



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

EX-POST FACTO FIRST PHASE REVIEW

IN THE MATTER OF ACQUISITION OF CERTAIN ASSETS OF M/S. KAMALIA
SUGAR MILLS LIMITED BY M/S. TWO STAR INDUSTRIES (PRIVATE) LIMITED.

CASE: 1150/Merger-CCP/21

Date of Hearing

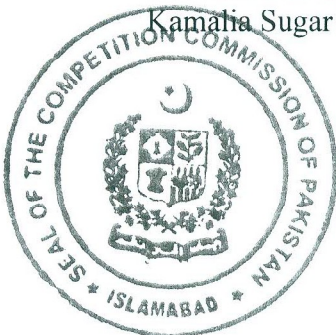
August 08, 2021

Commission

Ms. Shaista Bano
Member

Ms. Bushra Naz
Member

On behalf of
Two Star Industries (Private) Limited
Kamalia Sugar Mills Limited



Salman Zaheer
Advocate High Court

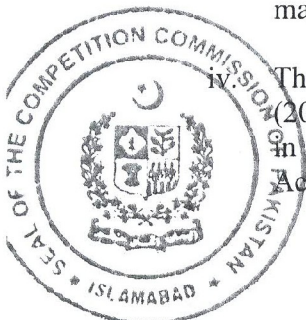
Ahmed Subhani
CFO

Mian Shahzad
Taxation Manager

ORDER

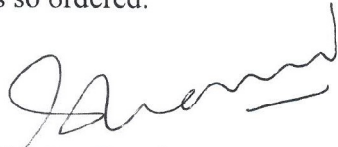
1. On 5th July 2021, the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of an acquisition of assets pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**"), whereby, M/s. Two Star Industries (Private) Limited ("**TSIL**" or "**Acquirer**") had acquired certain assets of M/s. Kamalia Sugar Mills Limited ("**KSML**" or "**Target**") in accordance with Assets Sale Agreement ("**Agreement**").
2. A transaction was detected upon reply of a Show Cause notice no. 83/2020, dated November 04, 2020 of the Commission, where, KSML submitted that, it is not operational since merging with and into TSIL. Therefore, a letter from Mergers and Acquisitions department of the Commission, dated February 15, 2021, was dispatched, asking TSIL for the submission of annual reports at the time of merger. In order to assess the thresholds for the transaction with Merger Regulations of the merging parties (i.e TSIL AND KSML). However, the merger parties submitted the Application on July 05, 2021.
3. Furthermore, upon investigation it was revealed that, the Merger Parties have consummated the merger on November 16, 2016. Whereby, action was taken against the Applicants under Section 11 (12) of the Act. Subsequently, a Hearing Notice was issued on June 08, 2021 having F. No: 1150/MERGER-CCP/2021 to the Applicant, for the, *prima facie*, violation of sub-section (1) to (4) of Section 11 of the Act read with Regulation 4 of the Merger Regulations. Two Member bench was formulated to conduct the hearing on August 04, 2021. During hearing, bench directed the Parties to submit certain information along with an undertaking regarding error, apology and future compliance.
4. The Commission has examined the Application as well as all the documents attached therewith, the market scenario, and made its observations on the basis of an independent research/investigation in the relevant markets. The Phase I competition assessment of the intended transaction has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For Acquirer: Manufacturing, sale and ancillary functions related to Sugar and its allied products.
 - b. For Target: Manufacturing, sale and ancillary functions related to Sugar and its allied products.
 - ii. Pursuant to the Agreement, the Acquirer acquired certain movable and immovable assets (the entire facility situated in district Toba Tek Singh including building, infrastructure, plant and machinery as well as land measuring upto and PKR). The amount paid for the aforementioned acquisition of assets was PKR /-
 - iii. The relevant product market in this case have been identified as "**Manufacturing, Sale and distribution of sugar and its allied products**" and the relevant geographic market is "**Pakistan**".

The Target has not been operational in the relevant market since the transfer of assets (2016) to the Acquirer. However, post-transaction, the Acquirer has gained presence in the Relevant Market and market share of the Target has been transferred to the Acquirer which is estimated to be %.

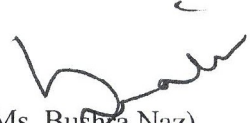


5. The intended acquisition of assets does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Act. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.

6. It is so ordered.



(Ms. Shaista Bano)
Member



(Ms. Bushra Naz)
Member



Islamabad the August 23rd, 2021.