



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**


IN THE MATTER OF

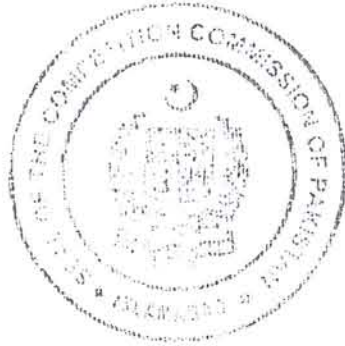
FIRST PHASE REVIEW

**IN THE MATTER OF MERGER OF M/S. SHIRAZI CAPITAL
(PVT.) LTD AND SHIRAZI (PVT.) LTD WITH AND INTO
SHIRAZI INVESTMENTS (PVT.) LTD.**

CASE: 838-Mergers_CCP/16

Commission


Ms. Vadiyya Khalil
Chairperson




Mr. Shahzad Ansar
Member

I. BACKGROUND

1. The Competition Commission of Pakistan ("Commission") is in receipt of a pre-merger application dated 7th September 2016 (received by the Commission on the 9th of September, 2016) sent jointly by M/s. Shirazi Investment (Pvt.) Ltd ("SIL"), M/s. Shirazi Capital (Pvt.) Ltd ("SCL") and M/s. Shirazi (Pvt.) Ltd ("SPL") (collectively "Merger Parties") notifying the Commission of the merger of SCL and SPL with and into SIL, pursuant to a Scheme of Arrangement.

II. PARTIES

SIL:

2. SIL is a private limited company incorporated under the laws of Pakistan, with its registered office located in Karachi, Sindh. It is engaged in the business of trading and investing in equity and debt securities for third parties.
3. Its turnover for the financial year ended 30th June, 2015 was PKR , whereas its assets stood at PKR for the same period.

SCL:

4. SCL is a private limited company incorporated under the laws of Pakistan, with its registered office located in Karachi, Sindh. It is engaged in the business of trading in securities of group and associated companies.
5. Its turnover for the financial year ended 30th June, 2015 was PKR , whereas its assets stood at PKR for the same period.

SPL:

6. SPL is a private limited company incorporated under the laws of Pakistan, with its registered office located in Karachi, Sindh. It is engaged in the business of trading in securities of group and associated companies.



7. Its turnover for the financial year ended June 30th, 2015 was PKR , whereas its assets stood at PKR for the same period.

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III. TRANSACTION

8. As per the Application, it is intended that SCL and SPL shall be merged with and into SIL, whereby SIL will be the surviving entity and SPL and SCL will stand dissolved.
9. As consideration for the merger of SCL with and into SIL, SIL shall issue an aggregate of _____ shares of PKR _____ each to the shareholders of SCL, and in consideration for the merger of SPL with and into SIL, SIL shall issue an aggregate of _____ shares of PKR _____ each to the shareholders of SPL. The total consideration for the merger is, therefore, PKR _____ which is the transaction value in this case.
10. The transaction meets the notification thresholds as prescribed under Regulation 4 (2) (a), (b), (c), and (d) of the Merger Regulations, as the value of the gross assets of the undertaking is greater than PKR 300 million, and the combined assets of the undertakings are greater than PKR 1 billion. The annual turnover of the undertaking is greater than PKR 500 million, and the combined turnover of the undertakings is greater than PKR 1 billion. The transaction value in this case is greater than PKR 100 million, and the percentage of shares to be acquired is greater than 10%.

IV. THE RELEVANT MARKET

11. SPL and SCL are engaged in the provision of trading and security investment services for their group and associated companies, while SIL is engaged in the provision of trading and security investment services for third parties. For this reason, the relevant product market has been identified as that of trading and investing in securities.
12. As these undertakings provide the above mentioned services across the country, and the conditions of competition are sufficiently homogenous nationwide, the relevant geographic market has been identified as Pakistan.

V. FINDINGS OF THE PHASE 1 INVESTIGATION ON COMPETITION ASSESSMENT

13. This case is with regard to the merger of SPL and SCL with and into SIL, whereby SIL will be the surviving entity. The rationale for this merger is to attain benefits that the combination of said companies under a single corporate entity will entail. SIL is engaged in the business of trading and investing in equity and debt securities for third parties, whereas SPL and SCL are both engaged in the business of trading in securities of their group and associated companies. The market shares of the




individual companies along with dominant positions, if any, cannot be determined due to lack of published data regarding this intangible and unquantifiable market.

14. The intended transaction does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act, 2010 ("Act").

15. 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 may be authorized under Section 31 (1) (d) (i) of the Act.

16. It is so ordered.


(Vadiyya Khalil)
Chairperson


(Shahzad Ansar)
Member

Islamabad the 7th Nov, 2016