




**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

FIRST PHASE REVIEW


**IN THE MATTER OF MERGER/AMALGAMATION OF M/s. G3 TECHNOLOGIES LIMITED
(GTECH) WITH AND INTO M/s. GHANI CHEMICAL INDUSTRIES LIMITED (GCIL).**

CASE: 1292/Merger-CCP/22

Commission


Ms. Rahat Kaunam Hassan
Chairperson




Ms. Mujtaba Ahmad Lodhi
Member

ORDER

1. On 11th May, 2022 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") from M/s. Ghani Chemical Industries Limited ("**Applicant**" or "**GCIL**") for a proposed merger/amalgamation pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") where M/s. G3 Technologies Limited ("**GTECH**" or "**Target**") intends to merge/amalgamate into **GCIL** by transferring and vesting all its assets and liabilities, therefore ceasing to exist. All requisite information/documentation pertaining to the Application was completed on 13th June, 2022
2. The Commission has examined the Application as well as all the documents attached therewith, the information provided by the undertaking concerned and the market scenario. The Phase I competition assessment of the intended transaction reveals the following facts:
 - i. The undertakings concerned are:
 - a. The Applicant/Acquirer: Acquirer is a public limited company incorporated in Pakistan, on 23 November 2015. The Acquirer is engaged in manufacturing, sales and trading of medical and industrial gases and chemicals. Majority stake of GCIL is currently held by Ghani Global Holdings Limited (the "**Group Holding Company**").
 - b. The Target: Target is formerly known as Services Fabrics Limited incorporated in Pakistan on December 01, 1987 under the Companies Ordinance 1984. Subsequently, the name of the undertaking was changed to G3 Technologies Limited on November 17, 2021. Target revived its operational activities in November 2021 and is primarily engaged in the manufacturing and trading of the chemical compound, calcium carbide. GTECH is also the associated undertaking of the Group Holding Company.
 - ii. The proposed transaction involves the merger/amalgamation of GTECH into GCIL, which are both associated entities and have an existing vertical relationship with each other. The consideration for the same shall be in the form of share swaps, i.e., on the basis of swap ratio where _____ shares of GCIL shall be issued against every one share of GTECH. According to the swap arrangement the transaction value is approximately around PKR _____ (i.e. GTECH outstanding shares _____) * swap ratio (_____ = _____ * 1 | face value)
 - iii. The relevant product markets in this case have been identified as "**Liquid Gases and Calcium Carbide**" and the relevant geographic market is "**Pakistan**".
 - iv. Total market size of Liquid Gases is estimated around PKR _____ for the year 2021, while total market size of Calcium Carbide is estimated PKR _____ for the same year. Market share of GCIL out of the total market size in liquid gas is _____%, while in calcium carbide is _____%. In the liquid gases relevant market, major production capacity is with Pakistan Oxygen and GCIL.


Post-transaction, the merged entity will be active in both the relevant product markets, however, there will be no post-transaction change in market shares and both product markets are partially unrelated to each other in the geographic market.



3. As per the Application, there are no ancillary restrictions.
4. The transaction is not likely to result in the creation or strengthening of a dominant position in the relevant market. The intended merger also 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.
5. It is so ordered.


(Ms. Rahat Kaunain Hassan)

Chairperson



(Mr. Mujtaba Ahmad Lodhi)

Member



Islamabad the JUNE 28th, 2022.