

BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

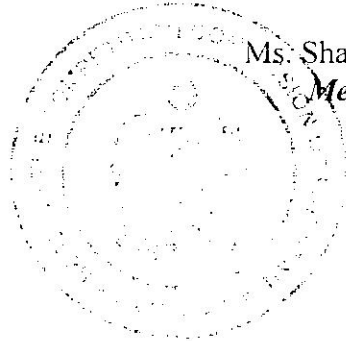
FIRST PHASE REVIEW

DE-MERGER/RESTRUCTURING OF M/S. SEFAM (PRIVATE) LIMITED AND
M/S. EAST GATE INDUSTRIES (PRIVATE) LIMITED.

CASE: 1241/Merger-CCP/2021

Commission

ML.
Mr. Mujtaba Ahmad Lodhi
Member



Ms. Shaista Bano
Member

CCP

ORDER

1. On 19th November, 2021 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed acquisition pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") whereby, M/s. Sefam (Private) Limited ("**Sefam**" or "**Party 1**") and M/s. East Gate Industries (Private) Limited ("**EGI**" or "**Party 2**") (collectively as "**Merger Parties**"), intends to go through internal restructuring in accordance with Scheme of Arrangement ("**Agreement**"). All requisite information/documentation pertaining to the application was completed on 17th December, 2021.
2. The Commission has examined the Application as well as all the documents attached therewith, the market scenario, and made its observations on the basis of an independent research/investigation in the relevant market. The Phase I competition assessment of the intended transaction has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For Party 1: Manufacturing and retailing of embroidered cloth and plain cloth through its outlets.
 - b. For Party 2: Buying, manufacturing, selling, importing, exporting, and wholesale of all types of textile related products in any part of the world.
 - ii. As per the Agreement, certain brands namely Rang Ja, Bareez'e, The Entertainer, Bareez'e Man, Chinyere, Super Squad, Urban Culture, Minnie Minors and Home Expressions along with certain assets will be transferred to Party 2. Where, Party 2 will issue _____ shares to the Party 1 with a ratio of _____. Amount for the shares can be estimated to be PKR _____.
 - iii. The relevant product market in this case have been identified as "**Apparel-Manufacturing, Marketing and Selling**" and the relevant geographic market is "**Pakistan**".
 - iv. As per the Application, market share of the Party 1 can be estimated to _____ % and nil for Party 2 as presently it is non-operational.
 - v. The transaction relates to restructuring whereas, shareholders for the merger parties are the same. Therefore, market position will remain unchanged after the transaction.
3. In conclusion, the proposed transaction does not meet the presumption of dominance as determined under Section (2) (1) (e) read with section 3 of the Act. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
4. It is so ordered.

(Mr. Mujtaba Ahmad Lodhi)
Member

(Ms. Shaista Bano)
Member

Islamabad the December 21st, 2021.