



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

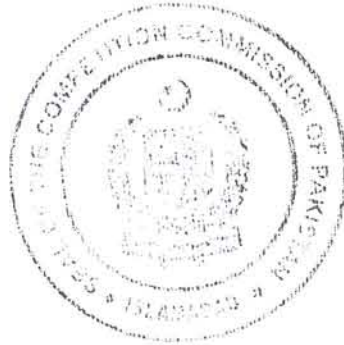
FIRST PHASE REVIEW

**ACQUISITION OF SHARES OF e2e LOGISTICS
PRIVATE LIMITED BY PREMIER MERCANTILE SERVICES
PRIVATE LIMITED**

CASE: 829/Merger-CCP/16

Commission

**Ms. Vadiyya Khalil
Chairperson**



**Mr. Shahzad Ansar
Member**

ORDER

I Background

1 On 19th August 2016, Premier Mercantile Services (Private) Limited ("MSPL") (the "Acquirer"), submitted a pre-merger application (the "application") to the Commission, for the intended acquisition of shares of e2e Logistics (Private) Limited ("e2e") (the "Target") by MSPL, along with the applicable processing fee and necessary information in accordance with the Competition (Merger Control) Regulations 2007 (the "Merger Regulations").

II Merger Parties

Acquirer

2 PMSL was incorporated in Pakistan in 1973 as a private limited company. The company is one of the leading service providers of stevedoring & container handling at Karachi Port. PMSL has a subsidiary namely, Marine Logistics Limited which provides Logistic services.

3 Total assets of PMSL as on 30th June 2015 were PKR
turnover for the above mentioned period remained at PKR

Target

4 e2e was incorporated in Pakistan in 2013 as a public limited company. The principal activity of the Company is to engage in the business of transportation, distribution and ware housing services.

5 Total assets of e2e as on 30th June 2015 were PKR its
turnover for the above mentioned period remained at PKR

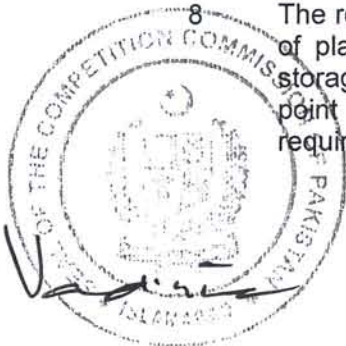
III Transaction

6 In the proposed transaction PMSL intends to acquire of the paid up share capital of e2e Logistics (Private) Limited. The consideration for the transaction is estimated to be PKR

7 The transaction meets the notification thresholds prescribed in Regulation 4(2) (a) (b) (c) & (d) of the Merger Regulations, by having acquirer's assets valuing more than PKR 300 million and combined assets being more than PKR 1 billion and turnover of acquirer more than PKR 500 million and combined turnover being more than PKR 1 billion. The transaction value is PKR 100 million and percentage of shares to be acquired exceeds 10% of the total shareholding of the Target.

IV Relevant Market:

8 The relevant market in this case is "Logistics". Logistics includes the process of planning, implementing, and controlling the efficient, effective flow and storage of goods, services, and related information from point of origin to point of consumption for the purpose of conforming to customer requirements.



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- 9 The Relevant Geographic market is Pakistan.
- 10 Logistics sector in Pakistan comprise of a large unregulated segment. However the regulated segment that comprise of medium to large size logistic companies based on their fleet size is also present in the relevant geographic market

V Findings of the Phase I investigation on the competition assessment

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

- The proposed transaction involves acquisition of _____ shares of the Target (e2e) by the Acquirer (PMSL). The Acquirer (PMSL) has a subsidiary with the name of Marine Logistics (Private) Limited, participating in the same relevant market thus creating a horizontal relationship between the Acquirer and the Target.
- The Target is a medium size logistic company with a fleet of _____ vehicles, availability of rented warehouses across the country and distribution ship of one product of a leading fast moving consumer goods company (FMCG).It has a market share of _____ in the relevant product and geographic market.
- The Acquirer is not a participant of the relevant product and geographic market, however a subsidiary of the Acquirer namely, Marine Logistics Limited is involved in the relevant product and geographic market. Marine Logistics is a small size logistic company with only 10 vehicles in its fleet and no warehousing facility or distribution ship. It has a market share of approximately _____
- Post merger the combined market share of the Acquirer's subsidiary and the Target will be _____, which is insignificant and much below the threshold level.
- The relevant product and geographic market comprise of a large unregulated segment. The regulated segment of the market that consist of medium to large size logistic companies only make around 4-25% of the whole market. The proposed transaction will only insignificantly increase the combined market share of the Acquirer's subsidiary and the Target.
- The market is fragmented in nature and market data is not available. However, the fragmented nature of the market is indicative of the fact that a large number of market participants lead to fair amount of competition in the market.
- The transaction is not likely to result in creation or strengthening of dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2)(1) (e) read with Section 3 of the Competition Act 2010 ("the Act").



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VI Conclusion

12 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.

13 It is so ordered.



Vadiyya Khalil
(Chairperson)



Shahzad Ansar
(Member)

Islamabad 31st October, 2016