



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

FIRST PHASE REVIEW

**In the matter of acquisition of shares of M/s. Tanzanite
Towers (Pvt.) Ltd by M/s. edotco Pakistan (Pvt.) Ltd**

CASE: 906/Mergers/CCP/17

Commission

Ms. Vadiyya S. Khalil
Chairperson

Mr. Ikram Ul Haque Qureshi
Member



I. BACKGROUND

1. On 23 June 2017, edotco Pakistan (Private) Limited ("**edotco**", or the "**Acquirer**") filed a premerger application (the "**Application**") notifying and seeking clearance from the Competition Commission of Pakistan (the "**Commission**") for the acquisition of _____ shareholding in Tanzanite Towers (Private) Limited ("**Tanzanite**" or the "**Target**") by way of share purchase. The Application has been filed along with necessary information pursuant to Section 11 of the Competition Act 2010 (the "**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations 2016 (the "**Merger Regulation**").

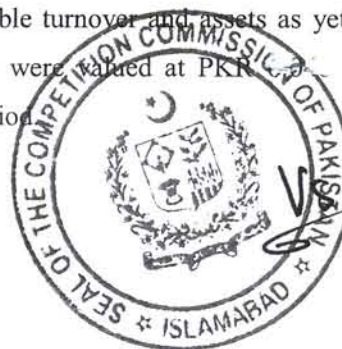
II. PARTIES

Acquirer

2. edotco, a private limited company incorporated in Pakistan, is engaged in the business of construction and management of communication towers infrastructure and related services. The Acquirer is a subsidiary of Axiata Group Berhad ("**Axiata**") - a Malaysian telecommunication company, operating under the brand name of "Celcom" in Malaysia, "XL" in Indonesia, "Dialog" in Sri Lanka, "Robi" in Bangladesh, "Smart" in Cambodia and "Ncell" in Nepal, as well as minority interests in "Idea" in India and "M1" in Singapore.
3. edotco's turnover for the financial year ended 30 June 2016 was nil, while its assets were valued at PKR _____ for the same period. Axiata's assets for the financial year ended 31 December 2016 were valued at RM _____ (approximately, PKR _____ while its turnover remained _____ (approximately, _____ for the same period.

Target

4. Tanzanite, a newly formed wholly owned subsidiary of Tower Share (Private) Limited (TSPL), both incorporated in Pakistan, is engaged in the business of construction and management of communication towers infrastructure and related services.
5. Incorporated on 4 May 2017, the Target has no reportable turnover and assets as yet. TSPL's total assets for the financial year ended 31 December 2016 were valued at PKR _____ and its turnover remained PKR _____ for the same period.



III. TRANSACTION

6. Pursuant to the Share Subscription and Share Purchase Agreement dated 20 June 2017 (the "Agreement"), edotco shall subscribe up to _____ ordinary shares in Tanzanite. The consideration for this acquisition is USD _____ (approximately, PKR _____) which is the transaction value in this case.
7. The transaction meets the merger notification thresholds as prescribed in Regulation 4 (2) (a), (b), (c) and (d) of the Merger Regulations as the combined assets of the merger parties exceed PKR 1 billion and the combined turnover of the merger parties also exceed PKR 1 billion. The transaction value is also greater than PKR 100 million and the percentage of shares to be acquired exceeds 10% of the total shareholding of the Target.

IV. RELEVANT MARKET

8. TSPL is principally engaged in the business of construction and management of communication towers infrastructure and related services. Independent of the telecom operators *such as* cellular mobile network operators (MNOs) and other entities engaged in the provision of wireless communication, TSPL - builds communication towers and sites to provide facility to transmit wireless telecommunication signals on a rental/contractual basis. In principle, the wireless tower infrastructure managed and operated by MNOs and other communication entities can be differentiated on the basis of pricing, however, the fundamental characteristics (save technological differentiation) and intended use of the towers and sites operated by them remains similar. Keeping in view the early stages of evolution of tower sharing market, the Commission determines that the relevant product/services market to the extent of the proposed merger is "construction and management of communication towers infrastructure and related services" whether operated by tower sharing companies or MNOs or other entities.
9. Since towers infrastructure and related services may be provided across the country, where the conditions of competition remain sufficiently homogenous, the relevant geographic market has been identified as Pakistan for the proposed merger.

V. FINDINGS OF THE PHASE I COMPETITION ASSESSMENT

10. The Acquirer currently owns and operates only 5 towers in the relevant product market, which gives it a market share of _____ whereas the Target being newly incorporated, it currently owns and



operates no telecom towers, therefore its market share is currently nil. However, it is noted that as a condition precedent to the Agreement, the Target will acquire towers from its parent company, i.e. Tower Share, which will be subsequently acquired by edotco.

11. As per the tower site count provided by the Applicant, the MNOs currently own and run more than towers and site in Pakistan. Post, transaction, edotco shall own a portfolio of up to towers, which will only be approximately of the market share in the relevant market.
12. Based on the above, the intended merger does not meet the presumption of a dominant position in the relevant market as is defined under Section 2 (1) (e) read with Section 3 of the Act.

VI. CONDITION(S)

13. Pursuant to Clause 9 "Non-competition" of the Agreement, the merger parties shall submit the non-competition and any other ancillary restraint agreements with the Commission for assessment and possible exemption of the same.

VII. CONCLUSION

14. In conclusion, there is no evidence to suggest the likelihood of substantial lessening of competition by creating or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
15. It is so ordered.

Vadiyya S. Khalil
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Chairperson



Ikram Ul Haque Qureshi

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Member