



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2021/02/814)

22nd February, 2021

Notice under Section 6 (2) of the Competition Act, 2002 filed by Panatone Finvest 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 16th February 2021, the Competition Commission of India (**‘Commission’**) received a Notice under Section 6(2) of the Competition Act, 2002 (**‘Act’**), filed by Panatone Finvest Limited (**‘Acquirer’**). The Notice was filed pursuant to the execution of shareholder’s agreement (**‘SHA’**) on 13th February 2002.
2. The Proposed Combination envisages acquisition of shareholding not exceeding 26.12% by the Acquirer in Tata Communications Limited (**‘TCL’/ ‘Target’**). Both the Acquirer and Target are part of Tata Group, which consists of different entities that are ultimately controlled by Tata Sons Pvt. Ltd. (**‘Tata Sons’**). [Hereinafter, Acquirer and TCL are collectively referred to as **‘Parties’**].
3. As per the Notice, the Proposed Combination entails the following steps:



- 3.1. *Step I:* Government of India (**GoI**) proposes to sell up to 4,59,46,885 equity shares forming 16.12% equity shareholding of the Target; and
 - 3.2. *Step II:* Immediately following completion of the above, the GoI intends to sell to the Acquirer a portion of or the entire balance shareholding held by GoI in the Company, *i.e.* not exceeding 26.12%, as is mutually agreed.
4. The Acquirer is a Systematically Important Non Deposit Taking Core Investment Company (CIC-ND-SI) registered with Reserve Bank of India. It is a subsidiary of Tata Sons, which has presence in telecommunication services through two subsidiaries *viz.* Tata Teleservices Limited (**TTSL**) and Tata Teleservices (Maharashtra) Limited (**TTML**). The said two entities are engaged in providing various telecommunication services such as Wireline Data services and Wireline Voice Services.
 5. TCL is a facilities-based service provider of a broad range of integrated communications services. It generates revenue from three business segments - wholesale voice, enterprise and carrier data and others. In India, TCL operates through its subsidiaries, Tata Communications Transformation Services Ltd. (**TCTSL**); Tata Communications Payment Solutions Ltd. (**TCPSL**); and Tata Communications Collaboration Services Pvt. Ltd. (**TCCSL**). TCTSL is engaged in providing network management services and business outsourcing services. TCPSL is currently engaged in providing only White Level ATM (WLA) service and certain banking infrastructure services including the hosting and connectivity services to banks for their core servers. It is majorly focused on providing WLA services under the Indicash brand throughout India. TCCSL provides audiotex services in India.
 6. The Commission notes that the Parties are engaged in provision of telecommunication services in India. Their activities overlap in the following segments: (i) *Provision of International Long-Distance services (ILD)-voice*; (ii) *Provision of National Long-Distance services (NLD) – voice*; (iii) *Provision of Internet Service Provider services*



(ISP); (iv) *Provision of enterprise services*; (v) *Undersea cable systems on a worldwide basis*; and (vi) *Provision of ATM machine services on a pan-India basis*.

7. In the market for the provisions of ILD, NLD and ISP services, the market share of the Target is within the range of [5-10] %. Further, the incremental market share of the Parties in the Enterprise Business is less than [2] % which is insignificant to cause any competition concern. It was also observed that all these product segments are characterized by the presence of major competitors with significant market share such as Bharti Airtel Limited, Vodafone Idea Limited, Reliance Jio Infocomm Ltd., BSNL, Sify *etc.*
8. It is observed that in the market of provision of ATM machine services, the Party competes with all other WLA operators and the Banks for the purposes of providing services to customers. The market share of the Target is less than [5] % and this market has presence of bigger players such as State Bank of India, Axis (UTI) Bank Limited, ICICI Bank Limited, HDFC Bank Limited, Punjab National Bank, *etc.*
9. Additionally, the Commission also observed that the market for undersea cable systems is serviced by large global conglomerates such as Nippon Telegraph and Telephone, Singapore Telecommunications Limited, Telstra Corporation Limited, Vodafone, Lumen, *etc.* This segment will continue to face significant competition from these global entities.
10. Accordingly, based on the foregoing, it appears that the Parties do not have ability or incentives to foreclose the competition in any of the product segments.
11. 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.



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12. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
13. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
14. The Secretary is directed to communicate to the Acquirer accordingly.