



Competition Act 2002: Merger Review

Mukul Sharma
Deputy Director (Economics)
Competition Commission of India



What is a Combination ?

(Section 5 of the Act)



- acquisition of control, shares, voting rights or assets
- acquisition of control by a person over an enterprise where such person has control over another enterprise engaged in similar or identical businesses
- mergers and amalgamations

To be notified when, the combining parties exceed the thresholds set in Section 5 of the Act.



Framework for assessment



- ❑ **Pre-Investigation phase:** Prima-facie opinion (within 30 days) as to whether there seems to be a case which raises sufficient competitive concerns which require detailed investigation

- ❑ **Investigation phase:**
Issue of show-cause notice under Section 29(1) if Commission is of the Prima-facie opinion that the combination is likely to cause or has caused AAEC within the relevant market in India and investigation in terms of Section 29 of the Act.

- ❑ Commission by its order:
 - **Approve** the Combination if **No AAEC**
 - **Not approve** if in case there is AAEC - combination if consummated shall be void and the acquisition or acquiring of control or merger or amalgamation shall be dealt as if such combination had not taken place
 - Approve with **modifications** - Structural and/or Behavioral remedies



Case study: PVR–DT case



Background of the case

- ❑ Acquisition by PVR Cinemas of DT Cinemas [39 screens (29 existing and 10 upcoming)] in geographic areas of Delhi National Capital Region (Delhi NCR) and Chandigarh.
- ❑ PVR (Acquirer) is the largest multiplex operator in India in terms of number of screens. DT cinemas was a head to head competitor of PVR in Delhi National Capital Region and Chandigarh.
- ❑ In-depth (phase II) investigation by the Commission
- ❑ Commission approved the case with modification (i.e remedies)



Issues for investigation before the Commission

Delineation of Relevant Product Market

- Whether the relevant product market is the market for exhibition of films through theaters?
- Whether the relevant product market is the market for exhibition of films through multiplex theaters?
- Whether high-end single screen theatres form part of the relevant product market?

Delineation of Relevant Geographic Market

- Whether the relevant geographic market is the entire region of Delhi National capital Region and Chandigarh region or it has to be narrowed down further?



सत्यमेव जयते



Fair Competition
For Greater Good

- ❑ **Resolution of issues –Importance of questionnaire responses and telephonic interviews:**

- ❑ **Relevant Product Market**
 - *Parties submission-* Market for exhibition of films through theaters

 - *Theatres included by Parties:*
 - single screen theatres
 - multiplex theatres
 - high end single screen theatres

 - Definition of relevant product market was too wide.

 - Combined Market shares of the Parties in the relevant geographic markets identified by the Parties were very low.



□ *Need for Questionnaires and telephonic interviews*

- Decisional practice of Commission distinguished between single screen theatres and multiplex theaters.
- The three categories of theatres are different from each other in terms of format, characteristics, price of tickets charged, the kind of audience attracted, etc.
- Questionnaires sent to all the Single screen theatres including the high end single theatres and Multiplex theatres identified as competitors in the notification.
- Questionnaires were followed by telephonic interviews.



Commission's observations based on Questionnaire responses

- Most of Questionnaire responses made evident that Multiplex theatres and single screen theatres do not compete with each other due to:
 - Multiplexes have an advantage in terms of offering more choice of films to the consumer;
 - Single screen theatres have the disadvantage of being able to screen only one film at a time and also carry the risk of loss by way of screening a non-performing film.
 - Multiplex theatres and single screen theatres cater to different audiences.
 - Difference in price of tickets
 - Difference in price of food and beverages
- Questionnaire responses and telephonic interviews led to delineation of relevant product as *market for exhibition of films in multiplex theatres*.



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Commission's observations on inclusion of high-end single screens – Based on questionnaire responses

- Certain high-end single screen theatres provide the same experience as multiplex theatres in the geographic region of Delhi.
- Not truly representative of single screen theatres as a category.
- High-end variant of single screen theatres, majority of which are owned by the multiplex chains themselves
- High-end single screen theatres may offer some of the facilities of multiplexes and at comparable prices to multiplex theatres;
- Distinct from multiplex theatres in terms of other characteristics.



