



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF MERGER OF M/S. ASKARI CEMENT LIMITED WITH AND
INTO M/S. FAUJI CEMENT COMPANY LIMITED.

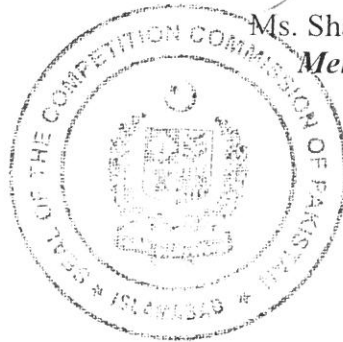
CASE: 1242/Merger-CCP/21

Commission

ML.

Mr. Mujtaba Ahmad Lodhi
Member

Ms. Shaista Bano
Member



ORDER

1. On November 19, 2021 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed merger pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") whereby M/s. Askari Cement Limited ("**Merger Party 1**") intends to merge with and into M/s. Fauji Cement Company Limited ("**Merger Party 2**").
2. The Commission has examined the Application as well as all the documents attached therewith, the market scenario, and made its observations on the basis of an independent research/investigation in the reportable market. The Phase I competition assessment of the intended transaction has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For Merger Party 1: Manufacture and sale of cement.
 - b. For Merger Party 2: Manufacture and sale of cement.
 - ii. As per the application, the proposed transaction is a merger of Merger Party 1 with and into Merger Party 2. The nature of the merger is horizontal. There is no cash consideration to be paid, however, Merger Party 2 will issue ordinary shares, each having a face value of PKR , to M/s. Fauji Foundation ("**FF**") which wholly owns Merger Party 1. In respect of every 1 share held by FF in Merger Party 1, it shall be allotted 5 ordinary shares of Merger Party 2. Total transaction value will therefore be considered as PKR /-.
 - iii. Post-transaction, the shareholding of FF in Merger Party 2 is expected to be % which currently stands at %.
 - iv. The reportable product market identified in this case is that of "**Manufacture and Sale of Cement**" having a geographic market identified as of "**Pakistan**. Based on the data available, Merger Party 1 has a market share of % share based on production capacity whereas Merger Party 2 has a share of %. Post-transaction, the combined market share will be slightly over %.
3. In conclusion, the proposed transaction does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Act. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act, solely to the extent of competition concerns in the reportable market and subject to all statutory and regulatory approvals.
4. It is so ordered.

(Mr. Mujtaba Ahmad Lodhi)
Member

Islamabad the 30th November, 2021.

(Ms. Shaista Bano)
Member

