**Public Version**

# BEFORE THE
# COMPETITION COMMISSION OF PAKISTAN

## IN THE MATTER OF

## FIRST PHASE REVIEW

## ACQUISITION OF UP TO 26.67% SHARES OF PAKISTAN REFINERY LIMITED BY PASKISTAN STATE OIL COMPANY LIMITED

## CASE: 732/Merger-CCP/15

Commission:

Ms. Vadiyya Khalil
**Chairperson**

Mr. Shahzad Ansar
**Member**

Mr. Ikram Ul Haque Qureshi
**Member**

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Registrar
Competition Commission of Pakistan
Government of Pakistan
Islamabad.

# ORDER

## I BACKGROUND

1. Pakistan State Oil Company Limited ("PSO") submitted a pre-merger application (the "Application") dated 13th June 2015 (received on 15th June 2015) notifying and seeking approval of the Competition Commission of Pakistan (the "Commission") for the acquisition of Million (out of Million) Right Shares of Pakistan Refinery Limited ("PRL") - renounced by Shell Petroleum Company Limited ("Shell"). 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 "Regulations").

2. On 11th June 2015, Hascol Petroleum Limited ("Hascol") through its Legal Counsel, Ms. Rahat Kaunain Hassan, filed a Complaint/Representation against the intended acquisition of shares of PRL by PSO (the "Complaint"). Upon an examination of the Application and the Complaint, the Commission sought certain clarifications from the merging parties and other Oil Marketing Companies (OMCs) and Refineries in Pakistan. The Commission convened two hearings in this matter on 23rd November 2015 and 22nd January 2016, attended by the relevant representatives of PSO, Hascol, Shell, PRL, Chevron Global Energy Inc ("Chevron") and other OMCs and Refineries.

3. On 23rd November 2015, PSO through its Legal Counsel, Mr. Rashid Anwer, communicated its intention to acquire an additional 21 Million Right Shares of PRL (in addition to the afore-mentioned Million Right Shares – renounced by Shell) and sought a conditional approval of the same as the matter was sub-judice before the Hon'ble High Court of Sindh. PSO claimed that in accordance with the provision relating to *right of first refusal* as contained in the Shareholders Agreement dated 26th March 1970 (the "Shareholders Agreement") between Shell, PSO and Chevron (to which PRL is not a party), it had the right to subscribe to Shell's remaining renounced Million Right Shares. These shares had previously been offered to Chevron by Shell, which Chevron did not accept, but was attempting to sell to Pak Arab Oil Refinery Limited (PARCO). PSO asserted that such shares could not be sold to PARCO without first being offered to it. In this context, the Commission advised PSO to submit a revised application representing the entirety of Right Shares it intended to acquire.

4. On 23rd December 2015, PSO submitted a revised pre-merger application (the "Revised Application") (received on 28th December 2015) notifying and seeking approval of the Commission for acquisition of a total of Million Right Shares of PRL - renounced by Shell. In addition to the Revised Application, the Complaint and correspondence exchanged between the Commission and the relevant parties, the following further submissions were received by the Commission for its consideration to review the intended acquisition:

   i. Supplementary Briefs to the Application (dated 23rd November 2015 and 9th December 2015) submitted by PSO through its authorized representative;
   ii. Written submissions from Shell through its authorized representative (dated 8th January 2016);

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iii. Reply to the Complaint (dated 18th January 2016) submitted by PSO through its authorized representative; and

iv. Rebuttal by Hascol through its authorized representative to PSO's Reply to the Complaint (dated 29 January 2016).

5. The Commission also requisitioned relevant data and information from all Refineries relating to locally procured and imported crude oil (on average monthly basis) and from all OMCs on locally procured and imported oil/petroleum products and analyzed the same.

6. After hearing all the parties and examining the filings on record, the Commission's detailed findings in this matter are as under.

## II MERGER PARTIES

**Acquirer**

7. PSO, incorporated in 1976 is a public limited company under the laws of Pakistan and is a State owned Enterprise (SoE). The company is principally active in the oil marketing and sale (both retail and non-retail) of refined petroleum products such as Motor Gasoline (Mogas), High Speed Diesel (HSD), Super Kerosene Oil (SKO), Furnace/Fuel Oil (FO), Jet Fuel (JP-1/ Jet A1), CNG, LPG and other petrochemicals. It is the largest OMC in Pakistan with over retail outlets nation-wide. In addition, it is the major fuel supplier for aviation, railways, power projects, armed forces, marine and agriculture sectors.

8. The value of the total assets of the Acquirer in the financial year ending June 2014 was PKR Billion and the turnover for the same period was PKR Billion.

**Target**

9. PRL, incorporated as a public listed company in 1960 is quoted on Karachi and Lahore Stock Exchanges (now Pakistan Stock Exchange).. It operates a hydro skimming oil refinery situated in the coastal belt of Karachi for the processing of a range of imported and locally extracted crude oil to meet various strategic and domestic fuel requirements nation-wide. It has a total capacity of processing approximately barrels per day of crude oil into refined petroleum products *such as* Mogas, HSD, FO, SKO and Jet Fuel, amongst other products.

10. The value of the total assets of the Target in the financial year ending June 2014 was PKR Billion and the turnover for the same period was PKR Billion.

11. Pursuant to the Refinery Agreement of 1959 and the Memorandum and Articles of Association of PRL, its share capital is divided into two classes:

**Class "A" Shares**, representing equity ownership with voting rights, equals ]% of the total issued and paid-up share capital of PRL, quoted on Pakistan Stock Exchange and held by the general public. . Hascol holds approximately [ ]% of such shares.

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- **Class "B" Shares**, representing equity ownership, equals % of the total issued and paid-up share capital of PRL. These shares are not quoted, but carry voting and pre-emption rights, and are collectively held by the three (3) executants of the Shareholders Agreement comprising: Shell [ ]%, PSO [ ]% and Chevron [ ]%.

12. In April 2015, the total issued and paid-up share capital of PRL was 35 Million shares: 14 Million Class "A" shares; and 21 Million Class "B" shares. The quantum of shares held individually by the Class "B" shareholders was: Shell (10.5 Million), PSO (7.875 Million), and Chevron (2.625 Million).

