



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2017/01/471)



16.03.2017

**Notice under sub-section (2) of Section 6 of the Competition Act, 2002 jointly filed by Aircel Limited, Dishnet Wireless Limited, Reliance Communications Limited and Reliance Telecom Limited**

**CORAM:**

Mr. Devender Kumar Sikri  
Chairperson

Mr. S. L. Bunker  
Member

Mr. Sudhir Mital  
Member

Mr. Augustine Peter  
Member

Mr. U. C. Nahta  
Member

Mr. G. P. Mittal  
Member

**Legal representatives:** M/s Khaitan & Co.

**Order under sub-section (1) of Section 31 of the Competition Act, 2002**

1. On 06.01.2017, 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 Aircel Limited (“**Aircel**”), Dishnet Wireless Limited (“**Dishnet**”), Reliance Communications Limited (“**RCOM**”) and Reliance Telecom Limited (“**RTL**”) (collectively “**Parties**”). The notice has been filed pursuant to the resolution passed by the Board of Directors of Aircel and RCOM, each dated 14.09.2016 approving the Scheme of



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Arrangement entered into between the Parties and their respective shareholders and creditors.

2. The Commission noted that Parties had earlier filed a notice on 14.10.2016 with regard to the Proposed Combination. The Proposed Combination was considered by the Commission in its ordinary meeting held on 20.12.2016. The Commission, in this meeting, observed that the Parties had failed to provide information regarding certain overlapping segments. Accordingly, the Commission decided that the notice is not complete and is not in conformity with the provisions of sub regulation (1) of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”) and therefore not valid in terms of sub-regulation (2A) of Regulation 14 of the Combination Regulations. The Parties were directed to file a fresh notice with complete information as required in terms of the provisions of the Act. Pursuant to the directions of the Commission, a fresh notice was filed by the Parties on 06.01.2017.
3. The proposed combination is envisaged in two steps viz., (i) demerger of: (a) wireless telecom business undertaking of RCOM conducted in Andhra Pradesh, Delhi, Gujarat, Karnataka, Maharashtra, Mumbai, Rajasthan, Tamil Nadu, Bihar (including Jharkhand), Haryana, Himachal Pradesh, Jammu and Kashmir, Kerala, Kolkata, Madhya Pradesh (including Chhattisgarh), Orissa, Punjab, Uttar Pradesh (East), Uttar Pradesh (west) and West Bengal telecom circles; and (b) wireless telecom business undertaking of RTL, conducted in Kolkata, Madhya Pradesh(including Chhattisgarh), West Bengal, Assam, Bihar (including Jharkhand), Himachal Pradesh, North East and Orissa telecom circles; and (ii) subsequent transfer and vesting of the said demerged business into Aircel (“**Proposed Combination**”).
4. Parties made certain voluntary submissions on 20.02.2017 and 02.03.2017 regarding structure of the combination, vertical overlaps and market shares of the Parties and their competitors.
5. RCOM is incorporated in India and is listed on Bombay Stock Exchange and National Stock Exchange. RTL is a wholly owned subsidiary of RCOM. RCOM (including RTL), directly



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and/or through its other subsidiaries, is engaged in: (a) Wireless Business including provision of mobile telephony services (i.e. voice and/or data services) through pan-India 4G and GSM technology based networks, National Long Distance (“NLD”) and International Long Distance (“ILD”) services, value added services, wireless data, fixed wireless etc.; (b) Wireline services including provision of fixed line network; (c) Enterprise services i.e. data centre, internet services, leased lines, office centrex etc.; (d) DTH and IPTV services; (e) Global operations comprising of Ethernet data services; global call services and operations related to submarine cable and global managed network; and (f) Towers business i.e. telecom towers used for own GSM mobile network and to other mobile service providers.

6. Aircel is incorporated in India and is directly and through its wholly owned subsidiaries, engaged in the businesses of providing mobile telephony services i.e. provision of mobile telephony services (i.e. voice and/or data services), NLD and ILD services, value added services, wireless data and fixed wireless, mobile banking and data or internet service. Dishnet is a wholly owned subsidiary of Aircel.
7. The Commission observed that the Parties are engaged in provision of telecommunication services. On the basis of product overlaps between the Parties in India, the Commission identified five product segments, viz., (i) retail mobile telephony services; (ii) internet access services; (iii) NLD; (iv) ILD and (v) Global and Enterprise services (including ILL, NPLC, IPLC, Domestic and International MPLS – VPN, PRI, M2M, Video Conferencing, WAN Acceleration, IoT, Ethernet Data Services, and Global Managed Networks) for the purpose of competition assessment.

