



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

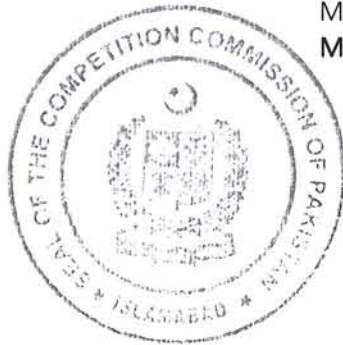
**ACQUISITION OF SHAREHOLDING IN M/S METRO POWER
COMPANY LIMITED BY MR. IQBAL ALIMOHAMED AND MR. SAAD
IQBAL FROM INTERNATIONAL FINANCE CORPORATION**

CASE: 845/Merger-CCP/16

Commission

Ms. Vadiyya S. Khalil
Chairperson

Mr. Ikram Ul Haque Qureshi
Member



ORDER

I Background

1. On 14th October 2016, International Finance Corporation ("IFC" or the "Seller") submitted a pre-merger application (the "Application") to the Competition Commission of Pakistan ("Commission") through its representatives for the intended sale of 9.9% shares in M/s Metro Power Company Limited ("MPCL" or the "Target") to Mr. Iqbal Alimohamed and Mr. Saad Iqbal ("IA" and "SI" or collectively referred to as the "Acquirers"). The Application was submitted along with the necessary information and applicable processing fee in accordance with the provisions of the Competition Act, 2010 (the "Act") and the Competition (Merger Control) Regulations, 2007 (the "Merger Regulations"). The Commission's review of the proposed transaction is as under:

II Merger Parties

Acquirers

2. Mr. Iqbal Alimohamed is the Founding Member and Chairman of the Board of Trustees of Haji Alimohamad Foundation & member and Trustee of Haji Tarmohammad Kassam Teli Charitable Trust- a philanthropic institution. Furthermore, he is also on the Board of various companies in the power and textile sectors.
3. Similarly, Mr. Saad Iqbal is on the board of various companies in the power, automobile and textile sectors, which include his appointment as the Director of MPCL, Metro Wind Power Limited, Metro Solar Power Limited, amongst others.

Seller

4. IFC, a member of the World Bank Group, is the largest global development institution focused exclusively on the private sector in developing countries. It was established in 1956 by Articles of Agreement among its member countries including Pakistan. The IFC is owned and governed by 184 member countries that collectively determine its policies, but has its own executive leadership and staff that conduct its normal business operations. Member governments provide paid-in capital and have the right to vote on its matters.
5. As of 30th June, 2016, IFC's total assets were valued at US\$ _____ while reported income before net unrealized gains and losses on non-trading financial instruments accounted for at fair value and grants to IDA of \$500 million, however, a net loss of _____ million has been reported for the said period.

Target

6. MPCL incorporated as a Private Limited Company on 22 November 2006 having its registered office in Karachi, Pakistan. The purpose of the company is to enhance power generation using wind energy and to carry on the business of generation and supply of electric power and to carry on all or any of the business of generating, transforming, converting, supplying and dealing in electricity and all other forms of energy and products or services associated therewith and of promoting the conservation and efficient use of



A handwritten signature in black ink, appearing to be "V J", is written next to the seal.

electricity and to perform all other acts which are necessary or incidental to the business of electricity generation.

7. MPCL has achieved its Commercial Operations Date on 16th September, 2016. Since then the project is dispatching electricity to Central Power Purchaser Agency (CPPA) as an Independent Power Producer. For the year ended 30th June, 2015, the company has reported a total income of PKR ... while the total assets were reported to be PKR...

III Transaction

8. In 2014, IFC made a Loan of up to US\$... and an equity investment of up to US\$... in MPCL obtaining ... shareholding in the company which it now intends to divest. In the proposed transaction, IFC wishes to divest its entire equity stake by transferring its entire shareholding to the Acquirers, split equally between them. The value of the transaction is US\$... (approximately ... as of 26/12/2016). There is no financial support being received by the Acquirers for this transaction as they are purchasing the shares from their own funds.
9. The transaction meets the notification thresholds as prescribed in Regulation 4(2)(a), (b), (c) & (d) of the Merger Regulations, with the combined assets of the parties being more than PKR 1 Billion and combined turnover being more than PKR 1 Billion. The transaction value also exceeds PKR 100 million while the percentage of voting shares to be acquired exceeds 10% of the total shareholding of the Target of one Acquirer.

IV Relevant Market:

10. The relevant product market in this case is defined as "Power Generation" and the Relevant Geographic market is "Pakistan" as electricity generated is passed on to the national grid.

V Findings of the Phase I investigation on the competition assessment

The competition assessment in Phase I have resulted in the following finding:

11. The proposed transaction would result in acquisition of ... shares of the Target by the Acquirers.
12. IFC had invested primarily for the developmental impact. It did not seek to take operational, controlling or strategic equity positions within MPCL. This is merely a strategic decision from IFC, to wind up its equity interest in MPCL and exit the investment
13. In the relevant product market the Target i.e. MPCL has a market share of ... in terms of total power generation in the country, while ... share in the Wind Power segment alone.
14. In the reportable market, IFC also owns ... shareholding in Gul Ahmed Wind Power Limited. IFC through its equity investment in China Three Gorges South Asia Investment Limited indirectly holds ... of Three Gorges Wind Farm Private Limited. In addition, IFC has a ... shareholding in Engro Powergen Qadirpur Limited and a ... shareholding in K-Electric. However, IFC does not have any controlling interest in the above mentioned undertakings.



15. IA currently has an equity stake of [redacted] in MPCL while SI only holds [redacted] of the issued share capital. As a result of this transaction, being a collective acquisition of shareholding in the Target, shareholding of IA and SI will be increased by [redacted] each.
16. Post-transaction, there will be no change in the market dynamics of the relevant market in Pakistan as the competition will not be affected by the intended acquisition
17. The proposed transaction relates to an acquisition and 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 Act.

VI Conclusion

18. In conclusion, there is no evidence that suggests a substantial lessening of competition by 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.
19. It is so ordered.

Vadiya S. Khalil

(Vadiyya S. Khalil)
Chairperson

Ikram Ul Haque Qureshi

(Ikram Ul Haque Qureshi)
Member



Islamabad, the 19th JAN 2017