Commission's observations on inclusion of high-end single screens – Based on questionnaire responses

- Mostly standalone cinema theatres, not attached to shopping malls
- Do not offer the same composite entertainment experience as multiplex theatres.
- But, high-end single screen cinema theatres may attract a similar clientele and may offer similar facilities and in some cases act as a competitive constraint to multiplex theatres.
- Thus, high-end single screen theatres were included as part of the same relevant market.



Price: High-end Single Screen



in.bookmyshow.com/buytickets/brothers-national-capital-region-ncr/movie-ncr-ET00027656-MT/20150814

Cinema	09:00 AM	10:00 AM	12:10 PM	01:10 PM	03:25 PM
Amba Cinema: Delhi	09:30 AM	12:30 PM	03:30 PM	06:30 PM	09:30 PM
Satyam Cineplexes: Janak Place	09:00 AM 04:26 PM 10:56 PM	09:55 AM 06:40 PM	12:10 PM 07:40 PM	01:10 PM 08:56 PM	03:25 PM 09:56 PM
PVR: Vikaspuri	09:00 AM 04:30 PM	10:00 AM 06:46 PM	12:16 PM 07:46 PM	01:16 PM 09:56 PM	03:30 PM 10:56 PM
PVR: Rivoli	09:00 AM	Rs. 400.00 PREMIER NO Available Rs. 350.00 CLASSIC NO Available		06:46 PM	09:56 PM
PVR: Plaza	10:00 AM	04:30 PM	10:56 PM		
BIG Cinemas: Odeon	09:45 AM 10:56 PM	12:46 PM	03:50 PM	07:00 PM	10:10 PM
G3S Cinema: Rohini	09:50 AM 04:46 PM	10:45 AM 06:46 PM	12:46 PM 07:46 PM	01:46 PM 09:46 PM	03:46 PM 10:46 PM
Delite Cinema: Asaf Ali Road		12:30 PM	03:20 PM	06:00 PM	
Golcha Cinema: Delhi	12:00 PM	03:16 PM	06:30 PM	09:30 PM	
PVR Sangam: Delhi	09:00 AM 07:46 PM	10:00 AM 09:56 PM	01:16 PM 10:56 PM	03:30 PM	04:30 PM

1 of 1

10:46 14-08-2015



Price: Singe Screen



PVR: Vikaspuri	09:00 AM 04:30 PM	10:00 AM 06:46 PM	12:16 PM 07:46 PM	01:16 PM 09:56 PM	plaza	1 of 1
PVR: Rivoli	09:00 AM	12:16 PM	03:30 PM	06:46 PM	09:56 PM	
PVR: Plaza	10:00 AM	04:30 PM	10:56 PM			
BIG Cinemas: Odeon	09:45 AM 10:56 PM	12:46 PM	03:50 PM	07:00 PM	10:10 PM	
G3S Cinema: Rohini	Rs. 170.00 BALCONY Available	Rs. 120.00 UPPER STAL Available	Rs. 100.00 CENTRE STA Available	Rs. 70.00 LOWER STAL Available	01:46 PM 09:46 PM	03:46 PM 10:46 PM
Delite Cinema: Asaf Ali Road	12:30 PM	03:20 PM	06:00 PM			
Golcha Cinema: Delhi	12:00 PM	03:16 PM	06:30 PM	09:30 PM		
PVR Sangam: Delhi	09:00 AM 07:46 PM	10:00 AM 09:56 PM	01:16 PM 10:56 PM	03:30 PM	04:30 PM	
PVR: Priya, Vasant Vihar	10:00 AM	01:16 PM	04:30 PM	07:46 PM	10:56 PM	
DT Star Cinemas: Vasant Kunj	09:30 AM 02:06 PM 10:00 PM	10:00 AM 04:10 PM 10:30 PM	11:00 AM 06:10 PM 11:20 PM	12:26 PM 07:16 PM 11:50 PM	01:06 PM 08:16 PM	
PVR: Directors Cut	09:30 AM 06:10 PM	11:00 AM 07:26 PM	12:16 PM 10:56 PM	02:36 PM	03:50 PM	

