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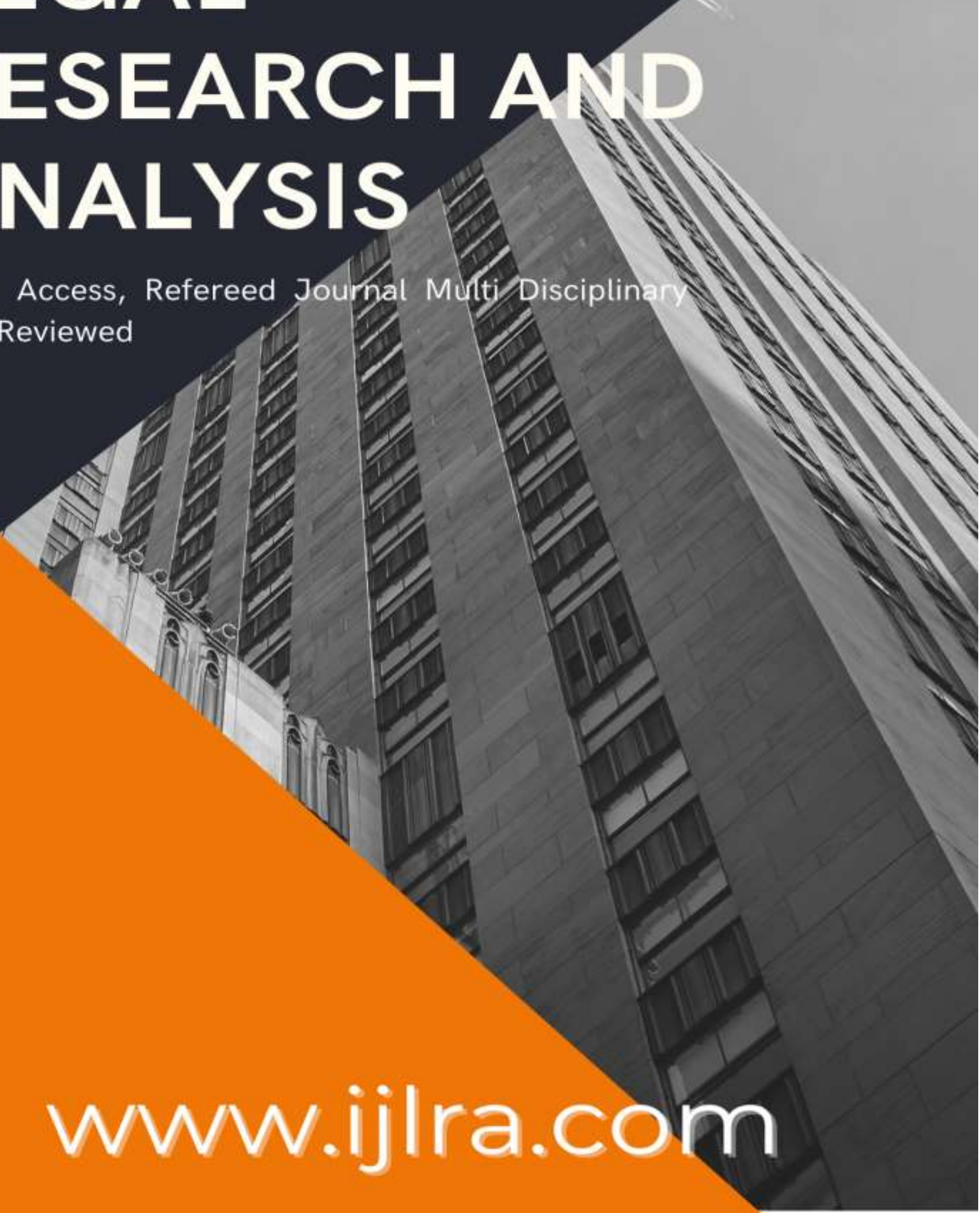

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# PRIVATE EQUITY ROLLS- UPS & MARKET CONSOLIDATION

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## ABSTRACT

Private equity roll-up strategies have become a common way for investors to expand in industries where businesses are fragmented and operate on a small scale. In this model, a private equity sponsor buys several smaller companies in the same sector and combines them into a larger group. On paper, each purchase may seem minor. But when taken together, these acquisitions can slowly change how a market works and give one business much greater control. This paper looks at how such roll-ups can lead to market concentration that is not always easy to spot under the usual merger-control rules. Most competition law systems still focus mainly on individual transactions, especially those that are large enough to trigger formal review. Roll-ups, however, often happen in stages. Companies may use separate entities, small acquisitions, or minority investments to build control gradually. Because of this, regulators may not immediately see the overall plan behind the different deals.

