

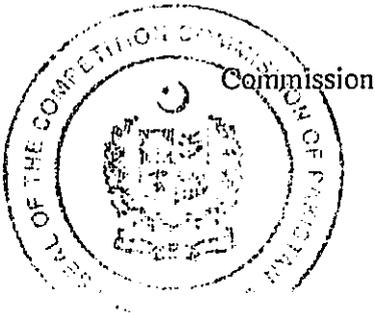


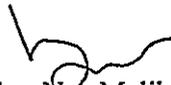
**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

FIRST PHASE REVIEW

**IN THE MATTER OF MERGER OF M/S. RELIANCE COTTON SPINNING MILLS
LIMITED WITH AND INTO M/S. SAPPHIRE FIBRES LIMITED**

CASE: 1582/Merger-CCP/2025




Ms. Bushra Naz Malik
Member

ORDER

1. On 21 November 2025, the Competition Commission of Pakistan (the “**Commission**”) received a pre-merger application (the “**Application**”) from M/s. Sapphire Fibres Limited (“**Merger Party 1**”). The Application pertains to the proposed merger of M/s. Reliance Cotton Spinning Mills Limited (“**Merger Party 2**”) with and into Merger Party 1 (Merger Party 1 and Merger Party 2 collectively referred as “**Merger Parties**”) pursuant to scheme of compromises, arrangement and reconstruction (the “**Agreement**”) dated 25 September 2025.
2. The Application was filed under Section 11 of the Competition Act, 2010 (the “**Act**”) read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 (the “**Merger Regulations**”).

Merger Parties

Merger Party 1

3. Sapphire Fibres Limited (SFL) is a public listed company incorporated in Pakistan on 5 June 1979. It is principally engaged in manufacturing and sale of yarn, fabrics and garments. It is part of Sapphire Group, which is owned by Mr. Muhammad Abdullah and his family. Sponsoring family holds a majority stake in SFL through group companies and individual holdings.

Merger Party 2

4. Reliance Cotton Spinning Mills Limited (RCSML) is a public listed company incorporated in Pakistan on 13 June 1990. It is engaged in manufacturing and sale of yarn. It is also part of Sapphire Group, which is owned by Mr. Muhammad Abdullah and his family. Sponsoring family holds a majority stake in RCSML through group companies and individual holdings.

Transaction

5. As per Application, Merger Party 2 shall, along with all their respective assets and liabilities, be amalgamated with and into Merger Party 1, in exchange for the issuance of



shares¹ of Merger Party 1 to the shareholders of Merger Party 2. Total value of the scheme amounts to PKR _____ /-(the “Transaction”). Post Transaction, RCSML shall stand dissolved and SFL will be a surviving entity.

Phase-I Competition Assessment

Procedural Review

6. Based on the Application and information obtained subsequent to 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. The assessment particularly focused on potential competitive concerns, including issues related to market dominance and the overall impact on competition post-merger in the relevant market.

Relevant Market

7. SFL (surviving entity) is engaged in business of yarns, fabrics and garments. Whereas, RCSML (dissolving entity) is engaged in business of only yarns. Therefore, the relevant product market is defined as “Yarn” and the relevant geographic market is “Pakistan”.

Market Share

8. As per the Application, the estimated annual industry market size of yarn in FY 2025, based on production, is _____ MT. During the same period, SFL recorded production of around _____ MT, corresponding to a market share of approximately _____ % based on production. Further, RCSML recorded production of around _____ MT in the same period, corresponding to a market share of approximately _____ % based on production.

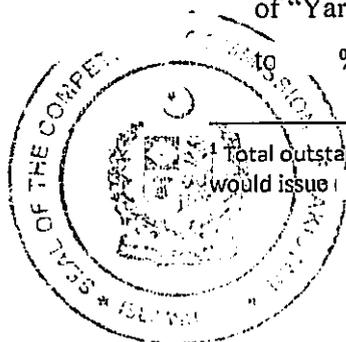
Competition Analysis

9. The Transaction indicates that it is intra group consolidation between the SFL and RCSML given the fact that Mr. Muhammad Abdullah and his family holds a majority of stake in both the companies through associated companies.

10. The Transaction constitutes a horizontal merger as both Merger Parties are in the business of “Yarn” at the same level of supply chain. Post-merger, SFL market share will increase _____ to _____ % from _____ % based on yarn production.

Total outstanding shares of RCSML, excluding the shares held by SFL are _____ would issue _____ = _____ shares).

As per swap ratio, SFL



11. Although horizontal overlap exist between Merger Parties, the Transaction will have minimal effects on the market dynamics in terms of competition and market structure considering the fact that post-merger market share would not increase significantly. Further, it would not produce any anti-competitive effects such as collusion or removal of an effective competitor because the relevant market is fragmented.
12. The transaction neither enhances barriers to entry for other players in relevant market nor increases Merger Parties' market power significantly.
13. In light of the foregoing, the Commission finds no basis to conclude that the Transaction raises any competition concerns or is likely to distort prevailing competitive conditions in any relevant market in Pakistan.

Determination

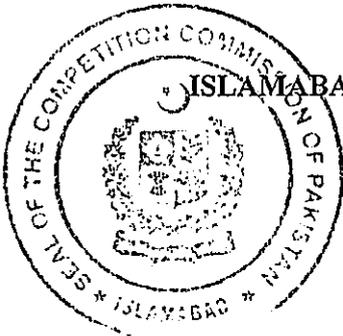
14. Based on the information provided, the Commission concludes that the Proposed Transaction does not create or strengthen a dominant position in the relevant market, as defined under Section 2(1) (e) read with Section 11 of the Act and the Merger Regulations. The Proposed Transaction is hereby authorized under Section 31(1) (d) (i) of the Act.
15. 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.

16. It is so ordered.



Ms. Bushra Naz Malik

Member



ISLAMABAD, 13th JAN., 2026