



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF
FIRST PHASE REVIEW**

**ACQUISITION OF SHARES OF HUDSON
PHARMACEUTICALS (PRIVATE) LIMITED BY ISMAIL
INDUSTRIES LIMITED.
CASE: 805-Mergers/CCP/16**

Commission

Mr. Shahzad Ansar
Member

Mr. Ikram Ul Haque Qureshi
Member



ORDER

I. Background

1. The Competition Commission of Pakistan (the "Commission") is in receipt of a pre-merger application (the "Application") dated 29th April 2016 (received by the Commission on 2nd May 2016) sent by M/s. Ismail Industries Limited ("IIL" or "Acquirer") along with all necessary information and processing fee under Regulation 5(6) of the Competition (Merger Control) Regulations, 2007 ("Merger Regulations") notifying the Commission of the intended acquisition of . . . shares in M/s. Hudson Pharma (Pvt.) Limited ("HPPL" or "Target") by IIL pursuant to an Equity Investment Agreement.

II. Merger Parties

Acquirer:

2. The Acquirer is a public limited company incorporated under the laws of Pakistan and is listed on the Pakistan Stock Exchange. Its registered office is located in Karachi, Pakistan. It is engaged in the manufacturing and trading of sugar, confectionary items, biscuits, potato chips and cast polypropylene film. The Acquirers turnover for the financial year ended 30th June 2015 was approximately . . . while its assets remained at approximately . . . for the same period.

Target:

3. The Target is private company limited by shares, incorporated under the laws of Pakistan. Its registered office is located in Karachi, Pakistan. It is engaged in the manufacturing, processing, compounding, formulating, importing, exporting, packaging, marketing (wholesale and retail), trading and selling of medicines and other pharmaceutical products. The Targets assets for the financial year ended June 30th 2015 were . . . while its turnover for the same period was NIL as it has not commenced operations as yet.

III. Transaction

4. As per the Application, IIL intends to acquire . . . in the Target for a total consideration of approximately . . . pursuant to an Equity Investment Agreement.
5. 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 Acquirer stand at more than PKR 300 million and the combined assets are more than PKR 1 billion, the annual turnover of the undertaking is more than PKR 500 million and the combined turnover is more than PKR 1 billion, the transaction relates to acquisition of shares of the value of more than PKR 100 million, and the percentage of shares to be acquired are more than 10%.



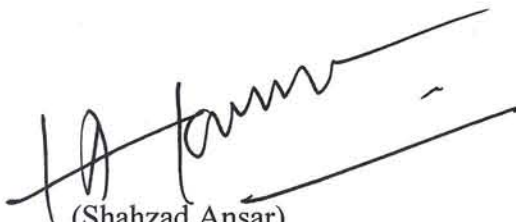
HA JH

IV. The Relevant Market

6. The relevant product market in this transaction has been defined as that of "Medicines and Pharmaceutical Products". The Acquirer is not a participant of the relevant product market. Given that the merging parties are engaged in unrelated business activities, this merger is conglomerate in nature.
7. The geographic market in this case has been identified as Pakistan.

V. Findings of the Phase I investigation on competition assessment

8. The Acquirer is engaged in the manufacturing and trading of sugar, confectionary items, biscuits, potato chips and cast polypropylene film, whereas the Target engaged in the manufacturing, processing, compounding, formulating, importing, exporting, packaging, marketing (wholesale and retail), trading and selling of medicines and other pharmaceutical products.
9. Due to the fact that this is a conglomerate merger, with both parties having unrelated businesses activities, post-merger the market share of the merger parties in their relevant market will remain the same.
10. 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.
11. In conclusion, there is no evidence that suggests a substantial lessening of competition by the creation or strengthening of dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
12. It is so ordered.


(Shahzad Ansar)
Member


(Ikram Ul Haque Qureshi)
Member