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- Movietime: Raja Garden** 11:16 PM
- Wave: Raja Garden** 04:20 PM



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PVR: Pacific Mall, Subhash Nagar	12:00 PM	02:16 PM	06:46 PM	09:00 PM	11:16 PM
PVR: Saket	10:00 AM	03:00 PM	08:00 PM	10:56 PM	
M Cinemas: East of Kailash (Gold Class) DOLBY ATMOS	11:40 AM	06:50 PM	11:56 PM		

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- BIG Cinemas: TGIP Mall** 08:30 PM
- Wave: Noida** 02:15 PM
- Spice Cinemas: Noida** 04:30 PM **10:20 PM**
- Satyam Cineplexes: Nehru Place** 08:60 PM
- PVR: Select Citywalk (Premiere)** 09:00 PM
- DT Star Cinemas: Saket** 05:10 PM **08:36 PM**
- PVR: Saket** 06:00 PM
- DT Star Cinemas: Vasant Kunj** 09:30 PM

GOUR HARI DASTAAN THE FREEDOM FILE
Release Date: Aug 14, 2015 **71%**



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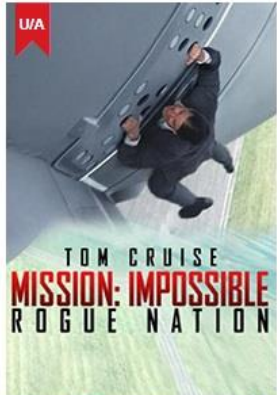
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MOVIE Mission: Impossible - Rogue Nation (U/A) ▾

TODAY 19 **THU 20** FRI 21 SAT 22 SUN 23

Looking for a specific cinema?

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Delhi | Kundli | Gurgaon | Noida | Ghaziabad | Faridabad | All ?

Fun Cinemas: Pitampura	09:50 AM	03:46 PM	
DT City Centre: Shalimar Bagh	10:00 AM	06:36 PM	09:10 PM
PVR: Prashant Vihar	10:56 PM		
Satyam Cineplexes: Patel Nagar	09:06 AM	04:37 PM	10:47 PM
Wave: Raja Garden	09:50 AM	03:16 PM	08:40 PM
PVR: Naraina	06:40 PM	11:20 PM	
PVR: Pacific Mall, Subhash	12:00 PM	06:40 PM	08:30 PM 11:20 PM

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Price: High-end Single Screen



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PVR: Vikaspuri	09:00 AM 04:30 PM	10:00 AM 06:46 PM	12:16 PM 07:46 PM	01:16 PM 09:56 PM	03:30 PM 10:56 PM
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PVR: Priya, Vasant Vihar	10:00 AM	01:16 PM	04:30 PM	07:46 PM	10:56 PM	
DT Star Cinemas: Vasant Kunj	09:30 AM 02:06 PM 10:00 PM	10:00 AM 04:10 PM 10:30 PM	11:00 AM 06:10 PM 11:20 PM	12:26 PM 07:16 PM 11:50 PM	01:06 PM 08:16 PM	
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- Wave: Raja Garden 04:20 PM



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MOVIE **Fantastic Four (U/A)** FRI 21 SAT 22 SUN 23

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PVR: Saket	10:00 AM	03:00 PM	08:00 PM	10:56 PM	
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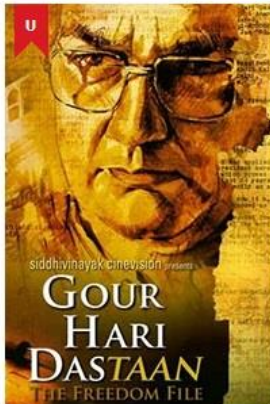
MOVIE **Gour Hari Dastaan - The Freedom File (U)** TODAY 19 THU 20

