

## BEFORE THE COMPETITION COMMISSION OF PAKISTAN

## FIRST PHASE REVIEW

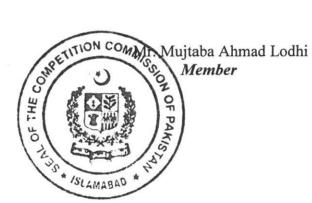
IN THE MATTER OF ACQUISITION OF \_\_\_\_% SHAREHOLDING BY M/S. IMS ENGINEERING (PRIVATE) LIMITED OF M/S. HEAVY ELECTRICAL COMPLEX (PRIVATE) LIMITED FROM M/S. STATE ENGINEERING CORPORATION (PRIVATE) LIMITED.

CASE: 1156/Merger-CCP/2022

Commission

Ms. Rahat Kaunain Hassan Chairperson

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## 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:
  - The concerned undertakings are:
    - engaged in engineering, procurement, construction a. Acquirer: 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.
  - As per the Application, the transaction under consideration is acquisition of ii. 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
  - The relevant product market in this case has been identified as "Manufacturing iii. and supply of High Voltage (HV) Equipment - Power Transformers of 132 KV" and the relevant geographic market is "Pakistan".
  - The Target has not manufactured any power transformer in the last 3 years, however iv. 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.

OMPETIT. laha Kaunain Hassan) hairperson

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(Mr. Mujtaba Ahmad Lodhi) Member