



File No: 2(65)/AGR/EXM/CCP/2024
COMPETITION COMMISSION OF PAKISTAN
GOVERNMENT OF PAKISTAN

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EXEMPTION CERTIFICATE GRANTED U/S 5 READ WITH
SECTION 9 (1) (a) AND (c) OF THE COMPETITION ACT, 2010
(ACT NO. XIX OF 2010)

WHEREAS, M/s. Tapal Tea (Pvt) Ltd., (hereinafter referred to as the 'Undertaking') applied for the grant of template exemption vide its application dated 30th May, 2024 to clause 2 and 10(b) of its Standard Distributorship Agreement (hereinafter referred to as the 'Agreement') with its distributors, on the authority of the Board Resolution dated 6th April, 2022, on the following grounds:

- i. Customers having access to better and high quality products;
- ii. Enhanced sales and reduction in sale returns; and
- iii. Efficient supply within designated areas.

<u>PARTICULARS OF THE AGREEMENT</u>	
First Party:	M/s. Tapal Tea (Pvt) Ltd. having its registered office at Plot 40, Sector 15, Korangi Industrial Area, Karachi - 74900.
Second Party:	"Distributorship Agreement" executed/to be executed between the Undertaking and its 'Distributors' - 416 active distributors at present (Annex-A)
Type of Agreement:	Standard Distributorship Agreement (Annex-B)
Date of Agreement:	Different dates with different Distributors.
Validity Period of the Agreement:	Pursuant to 'Recitals' of the Agreement, different dates with different Distributors.
Product(s)/Services covered under Agreement:	All brands of Tapal 'Tea' - generically referred in Clause 1(b) of the Agreement. Specific details provided as Annexure-F of the application for extension in exemption (Annex-C).



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NOW THEREFORE, based on the information provided by M/s. Tapal Tea (Pvt) Ltd., the Competition Commission of Pakistan, in exercise of the powers conferred under Section 5 read with Section 9(1)(a) and (c) of the Competition Act, 2010 (the 'Act'), hereby grants extension of exemption regarding specific clauses of the Agreement subject to the conditions specified hereunder:

PARTICULARS OF THE EXEMPTION GRANTED	
Exemption granted:	<ul style="list-style-type: none">▪ On clause 2 of the Agreement – territorial restriction.▪ On clause 10(b) of the Agreement – non-compete restriction.
Granted period:	From 16 th April, 2024 to 15 th April, 2026
Conditions:	<ol style="list-style-type: none">1. The Undertaking shall submit a verifiable compliance report on 31st December, 2025 against the commitments made for the grant of this exemption;2. The Commission reserves the right to verify the following against the baseline benchmarks (to be submitted within 30 days of issuance of this certificate):<ol style="list-style-type: none">i. Better and high quality products;ii. Reduction in sale returns; andiii. Time and cost reduction in the distribution channel.3. The Undertaking shall ensure that it does not engage in any anticompetitive behaviour and/or practices, including market foreclosure, as outlined in Chapter II of the Act, including but not limited to:<ol style="list-style-type: none">i. Abuse of dominant position u/s 3;ii. Prohibited agreements u/s 4;iii. Deceptive marketing practices u/s 10; andiv. Any mergers or acquisition in violation of Section 11.4. The Undertaking shall amend clause 3(a) of the Agreement to allow the distributor(s) to provide reasonable justification(s) if they are unable to place an order with the Undertaking within the stipulated period of one (1) week;5. The Undertaking shall notify the Commission of the amendment stipulated in Condition-4 above, and submit the revised Agreement within fifteen (15) days of the issuance of this exemption certificate;6. The Undertaking shall execute the revised Standard Agreement with all distributors <i>mutatis mutandis</i>;7. The Undertaking shall not add any restrictive clause(s) to its agreements with individual distributors beyond those exempted under this certificate. The Undertaking may, however, incorporate any or all of the exempted clauses into such agreements;8. The Undertaking shall 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;9. The Undertaking shall not increase the price(s) of its products without verifiable empirical justification and in violation of Section 3 of the Act.



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PARTICULARS OF THE EXEMPTION GRANTED	
Conditions:	<p>Similarly, it shall not fix the price(s) of its products in violation of Section 4 of the Act;</p> <ol style="list-style-type: none">10. The exemption shall not be used as a permission for transfer pricing or to evade regulatory restrictions, if any against transfer pricing;11. The Commission may review and revise the conditions of this Exemption, as deemed necessary;12. Breach of terms of this exemption shall have an immediate effect of cancellation of this exemption;13. Since the Agreement is ongoing, the Undertaking shall submit an application for grant of extension in exemption at least three (3) months prior to expiry of this exemption certificate.

MOREOVER, 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 covered under the Agreement; or
- (iii) The regulatory or policy framework in the relevant market in which the parties are operating.

Granted on the 14th day of May, 2025 at Islamabad.

Saeed Ahmad Nawaz
Member (Exemptions)

Seal of the Commission

Imran Hussain
Registrar
Competition Commission of Pakistan
Government of Pakistan
Islamabad

**All the enclosures form an integral part of this exemption certificate.*