



Case M1148GJ

Merger - JT Group Ltd and Indian Continent Investment Ltd

Decision – Phase 1 Review

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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 1 Pursuant of The Competition (Prescribed Mergers and Acquisitions) (Guernsey) Regulations 2012 (the “Regulations”), a merger must be notified to the GCRA if:
 - a. The combined applicable turnover of the undertakings involved in the merger or acquisition arising in the Channel Islands exceeds £5 million; and
 - b. Two or more of the undertakings involved in the merger or acquisition each have applicable turnover arising in Guernsey which exceeds £2 million.
5. The Proposed Merger falls within the provisions of Article 1 of the Regulations and thus approval of the GCRA is required.
6. JT submitted a merger notification to the GCRA 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 GCRA is required to consider whether the Proposed Merger will substantially lessen competition within any market.
8. In addition, Section 13(2)(b) of The Competition (Guernsey) Ordinance, 2012 (the “Ordinance”) provides that the GCRA must not grant approval to mergers notified under the Ordinance unless it is satisfied that the merger would not be to the prejudice of:
 - a. Consumers, or any class or description thereof;
 - b. The economic development and well-being of the Bailiwick of Guernsey; and
 - c. The public interest.

9. For a horizontal merger, the GCRA 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).
10. If during the investigation of the application the GCRA considers that issues arise that may lead to the refusal of approval for the merger or an approval with conditions, the GCRA is required to submit the merger to a second detailed review.
11. In carrying out its investigation on the Proposed Merger, the GCRA considers that such issues have arisen and, accordingly, the GCRA therefore decides to refer the Proposed Merger to a second detailed review.

26 October 2015

By order of the GCRA board