### **Retail Mobile Telephony Services**

8. The Commission observed that retail mobile telephony services can be classified on the basis of various criteria such as type of service, type of customer and type of access equipment and mode of payment. However, considering the fact that the Proposed Combination is not likely to result in appreciable adverse effect on competition, for the reasons contained in the ensuing paragraphs, exact delineation of the relevant market is left open.



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9. As regards relevant geographic market, the Commission decided that the same may be defined in terms of each overlapping circle for retail mobile telephony services and internet access services.
10. The Commission noted that the retail mobile telephony services market is concentrated with CR 4 being more than 65 percent and the pre-merger HHI more than 1800 in all the overlapping circles. As regards the specific impact of the Proposed Combination on the level of concentration, the Commission observed that the combined market share of the Parties is estimated to be less than 20 percent in all the overlapping circles except Assam, North East, Tamil Nadu and Jammu and Kashmir. In all the circles where the combined market share exceeds 20 percent, incremental market shares ranges from less than 2 percent in case of North East to around 6 percent in Jammu and Kashmir. Incremental HHI ranges from less than 100 in case of North East to around 300 in Jammu and Kashmir. The Commission observed that the change in concentration as a result of the Proposed Combination is not significant to cause any substantial change in market competition.
11. The Commission further noted the presence of other significant competitors in each overlapping circle and observed that competitors like Airtel, Idea and Vodafone would continue to impose significant competitive constraints on the Parties post-combination.
12. Given the insignificant change in concentration and presence of other significant competitors, the Commission is of the view that the Proposed Combination is not likely to result in an appreciable adverse effect on competition (“AAEC”) in retail mobile telephony services market in any of the overlapping telecom circles.

### **Internet access Services**

13. As regards internet access services, the Commission observed that the combined market share of the Parties is estimated to be less than 20 percent in all the overlapping circles except Assam, North East, Tamil Nadu and Jammu and Kashmir. However, in all these circles, incremental market shares are estimated to be less than 5 percent. The Commission observed that the change in concentration is not significant to cause any substantial change



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in market competition. The Commission further noted the presence of other significant competitors in each overlapping circle and observed that competitors like Airtel, Idea and Vodafone would continue to impose significant competitive constraints on the Parties post-combination.

### **NLD Services**

14. The Commission assessed the impact of the Proposed Combination in the market for NLD in India. It observed that the combined market share of the Parties would be around 16 percent with an increment of around 7 percent. The market continues to be competitive with presence of competitors such as Airtel (27 percent), BSNL (17 percent), Vodafone (13 percent) and others. In view of the same, the Commission observed that post the Proposed Combination, the Parties are not likely to have ability and incentive to restrict the supply of NLD services and cause any competition concern.

### **ILD Services**

15. The Commission assessed the impact of the Proposed Combination in the market for ILD Services in India. It observed that the combined market share of the Parties would be around 16 percent with an increment of around 4 percent. The market would remain competitive with presence of competitors such as Airtel (33 percent), Vodafone (12 percent), Tata (8 percent) and others. In view of the same, the Commission observed that the Parties are not likely to have ability and incentive to restrict the supply of ILD services and cause any competition concern.

### **Global and Enterprise services**

16. As regards Global and Enterprise services, the Commission observed that Airtel does not have any significant presence in overall global and enterprise services or any of its sub-segments. Accordingly, the Proposed Combination is not likely to cause an AAEC in global and enterprises services.

### **Vertical Relationships**

17. The Commission further observed that Parties have existing vertical relation in respect of: (i) Towers; (ii) IUC; (iii) NLD services; and (iv) Intra Circle Roaming (ICR) and National Roaming Arrangements and there is potential vertical relationship between the Parties with



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respect to (i) Internet Data Centres; and (ii) Bandwidth and Internet Services. Considering the specificities of telecom industry and extent of operations of the Parties, the Commission observed that none of the existing or potential vertical relationships is likely to have any AAEC in India.

18. Considering facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment on the basis of 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 an 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.
19. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
20. The information provided by the Parties is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
21. The Secretary is directed to communicate to the Parties accordingly.