13. On 9 March 2015, the PRL Board announced a "*Rights Issue*" and resolved to issue 280,000,000 (280 Million) new shares in order to raise fresh equity and capital injection. On a pro rata basis, out of the total of 280 million new shares, 112 million (40%) represent Class "A" shares, and 168 million ( %) represent Class "B" shares, amounting to an overall increase of PRL's issued share capital from 35 million to 315,000,000 (315 million) shares having face value of PRK 10 each. Of these 315 million shares, 126 million will be Class "A" shares, and 189 million will be Class "B" shares.

**Seller/Renouncee**

14. Shell, a private limited liability company is incorporated under the laws of England and Wales in the United Kingdom. The company holds directly and indirectly, investments in the Shell Group. It is present in more than seventy (70) countries and is mainly engaged in the exploration and production of crude oil and related products. However, it also operates as an oil marketing and distribution company. In Pakistan, it is active as one of the major OMCs, operating over 800 retail stations nationwide and primarily deals in retail and non-retail sales of Mogas, HSD, SKO, FO, and Jet Fuel.

15. As noted above, under the scheme of the Rights Issue, a total of 112 Million Class "A" Shares and 168 Million Class "B" Shares ("*Right Shares*") were resolved to be issued with a right of subscription offered to the existing shareholders of PRL ("*Rights Issue Entitlement*").

16. Under the scheme of the Rights Issue and on a pro rata basis, PSO was offered Million Class "B" Right Shares by PRL, which it accepted, and hence maintained its existing shareholding of % in PRL. Similarly, Shell and Chevron were also entitled to subscribe to Million Right Shares and Million Right Shares respectively, pro rata to their existing shareholding.

17. However, Shell decided to renounce its Right Shares and offered the same to the remaining Class "B" shareholders (PSO and Chevron on a pro rata basis), in pursuance of Article of the Shareholders Agreement, wherein a first option right is conferred upon the two undertakings. Only in the event of renunciation of Rights Issue by all three shareholders and completion of the right of first refusal process thereof, can the shares be offered to a third party. In this context, a Resolution was passed by PRL Board on 17th April 2015, to place a restriction on Class "A" Shareholders from acquiring Class "B" shares (and vice versa) to be reflected as an amendment in the Articles of Association of PRL. However, as per the information

provided by the parties, the Securities and Exchange Commission of Pakistan has disallowed this amendment as not being in consonance with law.

18. On 15th May 2015, out of its 84 million Rights Issue Entitlement, which it had renounced, Shell offered PSO   million and Chevron   million Right Shares (on a pro rata basis). On 26th May 2015, PSO through its Board Resolution approved and accepted the offer made by Shell with respect to   Million Right Shares. However, Chevron did not respond to Shell's offer made on 15th May 2015 at all. In accordance with Article 11.04 of the Shareholders Agreement, the offer made by Shell to Chevron was deemed to have been rejected if it was not accepted within thirty (30) days of the offer. Accordingly, such right to acquire an additional   Million Right Shares passed onto PSO in pursuance of Article   of the Shareholders Agreement. PSO agreed to purchase from Shell and Shell agreed to sell to PSO the entirety of its Rights Issue Entitlement of   Million Right Shares. However, Chevron wanted to sell to PARCO its proportion of Right Shares offered to it by PRL along with the Right Shares it was entitled to as a consequence of Shell's renouncement.

## III PENDENCY OF LITIGATION

19. The Commission is mindful of the pendency of litigation pertaining to disputes arising out of Shell's   Million Rights Issue Entitlement as denounced and offered by it to Chevron and the creation of third party rights with regard to Chevron's existing [   ]% shareholding in PRL amongst other matters. Notwithstanding the same, the Commission has analyzed the intended acquisition solely from the perspective of applicable competition law and regulations, in view of the conditional approval sought for by the Applicant. The Commission believes that the instant matter before it neither has any nexus with or bearing on the factual controversies existing between the parties (as pending before the Hon'ble High Court of Sindh) and nor is the Commission attempting to adjudicate upon such disputes in this Order.

20. In essence, Hascol through its Complaint highlighted the factual disputes existing between the parties as follows:

(a) **Suit No. 931/2015** pending adjudication before the Hon'ble High Court of Sindh, wherein PSO has sought declaratory relief and enforcement of its first refusal right in relation to Chevron's shareholding in PRL including its existing shareholding [7.5]% and Shell's renounced Right Shares in favour of Chevron which it was intending to sell to PARCO without first offering the same to PSO.

(b) **Suit No. 969/2015** pending adjudication before the Hon'ble High Court of Sindh, wherein Hascol has sought: (i) a declaration as to its entitlement to purchase Class "B" shares of PRL in proportion to its existing shareholding in PRL; (ii) a declaration that the Articles of Association of PRL consequent to the Resolution of 17th April 2015 to be of no legal effect; and (iii) restraining PSO from acquiring Shell and Chevron's Rights Issue Entitlement and existing shares without the same first being offered to Class "A" shareholders of PRL, including Hascol. The relief sought against the Commission (impleaded as a Defendant) is in the form of a direction to take action against PSO for willful defiance of the applicable laws and for intending to create a dominant position in the market to the detriment of the minority share and stakeholders of PRL. However, the Hon'ble High Court of Sindh has passed no order restraining the Commission to proceed with a determination as to this Application.

## IV TRANSACTION

21. Through its Revised Application, PSO is seeking clearance of the Commission to acquire the total of Shell's Right Issue Entitlement i.e. 84 Million Right Shares, which constitutes approximately 26.667% of the total shareholding of the PRL. Resultantly, PSO's shareholding in PRL will increase from its existing [ ]% to approximately [ ]%[1]. Accordingly, the shareholding of Shell in PRL will fall to approximately [ ]% from its existing [ ]% shareholding. Pursuant to the Share Purchase Agreement dated 16th June 2015 between PSO and Shell, the envisaged transaction is valued at PKR Billion (the "Transaction").

22. The Transaction meets the notification thresholds prescribed in Regulation 4(2)(a), (b), (c) & (d) of the Regulations, with the value of the total assets of the Acquirer exceeding PKR 300 Million and the combined assets being more than PKR 1 Billion; the turnover of Acquirer being more than PKR 500 Million and the combined turnover of the Acquirer and Target being more than PKR 1 Billion. The Transaction value also exceeds PKR 100 Million and percentage of share to be acquired by the Acquirer exceeds 10% of the total shareholding of the Target.

## V RELEVANT MARKET

23. The downstream petroleum industry[2] in Pakistan comprises of five (5) refineries and fourteen (14) OMCs at present. The merger parties are active in vertically related markets comprising of two distinct segments of commercial activities in the downstream petroleum industry value chain. The downstream petroleum industry includes crude oil refining, and marketing and distribution of refined petroleum products at the retail and non-retail level[3].

