



COMPETITION COMMISSION OF INDIA
(Combination Registration No.C-2021/06/842)

12.07.2021

Notice under Section 6 (2) of the Competition Act, 2002 filed by SVF II Songbird (DE) LLC

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 04.06.2021, the Competition Commission of India (**Commission**) received a notice under Section 6(2) of the Competition Act, 2002 (**Act**), given by SVF II Songbird (DE) LLC (**Songbird/ Acquirer**). The notice is filed pursuant to the Subscription Agreement dated 21st April 2021 (**Subscription Agreement**) executed among the Acquirer, the Bundl Technologies Private Limited (**Bundl/ Target**), Mr. Sriharsha Majety and Mr. Lakshmi Nandan Reddy Obul and Shareholders Agreement dated 21 April 2021 (**SHA**) entered among the Target, Mr. Sriharsha Majety, Mr. Lakshmi Nandan Reddy Obul, Mr. Rahul Jaimini, and the Investors (hereinafter, Acquirer and Bundl, will be referred to as "**Parties**").
2. The proposed transaction relates to the acquisition of 8.37% shareholding (on a fully diluted basis) in the Target by Acquirer (**Proposed Combination**). Pursuant to the Proposed Combination, certain rights will accrue to the Acquirer in accordance with the Subscription Agreement and the SHA.



3. On 02.07.2021, the Commission sought certain information(s)/ clarification(s) from the Acquirer in order to assess the Proposed Combination; the response to same was received on 06.07.2021.
4. Songbird is a Limited Liability Company incorporated in the United States. It is a newly incorporated entity set up to make mid to long-term financial investments in companies. The Acquirer does not have any physical presence in India. Further, the Acquirer neither provides any products / services in India nor has any indirect or direct investments in India.
5. Songbird belongs to the Softbank Group (**SB Group**). Softbank Group Corp. (**SBG**) is the parent entity of the SB Group and is a publicly traded corporation in Japan. The business activities of SB Group subsidiaries can be classified into five segments: (i) provision of mobile communication services in Japan; (ii) provision of mobile communication services in the United States of America; (iii) internet advertising and e-commerce business; (iv) distribution of mobile devices overseas; and (v) designing of semiconductors and software. SB Group also has global presence through its indirect investments in various sectors including, frontier technology, telecommunications, e-commerce, energy, healthcare, *etc.* SB Group is present in India through its direct / indirect subsidiaries (controlled entities) and investments in portfolio companies active in India (**SBG Indian Portfolio Companies**) in various sectors, including financial technology, health technology, logistics, mobility/ transportation, education technology, and artificial intelligence.
6. Bundl is a private company incorporated in India. It is the ultimate holding company of all the downstream holdings (*i.e.* subsidiaries, affiliates, and joint ventures) of the Target (**Target Group**). The Target is directly engaged in providing hyperlocal on-demand food delivery services in India. The Target operates this business through its brand “Swiggy”, an online food delivery platform (available through its website, mobile applications, and applications for other handheld devices) which enables transactions between listed restaurants / merchants and customers. Further, the Target also has operations in certain ancillary business verticals in India such as: i) pilot operation of online marketplace platforms Instamart and Swiggy Stores for the sale and delivery of groceries; ii) sale of



food through private brands (such as, “The Bowl Company” and “Homely”); iii) licensing of ready-to-move-in cloud kitchen infrastructure for partnering brands; iv) provision of customer-to-customer on-demand concierge services through the brand “Swiggy Genie”; v) business-to-business transactions relating to food and beverage items and packaging materials vi) business-to-business trading of fast moving consumer goods through subsidiary Scootsy Logistics Private Limited, *etc.* The Target does not have any business activity outside India.

7. It is submitted in the notice that the Acquirer is a newly set-up entity with no activities or investments in India. Therefore, the Parties’ activities do not exhibit any direct or indirect horizontal overlaps. However, the Acquirer Group (indirectly through SBG Indian Portfolio Companies) is present in certain markets that the Target is active in. Hence, the activities of the Target and the Acquirer Group (indirectly through SBG Indian Portfolio Companies) exhibit overlaps in following markets:

