



**BEFORE THE
COMPETITION COMMISSION OF PAKISTAN**

**IN THE MATTER OF
FIRST PHASE REVIEW**

**JOINT VENTURE BETWEEN M/S. AJINOMOTO SEA REGIONAL
HEADQUARTERS COMPANY LIMITED AND M/S. SIZA (PVT.)
LIMITED ESTABLISHING AJINOMOTO LAKSON PAKISTAN
(PRIVATE) LIMITED.**

CASE: 809-Mergers/CCP/16

Commission

Mr. Shahzad Ansar
Member

Mr. Ikram Ul Haque Qureshi
Member



ORDER

I. Background

1. The Competition Commission of Pakistan (the "Commission") is in receipt of a pre-merger application (the "Application") dated 3rd May 2016 (received by the Commission on 5th May 2016) sent by M/s. Ajinomoto Sea Regional Headquarters Company Limited ("Ajinomoto") and M/s. Siza (Private) Limited ("Siza") (collectively "Merging Parties") along with all necessary information and processing fee under Regulation 5(6) of the Competition (Merger Control) Regulations, 2007 ("Merger Regulations") notifying the Commission of the intended joint venture involving the Merging Parties pursuant to a Joint Venture Agreement (the "Agreement") which will establish a joint venture company, i.e., Ajinomoto Lakson Pakistan (Private) Limited (the "JVC").

II. Merger Parties

Ajinomoto:

2. Ajinomoto is a company incorporated under the laws of Thailand. Its registered office is located in Bangkok, Thailand. It is engaged in the business of provision of regional headquarters for food and beverages group of companies in ASEAN and South Asian Regions belonging to the Ajinomoto Group of companies. Its turnover for the financial year ended March 31st 2015 remained nil, being inoperative in Pakistan, while its assets remained at PKR [REDACTED] for the same period.

Siza:

3. Siza is a private limited holding company incorporated under the Companies Ordinance, 1984. It is a part of Lakson Group of companies, with its registered office located at Karachi, Pakistan. It is engaged in trading and holds investment in group companies. Siza's assets for the financial year ended June 30th 2015 were PKR [REDACTED], while its total income generated for the same period stood at PKR [REDACTED].

JVC:

4. Post-transaction, the newly formed JVC, i.e., Ajinomoto Lakson Pakistan (Private) Limited, will be engaged in the import, marketing, sales and distribution of "Ajinomoto" brand consumer food products, mainly chicken flavoring and seasoning, and the study and research for the feasibility of production of "Ajinomoto" brand consumer food products in Pakistan.



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III. Transaction

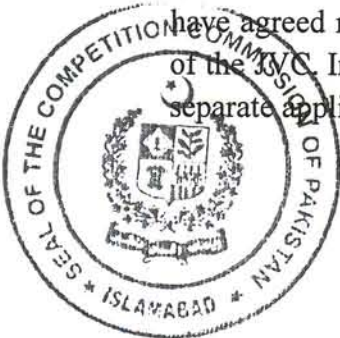
5. As per the Application, the Merger Parties intend to enter into a joint venture and establish the JVC, pursuant to a Joint Venture Agreement. The JVC's initial authorized capital will be PKR [REDACTED]. Ajinomoto will hold [REDACTED] % shares in the JVC's capital, while Siza will hold [REDACTED] %. It is proposed that subsequently, [REDACTED] new shares will be issued at par value of PKR [REDACTED] each, increasing the JVC's capital to PKR [REDACTED]. The transaction value is approximately PKR [REDACTED].
6. The transaction meets the thresholds prescribed in Regulation 4 (2) (a) and (c) of the Merger Regulations as the value of gross assets of the undertaking is greater than PKR 300 million, and the combined assets of the undertakings are greater than PKR 1 billion. The transaction relates to the acquisition of shares or assets of more than PKR 100 million.

IV. The Relevant Market

7. The relevant product market in this transaction has been defined as that of "Chicken flavor seasoning", whereas the geographic market in this case has been identified as Pakistan.
8. None of the group companies of the Merging Parties will retain any activity in the same market as the JVC, nor in any upstream or downstream market of the JVC.

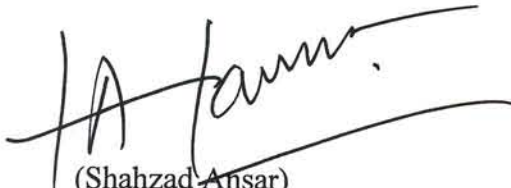
V. Findings of the Phase I investigation on competition assessment

9. Ajinomoto is engaged in the business of provision of regional headquarters for food and beverages group of companies in ASEAN and South Asian Regions belonging to the Ajinomoto Group of companies, whereas Siza is engaged in trading and holds investment in affiliate companies.
10. Due to the fact that the Merging Parties are not participants in the relevant product market, and none of the group companies of the Merging Parties will retain any activity in the same market as the JVC, nor in any upstream or downstream market of the JVC, post joint venture, the market shares of both Merging Parties will remain the same.
11. Under paragraph 10 of the Application, the Merging Parties have informed the Commission of an ancillary restriction in the Agreement whereby the Merging Parties have agreed not to engage in business competing directly or indirectly with the business of the JVC. In view of the foregoing, the merging parties are hereby directed to submit a separate application to the Commission for grant of exemption.



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12. The transaction does not meet the presumption of dominance as determined under Section 2 (1) (e) read with Section 3 of the Competition Act, 2010.
13. In conclusion, there is no evidence that suggests a substantial lessening of competition by the creation or strengthening of dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
14. It is so ordered.


(Shahzad Ansar)
Member


(Ikram Ul Haque Qureshi)
Member



Islamabad the 28th June, 2016