24. In Pakistan, the downstream petroleum industry is regulated by the Oil and Gas Regulatory Authority (OGRA), established under the Oil and Gas Regulator Authority Ordinance, 2002. OGRA is responsible for the effective and efficient regulation of both the midstream and downstream petroleum sectors in Pakistan. In this regard,

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1 The acquisition of 63 Million Right Shares as contained in the first Application (submitted before the Revised Application) constituted approximately [20]% of the total shareholding of the Target resulting in an increase of PSO's shareholding in the Target from [ ]% to approximately [ ]%.

2 In addition to the downstream petroleum value chain, the upstream petroleum sector (also known as the exploration and production (E&P) sector) involves the initial exploration, appraisal and development of petroleum fields and the production of crude oil and natural gas there from, while the midstream sector which encompasses facilities and processes that sit between the upstream and downstream sectors, involves the collection, transportation (through pipelines, trucking fleets, tanker ships & rail cars etc.) and storage of crude oil and related products. It may be noted, that sometimes the boundaries between the three sectors may become blurred and hence do not always remain clearly defined.

3 Case No. COMP/M.4348 - PKN / MAZEIKIU, the EC has described downstream oil activities to include crude oil refining, as well as the marketing and distribution, at ex-refinery/cargo, non-retail and retail level, of refined products to customers.

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OGRA with the approval of the Federal Government, has promulgated the Pakistan Oil (Refining, Blending, Transportation, Storage and Marketing) Rules, 2016, which set out the procedures and conditions for the grant of distinct and separate licenses for various midstream and downstream activities, including but not limited to: the operation of a refinery, establishment of a blending, reclamation or grease plant, construction and operation of a pipeline for oil transportation and associated facilities, construction and use of an oil storage facility for crude oil or refined petroleum products, marketing of petroleum products and establishment of an oil testing facility. Thus based on the OGRA's afore-mentioned regulatory and licensing regime and the merging parties' principal activities, the relevant market can be segmented into: (a) downstream refining of crude oil and ex-refinery sales; and (b) downstream distribution and marketing of the refined petroleum products to end-consumers.

25. The Target, PRL, is engaged in the oil refining market of the downstream petroleum industry, which involves the refining, processing and purifying of crude oil/ extracted hydrocarbons into finished petroleum products and supply/ex-refinery sale of the same to various OMCs (including PSO). Thus the key input for refineries is crude oil/ extracted hydrocarbons obtained either from the local upstream exploration and production companies or through imports.

26. The Acquirer, PSO, is engaged in the oil marketing and distribution market of the downstream petroleum industry, which involves the procuring, storing, marketing, distribution and supply of the refined petroleum products to end-consumers both retail (at service stations) and non retail (to wholesalers). Such refined petroleum products include, amongst others, Mogas, HSD, FO and SKO to end-consumers. Thus the key input for OMCs is the refined petroleum products, whether obtained from local refineries (including PRL) or through imports.

27. In relative terms, PSO and PRL share a vertical relationship, where PSO is principally placed in the OMCs segment and PRL is placed in the refining segment of the downstream petroleum industry. Most of the Refineries and OMCs in Pakistan are vertically integrated. The intended merger concerns a vertical (backward) acquisition of shareholding by PSO in PRL, in relation to the relevant product market and relevant geographic market, which are explained below.

**Relevant product markets:**

***(i) Oil refining and ex-refinery sale:***

28. An oil refinery is the process plant in which the raw material, crude oil, is converted into usable finished petroleum products such as Mogas, HSD, SKO and other refined products. Thus refining may be referred to as the manufacturing phase in the petroleum industry.

29. At the refining stage, there is a considerable degree of supply-side substitutability in terms of crude oil procured locally and through imports. Refineries produce different outputs and types of fuels, base oils and other refined products. A refinery will not be able to change its product mix completely, but to a certain extent. There are considerable flexibilities in its operation based on the input quality of crude oil and the way a refinery is configured. The output of the refinery also reacts to the demand for different products and the price for those products. From the demand-side

perspective, there is much less substitutability. Refined petroleum products are manufactured by refineries for specific uses and are not substitutable or interchangeable for the vast majority of applications. Distribution of these products may well occur together so that different products are available at the same point of sale. It is not possible to aggregate different types of refined petroleum products into one category. The refined petroleum products are supplied and procured for different uses to different types of end-consumers. Thus, ex-refinery sales of fuels can be sub-segmented into Mogas, HSD, SKO and FO, amongst others.

***(ii) Retail and non-retail sales of refined petroleum products:***

30. Refined petroleum products are sold through either the retail distribution channel or non-retail distribution channel. The retail channel involves sales through service stations to automotive consumers, while the non-retail sales consist of wholesales to independent resellers or retailers not integrated upstream, as well as to large industrial and commercial high volume end consumers (e.g. factories, power stations, etc). The retail and non-retail sales of different types of fuels are not aggregated into one category as they are supplied for different uses to different types of consumers. Therefore, both retail and non-retail sale of fuels can be sub-segmented into the distinctive sales of Mogas, HSD and Light Diesel Oil (LDO), SKO, Fuel/ Furnace Oil (FO), Jet Fuel (JP-1/ Jet A1), CNG, LPG and petrochemicals. While there is a considerable degree of supply-side substitutability, there is minimal substitutability at the demand side in particular, for automotive customers.

**Relevant geographic market:**

31. The relevant geographic market is national in scope. The merging parties operate in product markets that extend to the whole of Pakistan in terms of the processing of crude oil and supply of refined petroleum products by PRL as well as the marketing/distribution of the same by PSO to end consumers due to the uniform pricing mechanism in place (retail and non-retail) on a national-level. Furthermore, there are overlaps between the supply and sale points and it appears to be unreasonable to isolate one area from the others. This was also confirmed by most companies in the relevant markets that competition conditions (both for retail and non-retail sales) of Mogas, HSD and other fuels are significantly homogeneous.

