



**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**FIRST PHASE REVIEW**

**IN THE MATTER OF RESTRUCTURING OF M/S. TUFAIL CHEMICALS INDUSTRIES LIMITED, M/S. TUFAIL MULTICHEM INDUSTRIES (PRIVATE) LIMITED, M/S. TUFAIL MULTICHEM HOLDINGS (PRIVATE) LIMITED, M/S. TUFAIL STARCHEM INDUSTRIES (PRIVATE) LIMITED AND M/S. TUFAIL CHEMICALS UK LIMITED.**

**CASE: 1451/Merger-CCP/2024**



**Dr. Kabir Ahmed Sidhu  
Chairman**

## ORDER

1. On 27th May 2024, the Competition Commission of Pakistan (the “**Commission**”) received a pre-merger application (the “**Application**”) from Tufail Chemicals Industries Limited (the “**TCIL**”), Tufail Multichem Industries (Private) Limited (“**TMIL**”), Tufail Multichem Holdings (Private) Limited (“**TMHL**”) and Tufail Starchem Industries (Private) Limited (“**TSIL**”), (collectively, “**Tufail Group**” or the “**Applicants**”) seeking authorization for its scheme of internal restructuring and arrangement.
2. The Application was submitted under Section 11 of the Competition Act, 2010 (the “**Act**”) and in accordance with Regulation 6 of the Competition (Merger Control) Regulations, 2016 (the “**Merger Regulations**”).

### Merger Parties

3. **TCIL** is a publicly listed company incorporated under the laws of Pakistan. It is engaged in the manufacturing and selling of sulphonic acid, sulphuric acid, formic acid and its by-products (sodium sulphate, etc.).
4. **TMIL** is a private limited company incorporated under the laws of Pakistan. It is engaged in the manufacturing and selling of sulphonic acid and surface-active agents.
5. **TMHL** is a private limited company incorporated under the laws of Pakistan. It was incorporated as an investment company on 13th June 2024.
6. **TSIL** is a private limited company incorporated under the laws of Pakistan. Its primary business activity is the manufacturing and selling of sulphuric acid, formic acid, alum sulphate, sodium sulphate and associated products. However, TSIL has not started operations as it was recently incorporated on 8th June 2024.
7. Tufail Chemicals UK Limited (“**TCUK**”) is a private limited company duly incorporated under the laws of England and Wales. Its primary business activity is the sale of industrial chemicals.



### Transaction

8. The proposed transaction, executed pursuant to a Scheme of Arrangement (the “**Agreement**”), encompasses the following key actions:
- (a) The segregation and subsequent amalgamation of specific identified assets, referred to as “**Carved-Out Assets 1,**” from TCIL to TMHL.
  - (b) The segregation and amalgamation of additional identified assets, referred to as “**Carved-Out Assets 2,**” from TCIL to TSIL.
  - (c) The cancellation of the entire shareholding of TMIL, wholly owned by TCIL, with a corresponding issuance of shares to TMHL.
  - (d) The transfer of the shareholding of TCUK, currently held by TCIL, to TMHL.
  - (e) The cancellation of the shareholding of TSIL, owned by the Pervez Group, with a corresponding issuance of shares to TMHL.
  - (f) The cancellation of the Pervez Group’s shareholding in TCIL, replaced by the issuance of additional shares in TMHL to the Pervez Group.
  - (g) The retention by TCIL of all remaining assets, referred to as the “**Retained Undertaking,**” which *excludes* the Carved-Out Assets 1 and 2 (the “**Transaction**”).
9. The Transaction involves no monetary consideration and is undertaken solely as an internal restructuring of the Tufail Group for strategic realignment.

### Procedural Review

10. Based on the Application, the Commission conducted a Phase-I competition assessment of the Application, including supporting documentation, to evaluate compliance with the Act and Merger Regulations, particularly focusing on potential competitive concerns, including market dominance and reduction in competition, post-merger.

### Relevant Market

11. Based on the submissions, the relevant market for the Transaction encompasses industrial chemicals, including Linear Alkylbenzene Sulfonic Acid (LABSA), Sodium Laureth Sulfate (SLES), Formic Acid, Sulphuric Acid, and Sodium Sulphate. The relevant



geographic market is primarily confined to Pakistan, aligning with the merger parties' operations and the competitive dynamics within the country.

### Market Share Analysis

12. According to the Applicant's internal estimates, the Tufail Group holds a market share of % in Linear Alkylbenzene Sulfonic Acid (LABSA), % in Sodium Laureth Sulfate (SLES), % in Formic Acid, % in Sulphuric Acid, and % in Sodium Sulphate. Furthermore, the Applicant has provided projections of the post-transaction market share as follows:

Product	LABSA	SLES	Formic Acid	Suphuric Acid	Sodium Sulphate
TCIL	%	%	%	%	%
TMIL	%	%			
TSIL			%	%	%

### Competition Assessment

13. The allocation of the post-transaction market share represents an internal restructuring of the Tufail Group, categorized as a horizontal merger among its group entities. *Prima facie*, this restructuring does not raise concerns regarding market concentration or the creation or strengthening of a dominant position by the Tufail Group within the relevant markets.
14. According to the Applicant, the objective of the Transaction is to streamline the succession plan for the business of the Tufail Group Companies and ensure their successful continuation as divided between the Zubair Group and Pervez Group. Through the consolidation of the Pervez Group's shareholding within TMHL and its subsidiaries i.e.; TMIL, TSIL and TCUK the Pervez Group will be able to direct its focus and accordingly align its interests as per the objectives envisaged of the group.
15. Currently, there is no evidence indicating a substantial lessening of competition or anti-competitive behavior arising from the Transaction. The restructuring neither imposes barriers to entry nor fosters conditions conducive to collusion. Moreover, this internal reorganization has the potential to benefit consumers by enhancing operational

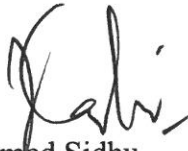


efficiencies, improving product availability, and fostering innovation within the Tufail Group's business operations.

16. Overall, the Transaction aims to streamline internal operations and succession planning without adversely affecting market competition or consumer welfare. It complies with the provisions of the Competition Act, 2010, and the Merger Regulations.

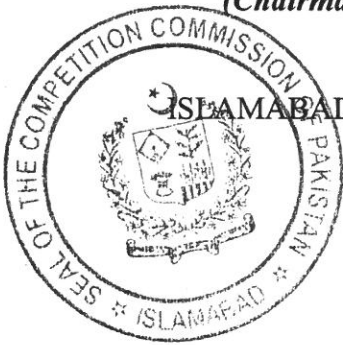
#### **Determination**

17. The Commission concludes that the proposed transaction does not create or strengthen a dominant position in the relevant market, as defined under Section 2(1)(e) read with Section 11 of the Act and the Merger Regulations. The proposed transaction is hereby authorized under Section 31(1)(d)(i) of the Act.
18. Notwithstanding the above, matters which may fall outside the scope of the Commission's purview, remain subject to applicable laws, judicial orders and the oversight of relevant regulatory bodies.
19. It is so ordered.



Dr. Kabir Ahmed Sidhu

(Chairman)



ISLAMABAD, 31<sup>st</sup> day January, 2025.