



सत्यमेव जयते



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2020/02/723)

24th February 2020

Notice under Section 6(2) of the Competition Act, 2002 filed by NTPC Limited.

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

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

1. On 5th February, 2020, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), filed by NTPC Limited (**NTPC/ Acquirer**). The Notice has been given pursuant to the decision of the Cabinet Committee on Economic Affairs (“**CCEA**”) for implementing the strategic disinvestment of Government of India (**GoI**) shareholding of 74.50% in THDC India Limited (**THDC/ Target**) along with transfer of management control to an identified Central Public Sector Enterprise (“**CPSE**”) strategic buyer, i.e. NTPC which has an ‘in principal approval’ of the Board of Director of NTPC dated 27.01.2020. (hereinafter, NTPC and THDC will be referred to as “**Parties**”)
2. The proposed transaction relates to the acquisition of issued and paid – up share capital of the THDC by the Acquirer from GoI. (**Proposed Combination**).
3. NTPC is a public company incorporated in India and listed on the Bombay Stock Exchange as well as the National Stock Exchange of India Limited. It is a Maharatna Company under the administrative control of the Ministry of Power, GoI, which holds 54.50% of the total paid-up share capital. It is stated that Acquirer is an energy conglomerate and its principal business activity is electric power generation through coal



- based thermal power plants. NTPC is also engaged in the business of generation of electricity from hydro and renewable energy sources.
4. Additionally, it is stated that NTPC is engaged in consultancy services in engineering, operation and maintenance management, project management, contracts and procurement management, quality management, training and development, solar and renewable power projects etc.
 5. THDC is a Central Public Sector Enterprise, operating under the administrative control of the Ministry of Power, GoI. It is a government company with 74.50% of its total shares held by the GoI and 25.50% of its shares held by the Government of Uttar Pradesh. The Target is involved in the business of generation of power through hydro and wind power stations. It is also involved in provision of engineering consultancy services.
 6. Both Acquirer and Target are present in the business of power generation in India. The Commission 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. 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 different competitive dynamics and governed by different regulatory frameworks. Accordingly, generation, distribution and transmission of power may be delineated as separate relevant product markets.
 7. The market for generation of power may be further segmented based on source of power generation such as thermal, hydro, nuclear, solar and other renewable sources, because of the varied characteristics, extent of availability and regulations related to each of these sources of energy.
 8. With regard to relevant geographic market, the Commission had observed that the regional power transmission grids have been synchronised by interconnection, resulting in operation of a national grid, which operates as the single seamless network for transmitting power across the nation. Thus, the relevant geographic market for power generation may be defined as the “*entire territory of India*”.



9. In relation to vertical relationship it is stated that there is an existing vertical overlap between the NTPC, which is present in the upstream market for providing engineering consultancy services (**Upstream Market-Provision of overall engineering consultancy services**) and THDC which is present in downstream market for operating power projects and power generation in India (**Downstream Market- operating power projects and power generation in India**).
10. However, precise definition of the relevant market is being left open, as the material on record does not suggest that the Proposed Combination is likely to have any appreciable adverse effect on competition in India.
11. It is observed that the activities of the Parties overlap in market for power generation in India at broader level, and at narrower level in market for power generation through hydro source, other renewable sources, and provision of overall consultancy services in power sector. Further, the activities of Parties are also vertically placed with respect to Upstream Market of Provision of overall engineering consultancy services and Downstream Market i.e. operating power projects and power generation in India.
12. Based on installed capacity, as well as revenue from power generation, combined market shares of the Parties in the market for generation of power in India is in the range of [15-20] percent, and the incremental market share as a result of the Proposed Combination is in the range of [0-5] percent. There are other players such as Damodar Valley Corporation, NHPC Limited, Adani Power, Tata Power etc. present in the market for generation of power. Further, the incremental market shares of the Parties both in terms of installed capacity, and revenue from power generation, in the narrower markets of generation of power through hydro source, and through renewable sources is also in the range of [0-5] percent. Further, in the overall market for provision of consultancy services, it is observed that the presence of Parties is not significant and there are other players such as WAPCOS, Mercom, TCE etc. providing similar services.
13. With regard to the existing vertical relationship between Parties, it is noted that the same is not significant to raise any competition concerns and there are other players such as



WAPCOS, Mercom, TCE etc. who are engaged in the business of providing similar consultancy services in India.

14. Considering the material on record including the details provided in the Notice and the assessment of the Proposed Combination based on factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
15. This order shall stand revoked if, at any time, information provided by Acquirer is found to be incorrect.
16. The information provided by Acquirer is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
17. The Secretary is directed to communicate to the Acquirer, accordingly.