**Market participation of the Target and the Acquirer in their respective markets as compared to their respective competitors:**

32. **TABLE A**. *Market share estimates for the midstream refineries operating in Pakistan in terms of the total local production capacity of refined petroleum products (using imported and local crude oil as their input) for the financial year ending June 2015:*

| Refineries | MOGAS | HSD | SKO | Jet A1 | FO |
|---|---|---|---|---|---|
| ARL (Attock Refinery Ltd.) | 21.27 % | 13.28 % | 30.54 % | 21.60 % | 14.31 % |
| Byco (Byco Petroleum Pakistan Ltd.) | 6.76 % | 14.73 % | 3.77 % | 0 % | 17.58 % |
| NRL (National Refinery Ltd.) | 11.26 % | 17.78 % | 6.20 % | 21.80 % | 15.24 % |
| PARCO (Pak Arab Refinery Ltd.) | 52.99 % | 40.94 % | 55.72 % | 43.30 % | 37.22 % |
| PRL (Target) | 7.73 % | 13.27 % | 3.76 % | 14.56 % | 15.65 % |
| TOTAL | 100% | 100% | 100% | 100% | 100% |

Source: OCAC data provided by the parties

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33. **TABLE B**. *Market share estimates for the midstream refineries operating in Pakistan in terms of the total supply of refined petroleum products (including imports) for the financial year ending June 2015:*

| Refineries | MOGAS | HSD | SKO | Jet A1 | FO |
|---|---|---|---|---|---|
| ARL (Attock Refinery Ltd. | 7.18 % | 7.79 % | 30.54 % | 19.60 % | 4.49 % |
| Byco (Byco Petroleum Pakistan Ltd.) | 2.28 % | 8.64 % | 3.77 % | 0 % | 5.52 % |
| NRL (National Refinery Ltd.) | 3.80 % | 10.43 % | 6.20 % | 19.62 % | 4.78 % |
| PARCO (Pak Arab Refinery Ltd.) | 17.88 % | 24.01 % | 55.72 % | 40.30 % | 11.69 % |
| PRL (*Target*) | 2.61 % | 7.78 % | 3.76 % | 13.55 % | 4.91 % |
| IMPORTS | 66.26 % | 41.37 % | 0 % | 6.93 % | 68.61 % |
| TOTAL | 100% | 100% | 100% | 100% | 100% |

Source: OCAC data provided by the parties

34. **TABLE C**. *Market share estimates for the downstream OMCs operating in Pakistan in terms of the total distribution and sales of refined petroleum products for the financial year ending June 2015:*

| OMCs | MOGAS | HSD | SKO | Jet A1 | FO |
|---|---|---|---|---|---|
| Shell | 20.22 % | 14.62 % | 1.34 % | 35.33 % | 0.79 % |
| PSO (*Acquirer*) | 47.12 % | 50.15 % | 60.86 % | 63.21 % | 66.95 % |
| Chevron | 9.53 % | 7.66 % | 3.26 % | 0 % | 0.78 % |
| Hascol | 4.35 % | 5.52 % | 0 % | 0 % | 5.90 % |
| Total Parco Pakistan Ltd. | 8.70 % | 5.88 % | 2.82 % | 0 % | 0.71 % |
| Attock Petroleum Limited | 6.75 % | 10.17 % | 18.71 % | 1.46 % | 11.16 % |
| Others *** | 3.35 % | 6.00% | 13.02 % | 0 % | 13.71 % |
| TOTAL | 100% | 100% | 100% | 100% | 100% |

Source: OCAC data provided by the parties

*** Byco Petroleum Pakistan Limited; Barki Trading Pakistan Pvt. Limited; Gas and Oil Pakistan Pvt. Limited, Admore Gas Pvt. Limited, Askar Oil Services Pvt. Limited, Overseas Oil Trading Company Pvt. Limited, etc.

## VI COMPETITION ASSESSMENT

35. In view of the Complaint filed by Hascol, the Commission finds it necessary to determine the merits of the Complaint to the extent that it raises any valid competition related concerns simultaneously with the competitive analysis and assessment of the intended acquisition.

### The Complaint:

36. The main allegations leveled by Hascol in the Complaint and its Rebuttal submission are as follows:

(a) PSO, which at present has a [ ]% shareholding in PRL, will ultimately have a [ ]% shareholding in PRL if it is allowed to acquire the entirety of the Rights Issue Entitlement of Shell and Chevron in PRL which they are inclined to renounce as well as Chevron's existing [ ]% shareholding in PRL.

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(b) PSO, with up to [ ]% market share in the downstream OMC market, will upon such acquisition become vertically integrated with PRL, exercising greater control over PRL's operations and possibly prioritizing its own interests with regard to refining, to the detriment of all other stakeholders in PRL and other OMCs, including Hascol.

(c) The above concern is heightened by the fact that Hascol relies heavily on supplies of refined petroleum products from PRL (as its main source of production for distribution in the OMC market). This is because, with the exception of PRL, all other local Refineries have their own OMCs which receive preferential offers and supplies of refined petroleum products. The largest of these is PARCO which offers supplies either to its own OMCs (Pearl PARCO & Total Parco) or to PSO. Such preferential treatment given to PSO further helps it maintain its dominant position in the market. Furthermore, around [ ]% of the demand for refined petroleum products in Pakistan is met through imports.

(d) PSO being a state owned enterprise (SoE) has major advantages and a competitive edge over its rivals in the quantum of import of refined automotive Mogas and HSD sub-segments. Thus it has dominance in the OMC market and bars other OMCs from competing on a level playing field. This position will be further strengthened if it is allowed to acquire additional shares in PRL and become vertically integrated.

(e) Due to the Resolution passed by the PRL Board in April 2015, placing a restriction on Class A shareholders from acquiring Class B shares, Hascol has been barred from subscribing to Class B shares including those renounced by Shell and Chevron. The proposed amendment was made with the sole intention to allow PSO to purchase the Class B shares through a right of pre-emption (provided for in the Shareholders Agreement) at the expense of excluding Class A shareholders, including Hascol. This reflects the mala fide intention of PSO in the intended transaction.

(f) The foreseeable result of the intended backward vertical integration between PSO and PRL would be a substantial lessening of competition in the relevant market (the downstream oil market inclusive of the refinery market) in contravention of Section 11(1) of the Act. This is so because vertical integration along with horizontal power can impair competition to a greater extent than could the exercise of horizontal power alone.

(g) Although exclusionary conduct is already being practiced by PRL in relation to the input (refined petroleum products) needed by non integrated OMCs, the intended acquisition raises the likelihood of foreclosure considerably, through the possibility of supplying of the input on non price terms or unreasonable supply conditions.

