




**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**FIRST PHASE REVIEW**


**IN THE MATTER OF MERGER OF M/S. HABIB METRO MODARABA WITH AND  
INTO M/S. FIRST HABIB MODARABA**

**CASE: 1308/Merger-CCP/2022**

Commission

  
Ms. Rahat Kaunain Hassan  
*Chairperson*



  
Ms. Syntaba Ahmad Lodhi  
*Member*

## ORDER

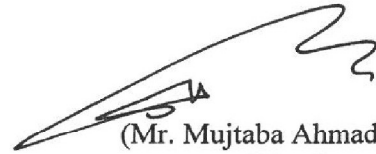
1. On 18<sup>th</sup> August, 2022 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed merger under Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") whereby, M/s. Habib Metro Modaraba ("**HMM**") will merge into M/s. First Habib Modaraba ("**FHM**") (both collectively referred to as the "**Merger Parties**") which are managed by M/s. Habib Metropolitan Modaraba Management Company (Private) Limited ("**Modaraba Company**") in accordance with the Scheme of Arrangement ("**Scheme**"). All requisite information/documentation pertaining to the Application was completed on 1<sup>st</sup> September, 2022.
2. 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:
  - i. The business activities of the undertakings concerned are:
    - a. For FHM: It is a perpetual Modaraba, i.e., a fund, having legal rights and obligations, managed by the Modaraba Company. It is primarily engaged in leasing (Ijarah), Musharaka, Murabaha financing and other related business.
    - b. For HMM: It is a perpetual Modaraba, i.e., a fund, having legal rights and obligations, managed by the Modaraba Company. It is primarily engaged in Residual Value car financing model on diminishing musharaka basis, providing financing for solar power equipments and other related business.
  - ii. As per the Scheme, the transaction envisages merger of HMM with and into FHM via allotment of 20,061,000 certificates of FHM to HMM certificate holders. The agreed swap ratio for the transaction is \_\_\_\_\_, whereby, for every 1 certificate of HMM, FHM will issue \_\_\_\_\_ certificate to the previous certificate holders of HMM. Value of the transaction can be estimated to be PKR \_\_\_\_\_.
  - iii. Post-transaction HMM will cease to exist, hence, FHM will be the surviving entity and be managed by the same Modaraba Company.
  - iv. The relevant product market in this case has been identified as "**Business of Modaraba**" (as stated in Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980) and the relevant geographic market is "**Pakistan**".
  - v. As per the Applicant, FHM currently has an estimated market share of \_\_\_\_\_ % in the relevant market and HMM has an estimated market share of \_\_\_\_\_ % based on their revenues.
  - vi. There are overlaps between the operations of the Merger Parties in the relevant market. Hence, the objective is to merge the activities into one entity. Post-transaction, combined market share of the surviving entity (FHM) is estimated to be \_\_\_\_\_ %.

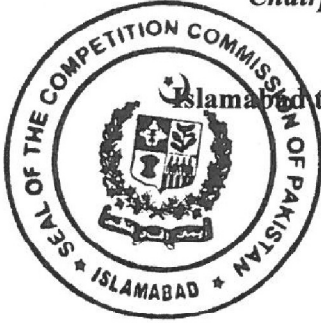
3. The proposed transaction does not meet the presumption of dominance as determined under Section 2(1)(e) read with Section 3 of the Act. Hence, it is hereby authorized under Section 31(1)(i) of the Act.



4. In the subject transaction, matters which may fall outside the scope of the Commission's purview shall be handled in accordance with the applicable laws.
5. It is so ordered.

  
(Ms. Rahat Kaunain Hassan)  
*Chairperson*

  
(Mr. Mujtaba Ahmad Lodhi)  
*Member*



Islamabad the September 8<sup>th</sup>, 2022.