



## COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2014/08/205)

24.10.2014

### Notice u/s 6 (2) of the Competition Act, 2002 given by Adani Power Limited

#### Order under Section 31(1) of the Competition Act, 2002

1. On 25<sup>th</sup> August, 2014, the Competition Commission of India ( “**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) filed by Adani Power Limited (“**Adani Power**” or “**Acquirer**”).
2. The proposed combination relates to acquisition of hundred percent share capital of Udupi Power Corporation Limited (“**UPCL**”) by Adani Power from Lanco Infratech Limited (“**LIL**”), Lanco Thermal Power Limited (“**LTPL**”), Portia Properties Private Limited (“**PPPL**”) and certain individual shareholders of UPCL (hereinafter LIL, LTPL, PPPL and individual shareholders of UPCL are collectively referred to as “**Sellers**”). The notice was given pursuant to the execution of a Share Purchase Agreement amongst the Sellers, Adani Power and UPCL on 14<sup>th</sup> August 2014.
3. Adani Power is a listed company incorporated under the provisions of the Companies Act, 1956. It is engaged in the business of power generation and power transmission in India. As per information provided in the notice, Adani Power’s current installed power generation capacity is 8,580 MW; comprising 4,620 MW at Mundra (Gujarat), 2,640 MW at Tiroda (Maharashtra) and 1,320 MW at Kawai (Rajasthan). After completion of one more unit of 660 MW, which is presently under construction at Tiroda (Maharashtra), the total power generation capacity of Adani Power is expected to increase to 9,240 MW. In addition to power generation, as stated above, Adani Power is also engaged in the business of power transmission in some regions of India. Adani Enterprises Limited (“**AEL**”), the parent company of



## COMPETITION COMMISSION OF INDIA



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Adani Power, also a listed company, is *inter-alia*, engaged in the businesses of coal trading and mining, oil and gas exploration, ports, infrastructure, power generation and transmission and gas distribution. As stated in the notice, AEL too through its subsidiaries, own certain power plants, though currently at planning stage, which include 3,300 MW project in Bhadreshwar (Gujarat), 2,640 MW project in Dahej (Gujarat) and 1,320 MW project in Chhindwara (Madhya Pradesh). Further, as stated in the notice, AEL also owns and operates a solar power plant of 40 MW in Gujarat.

4. UPCL a company incorporated under the provisions of the Companies Act, 1956 is stated to operate a 1200 MW power plant in Udupi district of Karnataka.
5. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”), vide letter dated 4<sup>th</sup> September, 2014, the Acquirer was required to remove certain defects and provide information/document(s). The Acquirer filed its response on 23<sup>rd</sup> September, 2014 after seeking extension of time. As the response filed by the Acquirer had defects and was incomplete in certain aspects, vide letter dated 29<sup>th</sup> September, 2014, the Acquirer was again required to remove defects and provide complete information/document(s). The Acquirer filed its response on 13<sup>th</sup> October 2014 after seeking extension of time.
6. The proposed combination relates to the business of power generation in India. The power generation market in India is characterised by presence of a large number of players. The sources for power generation range from coal, lignite, natural gas, oil, hydro, nuclear power and other non-conventional energy sources. Based on the report of the Central Electricity Authority, at the end of August 2014, the installed capacity of the power generation in India is approx. 2,53,390 MW of which around 60.1 percent comprise coal based thermal power, 8.9 percent gas based thermal power, 0.5 percent diesel based thermal power, 16.1 percent hydro power, 1.9 percent nuclear power and 12.5 percent power from renewable energy sources. It is observed that there are many players engaged in the power generation business in India which include public sector undertakings like National Thermal Power Corporation Ltd., Maharashtra State Power Generation Company Ltd., Damodar Valley Corporation, National Hydroelectric Power



## COMPETITION COMMISSION OF INDIA



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- Corporation Ltd., Nuclear Power Corporation of India Ltd. alongwith various private players.
7. It is observed that both Adani Power and UPCL are engaged in power generation in India. However, taking into regard that the market share of UPCL, both in terms of installed capacity and electricity generation is insignificant and post combination the combined market share of the Acquirer, both in terms of installed capacity and electricity generation, would not be significant enough to raise any competition concern, the proposed combination is not likely to have any appreciable adverse effect on competition in India. As stated in the notice, there is also no vertical relationship between Adani Power and UPCL as UPCL does not use any transmission services provided by Adani Power.
  8. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the combination after considering the relevant factors mentioned in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have appreciable adverse effect on competition in India and therefore, the Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.
  9. This approval is without prejudice to any other legal/statutory obligations as applicable.
  10. This order shall stand revoked if, at any time, the information provided by the parties is found to be incorrect.
  11. The Secretary is directed to communicate to the Acquirer accordingly.



# COMPETITION COMMISSION OF INDIA



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