



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

**ACQUISITION OF SHARES OF LINDE PAKISTAN
LIMITED BY ADRIA CAPITAL HOLDINGS PRIVATE
LIMITED, HILTON PHARMA (PRIVATE) LIMITED, SOORTY
ENTERPRISES (PRIVATE) LIMITED, AL KARAM TEXTILE
MILLS (PRIVATE) LIMITED, MR. SIRAJ DADABHOY AND
MR. FAWAD ANWAR.
CASE: 901/Merger-CCP/17**

Commission

Ms. Vadiyya Khalil
Chairperson



Mr. Ikram Ul Haque Qureshi
Member

ORDER

I Background

- 1 On 13 June 2017, the Competition Commission of Pakistan (the “**Commission**”) received a pre-merger application (the “**Application**”) of a proposed acquisition pursuant to Section 11 of the Competition Act 2010 (the “**Act**”) read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 (the “**Merger Regulations**”) through which Adria Capital Holdings Private Limited (the “**Adria**”), Hilton Pharma Private Limited (the “**Hilton**”), Soorty Enterprises Private Limited (the “**Soorty**”), Al-Karam Textile Mills Private Limited (the “**Al-Karam**”), Mr. Siraj Dadabhoy, and Mr. Fawad Anwar (the “**Acquirers**” or the “**Applicants**”) intend to acquire shares of M/s Linde Pakistan Limited (the “**LPL**”) by way of share purchase.

II Acquirers

- 2 The acquiring group consists of:

i Adria Capital Holdings Private Limited

Adria was incorporated in February 2017 and is owned and controlled by Alpha Beta Capital Markets Private Limited (the “**ABC Markets**”) shareholding with the remaining shareholding held equally by Mr. Waqar Malik and Mr. Atif Bukhari. ABC Market is a joint venture between Mr. Siraj Dadabhoy and Mr. Fawad Anwar and was incorporated in 2006 in Pakistan. The principal activities of ABC Markets are share brokerage, money market, advisory and consultancy services. The company is a corporate member of the Pakistan Stock Exchange.

ii Hilton Pharma Private Limited

Hilton is a pharmaceutical company which manufactures generic pharmaceutical products, *inter alia*, through licensing arrangements with various international research-based pharmaceutical companies.

iii Soorty Enterprises Private Limited

Soorty is engaged in manufacturing and sales of denim products comprising of spinning, weaving and readymade garments.

iv Al-Karam Textile Mills Private Limited

Al-Karam is involved in the manufacturing and supply of fabric for apparel, home and industrial markets in Pakistan and internationally.

Mr. Siraj Dadabhoy

Mr. Siraj is Chairman and founder of AION Partners Inc., which is a real estate investment, management, and development company, based in the United Kingdom. He is also on the Board of Director of Adria and the Bank Islami Pakistan Limited.



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vi **Mr. Fawad Anwar**

Mr. Anwar is owner and managing director of Al-Karam. He is also on the Board of Directors (and Chief Executive) of Adria, the Board of Investment of Pakistan and the Bank Islami Pakistan Limited.

III Target

- 3 LPL, incorporated in Pakistan, is listed on the Pakistan Stock Exchange. The company offers a broad range of gases to customers in a wide variety of industrial, medical/healthcare, specialty gases and related engineering equipment and logistic services.
- 4 The value of the current assets of Linde Pakistan as on 31 December 2016 was PKR _____ while its turnover remained at PKR _____ for the same period.

III Transaction

- 5 Pursuant to the Share Purchase Agreement between the BOC Group Limited¹ (the "Seller") and the Acquirers, the proposed transaction involves the acquisition of _____ ordinary shares of the issued and paid up ordinary shares of LPL. Out of a total of _____ shares: _____ shares are to be acquired by Adria, _____ by Hilton, _____ by Soorty, _____ by Al-Karam, _____ by Mr. Siraj Dadabhoy and _____ by Mr. Fawad Anwar. The estimated value of the transaction is EUR _____ (approximately, PKR _____).
- 6 The transaction meets the notification thresholds prescribed in Regulation 4(2)(a), (b), (c) & (d) of the Merger Regulations, with merger parties, combined assets valuing more than PKR 1 Billion and their turnover also being more than PKR 1 Billion. The transaction value exceeds PKR 100 Million and percentage of shares to be acquired also exceeds 10% of the voting rights in the Target.

