ANNUAL
REPORT
2018

Competition Commission of Pakistan
Creating a level playing field

Mission Statement

The Competition Commission of Pakistan strives to foster a robust economy and to help promote economic growth by encouraging and enforcing free competition in all spheres of commercial and economic activity. The Commission wishes to enhance economic efficiency and protect consumers from anti-competitive behaviour.

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Chairperson's Message

VADIYYA KHALIL

It gives me immense pleasure to present the Annual Report of the Competition Commission of Pakistan for the financial year 2018. This year was very special for us, as the Commission celebrated its 10th anniversary. The Competition Law was promulgated in 2007 as a pro-business, pro-growth legislation and the Competition Commission of Pakistan was established as its implementing agency. During the last ten years, the Commission has emerged not only as a market regulator, but a market developer, playing its due role in the economic progress of the country.

In the beginning of the report, a special chapter has been added to give a glimpse of the Commission's achievements during the decade. The chapter gives a snapshot of the enforcement penalties, advocacy initiatives, merger clearances, exemptions granted, and policy interventions done in the interest of competition. The Commission's work in these areas have contributed significantly to the promotion of competition and creating a level playing field.

In the year 2018, the Commission did some interesting work in advocacy and research apart from regular enforcement. The Commission's consistent performance enabled it to retain the three star rating by the Global Competition Review.

The Competition Act empowers us to hold open hearings on the matters affecting the state of competition in Pakistan, to solicit the views of stakeholders on pertinent issues. Based on the stakeholders' views and the Commission's own research, the Commission then expressly issues its opinion on the subject. This year, six open hearings were held; one each on the sugar and automobile sectors, and three separate hearings in Islamabad, Lahore, and Karachi on the competition issues in the real estate sector. The opinions offered solid recommendations to the government on these sectors.

In enforcement, our Office of Fair Trade remained particularly active, as their enquiries into the violations of Section 10 of the Act resulted in the imposition of over PKR 48 million penalties. Similarly, show cause notices were issued to several companies for Section 10 violations.

Our Cartels and Trade Abuse Department detected three cartels in the important sectors of poultry, wheat flour, and paints industry, whereas a paint company was also fined for downstream cartelisation. In yet another important order, the Commission declared a tender issued by the Utility Stores Corporation of Pakistan (USC) for the procurement of Enterprise Resource Planning (ERP) in violation of the Act and directed the USC to hold fresh bidding after addressing the competition concerns.

The Annual Report contains details about these subjects besides covering the areas of mergers and acquisitions, advocacy, and research.

13 OCTOBER 2007 - 13 OCTOBER 2017

10 YEARS OF CCP

COMMEMORATING A
Decade Long Journey

There is a global consensus that certain business conduct prevents competition and thwarts the functioning of free markets. Addressing this conduct requires a legal framework and an institution to implement the law. The Competition Act, 2010 (initially promulgated as the Competition Ordinance, 2007) replaced the Monopolies and Restrictive Trade Practices Ordinance, 1970 (MRTPO 70), which was implemented by the erstwhile Monopoly Control Authority.

Pakistan's competition law is in line with international best practices as it:

(i) Adopts a system that prohibits any abuse of dominant position and anti-competitive agreements while requiring compulsory pre-clearance of mergers and acquisitions that meet certain thresholds

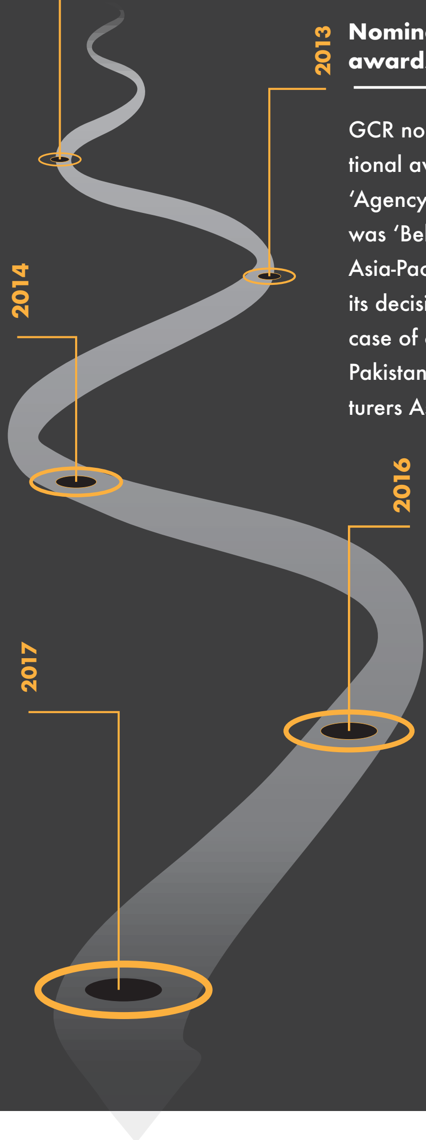
(ii) Establishes the Competition Commission of Pakistan as an administratively and operationally independent enforcement body with quasi-judicial functions, subject to appeal to the Superior Courts.

This year, while the Commission is celebrating its 10th anniversary, it may be pertinent to encapsulate the Commissions performance and achievements. Thus, this chapter gives a glimpse of some of the important work done and the outcomes of the Commission's efforts.

INTERNATIONAL EVALUATIONS OF THE COMMISSION

3 - STAR RATING BY GCR

Global Competition Review (GCR) is the world's leading antitrust and competition law journal and news service. GCR publishes independent annual ranking of the world's leading competition authorities thereby providing an extensive evaluation of their performance and how they compare with each other. Here is how the CCP has received recognition from GCR from time to time:



2010-2012

Star rating and nonimation for Agency of the Year

The Commission achieved the distinction of being the only new entrant to be granted a rating of 2½ stars out of five. In 2012, the Commission not only got 'Fair' rating but was also shortlisted for the Enforcement Award in the category 'Agency of the Year – Asia-Pacific, Middle East and Africa' for 2012.

2013

Nomination by GCR for awards in two categorie

GCR nominated the Commission for international awards in two categories. One was 'Agency of the Year' while second category was 'Behavioral Matter of the Year' – Asia-Pacific, Middle East and Africa region for its decision to grant leniency to Siemans in the case of collusive bidding by members of Pakistan Electrical Power Equipment Manufacturers Association (PEMA).

2014

Rating Maintained

Despite dwindling human resources, the Commission maintained its rating of two and a half stars out of five and its performance was termed consistent by the GCR.

2016

3- Star Rating by GCR

The Commission was awarded 3-star rating thus bringing it at par with the competition authorities of Switzerland, Sweden, Austria, Singapore, New Zealand, Mexico, Portugal, and Turkey.

2017

Rating Maintained

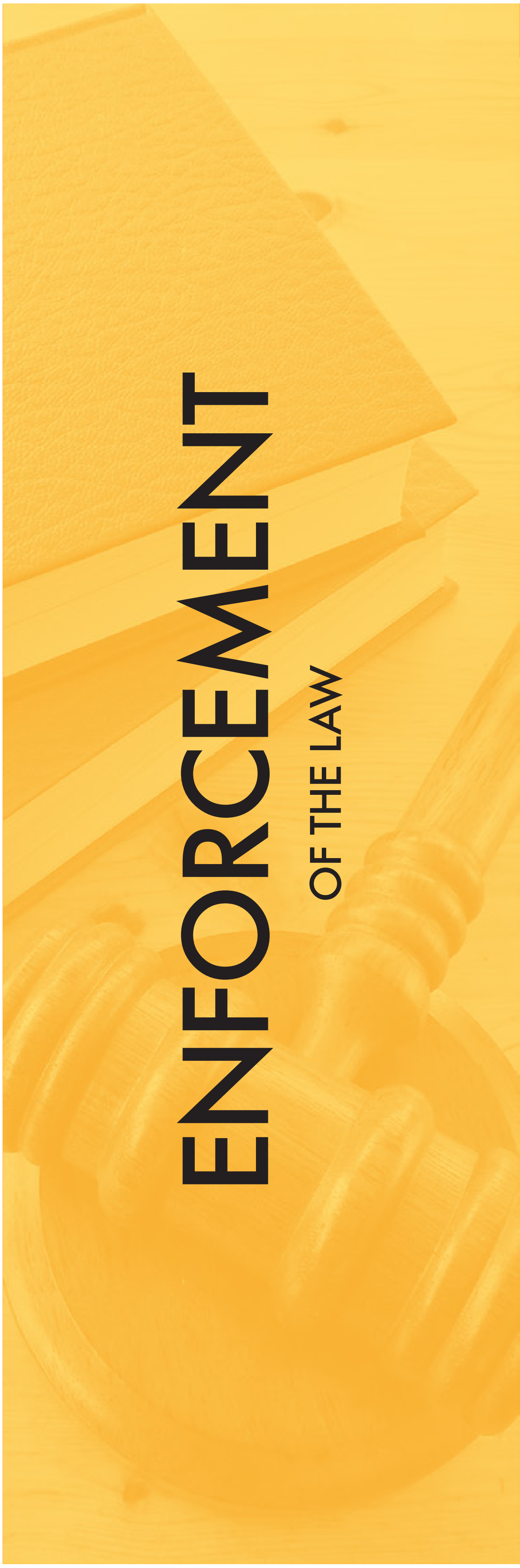
The Commission maintained its 3-star rating by showing consistent performance. Pakistan and India were the only two countries from South Asia included in the Rating Enforcement 2017.

PEER REVIEW BY UNCTAD

In August 2012, the Commission nearing completion of 5 years of its establishment requested and volunteered to participate in a Peer Review of Competition Law and Policy organised by United Nations Conference on Trade and Development (UNCTAD). The purpose of the Peer Review was to assess the legal framework and enforcement experience in Pakistan and to draw lessons from past experiences with a view to improving competition law enforcement in the country. The Peer Review Report concluded that the achievements of the Commission are internationally recognized by the world competition community, as well as local business, media, government and civil society. It further mentioned that the Commission has been performing a crucial leadership role in taking the Pakistani economy forward to a greater level of confidence on competition-based and consumer-welfare oriented market system.

