



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF DEMERGER OF CERTAIN ASSETS OF M/S. BHANERO
ENERGY LIMITED AND MERGER OF THE SAME WITH AND INTO
M/S. BHANERO TEXTILE MILLS LIMITED.

CASE: 1295/Merger-CCP/22

Commission

Ms. Rahat Kaunain Hassan
Chairperson



Ms. Mujtaba Ahmad Lodhi
Member

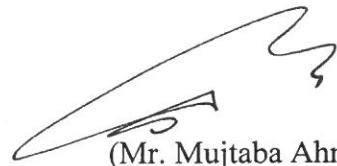
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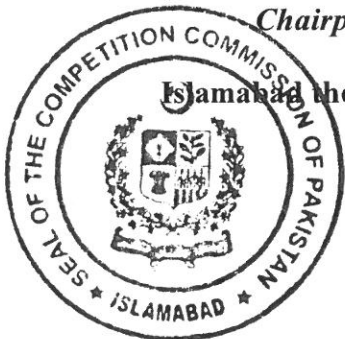
1. On May 23, 2022 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed merger pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") from M/s. Bhanero Textile Mills Limited ("**Merger Party 1**") and M/s. Bhanero Energy Limited ("**Merger Party 2**") whereby certain assets will be demerged from Merger Party 2 and merged into Merger Party 1 pursuant to a Scheme of Arrangement.
2. The Commission has examined the Application as well as all the documents attached therewith, the information provided by the undertakings concerned and the market. The Phase I competition assessment of the intended transaction has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For Merger Party 1: Manufacture of textile products.
 - b. For Merger Party 2: Generation and provision of electricity to associated undertakings.
 - ii. The proposed transaction involves demerger of BEL-Kotri Unit 1 from Merger Party 2 and be merged with and into Merger Party 1. This transaction is taking place in Pakistan. The transaction value is deemed at PKR 1,000,000,000/- being the value of the power unit being transferred. As a result of this arrangement, Merger Party 1 will issue ordinary shares to the shareholders of Merger Party 2 as consideration, which reflect to 100% shareholding of Merger Party 1.
 - iii. The relevant product market in this case is identified as "**Private – Power Generation**" while the relevant geographic market is "**Kotri, Sindh**". The power unit is a private set up and does not provide electricity to other entities, therefore, market shares cannot be ascertained.
3. In conclusion, the intended transaction, does not meet the presumption of dominance as determined under Section 2 (1) (e) read with Section 3 of the Act. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
4. It is so ordered.


(Ms. Rahat Kaunain Hassan)

Chairperson


(Mr. Mujtaba Ahmad Lodhi)

Member



Islamabad the JUNE 17th, 2022.