



**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF**

**FIRST PHASE REVIEW**

**AMALGAMATION OF STANDARD CHARTERED LEASING LIMITED  
WITH AND INTO ORIX LEASING PAKISTAN LIMITED**

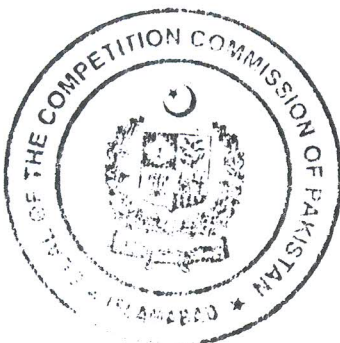
**CASE: 756/Merger-CCP/15**

Commission

Ms. Vadiyya Khalil  
Chairperson

Mr. Mueen Batlay  
Member

Mr. Ikram-ul-Haque Qureshi  
Member



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# ORDER

## I Background

- 1 On 22<sup>nd</sup> September, 2015 the Acquirer, Orix Leasing Pakistan Limited ("OLP") submitted a pre-merger application (the "application") to the Commission, notifying the amalgamation of Standard Chartered Leasing Limited with and into Orix Leasing Pakistan Limited.

## II Merger Parties

- 2 Acquirer

OLP is a Public Limited Company. The Company is listed on the Karachi, Lahore and Islamabad Stock Exchanges. It has 32 branches in 27 cities across Pakistan. The parent Company of OLP is Orix Corporation which is a Japan based Company and holds % shares in OLP. The Company is primarily engaged in machinery and vehicle leasing.

OLP had total assets valuing PKR - while its turnover remained at PKR on 30<sup>th</sup> June 2014. OLP is a small player in the relevant market with 4.85% of market share.

- 3 Target

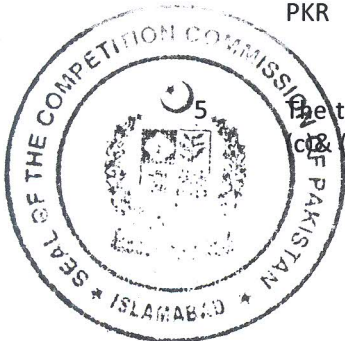
Standard Chartered Leasing Limited (SCLL) was incorporated in Pakistan in 1993 under Companies Ordinance 1984 as a Public Limited Company. It is listed on all three Stock Exchanges of Pakistan. The Company is a subsidiary of Standard Chartered Bank Pakistan Limited (SCBPL). The Parent company (SCBPL) owns % of the total issued subscribed and paid up capital of SCLL. The company is engaged in business of leasing with primary focus on Corporate, Small and Medium enterprises.

SCLL had total assets valuing PKR - while its turnover remained at PKR on 30<sup>th</sup> June 2014. SCLL is a very small market player in the relevant market with a market share of %.

## III Transaction

- 4 OLP intends to acquire all of the ordinary shares of SCLL owned by SCBPL i.e. ordinary shares at a rate of Rs. per share through the merger of SCLL with and into OLP which will be the surviving entity in this case at a consideration of PKR

The transaction meets the notification thresholds prescribed in Regulation 4(2)(a)(b) & (d) by having acquirer's assets valuing more than PKR 300 Million and combined



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assets being more than 1 Billion rupees and turnover of acquirer more than PKR 500 million and combined turnover being more than 1 Billion. The transaction value also exceeds 100 million and percentage of share to be acquired exceeds 10% of the total shareholding of the target.

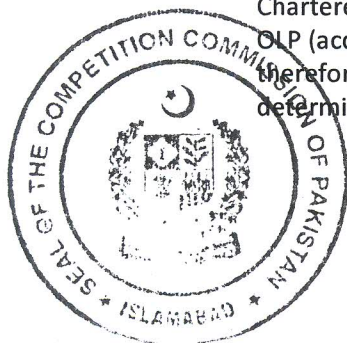
**IV Relevant Market:**

- 6 The relevant market in this case is the Financial Leasing market which is catered by the Non Banking Finance Companies (NBFCs). NBFCs as a part of NBFIs (Non Banking Finance institutions) provide many services like leasing, asset management, discounting, investment advisory and other which are notified by federal government (Companies Ordinance, 1984)
- 7 Non-banking Finance Companies (NBFCs), development Finance Institutions (DFIs), mutual funds and Modarabas are the major components of NBFIs (SBP, Financial Stability Review, 2009-2010). Therefore, OLP, SCLL, and SCM all are present in the same relevant market.
- 8 The Relevant Geographic market is Pakistan.
- 9 Market position in the relevant market is as under:

Company Name	Market Share
Meezan Bank Limited	.%
Dubai Islamic Bank Pakistan Limited	.%
BankIslami Pakistan Limited	.%
Albraka Bank (Pakistan) Limited	.%
Burj Bank	3%
<b>ORIX Leasing Pakistan Limited</b>	.%
Allied Rental Modarba	.%
<b>Standard Chartered Modarba</b>	%
Bank Alfiah Limited (Lease rental earned)	.%
<b>Standard Chartered Leasing</b>	2%
Others	%
Total	7%

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

- 10 The competition assessment in Phase I have resulted in the following findings:
  - The market share of the acquirer is .%, while the target has an insignificant share of the total market i.e. .% another group company of the target i.e. Standard Chartered Modarba holds .% of market share. Post-merger the market share of OLP (acquirer) will increase to .% that is much less than the threshold limit of 40% therefore, the post-merger entity does not meet the presumption of dominance as determined under Section 3 of the Act.



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VI Conclusion

11 In conclusion, there is no evidence that suggests a substantial lessening of competition by creating or strengthening of dominant position in the relevant market. The proposed transaction is hereby, authorized under Section 31(1) (d) (i) of the Act.

12 It is so ordered.



(Mueen Batlay)  
Member



(Ikram-ul-Haq Qureshi)  
Member



(Vadiya Khalil)  
Chairperson

Islamabad, <sup>nd</sup> 22 October, 2015.

