

**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF
FIRST PHASE REVIEW**

**ACQUISITION OF SHARES OF NOON PAKISTAN LIMITED BY
FAUJI FERTILIZER BIN QASIM LIMITED**

CASE: 791/MERGER-CCP/16

Commission:

**Mr. Shahzad Ansar
Member**

**Mr. Ikram Ul Haque Qureshi
Member**



ORDER

I Background

- 1 Fauji Fertilizer Bin Qasim Limited ("FFBL" or "Acquirer") through its authorized representative submitted a pre-merger application dated 12 February 2016 (received on 15 February 2016), notifying and seeking approval of the Competition Commission of Pakistan (the "Commission") pursuant to Section 11 of the Competition Act (the "Act") and Regulation 5 of the Competition (Merger Control) Regulations 2007 (the "Application"). The transaction involves acquisition of 10% shares of Noon Pakistan Limited ("NPL" or "Target") by FFBL. The Application was submitted along with the necessary information and applicable processing fee in accordance with the provisions of the Act and the Regulations.

The Application is examined as under:

II Merger Parties

Acquirer

- 2 FFBL was incorporated as a public limited company under the Companies Ordinance 1984. The company is primarily engaged in the manufacturing, purchasing and marketing of granular urea and Di- Ammonium Phosphate (DAP) fertilizers. It is a owned subsidiary of Fauji Fertilizer Company Limited ("FFCL"), FFBL is a fertilizer producing company having total turnover of PKR for the year ended on 31 December 2015 and value of total assets remained PKR for the same period.

Target

- 3 NPL was incorporated as a public limited company under the Companies Ordinance 1984. The company is primarily engaged in the processing and sales of toned milk, milk powder, fruit juices, allied dairy and food products such as butter, cheese, UHT Milk, HCLF, pasteurized milk, flavored milk, juices, water, desi ghee, honey and jam. Its total turnover for the year ended on 31 December 2015 was PKR and value of total assets remained PKR for the same period.

III Transaction

- 4 FFBL intends to enhance its shareholding in NPL while FFBL together with its parent undertaking, Fauji Foundation already holds voting and non-voting shares in the Target. The transaction involves in the acquisition of shares of NPL in consideration of PKR (the "Transaction").
- 5 The Transaction meets the notification thresholds prescribed in Regulation 4(2)(a)(b) (c)&(d) of the Merger Regulations, as acquirer's assets valuing more than PKR 300 million and combined assets of the merging entities being more than PKR 1.0 billion and turnover of acquirer more than PKR 500 million and combined turnover being more than PKR 1.0 billion. The Transaction value also exceeds PKR 100 million and percentage of the voting shares to be acquired exceeds 10% of the total shareholding of the Target.



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IV Relevant Market:

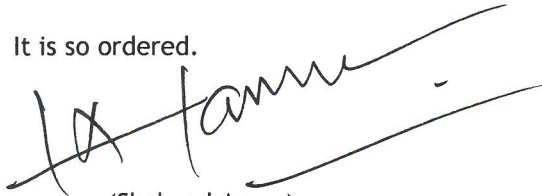
- 6 The relevant market in this case is the dairy products market in Pakistan.
- 7 The relevant geographic market is Pakistan.

V Findings of the Phase I investigation on the competition assessment

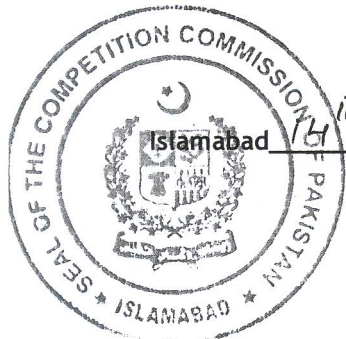
- 8 The competition assessment in Phase I has resulted in the following finding:
- a. The Target is engaged primarily in the processing and sales of toned milk, milk powder, fruit juices, allied dairy and food products such as butter, cheese, UHT Milk, HCLF, pasteurized milk, flavored milk, juices, water, desi ghee, honey and jam, while the Acquirer is primarily engaged in the manufacturing, purchasing and marketing of granular Urea and Di-Ammonium Phosphate (DAP) fertilizers. The Acquirer's associated company Fauji Foods Limited (i.e. Target) was established to produce dairy products but remains in-operational.
- b. The Acquirer has no presence while the market share of the Target does not exceed of the relevant product market. Post merger, the market share of the Target in the relevant market will not change. The Acquirer already holds majority shares in the Target; therefore, even if the Target becomes operational, no significant competition concerns are likely to arise. The intended merger does not meet the presumption of dominance as is envisaged under section 2(1)(e) read with section 3 of the Act.

VI Conclusion

- 9 In conclusion, there is no evidence that the intended acquisition is likely to result in substantial lessening of competition by creating or strengthening of a dominant position in the relevant market. The intended merger is hereby authorized under Section 31(1) (d) (i) of the Act.
- 10 It is so ordered.


(Shahzad Ansar)
Member


(Ikram Ul Haque Qureshi)
Member



in APRIL 2016