Aircel Maxis Case

Why in news?

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The mega merger between Reliance Communications and Aircel is at risk with the Supreme Court threatening to take away the latter's spectrum if its Malaysian owner T Ananda Krishnan does not appear in court within two weeks.

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What is the case about?

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- Aircel is an Indian mobile network operator founded by C Sivasankaran of Tamil Nadu.
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- Maxis is a communications service provider in Malaysia, owned by Ananda Krishnan.
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- Aircel was taken over by Maxis in 2006 by acquiring its shares.
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- In 2011, the Aircel-Maxis deal came under the scanner after Sivasankaran lodged a complaint that he was coerced into selling his company to Maxis.
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- It was alleged that the Maxis Group had invested in Sun Direct between 2007 and 2009 and Dayanidhi Maran as then Telecom Minister misused office in the deal. It was also alleged that Maxis made a *quid pro quo* investment in Sun Direct TV, owned by Dayanidhi's brother, Kalanithi Maran.
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- The then finance minister Chidambaram was also alleged of delaying the clearance till his son received shares in Aircel.
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- In 2014 the CBI filed charge sheet against former Telecom Minister Dayanidhi Maran and his brother Kalanidhi Maran; T. Ananda Krishnan and Ralph Marshall, a senior executive of the Maxis Group.
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- In 2015 the CBI told a special court that Malaysian authorities were not "cooperating" in the service of summons.

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- In August 2016 the CBI moved court for issuance of arrest warrants against Ralph Marshall and Ananda Krishnan as they failed to appear before the agency.
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- In September 2016 Reliance Communications and Aircel announced a merger deal with equal representation on the board.
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- This would have created the country's third-largest mobile operator by subscriber base enabling both RCom and Aircel to stay relevant.
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What is the recent judgment?

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- But the Supreme Court restrained the transfer of Aircel's 2G licences to any other telecom company. It also said that if Anandha Krishnan and Ralph Marshall fail to appear in January, the 2G license granted to Aircel will be seized.
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- Most of Aircel's existing revenues come from 2G and it may end up losing millions of subscribers if the Department of Telecom were to transfer the airwaves to another operator.
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- RCom can technically still use Aircel's 3G spectrum and other airwaves bought through recent auctions, but it is unlikely that the merger will go through in such a piecemeal manner.
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- Though there is no immediate impact on merger plans the future is unclear.
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