The paper also examines the effect of these strategies on competition. It considers whether roll-ups make it harder for new businesses to enter the market, reduce rivalry between existing firms, or give certain players too much pricing power. It also raises the concern that once consolidation has already happened, it is much harder to reverse the damage. By comparing the United States and the European Union, the paper shows that merger control is slowly becoming more focused on the real effects of transactions rather than just their legal form. India, however, still tends to look at each merger separately. For that reason, this paper argues that the Indian framework may need to be adjusted so that it can better deal with gradual consolidation without stopping genuine investment or healthy business growth.

KEYWORDS

Private Equity, Roll-Up Strategies, Merger Control, Competition Law, Creeping Acquisitions, Serial Acquisitions, Market Consolidation, Incremental Concentration, Competition Commission of India, Cumulative Market Power.

RESEARCH QUESTION

1. If private equity roll-up strategies facilitate hidden market consolidation through serial and fragmented acquisitions?
2. Does the existing framework under the Competition Act, 2002 sufficiently addresses acquisition-led concentration occurring below conventional notification thresholds?
3. Whether modern merger control requires a more cumulative and effects-based approach toward assessing private equity driven consolidation?

RESEARCH GAP

Private equity scholarship has largely focused on the intricacies of capitalized buyouts and fiduciary structures, and antitrust scholarship has largely focused on high-profile horizontal mergers, but the intersection of serial roll-up strategies and the successful execution of merger control is largely uncharted scholarly territory. There is a profound deficiency in comprehensive research into how fragmented or incremental acquisitions orchestrated by private equity interact with hard regulatory frameworks to facilitate stealth consolidation.

In the Indian legal landscape, the phenomenon of cumulative concentration occurring via sub threshold transactions represents a significant analytical blind spot. Despite a global shift toward scrutinizing creeping acquisitions, domestic scholarship has yet to critically evaluate whether the transaction-specific architecture of the Competition Act, 2002, is inherently ill-equipped to intercept gradual or acquisition-led monopolization. This paper endeavors to bridge that lacuna by dissecting the ways in which private equity vehicles exploit notification gaps to reconfigure market structures beyond the reach of conventional oversight.

METHODOLOGY

This paper adopts a doctrinal and comparative method of legal research. It examines the merger control framework under the Competition Act, 2002 with focus on private equity roll up strategies and acquisition led consolidation. Reliance has been placed upon statutory provisions, merger regulations, OECD reports, FTC materials, and academic scholarship relating to serial acquisitions and cumulative concentration. The paper also compares regulatory developments in the United States and the European Union concerning creeping acquisitions and below threshold transactions

THE ROLL-UP GAME

*Too Large to Ignore, Too Small to Notice*

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## Introduction

The Cream layer of economy, the wealthy individuals and institutions lather their capital together in partnership with Private Equity firms forming a pool of money to invest in buying a company. The goal is to improve the company by acquiring it, expanding it, making it a profitable business and sell it later at higher price to gain profit. The PE funds are utilized in management, restructuring and strategic growth. It's a high-stake opportunity of wealth creation. Financial Investment via Private Equity funds require a structure and plan. The strategic structure of PE investment in layman language is that there is a PE firm where these investors have pooled their money, this pool of fund is managed by the 'General Partner' and the investors who have pooled their capital becomes 'Limited Partners' of PE fund.[1]

Now there are only two categories to PE funds which are venture capital and buyout (also called leverage buyout). Venture capital invests in startups, young businesses which are small and have limited capital needed to grow the company but are expected to be of high growth potential. Bank loans and government schemes (like SIDBI's funds of fund and Start-up India) are available but takes time due to risk- assessment processes, this obstruction is resolved by Venture capital. Investors are equally or highly benefited from the investment by putting their money at early-stage companies they gain early access to new innovative technologies in the market they gain equity ownership at a decent valuation.[2]

And the leverage buyouts in simple words is a strategy where the company is acquired by another company using a significant amount of borrowed funds and generous count of their own money. The goal is to use the mix of debt money and once own money to acquire companies, make it profitable through improvements in operation and later selling them, simultaneously paying off the debt through expected profits from company. This minimal investment gives high returns but is it that easy? The answer is simply no, the LBO model is essentially to be studied which is that buyout opportunities have to be evaluated to check the financial viability, then check and analyse the proficiency of the company to handle the debt, with great investment comes great risk and so it is very important to have a reliable risk management plan.[3]

The functioning of the LBO model is segregated and executed to gain profits. Firstly, the historical data as collected to forecast the revenues, expenditure and growth, secondly, debt structuring means a planned structure in which the debt would be paid off, like 'senior debt' or bank loans covers more than 50% of the leveraged money and are cheapest for interest. Then comes the 'High-yield bondholder' covering around 15% of debt money and offer less covenants like the lump-sum principal capital can be paid-

[1] KKR, *'Alternatives Unlocked: Private Equity'* https://www.kkr.com/alternatives-unlocked/private-equity accessed 14 May 2026.

