



27.01.2016

**Notice u/s 6 (2) of the Competition Act, 2002 given by Anheuser-Busch InBev SA/NV and  
SABMiller plc**

**CORAM:**

Mr. Devender Kumar Sikri  
Chairperson

Mr. S. L. Bunker  
Member

Mr. Sudhir Mital  
Member

Mr. Augustine Peter  
Member

Mr. U.C. Nahta  
Member

Mr. M. S. Sahoo  
Member

Mr. G. P. Mittal  
Member

**Legal Representatives of the parties:** M/s Platinum Partners for Anheuser-Busch InBev SA/NV and M/s AZB & Partners for SABMiller plc

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

1. On 10.12.2015, 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**”) jointly filed by Anheuser-Busch InBev SA/NV (“**ABI**”) and SABMiller plc (“**SABM**”). The said notice was given to the Commission pursuant to the approval of terms of acquisition of entire issued and to be issued share capital of SABM by ABI by the board of



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**(Combination Registration No. C-2015/12/350)**



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directors of ABI on 10.11.2015 and of SABM on 11.11.2015 (“**Proposed Combination**”) (Hereinafter ABI and SABM are collectively referred to as the “**Parties**”). In this regard, the Parties also executed a Co-operation Agreement on 11.11.2015.

2. As stated in the notice, the Proposed Combination will be implemented by means of the acquisition of SABM by Newco SA/NV (a Belgian company to be formed for the purposes of the Proposed Combination) (“**Newco**”). The said acquisition is a three stage process involving, (i) a UK law court-sanctioned scheme of arrangement pursuant to which each SABM shareholder (subject to the provisions of the Announcement) will receive 100 initial shares in the Newco in respect of each of its SABM shares (“**the Initial Shares**”); (ii) a Belgian law voluntary cash takeover offer by ABI for all of the Initial Shares pursuant to which SABM shareholders who wish (or are deemed) to elect to do so will receive a cash consideration in return for their Initial Shares and SABM shareholders who wish to elect to receive the partial share alternative (“**PSA**”) will receive the cash element of the PSA and retain the relevant proportion of their Initial Shares, which will become restricted shares having the rights detailed in the joint announcement made by the Parties under Rule 2.7 of the UK City Code on Takeovers and Mergers; and (iii) a Belgian law reverse merger of ABI and the Newco under the Belgian Companies Code pursuant to which ABI shareholders will become shareholders in the Newco and the Newco will be the surviving entity.
3. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”), vide letter dated 28.12.2015, the Parties were required to provide information/document(s) by 01.01.2016. The Parties filed their reply to the aforesaid letter on 12.01.2016 after seeking extension.
4. ABI is a public limited company incorporated in Belgium and listed on the Euronext Brussels Stock Exchange. It is primarily engaged in the production, marketing, and distribution of beer, ciders, flavoured alcoholic malt beverages and soft drink products. ABI’s main brands include global brands such as Budweiser, Corona (except in the United States) and Stella Artois; multi-country brands such as Beck’s, Leffe and Hoegaarden; and various local brands. In India, ABI through its subsidiaries, is engaged in the production, marketing, distribution and sale of



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Budweiser and Budweiser Magnum brands of beer while it imports brands such as Corona, Stella Artois, Hoegaarden and Leffe in India through a third party distributor.

5. SABM is a public limited company incorporated in England and Wales and listed on the London and the Johannesburg Stock Exchanges. SABM is primarily engaged in the manufacture and sale of beer. SABM's main brands include global brands such as Grolsch, Peroni Nastro Azzuro, Miller Genuine Draft and Pilsner Urquell. In India, SABM through its subsidiaries, is engaged in the production and sale of Knockout, KO, Fosters, Royal Challenge, Haywards, Miller, Peroni Nastro Azzuro, Black Partridge and H2K brands of beer.
6. The Commission noted the submission of the Parties that ABI will not acquire any interest in the Miller business or brand which will be sold to Molson Coors Brewing Company on a global basis (conditional on the completion of the Proposed Combination). It was also submitted that ABI is exploring the sale of part of SABM's European business which would include the global (except for the US) distribution and licensing rights to Peroni and Grolsch brands.
7. At the broader level, the Proposed Combination relates to the production and sale of beer. The Commission noted that, the market for beer is distinguishable from that for other beverages such as wine and distilled spirits and the beer market may be further segmented in different ways such as, (i) by alcohol content (strong/regular); (ii) price (premium/standard etc.); and (iii) type (lager/ale) etc.
8. Accordingly, for the purposes of competition assessment, the Commission considered each of the sub-segments of the beer market by alcohol content and price and observed that the increment in the market share of the Acquirer resulting from the Proposed Combination is insignificant. Further, post-combination, the Acquirer would continue to face competitive constraints on account of the presence of other competitors such as, United Breweries Limited (which is a market leader in all the segments/sub-segments of beer in India) and Carlsberg etc. The Proposed Combination, therefore, is not likely to cause an AAEC in any of the segments or sub-segments of beer market.
9. As regards vertical relationships, the Parties submitted that in India, none of the Parties are engaged in any activity relating to the production, supply, distribution, storage, sale and services



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or trade in products or provision of services which is at different stages or levels of production chain in which any other party to the Proposed Combination is involved.

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