



**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**FIRST PHASE REVIEW**

**IN THE MATTER OF ACQUISITION OF CERTAIN ASSETS BY M/S. SULTAN  
SPINNING INDUSTRIES (PRIVATE) LIMITED FROM M/S. CRESCENT COTTON  
MILLS LIMITED.**

**CASE: 1488/Merger-CCP/2024**



A handwritten signature in black ink, appearing to read "Kabir".

**Dr. Kabir Ahmed Sidhu  
Chairman**

## ORDER

1. On 1<sup>st</sup> October 2024 the Competition Commission of Pakistan (the “**Commission**”) received a pre-merger application (the “**Application**”) from Sultan Spinning Industries (Private) Limited (the “**Acquirer**”).
2. The Application was made pursuant to Section 11 of the Competition Act, 2010 (the “**Act**”) read in conjunction with Regulation 6 of the Competition (Merger Control) Regulations, 2016 (the “**Merger Regulations**”).

### Merger Parties

#### *Acquirer:*

3. Sultan Spinning Industries (Private) Limited (**SSIL**) is a private limited company, incorporated under the laws of Pakistan. Presently, SSIL has not commenced its operations, however, once operational it intends to engage in the manufacturing and sale of yarn.

#### *Seller:*

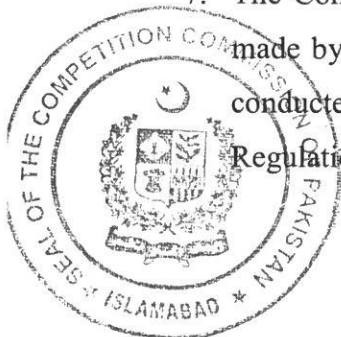
4. Crescent Cotton Mills Limited (**CCML**) is a publicly listed company, incorporated under the laws of Pakistan and is engaged in the manufacturing and sale of yarn.

### Transaction

5. The proposed transaction entails the acquisition of certain assets including land, equipment and machinery from the Seller pursuant to the Assets Sale and Purchase Agreement dated 1<sup>st</sup> October, 2024 (the “**Agreement**”).
6. As per the Agreement, the Acquirer will acquire CCML’s assets, including land, buildings, plant, and machinery, from the Seller. The total consideration for the transaction amounts to PKR (the “**Transaction**”).

### Procedural Review

7. The Commission reviewed the Application, supporting documentation, and submissions made by the parties to the proposed transaction. A Phase I competition assessment was conducted to evaluate the proposed Transaction’s compliance with the Act and Merger Regulations and its impact on the competitive structure of the relevant market below.



## Phase I Competition Assessment

### *Relevant Market:*

8. The relevant product market in this case is identified as “Yarn.” However, based on industry dynamics, this market may be further segmented into types such as cotton yarn, synthetic yarn, and blended yarn. This segmentation reflects differences in production processes, consumer preferences, and price points.
9. The relevant geographic market is defined as “Pakistan,” considering factors such as local production hubs, regulatory frameworks, transportation costs, and import/export constraints.

### *Market Share:*

10. Based on the information provided, the Seller’s estimated market share in the relevant market is 6%. The Seller stated that the subject assets contribute approximately PKR [redacted] to its total sales.

### *Impact on Market and Consumers:*

11. The Seller’s market share, currently estimated at [redacted]%, is expected to decrease post-transaction as the relevant assets will no longer contribute to its operations. The Acquirer’s market entry is anticipated to enhance competition by introducing a new participant in the yarn industry, potentially fostering competitive pricing and innovation.
12. Consumers are unlikely to experience adverse effects, as the transaction does not result in market dominance or reduce the number of competitors. Instead, the Acquirer’s entry may increase product availability, choices and encourage competitive pricing.
13. The transaction does not appear to create additional barriers to entry for new competitors, as it involves the transfer of existing assets rather than the consolidation of market power.

### **Determination**

14. The Commission concludes that the proposed transaction does not create or strengthen a dominant position in the relevant market, as defined under Section 2(1)(e) read with Section



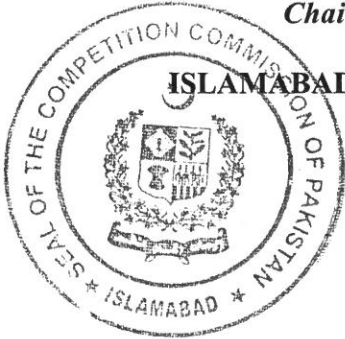
11 of the Act and the Merger Regulations. The proposed transaction is hereby authorized under Section 31(1)(d)(i) of the Act.

15. Notwithstanding the above, matters which may fall outside the scope of the Commission's purview, remain subject to applicable laws, judicial orders and the oversight of relevant regulatory bodies.

16. It is so ordered.



(Dr. Kabir Ahmed Sidhu)  
**Chairman**



ISLAMABAD the January 15, 2025.