

BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF

FIRST PHASE REVIEW

ACQUISITION OF % SHARES OF DAWOOD HERCULES FERTILIZER
LIMITED BY FATIMA FERTILIZER COMPANY LIMITED

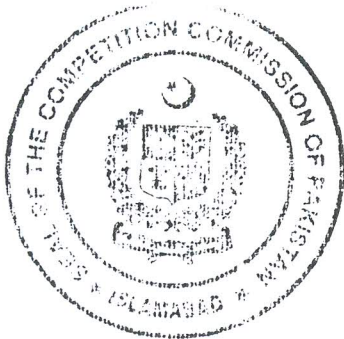
CASE: 753/Merger-CCP/15

Commission

Ms. Vadiyya Khalil
Chairperson

Mr. Mueen Batlay
Member

Mr. Ikram-ul-Haque Qureshi
Member



ORDER

I Background

1 The Acquirer, Fatima Fertilizer Company Limited ("FFCL") submitted a pre-merger application (the "application") dated 18/9/2015 (received on 23rd september,2015) to the Commission, notifying the acquisition of % shares of Dawood Hercules Fertilizer Limited by FFCL.

II Merger Parties

2 Acquirer

Fatima Fertilizer Company Limited ("FFCL") was incorporated on December 24, 2003, as a joint venture between two major business groups in Pakistan namely, Fatima Group and Arif Habib Group, with its head office located in Lahore, Pakistan.

FFCL had total assets valuing PKR while its turnover remained at PKR on 31st December 2014. Fatima is the biggest market player in the relevant market with a market share of %.

3 Target

Dawood Hercules Fertilizer Limited ("DHFL") is a public company incorporated on August 2, 2010 in Pakistan under the Companies Ordinance, 1984, as a wholly owns subsidiary company of Dawood Hercules Corporation Limited. DHFL is engaged in the business of production, purchase and sale of fertilizer. DHFL stands % in the relevant market with the market share of %.

III Transaction

4 Fatima Fertilizer Company Limited intends to acquire % shares of Dawood Hercules Fertilizer Limited at a consideration of PKR.

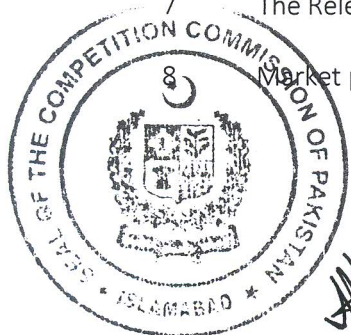
5 The transaction meets the notification thresholds prescribed in Regulation 4(2)(a)(b)(c)&(d) by having acquirer's assets valuing more than PKR 300 Million and combined assets being more than 1 Billion rupees and turnover of acquirer more than PKR 500 million and combined turnover being more than 1 Billion. The transaction value also exceeds 100 million and percentage of share to be acquired exceeds 10% of the total shareholding of the target.

IV Relevant Market:

6 The relevant market in this case is the Fertilizer market.

7 The Relevant Geographic market is Pakistan.

8 Market position in the relevant market is as under:



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Company Name	Market Share(%)
National Fertilizer Marketing Ltd	
Dawood Fertilizer Ltd	
Engro Fertilizer Ltd	
Agritech Ltd	
Pakarab Fertilizer Ltd	
Fatima Fertilizer Ltd	
Fauji Fertilizer Ltd	

V Findings of the Phase I investigation on the competition assessment

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

The market share of the acquirer is , while the market share of the target is , post-merger the market share will be which is significantly less than the threshold limit of 40% therefore, the post-merger entity does not meet the presumption of dominance as determined under Section 3 of the Act.

VI Conclusion

10 In conclusion, there is no evidence that suggests a substantial lessening of competition by creating or strengthening of dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1) (d) (i) of the Act.

11 It is so ordered.

Mueen Batlay

(Mueen Batlay)
Member

Ikram-ul-Haque Qureshi

(Ikram-ul-Haque Qureshi)
Member

Vadiyya Khalil

(Vadiyya Khalil)
Chairperson

Islamabad, 27th October, 2015.