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[2] Moonfare, *'What is Private Equity?'* https://www.moonfare.com/pe-masterclass/what-is-private-equity accessed 14 May 2026

[3] Qapita, *'Leveraged Buyout'* https://www.qapita.com/blog/leveraged-buyout accessed 14 May 2026.

off at last but interest has to be paid simultaneously to the cashflow of the acquired company. Later comes the 'mezzanine debt' which is quasi-equity, these comes witheven higher risk and convertible options to equity shareholders. And finally, the 'equity shareholders' the last recipient, holding around 30% of the capital invested and are highest at risk to receive capital.3 Thirdly, all the sensitive variables in model need to be studied as per the different situations like 'Internal rate of Interest' or the 'Leverage ratio' and finally the exit strategy is vital to be determined to gain maximum return on equity.[4]

The central strategy executed by private equity firms to create value is acquisition-led growth or roll-ups. The Boston Consulting Group research also stated that the 'buy and built' strategy outperforms standalone investment. They acquire a particular platform company followed by add-on acquisitions the investors indulge in operational synergy to create market expectations of portfolio companies. While picking the portfolio company they focus on deepening rather than diversifying, the deeper the control is on the existing industry higher are the returns (IRR). The portfolio companies are chosen for their inefficiency but might have growth potential if managed professionally with proper management, operations and growth- driven strategies. The investors are interested in fragmented industries or small and disorganized businesses but all must display growth potential.[5]

*If the companies are so profitable then why do they sell it? Why the effort of taking the risk, the debt, the energy to improve it, building a profitable company just to sell it later?* The PE funds are not constant and ongoing, it comes with a shelf life. The general partner is under the contractual obligation of 'Limited Partnership Agreement' to return the capital back to investors even if the company is yet to grow and might have high value returns. But that is what PE firms are for 'buy-improve-sell'. Because PE firm took the initial risk, they ask for higher valuation for selling the now stabilized company to another PE firm.

## Private Equity Roll-Ups and Acquisition Structures

It is now incumbent to scrutinize the execution of these strategies. The central to these is the roll-up strategy which can be explained through the Hub and Spoke model, wherein the initial acquisition of a strong, stable and strategically placed company within a particular industry, which serves as the central platform or the 'HUB'. This platform entity becomes the foundation for further expansion following which several smaller companies operating in the same sector are acquired as 'SPOKES' and integrated into the larger structure through add-on acquisition. The model consolidated independent businesses into one enterprise, improving efficiency, bargaining power, economies of scale and market control.[6]

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[4] Corporate Finance Institute, *'LBO Model'* https://corporatefinanceinstitute.com/resources/financial-modeling/lbo-model/ accessed 14 May 2026.

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[5] Moonfare, *'5 Examples of Private Equity Value Creation'* https://www.moonfare.com/blog/5-examples-pe-value-creation accessed 14 May 2026.

[6] TriVista, *'Revamping Your Supply Chain with Hub and Spoke Models'* https://trivista.com/articles/revamping-

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Prior to acquisition of the platform entity, it becomes imperative for the private equity firm to ascertain if the target company possesses the structural and legal capacity to operate as the central hub of the roll-up model. This involves evaluation and assessment of the target company's integration that if it possesses the marginal capacity, operational structure, legal adaptability and tech support to accommodate future acquisitions without resulting in regulatory impediments. Once the Platform entity is secured the roll-up model advances through the acquisition of small firm operating with same
market segment. Smaller companies were targeted because they typically can be acquired at lower valuations, simpler to integrate and often occupy niche segments, local geographies or specialised service lines that the platform still not comprises which makes it complementary and not competitive. Many of them consist of privately owned or founder-owned businesses seeking exit. This creates a favorable timing and valuation window for the PE firms. These add-on acquisitions strengthen the platform by consolidating customers and operations under a single corporate structure which brings immediate revenues and existing clients while allowing the PE firm to standardise governance and compliance. Each deal is a Share purchase or asset purchase agreements.[7]
The share purchase agreement (SPA) performs as the legal instrument through which the transfer of control over the platform company is formally structured and given contractual make over. It is through the SPA that the equity stake of the original shareholders is transferred to PE backed company.[8]This crystallises the shift in ownership and economic interest. In PE transactions it operates as a calibrated mechanism through which risk allocation and future valuation are contractually secured. It allows the investors to standardise terms across multiple other acquisitions to manage liabilities arising from different portfolio companies by keeping a consistent check on governance and operations post integration.
And the asset purchase agreement (APA) operates as the legal instrument through which the transfer of specific assets of a target is structured without effecting a transfer of the entire corporate ownership. It enables the transfer of specific assets, such as property, contracts or business units to the buyer while the seller continues to exist as a separate legal entity. This allows the investors to acquire valuable parts of a business while avoiding unwanted and uncertain liabilities. The APA facilitates the consolidation of fragmented assets which allows private equity investors to build value while maintaining flexibility in structuring acquisitions.[9]
However, the ability to undertake these acquisitions is often contingent upon existing contractual obligations particularly those arising from financing arrangements. Most

your-supply-chain-with-hub-and-spoke-models/ accessed 14 May 2026.