COMPETITION ADVOCACY CONTEST World Bank's 2013

The Commission won the contest in the category of 'Successfully promoting pro-competition market reforms, opening of markets, and infusion of competition principles in other sectoral policies.' The Commission won the contest for conducting advocacy in the crucial segment of Pakistan's air transportation market – the route between Pakistan and Mecca and its recommendations were implemented by the Civil Aviation Authority, resulting in two new airlines entered the market and a decrease in the cost of air travel for consumers.



Stopping The

Abuse of Dominant Position

SECTION : 3

Dominance is the ability of a firm to act appreciably independently of other players and stakeholders in the market. Abuse of dominance means a firm holding significant market power can leverage it to either exclude competitors (from the market) or exploit consumers (in the market). Unreasonable increase in prices, unfair trading conditions, tying of products, predatory pricing, discriminatory pricing, margin squeezing are some examples of abusive behavior. The concept of relevant market is important to determine dominance. The relevant market is simply the product and geographical market in which an undertaking operates.

While enforcing the this provision the achievements include:

PKR
8.7 Billion

Penalties imposed

Major sectors were:

- Aviation Industry
- Stock Market
- Steel/Fertilizer
- Securities
- Real Estate

Halting the Execution Of

Prohibited Agreements

SECTION : 4

Anti-competitive agreements between companies at the same level of the supply chain (horizontal agreements) may result in cartelisation. The Act prohibits undertakings from entering into agreements, and association of undertakings from taking decisions, which either have the object or effect of preventing, restricting, reducing, or distorting competition the market. Examples include agreements that fix prices or production or divide markets between competitors. Agreements up-and-down the supply chain (vertical agreements) that fix resale prices or foreclose markets are also covered under this section.

The enforcement of Section 4 includes:

PKR

17 Billion

Penalties imposed & 141 Orders issued

Major sectors were:

- Banks
- Telecom
- Power
- Textile
- Cement

Refraining firms from

Deceptive Marketing Practices

SECTION : 10

Deceptive marketing practices can result in consumers engaging in transactions that are based on incorrect information. Four practices are considered as being deceptive:

> dissemination of false or misleading information capable of harming competitors;
> dissemination of false or misleading information to consumers;
> false or misleading comparison of goods; and
> fraudulent use of another's trademark, firm name, product labelling, or packaging.

PKR

175 Million

Penalties imposed for deceptive marketing practices

Major sectors were:

- Educational Institutions
- Real Estate Developers
- Fabric
- Seed Manufacturers

Granting approvals for

Mergers & Acquisitions

SECTION : 11

Pakistan follows a mandatory reporting regime for acquisitions and merger, meaning all such mergersthat meets certain thresholds must be cleared by the Commission.

The review of any merger or acquisition application can consist of two phases. The first phase sees if the transaction poses any significant competition concerns. Most of the applications received by the Commission are cleared in the first phase. If a merger or acquisition could result in the creation or strengthening of a dominant position, a second phase review is done in which the transaction is examined in greater details. A second phase review may either allow the transaction by imposing certain remedies, to alleviate any competition concerns, or block if the potential harm to competition is extensive.

676

Mergers and Acquistions granted in Phase-I review and 8 in Phase - II review

Major sectors were:

- Telecom
- Banks
- Cementt
- Petroleum
- Power

Seeking

Exemptions

SECTION : 5

The Commission can grant an exemption (under §5-Individual Exemptions of the Act) to those possibly anticompetitive agreements whose potential benefits outweigh the harm to competition. The criteria for analysis are described in §9-The Criteria for Individual and Block Exemptions and are based on, inter alia, principles of economic efficiency and progress.

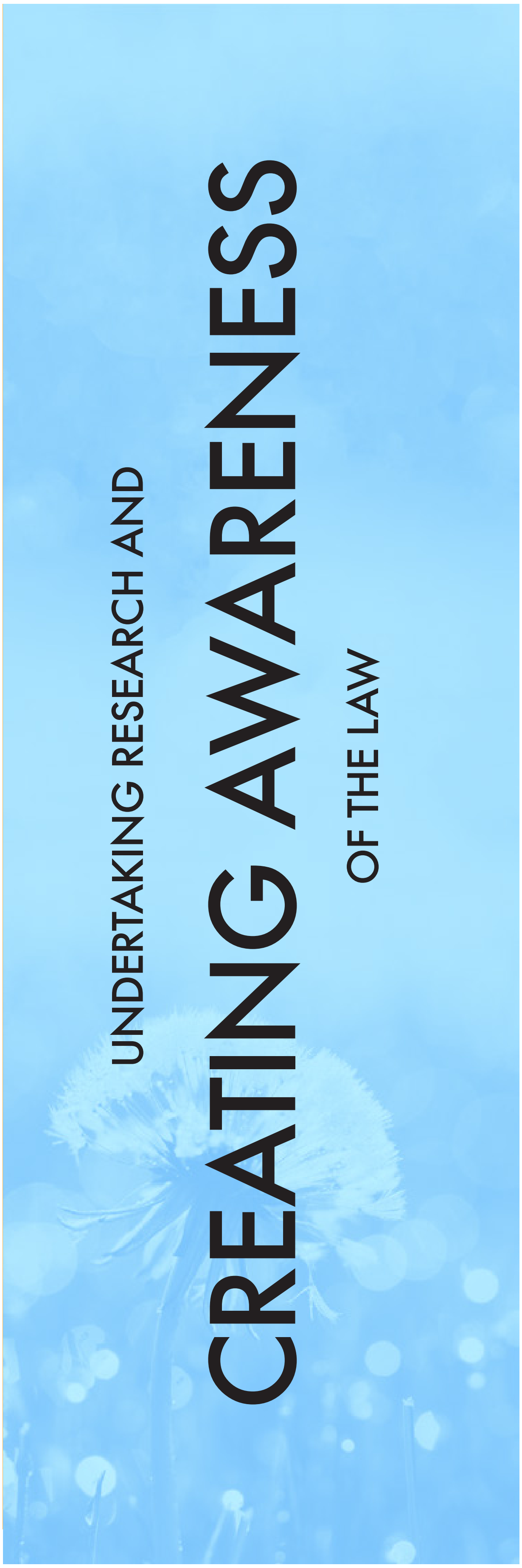
In the area of Exemptions the Commission's performance include;

752

Exemptions Granted

Major sectors were:

- Pharmaceutical
- Oil & Gas
- Automobile
- Power
- FMCG's



Undertaking

Competition Policy and Research

SECTION : 28

One of the functions of the Commission is to conduct studies to promote competition in all sectors of the economy. The research function of the Commission revolves around two major deliverables. Firstly, competition assessment studies of various sectors of the economy are conducted to assess the competition levels, identify competition issues, and recommend steps to address these gaps. Secondly, state of competition reports about the economy are produced to provide a broad overview of the competition levels of various markets and the overall economy.

17

Competition Assessment reports

Major sectors were:

- Telecom
- Banks
- Fertiliser
- Power
- Aviation

Advocating

the Law

SECTION : 29

The Commission is mandated to engage in competition advocacy through various means including:

a: Creating awareness and imparting training about competition issues,
b: Reviewing policy frameworks and suggesting legislative changes,
c: Holding open hearings and issuing opinions,
d: Posting public information on the website.

The Commission issues non-binding policy notes and opinions that serve an important function of presenting reasoned and researched options for the policy and lawmakers. In addition, the Commission regularly conducts workshops, national and international conferences, and seminars on competition issues.

National Roadshow on Competition Law

The Commission's advocacy activities included the ambitious but necessary roadshow between December 2015 and January 2016 in which the Commission's Members and officers held 40 interactive sessions with the chambers of commerce and industry in 22 cities in all provinces to create awareness of the competition law and how businesses can comply with it. This roadshow was helpful in explaining that the competition law is pro-business, pro-growth, and that the Commission expects fair play in business-to-business (B2B) and business-to-consumer (B2C) interaction

Guidance on Competition Compliance

To improve voluntary compliance of the law, the Commission prepared and released the Guidance on Competition Compliance in December 2016. The Guidance explains the do's and don'ts of compliance in an easy to understand manner.

The first compliance workshop took place with the members of the Overseas Investors Chambers of Commerce and Industry (OICCI) on 23 May 2017. In July 2018, a session with the Islamabad-based members of the Pakistan Business Council (PBC) took place.

Other compliance workshops took place in November (Reckitt Benckiser and CITI), and December (ICI, Unilever, and ENGRO) 2017. Two rounds of awareness sessions were held with NESTLÉ in March-April 2017 and in April 2018. A session took place with some members of the Pakistan Advertisers Society in November 2017.

Academia Drive

In November 2016, an academia drive targeting various universities started. The Commission's partnership with businesses and academia puts it at two critical junctures in the supply chain of compliance-oriented professionals. The dividends from this partnership should become noticeable in a few years as a critical mass of human resources armed with competition law and compliance familiarity enters the workforce. This will benefit the Commission also, allowing it to combine staff from different professional and organisational backgrounds into effective multidisciplinary teams, leading towards institutional development and strengthening the awareness and practice of competition and compliance in the economy.

Overview of Advocacy Activities

No. of sessions

International Conferences

3

Competition Consultative Group (CCG)

21

Policy Notes & Opinions

39

Memorundum of Understanding

3

Roadshow on Competition Law

40

Advocacy Academia Drive

27

Guidance on Competition Comliance

11

Media Interactions

804

Advocacy Session with Business stakeholders

14

CHAPTER 1

THE COMMISSION

MS. VADIYYA KHALIL

CHAIRPERSON

Ms. Khalil was appointed Chairperson of Competition Commission of Pakistan in December 2014. She has previously served as the Commission's Member for Mergers & Acquisitions and Advocacy from 2010-2013.

