



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF
FIRST PHASE REVIEW

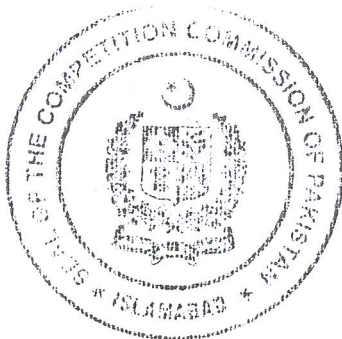
ACQUISITION OF ~~100~~ SHARES (~~100~~ %) OF SINDH
ENGRO COAL MINING COMPANY LIMITED BY CMEC THAR
MINING INVESTMENT LIMITED.

CASE: 767/Merger-CCP/15

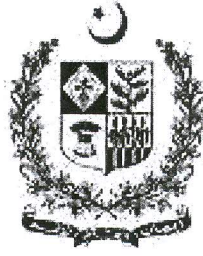
Commission

Ms. Vadiyya Khalil
Chairperson

Mr. Mueen Batlay
Member



Mr. Ikram Ul Haque Qureshi
Member



ORDER

I Background

On 7th December 2015, the acquirer CMEC Thar Mining Investments Limited (“CMEC” or “Acquirer”) submitted a pre-merger application (the “application”) to the Commission, notifying the acquisition of [redacted] shares of Sindh Engro Coal Mining Company Limited (“Target”) which was formed by a joint venture agreement between the Government of Sindh and Engro Powergen Limited and Engro Corporation Limited, along with the necessary information. The case is examined as under:

II Merger Parties

Acquirer

2. CMEC Thar Mining Investments Limited (“CMEC”) is a company newly incorporated on 29th November 2015 in Dubai. CMEC is an investment company, seeking out investment opportunities in the mining sector in Pakistan.
3. CMEC was incorporated on 29 November 2015, therefore, it has no turnover at present.

Target

4. Target is an SPV for developing Pakistan’s first large scale Open Cast Mine in Tharpakar District. There is no turnover at present as the project is still under development.
5. The Target had total assets valuing [redacted]. However, being inoperative unit, its turnover was ‘nil’.

III Transaction

6. The proposed transaction involves acquisition of [redacted] shares of the Target by CMEC. The proposed transaction is estimated at PKR [redacted] (USD [redacted]). At present the Acquirer has no shareholding in the Target; however, after the proposed transaction the total shareholding of the Acquirer in the Target will be [redacted] %.
7. The transaction meets the notification thresholds prescribed in Regulation 4(2)(a) & (c) of the Competition (Merger Control) Regulations 2007 by having their combined assets more than 1 billion rupees and the transaction value exceeds PKR 100 million.

IV Relevant Market:

8. The relevant market in this case is the coal mining in the country. Both the merger parties as well as their group companies are at present in doing any such business in the relevant market, thus pre-merger and post-merger having ‘Nil’ market share.



V Findings of the Phase I investigation on the competition assessment

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

- The proposed transaction involves acquisition of ~~100~~ shares of the Target by the Acquirer. After the proposed transaction the total shareholding of the acquirer in the target will be ~~100~~ %.
- Both the merger parties have no market share in the relevant market. Therefore, the transaction will not result in creation or strengthening of dominant position. The merger does not meet the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Competition Act 2010 (the "Act").

VI Conclusion

11. In conclusion, there is no evidence that suggests a substantial lessening of competition by creating 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.



(Mueen Batlay)
Member



(Ikram Ul Haque Qureshi)
Member



(Vadiyya Khalil)
Chairperson



Islamabad 31st December, 2015