

Press Release

14th January, 2022

CAIT FILED OBJECTIONS IN CCI FOR AMAZON SEEKING APPROVAL TO ACQUIRE CLOUDTAIL

The Confederation of All India Traders (CAIT) has today filed a petition before the Competition Commission of India seeking to block the transaction which has been entered into by Amazon where they will acquire 100% shareholding in Cloudtail. The petition has been filed through its lawyer Shri Abir Roy of law firm Sarvada Legal, providing instances wherein Amazon gives preference to Cloudtail and such preference will only become more pronounced after this transaction, which would have a destabilizing effect on the e-commerce market of India.

The petition provides evidence to show Cloudtail charges less fees / commission and is a preferential seller on the platform, and with a 100% acquisition of Cloudtail, a preferred seller and the marketplace at its e-commerce portal, Amazon will cause an adverse effect on the market. A marketplace like Amazon, which is supposed to be fair and neutral and as per rules have to be purely a technology providing forum for conducting e-commerce activities by the sellers who are registered with its portal, continues to unabashedly distort the entire ecosystem. This transaction is not only in violation of competition law but is also a violation of FDI norms too.

Amazon has proposed to completely acquire Prione by acquiring all the shares held by Hober Mallow Trust. Presently, Prione is controlled by Hober Mallow. Seventy Six percent (76%) of the share capital of Prione is held by Hober Mallow. Amazon Asia-Pacific Resources Pvt Ltd already owns 23% of the share capital of Prione, and Amazon Eurasia Holdings S.a.r.l. owns 1% of the share capital of Prione. Therefore, Amazon holds 24% stake in Prione as of today. However, by acquiring the shares of Hober Mallow, Amazon and its affiliated entities would have 100% stake in Prione. Cloudtail India Pvt Ltd ("Cloudtail") is a 100% subsidiary of Prione and is also presently the largest seller on Amazon's e-commerce platform. Therefore, the proposed combination raises some concerns from the viewpoint of competition law-said the CAIT.