Notice u/s 6 (2) of the Competition Act, 2002 filed by Varun Beverages Limited.

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Mr. U. C. Nahta
Member

Ms. Sangeeta Verma
Member

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

1. On 19.02.2019, the Competition Commission of India ("Commission") received a notice under Section 6(2) of the Competition Act, 2002 ("Act") filed by Varun Beverages Limited ("VBL"/ "Acquirer").

2. The proposed combination relates to an acquisition of the 9 manufacturing plants and franchise rights for 7 States and 5 Union Territories to VBL as a going concern on a slump sale basis from PepsiCo India Holdings Private Limited ("PepsiCo"/ "Seller") ("Proposed Combination"). For the purpose of Proposed Combination, a Business Transfer Agreement ("BTA") dated 18.02.2019 has been executed between VBL, PepsiCo and RJ Corp Limited ("RJ Corp").

3. During the course of review of the Proposed Combination by the Commission, the Acquirer submitted certain information(s)/clarification(s) vide submission on 13.03.2019, 14.03.2019, 18.03.2019 and 19.03.2019.
4. VBL, a company incorporated in India, is a part of RJ Corp group and is a franchisee of PepsiCo. VBL manufactures, distribute, sells, and markets beverage products of PepsiCo under brands licensed by PepsiCo in certain territories of India.

5. PepsiCo India, a company incorporated in India, is a subsidiary of PepsiCo Inc., a corporation incorporated in the United States of America. PepsiCo is in the business of marketing, manufacturing, distributing and selling of carbonated beverages, concentrate syrup mix and food products. PepsiCo also manufactures and markets Carbonated Soft Drinks (“CSDs”) and non-CSDs under various PepsiCo Brands through its own bottling facilities in certain territories of India.

6. The Commission noted that PepsiCo and VBL are not competitors in any market in India. However, there is an existing vertical relationship between PepsiCo and VBL stemming from the VBL being an existing franchisee bottler for PepsiCo in certain territories of India. As stated, the Proposed Combination is an expansion of VBL’s bottling activities for PepsiCo beverages to territories which were earlier operated by PepsiCo and accordingly the Proposed Combination is not likely to cause any significant change in the market structure or the competition dynamics.

7. Considering the facts on record and the details provided in the notice given under Section 6(2) of the Act and assessment of the Proposed Combination on the basis of 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) and therefore, the Commission hereby approves the same under Section 31(1) of the Act.

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

9. The information provided by the Acquirers is confidential at this stage in terms of and subject to provisions of Section 57 of the Act.
10. The Secretary is directed to communicate to the Acquirers accordingly.