(h) PRL has long term Product Sale Agreements only with Class B Shareholders, being PSO, Shell and Chevron, and independent OMCs do not enjoy the benefit of such long term agreements. The limitation in relation to product offloading is contained in the Shareholders Agreement where Class B Shareholders have the first right of refusal and only anything in excess of their requirement of the input can be given to others. The effect of this is that after meeting the input demand of PSO, Shell and Chevron, the surplus if any is offered to other OMCs on an ad hoc basis. PSO's dominance is further strengthened by the factor that prices of refined petroleum products are driven by PSO as PSO imports % of the overall petroleum products and the Government of Pakistan fixes the prices of these products by calculating the weighted average price of imports of the previous month, which becomes the refinery price for the following month.

37. In view of the above, Hascol requested the Commission to restrain PSO from acquiring any additional shares in PRL including Right Shares and to direct PRL not to effect the transfer of the same in favour of PSO. Conversely, it has been requested that in the event that clearance to the merging parties is granted by the Commission, the same may be made subject to the condition that other OMCs will be treated at par without being subjected to any exclusionary conduct by PRL.

38. The competition assessment in the Phase I review has resulted in the following findings:

**Horizontal Effects**

39. Keeping in view the dynamics of the petroleum industry in Pakistan, PRL's principal activities along with its minute market share (based on its refining capacity) and those of its major competitors vis-à-vis PSO's principal activities as described above, the intended acquisition does not involve significant horizontal overlaps. Hence, the acquisition will not lead to the creation or strengthening of a dominant position on the market for oil refining.

**Vertical Effects**

40. The dynamics of the petroleum industry creates a number of vertical relationships in Pakistan and across many developing nations and economies in transition. The intended acquisition creates a vertical (backward) integration between PSO and PRL. The merging parties have submitted that the actual/existing vertical relationship between PSO and PRL (with its minute production capacity) involves [limited] supply of certain key inputs to OMCs such as Mogas, HSD, SKO and FO. Thus, the Commission has confined its analysis to Pakistan's four most consumed petroleum products i.e. Mogas, HSD, SKO and FO. The Commission therefore examines if the intended acquisition may cause any possible restrain of the availability of refined petroleum products.

41. From the perspective of Hascol and its limited market activities, the relevant product market can be further restricted to automotive Mogas, HSD and FO. It may be noted that Hascol does not have a market share of more than [ ]% in automotive Mogas, [ ]% in automotive HSD and [5.90]% in FO in (Table C above - OCAC data). Furthermore, in contrast to PSO and other OMCs, its service stations are limited to certain regions. In other words, it does not operate on a national level. As regards Jet A1, Hascol does not have any into-plane operations in Pakistan. As noted above, the Acquirer, PSO is engaged primarily in the operation of retail service stations and in non-retail sale of refined petroleum products on a national level involving sales to end-consumers as follows: [ ]% Mogas, [ ]% HSD, [ ]% SKO,

[ ]% Jet A1, and [ ]% FO. Because of its long-term existence, PSO has achieved a market share of more than 55% as an OMC on a national scale. It also acts as a key link between the petroleum industry and the Government of Pakistan (GoP), which frames downstream policy, especially with regard to pricing. By supplying petroleum products at a set price, in particular, PSO bears the maximum burden of the GoP's control of product prices and more importantly, by absorbing the losses inherent within the prevailing market regulations.

42. The Transaction gives rise to two important vertical relationships, namely: (i) crude oil as a key input in the refinery segment of the relevant market; and (ii) refined petroleum products as a key input for OMCs. Thus, the Commission has focused on these aspects and has analyzed the same in detail during its analysis, which is presented below.

43. The applicable theory of harm in this case is indentified as anticompetitive foreclosure: both input and customer foreclosure. It is well-established jurisprudence of competition law that a theory of harm of anticompetitive foreclosure must (a) be logically consistent; (b) reflect incentives that various undertakings (might) have; (c) be in line with empirical evidence; and (d) articulate how consumers have been or will be harmed. This entails the consideration of rigorous proof while addressing competition concerns.

44. As a Class "B" shareholder, PSO already holds ]% shares in PRL and as such is vertically integrated with PRL. Post acquisition, its shareholding will increase, from the existing figure of [ ]%, to either [ ]% or [ ]%. According to the theory of anticompetitive foreclosure, it has to be assessed, whether the proposed acquisition would give the merging undertakings, the ability and/or the incentives to substantially lessen competition by foreclosing or degrading access/supply of petroleum products refined by PRL to other OMCs and hence the market. It must also be seen whether the acquisition would result in a large scale foreclosure, harming competitor's access to the market to such an extent that competitors (a) will not be able to reach a **minimum efficient scale of operation**; and (b) are hence **marginalized**; or have to **exit** the market and ultimately *harm the end-consumers*.

45. In assessing the likelihood of an anticompetitive foreclosure scenario, the Commission has examined: (a) whether the merged entity (either PRL or PSO) would post-acquisition have the *ability* to substantially foreclose access to input i.e. the refined petroleum products of PRL; and (b) whether the merged entity would have *incentives* to do so; and (c) whether a foreclosure strategy would give rise to a substantial lessening of competition downstream by creation or strengthening of a dominant position, in particular, of PSO.

### A. <u>Input Foreclosure</u>

46. Through its Complaint, Hascol has suggested that post-merger, PSO may have the ability and incentive to influence PRL in such a way and to such an extent that it may restrict supplies of refined petroleum products to other OMCs, thus leading to foreclosure and impede effective competition in the market. Hascol's assertions in this regard have already been outlined in Paragraph 36 above.

## Ability

47. In view of its allegations against PSO and PRL, Hascol has further suggested that post-acquisition, PSO would have ability to favour itself by being a majority shareholder of PRL. However, an analysis of Hascol and PRL's sale and purchase activities over the last several years suggests contrary to the same. Also, Hascol has failed to substantiate any discriminatory treatment by PRL. Hascol's total procurement of inputs from PRL and other refineries in Pakistan and through imports for the year 2014-2015 is reproduced below:

TABLE D – HASCOL'S PROCUREMENTS FROM PRL AND OTHER SOURCES FOR 2014-15

| Products | From PRL | From other Refineries | Through Imports | Total |
|---|---|---|---|---|
| Mogas | | | | 100% |
| HSD | | | | 100% |
| FO | | | | 100% |
| Total | 20.2 % | 25.4% | 54.4% | 100 % |

Source: quantities provided by Hascol in MTs (approximate percentages)

TABLE E – PRL'S SUPPLY OF INPUTS TO OMCs FOR THE YEAR 2014-15

| Product | PSO | Shell | Chevron | Hascol | Total Parco | Total |
|---|---|---|---|---|---|---|
| Mogas | | | | | | 100% |
| HSD | | | | | | 100% |
| SKO | | | | | | 100% |

Source: data provided by the Applicant

48. In view of the above, the Commission considers that Hascol regularly buys refined petroleum products from PRL and from others refineries as well as through imports according to its demand and is operating at an optimal efficient scale. Given the minute market share of PRL, Hascol is not solely dependent on PRL's supply of refined petroleum products.

