



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

IN THE MATTER OF

FIRST PHASE REVIEW

**ACQUISITION OF % SHARES OF POWER
CEMENT LIMITED BY ARIF HABIB EQUITY
(PRIVATE) LIMITED.
CASE: 918/Merger-CCP/17**

Commission

Ms. Vadiyya Khalil
Chairperson

Dr. Muhammad Saleem
Member



ORDER

I Background

- 1 On 19th October, 2017, **Arif Habib Equity Private Limited (“AEHPL”)** (or the “**Applicant**”) submitted a pre-merger application (the “**Application**”) to the Competition Commission of Pakistan (the “**Commission**”), for the acquisition of % shares of **Power Cement Limited (“Power Cement”)** (the “**Target**”) by AEHPL (the “**Acquirer**”) , along with the necessary information and processing fee applicable under Regulation 5(6) of the Competition (Merger Control) Regulations, 2016 (the “**Regulations**”).

The case is examined as under:

II Merger Parties

Acquirer

- 2 AHEPL was incorporated in Pakistan as a private limited company in 2004. The principal activity of the Acquirer is to act as a holding company by way of acquiring interest in group and non-group companies and to acquire and hold shares, modarba certificates, musharka certificates, term finance certificates, bonds, obligations and securities of its subsidiaries, companies or corporate bodies whether in Pakistan or elsewhere and to invest in industrial and commercial ventures. The Acquirer is part of Arif Habib Group.
- 3 The value of total assets of the Acquirer as on 30th June 2016 were PKR million its turnover for the above mentioned period remained nil.

Target

- 4 Power Cement was established as a private limited company in 1981 and was converted into public limited company in 1984. The principal activity of the company is manufacturing, selling and marketing of cement. The undertaking is situated in District Jamshoro (Sindh).
- 5 The value of total assets of Power Cement as on 30th June 2017 were PKR million while its turnover for 2017 remained at PKR

III Transaction

- 6 The transaction was consummated pursuant to the Scheme of Arrangement dated 4th April 2016. AHEPL acquired 21.67% shares of Power Cement. The consideration for the acquisition was paid through proceeds of “Demerged assets” of International Complex Project Limited.¹ The total

¹ The Commission’s Order dated 17th October, 2017 in the matter of “Merger of demerged assets of International Complex Project Limited valuing PKR 6.539 billion with and into Arif Habib Equity (Private) Limited” directed the merger parties to file three separate pre-merger applications for the acquisition of shares of Javedan Corporation Limited, Power Cement Limited and Fatima Fertilizer Company Limited by AHEPL.



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shares collectively held by the Arif Habib group in Power Cement are . The transaction value of the consummated transaction is PKR million.

- 7 The transaction meets the notification thresholds prescribed in Regulation 4(2) (a) (b) (c) & (d) of the Merger Regulations, by having undertakings assets valuing more than PKR 300 million and combined assets being more than PKR 1 billion and turnover of undertaking being more than PKR 500 million. The transaction value also exceeds PKR 100 million and percentage of shares to be acquired exceeds 10% of the total shareholding of the Target.

IV Relevant Market:

- 8 The relevant product market in this case is “manufacturing and sale of cement” which is the market for the Target. The Acquirer or any of its group companies is not a participant of the relevant market. Target has a market share of in the relevant product market on the basis of sales and on the basis of installed capacity.
- 9 The Target is located in the southern region and its sales are also present in the same area therefore the geographic market is identified as the southern region of Pakistan.

V Findings of the Phase I investigation on the competition assessment

The competition assessment in Phase I have resulted in the following findings:

- i. The consummated transaction is an acquisition of % shares of the Target (Power Cement) by the Acquirer (AHEPL). The Target and the Acquirer operate in different relevant product and geographic market creating a conglomerate relationship between the two.
- ii. Post-merger there will be no change in the market structure of the relevant market as the Acquirer along with its subsidiaries and group companies have no presence in the relevant market. The Target has a market share of in the relevant product and geographic market in terms of sales and , in terms of installed capacity. The Target’s market shares are below the prescribed threshold of
- iii. The transaction is not likely to result in creation or strengthening of 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 (“the Act”).



VS



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V **Conclusion**

10 In conclusion, there is no evidence suggesting that the proposed transaction is 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.

11 It is so ordered.

Vadiya Khalil

Vadiyya Khalil
(Chairperson)

M. Jaleel
22/12/17

Dr. Muhammad Saleem
(Member)



Islamabad 27th December, 2017