



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

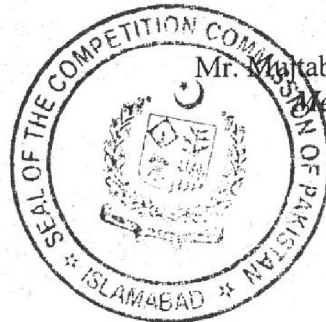
FIRST PHASE REVIEW

**IN THE MATTER OF REARRANGEMENT AND RECONSTRUCTION OF THE
MAHMOOD GROUP BY WAY OF A SCHEME OF ARRANGEMENT.**

CASE: 1279/Merger-CCP/22

Commission

Ms. Rahat Kaunain Hassan
Chairperson



Mr. ~~Mu~~taba Ahmad Lodhi
Member

ML.

ORDER

1. On April 12, 2022, the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed restructuring 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. Masood Fabrics Limited ("**MFL**" or "**Merger Party 1**"), M/s. Roomi Fabrics Limited ("**RFL**" or "**Merger Party 2**"), M/s. Mahmood Textile Mills Limited ("**MTML**" or "**Merger Party 3**"), M/s. Masood Spinning Mills Limited ("**MSML**" or "**Merger Party 4**"), M/s. MG Agri Foods (Private) Limited ("**MGAF**" or "**Merger Party 5**"), M/s. Roomi Poultry (Private) Limited ("**RPPL**" or "**Merger Party 6**"), M/s. Passion Foods (Private) Limited ("**PFPL**" or "**Merger Party 7**") and M/s. Mahmood Cotton Ginning, Pressing & Oils (Private) Limited ("**MCGPO**" or "**Merger Party 8**") (collectively referred to as the "**Mahmood Group**") will undergo restructuring through numerous share swaps with other shareholders, including, namely, Khawaja Muhammad Iqbal, Khawaja Muhammad Ilyas and Khawaja Muhammad Younus (collectively referred to as the "**Individual Shareholders**") pursuant to a Scheme of Arrangement. All requisite information/documentation pertaining to the Application was completed on April 29, 2022.

2. The Commission has examined the Application as well as all the documents attached therewith, the information provided by the undertakings concerned and the 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 Merger Party 1: mainly engaged in manufacture and sale of yarn, grey fabric and dyed fabric.
- b. For Merger Party 2: mainly engaged in manufacture and sale of yarn, grey fabric and made ups.
- c. For Merger Party 3: mainly engaged in manufacture and sale of yarn, grey fabric and garments.
- d. For Merger Party 4: mainly engaged in manufacture and sale of grey yarn.
- e. For Merger Party 5: mainly engaged in the local production and export of fruits and vegetables.
- f. For Merger Party 6: mainly engaged in production and supply of animal and poultry feed bags as well as broiler meat and export of layer table eggs.
- g. For Merger Party 7: Running and managing restaurant and eating houses.
- h. For Merger Party 8: mainly engaged in cotton ginning, processing and oil extraction.
- i. Individual Shareholders: Natural persons.

ii. As per the Application and the Scheme of Arrangement formulated pursuant to the provisions of Sections 279 to 282 of the Companies Act 2017 attached therewith, the subject transaction envisages a re-arrangement and re-structuring of the concerned undertakings into Group A and Group B. Group A would comprise of MFL and RFL while Group B would be comprising of MTML, MSML, MGAF, RPPL, PFPL and MCGPO.

iii. The notified transaction will consist of various share swaps between the Individual Shareholders, MCGPO, MTML, RFL and MFL pertaining to their respective shareholdings in the Mahmood Group.


iv. The estimated consideration value for the shares being swapped is the aggregate amount of PKR _____ /-.

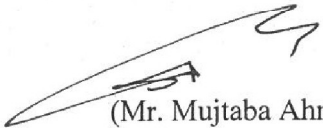


- v. The Relevant Markets have been defined as:
- The product market is identified as “**Manufacturing and Sale of Cloth and Yarn**” in the geographic market, which is restricted to “**Pakistan**”
 - The product market is identified as “**Cotton Ginning, Processing and Oil Extraction**” in the geographic market of “**Pakistan**”;
 - The product market is identified as “**Poultry - Supply of Animal & Poultry Feed Bags**” in the geographic market of “**Pakistan**”;
 - The product market is identified as “**Poultry - Broiler Meat**” in the geographic market of “**Pakistan**”;
 - The relevant product market identified as “**Running and Managing of Restaurants/eating houses**” in the relevant geographic markets of “**Multan**” and “**Lahore**”. No data provided by the Applicant(s).
- vi. For Merger Party 5, the relevant product market is identified as production of fruits and vegetables (mainly mangoes, potatoes and oranges). However, all MGAF’s products are exported and it has no local sales in Pakistan. Therefore, the market shares cannot be determined and the geographic market cannot be restricted to Pakistan. Nevertheless, MGAF’s international presence has no negative impact on competition in Pakistan.
- vii. Similarly, for Merger Party 6, the relevant product market is that of ‘Layer Table Eggs’. RPPL locally produces the same, however, it exports the product and has no local sales in Pakistan. Therefore, the market shares cannot be determined and the geographic market cannot be restricted to Pakistan. Nevertheless, RPPL’s international presence has no negative impact on competition in Pakistan.
- viii. Based on the production information submitted for the textile segment with respect to the size of the local yarn, MTML has a market share of % , MSML has % share, MFL has a share of % while RFL has % share. In terms of cloth produced in the country, MTML has a share of % , MFL has % while RFL has % . Hence, even otherwise, considering their insignificant market shares in the Relevant Market for manufacture and sale of cloth and yarn, any export of products does not give rise to any competition concerns in the said Relevant Market.
- ix. In the Relevant Markets related to poultry, RPPL’s market share in Broiler Meat segment can be estimated at % and in the Animal Feed segment at %.
- x. Post transaction, the market position of the concerned undertakings will remain unchanged.

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.


 (Ms. Rashid Kaunain Hassan)
 Chairperson
 Islamabad the JUNE 7th, 2022


 (Mr. Mujtaba Ahmad Lodhi)
 Member