



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/08/761)

18.09.2020

Notice under Section 6 (2) of the Competition Act, 2002 filed by UV Asset Reconstruction Company 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 filed by UV Asset Reconstruction Company Limited (**UVARCL/ Acquirer**). The proposed combination relates to the acquisition by the Acquirer of the entire existing business operations and assets of Reliance Communications Limited (**RCOM/ Target 1**) and Reliance Telecom Limited (**RTL/ Target 2**) (**Proposed Combination**).
2. The notice has been filed pursuant to Resolution Plans dated 25.11.2019 submitted by Acquirer with respect of RCOM and RTL (**Resolution Plans**). RCOM and RTL are presently undergoing Corporate Insolvency Resolution Process (**CIRP**) initiated under the Insolvency and Bankruptcy Code, 2016 (**IBC 2016**). Hereinafter, Acquirer, RCOM and RTL 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**), the Commission *vide* its email dated 27.08.2020, sought certain information(s)/ clarification(s) *inter alia*, relating to the activities of the Parties; response to the same was received on 03.09.2020. Further, certain clarification(s)/ information(s) necessary for the purpose of Proposed Combination was sought; response to these were received on 08.09.2020 and 14.09.2020.
4. The UVARCL is a public limited company incorporated in India. It is stated that it is an asset reconstruction company, which acquires non-performing assets from banks and other financial institutions and resolves the assets acquired thereof with a resolution strategy as deemed fit in each case.
5. RCOM and RTL are public companies incorporated in India, and belong to the Reliance Anil Dhirubhai Ambani Group. They are stated to be engaged in providing telecommunications services in India such as Global System for Mobile Communication services (Voice; 2G, 3G, 4G), fixed line broadband and voice services, and Direct-To-Home services. RCOM's subsidiaries include RTL and Reliance Infratel Limited. RTL, a wholly owned subsidiary of RCOM was also engaged in providing wireless and wire line telecommunication services till 2018.
6. As per information provided by the Acquirer, RCOM is engaged in the provision of retail mobile telephony services, Internet Service Provider (**ISP**) services, National Long Distance (**NLD**) services, International Long Distance (**ILD**) Services, enterprise services, passive infra services (over fibre optic network) and the right to use a given spectrum in a specified licensed service area in India. RCOM through its subsidiaries is also indirectly present in the provision of services of Internet Data Centres (IDCs) in India. Further, the product segments in which RTL is present is provision of ISP Services, passive infra services (over fibre optic network) and the right to use a given spectrum in a specified licensed service area, in India.
7. It is submitted in the notice that the only business of RCOM which continues to be in operation as on the date when the Resolution Plan was submitted is the enterprise



business. The enterprise business provides solutions designed to integrate multiple facets of a company's business through the interchange of information from various business process areas and related databases. The only business of RTL to be in operation as on the date when the Resolution Plan was submitted is the bulk SMS business.

8. It is stated in the notice that the Acquirer and the Targets do not have any horizontal overlaps *per se*. However, the Acquirer as a part of its business as an asset reconstruction company had submitted a resolution plan to acquire and monetize Aircel Limited (**Aircel**) and its two wholly owned subsidiaries Aircel Cellular Limited (**Aircel Cellular**) and Dishnet Wireless Limited (**Dishnet**) (collectively referred to as **Aircel Entities**). It is also stated that the Aircel Entities, prior to their voluntary insolvency application filed in 2018, were engaged in providing telecommunication services in various segments such as mobile telephony services, internet / data services & mobile wallet services across India. However, these activities have not been operational since March 2018.
9. Based on the product segments of the Acquirer (through the Aircel Entities) and the Targets, the overlapping product segments identified in the notice are provision of (a) Retail Mobile Telephony Services (including RTL's bulk SMS business); (b) NLD Services; (c) ILD Services; (d) Enterprise Services; (e) ISP Services; (f) Right to use spectrum; (g) Provision of passive infrastructure services over fibre optic network; and (h) IDCs, in India. The Acquirer has submitted that the said overlaps have been provided as the Acquirer can operate in these services by virtue of holding service licenses for these services. However, as on date there is no operational revenue that is generated from these services as both Aircel Entities and Targets ceased full scale commercial operations during the course of 2018.
10. Nevertheless, the Acquirer has provided market shares of the Parties for each of the above overlapping product segments, thereof for the purpose of assessment of the Proposed Combination. The market share information provided in the notice shows that the presence of both Acquirer as well as Targets in all the identified product segments, is not significant. The combined market share of the Parties in each of the



identified product segments is less than 10 percent and the incremental market share is also insignificant.

11. The Commission notes that since in the present case the Acquirer (through the Aircel Entities) is not operational and the Targets have also ceased most of their operations, there is no requirement for exact delineation of relevant market. Thus, the Commission decided to leave the delineation of the relevant market open as the Proposed Combination, is not likely to cause an appreciable adverse effect on competition in any of the possible alternative relevant markets that could be delineated.
12. 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 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.
13. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
14. The information provided by the Acquirer shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the Acquirer, accordingly.