

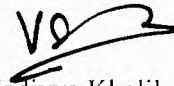
BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

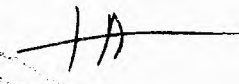
FIRST PHASE REVIEW

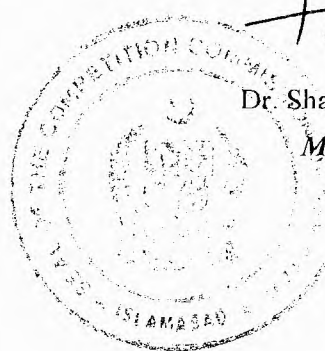
IN THE MATTER OF JOINT VENTURE BETWEEN MR. GHAZI KHAN, MR. AKBAR KHAN,
MR. HAROON KHAN, MR. QASIM AKHTAR KHAN AND M/S. LOTTE CHILSUNG
BEVERAGE CO., LTD.

CASE: 980/Merger-CCP/18

Commission

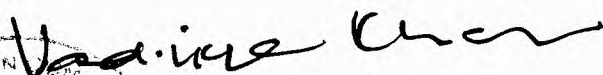

Ms. Vadiyya Khalil
Chairperson

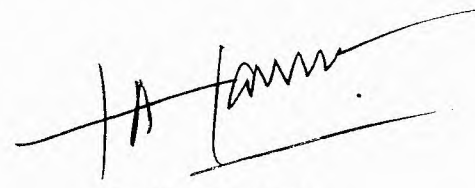

Dr. Shahzad Ansar
Member



ORDER

1. On 13th June 2018, Mr. Ghazi Khan, Mr. Akbar Khan, Mr. Haroon Khan, Mr. Qasim Akhtar Khan (hereinafter collectively referred to as “**Akhtar Group**” or “**JV Party 1**”) submitted a pre-merger application (the “**Application**”) to the Competition Commission of Pakistan (“**Commission**”) relating to the intended Joint Venture Agreement between Akhtar Group and M/s. LOTTE Chilsung Beverage Co., Ltd. (“**JV Party 2**” or “**Lotte**”), whereby JV Party 1 and JV Party 2 will hereinafter collectively referred to as (“**Parties**”), pursuant to Section 11 of the Competition Act, 2010 (“**Act**”) read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 (“**Merger Regulations**”).
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 acquisition has resulted in the following findings:
 - i. The business activities of the concerned parties are:
 - a. For JV Party 1: Individuals who have shareholdings in M/s. Riaz Bottlers (Pvt.) Limited (“**RBL**”). RBL is engaged in the business of bottling, distribution and sale of beverages under exclusive bottling appointments for various beverages of PepsiCo.
 - b. For JV Party 2: Production and sale of beverages.
 - ii. As per the Application, Akhtar Group and Lotte desire to enter into a Joint Venture arrangement for jointly carrying on PepsiCo beverages bottling business. Pursuant to this agreement, Akhtar Group has incorporated LABL, a newly formed private limited company. Accordingly, a Scheme of Arrangement has also been entered into between RBL and LABL for the carving out of certain assets, liabilities, obligations, contracts and undertaking from RBL and transferring/merging of the same into LABL along with all ancillary matters. Lotte shall then purchase shareholding in LABL for a total consideration of PKR billion.
 - iii. The relevant product market in this case is defined as that of manufacturing, bottling, distribution and selling of chilled and un-chilled beverages. The relevant geographic market for beverages Pepsi-Cola, Pepsi, Diet Pepsi, Diet Pepsi-Cola, Teem, Mirinda, Mountain Dew, 7 Up, Diet 7 Up, Seven-Up, Diet Seven-Up and Slice has been identified as the territory of Lahore and Kasur while for Aquafina it has been identified as the territory of Lahore and the districts: Layyah, D.G Khan, Rajanpur, Muzaffar Garh, Multan, Khanewal, Sahiwal, Pak Pattan, Bahawal Nagar, Vehari, Lodharan, Bahawalpur and the areas from Iqbalabad and Tarina Sawal Khan of Rahimyar Khan Tehsil towards Liaquatpur and two Tehsil of Liaquatpur and Khanpur in RY Khan districts and in Okara District all areas to the right side of road which connects Pak Pattan to Kasur and passes through Deepalpur, Hujra and Rajawal Districts. RBL has a market share of approximately , which will remain unchanged, post-transaction.
 - iv. The transaction is not likely to result in the creation or strengthening of dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Act.
3. In conclusion, the proposed transaction is unlikely 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.


(Ms. Vadiyya Khalil)
Chairperson


(Dr. Shahzad Ansar)
Member

Islamabad the 6th August 2018

