



COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN

EXEMPTION ORDER

IN THE MATTER OF APPLICATION FILED BY M/S. LUCKY MOTOR CORPORATION
LIMITED FOR EXTENSION IN EXEMPTION OF ITS AUTHORIZED DEALER AGREEMENT

CASE: 2(622)/AGR/EXM/CCP/2025

Commission

Mr. Saeed Ahmad Nawaz
Member (Exemptions)



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1. M/s. Lucky Motor Corporation Limited (LMC), (hereinafter referred to as the **Undertaking**) applied for the grant of extension in exemption on Aug 22nd 2025 for the restrictive clauses, 2(a), 4 (d), 5 (e), 8, 11(a), 20(b) and 36 of its Authorized Dealer Agreement (hereinafter referred to as the **Agreement**) on the authority of the Board Resolution dated December 1st 2021 submitted to the Competition Commission of Pakistan (hereinafter the **Commission**).
2. M/s. Lucky Motor Corporation Limited (LMC) is engaged in the business of assembling, manufacturing, marketing and distributing vehicles and providing after-sales services to its customers in Pakistan. The turnover of LMC for the year ended June 30th 2024 was PKR 84 billion. The Undertaking has signed the Agreement with 27 dealers for the products covered under the Agreement.
3. The Application was made pursuant to Section 5 read with Section 9 (1) (a) & (c) of the Competition Act, 2010 (the **Act**) in conjunction with Competition (Exemption) Regulations, 2020 on the following grounds:
 - i. Availability and accessibility of wide range of KIA Products to customers;
 - ii. Effective transfer of important technological know-how; and
 - iii. Creation of robust distribution Network.
4. The agreement is essentially an arrangement for not to deal with non-parties and may, therefore, violate Section 4 (2) (a) of the Act and institutionalize charging of economic rent, reducing consumer surplus and social welfare. Relevant particulars of the Agreement are as follows:

First Party:	M/s. Lucky Motor Corporation Limited (hereinafter called LMC) having its principal office at Bin Qasim Industrial Park (SEZ), Pakistan Steel Mills, Bin Qasim Town, Karachi.
Second Party:	Individual dealers, parties to the Agreement
Type of Agreement:	Authorized Dealer Agreement (Annex-A)
Date of Agreement:	Different dates with different dealers
Validity period of the Agreement:	Subject to Article 35 of the Agreement, this agreement is valid from the date it is signed and valid till the date specified to its dealers through addendum, may be renewed thereafter subject to additional terms & conditions and length of agreement as deemed appropriate by LMCL.
Product(s)/Services covered under the Agreement:	As stipulated in Article 2 of the Agreement: KIA brand motor vehicles.



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5. Based on the information provided by the Undertaking, the Commission, in exercise of the powers conferred under Section 5 read with Section 9(1)(a) & (c) of the Act is pleased to grant exemption subject to the conditions specified in para 6 below, regarding the following clauses of the Agreement:

Exemption granted: (i) On Clause 2(a) – Territorial exclusivity; and

(ii) On Clause 5(e) – Not to enter into any competing products of the undertaking.

Exemption period:

From February 1st 2024 to January 31st 2026

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

- i. It does not engage in any anticompetitive behaviour 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. The Template Agreement submitted to the Commission shall be executed with all dealers' *mutatis mutandis*;
- iv. Notify the Commission of any amendment(s) to the Agreement within fifteen (15) days of such change, and also provide a copy of the amended Agreement;
- v. 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 Exemption Order;
- vi. 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. Data on delivery lead time along with instances of late delivery(ies);
 - b. Particulars of new KIA product's variants/models available in Pakistan;
 - c. Details w.r.t training(s) provided to the employees, dealers and staff;
 - d. Evidence reflecting the level of localization attained;
 - e. Data on expansion of existing dealership network; and
 - f. Details of tangible and verifiable benefits passed on the consumers.



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- vii. Submit a verifiable compliance report on December 31st 2025 against the commitments made for the grant of this exemption; and
 - viii. No breach of terms of this exemption takes place as it shall have an immediate effect of cancellation of this exemption.
7. The Commission may review and revise the terms and conditions of this Exemption, as deemed necessary. Furthermore, 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.
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.

~~Sayed Ahmad Nawaz~~
Member (Exemptions)

ISLAMABAD the 30 October, 2025.