Notice under Section 6 (2) of the Competition Act, 2002 given by
WAPCOS Limited

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Mr. U. C. Nahta
Member

Ms. Sangeeta Verma
Member

Order under Section 31(1) of the Competition Act, 2002

1. On 26th March, 2019, the Competition Commission of India (Commission) received a notice under Section 6(2) of the Competition Act, 2002 (Act), given by WAPCOS Limited (WAPCOS).

2. The notice has been given pursuant to the execution of the share purchase agreement (SPA) between the President of India, as represented by and acting through the Ministry of Water Resources, River Development & Ganga Rejuvenation, Government of India (MoWR) and WAPCOS, on 25th March, 2019.

3. The proposed combination envisages WAPCOS acquiring 98.89% of the share capital of National Projects Construction Corporation Limited (NPCC/ Target), from Government of India (Proposed Combination) (WAPCOS and NPCC are collectively referred to as the Parties).
4. WAPCOS, incorporated in India, is a Central Public Sector Enterprise (CPSE) under the administrative control of MoWR. It provides engineering consultancy services for developmental projects in India and abroad. Scope of the services offered by WAPCOS includes preliminary investigations/ reconnaissance; feasibility studies/ planning/ project formulation; baseline and socio-economic surveys; field surveys, investigations and testing; engineering designs, drawings and tendering; institutional/ human resource development; project management and construction supervision; operation and maintenance; EPC/ turnkey and deposit work; and project implementation.

5. NPCC, incorporated in India, is also a CPSE under the administrative control of MoWR. Its capabilities include project management consultancy (PMC) services on deposit work basis, civil construction projects, real estate development, and project management services. NPCC currently offers PMC services in relation to residential and office buildings, schools, colleges, conservation of heritage building, institutional building and construction of roads/ fencing in border areas for departments of Government of India.

6. Both the Parties are engaged in PMC business on deposit work basis. However, their combined revenue and market position in this segment is not significant when compared to the size and presence of several other players including NBCC (India) Limited, Uttar Pradesh Rajkiya Nirman Nigam Limited, Bridge & Roof Co. (India) Limited.

7. Activities of the Parties are vertically placed in the domain of engineering consultancy and PMC services. While the engineering consultancy services offered by WAPCOS are largely for water, power and irrigation infrastructure, the PMC services offered by NPCC are for general infrastructure like school, border fencing and road transportation. It is observed that there are several engineering consultancy firms, such as SMEC, Tata Consulting Engineers, Feedback Infra, Ramboll, Engineers India Limited etc., that offer similar services as that of WAPCOS. Given the presence of
several players in both the segment for engineering consultancy and PMC services, the proposed combination is not likely to confer upon the combined entity any ability or incentive to foreclose competition.

8. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the Proposed Combination on the basis of factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under sub-section (1) of Section 31 of the Act.

9. This order shall stand revoked if, at any time, information provided by WAPCOS is found to be incorrect.

10. The information provided by WAPCOS is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.

11. The Secretary is directed to communicate to WAPCOS accordingly.