



सत्यमेव जयते



## COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2021/04/831)

7<sup>th</sup> June 2021

### Notice under Section 6 (2) of the Competition Act, 2002 jointly given by Think & Learn Private Limited and Aakash Educational 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 20<sup>th</sup> April 2021, 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 Think & Learn Private Limited (**'BYJU'S'**/ **'Acquirer'**) and Aakash Educational Services Limited (**'AESL'**/ **'Target'**). The notice has been filed pursuant to the Merger Framework Agreement, various share purchase agreements and fall-back agreements, all executed on 3<sup>rd</sup> April 2021 between, *inter alios*, Acquirer, Target and various shareholders of Target (**'Sellers'**). (Hereinafter, BYJU'S and AESL are collectively referred to as **'Parties'**).



2. The Proposed Combination is envisaged as an acquisition of approximately 70% of the equity shareholding (on a fully diluted basis) of AESL by BYJU'S followed by a merger of AESL with BYJU'S. As a consequence, BYJU'S shall effectively acquire sole control over AESL.

3. The Proposed Combination is envisaged as following steps:

*Step 1:* BYJU'S will acquire certain equity shareholding of AESL from Mr. J. C. Chaudhary (co-founder of AESL), Mr. Aakash Chaudhary (co-founder of AESL), Mr. Hemant Sultania (Chief Financial Officer of AESL) and Blackstone Entities<sup>1</sup>.

*Step 2:* Parties will file a draft scheme of amalgamation ('**Scheme**') with the National Company Law Tribunal ('**NCLT**'), Bengaluru, for the merger of AESL with BYJU'S, with BYJU'S being the surviving entity.

*Step 3:* As consideration for merger, Mr. J. C. Chaudhary, Mr. Hemant Sultania, Mr. Pavan Chauhan<sup>2</sup> and Blackstone Entities will receive certain shares in BYJU'S.

Fall-back Action:

It is submitted that in the event of occurrence of the Merger Failure Event, Mr. J. C. Chaudhary, Mr. Hemant Sultania, Mr. Pavan Chauhan and Blackstone Entities shall be obligated to swap their shares in AESL for securities in BYJU'S. Accordingly, in such a scenario BYJU'S will acquire 100% of the share capital of AESL.

4. In terms of Regulations 14(3) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, *vide* communication dated 20<sup>th</sup> May 2021, the Parties were required to furnish certain

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<sup>1</sup> Blackstone Entities shall mean and include Singapore VII Topco I Pte. Ltd. and BCP Asia Athena ESC (Cayman) Ltd.

<sup>2</sup> Aakash Edutech Private Limited (AEPL) is a subsidiary of AESL. It is submitted that, ancillary to the Proposed Combination, AESL proposes to issue its equity shares to Mr. Pavan Chauhan in exchange of equity shares of AEPL held by him.



information and clarifications, *inter alia*, on transactions, rights and delineation of markets. The response was submitted by the Parties on 24<sup>th</sup> May 2021.

5. BYJU'S is a private limited company incorporated in India. It offers a technology-based (online) education platform for primary and secondary school subjects, overseas and domestic test preparatory coaching services for entrance examinations for engineering, medical, etc. BYJU'S provides online educational services under the brand name of "BYJU'S", 'The Learning App', 'Disney BYJU'S Early Learn', 'WhiteHat Jr' and 'Osmo'.
6. AESL is a public limited company incorporated in India. AESL (directly, or through its subsidiary Aakash Edutech Private Limited, or through its franchisees) provides curriculum-based coaching for K-12 students and test preparatory services for various competitive examinations (such as, engineering examinations, medical examinations, Olympiads, National Talent Search Examination, etc.). AESL offers its services through multiple modes such as classroom-based coaching, online learning, distance learning and hybrid learning programmes. AESL provides these services (either directly or indirectly) through several of brands, including "Aakash Engineering", "Aakash Medical", "Aakash Foundation", "Aakash Digital", "Meritnation", "Aakash iTutor", etc.
7. The Proposed Combination pertains to the education sector in India. The Parties have submitted that sector can be segmented into formal and informal segments. The formal education segment comprises K-12 school education and higher education (including graduation and post-graduation courses, such as traditional courses like arts, science and commerce and professional courses such as engineering and management). On the other hand the non-formal segment comprises pre-school; coaching classes for school courses and competitive examinations, test preparatory coaching services for entrance examinations, vocational training and publishing. At a narrower sub-segment level, the non-formal sector, *inter alia*, includes (a) test preparatory coaching services for medical examinations, engineering examinations, management examinations and



- government examinations; (b) coaching services from classes 1 to 12; (c) coaching services for coding and non-curriculum based mathematics.
8. Further, the Parties have submitted that in the non-formal educational services, classroom-based coaching services are easily substitutable with online mode as both offer students similar levels of opportunity to interact with tutors on a real-time basis and standardised school boards and entrance examinations ensure uniformity in the curriculum-based online and offline coaching services of players.
  9. With respect to relevant geographic market, the Parties have submitted that non-formal educational services can be provided to students throughout the territory of India including through online platforms and the Parties are competing on a pan-India basis. Further, the conditions for competition are homogenous across throughout India. Accordingly, the assessment has been carried out at all India level.
  10. Based on above, the Parties have submitted that both the Parties are present in the non-formal education segment in India. At the narrower level, the Parties have overlaps in test preparatory coaching services for medical examinations; test preparatory coaching services for engineering examinations; coaching services for classes 1 to 7; coaching services for classes 8 to 10; and coaching services for commerce stream for classes 11 to 12.
  11. The Commission 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 relevant markets.
  12. Based on the submission of the Parties, it was noted that the combined market share of the parties and the incremental market share in all segments/sub-segments is less than 10%. Further, the non-formal education sector in India is characterized by the presence of several players, such as, Allen Career Institute, FIITJEE, Rao Academy, Bansal classes, Career Point, Resonance Eduventures, MT Educare, Vibrant



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Academy, Brilliant Tutorials, Elite Academy, PACE, Vidya Mandir classes, Udemy, Khan Academy, etc. which will continue to pose significant competitive constraints.

13. Considering the material on record including the details provided in the Notice and the 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. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
14. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
15. The information provided by the Parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
16. The Secretary is directed to communicate to the Parties accordingly.