[7] V7 Labs, *'Buy-and-Build: Add-On Integration in Private Equity'* https://www.v7labs.com/blog/buy-and-build-add-on-integration-private-equity accessed 14 May 2026.

[8] Umbrex, *'Purchase Agreement'* https://umbrex.com/resources/private-equity-glossary/purchase-agreement/ accessed 14 May 2026.

[9] Sirion, *'Asset Purchase Agreement'* https://www.sirion.ai/library/contracts/asset-purchase-agreement/ accessed 14 May 2026.

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load or credit agreements contain 'change of control' clauses which arises when the ownership of the company shifts, as it is typically the case in private equity transactions. Such clauses operate as contractual safeguards for lenders as it effectively conditions the permissibility of the acquisition on lender approval. This gives the lender the right to accelerate repayment or enforce security. This results in a transaction that is commercially sound may still fail on legal grounds it the financing framework does not permit it. Private equity investors address this at the structuring stage. They negotiate acquisition baskets that permits certain deals without fresh consent. They also amend the existing credit agreements to align with their acquisition strategy. This is relevant in roll-up model as multiple acquisitions are carried out in sequence. The need to take lender's approval each time would slow down or disrupt the process.[10]

In addition to contractual constrains there are certain industries which impose regulatory limitations that further shape how acquisition may be structured. In 'professional service sectors' such as healthcare and dentistry the regulatory frameworks in India typically impose strict ownership control restrictions. In this set up only licensed professionals such as registered doctors or dentists can hold legal ownership pf clinics or practice entities. These requirements are embedded in medical council rules, state level clinical establishment laws and border public health policy which is designed to ensure that clinical decisions remain with the qualified practitioners instead of commercial investors. Due to this private equity firms cannot directly hold equity in the core clinical entities.[11]

To operate under such model private equity backed roll up strategies in healthcare commonly adopt a two-tier structure. The clinic remains legally owned by licensed professionals or professional entities while a separate management services company which is owned by a private equity investors undertake administrative, financial and operational functions. Control is exercised not through direct equity ownership but through professional service agreements. These agreements typically enable the investors to influence key aspects of the business while legal ownership remain with the professional. This structure is particularly significant as it facilitates consolidation without violating ownership restrictions enabling the investors to achieve economies of scale across multiple entities. At the same time a formal separation between ownership and control ensures regulatory compliance while allowing the private equity investors to exercise substantial key influence over the group.[12]

An example of such structuring can be observed in the Indian healthcare sector, where large private equity backed hospital platforms like seen in the expansion of groups like Krishna Institute of Medical Sciences & Manipal Hospitals (and Manipal Sahyadri

[10] Umbrex, *'Public to Private'* https://umbrex.com/resources/private-equity-glossary/public-to-private/ accessed 14 May 2026.

[11] Jacobin, *'Private Equity Is Taking Over Dental Care and Health Services'* https://jacobin.com/2025/07/private-

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equity-dental-care-health accessed 14 May 2026. [12] Bain & Company, *'Global Healthcare Private Equity and M&A Report 2021'* https://www.bain.com/insights/providers-global-healthcare-private-equity-and-ma-report-2021/ accessed 14 May 2026.

ecosystem). They have grown through acquisition driven strategies. These transactions were structured through layered corporate entities thereby, allowing the platform to scale while maintaining continuity of operations at the individual hospital level.

Even where structural and regulatory hurdles are addressed the acquisition related risks necessitate additional safeguards within transaction agreements and this is where the indemnity escrows become a central risk allocation device. An indemnity escrow is a portion of the purchase price set aside in a segregated account at closing from which the buyer can draw if certain predefined liabilities emerge after the transaction. This mechanism is particularly important in PE roll up model where platforms and add-ons may carry hidden or contingent exposures that are difficult to fully uncover during due-diligence. Indemnity escrows are used to protect to PE- backed buyer against several categories of risks. These include hidden liabilities such as unrecorded debts, contracts or off-balance sheet obligation which might surface after closing then there is pending litigation including unresolved disputes, regulatory actions or ongoing claims whose final cost was uncertain at the time of sale, another are unpaid taxes and contractual defaults. The term indemnity escrow and holdback are often used interchangeably in practice but they emphasize slightly different angles of the same mechanism. Holdback typically refers to the basic idea of withholding a portion of the purchase price from the seller at closing so that amount can be used later to recover indemnifiable losses such as breaches of representations or warranties, unpaid taxes, undisclosed liabilities or other post-closing obligations. Functionally, it reduces the seller's upfront proceeds and treats that retained sum as a form of security for future claims under the SPA.[13]

These mechanisms demonstrate that the private equity roll-ups are not merely commercial expansion strategies but carefully structured legal and financial arrangements designed to facilitate market consolidation while minimizing transactional risk and regulatory exposure.

