



BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN  
FIRST PHASE REVIEW

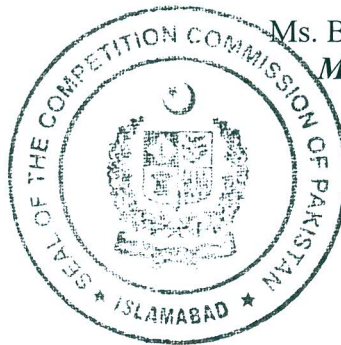
IN THE MATTER OF DEMERGER OF CERTAIN ASSETS & LIABILITIES OF  
M/S. ARTISTIC FABRIC AND GARMENT INDUSTRIES LIMITED AND MERGER  
OF THE SAME WITH AND INTO M/S. ARTISTIC FABRIC MILLS (PRIVATE)  
LIMITED AND MERGER OF M/S. ARTISTIC CORPORATION (PRIVATE)  
LIMITED WITH AND INTO M/S. ARTISTIC FABRIC AND GARMENT  
INDUSTRIES LIMITED AND

CASE: 1174/Merger-CCP/21

Commission

Ms. Shaista Bano  
*Member*

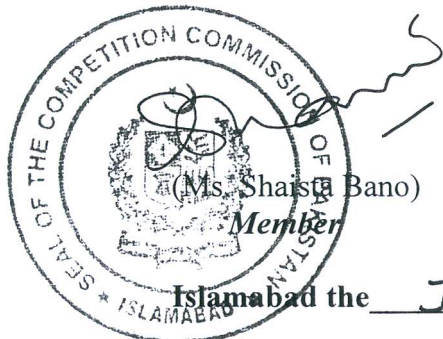
Ms. Bushra Naz  
*Member*




## ORDER

1. On May 17, 2021 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") 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**") from M/s. Artistic Fabric and Garment Industries Limited ("**Merger Party 1**"), M/s. Artistic Fabric Mills (Private) Limited ("**Merger Party 2**") and M/s. Artistic Corporation (Private) Limited ("**Merger Party 3**") whereby certain assets and liabilities will be de-merged from Merger Party 1 and merged with Merger Party 2 while simultaneously Merger Party 3 will merge with and into Merger Party 1, pursuant to a Scheme of Arrangement ("**Scheme**").
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 relevant 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: Manufacturing of fabrics, garments and apparels, and primarily exporting rope dyed denim fabric, yarn and all kinds of ready-made garments, dresses, clothes etc.
    - b. For Merger Party 2: Fabrics and textile, as traders, manufacturers, importers, exporters, distributors, etc.
    - c. For Merger Party 3: Import, export, manufacturing and other related services. Merger Party 3 has not commenced any operations yet.
  - ii. The proposed transaction involves the demerger of a portion of the undertaking of Merger Party 1 (comprising specific assets and liabilities) and merger of the same with and into Merger Party 2; and the merger of the whole of Merger Party 3 with and into Merger Party 1 (as a consequence of which Merger Party 3 shall stand dissolved), in accordance with the Scheme. The total transaction consideration value stands at PKR -.
  - iii. The reportable product market in this case is identified as "**Textile - Denim**" while the relevant geographic market is "**Pakistan**". Based on the data available with Pakistan Bureau of Statistics, Merger Party 1's share is estimated at % while Merger Party 2's share is estimated at %.
  - iv. Post-transaction, as consequence of the merger, Merger Party 2 is expected to take a portion of Merger Party 1's shares, subject to receiving orders.
3. In conclusion, the intended 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.

4. It is so ordered.



  
(Ms. Bushra Naz)  
Member

Islamabad the JUNE 2<sup>ND</sup>, 2021.