



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF ____% SHAREHOLDING BY M/S. IMS
ENGINEERING (PRIVATE) LIMITED OF M/S. HEAVY ELECTRICAL COMPLEX
(PRIVATE) LIMITED FROM M/S. STATE ENGINEERING CORPORATION
(PRIVATE) LIMITED.

CASE: 1156/Merger-CCP/2022

Commission

Ms. Rahat Kaunain Hassan
Chairperson



M. Mujtaba Ahmad Lodhi
Member

ORDER

1. On 09th May, 2022 the Competition Commission of Pakistan ("**Commission**") received a merger application ("**Application**") pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") from M/s. IMS Engineering (Private) Limited ("**IMS**" or "**Acquirer**") of the acquisition of % shareholding in M/s. Heavy Electrical Complex (Private) Limited ("**HEC**" or "**Target**") from M/s. State Engineering Corporation (Private) Limited ("**SEC**" or "**Seller**") as part of the Government of Pakistan's privatization process. All requisite information/documentation pertaining to the Application was completed on 10th June, 2022.
2. The Commission has examined the Application as well as all the documents attached therewith, the information provided by the undertakings concerned and the market scenario. The Phase I competition assessment of the intended transaction has resulted in the following findings:
 - i. The concerned undertakings are:
 - a. Acquirer: engaged in engineering, procurement, construction and commissioning services. It is currently not active in the relevant market.
 - b. Target: has the capacity of manufacturing, erection, testing & commissioning services of power transformers.
 - c. Seller: engaged in engineering and ancillary services, manufacturing of boats and specialty bricks.
 - ii. As per the Application, the transaction under consideration is acquisition of shares (% shareholding) of the Target by the Acquirer from the Seller. The total estimated amount under consideration to be paid for shares is approximately PKR /-
 - iii. The relevant product market in this case has been identified as "**Manufacturing and supply of High Voltage (HV) Equipment – Power Transformers of 132 KV**" and the relevant geographic market is "**Pakistan**".
 - iv. The Target has not manufactured any power transformer in the last 3 years, however post-transaction operations estimated market share of the Acquirer through Target in the relevant market is expected to be under 30%.
3. The intended acquisition of shares does not meet the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Act. The proposed transaction is hereby authorized under Section 31(1)(d)(i) of the Act.
4. It is so ordered.



Rana Kaunain Hassan)

Chairperson

Islamabad the JUNE 21st, 2022.

(Mr. Mujtaba Ahmad Lodhi)

Member