## Hidden Consolidation Through Serial Acquisitions

Each Transaction when viewed separately appears narrow in scope unlikely to affect the competition. These acquisitions typically involve smaller firms with modest revenues, specific geographic reach and relatively low market shares which often operates in niche sub-segments of broader industry. This is because transaction values are contained and the target entities are small, the deals rarely move public price indices or visibly shift the competitive landscape in any single region. Many of these add-on acquisitions also fall below the statutory thresholds for notification to the Competition Commission of India under section 5 of the competition Act, 2002 and are therefore not required to be filed with the regulator. They are internally described as routine business expansion, capacity building, or 'organic-style' consolidation, which further insulates them from regulatory or public scrutiny.[14]

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[13] Corporate Finance Institute, *'Roll-Up Strategy'* https://corporatefinanceinstitute.com/resources/valuation/roll-up-strategy/ accessed 14 May 2026.

[14] Pipeline Road, *'Roll-Up Strategy'* https://pipelineroad.com/glossary/roll-up-strategy accessed 14 May 2026.

At the level of single deal, the transaction can be presented as an incremental and low risk step in which the platform simply absorbs another location or service line in a manner that closely resembles ordinary corporate expansion. These transactions rarely raise immediate concern. They are not accompanied by visible indicators such as significant layoffs, a segment with clear market dominance or sharp increases to a single attributable deal. A concreate example can be drawn from the Indian logistics and warehousing sector where PE backed players have executed a series of small ticket acquisitions of regional logistics providers, last mile operators and specialized warehousing firms. Individually every deal involves only a few depots and limited sets of contracts often below the CCI's asset turnover thresholds.[15] Taken on its own each acquisition appears routine and minimal with the platform simply absorbing another local operator and integrating it into its network. However, this repeated small acquisition allow PE backed platform to build a significant share of warehousing capacity also centralising price pricing and routing decisions, and strengthen its bargaining position against both shippers and smaller operators. What seems legally unremarkable at the level of individual transactions begins to reveal a pattern of sustained consolidation when considered in aggregate. This pattern often escapes
merger control scrutiny, as the regulatory framework remains focused on large, standalone transactions rather than the gradual accumulation of smaller deals.[16]

However, the importance of such transactions becomes clears when they are assessed collectively in isolation. A sequence of acquisition carried out over time can enable a single corporate group to accumulate significant market share producing a level of concentration that would unlikely through a single large transaction. Although antitrust frameworks tend to examine mergers separately for the impact on market is experienced in aggregate which gradually weaken the competitive pressure. This incremental consolidation often described as creeping acquisition resulting in rise of serious concerns from a competition law perspective.

This cumulative pattern of concentration referred to as serial acquisition, it reshapes the market dynamics even through each individual transaction falls below conventional merger control thresholds. Instead of a single visible takeover the shift unfolds over time as multiple smaller acquisitions come together to form an integrated corporate group with stronger bargaining power greater influence over pricing and expanded operational scale. From the investors perspective the roll-up model offers distinct advantages. The consolidated platform is likely to command a higher valuation at exit as its reflets stronger cash flows with larger market presence and greater stability than its individual components. Efficiencies are achieved through centralised operations and streamlined procurement with standardised contracts while the aggregation of multiple

[15] Cyril Amarchand Mangaldas, *'Demystifying the Revised Merger Exemptions'* (Client Alert, September 2024)

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https://www.cyrilshroff.com/wp-content/uploads/2024/09/Client-Alert-Demystifying-the-revised-merger-exemptions.pdf accessed 14 May 2026.

[16] Lexology, *'Article on Merger Control and Competition Law'* https://www.lexology.com/library/detail.aspx?g=5353f4c2-32cb-498a-9cc3-2a300308be4c accessed 14 May 2026.

