



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

**ACQUISITION OF _____ SHAREHOLDING OF M/S UNITED
REFRIGERATION INDUSTRIES LIMITED BY M/S ARDUTCH B.V.**

CASE: 827/Merger-CCP/16

Commission

Ms. Vadiyya S. Khalil
Chairperson

Mr. Mueen Batlay
Member



ORDER

I Background

- 1 On 20th July 2016 Mr. Bashir Dawood and Ms. Maryam Dawood (collectively referred to as the "Sellers") through their authorized representative submitted a pre-merger application (the "Application"), notifying and seeking the approval of the Competition Commission of Pakistan (the "Commission") for the acquisition of [redacted] of paid up and issued share capital of United Refrigeration Industries Limited ("URIL" or "Target") by Ardutch B.V ("Ardutch" or "Acquirer"). The Application was submitted along with the necessary information and applicable processing fee in accordance with the provisions of the Competition Act, 2010 (the "Act") and the Competition (Merger Control) Regulations, 2007 (the "Merger Regulations"). The Commission's review of the proposed transaction is as under:

II Merger Parties

Acquirer

- 2 Ardutch was incorporated in Netherlands and acts as an investment holding company for its parent the Arçelik Group also based in Netherlands. Ardutch is engaged in acquiring and disposing of participants or other interests of the international subsidiaries of the Arçelik Group. Ardutch does not have any operational activity and its income is mostly dividends from subsidiaries. Total assets of Ardutch as on 31st December 2015 amounted to Euro [redacted] (approximately PKR [redacted]) while its reported income was Euro [redacted] (approximately PKR [redacted]); for the above mentioned period.

Target

- 3 URIL was founded in 1980 and is headquartered in Karachi, Pakistan. The company manufactures and sells home appliances. The company's products include refrigerators and freezers. It also provides after sales services; and supplies parts and accessories. In addition, the company offers consumer finance and installment sales services. It serves customers through a network of branches, shops, franchises, and dealers in Pakistan. URIL is currently owned by Mr. Bashir Dawood, Ms. Maryam Dawood and Mr. Asim Rais with shareholding of [redacted] and [redacted], respectively. Total assets of URIL as on 31st December 2015 stand at PKR [redacted] while its reported turnover for the above mentioned period is PKR [redacted].

III Transaction

- 4 The proposed transaction entails the acquisition by the Acquirer of [redacted] shareholding in URIL from Mr. Bashir Dawood and Ms. Maryam Dawood. The value of the transaction is deemed to be US [redacted] (approximately to PKR [redacted]).

- 5 As per the Share Purchase Agreement, the shares owned by Mr. Asim Rais are not defined as Sale Shares but the Sellers shall cause Mr. Asim Rais to transfer his shares to the Acquirer at the closing.



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- 6 The transaction meets the notification thresholds as prescribed in Regulation 4(2)(a), (b), (c) & (d) of the Merger Regulations, with the combined assets of the parties being more than PKR 1 Billion and combined turnover being more than PKR 1 Billion. The transaction value also exceeds PKR 100 million and the percentage of voting shares to be acquired exceeds 10% of the total shareholding of the Target.

IV Relevant Market:

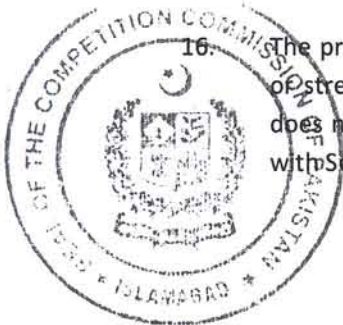
7. The Target is involved in the manufacturing of household appliances, mainly Refrigerators and Freezers/Deep Freezers. These products are all differentiated with distinct uses by the consumers.
8. In light of the above, the Commission has considered the relevant product markets to be of "Refrigerators" and "Freezers/Deep Freezers" which are in line with Section 2(1)(k) of the Act.
9. Since, DPL's products are distributed nationally, the Commission has therefore deemed the relevant geographic market to be all of Pakistan.

V Findings of the Phase I investigation on the competition assessment

The competition assessment in Phase I have resulted in the following finding:

10. The proposed transaction would result in acquisition of _____ shareholding of URIL by Ardutch. Post-transaction, the Acquirer will achieve at least _____ of the issued and paid-up share capital of URIL, hence controlling interest in the entity.
11. The proposed transaction is for the purposes of potential investment, expansion of products and entry into the Pakistani market.
12. The relevant product markets have numerous competitors with URIL having a share of _____ in Refrigerators market and slightly lower in Deep Freezers market of only _____.
13. Currently the Acquirer has no presence in the relevant product market in Pakistan, however Arçelik A.Ş. made limited indirect sales of OEM refrigerators in Pakistan valued at US \$ _____ (equivalent to PKR _____). In value terms, this measures up to _____ market share and these refrigerators were not supplied under Arçelik A.Ş. own brand name, instead were re-branded and sold under another company's brand name.
14. Post-transaction, there will be no change in the market dynamics of the relevant market in Pakistan as the competition will not be affected by the intended acquisition.
15. Under paragraph 10 of the Application, the Merging Parties have informed the Commission of ancillary restrictions in the Agreement. In view of the foregoing, the merging parties are hereby directed to submit a separate application to the Commission for grant of exemption.

16. The proposed transaction relates to an acquisition and is not likely to result in the creation or strengthening of a dominant position in the relevant market. The intended Acquisition does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Act.



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VI Conclusion

17. In conclusion, there is no evidence that suggests a substantial lessening of competition by the creation or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31(1) (d) (i) of the Act.
18. It is so ordered.

Vadiyya S. Khalil
(Vadiyya S. Khalil)
Chairperson

Mueen Batlay
(Mueen Batlay)
Member



Islamabad the 22nd Sept 2016.