



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF
FIRST PHASE REVIEW**

**ACQUISITION OF SHARES OF PACKAGES
LIMITED BY SYED BABAR ALI**

CASE: 877/Merger-CCP/17

Commission

Ms. Vadiyya Khalil
Chairperson

Mr. Ikram Ul Haque Qureshi
Member



ORDER

I Background

- 1 On 29 March 2017, Syed Babar Ali (the "Acquirer" or "SBA") through his authorized representative, submitted a pre-merger application (the "application") to the Competition Commission of Pakistan (the "Commission"), notifying the acquisition of shares of Packages Limited (the "Target") by SBA, along with the necessary information under Section 11(3) of the Competition Act 2010 (the "Act") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("Merger Regulations").

II Merger Parties

2 Acquirer

SBA is the founder of the Packages group and holds directorships on a number of companies including IGI Insurance Limited, IGI Investment Bank Limited, Sanofi-Aventis Pakistan Limited, Nestle Pakistan, Coco Cola Beverages Pakistan, Tetra Pak Pakistan Limited and a number of educational institutes.

3 Target

Packages Limited is a public limited company incorporated in Pakistan. The company is primarily engaged in the manufacturing and sales of packaging material and tissue products. It had total assets valued PKR and its turnover remained PKR on 31st December 2015

III Transaction

- 4 The proposed transaction involves the acquisition of shares of the Target by the Acquirer at a price of Rs /share (as on 24 March 2017) for a total consideration of PKR approximately, increasing his stakes in the Target from to in the Target. The transaction is aimed at earning dividends and capital gains, as the Acquirer along with other associates who are part of Packages Group already exercise management control of the Target, with a collective current shareholding of of the Target.

- 5 The transaction meets the notification thresholds as prescribed in Regulation 4(2)(a), (b) & (c) of the Merger Regulations, with the merger parties having assets valuing more than PKR 300 million and combined assets of the merging entities being more than PKR 1.0 billion and turnover being more than PKR 500 million and combined turnover being more than PKR1.0 billion. The transaction value also exceeds PKR 100 million.

IV Relevant Market

6 The relevant market, in this case, is packaging material.

7 The Relevant Geographic market is Pakistan.



VSR 9H

V Findings of the Phase I Competition Assessment


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

- The proposed transaction involves the acquisition of 1000 shares in the Target by SBA. SBA already holds 1000 shares in the Target. Post transaction, SBA's shareholding will increase up to 2000 in the Target.
- The Acquirer is an individual and does not hold shareholding in any of the major competitors of the Target. The acquisition would not result in creating competition issues because intended merger is taking place with the aim of diversification of investment in the relevant market.
- The transaction is unlikely to distort competition in the relevant market, the relationship between merger parties identified as a conglomerate which will not cause any change in the market share of the Target.
- Post-merger, the transaction does not meet the presumption of a dominant position 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 a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1) (d) (i) of the Act.

10 It is so ordered.


(Vadiyya Khalil)
Chairperson


(Ikram Ul Haque Qureshi)
Member



Islamabad  May, 2017