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business diversifies revenue and reduce dependence on any single source. In addition, a larger and more integrated platform enhances the investor's strategic position thus making it more attractive to lenders and potential buyers also expanding exit and refinancing opportunities. In effect the regulatory framework is designed to capture large notifiable combinations that meet the thresholds under competition act.[17]

This gradual pattern of consolidation enables private equity backed to expand their market presence in a steady incremental manner. It avoids the sharp structural shift that typically draw the attention of the competition authorities. Instead of a single high-profile takeover the platform accumulates influence through a sequence of smaller legally unremarkable acquisitions. Each transaction is internally described as a modest expansion of capacity network or service lines. Over time this pattern leads to a steady cumulative increase in market share. It deepens the integration into key customer relation to strengthen the control over pricing routing and contractual terms. Often no individual transaction is large enough or conspicuous enough to trigger regulatory scrutiny. From a doctrinal standpoint this incremental approach aligns with the design of merger control regimes. These regimes focus on large standalone transactions assessed against turnover based thresholds. Serial below threshold deals are treated as routine corporate activity. In this way the platform's market power builds quietly through accretion rather than overt dominance. The resulting concentration remains largely invisible to ex ante review mechanisms. The private equity backed group achieves a consolidated position that would be difficult to attain under a frame focused on discrete high impact mergers. This shows the cumulative growth thereby shows how roll up model can reshape market structure.

Control without obvious dominance captures a subtle but powerful shift. There is no single clearly identifiable dominant firm at first yet real control over the market quietly consolidates in a few hands. At the outset the acquire often looks like just another participant perhaps a modest platform assembling a growing portfolio of small geographically dispersed entities. None of its individual transactions may push it across the conventional thresholds of dominance such as a high share of turnover or a clear monopoly position Regulators see only fragmented below threshold deals and do not observe a large monolithic player that would normally trigger dominance-based scrutiny. Yet beneath the surface fragmentation unified control begins to take shape. the platform begins to function as a single economic actor even though this unity remains invisible in headline level metrics. Centralised decision making starts to shape pricing schemes customer allocation territorial expansion and the deployment of resources. Standardised service packages bundled offerings and uniform discount structures are rolled out across the platform gradually recalibrating how competitors respond to price levels and what they can realistically offer in the market.

This consolidated control extends beyond the downstream market into suppliers and

[17] Russell Kennedy, *'ACCC Merger Reform: Release of Draft Merger Assessment Guidelines'* https://www.russellkennedy.com.au/insights-events/insights/accc-merger-reform-release-of-draft-merger-assessment-guidelines accessed 14 May 2026.

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input chains. By leveraging its cumulative scale built incrementally through a series of serial acquisitions the platform negotiates preferential terms bulk discounts and priority access to parts equipment and specialised labour. Smaller independent operators who remain outside the platform find it increasingly difficult to match these conditions which tilts the balance of bargaining power in the supply chain in favour of the platform. Over time these quite but persistent adjustments create a market where the platform's influence is clear in pricing decisions route planning contract design and bidding behaviour even though no single dominant firm can be identified in the classical sense. The market becomes more concentrated in practice while its formal structure remains fragmented allowing control to deepen without triggering the dominance centric tools that many competition regimes were designed to apply.

A clear illustration of control without obvious dominance is the role of quick-commerce platforms such as Blinkit in the Indian grocery delivery market. Blinkit does not appear as a conventional dominant firm because it owns no nationwide retail chain and instead operates through a scattered network of local dark stores and delivery partners. Once these nodes fall under the control of a single platform it begins to function as a unified economic actor by standardizing pricing structures delivery routes and promotional schemes and by negotiating bulk supply deals with FMCG manufacturers. Operators outside the platform struggle to replicate its integrated combination of speed, scale, and pricing discipline. Blinkit's structuring of delivery windows lot-based access and discount architecture exerts a quiet but decisive influence on how retailers invest how brands design promotions and how rivals position their own delivery propositions even though the market remains formally fragmented and no single dominant entity can be identified in the conventional sense.

This pattern is directly relevant to the idea of control without obvious dominance. It shows that a platform can reshape an entire market through centralised coordination of pricing timing and supply even though it does not display the formal markers of dominance such as a clear majority market share or a single identifiable monopoly. The market remains fragmented on paper yet functionally concentrated in practice which illustrates precisely why competition regimes focused only on large visible dominant firms may fail to capture how to control quietly consolidates in digital and roll up style structures.

Fragmented industries are characterised by a large number of small players, each holding a relatively modest share of the market and often operating in geographically or segmentally distinct niches. In such settings there is no single dominant player whose size alone would signal concentration so the market appears competitive on surface. When private equity-backed platforms enter this landscape they pursue roll-up strategies by acquiring multiple small entities one by one. Each transaction is small in absolute terms and often falls below filing thresholds, so it registers as routine corporate activity rather than a structural shift. Over time however the platform accumulates a substantial portion of the market under unified control, even though the formal structure continues to show many independent-looking entities. This makes the consolidation harder to detect because regulators and observers continue to see fragmented while real concentration builds through centralised pricing integrated supply chains and coordinated behaviour. *And why is it necessary to note?* because it exposes the blind spot in how traditional competition law thinks about concentration. Fragmented market looks competitive so regulators assume little dominance risk yet platforms can quietly aggregate many small players under unified control reshaping pricing and supply without triggering thresholds.