Her career is notable for her leadership and strategic decision making roles in various financial sector organisations that have resulted in the successful implementation of numerous projects by major economic actors in Pakistan. Her time in the financial sector exceeds two decades in corporate and commercial banking and spans both international and national banks including Credit Agricole, ANZ Grindlays, MCB Bank Limited, Askari Commercial Bank, and the National Bank of Pakistan.

Ms. Khalil has a Master's Degree in Management Sciences from the University of Kent, the UK specialising in Corporate Strategy, Operations Research, Techniques of Management, Marketing, Global Modelling, and Accounting. She has studied the Italian Language and Literature at the University of Perugia, Italy and holds a Diploma in French from Alliance Française, Paris. Her professional executive education has focused on Leadership, Corporate Finance and Mergers and Acquisitions.

DR. SHAHZAD ANSAR

MEMBER

Dr. Shahzad Ansar was re-appointed as Member on 27 January 2014 and holds the portfolios of Advocacy and the Office of Fair Trade.

Dr. Ansar has a PhD. in Business Administration with a specialisation in Microfinance and a Master's degree in Engineering Geology. He is a Certified SME Manager in the Doctorate category and holds International Advanced Diploma in Human Resource Management. He also has certifications in Intellectual Property Laws, Marketing, and Personal Finance from Nipomo, California, USA.

Dr. Ansar has over 30 years of experience in management, business development and project finance. He has run energy projects and has also worked with the Federal Ministry of Industries & Production as CEO of its sector development company.

Mr. Ansar has a vast teaching experience and has offered services to the Virtual University of Pakistan, the University of Central Punjab, Civil Services Academy, and the University of South Asia, Lahore.

IKRAM UL HAQUE QURESHI

MEMBER

Mr. Qureshi was appointed as Member on 17 December 2014. He oversees the Cartels and Trade Abuses, Competition Policy & Research, and Information Systems & Technology.

He has previously served as Director General (Legal and Corporate Affairs) and Registrar of the Commission from 2008-2014.

He has previously worked with the Securities and Exchange Commission of Pakistan (SECP), Pakistan Telecommunications Company Ltd (PTCL), and the Government's Infrastructure Project Development Facility (IPDF).

Mr. Qureshi has an LL.M in Corporate Law.

DR. MUHAMMAD SALEEM

MEMBER

Dr. Muhammad Saleem was appointed as Member on 4 December 2017. He is overseeing the Competition Policy & Research (CP&R), and Human Resource departments.

Dr. Saleem has MSc in Economics from Quaid-e-Azam University, Islamabad and Second Master's degree in Economics and a PhD in Economics from the Kansas State University USA. He has over 33 years of experience with regulators, ministries and international organizations. He has served as Director General Finance and Commercial Affairs in the Pakistan Telecommunication Authority (PTA) and also worked with the Ministries of Planning & Development, and Commerce. He played an instrumental role in establishing the Telecom Regulatory Authority (TRA) of Sultanate of Oman as Economic/Regulatory Advisor for the Government of Oman.

Dr. Saleem has significantly contributed in formulating the Telecom Policy for the Government of Pakistan, preparing the Vision 2025 document, and devising the Digital Financial Inclusion Strategy. He has published several reports and research papers including a Report on Institutional Design of Regulatory Bodies: Diagnostic and Reform Directions, (Convener of Working Group, Ministry of Finance) and written a book on "Fair Trade Practices in Telecommunications Sector".

MEMBER

MEMBER

CHAIRPERSON

MEMBER

MEMBER

CHAPTER 2

MINISTRY OF FINANCE

FINANCE MINISTERS

ISHAQ DAR

7 June 2013 - 18 November 2017

FINANCE MINISTER

Senator Mohammad Ishaq Dar is the Federal Minister for Finance, Revenue, Economic Affairs, Statistics, and Privatization. He has a B.Com (Hons) (Gold Medalist) from the University of Punjab, Lahore. .

He has 42 years of professional experience in audit, financial advisory, management consultancy, business, commerce, and industry, both in private and public sectors, in Pakistan and abroad.

He started his career as a Trainee Chartered Accountant with the Institute of Chartered Accountants in England and Wales (ICAEW) in 1970 and became its Associate Member (ACA) in 1974. He became an Assiciate Member of the Institute of Chartered Accountants of Pakistan (ICAP) in 1975. His post-qualification professional experience awarded him Fellowship (FCA) of ICAEW in 1980 and of ICAP in 1984. Subsequently, he also became a Fellow Member (F.P.A) of the Institute of Public Finance Accountants of Pakistan. Senator Dar was awarded Life Membership of ICAEW in January 2012. He has also worked as Director Finance of a British Textiles Group in London. He remained National Partner in a Chartered Accountants firm dealing with tax, corporate and financial management, audit and consultancy matters of the clients, including public sector and public-listed companies. Senator Dar acted as Chairman/ Chief Executive and Director of a Non-Banking Financial Institution (Public-Listed) in Pakistan.

Senator Dar remained the Chairman, Standing Committee on Industries and Production, in addition to working as Member of Standing Committees including Finance, Revenue, Economic Affairs, Statistics and Planning and Development, Commerce and Investment in his tenure. In recognition of his Parliamentary services, the Government of Pakistan conferred on him Nishan-e-Imtiaz (the highest civil award for Pakistani nationals) in 2011.

RANA AFZAL KHAN

26 Dec 2017 – 31 May 2018

FINANCE MINISTER

Rana Muhammad Afzal Khan has obtained the degree of B.Sc. (Electrical Engineering) in 1971 from NED Engineering College, University of Karachi; and also possessed the degree of M.A. (Political Science) from Balochistan University, Quetta. He was commissioned in Pakistan Army and served as Captain during 1971-76. He has also served as Member of Executive Committee, Faisalabad Chamber of Commerce and Industry during 1988-91, as Vice Chairman, WASA, Faisalabad Development Authority during 1997-99, as Member of Syndicate, University of Engineering and Technology, Lahore during 1997-99 and as Member of Syndicate, University of Agriculture, Faisalabad, during 1997-2002. He served as Member, Provincial Assembly of the Punjab during 1997-99 and has returned to the Punjab Assembly for the second term in general elections 2008. He has visited Saudi Arabia, UK, USA, Austria, Norway, China, Turkey, UAE, Switzerland, France, Malaysia, Indonesia and Singapore.

MIFTAH ISMAIL

27 April 2018 - 31 May 2018

FINANCE MINISTER

Miftah Ismail has received his B.S. degree from Duquesne University in business studies in 1985, followed by a Ph.D degree in public finance and political economy from the Wharton School, University of Pennsylvania, in 1990. Ismail has worked with the International Monetary Fund as an economist based in Washington, D.C. in the early 1990s.

In October 2013, Ismail became a member of the Board of Directors of Pakistan International Airlines. In November 2013, he joined the Board of Directors of Sui Southern Gas Company. Both of these positions he retained until 4 January 2014.

He has served as the Federal Adviser on Finance, Revenue and Economic Affairs, chairman of the Pakistan Board of Investment and an economist with the International Monetary Fund.

Ismail has served as adjunct faculty at the Institute of Business Administration and also as chairman of the board at Karachi American School.

DR. SHAMSHAD AKHTAR

5 June 2018 - 18 August 2018

FINANCE MINISTER

Dr. Akhtar was a post-doctoral US Fulbright Fellow at Harvard University, she has a PhD in Economics and a Masters in Development Economics from the UK, and an MSc in Economics from Quaid-e-Azam University, in Islamabad.

Dr. Shamshad Akhtar was an Under-Secretary-General of the United Nations and was the tenth Executive Secretary of the Economic and Social Commission for Asia and the Pacific. She also served as the Coordinator of the five United Nations Regional Commissions.

Formerly, Dr. Akhtar was the UN Secretary-General's Special Senior Advisor on Economics and Finance, and Assistant Secretary-General for Economic Development at the Department of Economic and Social Affairs. She led the UN-wide coordination of the work on the post-2015 development agenda, and was also the United Nations Sherpa for the G20, supporting the Finance Ministers and Central Bankers track.

Dr. Akhtar has previously served as Governor of the Central Bank of Pakistan. In her capacity as Governor, Ms. Akhtar was also the Chairperson of the Central Bank Board and its affiliates, as well as a Governor of the IMF. She won two consecutive awards as Asia's Best Central Bank Governor from Emerging Markets and from the Banker's Trust. In 2008, The Wall Street Journal Asia also recognized her as one of Asia's top ten professional women.

Dr. Akhtar served as Vice President of the Middle East and North Africa Region of the World Bank. In this role, Ms. Akhtar spearheaded the Bank's response to the Arab Spring as well as the Arab regional integration strategy and its implementation. She served in the Asian Development Bank for almost 15 years, rising through the ranks from Senior Economist, to the highest professional positions, including Special Senior Advisor to the President of ADB, and Director-General of the South-East Asia region.

FINANCE SECRETARIES

SHAHID MAHMOOD

17 June 2017 - 06 January 2018

FINANCE SECRETARY

Shahid Mahmood, a BS-22 officer of Pakistan Administrative Service posted as Special Secretary, Finance Division, joined the Civil Services of Pakistan in 1984.

Mehmood has served as privatisation secretary. Prior to that, he has worked as senior executive director in the International Monetary Fund, United States. He has also remained as the chief negotiator for Pakistan during the process of establishing the Asian Infrastructure Investment Bank (AIIB).

He has served in the past as additional secretary external finance, special assistant to finance minister, principal secretary to Punjab chief minister, director general of Lahore Development Authority and commercial counsellor in the Embassy of Pakistan in Beijing, China.

