



**COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2022/02/905)**

23rd March 2022

Notice under Section 6(2) of the Competition Act, 2002 given by TPG Growth V SF Markets Private Limited

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 9th February 2022, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), given by TPG Growth V SF Markets Pte. Ltd. (**TPG SF**). The Notice was given pursuant to execution of *inter alia* the Share Purchase Agreement between TPG SF, IND Holdings II Limited (**CDH**) and Busybees Logistics Solutions Private Limited (**Xpressbees**) on 7th February 2022 (**SPA**); Series F Securities Subscription Agreement *inter alia* between TPG SF and Xpressbees on 7th February 2022 (**SSA**); and an addendum to the Amended and Restated Shareholders Agreement, dated 22nd October 2020, *inter alia* between Xpressbees and TPG SF on 7th February 2022 (**SHA Addendum**).
2. The Commission *vide* its communication dated 21st February 2022, issued under Regulation 14(3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**), required the notifying party to remove defects in the Notice and furnish certain information relevant for the purpose of assessment of the Proposed Combination. Notifying party submitted its response *vide* submission dated 25th February 2022.
3. The Proposed Combination envisages acquisition of 6.92% of the share capital of Xpressbees, by way of a primary and secondary acquisitions, by TPG SF. It would also have right to nominate a director on the board of directors of Xpressbees and right to participate in the matters requiring consent of certain threshold of the investors.



4. TPG SF, an investment holding company, is majorly owned and controlled by an entity, which is advised by the affiliates of TPG, Inc. (**TPG Group**). TPG, Inc. is the ultimate holding company of the TPG Group. TPG Group is claimed to be a global, diversified investment firm. It also has a controlling stake in NewQuest Capital Partners (**NewQuest Capital**), a private equity investment firm.
5. Xpressbees is engaged in the business of providing logistics and delivery solution services. It is largely earning revenue from supply of express parcel shipping services/e-commerce third party logistics (**3PL**) services. The services provided by Xpressbees are as under:
 - *Express parcel shipping services*: end-to-end technology enabled logistics solutions to e-commerce/ B2C/ SME's businesses across India. It also provides specialized services such as vendor pick-up, reverse pick-up from customer doorstep, documents, and time slotted deliveries;
 - *3PL /Contract logistics*: a combined and fully integrated business solution for the logistics, warehousing and transport of goods. 3P logistics Services provided by Xpressbees are typically availed by e-commerce entities that intend to outsource their entire logistics, warehousing and delivery segments of their business;
 - *B2B part truck load and full truck load freight services*: Xpressbees also provides part load service and serves customer from various industries such as e-commerce, pharmaceuticals, FMCG, automobiles, etc.; and
 - *Cross border logistics*: Xpressbees provides door-to-door, port to port cross-border suite of services with multi-modal options such as air/surface/sea. Xpressbees operates an integrated network of express and freight solutions through various partners across globe.
6. Nimbuspost Private Limited (**Nimbupost**), a subsidiary of Xpressbees, provides tech enabled online logistics aggregation services. It operates a technological platform to facilitate logistics services. It outsources the logistics services to its subsidiary viz. Monster Wholesale Private Limited (**Monster**). Monster further partners with other third party logistics providers to facilitate the last mile delivery.

Availability of Benefit of Item 1 of Schedule I of the Combination Regulations

7. It has been submitted that the Proposed Combination is in ordinary course of business of



TPG SF and should have benefited from Item 1 of Schedule I of the Combination Regulations and the Proposed Combination has only been notified to the Commission out of abundant caution. This is based on the submissions that TPG SF would have a minority shareholding in Xpressbees and TPG SF/TPG Group/NewQuest Capital does not hold any investment in any entity that has horizontal overlaps with or is vertically related to the business activities of Xpressbees.

