



Fair Competition  
For Greater Good

**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2014/09/210)

**10.11.2014**

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

- **The Coca-Cola Company and**
- **New Laser Corporation**

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

1. On 15<sup>th</sup> September, 2014, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”), filed by The Coca-Cola Company (hereinafter referred to as “**KO**”) and New Laser Corporation (hereinafter referred to as “**NewCo**”), which is a wholly owned subsidiary of Monster Beverage Corporation (hereinafter referred to as “**Monster**”). (KO and Monster are together referred to as the “**Parties**”).
2. The notice was filed pursuant to the execution of (a) Transaction Agreement, between the Parties, NewCo, New Laser Merger Corporation, (hereinafter referred to as “**Merger Sub**”) a wholly owned subsidiary of NewCo and European Refreshments (hereinafter referred to as “**ER**”) which is a wholly owned subsidiary of KO, and (b) Asset Transfer Agreement, between the Parties and NewCo, on 14<sup>th</sup> August, 2014 respectively.
3. The proposed combination relates to (i) the acquisition by KO, directly and through ER, of one share less than 16.666 percent of the common stock of the NewCo; and (ii) re-organization of the energy drinks and non-energy drinks portfolio between KO and Monster, through various steps such that, NewCo will acquire Energy Assets from KO and certain of its subsidiaries which hold these assets and KO will acquire the Non Energy assets from Monster. As stated in the notice, KO Energy Assets refer to the worldwide business of KO and its subsidiaries of producing,



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marketing, selling and distributing energy beverages whereas Monster Non Energy Assets refer to the worldwide business of Monster and its subsidiaries of producing, marketing, selling and distributing non energy beverages. Further, pursuant to the proposed combination, Merger Sub would merge with Monster and Monster thereafter, would survive as a wholly owned subsidiary of NewCo, which will be renamed as Monster Beverage Corporation.

4. KO, a Delaware Corporation, is engaged at a worldwide level in beverage products and its product portfolio includes sparkling beverages, ready-to-drink coffee, juices and juice drinks including energy drinks. In India, KO is primarily engaged in non-energy beverages. As stated in the notice, although KO has many energy drink brands that are sold around the world, in India, it is engaged in this segment only through its energy drink brand Burn, which has an insignificant presence. KO is operating in India through its subsidiaries namely, Hindustan Coca-Cola Beverages Private Limited (hereinafter referred to as "*HCCBPL*"), which undertakes bottling operations for KO for certain territories in India and Coca-Cola India Private Limited, which is primarily engaged in the manufacture and sale of concentrates and beverage bases for sale and supply to authorized bottlers including HCCPL.
5. Monster, also a company incorporated in USA, is primarily engaged in the energy drink segment of beverages worldwide through its numerous brands. According to the information provided in notice, Monster has no presence in India through any of its subsidiaries or affiliates and has only insignificant sales of energy drinks by way of imports. As stated in the notice, post combination, in India, HCCBPL will continue to undertake the bottling operations of Burn, which is proposed to be sold to Monster.
6. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 ('**Combination Regulations**'), vide letter dated 22<sup>nd</sup> September, 2014, the Parties were required to remove defects and furnish certain information/document(s) by 29<sup>th</sup> September, 2014. The Parties



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filed their response on 7<sup>th</sup> October, 2014 after seeking extensions in this regard. As the said response was incomplete and contained defects, another communication was issued to the Parties on 15<sup>th</sup> October 2014 to furnish clarification on the discrepancy in the information submitted by them in the notice and their response. The Parties finally submitted their reply on 22<sup>nd</sup> October, 2014 after seeking further extension.

7. It is noted that the proposed combination pertains to non-alcoholic beverage as the Parties at the worldwide level, including in India, are engaged in the business of non-alcoholic beverages. The non-alcoholic beverages, which are alcohol free, include a wide range of products which can be segmented on the basis of their characteristics, constituents and consumer preferences, such as carbonated soft drinks, fruits and vegetable juices, tea / coffee / milk based beverages, sports drinks, energy drinks and bottled water etc. As already stated above, while KO is primarily engaged in the non energy drink beverage and has insignificant presence in the energy drink segment in India, on the other hand, Monster which is primarily engaged in the energy drinks segment worldwide, has minimal presence in India, through some of its energy drink brands which are imported. As stated in the notice, Monster is not present in non energy drink segment in India.
8. Further, it is also observed there are major players present in the energy drink segments in India with popular brands like RedBull, Tzinga, and Cloud 9 etc. The Parties have insignificant presence in this segment, in India. It is also observed that post combination, the vertical arrangements between the Parties is not likely to result in the foreclosure of competition in view of their insignificant presence in the energy drink segment, in India.
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 an appreciable adverse effect on



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competition in India and therefore, the Commission hereby approves the same under sub-section (1) of section 31 of the Act.

10. This approval is without prejudice to any other legal/statutory obligations as applicable.
11. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
12. The Secretary is directed to communicate to the Parties accordingly.