ARIF AHMED KHAN

10 Jan 2018 - 21 March 2019

FINANCE SECRETARY

Arif Ahmed Khan, a civil servant with 35 years of experience in Public Administration, has served the federal and provincial governments in various positions. Mr. Khan holds a Masters in Public Policy from Concordia University, Quebec, Canada. Before joining Finance Division, he served as Secretary Economic Affairs Division, Secretary Interior and Secretary, Climate Change.

Mr. Khan has served as Additional Chief Secretary, Planning and Development Department, Government of Sindh. He was Secretary Finance for the Government of Sindh during 2012-13. Prior to that, he remained Home Secretary to the Government of Sindh for three and a half years.

He also had the opportunity of serving as Consul General and Trade Commissioner of Pakistan in Montreal, Canada and as Programme Coordinator for International Trade Centre (ITC), Geneva. In between he was Director General for the Export Promotion Bureau (now Trade Development Authority of Pakistan) in 2004 - 2005. In the initial years of his service he served as Deputy Commissioner in three districts of Sindh.

CHAPTER 3

THE COMMISSION'S STRUCTURE

OFFICE OF SECRETARY TO THE COMMISSION

The Commission's Secretariat was established under the COMPETITION COMMISSION (CONDUCT OF BUSINESS) REGULATIONS, 2007. It is headed by the Secretary to the Commission and its framework includes procedure and conduct of business of the Commission in accordance with the approved procedures, functions and powers of the Chair, duties and responsibilities of the Secretary, and keeping of the common seal of the Commission.

The Secretary represents the Commission at any forum as authorised by the Commission or Chairperson, issues notices and minutes of the meetings of the Commission, and certifies the decisions or documents used in hearings by the Commission. Other powers and duties can be assigned to the secretariat or the Secretary based on organisational exigencies.

During the year, the Secretariat arranged five meetings of the Commission.

CARTELS AND TRADE ABUSES DEPARTMENT

The Cartels and Trade Abuses Department plays a critical role in the enforcement work of the Commission.

Cartels result from arrangement(s) between firms designed to limit or eliminate competition between them with the objective of increasing their prices, profits and without any countervailing benefits. This is generally done by fixing prices, limiting outputs, sharing markets, allocating customers or territories, bid rigging in procurement contracts or a combination of these. Cartels are harmful to consumers and society as a whole due to the fact that the participating companies charge higher prices (and earn higher profits) than in a competitive market without the pressure of improving quality.

A firm is in a dominant position if it has the ability to behave independently of its competitors, customers, suppliers and, ultimately, the final consumer. A dominant firm with such market power would have the ability to sell products of inferior quality setting prices above the competitive level or reduce innovation below the level that would exist in a competitive market. Under Pakistan's competition law, it is not illegal to hold a dominant position, since this can be obtained by legitimate means, e.g., by inventing and selling a better product or providing services of incomparable quality. Instead, the Act does not allow companies to abuse their dominance.

EXEMPTIONS DEPARTMENT

Consistent with global best practices in competition law, the Act recognises that certain practices or agreements that would otherwise be prohibited may provide an overall benefit to consumers e.g., improving production, distribution, and technological development, which would outweigh the adverse effect of reducing competition in the market. § 5 of the Act allows undertakings to apply for exemptions should the pro-competitive effects of a prohibited practice or agreement be deemed advantageous. Proving efficiencies is always the responsibility of the undertaking requesting the exemption and the Commission may grant such an exemption after thorough analysis and, when necessary, hearing the parties likely to suffer anti-competitive injury from such an exemption.

OFFICE OF FAIR TRADE

While the Cartels and Trade Abuses Department addresses distortions that take place on the supply side – anti-competitive practices like price fixing or exclusive dealing restrict supply among competitors, or a significant market power charging higher prices than a competitive market would allow – the Office of Fair Trade addresses distortions that can arise on the demand side of the transaction: consumers' choices in the marketplace are affected, for example, by deceptive advertising that gives consumers a false or misleading impression that a product or service is worth more than it is.

MERGERS & ACQUISITIONS DEPARTMENT

In a dynamic economy, the Commission expects the corporate structure to be changing constantly either where two or more previously independent undertakings merge, where an undertaking acquires control of another undertaking, or where a joint venture is created, performing on a lasting basis all the functions of an autonomous economic entity. These are methods by which firms can increase their size and expand into existing or new economic activities, increase economic efficiency, acquire intellectual property, diversify, expand into different geographic markets, or pursue financial and R&D synergies, etc.

The objective of merger review and control by the Mergers and Acquisition Department is not to prevent mergers per se, but to prevent the creation of dominant positions able to act independently from market forces or reduce the number of players to an extent that facilitates cartelisation.

ADVOCACY & MEDIA DEPARTMENT

Competition Advocacy is the pursuit of competition policy by means other than law enforcement. Advocacy functions are of central importance to the Commission's work, both supporting and being supported by its enforcement responsibilities, and help develop the interface between itself and various stakeholders. The Commission's advocacy responsibilities, divided between the Advocacy and Media and Competition Policy and Research Departments, include:

Conducting studies for promoting competition; Creating awareness about competition issues and creating a competition culture recommending pro-competitive changes to law and policy communicating relevant information to stakeholders; conducting competition-related enquiries, including in response to complaints and references from the Government; preparing an annual report on all its activities for the Government to lay before Parliament and for other stakeholders.

The Advocacy and Media Department oversees the Commission's communication with the media and its publications, a central feature of its outreach. Commission's publications focus on (i) a comprehensive guide for business – as potential offenders and victims - on their rights and duties under the law, including advice on corporate compliance programme and (ii) a consumers' guide to the law and the rights it confers, and how to pursue them and (iii) training materials for students of business, economics, and law in partnership with key universities.

The Department also manages the meetings under the umbrella of the Competition Consultative Group, making active use of this in managing its relations with its various stakeholders to help it to mobilise support, and to provide them with an outlet for any complaints they may have. The Department follows the principle of imaginative publicity.

The power for the Commission to hold open public hearings on any matter affecting the state of competition in Pakistan is expressly provided under the law. Such a power has been highly effective in enabling the Commission to involve many conflicting sides of an issue with a view to finding common ground. At the same time, public hearings help focus on the Commission's public policy analysis and generate widespread support for policy changes to strengthen competition in the economy.

COMPETITION POLICY AND RESEARCH DEPARTMENT

The Competition Policy and Research Department conducts competition assessments and market studies to analyse the state of competition in each sector selected: identifying the markets and competitors, examining the market structure, looking for barriers to entry and exit, signs of anti-competitive conduct considering economic interests and the principal beneficiaries, and identifying government policies or institutions that limit competition.

Competition assessments analyse the strength of competition in the relevant market(s), and identify any factors impeding more effective competition. Key issues are: (i) the structure of the market, (ii) entry and exit barriers and (iii) anti-competitive conduct. Where competition is found to be limited, an estimate of the likely extent of the harm that results from this is made. The assessment concludes with a view on whether there are competition problems in the sector that require correction, and if so, what the most appropriate remedies are.

> Competition assessments analyse the strength of competition in the relevant markets, and identify any factors impeding more effective competition.

> The Office is responsible for exploring bilateral relations with competition agencies and with donor agencies for possible technical assistance.

OFFICE OF INTERNATIONAL & EXTERNAL AFFAIRS

The Office of International Affairs (OIA) was established as the focal coordinating point to liaise with international agencies and organisations such as UNCTAD, OECD , and the International Competition Network (ICN). In addition, the Office is responsible for exploring bilateral relations with competition agencies and with donor agencies for possible technical assistance. In essence, the Office is the communications focal point for all international activities.

The OIA is currently involved in two ICN working groups, specifically in the working groups on cartels and mergers. It also contributes to the workings of OECD and UNCTAD. The Office also handles the liaison and cooperation relationships with other competition agencies in the world, be it on a bilateral or regional basis.

OFFICE OF INTERNATIONAL & EXTERNAL AFFAIRS

The Office of the Registrar issues Show Cause Notices, arranges hearings, and assists the Original and Appellate Benches of the Commission by providing administrative and legal support. The Registrar has been authorised to represent the Commission as its official spokesman in litigation matters before the various courts of Pakistan.

LEGAL DEPARTMENT

The Legal Department provides support to the Commission in legal matters. Its main functions include initiating legal proceedings against the defaulting undertakings in pursuance of the policy decisions and Orders of the Commission; engaging legal counsel and keeping a close liaison with them regarding the provision of information required and interface with them in all legal issues; advising the Commission in matters of policy and legal decisions; providing legal advice to undertakings and external agencies as and when called for; drafting the necessary Implementing Rules and Regulations; vetting the legal statements to be submitted to the Courts and other forums; suggesting suitable amendments in the Act; preparing the guidelines for various topics, and handling any other assignment referred to it by the Chair and the Commission.

CORPORATE AFFAIRS

The internal operations and day-to-day functioning of the Commission come under the aegis of corporate affairs and are supported by the Administration, Accounts, and Human Resources Departments. The Commission has placed major emphasis on the improvement of the facilities, policies, and procedures.

Each year has been the witness to improvements in the areas of operations, staffing and computerised information system.

FINANCE DEPARTMENT

The Accounts Wing is responsible for accounts and internal controls. There is an increasing emphasis on cost control within the Commission, in part due to the limited budget available.

