



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

FIRST PHASE REVIEW

**IN THE MATTER OF MERGER OF M/S. AWWAL MODARABA WITH AND INTO
M/S. AWWAL CORPORATE RESTRUCTURING COMPANY LIMITED.**

CASE: 1322/Merger-CCP/22

Commission

Ms. Rahat Kaunain Hassan
Chairperson



Mujtaba Ahmad Lodhi
Member

ORDER

1. On September 7, 2022 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed merger pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") from M/s. Awwal Modaraba ("**AM**" or "**Merger Party 1**") and M/s. Awwal Corporate Restructuring Company Limited ("**ACRCL**" or "**Merger Party 2**") whereby AM will merge into ACRCL pursuant to a Scheme of Arrangement.
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:

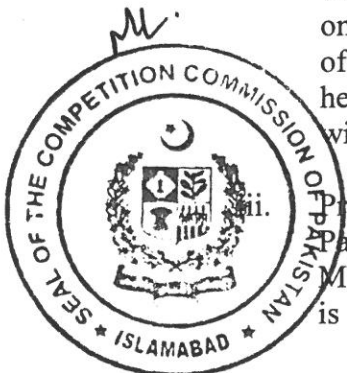
i. The concerned undertakings are:

- a. Merger Party 1: AM has been floated under the Modaraba Companies and Modaraba (Floatation and Control) Ordinance, 1980 and the rules framed thereunder. AM is managed by M/s. Awwal Modaraba Management Limited ("**AMML**"), a company wholly owned by M/s. Pak Brunei Investment Company Limited ("**PBIC**"). After receiving certificate of minimum subscription, the Modaraba commenced its business operations with effect from 10 February 2016. AM is a perpetual, multi-purpose and multi-dimensional Modaraba and is primarily engaged in providing Working Capital, Term Finance, Ijarah, Musharika, Morabaha and other Shariah compliant investment / instrument to credit worthy customers. The Modaraba is listed on Pakistan Stock Exchange Limited (PSX).
- b. Merger Party 2: ACRCL was incorporated on December 24, 2021 under the laws of Pakistan as a public limited company and functioning as defined in the Corporate Restructuring Act 2016 and Corporate Restructuring Rules 2019 notified by Securities & Exchange Commission of Pakistan ("**SECP**"). ACRCL has also been established by PBIC, a joint venture between the Government of Pakistan (GoP) and the Brunei Investment Agency (BIA), as a wholly owned subsidiary. A corporate restructuring company is licensed by SECP to carry out the business of:

- I. Acquisition, management, restructuring and resolution of non-performing assets of financial institutions; and
- II. Restructuring, reorganization, revival and liquidation of commercially or financially distressed companies and their businesses.

ii. As per the submitted application, AM shall be merged with and into ACRCL. _____ shares of ACRCL shall be issued to the certificate holders of AM based on a swap ratio of 1 share of ACRCL for every _____ certificate of AM. The value of this transaction is deemed to be PKR _____ /-. It is pertinent to mention here, that both the Merger Parties are ultimately controlled by PBIC, therefore, there will be no change in ultimate ownership and control of the assets.

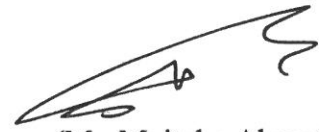
iii. Presently, AM is operational as a Modaraba Business in the geographic region of _____ Pakistan. Based on the information published in the 2021 yearbook of NBFIs & Modaraba Association of Pakistan, the total size asset size of the Modaraba sector is PKR _____ and accordingly, the market share of AM was _____ %.



- iv. Post-transaction, AM will cease to exist and ACRCL, as a corporate restructuring company, will be able to undertake any business to revive the assets of the defunct modaraba.
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)(d)(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 relevant laws and regulations.
5. It is so ordered.


(Ms. Rahat Kaunain Hassan)

Chairperson



(Mr. Mujtaba Ahmad Lodhi)

Member



Islamabad the September 30th, 2022.