



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/08/762)

Public Version

18.09.2020

Notice under Section 6 (2) of the Competition Act, 2002 filed by Reliance Projects & Property Management Services 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 04.08.2020, Competition Commission of India (**Commission**) received a notice under Section 6(2) of the Competition Act, 2002 (**Act**), filed by Reliance Projects & Property Management Services Limited (**RPPMSL/ Acquirer**) pursuant to Resolution Plan dated 25.11.2019 under the Corporate Insolvency Resolution Process (**CIRP**) of the Insolvency and Bankruptcy Code, 2016 (**IBC**), in relation to Reliance Infratel Limited (**RITL/ Target**).

2. The proposed combination involves acquisition of 100% of the equity shareholding of RITL by RPPMSL (**Proposed Combination**). Hereinafter, RPPMSL and RITL are collectively referred to as the "**Parties**".

3. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**),



vide Commission's letter dated 01.09.2020, certain information(s)/ clarification(s) were sought; response to the same was received on 08.09.2020.

4. RITL, is a public limited company incorporated in India and is a subsidiary of Reliance Communication Infrastructure Limited and an indirect subsidiary of RCOM. RITL is stated to be engaged in the business of building, owning and operating telecommunication towers, optic fibre cable (OFC) assets and related assets at designated sites, and providing these passive telecommunication infrastructure assets on a shared basis to wireless service providers and other communications service providers under long-term contracts.

5. RPPMSL is a public limited company incorporated in India, and is a wholly owned subsidiary of Reliance Industries Limited (RIL), which is *inter alia*, engaged in IT Support Services, Business and infrastructure Support Services, Manpower Support Services and, Erection & Commissioning of Telecom Facilities. It is stated in the notice that RIL is also the ultimate holding entity of Reliance Jio Infocomm Limited (RJIL), which provides telecommunication services in India.

6. It is submitted in the notice that RJIL was also engaged in the provision of telecom tower infrastructure services, such assets were primarily used captively for RJIL's telecommunication service operations. However, pursuant to a Scheme of Arrangement, the tower assets constructed at that point of time by RJIL were transferred under a slump sale on a going concern basis to Reliance Jio Infratel Private Limited (RJIPL) on 31.03.2019.

7. It is also mentioned in the notice that post the closing of the Brookfield Transaction¹, 100% of RJIPL will be owned by the InvIT and Brookfield will exercise indirect control over RJIPL and the tower assets, and accordingly, RIL and/or any of its subsidiaries/ affiliates (including RJIPL) will not exercise any interest or rights in the tower assets or RJIPL except in relation to the preference shares of RJIPL that will continue to be held by RIL. In view of this, it is submitted that there is no actual horizontal overlap between RITL and RIL group in the market for the provision of telecom tower infrastructure services.

¹The proposed acquisition of indirect control over RJIPL and its tower assets by Brookfield. (The Brookfield Transaction along with certain co-investor investments into the Tower Infrastructure Trust was approved by the Commission by way of its order dated 17 January 2020 in Combination Registration No. C-2019/12/708.)



8. Further, it is stated that pursuant to the Scheme of Arrangement the OFC Assets of RJIL were also transferred under a slump sale on a going concern basis to Jio Digital Fibre Private Limited (**JDFPL**). Currently, 51% of JDFPL is held by the Digital Fibre Infrastructure Trust and 49% remains with RIL and other small shareholders. RIL also holds certain preference shares. **[REDACTED]**.

9. In view of above, the horizontal overlaps in the proposed combination have been identified in following *viz* (i) the Telecom Tower - between the RITL's business of providing telecom tower infrastructure services to telecom operators and RJIL's telecom tower assets primarily used captively for its telecommunication service operations and (ii) the OFC Network - between the RITL's business of providing OFC Network assets to other telecom operators and the captively used OFC assets of JDFPL by RJIL.

10. In relation to vertical relationship, it is stated that there are existing vertical links between the Parties in (i) Telecom Tower; and (ii) OFC Network. Such vertical links are due to the inherent structure of the telecom sector which requires various telecom operators to enter into various *inter se* arrangements to ensure seamless telecom services to the end consumers.

11. It is also stated that post-combination as per the Resolution Plan, all contracts between RPPMSL and RITL for use of RITL's infrastructure will continue since they are essential to maintain and sustain RITL on a going concern basis.

12. The Parties have submitted the following relevant markets in relation to the Proposed Combination *viz*; (i) market for the provision of passive telecom infrastructure services (through telecom towers) in India ("**Telecom Tower Market**"); and (ii) market for provision of passive telecom infrastructure services (through OFC network) in India ("**OFC Network Market**").

13. The Commission, however, decided to leave the delineation of the relevant market open as it was observed that the Proposed Combination is not likely to cause an appreciable adverse effect on competition in any of the possible relevant markets that could be delineated.



14. It is noted from the submissions of the Parties that the combined market share of the Parties in (i) Telecom Tower Market is 25-30 percent [in terms of number of towers portfolio (**TP**)] and 5-10 percent [in terms of tower tenancies (**TT**)] and in (ii) OFC Network Market is 20-25 percent. However, there are other players present in each of the segments such as in (i) Telecom Tower Market: Indus Tower (TP: 30-35 percent; TT: 50-55 percent), ATC (TP & TT: 15-20 percent), GTL (TT & TP: 5-10 percent) and BSNL/MTNL; and in (ii) OFC Network: Bharti Airtel (10-15 percent), BSNL (30-35 percent), Vodafone/Idea (15-20 percent), TTSL (5-10 percent, RailTel (0-5 percent), Power Grid (0-5 percent). Moreover, the parties have submitted that the Brookfield Transaction, as stated above, has been closed and **[REDACTED]**. Thus, the Proposed Combination is not likely to raise any competition concern in the overlapping segments.

15. 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 based on the factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that proposed combination is not likely to have an appreciable adverse effect on competition in India.

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

17. The information provided by the Parties' shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.

18. The Secretary is directed to communicate to the Parties accordingly.