



**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**FIRST PHASE REVIEW**

**IN THE MATTER OF ACQUISITION OF % SHAREHOLDING OF M/S.  
BRITISH AMERICAN TOBACCO SAA SERVICES (PRIVATE) LIMITED BY M/S.  
SYSTEMS LIMITED FROM M/S. BRITISH AMERICAN TOBACCO  
INTERNATIONAL HOLDINGS (UK) LIMITED.**

**CASE NO. 1558/Merger-CCP/2025**



Commission:

**Dr. Kabir Ahmed Sidhu  
Chairman**

## ORDER

1. On 06 August 2025, the Competition Commission of Pakistan (the “**Commission**”) received a pre-merger application (the “**Application**”) from M/s. Systems Limited (the “**Notifying Party**” or the “**Acquirer**”). The Application sought approval for the acquisition of % of the issued and paid-up capital of M/s. British American Tobacco SAA Services (Private) Limited (the “**Target**”) by the Acquirer from M/s. British American Tobacco International Holdings (UK) Limited (the “**Seller**”). The transaction is being executed in accordance with the terms and conditions set out in the Share Purchase Agreement, dated 29 July 2025 (the “**Agreement**”).
2. The Application was filed under Section 11 of the Competition Act, 2010 (the “**Act**”), read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 (the “**Merger Regulations**”).

### Merger Parties

#### **Acquirer**

3. Systems Limited was incorporated in Pakistan on 13 December 1977, is engaged in the business of software development, trading of software and business process outsourcing services.

#### **Target**

4. British American Tobacco SAA Services (Private) Limited was incorporated in Pakistan on 15 April 2008. It is involved in the provision of certain services to other group companies of the British American Tobacco Group (“**BAT Group**”) in (but not limited to) the Asia Pacific, Middle East and African region, which includes IT and IT-Enabled services such as (but is not limited to) HR, finance, accounting, procurement, information digital technology, and marketing. It is an entirely captive business, offering only internal services to the BAT Group with no external customers within Pakistan or globally.

#### **Seller**

5. British American Tobacco International Holdings (UK) Limited was incorporated in United Kingdom on 30 November 1905, as an investment holding company.

### Transaction

6. The transaction involves the acquisition by the Acquirer of \_\_\_\_\_ shares, representing \_\_\_\_\_ % shareholding<sup>1</sup> of the Target from the Seller (the “**Transaction**”). The total estimated value<sup>2</sup> of the Transaction is GBP \_\_\_\_\_ (approx. PKR \_\_\_\_\_)<sup>3</sup>.

### Phase-I Competition Assessment

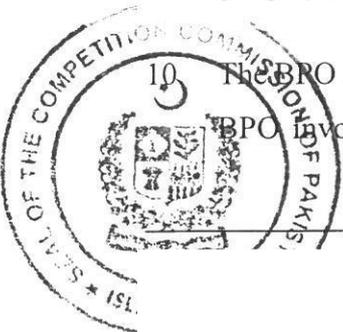
#### **Procedural Review**

7. Based on the Application and the subsequent information obtained, the Commission conducted a Phase-I competition assessment, including a review of the supporting documentation, to evaluate compliance with the Act and the Merger Regulations. The assessment specifically focused on potential competitive concerns, including issues related to market dominance and the overall impact on competition post-merger.

#### **Relevant Market**

8. The Business Process Outsourcing (BPO) sector involves outsourcing business functions to third-party service providers. These functions can range from marketing, human resources, payroll, customer service, supply chain management, and more. In the case of the proposed transaction, both the acquirer and target are involved in Information Technology (IT) and IT-enabled services (ITES) industry, with the acquirer focusing on broader software development, data/cloud services, and BPO, while the target specializes in offering services to the BAT Group, specifically in HR, finance, accounting, procurement, digital technology, and marketing.
9. The relevant product market is identified as “**Business Process Outsourcing**”. The geographic market is defined as “**Pakistan**”.