The gradual consolidation of market power through serial acquisitions carries significant implications for competitive dynamics. While such concentration may not be immediately visible in structural terms, its effects become evident in the manner in which firms compete, enter, and operate within the market. The impact of roll-up strategies is therefore best understood through their influence on market behaviour rather than through their formal classification.

The earlier section showed that in markets with small players, sequential below-threshold acquisitions can quietly aggregate substantial market power under unified management, even while the formal structure appears to remain fragmented. This section unpacks the specific competitive effects of that hidden concentration, linking them back to the core theme of control without obvious dominance and explaining why this pattern is central to understanding how modern competition regimes are systematically misaligned with the way power actually accumulates in service and platform driven markets.

As the platform acquires and integrates multiple small entities, the number of independently acting competitors declines. What initially looks like a field of competing local operators gradually becomes a market where most levers are pulled by a single centralised entity. Prices are no longer the outcome of genuinely independent decisions but of a platform driven architecture that sets ranges, discounts, and service tiers. Firms operating outside the platform are often compelled to react to its strategic moves rather than compete independently, thereby softening price competition and diminishing the incentive to reduce margins or innovate their offerings.[18]

The consolidation of multiple entities under unified control can raise structural barriers to entry. New entrants are no longer competing with dispersed set of small firms but instead face an integrated platform that holds established customer relationships supplier arrangements and operational scale. Such a platform is able to secure volume-based advantages streamline logistics and standardise contractual terms in ways that smaller standalone operators may find difficult to replicate. It may also adopt pricing strategies bundling practices or territorial positioning that make market entry more challenging. In this sense the barrier to entry does not arise from a formal restriction but from an economic structure that tends to favour the incumbent platform over new or fragmented competitors.

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[18] Organisation for Economic Co-operation and Development (OECD), *'Dynamic Efficiencies in Merger Analysis'* https://www.oecd.org/content/dam/oecd/en/publications/reports/2008/05/dynamic-efficiencies-in-merger-analysis_bffeeed6/df6017f9-en.pdf accessed 14 May 2026.

Innovation increasingly follows the platform's commercial logic rather than the independent experimentation of small players. With centralised control over interfaces pricing and product design the platform tends to prioritise features that boost retention lock in and cross selling such as loyalty-based discounts subscription style bundles or app-based convenience over genuinely disruptive service improvements. Smaller independents squeezed on margins and distribution often ack the resources to invest in alternative models

On the supply side the platform's ability aggregate demand gives it considerable leverage over parts equipment and logistics providers enabling it to secure lower prices more favourable contract terms and priority access to capacity. Suppliers come to depend on the platform for a steady and large volume of orders and often accept reduced margins or more restrictive contractual conditions in exchange for this stability. On the customer side the users become increasingly reliant on a single interface through which they access a broad range of services making it difficult to switch providers or meaningfully compare offers across multiple independent operators. This dual dependency on both sides of the transaction strengthens the platform's control because both suppliers and customers are economically tied to its continued operation and the pricing and service choices it sets.

Once the platform reaches a critical mass of aggregated capacity it begins to exercise meaningful pricing power. Centralised systems allow it to standardise surcharges time-based premiums and bundled packages across all nodes effectively turning local pricing into a coordinated exercise. Individual customers may perceive choice within the platform's ecosystem but the underlying structure is engineered to push prices up without triggering observable shortages or overt exclusion. In less transparent segments such as service-based contracts or subscription style arrangements this pricing power becomes even more difficult to detect because there is no clear benchmark against which to measure the true cost of services.[19]

Consumer welfare is shaped by a tension between surface-level gains and underlying harm. The platform can deliver convenience faster execution and integrated billing which improve short term user experience. Yet over time these gains coexist with narrower choices fewer independent alternatives and higher effective prices that are partially obscured by the platform's design. Consumers may be steered into loyalty based schemes or bundled offerings that appear attractive at first glance but bind them to a single provider with limited ability to negotiate or switch. In fragmented markets that look competitive on paper this pattern allows the platform to extract value without obviously harming any single identifiable consumer group which makes it difficult for conventional welfare based tools to respond in a timely way. In the sum the cumulative concentration produced by roll up strategies in fragmented markets is not neutral. By reducing rivalry tightening entry barriers shaping innovation and deepening supplier and customer dependency the platform gradually acquires durable pricing power that

[19] Author Unknown, *'Theories of Supply Chain Management'* https://www.csirs.org.in/uploads/paper_pdf/theories-of-supply-chain-management.pdf accessed 14 May 2026.

