

**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

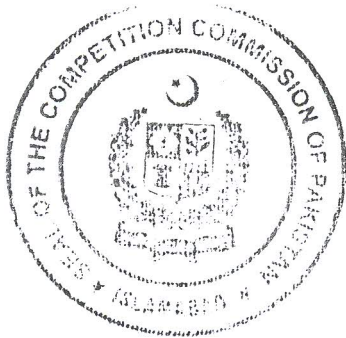
FIRST PHASE REVIEW

**MERGER OF ASTRO PLASTIC PRIVATE LIMITED WITH AND INTO
ISMAIL INDUSTRIES LIMITED**

CASE: 800/MERGER-CCP/16

Commission

Mr. Shahzad Ansar
Member



Mr. Ikram Ul Haque Qureshi
Member

ORDER

I Background

- 1 On 30 March 2016, the Competition Commission of Pakistan (the "Commission") received a pre-merger application (the "Application") dated 28 March 2016 pursuant to Section 11 of the Competition Act 2010 (the "Act") and Regulation 5 of the Competition (Merger Control) Regulations 2007 (the "Merger Regulations") for the merger and amalgamation of Astro Plastics (Private) Limited (the Target or "APL") with and into Ismail Industries Limited (the Acquirer or "IIL"). The Commission review of the intended merger is as under:

II Merger Parties

Acquirer

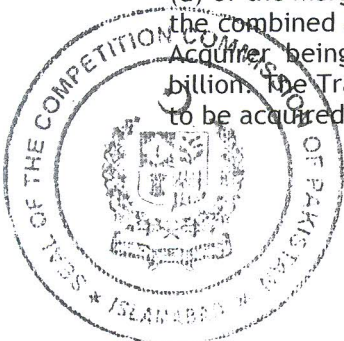
- 2 IIL, a public limited company, incorporated in Karachi on 21 June 1998 under the laws of Pakistan, is listed on the Pakistan Stock Exchange. The principal business activities of the Acquirer include the manufacturing and trading of confectionery items, biscuits, potato chips and Cast Polypropylene (CPP) packaging films under the brand names of 'CandyLand', 'Bisconni', 'Snack City' and 'Astrofilms' respectively. The total turnover of IIL for the preceding year ending on 30 June 2014 was PKR _____ and value of its total assets was PKR _____ for the same period.

Target

- 3 APL, a private limited company was incorporated in Karachi on 29 July 2010 under the laws of Pakistan. The Target is engaged in the business of flexible Biaxially-oriented Polyethylene Terephthalate (BOPET) films and CPP packaging under the brand name of 'Astrofilms'. The turnover of APL for the preceding year ending on 30 June 2015 was PKR _____ and value of its total assets remained PKR _____ for the same period.

III Transaction

- 4 Under the scheme of Arrangement, the intended transaction involves the merger and amalgamation of APL with and into IIL. In consideration of the transfer to and vesting in IIL of the undertakings, businesses, assets and liabilities of APL, IIL shall issue at par and allot _____ Ordinary shares of Rs _____ each to the registered shareholders of APL. APL will stand dissolved and IIL will be the surviving undertaking (the "Transaction").
- 5 The Transaction meets the notification thresholds prescribed in Regulation 4(2)(a), (b), (c) & (d) of the Merger Regulations, with the Acquirer's assets valuing more than PKR 300 million and the combined assets of the merging entities being more than PKR 1 billion; the turnover of the Acquirer being more than PKR 500 million and combined turnover being more than PKR 1 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:

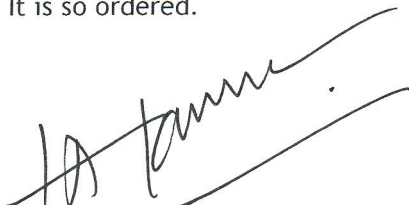
- 6 The relevant market in this case is the packaging film production sector mainly including BOPET and CPP films.
- 7 The relevant geographic market is Pakistan.

V Findings of the Phase I investigation on the competition assessment

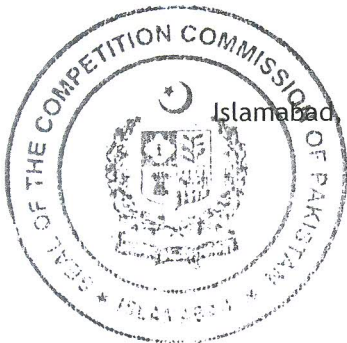
- 9 The competition assessment in Phase I has resulted in the following findings:
- a. IIL is principally engaged in the manufacturing and trading of sugar confectionery items, biscuits, potato chips, and CPP films. CCP films are used for packaging candies and potato chips, among other things, while APL is principally engaged in the business of flexible BOPET, CPP packaging and allied plastic packaging films for a variety of commodities. IIL and APL are under the common joint control of nine individual shareholders. The market share of IIL for CCP is approximately while that of APL for BOPET is approximately
- b. Both merging parties are under common control and the merged entity's market share will remain unaffected, post-merger/amalgamation. The intended Transaction does not meet the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Act.

VI Conclusion

- 10 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 intended merger/amalgamation is hereby authorized under Section 31(1)(d)(i) of the Act.
- 11 It is so ordered.


(Shahzad Ansar)
Member


(Ikram Ul Haque Qureshi)
Member



Islamabad, the 29th April, 2016.