



BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION  
BY M/S TOWERSHARE PRIVATE LIMITED OF  
TOWER BUSINESS/ ASSETS OF M/S WI-TRIBE PAKISTAN LIMITED

CASE: 862/Mergers/CCP/2017

Commission

Ms. Vadiyya Khalil

*Chairperson*



Mr. Ikram Ul Haque Qureshi

*Member*

## I. Background

1. On 05 January 2017, M/s Towershare Private Limited (the 'TPL or the Acquirer') submitted a pre-merger application (the 'Application') regarding the acquisition of tower business and assets of M/s Wi-Tribe Pakistan Limited (the 'WPL or the Target') pursuant to a tower business acquisition agreement (the 'Agreement') dated 28 June 2016 in accordance with the Competition (Merger Control) Regulations, 2017.

The case is examined as under:

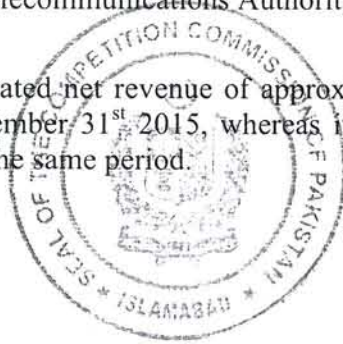
## II. Parties

### The Acquirer

2. TPL is subsidiary of M/s. Towershare Inc., which holds \_\_\_\_\_ of the paid up share capital of Towershare. Towershare Inc., in turn, is a subsidiary of M/s. Sabino Ventures Limited, a company incorporated under the laws of British Virgin Islands, with its registered office located in Tortola. TPL is mainly engaged in the business of buying, building, operating and maintaining telecom tower infrastructure, as well as the leasing of that infrastructure to operators in the telecom sector.
3. TPL generated net turnover of approximately PKR \_\_\_\_\_ in the financial year ended 31<sup>st</sup> December 2015, whereas its assets remained at approximately PKR \_\_\_\_\_ for the same period.

### The Target

4. WPL, the Seller, is a public limited company incorporated under the laws of Pakistan. It is a subsidiary of Wi-Tribe Limited, which has its registered office located in Grand Cayman Islands. WPL is engaged in the business of providing services and products in the information technology and communications sector. Its principal activities in Pakistan include the provision of Long Distance International and Wireless Local Loop services. As a part of this business, WPL also owns and operates towers, as licensed by Pakistan Telecommunications Authority ('PTA').
5. WPL generated net revenue of approximately PKR \_\_\_\_\_ in the financial year ended December 31<sup>st</sup> 2015, whereas its assets remained at approximately PKR \_\_\_\_\_ for the same period.



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### III. The Transaction

6. As per the Application, TPL intends to acquire 585 towers of WPL. This acquisition, which is horizontal in nature, relates to the sale of assets, and there is no corporate entity being merged with another. The consideration for this purchase of assets is approximately PKR
7. The transaction meets the notification thresholds prescribed in Regulation 4 (2) (a), (b) and (c) of the Merger Regulations as the value of gross assets of the undertakings exceed PKR 1 billion, while the annual turnover of the undertaking exceeds PKR 1 billion and the net worth of the assets is more than PKR 100 million.

### IV. THE RELEVANT MARKET

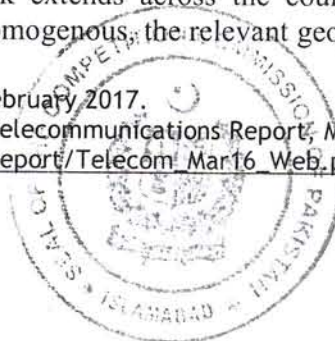
8. The Pakistan Telecommunication Reorganization Act of 1996 and the rules and regulation made there under require any undertaking desirous of owning or leasing out infrastructure facilities, including telecommunication towers, to apply for either a Telecommunication Tower Provider ("TTP") or Telecommunication Infrastructure Provider ("TIP") License. The Acquirer in this case has a TTP license. In addition, Cellular Mobile and Wireless Local Loop operators are licensed to own and operate telecommunication towers without the requirement of TTP or TIP licenses. Long Distance and International operators, such as the Target in this case, are allowed to own and operate telecommunication towers only for the backhauling of telecommunication traffic<sup>1</sup>.
9. At the end of the financial year 2015, there were approximately telecommunication network towers installed in Pakistan<sup>2</sup>. The Acquirer currently owns and operates such towers, giving it a market share of approximately . The Target currently owns and operates such towers, making its market share approximately
10. While WPL is broadly engaged in the provision of Long Distance International and Wireless Local Loop services, the entirety of its business is not subject to this transaction, which relates only to the sale of its tower business and assets. For this reason, the relevant product market for this case has been identified as that of the "provision of services offered by telecommunication tower companies".
11. As the WPL's tower network extends across the country, where the conditions of competition are sufficiently homogenous, the relevant geographic market is Pakistan.

<sup>1</sup> Information provided by PTA dated 13 February 2017.

<sup>2</sup> Source: Pakistan Credit Rating Agency, Telecommunications Report, March 2016, available at: [http://www.pacra.com.pk/uploads/doc\\_report/Telecom\\_Mar16\\_Web.pdf](http://www.pacra.com.pk/uploads/doc_report/Telecom_Mar16_Web.pdf)

<sup>3</sup> Information provided by the Applicant.

<sup>4</sup> Ibid.



## V. FINDINGS OF THE PHASE I COMPETITION ASSESSMENT

12. This proposed transaction involves acquisition of telecommunication towers by TPL, from WPL, and is horizontal in nature. The Acquirer is engaged in the business of buying, building, operating and maintaining telecommunication tower infrastructure, as well as the leasing of that infrastructure to operators in the telecom sector.
13. WPL is engaged in the business of providing services and products in the information technology and communications sector, and is principally licensed, by PTA, to provide Long Distance International and Wireless Local Loop services. As a part of this business, WPL also owns and operates telecommunication towers.
14. Pre-transaction, WPL's share in the relevant market is approximately . . . . . While TPL's current share of the relevant market is approximately ~ . . . . . which will increase to approximately . . . . ., post-transaction.
15. Based on the above, the transaction does not meet the presumption of dominance as determined under Section 2 (1) (e) read with Section 3 of the Competition Act, 2010 ("Act").

## VI. CONCLUSION

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



(Vadiyya Khalil)  
Chairperson



(Ikram Ul Haque Qureshi)  
Member



7<sup>th</sup> March 2017