10. The BPO sector in Pakistan is a rapidly evolving segment within the broader IT and ITES. BPO involves the delegation of specific business functions such as human resources,



<sup>3</sup> <https://www.sbp.org.pk/ecodata/rates/m2m/2025/Sep/03-Sep-25.pdf> GBP 1 = PKR 377.74

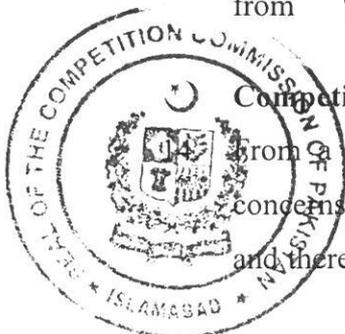
finance, marketing, customer service, and procurement to external service providers. In the context of the proposed transaction, both the Acquirer and the Target operate in the IT and ITES domain. The Acquirer has an active and diverse service portfolio including software development, data and cloud services, and BPO services targeted at the wider market. In contrast, the Target exclusively offers its services within the BAT Group and does not engage with any external clients in Pakistan or globally. As such, while there may be an operational overlap in terms of service types, the client base does not intersect, and the Target currently holds no market share within the relevant Pakistani BPO market.

### Market Share

11. As per the Applicant, a study by the Pakistan Software Exports Board (PSEB), the total size of Pakistan's IT and BPO export market is projected to reach PKR (approximately USD ) in the year 2024. Based on a reasonable assumption that export earnings are twice the size of the domestic market, the size of the domestic BPO market is estimated at PKR (USD ). Within this context, the Acquirer generated revenue of approximately PKR in Pakistan, capturing an estimated % share of the domestic BPO market.
12. On the other hand, the Target, being a subsidiary of the BAT Group, has not engaged in any operations within the Pakistani market and, as a result, holds a market share of zero. As a captive of the BAT Group, the target has not provided any services or products in Pakistan to date. This absence from the local market further reflects the target's limited or nonexistent presence in the region, with no direct consumer engagement or market penetration so far.
13. Despite the Acquirer's relatively modest share in the domestic BPO sector, it has demonstrated significant growth in the broader IT export market, increasing its share from % in 2017 to % in 2024.

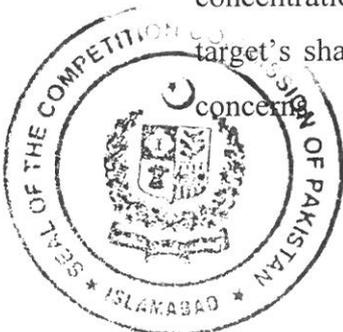
### Competition Analysis

From a competition standpoint, the proposed acquisition does not raise substantive concerns. The Target's market share is expected to remain unchanged post-acquisition, and there are no horizontal overlaps in terms of clientele. While there is some similarity



in the nature of services provided, the transaction does not lead to any significant consolidation of market power or exclusionary effects in the domestic market.

15. Strategically, the acquisition offers considerable value. The Acquirer brings an established local footprint and operational strength, while the Target contributes deep functional expertise through its global operations for the BAT Group. Together, these capabilities are complementary and will enhance the range and quality of services that can be offered within Pakistan. The Acquirer will be well-positioned to deploy the Target's internal best practices and global service standards in the domestic market, especially in areas such as HR, finance, procurement, digital marketing, and IT support. Furthermore, the integration of emerging technologies—including artificial intelligence and advanced analytics—will strengthen service delivery and improve operational efficiencies.
16. The broader economic rationale for the transaction includes job creation, technology transfer, and the promotion of digital transformation within Pakistan. As the Acquirer expands its service offerings and begins to commercialize functions previously offered by the Target solely within the BAT Group, new business opportunities and employment avenues are expected to arise. This aligns with national priorities for digitalization and economic modernization. In conclusion, the proposed acquisition represents a strategic alignment of capabilities with minimal competitive risks and substantial economic and operational benefits, particularly within the context of a growing IT and BPO landscape in Pakistan.
17. While there is horizontal overlap between the acquirer and target in terms of offering IT and IT-enabled services, the target does not currently have external customers in the BPO sector. As a result, there is minimal direct competition between the two within the Pakistani market. The acquisition is not expected to create significant market concentration. The acquirer's market share in the BPO sector remains small, and the target's share is negligible. Thus, the deal does not raise substantial anti-competitive concerns.



**Determination**

18. Based on the information provided, the Commission concludes that the Transaction does not create or strengthen a dominant position in the relevant market, as defined under Section 2(1)(e), read with Section 11 of the Act and the Merger Regulations. Accordingly, the proposed Transaction is hereby authorized under Section 31(1)(d)(i) of the Act.
19. Notwithstanding the above, matters which may fall outside the scope of the Commission's jurisdiction, remain subject to applicable laws, judicial orders and the oversight of relevant regulatory bodies.
20. It is so ordered.



Dr. Kabir Ahmed Sidhu  
(Chairman)



ISLAMABAD, Sept 26<sup>th</sup>, 2025.