- a) Retail sale of groceries and daily essentials: Both, the Target and the Acquirer Group (through SBG Indian Portfolio Companies) have activities in the market for the online sale and delivery of groceries. The Acquirer Group has an indirect presence in the segment for the online sale and delivery of groceries and daily essentials through (i) Paytm E-Commerce Private Limited (**PayTM Mall**), (ii) Grofers India Private Limited (**Grofers**), and (iii) Snapdeal Private Limited (**Snapdeal**). The Target is also engaged in the online sale and delivery of groceries and essentials through its pilot operation “Instamart” in the cities of Bengaluru and Gurugram, and limited presence since July 2020 through “Swiggy Stores”. Therefore, the Acquirer Group and the Target exhibit a horizontal overlap in the broad relevant market for the “retail sale of groceries and daily essentials in India” and the narrow relevant market for the “retail sale of groceries and daily essentials in each of the cities where the Target has presence”.
- b) Organised food services: The Acquirer Group has presence in the organised food services sector through an SBG Indian Portfolio Company, ANI Technologies Private Limited (**ANI**), which, through its subsidiary Pisces eServices Private Limited, has limited operations in the market for the sale of food through its private brand (*i.e.*, “OlaFoods”). The Target is also engaged in the sale of food through certain private



brands (*i.e.*, “The Bowl Company” and “Homely”). Therefore, the Acquirer Group and the Target exhibit a horizontal overlap in the relevant market for the “provision of organised food services in India” or narrowly in the relevant market for the “provision of organised food services in each Indian city that OlaFoods, Homely and Bowl Company has operations”.

- c) Food packaging material: The Target provides, among other things, packaging material to restaurants through its B2B platform “Swiggy StaplesPlus”. The Acquirer Group is indirectly present in the market for B2B sales of packaging material through its interest in Zume Inc., whose subsidiary, Zume India Private Limited provides sustainable food packaging material. It is submitted by the Acquirer that the packaging material is manufactured for a number of purposes, and all packaging material cannot be considered substitutable, hence, in the instant case the relevant product market may be delineated as “the market for food packaging material”. Further, since the food packaging material is delivered anywhere in India from the manufacturing site and is not constrained by city or state limits, the relevant geographical market may be considered to be “India”. Therefore, the Acquirer Group and the Target exhibit an indirect horizontal overlap in the relevant market for the “B2B sale of food packaging material in India”.

8. In relation to the above horizontal overlaps, the Acquirer has submitted that the revenue derived by the Target from each of the overlapping activities constitutes an extremely small percentage of its total revenue and as such, the operations of the Target in respect of each of the activity are ancillary to the Target’s primary business of online food delivery services. Further, the Target’s presence in each of the markets identified above, is also insubstantial. Thus, the activities of the Target and the Acquirer Group (through SBG Indian Portfolio Companies) identified above, do not result in any actual or substantial horizontal overlaps. Moreover, there are other players in the each of the markets such as: Reliance Retail (Reliance Fresh, JioMart, BigBazaar), Avenue Supermarts, Spencer’s Retail, Amazon, BigBasket, Nature’s Basket *etc.* in the market for retail sale of groceries and daily essentials; Jubilant Foodworks Limited, KFC, Burger King India Limited, McDonalds, Rebel Foods Private Limited *etc.* in the market for the provision of organised



food services; and, Parksons Packaging Limited, Paper Products Private Limited, ITC Packaging, Biopac India Corp Limited *etc.* in the market for food packaging material.

9. With respect to vertical relationship, it is submitted in the notice that since the Acquirer is a newly set-up entity with no activities or investments in India, the Parties' activities do not exhibit or any actual or potential vertical overlaps in any market. However, the activities of the Acquirer Group (indirectly through SBG Indian Portfolio Companies) exhibits certain indirect existing or potential vertical relationship with the Target, as follows:

a) Existing and Potential Vertical Relationship in the Digital Payments Services:

- i. Existing Vertical Relationship: It is submitted in the notice that the Target enables consumers to search for local restaurants and place delivery orders online. The payments for these orders are made either digitally or by cash. The online food delivery platform operated by the Target *i.e.* Swiggy, avails digital payment services from providers including, PhonePe Private Limited, One MobiKwik Systems Private Limited, *etc.* in order to enable its platform to accept payments through different modes. This includes payments through credit cards, debit cards, internet banking, prepaid instruments, and UPI-based digital payments applications. Given the foregoing, there exists a vertical relationship between Swiggy (*i.e.*, a procurer of digital payments services) and players engaged in the provision of digital payments services. The Acquirer Group (through an SBG Indian Portfolio Company, PayTM Payments Bank Limited (**PayTM**)) is engaged in the provision of payments and financial solutions to consumers, offline merchants, and online platforms. PayTM offers digital payments services for the facilitation of online payments. Therefore, there exists a vertical relationship between the activities of Swiggy (a procurer of digital payments services) and PayTM (*i.e.* a provider of digital payments services).
- ii. Potential Vertical Relationship: In addition, it is submitted in the notice that ANI through its subsidiary OFS operates a mobile wallet "OlaMoney". The Target



could, therefore, hypothetically list OlaMoney as a payment mode on its e-commerce platform. Accordingly, there is possibility of a potential vertical overlap between the activities of Swiggy (a procurer of digital payments services) and OlaMoney (*i.e.* a provider of digital payments services).

