



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/02/728)

01.04.2020

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

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 24.02.2020, the Competition Commission of India (**Commission**) received a notice (**Notice**) filed by NTPC Limited (**NTPC/ Acquirer**) in relation to acquisition of 100% of paid-up share capital of Jhabua Power Limited (**Jhabua/ Target**) (**Proposed Combination**).
2. The notice has been filed pursuant to a Resolution Plan dated 30.12.2019, submitted by NTPC in relation to the Target, which is presently undergoing corporate insolvency resolution process initiated under the Insolvency and Bankruptcy Code, 2016 (**IBC 2016**), under sub-section (2) of Section 6 of the Competition Act, 2002 (**Act**). (Hereinafter, NTPC and Jhabua are collectively referred to as "**Parties**").
3. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, certain information(s)/ clarification(s) *inter alia*, relating to activities of the Parties, and relevant market, was sought from the Acquirer *vide* email dated 09.03.2020; response to the same was submitted by the Acquirer on 18.03.2020 after seeking extension of time (**Response**). Further, certain clarification(s) in relation to Response were sought; reply to these queries was received from the Acquirer on 20.03.2020.



4. NTPC is a company listed on the Bombay Stock Exchange and the National Stock Exchange of India Limited. It is a Maharatna Company under the administrative control of the Ministry of Power, Government of India (GoI) that holds 51.02% of its total paid-up share capital. It is stated that the Acquirer is an energy conglomerate having presence in the entire value chain of the power generation business and its principal business activity is electric power generation through coal based thermal power plants. NTPC is also engaged in the business of power generation from hydro and renewable energy sources. It is also stated that the Acquirer is also present areas of coal mining, consultancy, power equipment manufacturing and power trading etc.
5. Jhabua, a company incorporated in India, is stated to be a power utility, primarily operating in the central, southern and western regions of India. The principal business activity of the Target is generation of power through coal based thermal power stations.
6. From the activities of the Parties, it is noted that 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 the point of view of demand substitutability, switching can only take place internally within each segment. Moreover, each segment of the electricity supply chain is characterised by different competitive dynamics and governed by separate 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 further be segmented based on source of power generation such as thermal, nuclear, hydro, solar and other renewable sources, because of the characteristics, extent of availability, and regulations related to each of these sources of energy.
8. In relation 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 both power generation and transmission activities may be defined as the “*entire territory of India*”.



9. 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.
10. Based on the submissions of the Parties, it is observed, that the overall presence of the Target in the market and consequent incremental market share due to the Proposed Combination is insignificant both in terms of total installed capacity as well as sales revenue, to raise any competition concerns. Further, there are other players such as Damodar Valley Corporation, NHPC Limited, Adani Power, Tata Power *etc.* who will continue to pose competitive constraints to the Parties post the Proposed Combination.
11. Considering the material on record including the details provided in the Notice and the assessment of the Proposed Combination based on the 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.
12. This order shall stand revoked if, at any time, information provided by Acquirer is found to be incorrect.
13. The information provided by Acquirer is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
14. The Secretary is directed to communicate to the Acquirer, accordingly.