ADMINISTRATION DEPARTMENT

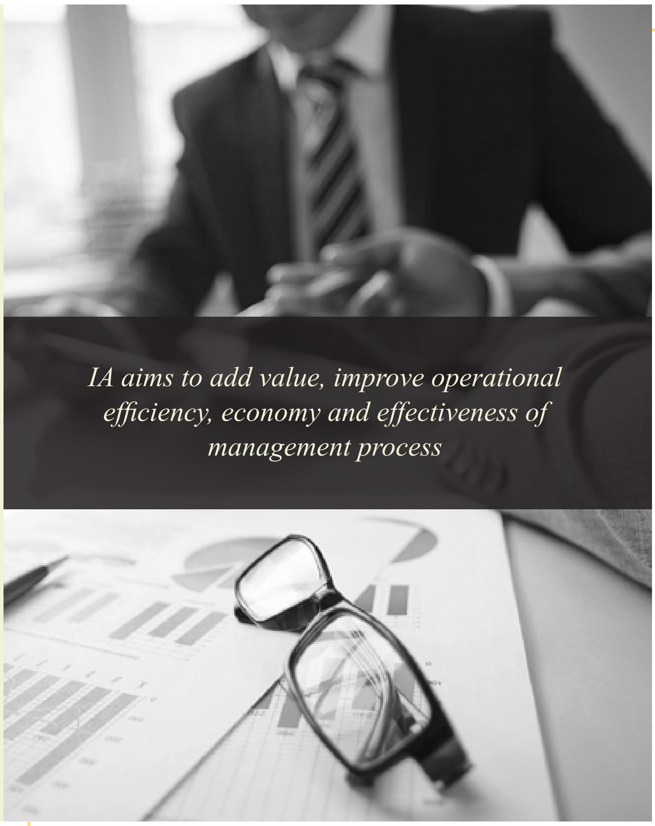
The Administration Wing provides administrative and logistical support to the Commission and its employees. Its mandate includes general office management, transport management, assets management, and security and safety.

HUMAN RESOURCE DEPARTMENT (HR)

The Human Resources Wing is involved with the planning and assessment of the number of employees and the skills mix that is needed. It is also accountable for the review, design and drafting of job descriptions for current and prospective vacancies, as well as for the recruitment of talent. HR reviews the employees' performance on a regular basis through performance appraisals. To improve the efficiency levels of Commission's officers and staff, each employee is required to undertake relevant training sessions and development programmes.

INTERNAL AUDIT

Internal Audit (IA) is an independent appraisal function within the Commission. The work of IA is governed under the Internal Audit Charter, which covers the role to review the adequacy and effectiveness of the Commission's governance, processes, control and risk management in implementing agreed strategies across the organisation. IA aims to add value, improve operational efficiency, economy and effectiveness of management process, risk management, and internal control systems.

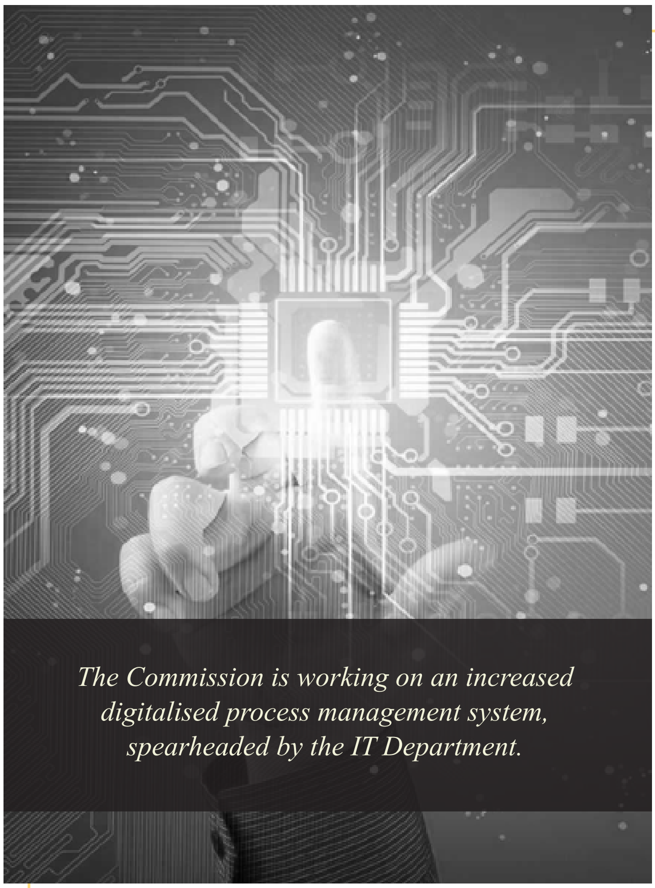


IA aims to add value, improve operational efficiency, economy and effectiveness of management process

INFROMATION SYSTEMS & TECHNOLOGY DEPARTMENT

Information Systems and Technology (IS&T) manages and supplies all IT-related services to support the Commission's goal of increasing productivity and efficiency of its employees. IT is organised into three programme areas: IT Infrastructure Group, Systems Development Group, and Design/Multimedia Group. This year, IT accomplished the automation of Legal/Court Cases, employees attendance record register, inventory assets and tracking, and human resource profiles.

The Commission is working on an increased digitalised process management system, spearheaded by the IT Department. A digital forensics laboratory has been set up with basic equipment already in place. The Department is able to perform some forensic work and upgradation as per emerging technologies.



The Commission is working on an increased digitalised process management system, spearheaded by the IT Department.

CHAPTER 4

STOPPING

ANTI-COMPETITIVE CONDUCT

Order

USC Directed to Hold Fresh Bidding for ERP Procurement

21 DECEMBER 2017

The Commission passed an Order declaring a tender issued by the Utility Stores Corporation of Pakistan (USC) for the procurement of Enterprise Resource Planning (ERP) to be in violation of the Act. It directed the USC to hold fresh bidding after addressing the competition concerns.

Digital Research Labs sent a complaint to the Commission about USC's tender (dated 19 May 2016) inviting bids for the purchase of ERP Software and related hardware implementation services. According to the complaint, unfair terms and conditions were imposed through certain clauses in the Request for Proposal, that (RFP) excluded, discriminated and restricted fair participation of local vendors in the bidding process. Furthermore, the RFP was designed in Order to select only specific international vendors.

The enquiry saw, prima facie, violation of Section 3 of the Competition Act in the USC's tender and identified certain anti-competitive clauses in the RFP. These issues were detrimental for the local vendors as against the international ones. It further stated that the mandatory pre-qualification criteria designed by USC focused on experience in managing cloud services, which was only a small part of the project. Similarly, two clauses of the Solution/ Product Evaluation Criteria placed local vendors at a competitive disadvantage.

On the enquiry's recommendations, a Show Cause Notice was issued and hearings were held regarding the matter. In its final Order, the Commission's bench observed that USC was the dominant player in the customized ERP solutions market vis a vis of large scale retail outlets in Pakistan.

Declaring the USC's RFP null and void, the Order stated that the USC may re-advertise the RFP and start the bidding process afresh. This would ensure fair opportunities for prospective bidders. Considering the compliance of USC with the CCP's interim Order of January 2017, no penalties were imposed. Referring to the procurement laws of Pakistan and international standards, the Order stated that the technical specifications requirements of the procuring agencies must allow for the widest possible competition in the bidding process.

PKR 5 Million Penalty on Reliance Paints for Downstream Cartelization

Order

25 APRIL 2018

The Commission imposed a PKR 5 million penalty on Reliance Paints Pakistan for fixing the minimum resale price of its products and coercing its dealers adhere to a price fixing agreement. This practice was in violation of Section 4 of the Act.

Akzo Nobel Pakistan sent a formal complaint that Reliance Paints was fixing the minimum resale price for its products. Furthermore, the company alleged that Reliance Paint was also monitoring and penalizing the dealers/distributors/retailers for non-compliance with its price directives.

The enquiry found that Reliance Paints was in an agreement with its dealers to maintain the resale price through a price control list. The company would cancel the supply of its products and even fine the dealers if they did not sell products at prescribed prices.

A circular sent by Reliance Paints to its dealers, retailers, and distributors stated that those who would sell the products at prices fixed by the company would get 8% monthly discount on the total quantity purchased from Reliance Paints. However, the company would stop the 8% monthly discount on the first complaint against a dealer for any deviation from the prescribed price. After the second complaint, the annual discount shall be reduced to 5% only. The third complaint would result in the termination of the dealership agreement. The circular also dealers not to sell its products to other dealers except to those authorized by Reliance Paints.

The enquiry report concluded that these practices were restricting competition not only between the dealers and retailers but also between Reliance and its competitors. This was due to retail price inflexibility and no discounts being offered by dealers to consumers for Reliance's products.

In the final Order, the Commission, took a lenient view in the wake of commitments that the company filed to address competition concerns. Thus, a penalty of PKR 5 Million was imposed and the company was directed to immediately stop the practice of price fixing. In the event that Reliance Paints intends to issue a remedial notice with recommendatory prices for its dealers, it shall intimate the Commission for determining whether an exemption under Section 5 of the Competition Act is required.

> "As the practices were restricting Competition not only between dealers and retailers but also among the Competitors"

ENQUIRY

Enquiry Against Possible Collusion in Poultry Sector

11 JANUARY 2018

Under its suo motu powers, the Commission initiated an enquiry into possible "price setting" collusion between various market players in the poultry sector. It was based on substantive evidence which suggested organized communication between poultry sector players relating to Poultry prices came to light.

A team of the Commission's authorized officers inspected the premises in Lahore that was in use of a poultry association. The team impounded material evidence for further enquiry into the matter.

This was not the first time that the Commission had initiated enforcement action in the poultry sector. The Commission had in 2010 fined Pakistan Poultry Association PKR 50 million for cartelization. In 2016, the Association was again fined PKR 100 million for fixing prices.

Show Cause Notices to Diamond Paints, Ten Dealers for Entering Cartel Agreement

15 FEBRUARY 2018

The Commission issued Show Cause Notices to Diamond Paints Industries and its dealers for orchestrating a cartel agreement in violation of Section 4 of the Act.

