagwant Singh Bishnoi  
Member**



### **Order under Section 26(2) of the Competition Act, 2002**

1. The present Information has been filed by Mr. Murali Vengaly (**‘the Informant’**) under Section 19(1)(a) of the Competition Act, 2002 (**‘the Act’**) against Rajasree Motors(P) Ltd. (**‘Opposite Party No. 1’**), Bridgeway Motors LLP. (**‘Opposite Party No. 2’**) and Mercedes Benz- India (**Opposite Party No. 3’**) (collectively referred to as **‘the OPs’**), alleging inter alia contravention of the provisions of Sections 3 of the Act.
2. The Informant is stated to be a former employee of OP-1 and OP-2 at different points of time. OP-3 is a manufacturer of motor car brand called Mercedes Benz. OP-1 and OP-2 are authorized dealers of the OP-3 in Kerala.
3. It is stated in the information that in 2017, based on the instructions of OP-3, OP-1 and OP-2 entered into an agreement with each other dividing the Kerala market into two on the basis of geographical segments. It has been alleged that aim and purpose of such an agreement was to eliminate competition between each other and to maximise profits. It is stated that as per the alleged agreement, either of the parties restrained from marketing and selling their products in the other OP’s territory. The territorial jurisdiction of OP-1 includes Trivandrum, Kollam, Alappuzha, Pathanamthitta Kottayam, Edukki, Ernakulam districts (Southern) while territories such as Palakkad, Malappuram, Kozhikode, Wayanad Kannur, Kasargod districts were under OP-2.
4. The Informant has further relied on an article named “Retail of Future” published in [www.autocarindia.com](http://www.autocarindia.com), which mentions that OP-3 has introduced Retail of The Future (ROTF) model from October 2021. In essence, with this new sales model, Mercedes will own the entire stock of its cars and sell them directly to customers through its showrooms and online sales portal. This differs from the current sales model, wherein dealers



purchase stock from Mercedes and then sell it to the customers. The ROTF model has been incorporated by OP-3 across the country which has disabled the dealerships from offering any kind of discounts to customers. It is alleged in the Information that this model has also divided the market wherein the concerned dealers can sell their cars only in their respective territories and further to direct the customers from other territories to their concerned dealers of their location. This apparently lacks competition and cuts down benefits of the customers.

5. It is further stated that the Informant contacted one Mr. Ashok Chauhan, a sales consultant of Landmark Cars, Mumbai – an authorised dealer of OP-3 and also contacted other authorised dealers of OP-3 for purchasing a car for a customer residing in Kerala. The authorised dealer denied the request of the Informant stating that OP-3 restrained their dealers from the sale of vehicles beyond their authorised territory as per the new geographical division in the Indian markets.
6. The Informant further believes that the information submitted to the Commission is sufficient to form a finding of *prima facie* contravention of the provisions of Section 3 of the Act and in view of the same prayed for the direction of investigation, imposition of penalty and further to restrain the OPs from implementing the new ROTF model.
7. Having considered the averments and allegations made in the Information, the Commission notes that the Informant has alleged anti-competitive conduct perpetrated by the OPs in allegedly dividing Kerala market into geographical regions wherein OP1 and OP-2 are restrained from sale of cars in the other territory fixed by OP-3. Furthermore, the new ROTF model has also divided the Indian market wherein the dealerships of OP-3 are restrained from sale of cars other than their relevant territories. Such allegations may be examined within the framework of Section 3 (4) of the Act.



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8. At the outset, the Commission notes that, OP-1 has ceased to be an authorised dealership of OP-3 as on 30.09.2021 and further Informant's allegation regarding ROTF of OP-3 is based on a media report published on [www.autocarindia.com](http://www.autocarindia.com). The Commission also notes that on its official website, OP-3 claims ROTF as a highly customer-centric 'direct to customer' sales model. It is also stated that OP-3 shall also retain the ownership of entire stock of vehicles and retail them via appointed Franchise Partners, by invoicing them directly to the customers, hence, zero stock and no liability is incurred by the Franchise Partners and no incidental or other charges therein will be levied upon the customers
9. However, at this stage, it is observed that the information is based on media reports and has not substantiated the allegation. In fact, even a copy of the dealership agreement has not been placed on record. Be that as it may, the ROTF policy of OP-3 does not appear to be anti-competitive as it is for the Original Equipment Manufacturers (OEMs) to devise their distribution channels or sales mechanism. There is no obligation upon OEMs to sell their products only through dealers and the OEMs, if so desired, may sell their products through any innovative channel.
10. In view of the foregoing, the Commission is of the opinion that no case of contravention of the provisions of the Act is made out against OPs, and the matter is ordered to be closed forthwith in terms of the provisions contained in Section 26(2) of the Act.
11. It is, however, made clear that nothing stated in the present order shall preclude Informant from taking/ availing any other remedy(s) available to him in accordance with law.



12. The Secretary is directed to communicate to the Informant accordingly.

**Sd/-**  
**Ashok Kumar Gupta**  
**(Chairperson)**

**Sd/-**  
**Sangeeta Verma**  
**(Member)**

**Sd/-**  
**Bhagwant Singh Bishnoi**  
**(Member)**

**New Delhi**

**Date: 04/04/2022**