49. Moreover, on none of the relevant markets, where PRL is active does the acquisition lead to creation or strengthening of a dominant position of PSO for the following reasons: (a) crude oil processed by PRL accounts for less than [ ]% of the total crude oil processed in Pakistan, whether procured locally or through imports; (b) there is considerable supply-side substitutability for OMCs (including Hascol) for each of the refined petroleum products to compete in the local market, whether procured locally or through imports; and (c) both ex-refinery prices[4] and ex-market prices (including OMCs margin) are set out by OGRA, based on which the end-consumer price is determined, whether the refined petroleum products are procured locally or through imports. Since, the prices are regulated by OGRA; there is no likelihood of raising the costs at which competitors can operate downstream, a practice which is typically associated with input foreclosure. The petroleum market in Pakistan is highly regulated and there is no evidence to suggest that costs of Hascol or other OMCs

4 Ex-refinery prices for Mogas and HSD are announced by OGRA at the start of every month. This price is the weighted average of PSO's import price for the preceding month.

(including PSO) will rise above the level notified by OGRA. All OMCs will continue to have access to key inputs needed to compete in the market as the intended acquisition does not lead to a significant change in the existing market structure and its dynamics.

50. Regarding PSO's ability to foreclose PRL supplies to other OMCs, the Commission considers that none of the methods described by Hascol in Paragraph 36 above are acquisition specific. These possibilities already existed prior to the intended acquisition by PSO of either 63 Million Right Shares [ ]% of PRL affecting an increase in its shareholding from [ ]% to [ ]% or 84 Million Right Shares [ ]% of PRL affecting a further increase in its shareholding from [ ]% to [ ]%. The market analysis did not reveal any new elements. Accordingly, the ability of PRL and its shareholders, in particular, Class "B" Shareholders, including PSO, to foreclose the market is very limited in the long term.

51. The rationale for the Transaction as specified by PSO does not solely reside in the acquisition of extra shareholding of PRL. According to the merging parties, PRL's financial position is highly precarious. As of 31st December 2014, PRL had accumulated losses of PRK [ ] Billion and for the half year ending 31st December 2014, it posted a loss, after taxation, of PRK [ ] Billion. A five (5) year projection prepared by its management indicates that PRL might not be able to continue as a going concern if more capital is not injected instantaneously. Thus significant capital investment is necessary for PRL to keep it financially viable. Firstly, the installation of a diesel hydro desulfurization unit is necessary to reduce sulpher content in HSD, thus making the product compliant with Euro-II standards. Unless this standard is achieved within the first quarter of 2016 (or any extended date notified by the Government of Pakistan), PRL may no longer be permitted to supply HSD in the local market thus, crippling its financial viability. Such a project is expected to cost approximately USD [ ] Million.

52. In addition, construction of a thermal gas unit is also considered necessary, so as to enable PRL to increase the proportion of premium products refined from crude oil, while reducing loss-making products such as furnace oil (which actually is sold in the market at a price lower than crude oil itself). This project is also estimated to cost approximately USD [ ] Million. PRL's Board, while keeping in view the acquisition of majority stakes by PSO, has anticipated a further capital investment to a sum around USD [1.2] Billion, to double the installed capacity of PRL, which in turn, will enable it to compete effectively with other refineries such as ARL, NRL and PARCO. At present, none of the existing Class "B" shareholders such as Shell or Chevron are ready to invest in PRL to make it a competitive concern, while the smaller shareholders do not possess the financial capacity to undertake an investment of up to USD billion, as is envisaged by PRL's Board strategic committee.

53. If a dynamic view is taken of the above rationale provided by the merging parties, and given the future market projection, PRL might emerge as a more efficient player in the relevant market, which in turn will, foster competition in the market by increasing its output of refined petroleum products needed to meet the growing demand on a national scale, and ultimately benefitting the end-consumers.

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54. Once the above business plans are realized, it may necessitate PRL to defend its market share by selling its increased production and additional volumes, which currently is at the lowest. From a broader view of the overall petroleum industry in Pakistan, availability of refined petroleum products (especially, Mogas and HSD, whether procured locally or through imports) suggests that PRL will not be better positioned than its stronger rivals to indulge in anti-competitive foreclosure as a result of the intended acquisition. Also, the intended acquisition does not raise any vertical anti-competitive effects in spite of PSO's strong presence as an OMC. The parties have already been engaged in mutual supply agreements prior to the intended acquisition. Any foreclosure concerns resulting from the increase in shareholding of PSO in PRL can be ruled out given the pre-existing supply relationship and overall low market share of PRL in the affected markets.

55. Thus the Commission considers that given the fragmented and considerable supply-side substitutability of refined petroleum products, PRL's ability to indulge in anticompetitive foreclosure of its outputs to OMCs is limited, rather unlikely to arise. Besides, Hascol has failed to substantiate its claims regarding PSO ability to foreclose its supplies - as it has provided no cogent evidence from the past conduct of PRL to draw any inference regarding the same. No other party has highlighted any substantive concerns as regards the possible negative effects on competition in the relevant market, as a result of the intended acquisition.

**Incentives**

56. In order to have incentives to foreclose competitors, the vertically integrated undertaking resulting from the merger, must have a **significant degree of market power** (which does not necessarily amount to **dominance**) in the upper-segment of the relevant market. In vertical integrations, the merged entity would have the incentive to foreclose downstream competitors only if, for instance, by reducing access to its own upstream products, or applying dissimilar conditions, or refusing to deal, etc., which could negatively affect the overall availability of inputs for the downstream market in terms of price or quality and/or quantity supplied. Currently, PSO and Hascol are not close competitors. Also, PSO cannot raise and has no incentives to raise its competitor's costs in the downstream segment because of the regulatory framework in place.

