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## COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2014/12/230)

28.01.2015

**Notice u/s 6 (2) of the Competition Act, 2002 (“Act”) given by: JSW Energy Limited (“JSW”).**

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

1. On 12<sup>th</sup> December 2014, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) filed by JSW Energy Limited (“**JSW**” or “**Acquirer**”). The notice relates to proposed acquisition of two power projects, namely (i) 300 MW Baspa II hydro-electric project; and (ii) 1091 MW Karcham Wangtoo hydro-electric project, (“**Karcham Project**”), both located in Himachal Pradesh (the two power projects collectively referred to as the “**Target Assets**”) by JSW from Jaiprakash Power Ventures Limited (“**JPVL**”), pursuant to a securities purchase agreement dated 16<sup>th</sup> November 2014 (“**SPA**”) entered into between JPVL, JSW, Himachal Baspa Power Company Limited (“**SPV**”) and Jaypee Group Employees Welfare Trust.
2. The proposed combination, which relates to acquisition of the Target Assets by JSW primarily entails two steps, namely, (a) Target Assets to be transferred to SPV by JPVL, pursuant to a scheme of arrangement; and (b) acquisition of 100 per cent stake in SPV by JSW from JPVL and Jaypee Group Employees Welfare Trust, a minority shareholder in SPV, pursuant to the SPA.
3. JSW, incorporated on 10<sup>th</sup> March, 1994 under the provisions of the Companies Act, 1956 is a public limited company, listed on the National Stock Exchange of India and Bombay Stock Exchange. It is the power utility arm of JSW group of companies (“**JSW Group**”). JSW is, *inter-alia*, engaged in the business of power generation, power transmission, power trading and manufacture of mining equipment. As per the information given in the notice and information available in public domain, JSW has an installed capacity of 3140 MW, apart from around 8630 MW under implementation and development.



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4. SPV is a company which would acquire the Target Assets from JPVL. JPVL is, *inter alia*, engaged in the business of power generation and power transmission. Apart from the Target Assets, JPVL operates various other power projects in India.
5. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), vide letter dated 22<sup>nd</sup> December, 2014, the Acquirer was required to remove defects in the notice and provide certain information/document(s). The Acquirer submitted its reply vide letter dated 29<sup>th</sup> December 2014. Further, in terms of Regulation 14 of the Combination Regulations, vide letter dated 2<sup>nd</sup> January 2015, the Acquirer was required to remove certain defects in the notice and its response dated 29<sup>th</sup> December, 2014, for which the reply was submitted on 8<sup>th</sup> January, 2015. Further, in terms of Regulation 14 of the Combination Regulations, vide letter dated 15<sup>th</sup> January 2015, the Acquirer was again required to remove certain defects in the notice. The Acquirer filed its response on 20<sup>th</sup> January 2015.
6. As stated, the Target Assets together have an installed capacity of 1391 MW. As such, as a part of the proposed combination, both JSW and SPV are engaged in power generation in India. Further, it is noted that JSW Power Trading Co. Limited (“**JSWPTL**”) which is a subsidiary of JSW and is involved in the power trading business, has occasional business engagement with Karcham Project for sale of power on merchant/short term basis. In this regard, it is observed that there are many players engaged in the power generation business in India which include public sector undertakings like National Thermal Power Corporation Ltd., Maharashtra State Power Generation Company Ltd., Damodar Valley Corporation, National Hydroelectric Power Corporation Ltd., Nuclear Power Corporation of India Ltd., along with various private players. Further, on the basis of installed capacity, the market shares of each of JSW and the Target Assets in the power generation business in India, is insignificant. It is also noted that the vertical relation between JSWPTL and Karcham Project is insignificant.
7. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the combination after



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considering the relevant factors mentioned 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 appreciable adverse effect on competition in India and therefore, the Commission hereby approves the Proposed Combination under sub-section (1) of Section 31 of the Act.

8. This approval is without prejudice to any other legal/statutory obligations as applicable.
9. This order shall stand revoked if, at any time, the information provided by JSW is found to be incorrect.
10. The Secretary is directed to communicate to JSW accordingly.