



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF
FIRST PHASE REVIEW

ACQUISITION OF SHARES OF TRI-PACK BY IGI INSURANCE
LIMITED AND SYED HYDER ALI

CASE: 783/Merger-CCP/16

Commission

Ms. Vadiyya Khalil
Chairperson

Mr. Shahzad Ansar
Member

Mr. Ikram Ul Haque Qureshi
Member





ORDER

I Background

- 1 On 20 January 2016, the Commission received a pre-merger application (the "Application") pursuant to Section 11 of the Competition Act 2010 (the "Act") and Regulation 5 of the Competition (Merger Control) Regulations 2007 (the "Merger Regulations") for the collective acquisition of Tri-Pack Films Limited ("Tri-Pack" or the "Target") by IGI Insurance Limited (IGI) and Syed Hyder Ali (the "Joint Acquirers"). The Commission's review of the intended merger is as under:

II Merger Parties

2 Joint Acquirers

IGI, a public limited company is incorporated under the laws of Pakistan and its shares are quoted on Pakistan Stock Exchange (ex. Karachi, Lahore and Islamabad Stock Exchanges). The company is engaged in providing general insurance services in areas of fire, marine, motor and health. Syed Hyder Ali (SHA) is an entrepreneur and is the Chief Executive Officer (CEO) of IGI Life Insurance Limited and Packages Limited. Also, he holds directorship in several companies including IGI, Tri-Pack, International Steel Limited, and Nestle Pakistan Limited, among others. The Acquirers along with other associates are part of the "Packages Group".

- 3 The gross assets of IGI for the year ended 31 December 2014 remained PKR 1,000,000,000 and its annual total Gross Premium revenue for the same period was PKR 1,000,000,000 solely attributable to Pakistan market.

4 Target

Tri-Pack, a public limited company is incorporated under the laws of Pakistan and its shares are quoted on Pakistan Stock Exchange (ex. Karachi, Lahore and Islamabad Stock Exchanges). The company is engaged in the manufacturing and sale of Biaxially Oriented Polypropylene (BOPP) film and Cast Polypropylene (CPP) films, which are generally sold to industrial converters. These converters use the films in the production of snacks wrappers, confectionary wrappers, (biscuits, chocolates, etc), ice-cream and soap-wrappers, amongst others. The Target is also part of the Packages Group. Further, the Packages Group and the Mitsubishi Corporation of Japan (Mitsubishi) form a "Sponsor Group" which exercises joint control over Tri-Pack through their current shareholding of 66.64% in the Target.

- 5 The Gross assets of Tri-Pack for the year ended 31 December 2014 remained PKR 1,000,000,000 and the gross Turnover of Tri-Pack for the same period was PKR 1,000,000,000. Out of this PKR PKR 1,000,000,000 accounted for local sales and PKR 1,000,000,000 export sales.



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III Transaction

- 6 The transaction involves the collective acquisition of _____ rights shares of Tri-Pack renounced by Mitsubishi Corporation of Japan (Mitsubishi) in favour of IGI (renouncee to the extent of _____ and SHA (renouncee to the extent of _____ pursuant to an Agreement dated 13 January 2016 between and among Mitsubishi, IGI and SHA. The Transaction is valued at _____
- 7 The pre-merger collective shareholding of the Joint Acquirers in the Target is _____, which as a consequence of the intended transaction would increase to a total collective shareholding of _____. In terms of the individual shareholding, IGI is seeking to increase its shareholding from _____ to _____ in the Target while SHA's shareholding in the Target would increase from _____ to _____
- 8 The intended merger meets the notification thresholds prescribed in Regulation 4(2) (a), (b), (c) & (d) of the Merger Regulations, with the value of the Acquirers' assets exceeding PKR 300 million and the combined assets of the merging parties exceeding PKR 1 billion. The total turnover of the Acquirers exceeds PKR 500 million, the combined turnover of the merging parties exceeds PKR 1 billion and the Transaction value also exceeds PKR 100 million. The collective entitlement of the Joint Acquirers to voting shares in the Target will also be more than 10% as a consequence of the intended Transaction.

IV Relevant Market

Relevant product market

- 9 The Target is engaged in the manufacturing and sale of Biaxially Oriented Polypropylene (BOPP) film and Case Polypropylene (CCP) films. The products are categorized as flexible package films and are sold to industrial converters. The converters use the films in the production of snack wrappers, confectionary wrappers (biscuits and chocolates, etc), and ice cream and soap wrappers, among other things.

Relevant geographic market

- 10 The geographic market for the intended merger is determined to be the whole of Pakistan.

V Findings of the Phase-I investigation on the competition assessment

- 11 The competition assessment in Phase-I has resulted in the following findings:
- a. The intended Transaction involves the acquisition of _____ right shares in Tri-Pack by IGI and SHA collectively as renounced by Mitsubishi. This represents approximately _____ shares and an overall increase in shareholding of the Joint Acquirers from _____ to _____ in the Target. However, as a consequence of the intended Transaction, there will in fact be no change in the overall joint control shareholding percentage _____ of the Sponsor Group (to which IGI, SHA and Mitsubishi belong) in the Target. The intended Transaction essentially entails a reshuffling of the individual shareholding percentages of IGI, SHA and Mitsubishi within the Sponsor Group and to ensure that the overall shareholding of the Sponsor Group in the Target remains unchanged as a consequence of the issuance of right shares by the Target to raise funds and Mitsubishi's renunciation of its entitlement therein.
- b. The current market share of Tri-Pack in the relevant product market is _____ for BOPP and _____ for CPP]. The market share of Tri-Pack and relevant market players is tabulated as under:




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S. NO.	Company	Market Shares
1	Tri-Pack	
2	Novatex	
3	Astro	
4	Macpac	
5	Flexi Pack	
6	Master	
7	Metatex	
8	Others	
9		

SOURCE: International Market Estimate of Tri-Pack Films

- c. The Acquirers, in particular, IGI does not operate in the relevant market and nor does it hold any shareholding in any of the competitors of the Target. IGI's market share in the insurance sectors is merely of the total market. Hence, it may be concluded that there is no significant overlap in the activities of the merging parties.
- 12 Post-merger, there will be no change in the market share of the Target and the merging entities. The intended merger does not meet the presumption of dominance as is envisaged under section 2(1)(e) read with section 3 of the Act.
- VI Conclusion
- 13 In conclusion, there is no evidence that the intended merger is likely to result in substantial lessening of competition by creating or strengthening of a dominant position in the relevant market. The intended merger is hereby authorized under Section 31(1) (d) (i) of the Act.
- 14 It is so ordered.


 (Shahzad Ansar)
 Member


 (Ikram Ul Haque Qureshi)
 Member


 (Vadiyya Khalil)
 Chairperson



Islamabad, February 25, 2016