



COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN

EXEMPTION ORDER

IN THE MATTER OF EXEMPTION APPLICATION FILED BY M/S. ENGRO
FERTILIZERS LIMITED FOR EXEMPTION OF FRAMEWORK AGREEMENT

CASE: 2(712)/AGR/EXM/CCP/2024

Commission

Mr. Saeed Ahmad Nawaz
Member (Exemptions)



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1. M/s. Engro Fertilizers Limited, (hereinafter referred to as the **Undertaking**) have applied for the grant of exemption vide letter 6th August, 2024 for the restrictive clauses, 4.2 (a) and 8.2 of its Framework Agreement with M/s. BioTech Fertilizers (Private) Limited (hereinafter referred to as the **Agreement**) incorporating all addendums provided vide an email dated 7th February, 2025 on the Authority of the Board Resolution dated 15th April, 2024 addressed to the Competition Commission of Pakistan (hereinafter the **Commission**).
2. The undertaking is a public company incorporated in Pakistan on June 29, 2009 as a wholly owned subsidiary of Engro Corporation limited. The undertaking is engaged in the manufacturing, purchasing and marketing of fertilizers, seeds and pesticides and providing logistics services. The applicant' revenue for the year 2023 is PKR 223 million.
3. The Application was made pursuant to Section 5 read with Section 9 (1) (a), (b) & (c) of the Competition Act, 2010 (the Act), read in conjunction with Competition (Exemption) Regulations, 2020) , on the following grounds:
 - i. Improving yields and cost savings at scale by 2026 for shifting of 10–15% of conventional urea users to BNFF© Urea Z;
 - ii. Farmers switching to BNFF© Urea Z could save up to PKR 2 billion annually by 2026; and
 - iii. BNFF© Urea Z boost grain output by 0.5–1.0 million metric tons annually, strengthening food security and lowering dependence on imports.
4. The agreement is essentially an arrangement for not to deal with non-parties and may, therefore, institutionalize charging of economic rent, reducing consumer surplus and social welfare. Relevant particulars of the Agreement, including specific clauses to be exempted and the conditions imposed by the Commission are as follows:

First Party:	M/s. Engro Fertilizers Limited having its registered office at 7 th Floor, Harbor Front Building, HC # 3, Marine Drive, Block 4, Clifton, Karachi.
Second Party:	M/s. BioTech Fertilizers (Private) Limited having its registered office at 41, Tariq Ismail Road, Khayaban-e- Jinnah, Lahore.
Type of Agreement:	Framework Agreement (Annex-B)
Date of Agreement:	15 th July, 2022 with all amendments
Validity period of the Agreement:	Pursuant to Article 5, the Agreement took effect on July 15, 2022, and will remain in force until December 31, 2027, unless terminated earlier.

Product(s)/Services covered under the Agreement:	Specific bioactive materials and conversion services through the use of patented technology
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5. Based on the information provided by the Undertaking, the Competition Commission of Pakistan, in exercise of the powers conferred under Section 5 read with Section 9(1)(a)(b)(c) of the Competition Act, 2010 (the 'Act'), hereby grants exemption regarding specific clauses of the Agreement.

Exemption granted: On Clause 4.2 (a) – Exclusive use of Conversion Site
On Clause 8.2-Exclusivity

Exemption period: From 6th August, 2024 - 5th August, 2026

6. In view of the above, the Exemption granted shall be subject to the conditions that the Undertaking shall ensure the following:

- i. It does not engage in any anticompetitive behavior and/or practices as outlined in Chapter II of the Act, including but not limited to:
 - a. Abuse of dominant position u/s 3;
 - b. Prohibited agreements u/s 4;
 - c. Deceptive marketing practices u/s 10;
 - d. Any mergers or acquisition in violation of Section 11; and
 - e. Charging of economic rent to the detriment of consumer surplus and social welfare.
- ii. The exemption shall not be used as a permission for transfer pricing or to evade regulatory restrictions, if any against transfer pricing;
- iii. It shall provide the executed copy of the Agreement once materialized;
- iv. It shall notify to the Commission once the exclusivity clause is taken into effect;
- v. It shall provide the details of market share of Urea Z and the prices of its products after every six (06) months during this order;
- vi. Notify the Commission of any amendment(s) to the Agreement within fifteen (15) days of such change, and also provide a copy of the executed agreement;
- vii. In case of having an ongoing Agreement, submit an application for grant of extension in exemption at least three (3) months prior to expiry of this Order.
- viii. It recognizes that the Commission reserves the right to verify the following against the baseline benchmarks (to be provided by the undertaking within thirty (30) days of issuance of this Order):
 - a. Details of improvement in yield as estimated for the year 2026;
 - b. Evidence of economic benefit to farmers resulting in annual savings to the economy;
 - c. Particulars of new or improved product through innovations;



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- d. Evidence of enhancement in grain output; and
 - e. Details of tangible and verifiable benefits passed on to the consumers and farmers.
- viii. Submit a verifiable compliance report on 31st December 2025 against the commitments made for the grant of this exemption; and
- ix. No breach of terms of this exemption takes place as it shall have an immediate effect of cancellation of this exemption.
7. Without prejudice to the generality of Section 6 of the Act, the grantee of the exemption shall inform the Commission forthwith and seek clearance for continuation of the exemption if there is any material change, inter alia, in:
- (i) The terms of the Agreement;
 - (ii) The market share of products and/or services covered under the Agreement; or
 - (iii) The regulatory or policy framework in the relevant market in which the parties are operating.
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8. In the subject Agreement, matters which may fall outside the scope of the Commission's purview, remain subject to applicable laws.
9. It is so ordered.

Saeed Ahmad Nawaz
Member (Exemptions)

ISLAMABAD, the 9th October, 2025