



BEFORE THE  
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

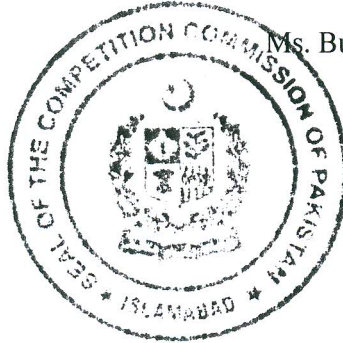
IN THE MATTER OF JOINT VENTURE OF M/S. ATLAS AUTOS (PRIVATE) LIMITED, M/S.  
DAIDO KOGYO CO. LIMITED AND M/S. DAIDO SITTIPOL CO. LIMITED.

CASE: 1056/Merger-CCP/19

Commission

Ms. Vadiyya S. Khalil  
*Chairperson*


Ms. Bushra Naz Malik  
*Member*

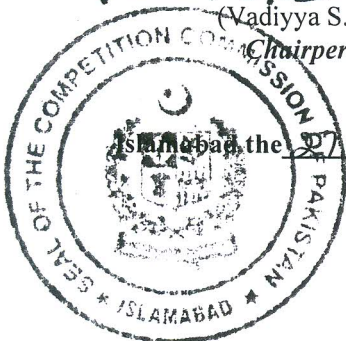


## ORDER

1. On 3<sup>rd</sup> September 2019 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed joint venture pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") where M/s. Atlas Autos (Private) Limited ("**JV Party 1**" or "**Applicant**"), M/s. Daido Kogyo Co. Limited ("**JV Party 2**") and M/s. Daido Sittipol Co. Limited ("**JV Party 3**") have entered into a Joint Venture Agreement "**JVA**". All the requisite information/documentation pertaining to the application was completed by the applicant on 20<sup>th</sup> September 2019.
2. The Commission has examined the Application as well as all the documents attached therewith, the market scenario, and its observations on the basis of independent research/investigation in the relevant market. The Phase I competition assessment of the intended transaction has resulted in the following findings:
  - i. The business activities of the undertakings concerned are:
    - a. For JV Party 1: Manufacturing and marketing of auto parts for motorcycles in Pakistan.
    - b. For JV Party 2: Manufacturing of chains and auto parts in Japan.
    - c. For JV Party 3: Manufacturing of automotive chains in Thailand.
  - ii. The proposed transaction is a joint venture between JV Party 1, JV Party 2 and JV Party 3 whereby the merger parties are creating a Joint Venture by the name M/s. Atlas DID (private) limited ("**Atlas DID**"). In the above venture; JV Party 1 will have      shareholding, JV Party 2 with      shareholding and JV Party 3 with      shareholding. The planned paid up capital is PKR 1.2 billion, also to be taken as transaction value.
  - iii. Currently, only JV Party 3 is engaged in the relevant product markets of "**Drive Chain Kit and CAM Chain Kit for two wheeler vehicles**" having a geographic market identified as of "**Pakistan**". Presently, no overlaps exist between the merger parties in Pakistan.
  - iv. The market shares of JV Party 3 for Drive Chain Kit segment is      while the market shares for CAM Chain Kit segment is      in 2019. Post-transaction the market position of JV Party 3 in the relevant product markets is unlikely to change since the parties of the joint venture are combining their activities.
  - v. The transaction is not likely to result in the creation or strengthening of a dominant position in the relevant market. The intended transaction does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act 2010 ("**Act**").
3. In conclusion, the proposed transaction is not likely to substantially lessen competition through the creation or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
4. It is so ordered.

  
(Vadiyya S. Khalil)  
Chairperson

  
(Ms. Bushra Naz Malik)  
Member



Islamabad, the 27<sup>th</sup> September, 2019.