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Release Date:
Aug 14, 2015

71%

Delhi | Kundli | Gurgaon | Noida | Ghaziabad | Faridabad | All

- BIG Cinemas: TGIP Mall** 08:30 PM
- Wave: Noida** 02:15 PM
- Spice Cinemas: Noida** 04:30 PM 10:20 PM
- Satyam Cineplexes: Nehru Place** 08:50 PM
- PVR: Select Citywalk (Premiere)** 09:00 PM
- DT Star Cinemas: Saket** 05:10 PM 08:35 PM
- PVR: Saket** 06:00 PM
- DT Star Cinemas: Vasant Kunj** 09:30 PM



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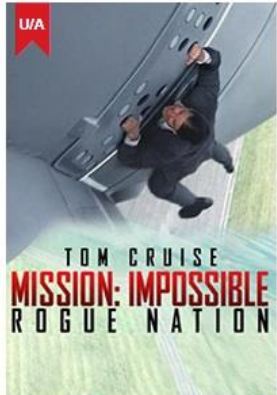
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MOVIE Mission: Impossible - Rogue Nation (U/A) ▾

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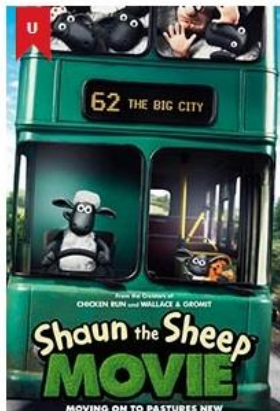
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MOVIE Shaun the Sheep (U) TODAY 19 THU 20

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Release Date: Aug 14, 2015 78%
 Duration: 1 hr 25 mins
 Director: Mark Burton
 Language:

