



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

**ACQUISITION BY M/S. ARDUTCH B.V. OF SHARES IN
M/S. PAN ASIA PRIVATE EQUITY LIMITED FROM M/S.
REGULA LIMITED**

CASE: 823/Merger-CCP/2016

Commission

Ms. Vadiyya Khalil
Chairperson

Mr. Mueen Batlay
Member



ORDER

I. Background

1. The Competition Commission of Pakistan ("Commission") is in receipt of a pre-merger application ("Application") dated 20th July, 2016 (received by the Commission on 25th July, 2016) sent by M/s. Regula Limited ("Regula" or "Seller") notifying the Commission of the acquisition of _____ shares of M/s. Pan Asia Private Equity Limited ("Pan Asia" or "Target") by M/s. Ardutch B.V. ("Ardutch" or "Acquirer") pursuant to a Share Purchase Agreement ("Agreement").

II. Parties

Acquirer:

2. Ardutch was incorporated in Netherlands and acts as an investment holding company for its parent the Arçelik Group ("Arçelik"), also based in Netherlands. Ardutch is engaged in acquiring and disposing of participants or other interests of the international subsidiaries of the Arçelik Group. Its total income for the financial year ending December 31st 2015 was EUR _____ (approximately PKR _____) whereas its total assets stood at EUR _____ (approximately PKR _____).

Seller:

3. Regula Limited is a holding company incorporated in the British Virgin Islands. It operates globally in the Private Equity sector, and derives its income from dividends from its investments. Regula's portfolio has a value of USD _____ (approximately PKR _____) and its net earnings for the financial year ending 31st December, 2015 was USD _____ (approximately PKR _____).

Target:

4. Pan Asia is an investment company based in the British Virgin Islands. It holds _____ shares in M/s. Del ("Del"), a private limited company incorporated in Pakistan and engaged in the business of distribution, promotion and marketing of home electric appliances manufactured by M/s. Dawlance, a private company incorporated in Pakistan.



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5. Its earnings for the financial year ended December 31st 2015 were USD (approximately PKR) whereas its assets stood at USD (approximately PKR) for the same period.

III. Transaction

6. As per the Application, the Ardutch intends to acquire -shares in Pan Asia from Regula. As a result of the transaction, the Target will become a subsidiary of the Acquirer.
7. The value of the transaction is USD (approximately PKR)
8. The transaction meets the thresholds prescribed in Regulation 4 (2) (a), (b), (c) and (d) of the Merger Regulations as the value of gross assets of the Acquirer is greater than PKR 300 million, and the combined assets of the Acquirer and Target are greater than PKR 1 billion. The annual turnover of the Acquirer is greater than PKR 500 million and the combined turnover of the Acquirer and Target is greater than PKR 1 billion. The transaction relates to the acquisition of shares or assets of more than PKR 100 million, while the percentage of shares to be acquired is greater than 10%.

IV. The Relevant Market

9. The relevant product markets in this case have been identified as that of the distribution of "Refrigerators", "Split air conditioners", "Microwave ovens" and "Washing machines".
10. As the Target's subsidiary Del has a distribution network that distributes, promotes and markets the relevant products across Pakistan, the Commission has therefore deemed the relevant geographic market to be national in scope, as the conditions of competition are sufficiently homogenous throughout Pakistan.
11. While the Acquirer does not have a direct presence in Pakistan, its parent company Arçelik does have indirect sales in Pakistan. It has sales of industrial type engine components within Pakistan. In industrial type engine components, its market share is estimated to be only . This does not represent a significant competition concern, as industrial type engine components do not form a part of the relevant product market.


12. The Target holds shares in Del, which is engaged in the distribution, promotion and marketing of home electric appliances manufactured by M/s. Dawlance. Del's market shares in the relevant product markets are as follows: Refrigerators: Split air conditioners: Microwave ovens: Washing machines:

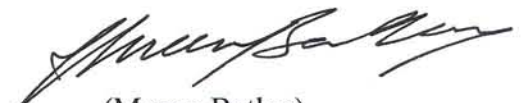


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V. Findings of the Phase 1 investigation on competition assessment

13. Ardutch was incorporated in Netherlands and acts as an investment holding company for its parent, the Arçelik Group, also based in Netherlands. Ardutch is engaged in acquiring and disposing of participants or other interests of the international subsidiaries of the Arçelik Group. Regula Limited is a holding company incorporated in the British Virgin Islands. It operates globally in the Private Equity sector. Pan Asia is an investment company based in the British Virgin Islands, and holds _____ shares in Del, which is engaged in the distribution, promotion and marketing of home electric appliances manufactured by M/s. Dawlance. Del's market share in the relevant product markets are as follows: Refrigerators: _____ Split air conditioners: _____ Microwave ovens: _____ Washing machines: _____ *Neither the Acquirer nor its parent company Arçelik have any presence in the relevant product market. Post merger, the market share of the Target will remain unchanged.
14. The transaction does not meet the presumption of dominance as determined under Section 2 (1) (e) read with Section 3 of the Competition Act, 2010.
15. In conclusion, there is no evidence that suggests a substantial lessening of competition by the creation or strengthening of dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
16. It is so ordered.


(Vadiyya Khalil)
Chairperson


(Mueen Batlay)
Member



30th Sept 2016