




**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

FIRST PHASE REVIEW

**IN THE MATTER OF ACQUISITION BY M/S. VITOL DUBAI
LIMITED OF SHARES IN M/S. HASCOL PETROLEUM
LIMITED.**

CASE: 858/Mergers/CCP/16

Commission


Ms. Vadiyya Khalil
Chairperson


Mr. Shahzad Ansar
Member



I. BACKGROUND

1. On the 8th of December, 2016, the Competition Commission of Pakistan received a pre-merger application sent collectively by M/s. Vitol Dubai Limited ("**Vitol**" or "**Acquirer**") and M/s. Hascol Petroleum Limited ("**Hascol**" or "**Target**") (collectively "**Merger Parties**") notifying the Commission of the acquisition, by Vitol, of _____ shares in Hascol, from Mr. Mumtaz Hasan Khan ("**Seller**"), pursuant to a Share Purchase Agreement ("**SPA**").

II. PARTIES

Acquirer

2. Vitol, the Acquirer, is a company limited by shares incorporated in Dubai, United Arab Emirates. It is a wholly owned subsidiary of M/s. Vitol Holding SARL, a company registered in Geneva, Switzerland. Vitol is engaged in trading in crude oil, oil products, liquefied petroleum gas, liquefied natural gas, coal, electricity, agriculture products, metals and carbon products.
3. Vitol is not active in Pakistan. It generated a turnover of _____ (_____) in the United Arab Emirates in the financial year ended 31st December 2015, whereas its assets stood at _____ for the same period.

Target

4. Hascol, the Target, is a company incorporated under the laws of Pakistan, with its registered office located at Karachi, Sindh. Hascol is an oil marketing company. Hascol is listed on the Karachi, Lahore and Islamabad stock exchanges of Pakistan³.
5. Hascol achieved a turnover _____ in the financial year ended December 31st, 2015, while its assets stood at _____ for the same period.

Seller

6. The Seller, Mr. Mumtaz Hasan Khan, is an individual therefore there are no reportable assets, nor turnover.

III. TRANSACTION

7. As per the Application, the Acquirer intends to purchase _____ shares in the Target. Under the SPA and Shareholders Agreement entered into between the Merger Parties, Vitol has acquired _____ shareholding in Hascol⁴ with an option to purchase another _____ shareholding in the Target.

¹ As at 14th December 2016

³ Due to demutualization, all stock exchanges are now integrated into Pakistan Stock Exchange.

⁴ Approved by the Commission vide Order dated 22nd March 2016.



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8. This present Application is with regard to the exercise of the option to purchase the additional 10% shareholding. The consideration for this purchase is _____, which is the transaction value in this case.
9. The transaction meets the thresholds as prescribed in Regulation 4 (2) (a), (b), (c) and (d) of the Merger Regulations as the assets of the undertakings are greater than one billion rupees, the annual turnovers of the undertakings are greater than one billion rupees. The transaction relates to acquisition of shares of a value greater than 100 million rupees, and the acquisition will entitle the acquirer to more than 10% voting shares.

IV. THE RELEVANT MARKET

10. As the Target is an oil marketing company, the relevant product market in this case has been identified as that of oil marketing.
11. Hascol markets its products across the country. Since the conditions of competition are sufficiently homogeneous nationwide, the relevant geographic market has been identified as Pakistan.
12. The Target has a market share of approximately _____ of the relevant market⁵. While the Acquirer is not directly active in Pakistan, it does currently own _____ shares in the Target. Post-transaction, this share will increase to _____. The Target's market share shall remain unchanged.

V. FINDINGS OF THE PHASE I INVESTIGATION ON COMPETITION ASSESSMENT

13. This is an acquisition of _____ shares in the Target by the Acquirer, and the transaction is vertical in nature. The Acquirer is engaged in trading in crude oil, oil products, liquefied petroleum gas, liquefied natural gas, coal, electricity, agriculture products, metals and carbon products, while the Target is an oil marketing company.
14. The Target has a market share of approximately _____ of the relevant market. While the Acquirer is not directly active in Pakistan, it does currently own _____ shares in the Target. Post-transaction, this share will increase to _____, while market share of the Target in the relevant market will remain unchanged.
15. In view of the above, the transaction does not meet the presumption of dominance as determined under Section 2 (1) (e) read with Section 3 of the Competition Act, 2010 ("Act").



⁵ As at 14th December, 2016.

⁶ Information provided by the Applicants.

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VI. ANCILLARY RESTRAINTS

16. The Applicants have notified the Commission of ancillary restraints within the Shareholders Agreement. The Applicants are hereby directed to seek exemption from the relevant department.

VII. CONCLUSION

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

18. It is so ordered.



(Vadiyya Khalil)
Chairperson



(Shahzad Ansar)
Member



Islamabad, 27th Dec, 2016