BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF

FIRST PHASE REVIEW

ACQUISITION OF % SHAREHOLDING OF SINGER PAKISTAN LIMITED BY POSEIDON SYNERGIES (PRIVATE) LIMITED.

CASE: 769/Merger-CCP/15

Commission	Ms. Vadiyya Khalil **Chairperson**
	Mr. Mueen Batlay **Member**
	Mr. Ikram Ul Haque Qureshi **Member**

ORDER

I Background

1 On 07 December 2015, the Competition Commission of Pakistan (the "Commission") received a pre-merger notification pursuant to Regulation 3 of the Competition (Merger Control) Regulations 2007 (the "Merger Regulations") by which Poseidon Synergies (Private) Limited ("PSPL" or "Acquirer") intends to acquire shares (being up to shares) of Singer Pakistan Limited ("SPL") from one or more shareholders through the market. The Commission's review of the intended merger is as under:

II Merger Parties

2 **Acquirer**
PSPL is a private company and subsidiary of Integrated Equities (Private) "IEPL". PSPL is engaged in the business including, *inter alia*, providing consultancy, investment, marketing and management services, whereas, IEPL's principal activities include shares brokerage and investment in shares, stocks, fixed income securities, bonds and commodities, etc. and also provide consultancy services. PSPL's assets for the financial year ending on 30 June 2015 were PKR 0.92 million, and it was not engaged in any significant business activity, hence its turnover remained nil. Thus, IEPL will meet the transaction cost.

3 **Target**
SPL is incorporated in Pakistan as a public company limited by shares and is quoted on Pakistan Stock Exchange (ex. Karachi Stock Exchange, Lahore Stock Exchange and Islamabad Stock Exchange). It is principally engaged in retailing and trading of domestic consumer appliances and other light engineering products, besides manufacturing and assembling of the same. SPL is subsidiary of Singer (Pakistan) B.V., Netherlands, whereas its ultimate parent company is Retail Holdings N.V., Netherlands. Total turnover of SPL for the financial year ending on 31 December 2014 was whereas, value of the total assets remained for the same period.

III Transaction

4 The transaction involves acquisition of shares (being up to per share as on 13 November 2015) of Singer Pakistan Limited ("SPL") from one or more shareholders through the market by PSPL. The estimated cost of the intended merger is PKR

5 The intended merger meets the notification thresholds prescribed in the Merger Regulations 4(2) (a) (b) (c) & (d) by having acquirer's assets valuing approximately PKR 0.92 million and combined assets being more than PKR 1 billion, while turnover of acquirer is nil and combined turnover being more than PKR 1 billion. The value of the intended merger is PKR 227.984 million and percentage of voting share to be acquired exceeds 29.95% of the total shareholding of the Target.

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IV Relevant Market

Relevant product market

6 The relevant product market includes retail and trading of domestic consumer appliances and other light engineering products, besides manufacturing and assembling of the same. Since, PSPL merely intends to purchase SPL's shares from the market; there is no merger the parties' business.

Relevant geographic market

7. The relevant geographic market for Target's products is determined to be the whole of Pakistan.

V Findings of the Phase-I investigation on the competition assessment

8 The competition assessment in Phase-I have resulted in the following findings:

- The intended merger involves acquisition of shareholding in SPL by PSPL. PSPL is a private company, engaged in the business of, *inter alia,* providing consultancy, investment, and marketing and management services in Pakistan. On the other hand, SPL is active in retail and trading of domestic consumer appliances and other light engineering products, besides manufacturing and assembling of the same in Pakistan and abroad.

- As noted above, the Merging Parties are operating in two distinct markets i.e. the Acquirer being active in the consultancy advisory and investment sector, while the Target is active in the retail and trading in, *inter alia,* home appliances and similar products. There is no overlap in the business of the merging parties.

- Post-merger there will be no change in the market share of the merging entities as they are active in distinct sectors. The intended merger does not meet the presumption of dominance as is envisaged under section 3 of the Competition Act and is not likely to result in creation or strengthening of the dominant position.

VI Conclusion

9 In conclusion, there is no evidence that the merger is likely to result in substantial lessening of competition by creating or strengthening of dominant position in the relevant market. The intended merger is hereby authorized under Section 31(1) (d) (i) of the Competition Act.

10 It is so ordered.

(MueenBatlay)
Member

(IkramUlHaque Qureshi)
Member

(Vadiyya Khalil)
Chairperson

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Islamabad 23th Decemeber, 2015