- b) Existing Vertical Relationship in the Online Advertising Services: It is submitted in the notice that in order to increase the user base and the volume of transactions on Swiggy, the Target advertises its application through various modes, both offline and online. To effectively advertise its application and services, Swiggy avails the services of online advertising service providers. Hence, there exists a vertical relationship between Swiggy (*i.e.*, a procurer of online advertising services) and players engaged in the provision of online advertising services. The Acquirer Group (through an SBG Indian Portfolio Company, InMobi Pte Limited (**InMobi**)) is engaged in the provision of online advertising services to advertisers and app publishers. Therefore, there exists a vertical relationship between the activities of Swiggy (a procurer of online advertising services) and InMobi (a provider of online advertising services).

10. The Acquirer has submitted that the relevant markets for the assessment of the vertical relationships in digital payments services may be delineated at the broad level as: i) Upstream market for the provision of digital payments services in India; and ii) Downstream market for the procurement of digital payments services in India and at narrow level as: i) Upstream market for the provision of mobile wallet and UPI-based payments services in India; and ii) Downstream market for the procurement of mobile wallet and UPI-based payments services in India. Further, in relation to Online Advertising Services, the relevant markets may be delineated as: i) Upstream market for the provision of online advertising services in India; and ii) Downstream market for the procurement of online advertising services in India.

11. The Commission decided to leave the delineation of the relevant market open as it is observed that the Proposed Combination, is not likely to cause an appreciable adverse effect on competition in any of the possible relevant markets that could be delineated.



12. Based on the submission of the Parties, it is noted that the horizontal overlaps exhibited between the activities of the Target and the Acquirer Group (through SBG Indian Portfolio Companies) are not significant and the parties' presence in the identified markets is not substantial when compared to the overall size of the markets. Moreover, each of the markets are characterised by presence of other players.
13. With regard to the vertical relationship in the digital payment services, it is noted from the submissions that, in the upstream market, the Acquirer group through PayTM has a negligible market share of less than 5% (in value terms) in the broad market for the provision of digital payment services in India and a market share of 10%-15% (in value terms) in the narrow market for the provision of mobile wallet and UPI-based payments services in India. Further, the Acquirer group through Ola money has a miniscule market share of less than 1% (in value terms) in both the broad market for the provision of digital payment services as well as narrow market for the provision of mobile wallet and UPI-based payments services in India. In the downstream market, the Target has a miniscule market share of less than 1% (in value terms) in both the broad market for the procurement of digital payments services in India as well as narrow market for the procurement of mobile wallet and UPI-based payments services in India. Further, the total value of transactions undertaken by Swiggy in FY 2020-2021 constituted less than 5% of the total value of transactions being facilitated by the payment mode of PayTM in FY 2020- 2021 and, in actual terms, the value of transactions through PayTM on Swiggy constituted less than 1% of the total value of transactions facilitated by the payment mode of PayTM in FY 2020-2021. Thus, based on the submissions, the presence of parties in any of the markets identified in the notice and also the existing or potential vertical relationship between the Acquirer and Target in the digital payment services does not appear significant to raise any competition foreclosure concern.
14. With respect to the vertical relationship in the online advertising services market, it is submitted by the Acquirer that InMobi has a negligible market share of less than 5% in the upstream market for provision of online advertising services and a market share of 10% to 15% in the narrower market for the provision of mobile advertising services. Similarly, the Target has a miniscule market share of less than 1% in the downstream market for



procurement of online advertising services. Moreover, there are other players such as Google and Facebook having significantly higher market shares in the upstream market. Further, based on the submissions of the parties, it is noted that the existing vertical relationship between the Target and InMobi is also not significant. Thus, the presence of the parties in any of the upstream and downstream market and the vertical relationship between them does not appear such as to raise any competition foreclosure concern.

15. Considering the facts on record including details provided in the notice given under Section 6(2) of the Act and 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 in any of the relevant market(s). Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
16. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
17. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
18. The Secretary is directed to communicate to the Acquirer, accordingly.