



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

IN THE MATTER OF

FIRST PHASE REVIEW

ACQUISITION OF SHAREHOLDING IN M/S CIRIN
PHARMACEUTICALS PRIVATE LIMITED BY M/S ICI PAKISTAN
LIMITED

CASE: 852/Merger-CCP/16

Commission

Ms. Vadiyya S. Khalil
Chairperson

Mr. Shahzad Ansar
Member



ORDER

I Background

1. On 14th November 2016, M/s ICI Pakistan Limited ("ICI" or the "Acquirer") submitted a pre-merger application (the "application") to the Commission, for the intended acquisition of shares in M/s Cirin Pharmaceuticals Private Limited ("CPPL" or the "Target") attaining complete controlling interest. The Application was submitted along with the necessary information and applicable processing fee in accordance with the provisions of the Competition Act, 2010 (the "Act") and the Competition (Merger Control) Regulations, 2007 (the "Merger Regulations"). The Commission's review of the proposed transaction is as under:

II Merger Parties

Acquirer

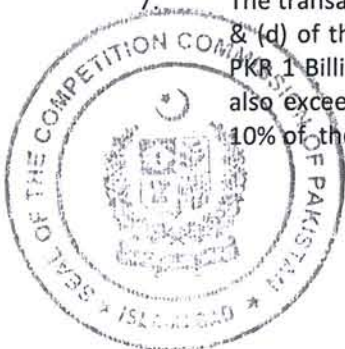
2. ICI Pakistan Limited was set up as a public limited company under the laws of Pakistan in 1952. The company is amongst the leading Pakistan-based manufacturing and trading companies. ICI has four businesses, Polyester, Soda Ash, Life Sciences and Chemicals which manufacture and sell a range of industrial and consumer products.
3. Through these businesses, ICI manufactures and trades in a wide range of products including: polyester staple fiber (PSF), soda ash, general and specialty chemicals, toll-manufactured pharmaceuticals, nutraceuticals, animal health products and agricultural products (including chemicals, field crop seeds, vegetable seeds and more). Furthermore, it is pertinent to mention here that ICI is not involved in the production of pharmaceutical products in Pakistan.
4. The Company also has a management stake in the infant milk formula business under the name of NutriCo Private Limited. Shares of the company are listed on the Pakistan Stock Exchange under the name of ICI. Total assets of ICI as on 30th June 2016 amounted to PKR while it reported total turnover of PKR for the above mentioned period.

Target

5. CPPL was incorporated in Pakistan on December 30, 1991 as Private Company Limited by Shares under the Companies Ordinance, 1984 having its registered office in Industrial Estate Hattar, District Haripur, Khyber Pakhtunkhwa. The company is principally engaged in manufacturing and marketing of pharmaceutical products. Total assets of CPPL as on 30th June 2015 stand at PKR while its turnover for the above mentioned period is reported as PKR

III Transaction

6. The proposed transaction entails the acquisition by ICI of shareholding in CPPL. The value of the transaction is estimated to be PKR. This transaction is being funded entirely by ICI's own funds.
7. The transaction meets the notification thresholds as prescribed in Regulation 4(2)(a), (b), (c) & (d) of the Merger Regulations, with the combined assets of the parties being more than PKR 1 Billion and combined turnover being more than PKR 1 Billion. The transaction value also exceeds PKR 100 million and the percentage of voting shares to be acquired exceeds 10% of the total shareholding of the Target.



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IV Relevant Market:

8. The relevant product market in this case is defined as "Manufacturing and Marketing of Pharmaceuticals Products" market.
9. The Relevant Geographic market is Pakistan as pharmaceuticals products are supplied nationwide and the conditions of competition are sufficiently homogeneous.

V Findings of the Phase I investigation on the competition assessment

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

10. The proposed transaction would result in acquisition of _____ shares of the Target by the Acquirer. This would result in ICI attaining complete controlling interest in CPPL.
11. The proposed transaction would enable ICI to expand its footprint with its own manufacturing base for pharmaceutical products.
12. The relevant market is fairly competitive with a vast number of market players. In the relevant market the Target i.e. CPPL has a market share of _____ in terms of Moving Annual Total ('MAT'), while the Acquirer only has _____. The top three players are GlaxoSmithKline _____, Abbot Lab Pakistan Limited _____ and Getz Pharma _____.
13. Post-transaction, the merged entity would have a market share of _____.
14. The proposed transaction relates to a vertical merger and 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 Act.

VI Conclusion

15. In conclusion, there is no evidence that suggests a substantial lessening of competition by 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.
16. It is so ordered.



(Vadiyya S. Khalil)
Chairperson



(Shahzad Ansar)
Member



Islamabad The 16th Dec, 2016