

**SUMMARY OF THE PROPOSED COMBINATION UNDER REGULATION 13(1A) OF THE COMPETITION COMMISSION OF INDIA (PROCEDURE IN REGARD TO THE TRANSACTION OF BUSINESS RELATING TO COMBINATIONS), REGULATIONS, 2011 (AS AMENDED)**

**I. NAME OF THE PARTIES TO THE PROPOSED COMBINATION**

1. The Parties to the Proposed Combination are:
  - a. GAIL (India) Limited (“**Acquirer**”);
  - b. ONGC Tripura Power Corporation Limited (“**Target**”); and
  - c. IL&FS group of companies, comprising of IL&FS Energy Development Company Limited and IL&FS Financial Services Limited (“**Seller**”).

**II. NATURE AND PURPOSE OF THE PROPOSED COMBINATION**

2. The Proposed Combination is a proposed acquisition by the Acquirer of 26% shareholding of the Target from the Seller.
3. The Proposed Combination is being carried out pursuant to the Expression of Interest issued for acquiring 26% (twenty six per cent) stake held by the IL&FS Group in the Target Company. GAIL had participated in the Proposed Transaction through an open bidding process and had emerged as the highest bidder. GAIL has been declared successful bidder subject to necessary approvals of (a) committee of creditors of IL&FS Group and (b) Justice D.K. Jain (Retd.).
4. Since the proposed combination consists of an acquisition of shares by the Acquirer, it falls under Section 5(a)(i) of the Competition Act, 2002.

**III. THE VALUES OF ASSETS AND TURNOVER FOR THE PURPOSE OF SECTION 5 OF THE COMPETITION ACT**

5. The combined value of Assets and Turnover of the Acquirer Company and the Target Company for financial year ending on 31<sup>st</sup> March, 2020 for Parties to the Proposed



Combination are INR 71959.84 Crores (Rupees Seventy One Thousand Nine Hundred and Fifty Nine Crores approximately) and INR 73408.82 Crores (Rupees Seventy Three Thousand Four Hundred and Eight Crores approximately) respectively. The total asset threshold specified in Section 5(a)(i)(A) of the Competition Act is exceeded.

#### **IV. THE PRODUCTS, SERVICES AND BUSINESS(ES) OF THE PARTIES TO THE COMBINATION**

6. The Acquirer was incorporated in August 1984 as a Central Public Sector Undertaking (PSU) under the Ministry of Petroleum & Natural Gas (MoPNG).is a listed public sector company with diversified interests across the natural gas value chain of trading, transmission, LPG production & transmission, LNG re-gasification, petrochemicals, city gas, E&P, etc.
7. The Acquirer is actively looking for diverse opportunities across the natural gas value chain. The Acquirer is having its presence in gas-based power projects, namely Gujarat State Energy Generation Ltd (GSEG)- 4.09%. Acquisition of equity stake in OTPC would further provide an opportunity to expand GAIL's power portfolio inorganically. In view of the foregoing, GAIL is interested in acquisition of IL&FS's stake in OTPC.
8. The Target is a special purpose vehicle between Oil and Natural Gas Corporation, IL&FS Group and Government of Tripura (GoT) formed by entering into a Shareholders' Agreement (SHA) on September 18, 2008 to implement a 726.6 MW Combined Cycle Gas Turbine (CCGT) thermal power plant at Palatana, Tripura.
9. The Target is in the business of power generation through conventional methods (natural gas).
10. Since the Seller is undergoing a quasi-insolvency procedure to resolve its financial situation, its stakes in various group companies are being liquidated so as to service its debts. Therefore, the shareholding of the Seller Group in the Target is being sold to release the value of this investment and distribute amongst the claims in Seller.



11. As the Proposed Transaction involves acquisition of only 26% equity shareholding of the Target with certain standard rights wherein the control of the rights would not vest with solely with the Acquirer, the Applicant believes that the Proposed Transaction would not have any appreciable adverse impact on the competition.

#### **V. RELEVANT MARKET(S) TO WHICH THE COMBINATION RELATES**

12. It is submitted that the Hon'ble Commission may not be required to ascertain the relevant market(s) as the Proposed Transaction will not lead to any change in the competitive landscape or cause any appreciable adverse effect on competition in India, irrespective of the market definition.

13. However, with a view to assist the Hon'ble Commission and in line with the Hon'ble Commission's decisional practice, the broad relevant market for the purpose of the Proposed Transaction has been defined as the "the market for power generation in India". In case the Hon'ble Commission deems it necessary, the following narrow relevant markets may be considered for the purposes of the competitive assessment

- a. Market for generation of power from renewable sources in India; and
- b. Market for generation of power from conventional energy sources in India.

14. Given that the parties to the combination have insignificant market share in the relevant markets, it is submitted that the Proposed Combination shall not have any impact on the competitive landscape in any relevant market.

