

**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

**AMALGAMATION OF JK FARMING SYSTEMS LIMITED AND ATF
MANGO FARMS PRIVATE LIMITED**

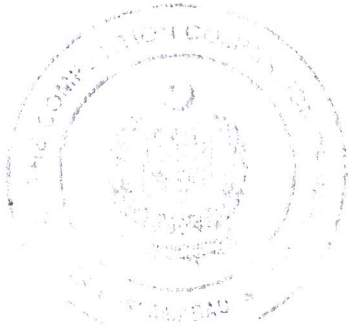
CASE: 780/MERGER-CCP/16

Commission

Ms. Vadiyya Khalil
Chairperson

Mr. Shahzad Ansar
Member

Mr. Ikram Ul Haque Qureshi
Member



ORDER

I Background

- 1 ATF Mango Farms Private Limited ("ATF") submitted a pre-merger application (the "Application") dated 29 December 2015 (received on 06 January 2016), notifying and seeking the approval of the Competition Commission of Pakistan (the "Commission") for the amalgamation of JK Farming Systems Limited ("JKFS") with and into ATF. The Application was submitted along with the applicable processing fee and complete supporting documentation (received on 28 January 2016) 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 intended merger is as under:

II Merger Parties

Acquirer

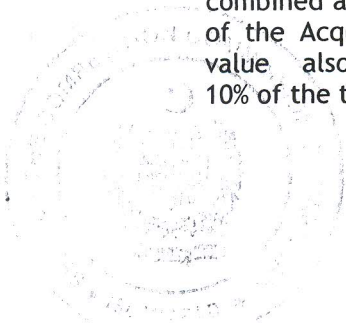
- 2 ATF was incorporated in Pakistan 2011 as a private limited company. ATF is engaged in the agriculture farming business, primarily farming fruits such as mangoes, vegetables, wheat, cotton and other seasonal crops in Punjab. The value of the total turnover of the Acquirer for the year ended 31 December 2014 was [REDACTED] and value of the total assets for the same period remained at [REDACTED]

Target

- 3 JKFS was incorporated in Pakistan as a private company in 2010 and was converted into an unlisted public limited Company in 2011. JKFS is engaged in the agriculture farming business, specializing in the cultivation and farming of eucalyptus tree plantations in Punjab (used for construction material and manufacturing of chip boards etc). The value of the total turnover of the Target for the year ended 30 April 2015 was [REDACTED] and value of total assets for the same period remained at [REDACTED]

III Transaction

- 4 The intended transaction involves the acquisition of JKFS (in its entirety) by ATF, where upon JKFS (along with all its assets and liabilities) shall be amalgamated into ATF, in consideration for approximately [REDACTED] shares of ATF being allotted to the current shareholders of JKFS. ATF will be the surviving entity as a result of the intended transaction which is valued at approximately [REDACTED]
- 5 The transaction meets the notification thresholds prescribed in regulations 4(2)(a), (b), (c) and (d) of the Merger Regulations with the Acquirer's assets valuing more than PKR 300 Million, the combined assets of the merging parties being more than PKR 1 Billion, and the annual turnover of the Acquirer in the preceding year being more than PKR 500 Million. The transaction value also exceeds PKR 100 Million and percentage of voting shares to be acquired exceeds 10% of the total shareholding of the Target.



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IV Relevant Market:

- 6 The relevant product market in this case is Agricultural Farming in Pakistan. The relevant product market for the purposes of the intended acquisition can be sub-segmented into the (i) the market for farming of eucalyptus trees and (ii) the market for farming of fruits, vegetables, wheat, cotton and related seasonal crops.
- 7 The Relevant Geographic market is Pakistan.

V Findings of the Phase I competition assessment

8 *The competition assessment in Phase I has resulted in the following finding:*

- The Target is engaged primarily in the farming of eucalyptus trees which is used as an input for construction materials such as shuttering and as the raw material for production of papers and chip boards etc. The Acquirer is engaged primarily in the farming of fruits, vegetables, wheat and cotton etc. Both the merging parties are at present run under common management and the Target is already an associate company of the Acquirer.
- While, both the Target and the Acquirer are active in the agricultural farming business in Pakistan, their product market and crop patterns are dissimilar and distinct and there is no overlap in their respective commercial activities.
- Post-merger, the market shares of the merging parties will remain the same in their respective product markets. Furthermore, the intended transaction does not meet the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Act.

VI Conclusion

- 9 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 intended transaction is hereby authorized under Section 31(1)(d)(i) of the Act.
- 10 It is so ordered.



(Shahzad Ansar)
Member



(Vadiyya Khalil)
Chairperson



(Ikram Ul Haque Qureshi)
Member

Islamabad

3rd March, 2016

