



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

EX-POST FACTO FIRST PHASE REVIEW


IN THE MATTER OF ACQUISITION OF _____ % SHAREHOLDING OF M/S. SW
SUGAR MILLS LIMITED BY M/S. RYK MILLS LIMITED FROM M/S. PRIME
SUGAR MILLS (PRIVATE) LIMITED.


CASE: 1253/Merger-CCP/22

Date of Hearing

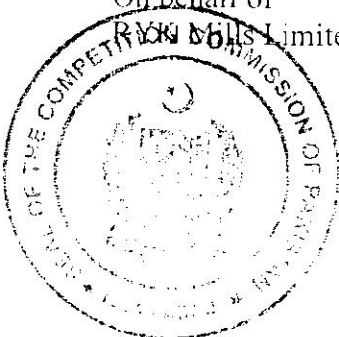
January 26, 2022

Commission


Mr. Mujtaba Ahmad Lodhi
Member


Ms. Shaista Bano
Member

On behalf of
RYK Mills Limited

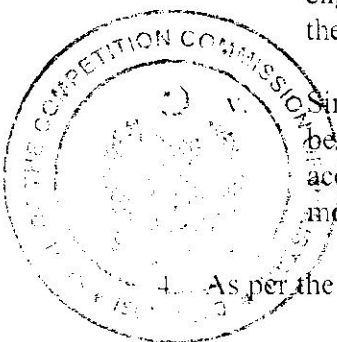


Shaharyar Khan
DGM Accounts & Finance

ORDER

1. On 10th January 2022, the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of an acquisition of shares 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. RYK Mills Limited ("**RYK**" or "**Acquirer**") had acquired % shareholding of M/s. SW Sugar Mills Limited ("**SWSML**" or "**Target**") from M/s. Prime Sugar Mills (Private) Limited in accordance with Board Resolution ("**Agreement**").
2. A transaction was detected during the hearing of case no.1150/Merger-CCP/2021, dated August 08, 2021. Upon investigation it was revealed that, the Merger Parties had consummated the merger on January 30, 2017. Whereby, action was taken against the Applicants under Section 11 (12) of the Act. Subsequently, a Hearing Notice was issued on January 21, 2022 bearing File No: 1253/MERGER-CCP/2022/1556 to the Applicant, for the, *prima facie*, violation of sub-section (1) to (4) of Section 11 of the Act read with Regulation 4 of the Merger Regulations. Two Member bench was formulated to conduct the hearing on January 26, 2022. During hearing, bench directed the Parties to submit an undertaking regarding error, apology and future compliance.
3. 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 markets. 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 Acquirer: Manufacturing, sale and ancillary functions related to Sugar and its allied products.
 - b. For Target: Manufacturing, sale and ancillary functions related to Sugar and its allied products.
 - c. For Seller: Special Purpose Vehicle established for the purpose of the proposed transaction.
 - ii. As per the Agreement, the transaction under consideration is an acquisition of shares comprising () ordinary shares (% shareholding) at PKR : per share of the Target by the Acquirer from the Seller. Post-transaction the Target will become a wholly owned subsidiary of the Acquirer. The amount to be paid for % shareholding is estimated to be PKR /-.
 - iii. The relevant product market in this case have been identified as "**Manufacturing, Sale and distribution of sugar and its allied products**" and the relevant geographic market is "**Pakistan**".
 - iv. There are overlaps between the Merger Parties as the Acquirer and Target are both engaged in the business of production, sale of sugar and its by-products. However the Target is not operational since 2015.

Since the Target is not operational, pre-transaction market share of the Target can be estimated to be nil whereas : % for the Acquirer. Post-transaction, the accumulated market share of the Acquirer and the Target is expected to be not more than 3%.
4. As per the application, there are no ancillary restrictions.





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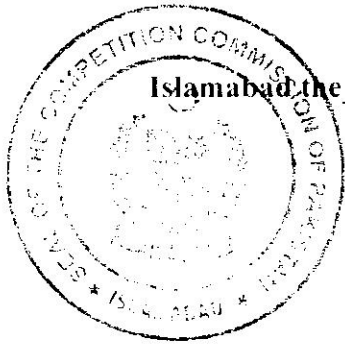
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5. In conclusion, the proposed transaction does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Act. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.

6. It is so ordered.


(Mr. Mujtaba Ahmad Lodhi)
Member


(Ms. Shaista Bano)
Member



Islamabad, the JANUARY 26TH, 2022.