



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2018/06/577)

26th July, 2018

Notice under Section 6 (2) of the Competition Act, 2002 jointly filed by Rishanth Wholesale Trading Private Limited, Kedaara Capital Fund II LLP, and Partners Group.

CORAM:

Mr. Sudhir Mital
Chairperson

Mr. Augustine Peter
Member

Mr. U.C. Nahta
Member

Mr. G. P. Mittal
Member

Legal Representative: Veritas Legal

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

1. On 11th June, 2018, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) jointly given by Rishanth Wholesale Trading Private Limited (“**Rishanth**”/”**Acquirer 1**”) and Kedaara Capital Fund II LLP (“**Kedaara**”/”**Acquirer 2**”) pursuant to the execution of VMM Share Purchase Agreement {(“**VMM SPA** - executed by and amongst (i) Acquirer 1, (ii) Vishal Mega Mart Private Limited (“**VMM**”), (iii) TGP VM Limited and (iv) TGP Asia SF V Pte. Ltd.”)} and The Airplaza Share Purchase Agreement {(“**Airplaza SPA** - executed by and amongst (i) Acquirer 2 (ii) Airplaza Retail Holdings Private Limited (“**Airplaza**”) and (iii) Shriram Distribution Services Private limited”)} each dated 18th May, 2018, respectively. (Hereinafter Acquirer 1 and Acquirer 2 are collectively referred to as the “**Acquirer A**”)



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2. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), certain clarification(s)/information *inter alia*, relating to delineation of market and market shares were sought from the Acquirer A on 20th June, 2018 and response to same was received on 22nd and 25th June, 2018 after seeking extension of time. The Acquirer A also provided additional information from time to time through emails.
3. Subsequently, authorized representatives of Acquirer A informed that Partners Group (“**PG**”) could also be regarded as an Acquirer for the purpose of the proposed combination as PG is a significant investor in one or more entities directly / indirectly holding beneficial ownership of Rishanth. Therefore, vide letter dated 5th July, 2018, an application was filed under Regulation 16 of the Combination Regulations. The Commission considered the same and decided to take the fact on record. (Hereinafter Acquirer A and PG are collectively referred as “**Acquirers**”)
4. The proposed combination relates to acquisition of entire share capital of VMM and Airplaza by Acquirer 1 and Acquirer 2, respectively. Both the acquisitions are stated to be undertaken and completed contemporaneously and are dependent on each other. The said acquisitions may be followed by other steps which would form part of the proposed combination. The notice has been filed under sub-section (b) of Section 5 of the Act. (Hereinafter VMM and Airplaza are collectively referred as “**Targets**” and Acquirers and Targets are together referred to as “**Parties**”).
5. Rishanth is a newly incorporated private limited company held through certain LLPs / companies in which Kedaara or LLPs / companies have a majority stake. Further, PG is a significant investor in LLPs / companies holding beneficial ownership of Rishanth.
6. PG, a global private equity firm incorporated in Switzerland, invests in a variety of companies operating in sectors such as micro-finance, logistics, education, IT enabled services and business process outsourcing. In India, PG is present through its portfolio entities *inter alia* engaged in education, internet, housing and IT services.
7. Kedaara, a limited liability partnership incorporated in India, is a category II Alternative Investment Fund (“**AIF**”) registered with Securities and Exchange Board of India. It is a part of Kedaara Group, and *inter alia* invests in variety of companies in sectors such as banking, healthcare



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and non-banking financial services. Kedaara does not undertake any business operations and is managed by an Indian owned and controlled Kedaara Capital Advisory Services LLP.

8. VMM, a private company incorporated in India, is primarily engaged in the business of wholesale cash and carry of goods i.e. B2B sales of products such as (a) food and grocery; (b) apparel and footwear; and (c) home appliances, through third party and in-house brands. Prior to the Proposed Combination, TPG VW Limited and TPG Asia SF V Pte. Ltd holds more than 90% stake of VMM. Further, VMM has granted franchise rights to 20 franchisees to operate stores under the “Vishal Mega Mart” brand. Presently, there are a total of 254 franchise stores across India and of these 254 franchise stores, 235 stores are operated by Airplaza.

9. Airplaza, a private company incorporated in India is a wholly owned subsidiary of Shriram Distribution Services Private Limited, a company belonging to Shriram group which is engaged in financial and non-financial service businesses and *inter alia* provides new and used vehicle financing to the truck industry and individual personal loans. Airplaza is *inter alia* engaged in B2C Retail of products such as (a) food and grocery; (b) apparel and footwear; (c) home appliances; and (d) general merchandise which includes home furnishings, across India through (i) modern brick and mortar stores (ii) the e-commerce website “myvishal.com and other third party owned and operated websites.

10. It has been submitted that there is no direct horizontal overlap between the Parties as they themselves do not produce / provide any similar or identical or substitutable products or services in any potential relevant market in India but for “apparel, accessories and footwear segment”, there is an insignificant overlap between one of the portfolio companies of Kedaara and VMM. With regard to vertical relationships, it has been submitted that there is no vertical relationship between them. The Commission also observed that there will not be any change in market dynamics as a result of proposed combination.

11. Considering the facts on record, 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 the 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 any appreciable adverse effect on competition in India and therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.



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12. This order shall stand revoked if, at any time, the information provided by the Acquirers is found to be incorrect.

13. The information provided by the Acquirers shall be treated as confidential in terms of and subject to the provisions of Section 57 of the Act.

14. The Secretary is directed to communicate to the Acquirers accordingly.