



**BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN**

**FIRST PHASE REVIEW**

**DEMERGER OF CERTAIN ASSETS OF M/S. MUHAMMAD SHAFI TANNERIES  
(PRIVATE) LIMITED AND M/S. SHAFI GLUCO-CHEM (PRIVATE) LIMITED TO  
BE ACQUIRED BY M/S. MAZHAR SHAFI INDUSTRIES (PRIVATE) LIMITED**

**CASE: 1272/Merger-CCP/2022**

Commission

Ms. Rahat Kaunain Hassan  
*Chairperson*

ML.



Mujtaba Ahmad Lodhi  
*Member*

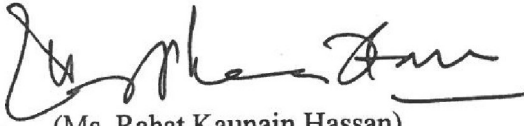
## ORDER

1. On 15<sup>th</sup> March, 2022 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed merger/acquisition 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. Muhammad Shafi Tanneries (Private) Limited ("**MST**" or "**Party 1**") and M/s. Shafi Gluco-Chem (Private) Limited ("**SGC**" or "**Party 2**") are carving out a portion of their assets which will be transferred to M/s. Mazhar Shafi Industries (Private) Limited ("**MSI**" or "**Party 3**"), in accordance with the Scheme of Arrangement ("**Agreement**"). All requisite information/documentation pertaining to the application was completed on 22<sup>nd</sup> August, 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 MSI: manufacturing, buying, selling, importing and exporting of stitched garments, made ups, clothing, knit wears and weaving of apparels, hoseries and other allied commodities.
    - b. For MST: manufacturing and export of finished leather.
    - c. For SGC: manufacturing and trading of liquid glucose and rice protein.
  - ii. As per the Agreement, the transaction pertains to carving out certain assets/liabilities valuing upto PKR \_\_\_\_\_/- of MST and PKR \_\_\_\_\_/- of SGC, which will be transferred to MSI. The value of the assets being transferred to MSI can be estimated to be PKR \_\_\_\_\_/- which can therefore be deemed to be the transaction value.
  - iii. Furthermore, the shares held by Mr. Amir M. Shafi and Mr. Hassan Shafi ("**Individual Shareholders**") in MST and SGC will be cancelled in lieu of the assets/liabilities that are being transferred and approx. 1 \_\_\_\_\_ shares of MSI shall be issued to the Individual Shareholders.
  - iv. The relevant product market in this case has been identified as "**Textile Industry-Clothing and Garments**" due to the wide nature of textile related activities MSI plans to undertake and the relevant geographic market is "**Pakistan**".
  - v. As per the Application, currently, MSI has no operations in the Relevant Market. Post-transaction, the market share of MSI is estimated to be less than \_\_\_\_\_%.

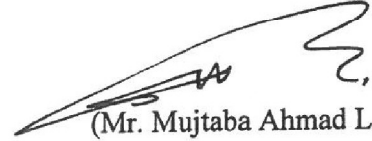


As the transaction relates to a restructuring/demerger of the same group/associated companies, there is no competition concern in the Relevant Market. The subject transaction merely separates certain assets of both MST and SGC that are distinct from their principle businesses and operations.

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 applicable laws.
5. It is so ordered.



(Ms. Rahat Kaunain Hassan)  
*Chairperson*



(Mr. Mujtaba Ahmad Lodhi)  
*Member*



Islamabad the August 24<sup>th</sup>, 2022.