The Commission initiated an enquiry after taking notice of the allegations that Diamond Paints and its dealers in Multan had agreed on fixing the rates of its products by an "agreement for retail and wholesale rate fixing." A search and inspection was also conducted in the premises of Diamond Paints in Lahore and Multan and relevant documents and records were impounded.

It was found that, the company had entered into an agreement with dealers imposing an obligation of "Minimum Resale Price Maintenance (RPM)" on them for the sale of its products. This agreement introduced a restrictive trading condition that appeared to facilitate a downstream cartel with the object or effect of restricting competition in the Relevant Market.

On the enquiry's recommendation, Show Cause Notices were issued to Diamond Paints and 10 of its dealers for, prima facie, violating Section 4 of the Act.

Show Cause Notice to Pakistan Flour Mills Association for Collusive Practices

8 MARCH 2018

The Commission issued a Show Cause Notice to Pakistan Flour Mills Association (PFMA) for, prima facie, violating Section 4 of the Competition Act by indulging in anti-competitive practices i.e. price fixing and sharing of commercially sensitive information. The Commission took notice of the news reports that PFMA and its member undertakings had increased the prices of various categories of wheat/flour and its by-product between 2015 and 2016. The Commission's authorized officers conducted a search & inspection of the premises of PMFA and impounded the relevant material.

After examining the documents, the Commission's enquiry concluded that PFMA had fixed prices as well as raising them. Furthermore, the PFMA had communicated the decisions to its members for compliance. Moreover, the PFMA Executive Committee was regularly meeting, exchanging commercially sensitive information and strategic data on flour prices. It was allocating quantities between 2012 and 2014 and was also facilitating the coordination among its members, thus potentially affecting, preventing, restricting and reducing free competition in the relevant market.

On the enquiry's recommendations, the Commission issued a Show Cause Notice to PFMA for violating Section 4 of the Competition Act.

CHAPTER 5

PREVENTING DECEPTIVE

MARKETING PRACTICES

PKR 10 Million Penalty on Proctor & Gamble

Order

25 APRIL 2018

Proctor & Gamble Pakistan was promoting its product, 'Safeguard' as 'Pakistan's No. 1 rated Anti-Bacterial Soap' in its advertising campaigns. To defend the slogan, the company printed a disclaimer/disclosure stating, "Based on product in use test by AC Nielsen in April 2014 among 600 plus consumers," albeit in fine print. Reckitt Benckiser Pakistan sent a formal complaint to the Commission that the advertising claim, "Pakistan's No. 1 rated Anti-bacterial Soap" by Proctor & Gamble was in violation of Section 10 of the Competition Act. Reckitt also stated that according to the survey of AC Nielsen in 2014, Safeguard was not 'Pakistan's No. 1 rated Anti-Bacterial Soap'.

While referring to the Commission's public notice published in leading newspapers warning companies to comply with the provisions of Section 10, Reckitt Benckiser alleged that Proctor & Gamble disregarded the warning by running an advertisement campaign for Safeguard, which not only misled consumers but also harmed the business interests of its competitors. The complainant also shared misleading TV commercials for the same product.

The Commission's enquiry noted that the Safeguard advertisement suggested that "Safeguard is Pakistan's No. 1 Antibacterial Soap" as the word "rated" was printed in small font and was not easily legible. Moreover, without a clear and conspicuous disclosure/disclaimer, the advertisement campaign was in violation of Section 10 of the Competition Act. On the enquiry's recommendation, a Show Cause Notice was issued to Proctor & Gamble Pakistan.

After hearing the complainant and respondent, the Commission's bench passed an Order, stating that the advertising claims must be based on 'competent and reliable scientific evidence,' particularly if the product involves health and safety claims. Besides, the products must carry clear and conspicuous disclaimer/disclosure along with the claims, which the consumers could easily notice and understand.

The Order found Proctor & Gamble's supporting evidence in support of its claim (Pakistan's No. 1 rated Antibacterial Soap) to be irrelevant, materially false and misleading, and in violation of the Act. Therefore, the Commission imposed a penalty of PKR 10 million on Proctor & Gamble besides directing the company to inform the public at large about the falsity of its advertising claim through appropriate clarification in all Urdu/English dailies and TV channels for a period of one week from the date of this Order.

Proctor & Gamble was also directed to file a compliance report with the Registrar of the Commission within a period of forty-five (45) days from the date of issuance of this Order.

> The advertising claims must be based on "competent and reliable, scientific evidence, particularly if the product involves health and safety claims
>
> \- CCP's Order

PKR 10 Million Penalty on Colgate-Palmolive Pakistan

Order

15 AUGUST 2017

Reckitt Benckiser Pakistan sent a formal complaint to the Commission against Colgate-Palmolive for running a marketing campaign for its product, Max APC. The claims were as follows: '24 hours long lasting freshness,' '99.9% bacteria free,' 'Protects against cold and flu, skin infections, food poisoning,' and 'kills 99.9 % bacteria from surfaces leaving floors and household surfaces clean, shiny and germ free,' along with a disclaimer reading, 'based on laboratory testing with concentrate usage.'

Reckitt also informed that Colgate had issued a trade letter to discredit its product 'Dettol' with comparative claims, thus harming its business interests. Reckitt's 'Dettol' is in competition with Colgate's 'Max APC.'

The Commission's enquiry revealed that Colgate-Palmolive's claims were, prima facie, deceptive and were in violation of the Act. On the enquiry's recommendations, a Show Cause Notice was issued to Colgate-Palmolive. During the hearings, Colgate Palmolive could not substantiate its advertising claims regarding Max APC.

The Commission's bench passed an Order stating that the advertising claims made by Colgate-Palmolive lacked scientific backing and were capable of harming the business interests of Reckitt Benckiser Pakistan amongst other competitors.

The bench imposed a penalty of PKR 10 Million on Colgate Palmolive for violating Section 10 of the Competition Act. It directed the company to suitably amend its claims regarding Max APC and omit any misleading comparisons from its trade letter. The company was Ordered not to indulge in deceptive marketing practices in Order to avoid stricter penal consequences in the future.

> Advertising claims made by Colgate Palmolive lacked scientific backing and were capable of harming the business interest
>
> - CCP's Order

PKR 15 Million Penalty on Three Real Estate Developers

Order

2 JANUARY 2018

The Commission passed three Orders imposing penalties of PKR 2.5 million each on Eden Builders and Green Field Developers and PKR 10 million on Vision Developers for deceptive marketing campaigns for their respective housing schemes.

The Commission also stressed upon the importance of enhanced regulation of the real estate sector along with responsible and accurate advertising by developers to protect consumers from financial and material losses.

Eden Builders

Eden Builders made false claims about the location of its housing Scheme "Eden Life Islamabad," stating that it was situated at a drive of 12 minutes from the Serena Hotel Islamabad and five minutes from the Capital Development Authority (CDA) Enclave and Chak Shahzad. Moreover, the advertisements also indicated the price of the various sized plots, but there was no clear mention of the development charges to be recovered later. Eden Builders also failed to show that it had the approval of the CDA for this housing scheme on its name. The Commission imposed a penalty of 2.5 million and directed them not to engage in deceptive marketing practices again.

Green Field Developers

While advertising its housing scheme, 'Green City,' made the false claim about its location that it was situated in Islamabad whereas it was in Fateh Jang. Moreover, by affixing logos of various governmental bodies in its advertising campaigns without obtaining the necessary approvals to do so, Green Field Developers committed to distribute misleading information. The deception was likely to affect consumer's purchasing decision. The Commission imposed a penalty of 2.5 million and directed them not to engage in deceptive marketing practices again.

Vision Developers

Vision Developers obtained the approval of the Lahore Development Authority (LDA) for a housing society, "River Edge Housing Scheme." The company subsequently applied for NOC from the LDA for, a new housing scheme, "Park View Villas". The request was denied for being located close to a riverbank which could be prone to flooding. Despite this, Vision Developers advertised the new unapproved scheme under the deceptive name of "Park View Villas at River Edge Housing Society," giving the impression that the new scheme was an extension of the earlier-approved "River Edge Housing Scheme". The company did not appear before the Commission despit repeated notices. The Commission passed an Order and imposed a penalty of 10 million.

PKR 15 Million

Fine Imposed on these housing schemes

PKR 1 Million fine on Kitchen Foods

Order

18 JANUARY 2018

The Commission imposed a penalty of PKR 1 million on, Kitchen Stone Foods, a frozen foods company, for running a deceptive marketing campaign regarding its food products in violation of Section 10 of the Act.

Seasons Foods and Quick Food Industries complained to the Commission that Kitchen Stone was deceiving consumers and harming their business interests by claiming that its products were "100% Non-Processed," or "Pakistan's first non-processed frozen food." The company was also falsely comparing the complainants' products and spreading wrong information about their processed foods.

The enquiry found that Kitchen Stone was inaccurately comparing the products of Seasons Foods and Quick Foods by associating them with the risks\ causes of cancer by citing different articles and misleading narrations on its Facebook page. Moreover, it had posted statements such as "Processed Meat Causes Cancer: Switch to Kitchen Stone Products," on the Facebook page. The company, however, could not substantiate its claims "100% Non-Processed" and "Pakistan's first non-processed frozen food."

During the hearings, Kitchen Stone filed commitments to withdraw the campaign and change the packaging material to address the Commission's concerns. In its Order, the Commission's bench while appreciating the company for honoring its commitment, imposed a token penalty of PKR 1 Million for violating Section 10 of the Competition Act. The bench warned the company that future violations of the Competition Act would entail harsher penal consequences.

Claims to be '100% non-processed' and 'Pakistan's 1st non-processed food' stood un-substantiated

PKR 2.7 Million Penalty on Nine Companies

Order

31 JANUARY 2018

The Commission imposed a penalty of PKR 2.7 million on nine companies for deceiving consumers through the fraudulent use of trademarks of another company.

