



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2017/12/538)

2nd January, 2018

Notice under Section 6 (2) of the Competition Act, 2002 filed by Amazon.com NV Investment Holdings LLC.

CORAM:

Mr.Devender Kumar Sikri
Chairperson

Mr. Sudhir Mital
Member

Mr. U.C. Nahta
Member

Mr. G.P. Mittal
Member

Legal Representative: P & A Law Offices

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

1. On 7th December, 2017, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) filed by Amazon.com NV Investment Holdings LLC (‘**Amazon**’/ ‘**Acquirer**’), pursuant to the execution of Investment Agreement (‘**IA**’) dated 23rd September, 2017, entered into and between Amazon and Shoppers Stop Limited (“**Shoppers Stop**”/ “**Target**”) (hereinafter Amazon and Shoppers Stop are together referred to as ‘**Parties**’).



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2. The proposed combination relates to acquisition of 5 percent stake in Shoppers Stop by Amazon.

3. Certain clarification(s)/information *inter alia*, relating to business relationships and digital payments services were sought from the Acquirer on 20th December, 2017 and response to same was received on 22nd December, 2017.

4. Amazon, a wholly-owned subsidiary of Amazon.com Inc. (“**ACI**”) is registered as Foreign Portfolio Investor with Securities and Exchange Board of India. ACI through its Indian and overseas subsidiaries, has business operations in India (“**Acquirer Affiliates**”), which *inter alia*, relates to the retail sector, payments processing and cloud computing. In this regard, it is noted that ACI has *inter alia*, investment in the following:
 - (a) Amazon Seller Services Private Limited (“**Marketplace Affiliate**”)
 - (b) Amazon Wholesale (India) Private Limited (“**Amazon Wholesale platform**”)
 - (c) Amazon Payments (India) Private Limited (“**Amazon Payments**”)

5. Further it is noted that: (a) Marketplace Affiliate (Amazon India e-commerce platform is operated by Amazon Seller Services Private Limited), operates Amazon India marketplace e-commerce which offer platform to third party sellers (b) Amazon Wholesale platform *inter alia*, undertakes wholesale trading of products such as health and personal care, beauty, food and beverages; (c) Amazon Payments provides digital payment services to the Marketplace Affiliate and other third parties through its semi closed wallet i.e. the “Amazon Pay”.

6. Shoppers Stop, an entity listed on the Bombay Stock Exchange and National Stock Exchange, is *inter alia*, engaged in selling; (a) apparel and accessories; (b) beauty care product; (c) baby care products; and (d) furniture and home décor, through the “Shoppers Stop” and “Home Stop” branded stores. Further, Crossword Bookstores Limited (“**Crossword**”), a subsidiary of the Target, is *inter alia*, engaged in the retailing of books, stationery, etc. through a chain of “Crossword” branded stores. Moreover, the Target also sells products through website(s) www.shopperstop.com, www.crossword.in and Marketplace Affiliate.

7. It is noted that ACI, through its subsidiaries, is engaged in businesses relating to the wholesale (B2B), retail (B2C), through e-commerce platform, digital payments *etc.* and Shoppers Stop is engaged in retailing products through its stores and e-commerce platforms (including Marketplace Affiliate).



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8. Apart from the existing relationship between Shopper's Stop and Marketplace Affiliate, there exists a potential for a relationship between (i) Shoppers Stop and Amazon Wholesale platform, and (ii) Amazon Payments and Shoppers Stop.

9. The Commission observed that overall B2C retail segment can be broadly categorised into organized and unorganized segments. Organised segment include supermarkets, hypermarkets, retail chains, e-commerce retail and also private departmental stores; whereas unorganized segment include traditional format of low-cost retailing run locally by the owner or caretaker. Organised retail can further be segmented on the basis of category of products such as Food and beverages, Clothing and textile, Beauty and personal care, Consumer durables, Home Décor & Furnishing and Footwear and platform those who offer specific category of products. However, as the proposed combination is not likely to raise any competition concern the exact market definition is being left open.

10. The Commission observed that the presence of Shoppers Stop in overall B2C retail or in any narrower segment is insignificant to cause any competition concern. Further, it is observed that there are a number of players such as Future Retail, Aditya Birla Fashion, Arvind Lifestyle, Reliance Retail, Home Center offering similar products/ services.

11. With regard to potential as well as existing relationship, it observed that the value of transaction undertaken by Target with Amazon Marketplace Affiliate is not significant and there are other players such as Flipkart, Hands on Trade, Reliance Retail, Walmart, Metro Cash and Carry India, providing similar products/services. It is also observed that in digital payments services, PayTm Payments Bank Limited is the biggest player in the m-wallet services and there are other players such as ZIP Cash and Phone Pe providing similar services.

12. 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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13. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
14. The information provided by the Acquirer shall be treated as confidential in terms of and subject to the provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the Acquirer accordingly.