IV Relevant Market

- 7 LPL is engaged in the production and distribution of industrial, medical/healthcare, specialty gases and welding products in Pakistan. Industrial gases comprise all the gases and mixtures provided by gas suppliers for various industries and research applications. The most commonly used industrial gases are oxygen, nitrogen, hydrogen, argon, carbon dioxide, acetylene, carbon monoxide and helium as well as mixtures thereof, *such as* syngas, which is a mixture of hydrogen and carbon monoxide. Industrial gases can be obtained from the air (atmospheric gases) and from synthetic processes or natural sources (non-



The BOD Group Limited (BOC) is, indirectly, a wholly owned subsidiary of Linde UK Holdings Limited, registered in England and Wales, and its parent company is Linde AG, registered in Munich, Germany. BOC holds approximately 15,023,232 (60%) of the total issued and paid up ordinary shares of LPL.

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atmospheric gases). These gases are used in metallurgy, steel, chemicals, electronics, food, buildings, automotive, glass, environmental monitoring system, metal working, and aerospace. Medical gases mainly consist of oxygen, nitrogen, carbon dioxide, and nitrous oxide. Specialty gases are generally produced through specific chemical processes as opposed to atmospheric gases and they are generally sold in smaller quantities (mainly in cylinders) and at significantly higher prices than standard industrial gases. Specialty gases are used for refrigeration, electronics, calibration and other gas mixtures. From consumer perspective i.e. demand side substitution, industrial and medical gases are rarely substitutable or interchangeable from the product's pricing, characteristics, and intended use perspectives. Likewise, from a supply-side perspective, different production processes and sources are used for the production of different gases and their storage. Therefore, industrial gases, medical gases, and specialty gases constitute three separate relevant product market(s).

- 8 Since the gases produced by LPL are supplied on a national scale where the conditions of competition are sufficiently homogeneous, therefore, the relevant geographic market is determined as the whole of Pakistan.

V Competition Assessment

- 9 The Phase I competition assessment of the intended acquisition has resulted in the following findings:
- i The proposed transaction involves the acquisition of [redacted] shares of LPL by Acquirers from BOC. There is no apparent horizontal or vertical overlap reported between the business of the Acquirers and of the Target.
 - ii According to the Economist, LPL's market share in the sale/supply of industrial gases in terms of sales value and volume for the preceding year remained approximately [redacted] while in the sale/supply of medical gases remained approximately [redacted]. The competitors of Linde Pakistan in the sale/supply of industrial gases include Shangai Welding, Ghani Gas, Chitral Gases, Nizami, Aga and other with a market share of circa [redacted] and [redacted] respectively. In the sale/supply of medical gases, the competitors include Ghani Gas, Sharif Oxygen, Fine Gas and others with a market share of circa [redacted], [redacted] and [redacted] respectively. In speciality gases, LPL's share in terms of value and volume remained [redacted] and in hard goods i.e. engineering products remained up to [redacted].
 - iii The proposed transaction will not result in the elimination of any competitor and the industry is likely to remain fairly competitive. After the proposed transaction, LPL's share in most of the relevant market is likely to remain unchanged and below the presumption of the dominance as prescribed under Section 2(1)(q) read with Section 3 of the Act.





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VI Conclusion

10 In conclusion, the proposed transaction is unlikely 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.

11 It is so ordered.


Vadiyya S. Khalil
(Chairperson)


Ikram Ul Haque Qureshi
(Member)



ISLAMABAD August 29, 2017