

**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF**

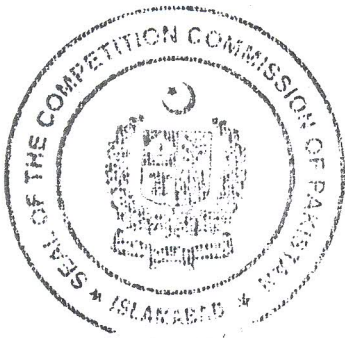
**FIRST PHASE REVIEW**

**ACQUISITION OF 20% SHARES OF KOHAT TEXTILE MILLS  
LIMITED BY SAIF HOLDINGS LIMITED**

**CASE: 806/MERGER-CCP/16**

Commission

Mr. Shahzad Ansar  
Member



Mr. Ikram Ul Haque Qureshi  
Member

# ORDER

## I Background

- 1 Saif Holdings Limited ("SHL" or "Acquirer") through its authorized representative submitted a pre-merger application (the "Application") to the Competition Commission of Pakistan (the "Commission") dated 04 May 2016, notifying the acquisition of \_\_\_\_\_ shares of Kohat Textile Mills Limited ("KTML" or "Target") by SHL, along with the necessary documents and a bank draft of Rs.700,000 as processing fee applicable under Regulation 5 (6) of the Competition (Merger Control) Regulations, 2007 ("Merger Regulations").

The case is examined as under.

## II Merger Parties

### Acquirer

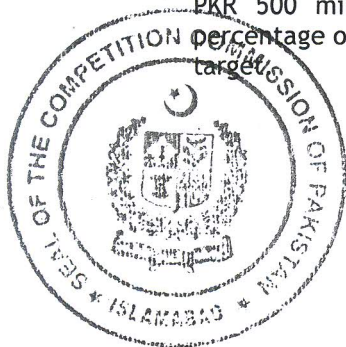
- 2 SHL was incorporated on 04 February 1993 as private limited company under the Companies Ordinance 1984. The principle business activities of the acquirer is to establish, invest and assist its subsidiaries and associated companies, it also deals in providing consultancy services, designing, developing and software solutions. The total turnover of SHL for the year ended on 31 Dec 2014 was PKR \_\_\_\_\_ and value of its total assets remained PKR \_\_\_\_\_ for the same period.

### Target

- 3 KTML was incorporated in Pakistan during the year 1967 as a public limited company. It is primarily engaged in the manufacturing and sales of yarn. The total turnover of KTML for the year ended on 31 December 2015 was PKR \_\_\_\_\_ and value of its total assets remained PKR \_\_\_\_\_ for the same period.

## III Transaction

- 4 The transaction involves in the purchase of \_\_\_\_\_, ordinary shares of KTML at price of Rs. \_\_\_\_\_ share. Globecomm Pvt Ltd is selling these ordinary shares to SHL, as SHL already holds \_\_\_\_\_ ordinary shares of KTML. After this acquisition SHL will own \_\_\_\_\_ ordinary shares of KTML.
- 5 The transaction meets the notification thresholds prescribed in Regulation 4(2)(a)(b)&(d) of the Merger Regulations, as acquirer's assets valuing more than PKR 300 million and combined assets of the merging entities being more than PKR 1.0 billion and turnover of acquirer more than PKR 500 million and combined turnover being more than PKR 1.0 billion. In addition, percentage of the voting shares to be acquired exceeds 10% of the total shareholding of the target.



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**IV Relevant Market:**

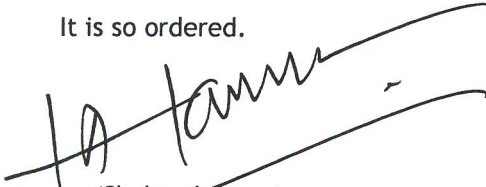
- 6 -The relevant market in this case is Textile Market.  
7 -The Relevant Geographic market is Pakistan.


**V Findings of the Phase I investigation on the competition assessment**

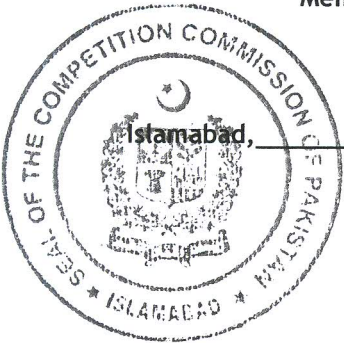
- 9 The competition assessment in Phase I has resulted in the following finding:
- a. The Target is engaged primarily in the manufacturing and sales of yarn in the textile industry while the Acquirer is primarily engaged in consultancy services, designing, developing and software solutions. The market share of Target in the relevant market is An associated company of Acquirer Saif Textile Mills Limited is also engaged in commercial activities in the relevant market and has a market share of Therefore, the transaction does not meet the presumption of dominance as determined under Section 2(1)(e) of the Act
  - b. Post-merger, the merging entities 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").

**VI Conclusion**

- 10 In conclusion, there is no evidence that suggests a substantial lessening of competition by creating 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.

  
(Shahzad Ansar)  
Member

  
(Ikram Ul Haque Qureshi)  
Member



19th, May 2016