Bahawalpur-based Al-Rehman Oil Mills complained against nine companies namely, Niaz Corporation, Hamza Corporation, Muslim Corporation, Mian Traders, Bahawalpur Oil Mills, Riaz Oil Mills, Baloch Oil Mills, Azhar Kiryana Store, and Waqas Oil Mills for fraudulently using its registered trademark, 'Taizgaam,' with slight modifications on their marketing material. The complainant stated that these companies were harming its business interests and its hard-earned goodwill.

The enquiry found that these nine companies were infringing the trademark and imitating the trade dress (packaging size, colour combinations, logo design, label design, text, font type, size etc.) of Al-Rehman's Taizgaam, resorting to copycat packaging or parasitic copying, which is a violation of Section 10 of the Competition Act. Show Cause Notices were issued to them on the recommendation of the enquiry report.

During the hearings, the majority of these companies expressed their willingness to comply with the Commission's directions. The bench imposed a penalty of PKR 300,000/- each on the nine companies. It further directed them to stop using "Taizgaam" with their products.

Nine companies were deceiving consumers through fraudulent use of another trademark

Order

PKR 5 Million Penalty on Battery Manufacturers

4 MAY 2018

The Commission passed an Order imposing a penalty of PKR 1 million each on five Battery Manufacturers for hiding important information about their products from consumers thus violating Section 10 of the Act.

The Commission received a formal complaint that various battery manufacturers were misleading consumers about their dry and acid-lead batteries by not disclosing material information such as product capacity on the products' body, packaging and warranty cards.

The enquiry found that five battery manufacturers including Atlas Battery, Exide Pakistan, Pakistan Accumulators, Millat Industrial Products, and Century Engineering Industries, were not printing product capacity of their batteries on the products' body, packaging and warranty cards. Without such vital information, the consumers would be unable to compare and evaluate the quality, suitability for use and price of the products. The Order stated that by omitting important information from their products and the marketing material, these companies not only deceived consumers but also harmed competition in the market.

The companies admitted before the Commission that they concealed important information about their products. They assured the Commission to print the battery capacity on the packaging, body, and warranty cards of batteries. Similarly, they committed to amend their advertisements and marketing material to mention the product capacity and other characteristics of their products.

Accepting their commitments to address the competition concerns, the Commission took a lenient view and imposed a minimum penalty of PKR 1 million each on these five Battery Manufacturers.

Concealing or omitting important information from products and the marketing material is deceptive for consumers and competitors

"The Competition Commission of Pakistan strives to foster a robust economy and to help promote economic growth by encouraging and enforcing free competition in all spheres of commercial and economic activity. The Commission wishes to enhance economic efficiency and protect consumers from anti-competitive behaviour."

PKR 5 Million Penalty on Shainal Foods

Order

4 MAY 2018

The Commission imposed a penalty of PKR 5 million on Shainal Al-Syed Foods for violating Section 10 of the Act.

National Foods complained that Shainal Foods was copying its trademark and logo in packing, marketing, and selling its food products. Moreover, the colour scheme and design of the Shainal Foods' products was starkly similar to that of the National Foods' products, which misled the consumers.

The enquiry established that Shainal Foods was imitating the logo, packaging, colour scheme and design of National Food's products, thus potentially harming its business interests as well as misleading the consumers.

The Order noted that even though Shainal Foods was given substantial time to amend its branding, it made, no serious effort in this regard. The Commission imposed a penalty of PKR 5 million on Shainal Foods and directed the company to repackage its products to distinguish them from the products of National Foods.

Imitating the logo, packaging, colour scheme and design is violation of Section 10 of the Act

Show Cause Notice Served on Kitchen Stone Foods

ENQUIRY

16 AUGUST 2017

The Commission issued a Show Cause Notice to a frozen foods manufacturing company, M/s Kitchen Stone Foods, for running a deceptive marketing campaign about its frozen food products and, prima facie, violating Section 10 of the Act.

Seasons Foods and Quick Food Industries sent formal complaints to the Commission. They alleged that Kitchen Stone Foods had been deceiving consumers by making the following claims: "100% Non-Processed Food," "Pakistan's first non-processed frozen food," and "Processed Meat Causes Cancer: Switch to Kitchen Stone Products."

The Commission's enquiry concluded that the advertisement posted by Kitchen Stone Foods on its Facebook page made a misleading comparison. The advertisement displayed the complainants' packaging, alongside articles citing risks and causes of cancer along with unsubstantiated narrations.

Kitchen Stone Foods was also using various marketing means i.e. official Facebook page, product packaging, outdoor advertising and local marketing events, to make unsubstantiated claims such as "100% Non-Processed", "Pakistan's first non-processed frozen food", and that "processed meat caused cancer". Hence, prima facie it gave false and misleading information to consumers.

Through these deceptive marketing practices, Kitchen Stone Foods was not only deceiving consumers but was also potentially harming the business interest of the complainants and other competitors.

On the enquiry's recommendations, a Show Cause Notice was served on Kitchen Stone Foods.

Fruit Juice Manufacturers Served Show Cause Notices

ENQUIRY

24 AUGUST 2017

The Commission issued Show Cause Notices to six fruit juice manufacturers for misleading consumers and engaging in deceptive marketing practices in, prima facie, violation of Section 10 of the Act.

The Commission received a formal complaint that various fruit juice manufactures were running deceptive marketing campaigns for their products. The claims were as follows: "100% Pure and Natural", "Rich in Vitamins" and "No added sugar, colours or preservatives".

The enquiry found that six fruit juice manufacturers including Nestle Pakistan, Shezan International, Citropak, A.F. International, Sunland Foods and Maaher Food Industries, were making deceptive claims about their juice products.

Nestle Pakistan claimed "100% Orange Juice" on the packaging of its product 'Nestle Fruita Vitals Orange Juice'; Shezan International printed "100% Juice" and "Rich in Vitamins" on the packaging of its product 'All pure'; Citropak used a slogan "100% Pure" on the packaging of its juice brand 'Fruiten'; A.F. International printed "Mango 100%" and "Pure Fruit Juice" on the packaging of its fruit juice 'Topix', Sunland Foods claimed "100% Pure Guava Juice", "100% Pure Mango Juice", "Rich in Vitamin C" and "Natural Flavors, No Artificial Colors," on the packaging of its fruit juice 'Fruit Farm'; Maaher Food Industries printed "From 100% Pure Fruits" on the packaging of its fruit juice 'Country'.

Making claims about the products without justification amounts to the distribution of false and misleading information related to character, properties, suitability for use and quality of products. It's a violation of Section 10 of the Act. Such deceptive marketing practices not only deceive consumers but also harm the business interest of competitors.

> "The advertising claims must be based on 'competent and reliable scientific evidence,' particularly if the product involves health and safety claims," CCP

On the enquiry's recommendations, Show Cause Notices were issued to these companies.

Show Cause Notice to Reckit Benckiser for Deceptive Marketing Practices

ENQUIRY

5 SEPTEMBER 2017

The Commission issued a Show Cause Notice to Reckitt Benckiser Pakistan for, prima facie, violating Section 10 of the Act by engaging in deceptive marketing practices for its product 'Dettol.'

Unilever Pakistan sent a formal complaint to the Commission alleging that the Reckitt Benckiser was making unjustified and baseless claims in its marketing campaign for "Dettol".

The Commission's enquiry established that Reckitt Benckiser was making unsubstantiated claims such as, 'Dettol soap kills flu-like germs up to 99.9%', 'Dettol gives 24 hours constant protection from germs, 24 hours protection from germs that spread in winters,' 'Dettol provides 24 hours germ protection from cold and Flu, and 'Dettol prevents germs (E.coli & S.Aureus) from increasing for up to 24 hours,'.

By making these claims, Reckitt Benckiser was, prima facie, disseminating false and misleading information as well as deceiving consumers. Furthermore, it was harming the business interests of the complainant and other competitors.

On the enquiry's recommendations, a Show Cause Notice was served on Reckitt Benckiser and the company was directed to respond in writing within fourteen days.

Show Cause Notice Served on Six Battery Manufacturers

ENQUIRY

28 SEPTEMBER 2017

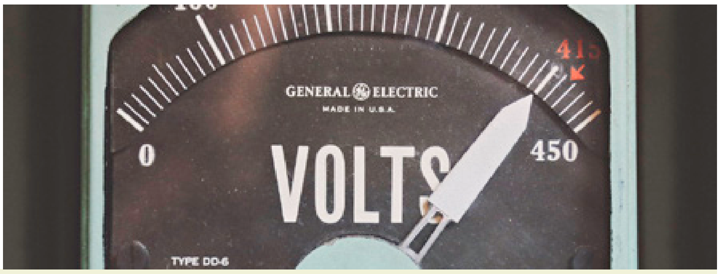
The Commission issued Show Cause Notices to six battery manufacturers for misleading consumers and engaging in deceptive marketing practices prohibited under Section 10 of the Act.

Upon receiving a formal complaint, the Commission's enquiry found that various battery manufacturers were misleading consumers about their dry and acid-lead batteries by not disclosing material information such as, product capacity on the products' body, packaging and warranty cards.

Six battery manufacturers including Atlas Battery, Treet Corporation, Exide Pakistan, Pakistan Accumulators, Millat Industrial Products, and Century Engineering Industries were not printing product capacity of their batteries on the products' body, packaging and warranty cards. By omitting such important material information, the consumer would be unable to compare the quality, suitability for use and price of the products.

The enquiry established that that by engaging in such deceptive marketing practices, the battery manufacturers were not only deceiving consumers but were also potentially harming the business interests of their competitors.

On the enquiry's recommendations, Show Cause Notices were issued to these manufacturers for, prima facie, violation of Section 10 of the Act.