Delhi | Kundli | Gurgaon | Noida | Ghaziabad | Faridabad | All

PVR: Pacific Mall, Subhash Nagar	09:00 AM	04:40 PM
DT Star Cinemas: Vasant Kunj	10:40 AM	06:36 PM
PVR: Directors Cut	06:50 PM	
PVR: Ambience Mall, Gurgaon (Premiere)	10:05 AM	07:00 PM
DT Star Cinemas: Saket	10:30 AM	03:20 PM
PVR: Select Citywalk (Premiere)	10:05 AM	04:46 PM
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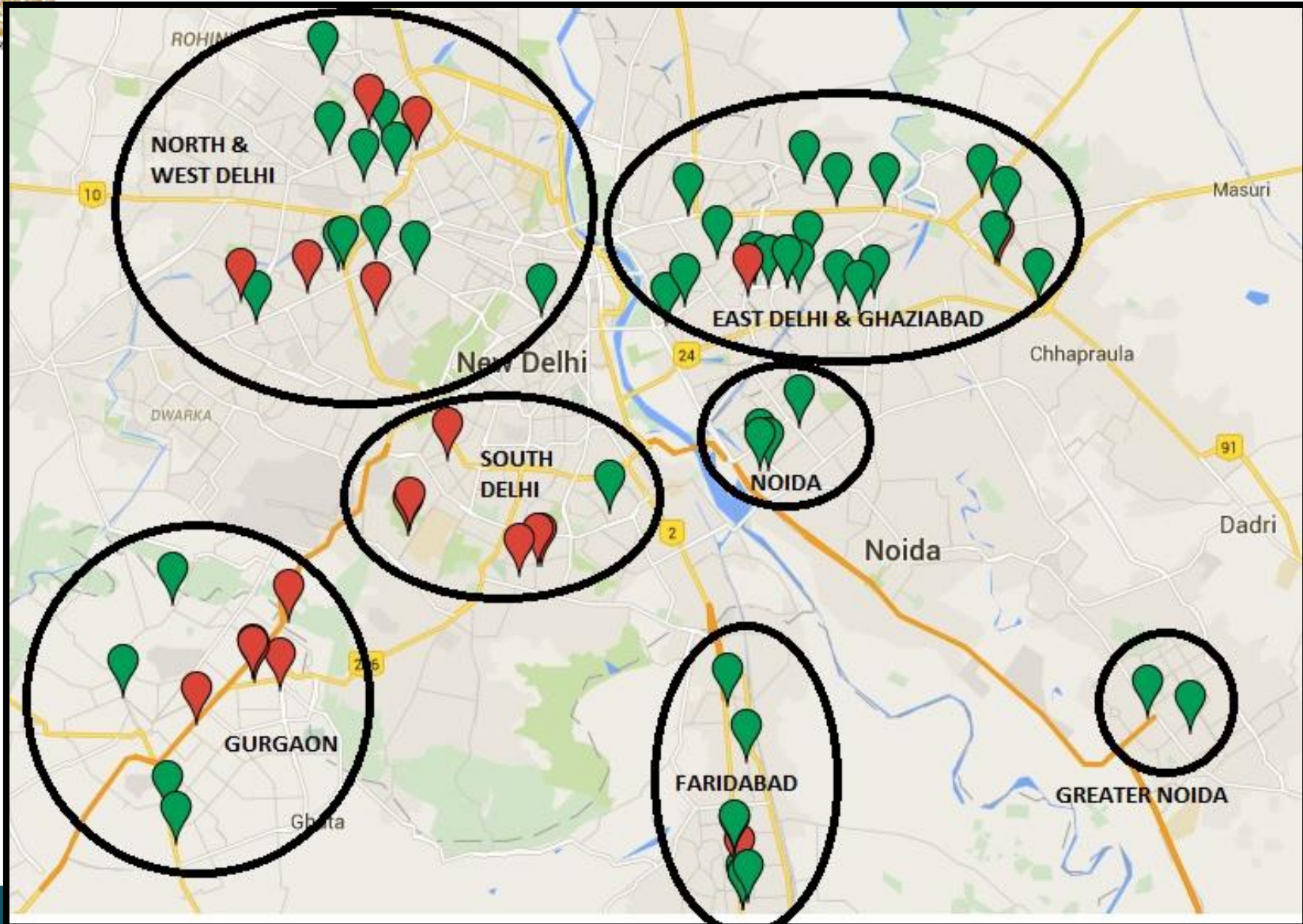


- *Resolution of issues-Relevant Geographic markets –Importance of questionnaire responses and telephonic interviews:*

❑ **Relevant Geographic Market**

- Parties submission-
- Delhi NCR region and Chandigarh;
- *Rationale:* Delhi and its neighbouring regions comprising Delhi NCR are well connected as a result of improved transport facilities in the region.
- *Alternate definition:* City wise: Delhi, Gurgaon, NOIDA and Chandigarh where both the parties were present.
- Definition of relevant geographic market was too wide.
- Combined Market shares of the Parties in relevant geographic markets identified by the Parties and alternate relevant geographic markets were very low.

SPREAD OF MULTIPLEXES IN DELHI NCR REGION – IN CLUSTERS





❑ *Need for Questionnaires and telephonic interviews*

- Internationally, the relevant geographic markets in cinema mergers are local in nature as opposed to the submission made by Parties that markets are very wide comprising several cities.
- Questionnaires were sent to multiplex theatres and single screen theatres, identified as competitors by PVR in relation to:
 - Average distance which their customers are willing to travel to watch a film at their multiplex/single screen theatre;
 - Particular theatres are considered by them as their competitors
- Questionnaires were followed by telephonic interviews.



Commission's observations based on Questionnaire responses

- Geographic market is local reinforced by the fact that prices charged by the multiplex theatres are different across different parts of Delhi NCR with higher prices being charged in certain parts, such as, South Delhi and Gurgaon.
- Clientele of multiplex theatres is different in different regions of Delhi NCR was confirmed by responses of certain distributors.
- Questionnaire responses led to delineation of relevant geographic market.



THANK YOU