

Combination Registration No.: C-2011/12/13

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

1. On 12th December, 2011, the Competition Commission of India (hereinafter referred to as the "**Commission**") received a notice under sub section (2) Section 6 of the Competition Act, 2002 (hereinafter referred to as the "**Act**") of the proposed combination between IVRCL Limited (hereinafter referred to as "**IVRCL**") and IVRCL Assets & Holdings Limited (hereinafter referred to as "**IVRCL AHL**") (hereinafter IVRCL and IVRCL AHL are collectively referred to as "**parties to the combination**"), given jointly by the parties to the combination.
2. The notice related to the proposed combination was given pursuant to the approval of the Composite Scheme of Arrangement under section 391 to 394 and other applicable provisions of the Companies Act, 1956 by the board of directors of each of the parties to the combination (hereinafter referred to as "**Scheme**") on 12th November, 2011.
3. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, on 14th and 20th December 2011, the parties to the combination were required to remove certain defects and provide information/document(s) by 27th December, 2011. In this regard, parties to the combination requested for an extension of time up to 6th January, 2012, which was accordingly granted. The response of the parties to the combination was received on 6th January, 2012.
4. As per the details provided in the notice and the Scheme executed between IVRCL, IVRCL AHL, RIHIM Developers Private Limited (hereinafter referred to as "**RIHIM**"), IVR Prime Developers (Pallavaram) Private Limited (hereinafter referred to as "**IVR**") and their respective shareholders, the sequence and the order of the transactions involved in the Scheme are as follows:-
 - (a) Demerger of real estate business of IVRCL AHL into RIHIM, which is a wholly-owned subsidiary of IVRCL, incorporated under the provisions of the Companies Act, 1956 on 4th June, 2008;
 - (b) Merger of IVRCL AHL (excluding real estate business) into IVRCL and
 - (c) Demerger of tower manufacturing business of IVRCL into IVR, which is a wholly-owned subsidiary of IVRCL, incorporated under the provisions of the Companies Act, 1956 on 4th June, 2008.



5. The parties to the combination have given notice under sub section (2) Section 6 of the Act of the proposed combination relating to the merger of IVRCL AHL (excluding real estate business) into IVRCL, with IVRCL remaining after the proposed combination.
6. The proposed combination falls under Section 5(c) of the Act.
7. IVRCL is a company incorporated under the provisions of the Companies Act, 1956. It is listed on Bombay Stock Exchange and National Stock Exchange. IVRCL is an engineering procurement and construction company engaged in construction and building of infrastructure facilities, including building roads, water facilities, industrial structures, residential complexes, power projects etc., across India. The main business units of IVRCL include water supply and environment projects, transportation, buildings and industrial structures, power transmission projects and industrial plant projects. IVRCL AHL is a company incorporated under the provisions of the Companies Act, 1956. It is listed on Bombay Stock Exchange and National Stock Exchange. IVRCL AHL is a subsidiary of IVRCL, which directly holds 75.72 per cent equity shares in IVRCL AHL. IVRCL AHL is an infrastructure asset development company and is presently undertaking projects in sectors such as highways, water and environment, urban infrastructure, oil & gas and housing. IVRCL AHL has two main business divisions namely real estate development/real estate and infrastructure development.
8. It is observed that both IVRCL and IVRCL AHL are primarily engaged in the business of development of infrastructure in India. As stated in the notice, IVRCL mostly undertakes infrastructure development projects on engineering, procurement and construction ("EPC"), engineering, procurement, construction and commencement ("EPCC") and lump sum turnkey ("LSTK") basis, whereas IVRCL AHL undertakes projects on build – operate - transfer ("BOT") and build – own – operate - transfer ("BOOT") basis. It has been further stated in the notice that there exists a vertical relationship between IVRCL and IVRCL AHL as IVRCL AHL does not have the execution capabilities such as machinery required for construction, resources, manpower, etc. to build the projects and, therefore, IVRCL AHL sub-contracts the execution work relating to the build portion (i.e. construction portion) of the BOT/BOOT projects to IVRCL and once the said BOT/BOOT project are built by IVRCL, it is owned or owned and controlled, as the case may be, by IVRCL AHL for the duration of the project. As regards the construction sector in India, it is observed that construction is highly fragmented sector which is characterized by presence of several organized as well as unorganized players. There are many leading companies in India in the construction sector engaged in the business of infrastructure development.



9. It is also noted that the ultimate control over the business activities carried on by IVRCL AHL, before and after the proposed combination, remains with IVRCL and the proposed combination is not likely to have any adverse competition concern.
10. 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 proposed combination, the Commission is of the opinion that the proposed combination is not likely to have an 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.
11. This approval is without prejudice to any other legal/statutory obligations as applicable.
12. This order shall stand revoked if, at any time, the information provided by the parties to the combination is found to be incorrect.
13. The Secretary is directed to communicate to the parties to the combination accordingly.



Certified True Copy

[Handwritten Signature]
20/1/12
ANIL K. VASHISHT
Office Manager
Competition Commission of India
New Delhi