



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2021/03/819)

12<sup>th</sup> April 2021

**Notice under Section 6(2) of the Competition Act, 2002, filed by Adani Ports and Special Economic Zones 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 5<sup>th</sup> March 2021, the Competition Commission of India (**Commission**) received a notice (**Notice**) filed by Adani Ports and Special Economic Zones Limited (**APSEZ/Acquirer**) for acquisition of equity shareholding of Gangavaram Port Limited (**GPL/Target**) (hereinafter, the Acquirer and the Target are collectively referred to as **Parties**). The Notice has been filed pursuant to the execution of a Share Purchase Agreement (**SPA**) between the Acquirer and Windy Lakeside Investment Limited (**Seller**) on 3<sup>rd</sup> March 2021.
2. The Commission *vide* its letter dated 16<sup>th</sup> March 2021, issued under Regulation 14(3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**), required the Acquirer to remove defects in the Notice and furnish certain information. In response, the Acquirer filed its submissions on 20<sup>th</sup> March, 2021.



3. The Acquirer *vide* letter dated 7<sup>th</sup> April, 2021 filed a submission under Regulation 16 of the Combination Regulations intimating that it also proposes to acquire addition shareholding *i.e.* 58.1% in the Target from DVS Raju and Family.
4. The Proposed Combination envisages acquisition of 89.6% of equity shareholding of the Target by the Acquirer.
5. The Acquirer is a private sector port operator, currently having presence in six maritime states in India *viz.* Gujarat, Goa, Kerala, Andhra Pradesh, Tamil Nadu and Odisha through 10 ports. The facilities are said to be equipped with the latest infrastructure capable of handling large vessels. The Acquirer *inter alia* provides the following services through the said ports; (i) full marine services including pilotage & towage of vessels, berthing and de-berthing; (ii) cargo handling services - loading and unloading of cargo from vessels, movement of cargo to and from port stack yard to berth and vice-versa, storage for cargo, loading and unloading of cargo onto trucks or railway rakes for transportation; and (iii) value added services such as bagging and packaging. The Acquirer manages complete logistics chain through its subsidiary *viz.* Adani Logistics Limited (ALL), which is an asset and service based end-to-end logistics service provider across container, bulk, breakbulk, and liquid industries. ALL operates multi-model logistics parks located at Patli (Haryana), Kila-Raipur (Punjab), Kanech (Punjab) and Kishangarh (Rajasthan). The Acquirer also provides dredging and reclamation solutions primarily for port and harbour construction. It currently operates a fleet of 23 dredgers in India. Besides these, the Acquirer also has a large fleet of support vessels and equipment such as multi utility crafts, survey vessels, floating cranes, jack up barges, *etc.*
6. The Target is a special purpose vehicle promoted for designing, owning, engineering, developing, financing, procuring, constructing, operating and maintaining and transferring a green-field, all-weather, deep water, multi-purpose port at Gangavaram, Andhra Pradesh on Build-Own-Operate-Transfer (BOOT) basis together with a right to levy, collect and retain appropriate charges for port services rendered to the port users during the concession period. The Target provides cargo handling and marine services,



including but not limited to pilotage, berth hire, wharfage, stevedoring, railway rake loading, transporting by rail and road, storing and other activities within its port premises.

7. The Target is engaged to own, develop and operate the deep-water port at Gangavaram, Andhra Pradesh, pursuant to a concession agreement on BOOT basis with Government of Andhra Pradesh for a concession period of thirty years from the date of commercial operations (COD) and entitled for a further period of 20 years (two periods of 10 years each). The Government of Andhra Pradesh has allotted 1800 acres of land at Gangavaram for the development of the port.
8. It is observed that both APSEZ and GPL are primarily engaged in the activity of operating ports in India. Ports may be classified into different groups based on various factors such as: (i) control and governance, (ii) models of development, (iii) types of cargoes handled, (iv) types of services provided, (v) types of traffic flow *etc.* Terminals at Port can be distinguished according to the kind of cargo to be loaded and unloaded as each type of cargo requires specific tools, equipment and storage facilities at the terminal. A brief description of different kinds of cargo is as follows:
  - a. *Container Cargo*: It includes cargoes which are shipped on-board specialized container ships, reefers or tweendeckers. Container ships carry all of their load in truck-size intermodal containers in a technique called containerization. They are a common means of commercial intermodal freight transport and now carry most seagoing non-bulk cargo. Typical loads are a mix of 20-foot and 40-foot (2-TEU) ISO-standard containers, with the latter being predominant.
  - b. *Non-container/bulk cargo*: Non-container / bulk cargoes are shipped loosely and unpackaged as opposed to being shipped in packages or containers. Bulk cargo may either be free flowing, a liquid, or a dry item. Some examples include items such as oil, grain, or coal. It may be categorised into the following segments:



- *Dry bulk cargo* – These are commodities which are dry and do not require specialised handling at ports, thus enabling homogeneous handling. These commodities move relatively unprocessed and are typically of high volume and lower value. Dry bulk includes commodities such as grain and coal;
  - *Liquid cargo* – These are commodities that are shipped in a liquefied state by vessels designed to handle liquids. These include commodities such as LNG and animal and vegetable oils; and
  - *Break bulk cargo* – These are items which are packaged in bags, barrels, and pallets. They are non-containerised and are transported as individual pieces. It is also used to refer to general cargo vessels carrying smaller parcels of non-homogeneous cargoes.
9. In the instant case, examination of the horizontal overlaps would focus on the contestable hinterlands where the terminals/ ports operated by the Acquirer and Target compete and how the Proposed Combination would impact competition therein. While the purpose of such examination is to identify the extent of competition between the parties, exhaustive determination of the contestable hinterland may not be required if it is shown that the combination is not likely to cause appreciable adverse effect on competition in those areas where customers are availing port services from both the parties. In simple terms, the effect of the combination is to be seen on the common areas where parties to the combination provide port services.
10. The ports of the Acquirer at Krishnapatnam and Dhamra are the nearest to the port operated by the Target at Gangavaram. The target port and the said ports of the Acquirer are separated by more than six-hundred kilometres. This suggests that the primary hinterland of the target is substantially different from the other two ports and thus, the parties do not appear to be close competitors. However, based on the extent of road and rail connectivity of all these ports and the data provided by the Acquirer, the parties appear



to compete in the contiguous districts/regions of North-Odisha, North-Chhattisgarh and South-Jharkhand.

11. It is observed that the operations of the Target in coal and dry bulk cargo overlap with the business activities of the Acquirer. In the market for dry bulk cargo, the ports operated by the Acquirer at Krishnapatnam and Dhamra compete with the Target to serve the customers at Raipur, Raigarh, Sambalpur, Jajpur, Sundargarh, Kendujhar and Saraikela. Similarly, in the market for coal, Acquirer through Krishnapatnam and Dhamra, serve Raipur, Angul, Sambalpur, Jharsuguda, Dhenkanal, Durg and Sundargarh, which are also served by the Target. Based on the details provided by the parties, it is observed that the volumes of cargo handled by the Parties are not significant to cause any competition concern. It is further observed that some of these areas are also closer to other ports located at Paradip, Haldia, Vishakhapatnam and Gopalpur. Further it is observed that the coal trading activities, logistics and the dredging and reclamation services of the Acquirer exhibit vertical overlaps with the port related activities of the Target. However, the extent of overlap in the upstream businesses of the Parties do not appear to have any appreciable adverse effects on competition. Further, there are also other players present in the relevant upstream businesses having considerable operations.
12. Considering the facts on record, 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 any 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 shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.



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15. The Secretary is directed to communicate to the Acquirer accordingly.