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reshapes the competitive landscape behind the veil of formal fragmentation. This blindness of dominance centric regimes to this pattern because they expect to see a single large incumbent means that the very tools designed to protect competition are least effective precisely where power consolidates in dispersed but functionally unified form. This section is therefore crucial to the overall argument because it shows how control without obvious dominance can quietly reconfigure consumer welfare and market structure without ever crossing the thresholds that competition law was built to monitor.[20]

Acquisition led expansion of this nature raises concern that are directly relevant to merger control. The issues do not arise from the scale of any individual transaction, but from the manner in which repeated acquisitions within the same market can gradually alter competitive conditions. While such transactions may appear commercially routine when viewed in isolation. Their combined effect has the potential to reshape market structure in a manner that warrants regulatory attention.

A key concern lies in the difficulty of identifying such effects at the stage of individual transactions. Where acquisitions are limited in size and the immediate impact on competition may appear negligible. However, this approach fails to capture the broader pattern through which market power may be built over time. This concern has been expressly recognised in digital markets, particularly in the context of acquisitions such as Facebook merger with WhatsApp and Facebook acquisition where the competitive significance of the transactions became more apparent only in hindsight when viewed alongside subsequent market developments.

This difficulty is reinforced by the transaction specific nature of regulatory review. Merger control frameworks. Merger control frameworks are designed to assess each acquisition independently, with emphasis on its immediate competitive impact. Such an approach does not adequately account for situations where the significance of a transaction arises from its connection to prior acquisitions undertaken by the same entity. The increasing use of referral mechanisms as illustrated Illumina and grail merger reflects a recognition that even below-threshold transactions may warrant scrutiny where they form part of a broader competitive concern.[21]

The timing of regulatory intervention presents an additional challenge. Competitive effects in such cases do not arise instantaneously but develop progressively as acquisitions are integrated. By the stage at which such effects become evident, the transactions that contributed to that position may no longer be subject to review. This concern has also been highlighted in enforcement.

These limitations highlight the need for more careful and context-specific scrutiny of

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[20] Author Unknown, *'Digital Markets: Formative Components, Regulation and Competition Issues'* https://www.emerald.com/dprg/article-abstract/27/6/687/1249114/Digital-markets-formative-components-

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regulation?redirectedFrom=fulltext accessed 14 May 2026.

[21] John D. Kepler, Vic Naiker and Christopher R. Stewart, *'Stealth Acquisitions and Product Market Competition'* (forthcoming, *Journal of Finance*).

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growth strategies driven by acquisitions. While current frameworks work well for large and clearly visible deals, they may fail to fully capture the effects of gradual and incremental expansion within the same market. Recognising such patterns is essential to ensuring that merger control remains responsive to evolving forms of market concentration. Private equity roll-up strategies are not merely instruments of investment efficiency. It may reshape market structures in ways that raise concerns regarding concentration and competitive fairness. Their impact warrants closer scrutiny within the framework of merger control and completion regulation.

## Recommendations

The very nature of private equity-driven consolidation is changing and the jurisprudence of merger control needs to change accordingly. Traditional threshold based frameworks were mainly designed for evaluation of single large scale combinations leading to immediate structural concentration. But in today's world, roll-up strategies are more likely to be executed through fragmented and sequential acquisitions which may lead to significant market consolidation over time without necessarily attracting similar regulatory scrutiny. This underscores the need for a more economically sensitive, context driven approach to merger review.

In this regard, the merger control framework under the Competition Act, 2002 may benefit from greater recognition of cumulative acquisition patterns, particularly where repeated transactions occur within the same sector, market segment, or sponsor structure. Although individual acquisitions may appear commercially modest when assessed independently, their aggregated effect may materially alter competitive dynamics through the gradual reduction of independent market participants and the expansion of coordinated market influence.

Further, enhanced disclosure obligations concerning prior acquisitions, sponsor affiliations, and sector specific expansion strategies may strengthen regulatory visibility into fragmented acquisition structures. Such disclosures would not require the abandonment of threshold based review but would enable competition authorities to better identify acquisition trajectories capable of facilitating incremental concentration beneath conventional notification limits.

A more sector sensitive approach may also become increasingly necessary in fragmented industries such as healthcare, diagnostics, logistics, technology enabled services, and digital platform markets where market power may emerge through control over networks, supply chains, specialised services, and distribution infrastructure rather than through conventional turnover metrics alone. In such sectors, reliance exclusively upon formal jurisdictional thresholds may inadequately capture the economic realities of consolidation.

At the same time, regulatory reform must remain institutionally balanced. Private equity investment continues to contribute significantly toward capital formation, operational efficiency, and business expansion. Accordingly, the objective of enhanced merger scrutiny should not be to impede legitimate acquisition led growth but to ensure that incremental and strategically coordinated consolidation remains subject to meaningful competitive assessment before market structures become irreversibly concentrated.