



Fair Competition  
For Greater Good

**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2015/04/261)

**20.04.2015**

**Notice under Section 6 (2) of the Competition Act, 2002 given by Reliance Defence Systems Private Limited**

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

1. On 1<sup>st</sup> April, 2015, the Competition Commission of India (hereinafter referred to as ‘**Commission**’) received a notice under Section 6 (2) of the Competition Act, 2002 (hereinafter referred to as ‘**Act**’) given by Reliance Defence Systems Private Limited (“**Reliance Defence**” or the “**Acquirer**”).
2. The proposed combination relates to acquisition of at least 25.1 percent equity shares of Pipavav Defence and Offshore Engineering Company Limited (“**Pipavav**”) by Reliance Defence, a wholly owned subsidiary of Reliance Infrastructure Limited (“**Reliance Infra**”). As stated in the notice, the proposed combination will be carried out in the following manner: -
  - a) Reliance Defence will purchase equity shares of Pipavav, constituting 17.66 percent of the paid-up equity share capital of Pipavav from SKIL Infrastructure Limited (“**SIL**”) and SKIL, Shipyard Holdings Private Limited (“**SSHPL**”).
  - b) Reliance Defence will make an open offer to the public under the provisions of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeover) Regulations, 2011.
  - c) In the event, post the Open Offer, Reliance Defence holds less than 25.1 percent shares of Pipavav, SIL, SSHPL and Grevek Investment and Finance Private Limited (“**GIFPL**”) will sell the shortfall of shares (i.e. 25.1 percent shares minus the number of shares held by Reliance Defence post open offer), to Reliance Defence, so that as a result of the proposed



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acquisition, Reliance Defence will hold at least 25.1 percent shares in Pipavav. SIL, SSHPL, GIFPL are hereby together referred to as the “Sellers”. Further, post combination, Reliance Defence will acquire control over Pipavav, though the Sellers will continue to retain a minority stake in Pipavav.

3. The notice has been filed pursuant to execution of a Purchase Agreement dated 4<sup>th</sup> March, 2015 between the Sellers, Mr. Nikhil Gandhi, Mr. Bhavesh Gandhi, Pipavav, Reliance Defence and Reliance Infra (“**Purchase Agreement**”).
4. Reliance Defence, recently incorporated under the Companies Act, 2013, is a special purpose vehicle incorporated with the object and purpose of pursuing opportunities in the defence sector. Reliance Infra, a listed public company, is a part of the Reliance Anil Dhirubhai Ambani Group and is an infrastructure company engaged in, *inter alia*, engineering, procurement and construction services for developing power and road projects, power business and infrastructure projects.
5. Pipavav is a listed, public limited company incorporated under the Companies Act, 1956 and is currently engaged in the business of defence shipbuilding, commercial shipbuilding, offshore construction and refurbishment. Further, it also intends to enter into businesses such as, heavy engineering, defence compact systems, manufacturing of tanks and aerospace. It has five subsidiaries and one joint venture company, out of which only one subsidiary, namely, E Complex Private Limited, which is engaged in the business of development of special economic zones, has commenced commercial operations.
6. Based on the information provided by the Parties, there is no horizontal overlap between the products/services of the Parties. While Pipavav is active in the defence sector, manufacturing of commercial ships and repair of oil rigs; Reliance Infra is an active player in the infrastructure sector and Reliance Defence is yet to commence its commercial operations. Further, none of the group companies of Reliance Infra are active in the sectors wherein Pipavav is active. It is also noted that there are no vertical relationships between the Parties.



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The proposed combination is, therefore, not likely to have any adverse effect on competition in India.

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 assessment of the proposed combination 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.
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 the Acquirer is found to be incorrect.
10. The Secretary is directed to communicate to the Acquirer accordingly.