



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

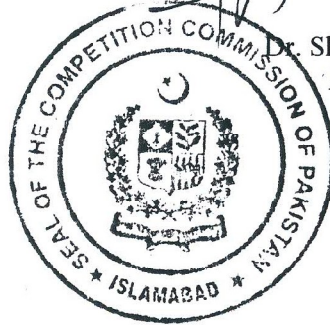
IN THE MATTER OF ACQUISITION OF UPTO % SHAREHOLDING OF M/S. FEROZE1888
MILLS LIMITED BY M/S. LIBERTY MILLS LIMITED.

CASE: 1078/Merger-CCP/20

Commission

Ms. Vadiyya S. Khalil
Chairperson

Dr. Shahzad Ansar
Member



ORDER

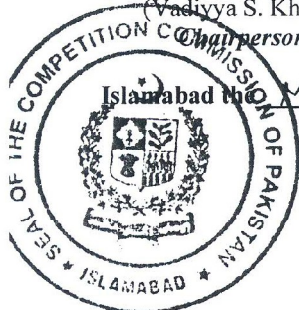
1. On 17th February 2020 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed acquisition pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") through which M/s. Liberty Mills Limited ("**Acquirer**" or "**Applicant**") intends to acquire upto 1 % shareholding in M/s. Feroze1888 Mills Limited ("**Target**") by way of share purchase from one or more shareholders from time to time, on the Pakistan Stock Exchange.
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 the Acquirer: Manufacturing and processing of textiles.
 - b. For the Target: Manufacturing and exporting towels and terry products.
 - ii. The proposed transaction is an acquisition of upto % shareholding in the Target by the Acquirer. Currently, the Target is engaged in the relevant product market of "**Manufacturing and sale of towels and terry products**" having a geographic market identified as of "**Pakistan**".
 - iii. Presently, the Acquirer already holds 36,596,600 shares (% of the total issued shares) of the Target. The Acquirer intends to acquire additional 3 ordinary shares (% stake) of the Target from one or more shareholders from time to time, on the Pakistan Stock Exchange
 - iv. Since there is no agreement signed between the parties, the transaction value is not provided as the shares are to be purchased at market price from time to time (for spot transactions). However, considering the face value of the shares being PKR and the number of shares being acquired, the transaction value can be deemed to be at a minimum of PKR .
 - v. As the Target is mainly involved in the export of its products, in terms of exports, its market share can be estimated at % . The common products manufactured by them are robes and washcloths, which form a negligible part of their respective business. Post-transaction, the market share of the Target will remain unchanged.
 - vi. The transaction is not likely to result in the creation or strengthening of a dominant position in the relevant market. The intended merger 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

Dr. Shahzad Ansari

(Dr. Shahzad Ansari)
Member



MARCH 9, 2020.