



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

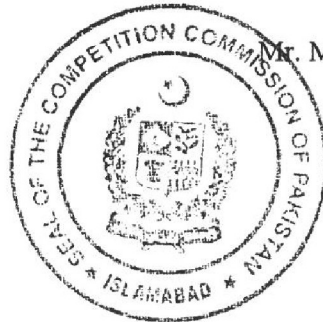
FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF % SHAREHOLDING IN M/S. FAUJI
FOODS LIMITED BY M/S. FFC ENERGY LIMITED.

CASE: 1330/Merger-CCP/22

Commission

Ms. Rahat Kaunain Hassan
Chairperson



Mr. Mujtaba Ahmad Lodhi
Member

ORDER

1. On October 5, 2022 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") from M/s. FFC Energy Limited ("**FFCEL**" or the "**Acquirer**") of a proposed acquisition pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") whereby FFCEL intends to purchase _____ % of the issued share capital of M/s. Fauji Foods Limited ("**FFL**" or the "**Target**"). All requisite information/documentation pertaining to the Application was completed on November 14, 2022.
2. The Commission has examined the Application as well as all the documents attached therewith and the information provided by the concerned undertaking(s). The Phase I competition assessment of the intended transaction has revealed the following facts:
 - i. The concerned undertakings are:
 - a. Acquirer: FFCEL is a public unlisted company incorporated under the laws of Pakistan. The Acquirer operates a _____ MW wind power plant in Sindh and is engaged in the business of power generation and the sale of such power to the Central Power Purchasing Agency (Guarantee) Limited.
 - b. Target: FFL is a listed company incorporated under the laws of Pakistan. The Target is listed on the Pakistan Stock Exchange and is a subsidiary of M/s. Fauji Fertilizer Bin Qasim Limited, with M/s. Fauji Fertilizer Bin Qasim Limited holding _____ % of the Target and M/s. Fauji Foundation holding _____ % shares of the Target. The Target was principally engaged in the processing and sale of toned milk, milk powder, fruit juices and Allied Dairy Products (namely tea whitener, dairy cream and flavored milk), however, the applicant has stated that the Target is no longer producing or selling any juices.
 - ii. As per the submitted Application, the proposed transaction involves an equity investment of PKR _____ billion by the Acquirer in the Target, and in consideration of the said investment the Target will issue _____ ordinary voting shares, without a rights issue, at the par value of PKR 10 per share, subject to receipt of approval from the Securities and Exchange Commission of Pakistan, under Section 83(1)(b) of the Companies Act, 2017, read with the Companies (Further Issue of Shares) Regulations, 2020, to the Acquirer and, as a consequence of this transaction, the Acquirer will own _____ % shares of the Target.
 - iii. The Relevant Product markets in this case have been identified as "**Milk and Allied Dairy Products**", "**Butter**" and "**Cheese**", while the relevant geographic market is "**Pakistan**". The Acquirer is not active in the same markets as the Target.

Based on the data provided, in the market of Milk and Allied Dairy Products, which includes milk, dairy cream, tea whitener and flavored milk, the market shares are around _____ %, _____ % and _____ % respectively. Additionally, the estimated market share of the Target in the Cheese market is _____ %.



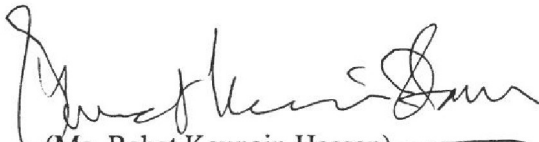
v. In light of the information supplied, the entire Butter market in Pakistan accounts for approximately PKR 1 , which comprises of the Business-2-Business (B2B) segment (approx. PKR of nationwide sales) and the Retail segment (approx. PKR of nationwide sale). Out of B2B segment (PKR) the Target has a turnover of PKR , therefore, its market share is approximately 6% in the B2B segment. Whereas, out of the Retail segment (PKR), the Target has a turnover of PKR , therefore, it has a market share of approximately % in the Retail segment. Collectively, in the overall Butter market, the Target has an estimated market share of % (based on the Target's approx. total turnover of PKR against nationwide sales of PKR 10 billion).

vi. The market position of the Target is likely to remain unchanged post-transaction.

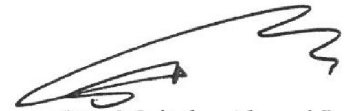
3. In conclusion, the proposed transaction is not resulting in the creation or strengthening of a dominant position in the relevant markets according to Section 3 read with Section 2(1)(e) and Section 11 (5) of the Act.

4. In the subject transaction, matters which may fall outside the scope of the Commission's purview shall be handled in accordance with the relevant laws and regulations.

5. It is so ordered.

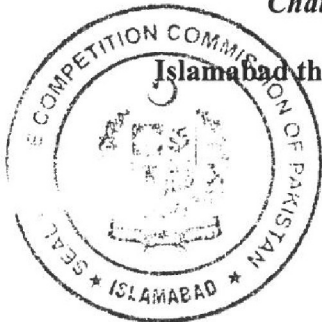

(Ms. Rahat Kaunain Hassan)

Chairperson



(Mr. Mujtaba Ahmad Lodhi)

Member



Islamabad the NOVEMBER 15TH, 2022.