



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

**INCREASE IN SHAREHOLDING OF MR. ISPHANYAR M. BHANDARA,
MRS. JASMIN BHANDARA AND M/S D.P EDULJI & CO PRIVATE
LIMITED TO ABOVE IN M/S MURREE BREWERY COMPANY
LIMITED**

CASE: 830/Merger-CCP/16

Commission

Ms. Vadiyya S. Khalil
Chairperson



Mr. Mueen Batlay
Member

ORDER

I Background

1. On 22nd August 2016, Mr. Isphanyar M. Bhandara ("IB"), Mrs. Jasmin Bhandara ("JB") and M/s D.P Edulji & Co Private Limited ("DPEC") (collectively referred to as the "Acquirers") 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 _____ of issued share capital of M/s Murree Brewery Company Limited ("MBCL" or the "Target"). 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

Acquirers

2. DPEC was incorporated in 14th June 1946 and currently registered under the Companies Ordinance, 1984 with SECP. It acts as a holding company for the Bhandara family having its principle asset shares of MBCL.
3. Both IB and JB are individual investors, while IB is the Chief Executive Officer ("CEO") and an elected director of MBCL, and also the CEO of DPEC. The Acquirers are part of the Target's equity being substantial shareholders.
4. Total assets of DPEC as on June 30, 2015 amounted to PKR _____ its reported revenue was PKR _____ for the above mentioned period.

Target

5. MBCL was established in 1861 is the maker of Pakistan's only beer brand, Murree Beer. However, over the period of many years, the company then entered the non-alcoholic beverages segment. The company has two manufacturing units located in Rawalpindi, Punjab and Hattar, Khyber Pakhtunkhwa. MBCL is one of the oldest public companies of the South Asia and the oldest continuing industrial enterprise of Pakistan. It's among the top 25 performing public companies by the Pakistan Stock Exchange (PSX: MUREB).
6. The company is principally engaged in the manufacturing of Pakistan Made foreign Liquor, Alcoholic Beer, Non-Alcoholic Beer, Non-Alcoholic products which include juices in tetra packs in Rawalpindi and food products, juices, mineral water, glass bottles and Jars in Hattar. The product distribution of the company comprises of three divisions namely Liquor Division, Tops Division and Glass Division to carry out principle activities of the business.

7. Total assets of MBCL as on June 30, 2015 stand at PKR _____ while its reported turnover for the above mentioned period is PKR _____



III Transaction

8. The proposed transaction entails the acquisition by the Acquirers of (estimated shares) of the issued share capital of MBCL from the publicly traded stock. The value of the transaction is estimated to be in excess of PKR as per closing share price of PKR on September 2, 2016.
9. 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:

10. MBCL is involved in the manufacturing of alcoholic beverages, a sector occupied by a very small number of players, namely Mehran Distillery & Brewery Private Limited and Quetta Distillery Limited.
11. MBCL is also involved in the manufacturing and distribution of processed food & beverages consisting of juices, mineral water, concentrated squash drinks, malt drinks, tomato ketchups, jams and vinegar.
12. MBCL has a glass manufacturing division based in Hattar, KPK. This division is solely supplying glass products, glass bottles and jars of different sizes and design, to its sister divisions manufacturing liquor and non-alcoholic beverages.
13. In light of the above, the Commission has in this case identified three separate relevant markets as "Liquor", "Food & Beverage" and "Glass" markets with numerous players operating in Pakistan.
14. Since, MBCL's products are distributed countrywide, 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:

15. The proposed transaction would result in acquisition of shareholding of MBCL by the Acquirers, hence, they will collectively achieve over shareholding of the issued and paid-up share capital of MBCL (and hence effective controlling interest).
16. The principle reason for the acquisition is for the Acquirers representing the current majority shareholders of the Bhandara family and having management control of MBCL, to increase their shareholding in the company to above of the Voting shares
17. The relevant markets have a number of participants with varying market shares in different product segments. MCBL's market share is in Liquor market, share in Glass product market and share in Food & Beverages market.
18. Post transaction, there will be no change in the market dynamics of the relevant markets in Pakistan as the competition will not be affected by the intended acquisition.



19. 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.

VI Conclusion

20. 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.
21. It is so ordered.

Vadiya S. Khalil

(Vadiyya S. Khalil)
Chairperson

Mueen Batlay

(Mueen Batlay)
Member



Islamabad the 22nd Sept 2016.