



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

IN THE MATTER OF SCHEME OF ARRANGEMENT BETWEEN M/S. LSE
CAPITAL LIMITED, M/S. LSE FINANCIAL SERVICES LIMITED, M/S. LSE
PROPTECH LIMITED, M/S. MODARABA AL- MALI.

CASE: 1417/Merger-CCP/2023



Commission

Dr. Kabir Ahmed Sidhu
Chairman

Mr. Saeed Ahmad Nawaz
Member

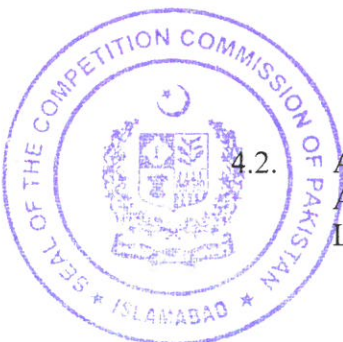
ORDER

1. On 13th December 2023 the Competition Commission of Pakistan (hereafter "**Commission**") received a pre-merger application (hereafter "**Application**") from M/s. LSE Capital Limited ("**LSECAP**" or "**Merger Party 1**"), M/s. LSE Financial Services Limited ("**LSEFSL**" or "**Merger Party 2**"), M/s. LSE Proptech Limited ("**LSEPL**" or "**Merger Party 3**") and M/s. Modaraba Al-Mali ("**MODAM**" or "**Merger Party 4**"), (together the "**Merger Parties**").
2. The Application was made pursuant to Section 11 of the Competition Act, 2010 (hereafter "**Act**") read in conjunction with Regulation 6 of the Competition (Merger Control) Regulations, 2016 (hereafter "**Merger Regulations**").
3. The proposed transaction entails Merger of LSEPL and MODAM with and into LSECAP along with Partial Transfer of Designated Assets of LSECAP to LSEFSL. All the requisite information/documentation pertaining to the application was completed on 13th February 2024.
4. The Commission has examined the Application as well as all the documents attached therewith, and the information provided by the concerned undertaking(s). The Phase I competition assessment of the intended transaction has revealed the following facts:

4.1. The business activities of the undertakings concerned are:

- a) Merger Party 1: It was incorporated in Pakistan on 22nd January 1986, as a public unquoted company under the Companies Ordinance, 1984 (now Companies Act, 2017). Subsequently, it was registered as a Modaraba Company with the Registrar of Modaraba Companies and Modarabas, under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980.
- b) Merger Party 2: It was originally incorporated with the name of Lahore Stock Exchange (Guarantee) on 5th October 1970. Consequent to the approved scheme of integration of stock exchanges, the company ceased its stock exchange operations and was granted a license by Securities and Exchange Commission of Pakistan ("**SECP**") on 11th January 2016 to operate as an investment finance services company.
- c) Merger Party 3: It was incorporated in 2022 as a Public Limited Company and was subsequently listed on Pakistan Stock Exchange on May-2023 through a reverse merger arrangement with M/s. Data Textile Limited. Currently, the company is engaged in the business of providing Smart Real Estate Management Services/ Solutions to LSE Plaza & others, Digitization & Storage (Safe Deposit Vaults) to Real Estate Titles, Online Realty Marketplace, Virtual Transfer of Real Estate & Real Assets Fractionalization Solutions.
- d) Merger Party 4: It is a multipurpose and perpetual Modaraba floated on July 8, 1987. It is being managed by Merger Party 1. The Modaraba is being repositioned to focus on Venture Capital, Private Equity and Rehabilitation of Businesses having potential for revival. Besides, the Modaraba also invests its capital for acquiring, operating and dealing in the real estate assets.

- 4.2. As submitted in the Application, the Merger Parties have entered into a Scheme of Arrangement ("**Scheme**") whereby LSEPL and MODAM will merge with and into LSECAP along with Partial Transfer of Designated Assets of LSECAP to LSEFSL



(in terms of provisions of Sections 279 to 283 and all other enabling provisions of the Companies Act, 2017) as approved by the Board of Directors of all relevant companies. As submitted, the transaction value is Rs. _____ for the whole restructure of Merger Parties.

- 4.3. The relevant product markets are defined as “**Modaraba services**”, “**Investment finance services**” and “**Real Estate Management**” while the relevant geographic market is “**Pakistan**”.
- 4.4. Based on the data provided, MODAM is expected to have a market share of under % , while both LSEPL and LSEFSL have a market share of less than % while market shares of LSECAP cannot be calculated.
5. The proposed transaction will not result in dominance of the Merger Parties in the relevant markets post-transaction, as determined under Section 2(1)(e) read with Section 3 of the Act. Therefore, it is hereby authorized under Section 31(1)(d)(i) of the Act.
6. In the subject transaction, matters which may fall outside the scope of the Commission’s purview, remain subject to applicable laws.
7. It is so ordered.

Dr. Kabir Ahmed Sidhu
Chairman

Mr. Saeed Ahmad Nawaz
Member

Islamabad the February 21st, 2024.