8. In this regard, the Commission observed that in the order dated 11th May 2018 issued under Section 43A of the Act in relation to Combination Registration No. C-2017/05/509 the Commission has noted that *The term “ordinary course of business” also is meant to refer to transactions which are frequent, routine and usual and therefore it may be said that the term “ordinary course of business” corresponds to revenue transactions for the competition law purposes.* Transactions in ordinary course of sale and purchase of securities are done solely with the intent to get benefited from short term price movement of securities. From the Notice, the Commission noted that the purpose of the Proposed Combination is not to get benefited solely from short term price movement. Therefore, Proposed Combination cannot be considered to be done in ordinary course of business, for the purpose of Item 1 of Schedule I of the Combination Regulations.
9. Further, acquisition in ordinary course of business of sale and purchase of securities neither entails right or ability of any of the party to the acquisition (including their affiliates) to participate in decision making process of another party(ies) to the acquisition (including its affiliates) nor result into access to commercially sensitive information nor envisages any other agreement or understanding having commercial significance. These agreements or understanding could be related to strategic course of business, or any domains of operation such as procurement, production, marketing, distribution, technology, research and development, sales, *etc.* In the instant matter, TPG SF would have right to nominate a director on the board of directors of Xpressbees and participate in the matters requiring consent of certain threshold of the investors. Therefore, again the Proposed Combination cannot be considered to be done in ordinary course of business, for the purpose of Item 1 of Schedule I of the Combination Regulations.

Overlaps

10. It has been submitted that there are no horizontal and vertical overlaps between the business activities of the portfolio companies of the TPG Group and NewQuest Capital *vis-à-vis* Xpressbees. However, some of the companies with investments by affiliates and/or private equity funds managed by the TPG Group and NewQuest Capital are engaged in online B2B/B2C sales of products (**Relevant Portfolio Companies**). These portfolio companies can avail, and some of them already avail, the logistics services



provided by Xpressbees for delivery of the products to their end-consumers. Accordingly, this could be viewed as a vertical interface between the logistics services provided by Xpressbees and the online B2B/online B2C business of the Relevant Portfolio Companies. However, overlap has been identified only out of abundant caution. TPG Group does not consider the business activities of the Relevant Portfolio Companies and Xpressbees to be vertically linked. Notifying party has submitted that for assessing the impact of the Proposed Combination, with regard to logistic services, the Commission may consider the following product markets:

- Market for overall logistics services (**Broad Upstream Market**); and
- Market for 3P logistics services (**Narrow Upstream Market**).

11. In these regards, the Commission observed that anywhere shopping is one of the important features of e-commerce. Sales of goods through e-commerce is not about just setting up an online portal/application but also warrant delivery of products at the address specified by the customer. It requires logistics backup and necessary technical infrastructure. Outbound logistics *i.e.* end-customer facing logistics bridges the distance between place of fulfilment centers of e-commerce operator and delivery, on order to order basis. Success of e-commerce channel *inter alia* relies upon convenient, timely and cost efficient delivery of products. In addition to inter city transportation of goods, end-customer facing 3PL services for e-commerce (**3PL for E-commerce**) requires specialized features to suit the channel such as robust last mile delivery network, reverse pick-up, ability to handle returns, cash on delivery, timely and cost efficient delivery, delivery during specified time slot, size of parcel being larger than ordinary courier parcel but smaller than B2B shipments, integration with the system of e-commerce players, *etc.* Let alone an input, 3PL for E-commerce is a significant input for e-commerce channel to complete their offerings. Considering the significance and peculiar features of 3PL for E-commerce, the Commission noted that 3PL for E-commerce and sales of good through e-commerce exhibit vertical interface. Further, overall logistics industry and overall 3PL service business are broad and encompass services that are not interchangeable or substitutable to 3PL for E-commerce. Examination at narrower level *i.e.* 3PL for E-commerce is warranted to assess likely effect of the vertical interface. However, the Commission decided to leave precise delineation of the relevant markets open, as the Proposed Combination is not likely to raise competition concern, irrespective of the manner in which the relevant market is delineated.

12. In view of volume of procurement of 3PL for E-commerce by Relevant Portfolio Companies, it appears that parties are not likely to have incentive to raise foreclosure concern. Further, 3PL for E-commerce domain is characterised by presence of other



(Combination Registration No. C-2022/02/905)



players such as Delhivery and Ecom Express.

13. Considering the material 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) and therefore, the Commission hereby approves the same under Section 31(1) of the Act.
14. This order may be revoked if, at any time, the information provided by the notifying party is found to be incorrect.
15. The information provided by the notifying party is confidential at this stage in terms of and subject to the provisions of Section 57 of the Act.
16. The Secretary is directed to communicate to the notifying party accordingly.