57. In light of the facts on record, the parties' submissions and the empirical findings of the Commission, PRL's <u>total local production of refined petroleum products</u> (as compared to that of other refineries operating in Pakistan) for the year ending June 2015 on average was [ ]% (Mogas [ ]%, HSD [ ]%, SKO [ ]%, Jet A1 [ ]% and FO [ ]% - Table A above), while its <u>entire supply of refined petroleum products</u> (out of the total supply including imports to meet demand requirements in Pakistan) for the year ending June 2015 on average was [6.43]% (Mogas [ ]%, HSD [ ]%, SKO [ ]%, Jet A1 [ ]%, FO [ ]% - Table B above). Even more telling are the figures for PRL's approximate average supply of refined petroleum products over the last five years ending June 2015.

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TABLE F - PRL'S AVERAGE SUPPLY OF INPUTS TO OMCS FOR THE LAST 5 YEARS

| Product | PRL's % of local production | PRL's % of total supplies including imports |
|---|---|---|
| Mogas | | |
| HSD | | |
| FO | | |
| Jet A1 | | |

Source: data provided by the parties

58. The rest of the demand for refined petroleum products in Pakistan is either met through supplies by ARL, Byco, NRL, PARCO, or through imports.

59. Notwithstanding the minute market share of PRL in the relevant market (in terms of its production capacity and overall supply of refined petroleum products), the merging parties brought to the Commission's notice the relevant provisions of the Refinery Agreement, Shareholders Agreement, and the Product Supply Agreement in response to Hascol's allegation of discrimination and limitations placed on its upliftment/off-take rights.

60. The merging parties submitted that according to the Refinery Agreement, PRL essentially operates on a purchase and sale basis. PRL purchases its requirements of crude oil (as its input) and sells refined petroleum products (as its output). Shell, PSO and Chevron contribute to PRL's requirement of crude oil supplies through their associated companies. PRL purchases crudes oil and sells the refined petroleum products to its Class "B" shareholders according to their respective requirement of refined petroleum products on competitive terms as to price and quality. In addition, PRL supplies up to [ ]% of its production to the Pakistan Defence Department and the Pakistan Railways at the ex-refinery prices.

61. Additionally, the Shareholder Agreement provides that each of Shell, PSO and Chevron would have the right and obligation to purchase from PRL, such quantities of refined petroleum products, which PRL can supply to each of Shell, PSO and Chevron as required by them to meet their respective market demands.

62. Regarding the supply of refined petroleum products by PRL, each of the Class "B" Shareholders, i.e. Shell, PSO and Chevron, has entered into long-term Product Supply/Sale Agreements with PRL. PRL's agreements with PSO and Chevron respectively are currently pending renewals (having expired on 31 December 2015). PRL's agreement with Shell is valid up to 31 July 2016. According to the merging parties submissions, these agreements provide that the quantity of product to be sold and supplied to Class "B" Shareholders on a commercial basis (in the same ratio as the total quantity available for sale by PRL to the Class "B" shareholders) will be dependent on the market demand and requirements of the respective Class "B" Shareholders in Pakistan. Thus even if PSO increases its stakes in PRL by acquiring the renounced Right Shares of Shell, there will be no impact on competition as the change in quantity of shares held has no nexus with upliftment/off-take rights. Such

rights are dependent upon the Class "B" shareholders' respective requirement of refined petroleum products and corresponding market share in the OMCs market.

63. In view of the above, the relationship between PRL and its Class "B" Shareholders is based on commercially competitive terms in the value that they bring to PRL in terms of timely payments and fulfillment of their commitments consistently. For instance, during the hearing on 24th November 2015, PRL's representative had informed the Commission of instances, where PSO being in a financial crunch, did not have the requisite cash to purchase refined petroleum products, PRL's management refused to sell to PSO and instead sold their products to other OMCs.

64. On the basis of the competitive structure of the market for ex-refinery sales, it is concluded that PRL does not hold significant market power or dominance in the refining of crude oil and production of the refined petroleum products in Pakistan. Given PRL's low share in the refinery segment in Pakistan, it does not have strong incentives to favour PSO or others - as any constant favouring might jeopardize PRL's own interests to operate on an efficient scale. It is the considered view of the Commission that any unjustified favour to PSO over other shareholders is capable of alienating other OMCs and enticing them to turn to alternatives from competitors. Thus it is highly unlikely that (with the enhancement of the shareholding of PSO in PRL from [ ]% to [ ]% or [ ]%), PRL would have any incentives strong enough to reduce or restrict its supplies of refined petroleum products to other OMCs, including Hascol.

65. Moreover, the Complainant has failed to substantiate its allegations in terms of the evidence required. In spite of several requests on record, it failed to provide any reliable data of its supply orders placed with PRL and the corresponding reduced quantities supplied to it by PRL or instances of refusal to deal. Nonetheless, it placed on record an unsigned document, which it asserted to be the Minutes of Meeting of the Board of Directors of PRL held on 21st October 2015. Upon a confirmation sought for from the merging parties, it was revealed that the unsigned document was merely a draft and not a final executed version of the same. It was brought to the Commissions attention (as contained in the draft minutes) that upon the Chairman and CEO of Hascol, Mr Mumtaz Hasan Khan (Director on the PRL Board) stating in the meeting that Hascol as a shareholder has a right to procure refined products from PRL, the response given was that anything in excess of the requirement of the Class "B" Shareholders can be given to others. Furthermore, the position of the Managing Director of PRL as evidenced in the draft minutes, is that only the existing three Class "B" shareholders of PRL should be negotiated with in terms of supply of refined petroleum products and anyone else who shows interest should be refused. The Commission does not consider the draft minutes as cogent evidence in this matter. It further notes that the formalized and signed minutes of the afore-mentioned meeting have not been presented to it for its consideration by any of the concerned parties.

66. In the absence of evidence substantiating the allegations leveled against the merging parties, the Commission guided by empirical data available, is of the view that the merging parties are unlikely to have the ability to engage in input foreclosure causing harm to competitors in the relevant market.

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**Effects on Competition**

67. In view of the above, the Commission concludes that the intended acquisition will neither lead to creation of any effect of foreclosure in relation to the downstream market of sale of refined petroleum products, nor to any other vertical effects liable to create or strengthen a dominant position in the relevant market.

