



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2016/12/464)



31.01.2017

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

**CORAM:**

Mr. Devender Kumar Sikri  
Chairperson

Mr. S. L. Bunker  
Member

Mr. Sudhir Mital  
Member

Mr. Augustine Peter  
Member

Mr. U. C. Nahta  
Member

Mr. G. P. Mittal  
Member

**Legal representatives:** Cyril Amarchand Mangaldas

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

1. On 14.12.2016, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) given by Adani Transmission Limited (“**ATL**”/ “**Acquirer**”). The notice has been filed pursuant to the Share Purchase Agreement dated 06.12.2016 (“**SPA**”), executed into between ATL and Reliance Infrastructure Limited (“**RInfra**”/ “**Seller**”).



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2. The proposed combination has been notified as a composite transaction comprising of two transactions viz (i) asset sale of Western Region Transmission Gujarat project ("WRTG") and Western Region Transmission Maharashtra project ("WRTM") ("Asset Acquisition") (WRTG, WRTM are together referred to as the "Target Assets") and (ii) share sale of Parbati Koldam Transmission Company Limited ("PKTCL") ("Share Acquisition"). It is proposed that Reliance Infrastructure Limited ("RInfra"/ "Seller") will transfer the WRTG and WRTM into one or more SPVs by way of slump sale and ATL will acquire 100% shareholding of SPVs so created. Further, ATL will also acquire 74% shareholding in PKTCL from RInfra. Hereinafter, ATL and RInfra are collectively referred to as "Parties".
3. The Commission observed that the Share Acquisition has been notified on the basis of a binding termsheet entered into between ATL and RInfra and the Parties propose to enter into definitive agreement after the approval of the Power Grid Corporation of India Limited. Initially, the Acquirer had filed the notice with Asset Acquisition and Share Acquisition as interconnected transactions, however, the Acquirer, *vide* its letter dated 11.01.2017, offered to exclude the PKTCL acquisition from the scope of the proposed combination, if the same is considered by the Commission as not being interconnected. The Commission observed that the Asset Acquisition and Share Acquisition are not interconnected in terms of sub-section (4) of Section 9 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 ("Combination Regulations") and decided that the Share Acquisition be excluded from the scope of the proposed combination.
4. ATL, belonging to Adani Group, is a public limited company listed on Bombay Stock Exchange Limited ("BSE") and National Stock Exchange of India Limited ("NSE"). It is *interalia* engaged in power transmission business, trading of agricultural commodities and Engineering, Procurement and Construction ('EPC') business. In the power transmission sector, ATL, through its subsidiaries, is engaged in establishing, commissioning, operating and maintaining transmission systems.
5. RInfra, belonging to the Reliance group, is a public limited company listed on BSE and NSE. It has presence across the value chain of power business i.e., generation,



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transmission, distribution and power trading. It also has presence in EPC, infrastructure and defence, among others.

6. The Commission observed that the Target Assets are operational in the business of power transmission. WRTM assets comprises of six 400 kV lines of 2,100 circuit kilometres (“ckms”) viz (i) Parli – Pune line; (ii) Pune – Aurangabad line; (iii) Parli - Solapur; (iv) Solapur - Kolhapur; (v) Loop-In-Loop-Out (“LILLO”) of Lonikhand – Kalwa transmission line at Pune; and (vi) LILLO of Solapur – Karad transmission line at Solapur and associated assets, mostly within Maharashtra and touch Karnataka. WRTG assets comprises three 400 kV lines of 1,000 ckms namely (i) Rajgarh– Karamsad line; (ii) Limbdi – Vadavi line; and (iii) Vadavi – Kansari line which connect Limbdi, Gujarat and Vadavi, Kansari and Karamsad in Gujarat and touch Madhya Pradesh at Rajgarh.
7. The Commission noted that the Target assets are Inter-state transmission System (“ISTS”) which are regulated by Central Electricity Regulatory Authority (“CERC”). Accordingly, the competition assessment has been carried out in respect of power transmission sector. Since, the proposed combination is not likely to cause an appreciable adverse effect on competition in India the exact delineation of the relevant market has been left open.
8. The Commission observed that the combined market share of the Acquirer and the Target Assets in the segment of power transmission lines of 220 KV and above is miniscule and the incremental market share is insignificant to raise any competition concern. Further, significant competitors like PGCIL, Maharashtra State Electricity Transmission Co. Ltd, Gujarat Energy Transmission Corporation Limited, *etc* will continue to pose competitive constraints in the post-combination scenario.
9. The Commission also noted that ISTS projects are generally developed pursuant to a competitive bidding process. Accordingly, the Commission analysed the bidding data provided by the Acquirer and observed that RInfra is not the closest competitor of ATL.
10. In addition, the Commission also noted that post-combination, RInfra will continue to operate in the transmission sector as an independent entity. Further, the tariffs being charged by transmission companies are regulated and require the approval of CERC. Considering these factors, the Commission is of the view that the horizontal overlap with



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respect to the proposed combination is not likely to have any appreciable adverse effect on competition in India.

11. With regard to vertical overlaps, the Commission observed that RInfra and Adani group are present in activities at different levels of the production chain (such as power generation and power distribution) *vis-a-vis* transmission of electricity. However, Commission is of the view that the same is not likely to cause any appreciable adverse effect on competition in India as transmission licensees do not have any control over the decision with regard to the entities who use its transmission line to transmit power or to whom power is ultimately transmitted to through its transmission lines.
12. Considering facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment on the basis of factors stated 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 an appreciable adverse effect on competition in India and therefore, the Commission hereby approves the same under sub-section (1) of Section 31 of the Act.
13. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
14. The information provided by the Acquirer is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the Acquirer accordingly.