Case M1148GJ

Merger - JT Group Ltd and Indian Continent Investment Ltd

Decision – Phase 1 Review

Document No: CICRA 15/ 43 **Date: 26 October 2015**

Jersey Competition Regulatory Authority
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Parties

1. JT Group Limited ("JT") is 100% owned by the States of Jersey and provides fixed line phone, mobile and internet services in both Jersey and Guernsey.

2. Indian Continent Investment Limited ("ICIL") holds 100% equity stakes in Jersey Airtel Limited ("JAL") and Guernsey Airtel Limited ("GAL", together with JAL being "Airtel"). JAL operates a license for mobile telephony services in Jersey and GAL for mobile telephony services in Guernsey. Bharti Overseas Pvt Limited is the ultimate holding company of Bharti Global Limited ("BGL"), ICIL, JAL and GAL.

Transaction

3. The proposed transaction has two elements:

    a. A purchase by JT of the entire issued share capital of Airtel in exchange for part ownership of the enlarged JT (approximately 11% ownership) through the issue of new Ordinary Shares in JT to be held by BGL; and
    b. A purchase of existing Ordinary Shares in JT immediately following the Merger, for cash, from the States of Jersey to increase BGL's investment in JT

    (the "Proposed Merger").

Jurisdiction

4. Pursuant to Article 2 of the Competition (Mergers and Acquisitions) (Jersey) Order 2010 (the "Order"), a merger requires the approval of the JCRA where the merger results in a share of supply or purchase of 25% or more being achieved, or increased. This threshold is intended to apply to 'horizontal mergers', i.e. where the parties are existing competitors, and their combined shares of supply or purchase equal or exceed 25%.

5. The Proposed Merger falls within the provisions of Article 2 of the Order and thus approval of the JCRA is required.

6. JT submitted a merger notification to the JCRA on 8 September 2015. There is no statutory deadline for the conclusion of a first detailed review.

Decision

7. In carrying out its investigation, the JCRA is required to consider whether the Proposed Merger will substantially lessen competition within any market.

8. For a horizontal merger, the JCRA can assess:

    a. Unilateral effects (i.e., the ability of the merged entity to raise prices unilaterally); and
    b. Coordinated effects (i.e., the ability of the merged entity to raise prices with either the implicit or explicit cooperation of other competitors).

9. If during the investigation of the application the JCRA considers that issues arise that may lead to the refusal of approval for the merger or an approval with conditions, the JCRA is required to submit the merger to a second detailed review.

10. In carrying out its investigation on the Proposed Merger, the JCRA considers that such issues have arisen and, accordingly, the JCRA therefore decides to refer the Proposed Merger to a second detailed review.

26 October 2015 **By order of the JCRA board**