



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF DEMERGER OF INVESTMENT SEGMENT OF
M/S. INTERLOOP LIMITED AND TRANSFER TO M/S. INTERLOOP HOLDINGS
(PRIVATE) LIMITED

CASE: 967/Merger-CCP/18

Commission

Ms. Vadiyya S. Khalil
Chairperson

Dr. Shahzad Ansar
Member



ORDER

1. On 15th May 2018 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed demerger pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") in which the investment segment of M/s. Interloop Limited ("**Merger Party 1**" or "**Applicant**") will be carved out and transferred to M/s. Interloop Holdings (Private) Limited ("**Merger Party 2**") according to a Scheme of Arrangement. All the requisite information pertaining to the application was completed by the applicant on 14th December, 2018.
2. The Commission has examined the Application as well as all the documents attached therewith, the market scenario, and its observations on the basis of independent research/investigation in the relevant market. The Phase I competition assessment of the intended acquisition has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For Merger Party 1: Core business includes being a manufacturer of hosiery and yarn.
 - b. For Merger Party 2: Newly incorporated investment holding.
 - ii. The proposed transaction entails the bifurcation of only the Investment Segment from Merger Party 1 and vesting the same in Merger Party 2 according to Scheme of Arrangement. The Investment Segment also includes transfer of M/s. Interloop Dairies Limited ("**IDL**") and M/s. Metis International (Private) Limited ("**MIPL**"). In light of this, the relevant product markets in this case are therefore defined as "**Dairy Products - Milk**" and "**IT & Hardware Solutions**" while the geographic market is "**Pakistan**".
 - iii. Currently Merger Party 1 owns _____ shareholding in IDL while only _____ in MIPL. IDL has a market share of _____ based on milk produced in the country in 2017, while MIPL has a market share of merely _____ based on figures of Information and Communications Technologies revenue of local industry in Pakistan.
 - iv. The transaction is not likely to result in the creation or strengthening of a dominant position in the relevant market. The intended demerger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act 2010 ("**Act**").
3. In conclusion, the proposed transaction is not likely to substantially lessen competition through 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.
4. It is so ordered.

Vadiyya S. Khalil

(Vadiyya S. Khalil)
Chairperson

Islamabad the 19th December, 2018.

Dr. Shahzad Ansar

(Dr. Shahzad Ansar)
Member