68. In its submissions, PSO has committed that even after increasing its shareholding in PRL (i.e. from [ ]% to either [ ]% or [ ]%), it has no intention to take-over the day-to-day running of PRL's operations and that the impact of its acquisition will only manifest in policy decisions taken at the Board level. PSO has also committed that it will not actively seek to deny supply of refined petroleum products to competitors in the OMC market. Furthermore, the Commission takes note of PSO's written statement on record that it has *"...no intention, nor the ability, of foreclosing supplies of fuel to any competitor by integrating with PRL"*; further that *"...both PSO and PRL are listed companies and are subject to the laws of Pakistan, including (without limitation) the Companies Ordinance 1984 and the Code of Corporate Governance. Hence regardless of PSO's shareholding in PRL, the Board of Directors of PRL shall continue to be bound by a fiduciary obligation to make all decisions with a sense of objective judgment and independence in the best interests of PRL"*; and that post acquisition *"...control of PRL will not rest with PSO as PSO will not have the ability to appoint majority of directors on the Board of PRL"*.

69. It also appears that there is considerable supply-side input substitution for OMCs, whether the refined petroleum products are procured locally or through import (up to 50-55%). Given that significant harm to effective competition requires that the foreclosed firms play a sufficiently important role in the downstream market/segment, any real foreclosure effect would likely only affect smaller players in the downstream market. OMCs such as Hascol and others (with significant local procurement and imports) would not be affected. With specific regard to Hascol, it is noted that at least 80% of its input requirement is met either though local refineries (other than PRL) or through imports. According to the market data available, ARL, Byco, NRL and PARCO, who represent [80-90]% of the refinery segment market shares in Pakistan, are also supplying to PSO and Hascol along with their vertically integrated OMCs.

70. Thus the Commission considers that even after intended acquisition of an additional [ ]% or [ ]% shares by PSO in PRL, none of the merging entities are likely to have incentives or the ability to foreclose procurements and supplies of refined petroleum products to other market players, including Hascol. As noted above, PSO has clearly committed in its submissions that it will not take part in the day-to-day running of PRL's operations, except to the extent of strategic decision making at the Board level, where Hascol is also present. Even if it did make an attempt as to unjustified foreclosure, its competitors in the downstream segment would have alternatives to which they could turn or seek remedial measures as per the law.

**B. Customer Foreclosure**

71. The Commission has also examined whether post-acquisition, the merging entities, in particular, PSO, would be in position to foreclose its retail or non-retail sale of refined petroleum products to the end-customers.

72. There is no evidence to suggest the same because there would be no changes in the market share of PSO in the OMC market wherein it already holds a dominant position. Therefore, the intended acquisition would not change the present market structure of the downstream market as a result of this vertical link.

73. Furthermore, all end-consumers in Pakistan do not exclusively purchase from PSO. Other OMCs are aggressively competing in all corners of the country. There is a very significant end-consumer base which remains open to competing OMCs. Were PRL or PSO to foreclose access to competing petroleum products, both the refinery and OMCs segments would still have a sufficient number of alternatives, whether procured locally or through imports as a potential source of input.

74. The Commission concludes that given PRL's minute market shares and limited position in the refining segment, the proposed acquisition of shares in PRL by PSO will not create or strengthen the merging parties' incentives and/or ability to engage in practices of customer foreclosure.

## VII CONCLUSIONS

75. In view of the foregoing and on a thorough examination of the facts on record, the Commission considers that the intended acquisition would not in any of the markets examined above, substantially lessen competition or lead to anticompetitive foreclosure. Moreover, subject to OGRA's regulatory regime in place, there are no significant barriers to entry in the relevant markets or segments thereof.

76. Post-acquisition, in contrast to other vertically integrated refineries and OMCs; PSO will not be fully integrated with PRL. This assessment remains the same, whether PSO's shareholding in PRL increases from [ ]% to either [ ]% or to [ ]%. There is no evidence to suggest the existence or possibility of anti-competitive foreclosure or substantial lessening of competition by creating or strengthening of dominant position in the relevant markets or any segment thereof.

77. For the above reasons, the Commission hereby grants unconditional approval of the acquisition by PSO of up to million [ ]% Right Shares in PRL as already renounced by Shell in its favour, and conditional approval of up to million [ ]% Right Shares in PRL as renounced by Shell in favor of Chevron (but not accepted by it), subject to the final decision of the Hon'ble High Court of Sindh.

78. The Commission's assessment in this matter is based upon a consideration of applicable competition law and regulations while reviewing the intended acquisition vis-à-vis the dynamics of the relevant market. Whether the intended acquisition itself materializes and is successfully concluded will be conditional upon a final determination of the factual controversies pending before the Hon'ble High Court of Sindh. The merging parties are directed to intimate the Commission immediately upon a final disposal of the pending litigation and also in the event that PSO intends to acquire any further stakes in PRL in the future.

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79. Notwithstanding the grant of approval of the proposed Transaction, the Commission shall endeavour to keep a watchful eye on the behaviour of all market players in the downstream petroleum industry. This is in particular regard to the future behaviour of PSO and PRL in the relevant markets and in view of the draft Minutes of Meeting of 21st October 2015 of the PRL Board as presented to the Commission by Hascol (detailed in Paragraph 65 above). The Commission has proceeded in this matter on the basis that the alleged exclusionary statements as contained in the said draft were not formalized as part of the signed Minutes of Meeting of the PRL Board. PRL is directed not to engage in any form of exclusionary conduct and to continue to offer the residual refined petroleum products supply to OMCs including Hascol on commercially viable and competitive terms, after the demand requirement of its Class "B" Shareholders has been met.

80. The merging parties are further directed to ensure that post-merger, they shall not engage in any anti-competitive behaviour to harm the business interests of the other concerned undertakings, being the competitors in the relevant markets as well as the other stakeholders of the Target. In the event that any such anti-competitive behaviour of the merged entities is brought to the notice of the Commission and substantiated with evidence, the merging parties will be proceeded against in accordance with law.

81. In view of the forgoing directions of the Commission, the Complaint is hereby disposed off.

82. The intended acquisition is hereby authorized under Section 31(1)(d)(i) of the Act, subject to the conditions imposed in this Order.

83. It is so ordered.

*In view of the entitlement of confidentiality attached to certain business information provided by the merging parties and as contained in this Order, the Registrar to the Commission is hereby directed to issue a confidential version and a public version of this Order.*

| Vadiyya Khalil | Shahzad Ansar | Ikram Ul Haque Qureshi |
|---|---|---|
| **Chairperson** | **Member** | **Member** |

**Islamabad** The 1st March, 2016

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