

**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF**

**FIRST PHASE REVIEW**

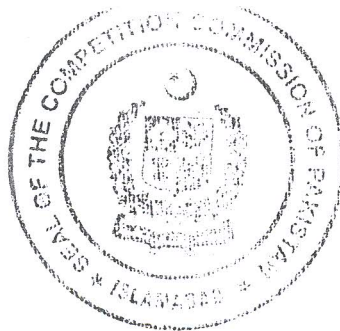
**ACQUISITION OF 70% SHARES OF APPOLLO PHARMA  
LIMITED BY MULLER & PHIPPS PAKISTAN (PRIVATE)  
LIMITED**

**CASE: 762/Merger-CCP/15**

Commission

Ms. Vadiyya Khalil  
Chairperson

Mr. Mueen Batlay  
Member



Mr. Ikram Ul Haque Qureshi  
Member

# ORDER

## I Background

1 On 16<sup>th</sup> October 2015, the Acquirer, Muller & Phipps (Private) Limited, submitted a pre-merger application (the "application") to the Commission, notifying the acquisition of 18.9% shares of Appollo Pharma Limited (The Target) from OBS Pakistan Private Limited (The Seller) by M&P (The Acquirer), along with the necessary information as well as a cheque of Rs [redacted] as processing fee, applicable under Regulation 5(6) of the Competition (Merger Control) Regulations, 2007 (the "Regulations"). The case is examined as under:

## II Merger Parties

### 2 Acquirer

M&P was incorporated in Pakistan in 1949 as a Private limited company. The principal activity of the company comprise of import and distribution of pharmaceutical, consumer, telecommunication and hospital care products. It also undertakes contract marketing activities for certain pharmaceutical companies.

3 One of the associated companies of the acquirer operates in the pharmaceutical market i.e. Getz Pharma Pakistan and has a small market share of [redacted] %.

4 M&P had total assets valuing PKR [redacted] Its turnover remained at PKR [redacted] on 31<sup>st</sup> December 2014.

### 5 Target

APL was incorporated as a public limited company in 2014. The principal activities of the company include import, marketing, export, dealership, distribution, wholesale and manufacturing of all kinds of pharmaceutical products. However the company has not yet commenced its operations.

6 APL had total assets valuing PKR [redacted] on 31<sup>st</sup> December 2014. Its turnover remained [redacted] for the same period as the undertaking has not commenced business as yet.

### 7 Seller

OBS Pakistan (Private) Limited is the holding company of the target (APL) and the seller of [redacted] % shares of APL to M&P.

## III Transaction

8 The proposed transaction involves acquisition of [redacted] % shares ([redacted]) of the target at a purchase price of PKR [redacted] /- by M&P. The proposed transaction is estimated at PKR [redacted]. The transaction is aimed at earning dividends and capital gains.



#

9 The transaction meets the notification thresholds prescribed in Regulation 4(2)(a)(b)(c)& (d) by having acquirer's assets valuing more than PKR 300 Million and combined assets being more than 1 Billion rupees and turnover of acquirer more than PKR 500 million and combined turnover being more than 1 Billion. The transaction value also exceeds 100 million and percentage of share to be acquired exceeds 10% of the total shareholding of the target.

**IV Relevant Market:**

10 The relevant market in this case is the Pharmaceutical market.

11 The Relevant Geographic market is Pakistan.

12 Market position in the relevant market is as under:

Company Name	Market Share(%)
GSK	
Abbott Labs	
Highnoon Labs	
Getz Pharma (Associated company of the acquirer)	
Sanofi Aventis	
Roche	
Sami Pharmaceuticals Private Limited	
<b>AGP (wholly owned subsidiary of target)</b>	

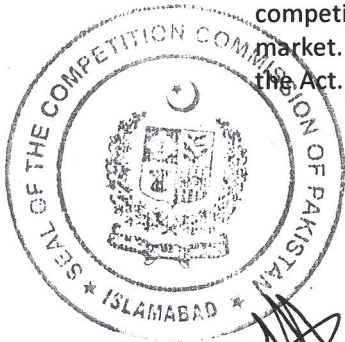
**V Findings of the Phase I investigation on the competition assessment**

13 The competition assessment in Phase I have resulted in the following finding:

- The proposed transaction involves acquisition of 10% shares of APL by M&P. The transaction is an example of vertical integration as the acquirer is in the distribution business, however, the target is not an active participant of the market and only enjoys market share of 1% through its wholly owned subsidiary, AGP, which is much less than the prescribed limit of 40%. This acquisition is aimed at earning dividends and capital gains. The merger does not meet the presumption of dominance as determined under Section 3 of the Act.

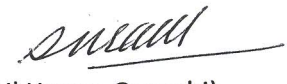
**VI Conclusion**

14 In conclusion, there is no evidence that suggests a substantial lessening of competition by creating or strengthening of dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1) (d) (i) of the Act.

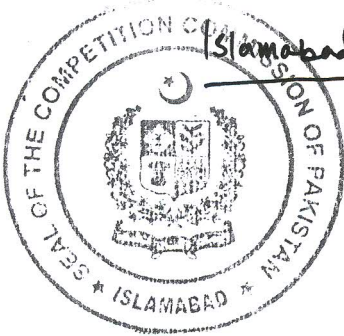


15 It is so ordered.

  
(Mueen Batlay)  
Member

  
(Ikram Ul Haque Qureshi)  
Member

  
(Vadiyya Khalil)  
Chairperson



Islamabad the 24<sup>th</sup> November, 2015