



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF REORGANIZATION OF BUSINESS OF M/s. DEL
PROJECTS (PVT) LIMITED AND M/s. DEL POWER (PVT) LIMITED

CASE: 1042/Merger-CCP/19

Commission

Ms. Vadiyya S. Khalil
Chairperson

Ms. Bushra Naz Malik
Member



ORDER

1. On 19th June 2019 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed reorganization pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") where M/s. DEL Projects (Private) Limited ("**Transferor**" or "**Applicant**") intends to transfer and vest M/s. Descon Power Solution ("**Target Entity**") undertaking into M/s. DEL Power (Private) Limited ("**Transferee**"). All the requisite information pertaining to the application was completed by the applicant on August 16, 2019.
2. The Commission has examined the 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 transaction has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For the Transferor: Investments holding company.
 - b. For the Target Entity: Engaged in providing operations and maintenance to power plants along with the sale of related material and equipment.
 - c. For the Transferee: Principally engaged in establishing, operating, and managing electric power.
 - ii. The proposed transaction is reorganization whereby the Transferor intends to transfer issued and paid up share capital of the Target Entity and all the shares (inclusive of all future rights issues and bonus shares) that may be owned in the future by the Transferor in the issued and paid up share capital of the Target Entity, and all rights, liabilities, and obligations of Transferor pertaining thereon. The carrying amount of the net assets and the transaction value is deemed to be PKR
 - iii. The Target Entity is active in Pakistan and is engaged in the relevant product market of "**Operation and management (O&M) of Power Plants**" having a geographic market identified as of "**Pakistan**". Currently, the Target Entity is operating in multiple sectors, the market shares for the sectors are: Wind Sector with shares, Combined Cycle with a shares, Hydro Sector with a share (almost negligible), and lastly in the Sugar Sector with a shares.
 - iv. The transaction is not likely to result in the creation or strengthening of a 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 Competition Act 2010 ("**Act**").
3. In conclusion, the proposed transaction is not likely 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.



Wadiyya S. Khalil
(Wadiyya S. Khalil)
Chairperson

Islamabad the 14th September, 2019.

Bushra Naz Malik
(Ms. Bushra Naz Malik)
Member