



COMPETITION COMMISSION OF PAKISTAN  
GOVERNMENT OF PAKISTAN

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**EXEMPTION ORDER**

IN THE MATTER OF EXEMPTION APPLICATION FILED BY M/S. AL  
GHAZI TRACTORS LIMITED FOR EXEMPTION OF DEALERSHIP  
AGREEMENT

CASE: 2(727)/AGR/EXM/CCP/2024

Commission

Mr. ~~Saeed Ahmad~~ Nawaz  
Member (Exemptions)



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1. M/s. Al Ghazi Tractors Limited (hereinafter referred to as the (Undertaking or AGTL) applied for grant of template exemption to its restrictive clauses 2.2, 2.4, 2.5,4, 4.1.8, 22.1, 22.2, 22.3, 22.4, 23.1, 23.2 and 23.3 of the Dealership Agreement, (hereinafter referred to as the Agreement) on the Board Resolution dated 30<sup>th</sup> September, 2020 submitted to the Competition Commission of Pakistan (hereinafter the Commission).
2. The undertaking, M/s. Al Ghazi Tractors Limited is principally engaged in the manufacture and sale of agricultural tractors, implements and spare parts. The turnover for the undertaking for the financial year ended 2023 is PKR 34.5 Billion.
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. Provide an efficient and reliable distribution network ensuring timely product availability and consistent aftersales support across all territories;
  - ii. Provide advanced technical services through trained personnel, upgraded infrastructure, and continuous innovation to enhance customer experience; and
  - iii. Provide tangible consumer benefits such as affordable pricing, wider rural access, and improved service quality.
4. The agreement is essentially an arrangement for not to deal with non-parties and may, therefore, violate Section 4 (2) (a) and (f) 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. Al Ghazi Tractors Limited having its registered office at Tractor House, Plot No. 102-B, 16 <sup>th</sup> East Street DHA, Phase 1, Off. Korangi Road, Karachi.
Second Party:	Dealership Agreement executed separately with 73 different dealers
Type of Agreement:	Letter of Intent and Dealership Agreement (Annex-A)
Date of Agreement:	Different dates with different dealers.
Validity period of the Agreement:	Pursuant to clause 2.3.1; the Agreement is effective for a period of five (05) year from the effective date unless terminated earlier.
Product(s)/Services/ Business covered under the Agreement:	“As per definitions and interpretation clause 1 (xi), Products refers to all tractors (including new Holland tractors) spare parts, lubricants, and related implements manufactured, assembled, or distributed by the company under its brands including any additional products introduced by the Company from time to time.”



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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)(b)(c) of the Competition Act, 2010 (the 'Act'), hereby grants exemption, subject to the conditions specified below;

**Exemption granted:**

- (i) On Clause 2.2.1 of the Agreement - Exclusivity
- (ii) On Clause 2.4 of the Agreement - Territorial Limitations
- (iii) On Clause 2.5.2 of the Agreement – Exclusive Display Requirement
- (iv) On Clause 23.1 of the Agreement - Non Compete Obligation
- (v) On Clause 23.2 of the Agreement - Geographic and Territorial Restriction
- (vi) On Clause 4 of letter of Intent- Territorial Exclusivity
- (vii) On Clause 7 of letter of Intent- Non Compete

**Exemption period:** From 3<sup>rd</sup> March, 2025 to 3<sup>rd</sup> March, 2027.

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 template agreement submitted to the Commission shall be executed with all dealers *mutatis mutandis*;
  - iii. The Applicant shall not add any restrictive clause(s) to its letter of intent and agreements with individual dealers beyond those exempted under this certificate. The Applicant may, however, incorporate any or all of the exempted clauses into such letter of intent and agreements;
  - iv. The exemption shall not be used as a permission for transfer pricing or to evade regulatory restrictions, if any against transfer pricing;
  - v. Notify the Commission of any amendment(s) to the letter of intent and the Agreement within fifteen (15) days of such change, and also provide a copy (ies) of the same;
  - vi. 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.



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- vii. 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):
- Quantifiable efficiencies achieved in the supply chain resulting in timely product availability and aftersales support;
  - Data on reduction in stock outs;
  - Data on cost reductions;
  - Data on new technology(s) adopted & employees technical training(s);
  - Particulars of new dealership established ensuring product availability; and
  - Details of tangible and verifiable benefits passed on to the consumers.
- viii. Submit a verifiable compliance report on December 31<sup>st</sup> 2025 each year 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. 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:
- The terms of the Agreement;
  - The market share of products and/or services covered under the Agreement; or
  - The regulatory or policy framework in the relevant market in which the parties are operating.
8. In the Agreement, matters which may fall outside the scope of the Commission's purview, remain subject to applicable laws.
9. It is so ordered.

Syed Ahmad Nawaz  
Member (Exemptions)

ISLAMABAD, the 3<sup>rd</sup> October, 2025