



BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF 100% STAKE IN M/S. HUB POWER  
COMPANY LTD BY M/S. MEGA CONGLOMERATE (PVT.) LTD FROM M/S.  
DAWOOD HERCULES CORPORATION LTD AND RELATED PARTIES

CASE: 941/Merger-CCP/18

Commission

Ms. Vadiyya Khalil

Chairperson



*M. Saleem*  
Dr. Muhammad Saleem

Member

## ORDER

1. On 8<sup>th</sup> of February, 2018, the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed acquisition pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") sent jointly by M/s. Mega Conglomerate (Pvt.) Ltd ("**MCPL**" or "**Acquirer**") and M/s. Dawood Hercules Corporation Ltd ("**DHCL**") and related parties (collectively "**Sellers**") notifying the Commission of the acquisition of a [redacted] stake [redacted] shares) in M/s. Hub Power Company Ltd ("**HubCo**" or "**Target**") by MCPL, from DHCL and related parties, pursuant to a Letter of Agreement ("**Agreement**").
2. The Commission has examined the pre-merger application as well as all the documents attached therewith, the market scenario, and its observations on the basis of independent research/investigation in the relevant market. The Phase I competition assessment of the intended acquisition has resulted in the following findings:
  - i. The business activities of the undertakings concerned are:
    - a. For MCPL: Holding company focused in the diary and real estate sectors of Pakistan.
    - b. For DHCL: Investment holding company.
    - c. For HubCo: Develop, own, operate and maintain power stations.
  - ii. As per the Application, the Acquirer intend to acquire a [redacted] stake [redacted] in the Target from the Sellers. The consideration to be paid for the acquisition is PKR [redacted] which is the transaction value in this case.
  - iii. The relevant product market in this case has been identified as that of Power Generation, whereas the relevant geographic market is Pakistan. The total capacity of power generation in Pakistan is approximately 30,000 MW, while the Target has a capacity of 1200 MW, which gives it a market share, in terms of capacity, of [redacted]. This will remain unchanged, post-transaction.
  - iv. The transaction is not likely to result in the creation or strengthening of dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Act.
3. In conclusion, the proposed transaction is unlikely to substantially lessen competition through the creation or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
4. It is so ordered.

*Vadiyya Khalil*

Ms. Vadiyya Khalil  
**Chairperson**

Islamabad the 20<sup>th</sup> February 2018

*M. Saleem*

Dr. Muhammad Saleem  
**Member**

