



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2018/11/616)

**27<sup>th</sup> December, 2018**

**Notice under Section 6 (2) of the Competition Act, 2002 given by  
Renascent Power Ventures Private Limited**

**CORAM:**

Mr. Ashok Kumar Gupta  
Chairperson

Mr. Augustine Peter  
Member

Ms. Sangeeta Verma  
Member

**Legal Representatives of the Acquirer:** Mr. Samir R. Gandhi and Mr. Rahul Rai, AZB  
& Partners

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

1. On 19.11.2018, the Competition Commission of India (**Commission**) received a notice under Section 6(2) of the Competition Act, 2002 (**Act**) filed by Renascent Power Ventures Private Limited (**Renascent/Acquirer**).
2. The notice has been filed pursuant to Share Purchase Agreement (**SPA**), executed on 13.11.2018, by and between (i) Renascent; (ii) Resurgent Power Ventures Pte. Ltd. (**Resurgent**); (iii) Prayagraj Power Generation Company Limited (**PPGCL/Target**); (iv) SBICAP Trustee Company Limited (**Seller**); and (v) Lenders of PPGCL (**Lenders**).



3. The Commission issued a letter dated 27.11.2018, under regulation 14 (3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**), to the Acquirer, whereunder it was required to furnish certain information. Acquirer submitted partial response on 30.11.2018 and the rest of the information was submitted on 06.12.2018.
4. The proposed combination envisages acquisition of 75.01% of the total paid-up equity share capital and 270 million optionally convertible redeemable preference shares of PPGCL by Resurgent through the Acquirer (**Proposed Combination**) (Hereinafter, Renascent and PPGCL are collectively referred to as **Parties**).
5. At present, the Seller, for the benefit of the Lenders, holds 88.51% of the total equity share capital of PPGCL along with 100% of the preference share capital of PPGCL, in each case as collateral, with balance 11.49% of the total equity share capital being held by Jaiprakash Associates Limited (**JAL**).
6. The Proposed Combination has arisen due to PPGCL's inability to service its debt obligations towards Lenders. The Lenders undertook a process for resolution of PPGCL's debt obligations, by identifying a strategic investor through the process of bidding, in accordance with the terms and conditions set out in the RFP document dated 22.01.2018, issued jointly by the State Bank of India and SBI Capital Markets Limited. Pursuant to this, Resurgent submitted a binding bid dated 23.08.2018 (**Resolution Plan**). The Lenders accepted the Resolution Plan by way of an in-principle letter of intent dated 27.08.2018. Subsequently, Lenders, Seller, Renascent, Resurgent and PPGCL executed the SPA.
7. Renascent, incorporated in India in 2018, is a wholly owned subsidiary of Resurgent. Renascent envisages setting up of business in power generation sphere and also plans to offer advisory services in power sector. Resurgent has been incorporated in the year 2016 with an objective of acquiring controlling stakes in power generating



companies in the thermal, hydro and transmission space, in India. However, at present, Resurgent has no investments in the power sector, in India.

8. PPGCL, incorporated in India, is engaged in the business of thermal power generation. It has set up a coal based 1980 MW (3\*660 MW) power project at Tehsil Bara, Prayagraj, Uttar Pradesh. On 21.11.2008, PPGCL entered into a power purchase agreement with Uttar Pradesh distribution utilities for sale of power generated from the project to them.
9. Target is engaged in the business of power generation. On the other hand, Resurgent, including its subsidiaries), has no investment in the power sector, in India. However, some of the shareholder of Resurgent have presence in the business of power generation, transmission and distribution in India.
10. It is observed that production/distribution chain of electricity consists of three segments, *i.e.*, generation, distribution and transmission and that each of these market segments has a distinct set of producers and consumers<sup>1</sup>. Further, from a demand substitutability point of view, switching can only take place internally within each segment. Also, each segment of the electricity supply chain is characterised by competitive dynamics and governed by different regulatory requirements. Accordingly, generation, distribution and transmission of power may be delineated as separate relevant product markets. The market for generation of power may be further segmented on the basis of source of generation viz. (i) renewable sources and (ii) other sources. The segment for generation of power through renewable sources may be further segmented into power generation through (i) solar source and (ii) other renewable sources.
11. With regard to relevant geographic market, it is observed that the regional power transmission grids have been synchronised by interconnection, resulting in operation

---

<sup>1</sup> Combination registration no. C-2018/01/547



of a national grid, which operates as the single seamless network for transmitting power across the nation. Thus, the relevant geographic market for both power generation and transmission activities may be defined as the “*entire territory of India*”.

12. However, precise definition of the relevant market is considered not necessary in the instant matter and the same is left open, as the material on record does not suggest that the Proposed Combination is likely to have any appreciable adverse effect on competition.
13. It is observed that the activities of the Parties overlap in market for power generation at broader level and more narrowly, in power generation from non-renewable sources. Further, the activities of Parties are also vertically placed with respect to power generation (upstream) and its transmission (downstream).
14. Based on installed capacity, combined market shares of the Parties for generation of power in India, is in the range of [5-10] % and the incremental market share as a result of the Proposed Combination is less than a percent. Same would be the case even if one were to assess the Proposed Combination at a more narrower segment of power generation through non-renewable sources. Further, under the extant arrangement, PPGCL has a long term obligation to supply a large part of its power generation to Uttar Pradesh power distribution utilities. For power transmission, it has also entered into an interconnection agreement with Uttar Pradesh power transmission utilities. Gives these factors, the Proposed Combination is not likely to raise any competition concern.
15. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the Proposed Combination on the basis of factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have an appreciable adverse effect on



competition, in India. Accordingly, the Commission approves the Proposed Combination under sub-section (1) of Section 31 of the Act.

16. This order shall stand revoked if, at any time, information provided by the Acquirer is found to be incorrect.
17. The information provided by the Acquirer is confidential at this stage, in terms of and subject to provisions of Section 57 of the Act.
18. The Secretary is directed to communicate to the Acquirer accordingly.