



**COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2021/10/879)**

14th December 2021

Notice under Section 6 (2) of the Competition Act, 2002 given by Reliance New Energy Solar 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 28th October 2021, the Competition Commission of India (**Commission**) received a notice (**Notice**) under Section 6(2) of the Competition Act, 2002 (**Act**), given by Reliance New Energy Solar Limited (**Reliance Solar/Acquirer**). The Notice was given pursuant to execution of *inter alia* the Share Purchase Agreement between Reliance Solar, Shapoorji Pallonji and Company Private Limited (**SPCPL**) and Khurshed Daruvala on 10th October 2021 (**SPA**) and Share Subscription Agreement between Sterling and Wilson Renewable Energy Limited¹ (**Sterling and Wilson Solar**), Reliance Solar, SPCPL and Khurshed Daruvala on 10th October 2021 (**SSA**).
2. The Commission *vide* its letters dated 9th November 2021 and 18th November 2021, issued under Regulation 14(3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011, required the notifying party to remove defects in the Notice and furnish certain information relevant for the purpose of assessment of the Proposed Combination. Notifying party submitted its response *vide* submissions dated 12th November 2021 and 22nd November 2021.
3. The Proposed Combination envisages acquisition of 40% of total voting equity share capital of Sterling and Wilson Solar expected on the 10th working day from the closure

¹ Formerly known as Sterling and Wilson Solar Limited



of the tendering period for the open offer (**Emerging Voting Capital**) by Reliance Solar. However, acquisition can go up to 51.07% of the Emerging Voting Capital, in the eventuality of full acceptance of the open offer. The Proposed Combination envisages the following steps:

Step 1: Acquisition of 2,93,33,333 equity shares of Sterling and Wilson Solar, equivalent to 15.46% of Emerging Voting Capital, by Reliance Solar by way of a preferential allotment;

Step 2: Acquisition of 1,84,00,000 equity shares of Sterling and Wilson Solar, equivalent to 9.70% of Emerging Voting Capital, by Reliance Solar from SPCPL;

Step 3: Open Offer to acquire up to 4,91,37,420 equity shares of Sterling and Wilson Solar, its entire public shareholding equivalent to 25.9% of Emerging Voting Capital, by Reliance Solar from eligible shareholders of Sterling and Wilson Solar in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

Step 4: Acquisition of such number of additional equity shares of Sterling and Wilson Solar from SPCPL and Mr. Khurshed Daruvala, [i.e. current promoters of Sterling and Wilson Solar] as may be required after considering the purchases covered in Steps 1, 2 and 3, to ensure that Reliance Solar holds 40% of the Emerging Voting Capital.

4. The Proposed Combination also envisages right of Reliance Solar to nominate two of its representatives for being elected to the board of Sterling and Wilson Solar. Further, Reliance Ventures Limited, a non-banking finance company belonging to the Reliance Group, by way of a separate arrangement, has agreed *vide* 2 (two) facility agreements each dated 10th October 2021, to extend secured loans aggregating Rs. 750 crores to Sterling and Wilson Private Limited, an affiliate of the SPCPL and Khurshid Daruvala (**Loan Transactions**). The Loan Transactions are interconnected transactions or steps to the Proposed Combination. Disbursement of the loans under the 2 (two) facility agreements is subject to completion of acquisition of the equity shares under Step 1 and Step 2.
5. It has also been submitted that pursuant to the open offer under step 3, if the public shareholding in Sterling and Wilson Solar falls below the minimum public shareholding requirement under the Securities Contracts (Regulation) Rules, 1957, as amended read with SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015 (**MPS**), then Reliance Solar would undertake a sale of such number of equity shares of Sterling



and Wilson Solar to ensure compliance with the MPS requirement subject to the shareholding of the Reliance Solar in Sterling and Wilson Solar post such sale of equity shares not falling below 40% of the Emerging Voting Capital. If further sell down is required for meeting the MPS requirements, SPCL, Mr. Khurshed Daruvala and their affiliates will ensure to effect a sale of the balance number of equity shares to ensure that Sterling and Wilson Solar meets the MPS requirements, within the timeframe specified for such compliance.

6. Reliance Solar is a wholly owned subsidiary of Reliance Industries Limited (**RIL**), which is the ultimate holding company for entities belonging to the RIL group (**RIL Group**). It is a newly incorporated entity and does not offer any products or services in India. However, it has recently announced the acquisition of stake in REC Solar, which is engaged in manufacturing of photovoltaic modules.
7. Sterling and Wilson Solar is a subsidiary of Shapoorji Pallonji Company Limited, which is the ultimate holding company of the Shapoorji Pallonji group. Sterling and Wilson Solar is claimed to be a global pure-play, end to end solar EPC solutions provider in India and over 25 countries globally. It also provides operation and maintenance (O&M) services, including for projects constructed by third parties and is one of the turnkey EPC solution providers internationally. In India, Sterling and Wilson Solar is engaged in provision of solar engineering, procurement and construction solutions and operation and maintenance services, including for projects constructed by third parties.
8. Activities of Reliance Solar (including through the RIL Group and its affiliates) and the Sterling and Wilson Solar do not exhibit any horizontal overlaps. However, Reliance Solar has recently announced the acquisition of stake in REC Solar, which is engaged in supply of solar photovoltaic modules globally. Solar photovoltaic modules are also purchased by solar EPC contractors [that design, construct and operate solar power plants on behalf of third parties such as Sterling and Wilson Solar]. There exists a potential vertical overlap between the business activities of REC Solar and Sterling and Wilson Solar.
9. Market position of REC Power and Sterling and Wilson Solar is not significant enough to raise foreclosure concern. Further, the segments in which REC Power and Sterling and Wilson Solar exhibit vertical interface are characterized by presence of other players.
10. Considering the facts on record including details provided in the Notice given under Section 6(2) of the Act and 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



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Combination is not likely to have any appreciable adverse effect on competition in India in any of the relevant market(s) and therefore, the Commission hereby approves the same under Section 31(1) of the Act.

11. This order may be revoked if, at any time, the information provided by the notifying party is found to be incorrect.
12. The information provided by the notifying party is confidential at this stage in terms of and subject to the provisions of Section 57 of the Act.
13. The Secretary is directed to communicate to the notifying party accordingly.