



**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF**

**FIRST PHASE REVIEW**

**REORGANISATION OF INBOX BUSINESS TECHNOLOGIES (PRIVATE)  
LIMITED, INBOX CONSULTING (PVT) LIMITED AND INBOX  
CORPORATION (PVT) LIMITED.**

**CASE: 789/Merger-CCP/16**

Commission

Ms. Vadiyya Khalil  
Chairperson

Mr. Shahzad Ansar  
Member

Mr. Ikram Ul Haque Qureshi  
Member



# ORDER

## I Background

- 1 On 1st February 2016, Inbox Business Technologies (Private) Limited ("IBTL"), Inbox Consulting (Private) Limited ("IBCL") and Inbox Corporation Private Limited ("Inbox Corp") through their authorized representative submitted a pre-merger application (the "Application"), notifying and seeking the approval of the Competition Commission of Pakistan (the "Commission") for the acquisition of shares of IBTL and IBCL by Inbox Corp. 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 Inbox Corp was incorporated in Pakistan on 29<sup>th</sup> June, 2015, as a private limited company. The Acquirer has been incorporated for the purposes of becoming the Holding Company of both the Targets as a result of the proposed transaction. The value of Inbox Corp's total assets as on 29<sup>th</sup> June, 2015 was . The value of the total turnover for the same period has remained Nil as it is currently not engaged in any business activity.

### *Targets*

- 3 IBTL was incorporated in Pakistan on 26<sup>th</sup> December, 2001 as a private limited company. It is engaged in the business of information technology, manufacturing and selling computer hardware and software systems as well as providing related professional consultancy services. The value of IBTL's total assets as on 31<sup>st</sup> December 2014 was PKR while its turnover remained at PKR for the same period.
- 4 IBCL was incorporated in Pakistan on 29<sup>th</sup> June, 2015, as a private limited company. It has been incorporated for the purposes of taking over part of IBTL's business as part of the proposed transaction. The value of IBCL's total assets as on 29<sup>th</sup> June, 2015 was PKR . The value of the total turnover for the same period has remained Nil as it is currently not engaged in any business activity.

## III Transaction

- 5 The proposed transaction entails the reorganization of IBTL. IBTL will be de-merged into two segments, the "Applications Undertaking" and the "Infrastructure Undertaking". The former



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segment would be transferred to IBCL and the latter will be retained by IBTL. As part of the reorganization of IBTL, the shares of IBTL and IBCL will be issued to and held by Inbox Corp, the newly incorporated Holding Company and in return the shares of Inbox Corp will be issued to the shareholders of the Targets in the same proportion (pro-rata) as their existing shareholding in IBTL.

- 6 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 Targets.

**IV Relevant Market:**

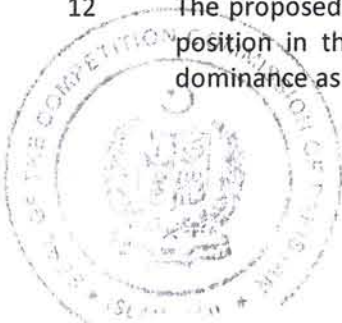
7 The relevant Product market in this case is the Information Technology market.

8 The Relevant Geographic market is Pakistan.

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

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

- 9 The proposed restructuring transaction is taking place within the group of existing and newly incorporated companies. It involves the reorganization of three group companies, namely, IBTL, IBCL and Inbox Corp. IBCL and Inbox Corp have been incorporated in 2015 for the purpose of this transaction. The proposed transaction is a means of achieving efficiency by the merging parties. The reorganization will allow individual companies to focus on their customer base and improve the products and services they provide. However, the ultimate substantive shareholding of the group companies will remain the same post-transaction.
- 10 The relevant market has a number of participants with the largest suppliers identified by the merging parties as ZTE Corporation, AGCN Pakistan Private Limited, Systems Private Limited, Interactive Group and LMKT Private Limited. However, the market shares of IBTL and its competitors in the relevant market cannot be determined due to non-availability of data.
- 11 Post-restructuring, there will be no change in the market dynamics of the relevant market as no competitor will be affected by the reorganizational transaction taking place within the group companies. The market share of IBTL will stand diluted as a result of the transaction as it will be sharing the same with IBCL. The combined market share of the associated companies, IBTL and IBCL will remain the same as IBTL's current market standing.
- 12 The proposed 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 Act.



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**VI Conclusion**

13 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 may be authorized under Section 31(1) (d) (i) of the Act.

14 It is so ordered.



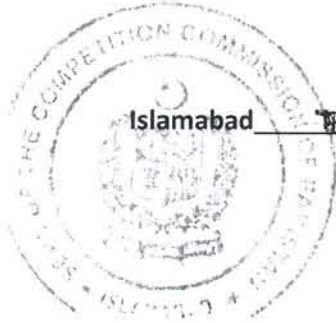
(Shahzad Ansar)  
Member



(Vadiyya Khalil)  
Chairperson



(Ikram UI Haq Qureshi)  
Member



The 18<sup>th</sup> March, 2016