Telenor Pakistan Served Show Cause Notice

ENQUIRY

5 OCTOBER 2017

The Commission issued a Show Cause Notice to Telenor Pakistan for, prima facie, violating Section 10 of the Act by deceptively marketing the price and geographical availability of its 4G services.

ZONG Pakistan sent a formal complaint against Telenor stating that its 4G marketing campaign contained deceptive claims such as, "Telenor 4G services absolutely free" and "4G services available across Pakistan." Zong stated that Telenor was not only misleading consumers but also harming the business interests of its competitors.

The enquiry found that contrary to the claim, "Telenor 4G services absolutely free", Telenor was only offering the first 100 MBs of data free of cost. Customers paid for any additional usage after that limit.

As for Telenor's claim of "Nationwide Availability/ Across Pakistan," the enquiry observed that it gave a misleading impression, that 4G services were available across Pakistan. Moreover, the list of seven cities given in the disclaimer, i.e., "Karachi, Lahore, Islamabad, Peshawar, Quetta, Multan, Faisalabad," where 4G services were available was also misleading as 4G service was only available at select points in these cities.

The enquiry concluded that the Telenor's marketing campaign for the above products and services was deceptive and, prima facie, in violation of Section 10 of the Competition Act. Furthermore, the disclaimers in the advertisements were illegible, insufficient, and could not adequately clarify the aforementioned claims to consumers.

Show Cause Notice to Fabric Companies

ENQUIRY

17 OCTOBER 2017

Show Cause Notices were issued to eight fabric and packaging companies for deceptively using the registered trademark of ShajarPak, a fabric manufacturer. ShajarPak had complained to the Commission that five fabric manufacturers including Ahmad Pasha Collection, Aamir Cloth House, M. Ramazan Fabrics, Pasha the Designer Fabrics, Sufi Cloth House, and three packaging manufacturers - Baba Plastic, Ahmad Plastic & Dabba House, and Kausar Brothers Plastic Corner - were falsely using its registered trademark 'Pasha Fabrics' on the packaging and labelling of their products.

ShajarPak further asserted that the unauthorized use of its trademark by these companies was harming its business interests and goodwill.

The enquiry found that ShajarPak had not authorised any of the above companies to use its trademark. By copying ShajarPak's trademark and trade dress, the companies were deceiving consumers and harming the business interest of ShajarPak, a violation of Section 10 of the Act.

> "Deceptive marketing practices have a direct impact on consumers and the public at large. It is in the interest of the public that companies refrain from advertising their products/services in an unfair and misleading manner and adopt advertising practices that are transparent and communicate the correct information to consumers.
> - CCP's Order"

Show Cause Notice to Lahore-Based Restaurant for Falsely Selling Starbucks Coffee in Pakistan

5 OCTOBER 2017

ENQUIRY

The Commission issued a Show Cause Notice to Options International for, prima facie, fraudulently selling "STARBUCKS" Coffee in Pakistan.

STARBUCKS, an international chain of coffeehouses registered in the State of Washington, sent a formal complaint to the CCP that Options Coffee and more, a Lahore-based restaurant, was fraudulently using its official trademark, "STARBUCKS Coffee," deceiving consumers and harming its business interests. STARBUCKS stated that it had not opened any franchise in Pakistan.

The Commission's enquiry found that Options had displayed the STARBUCKS trademark prominently on the main signage board of its cafés, the packaging materials, mugs, menus, flyers, its website, and Facebook page. It claimed it was offering STARBUCKS coffee made in STARBUCKS machines using the same method of production and giving customers the authentic STARBUCKS experience.

The inquiry stated that by making these claims, Options International had, prima facie, violated Section 10 of the Competition Act. It did so by disseminating false and misleading information to deceive consumers and to harm the business interests of the complainant.

Although Options was selling 'STARBUCKS coffee', it admitted that it was not an authorized franchisee of STARBUCKS International. In the absence of any contractual arrangement with STARBUCKS, it had no legitimacy to sell STARBUCKS coffee or make the claims to that effect.

On the enquiry's recommendations, a Show Cause Notice was served on Options International and the company was directed to respond in writing within fourteen days.

Show Cause Notice Served to NEUCON Pakistan

24 MAY 2018

ENQUIRY

The Commission issued a Show Cause Notice to Neucon Pakistan for copying the packaging of Biofreeze Gel and Spray, a product of the USA-based, Performance Health Inc., distributed by Ferozsons Laboratories Limited in Pakistan.

Ferozsons, the authorised importer of the products of Performance Health, USA, sent a formal complaint to the Commission that Neucon was using a similar trademark, packaging, and labelling in its product, Biofreeze, for its product, BIOFREEZ. Biofreeze is also a registered trademark in the USA as well as the Intellectual Property Organization of Pakistan (IPO). Ferozsons said that this action by Neucon was misleading consumers.

The Commission's enquiry established that Performance Health Inc. was the first and rightful owner of the Biofreeze trademark and Ferozsons was its sole registered distributor in Pakistan. Neucon was not authorized to use the registered Biofreeze trademark, hence, it was involved in trademark infringement in violation of Section 10 of the Competition Act.

The enquiry also found that Neucon Pakistan was engaged in copycat packaging of the product of Ferozsons Laboratories to deceive consumers and harm the business interest of Ferozsons. A Show Cause Notice was served on Neucon Pakistan and the company was directed to respond in writing within fourteen days.

CHAPTER 6

MERGERS & ACQUISITIONS

ACQUISITIONS

1. Acquisition by AT&T Inc. of Time Warner Inc. - 7/11/17
2. Acquisition of 71.168% shares and management control of Escorts Invesment Bank Limited by Bahria Town (Pvt) Limited. - 7/11/17
3. Acquisition of 30.81% shares of Cinepax Limited by Abraaj Cinema Holding Limited. - 7/12/17
4. Acquisition by Maersk Line A/S of Hamburg Sudamerikanische Dampfschifffahrts-Gesellschaft Kg - 7/25/17
5. Acquisition of Imperial Sugar Limited's manufacturing facility at Mian Channu by JK Sugar Mills (Private) Limited. - 7/27/17
6. Acquisition of 899,900 shares of Tanzanite Tower (Private) Limited by Edotco Pakistan (Pvt) Limited. - 7/31/17
7. Acquisition of certain assets of Wyeth Pakistan Limited and Pfizer Pakistan Limited by ICI Pakistan Limited. - 8/3/17
8. Acquisition of 69.12% shares of TPL Direct Insurance Limited by TPL Trakker Limited. - 8/7/17
9. Acquisition of Premier Oil Pakistan Holdings B.V by Al Haj Energy Limited. - 8/7/17
10. Acquisition of 100% shares and management control of Escorts Capital Limited by Bahria Town (Pvt) Limited. - 8/7/17
11. Acquisitionn of shares of Linde Pakistan Limited by Adira Capital Holdings (Private) Limitted, Hilton Pharma (Private) Limited, Soorty Enterprises (Private) Limited, Al Karam Textile Mills (Pvt) Limited, Mr. Siraj Dadabhoy and Mr. Fawad Anwar. - 8/29/17
12. Acquisition of 27.6% shares of Immersion (Private) Limitted by Homeless International Limited. - 9/14/17
13. Acquisition of manufacturing and marketing rights and use of trade marks of Ane French by Siza Private Limited. - 9/14/17
14. Acquisition of 55% shares of Clover Pakistan Ltd by Fossil Energy (Pvt) Limited. - 9/27/17
15. Acquisition of Admore Gas (Private) Limited by Puma Energy South Asia Holdings B.V. - 10/3/17
16. Acquisition of LCC Pakistan (Private) Limited by Talkpkool AG. - 10/5/17
17. Acquisition of 3.30% shares of Cinepax Limited by Abraaj Cinapax Holdinng Limited. - 10/9/17
18. Acquisition of Deodar (Private) Limited by Tanzanite Tower (Pvt) Limited. - 10/27/17
19. Acquisition of 41% shares of Acumen Fund Inc by Homeless International Limited in Immersion (Pvt) Limited. - 10/27/17
20. Acquisition of Edotco Pakistan (Pvt) Limited by Dawood Hercules Corporation. - 11/9/17
21. Acquisition of 21.67% shares of Power Cement Limited by Arif Habib Equity Pvt Limited. - 12/28/17

22. Acquisition of 2.59% shareholding of Fatima Fertiliser Company LTD by Arif Habib Equity Pvt Limited. - 12/28/17
23. Acquisition of 22.10% share of Javedan Corporation Limited by Arif Habib Equity Pvt Limited. - 12/28/17
24. Subscription of 9.84% shareholding in Power Cement Limited by FLSmidth A/S, The Investment Fund for Developing Countries and IFU Investment Partners K/S. - 12/28/17
25. Acquisition of 100% shareholding of Asia Resources Oil LTD by KNGS Exploration and Development Ltd. - 1/10/18
26. Acquisition of 17.96% shares of Orient Power Company by Grindlewald FZE from Mr. Nadeem Babar & Mahmood Textile Mills Ltd. - 1/10/18
27. Acquisition of shares of Hum Network Ltd, MD Production Pvt Ltd and Human Co Pvt Ltd. - 1/18/18
28. Acquisition of 0.87% shareholding in Hascol Petroleum Limited by Vitol Dubai Ltd. - 1/18/18
29. Acquisition of Bestway Holdings Liimited by Bestway Global Limited. - 1/18/18
30. Acquisition of 77.5% shareholding of M/s 360 Holdco Inc. by M/s PWP Growth Equity Fund II LP and PWP Growth Equity Fund (II B) LP. - 1/31/18
31. Acquisition of 10.54% shareholding of Pakistan Cables Limited by International Industries Limited. - 2/1/18
32. Acquisition of 50% shareholding of Faysal Management Company Ltd by Faysal Bank Ltd. - 2/1/18
33. Acquisition of 17.63% shareholding in HUB Power Co by Mega Conglomerate. - 2/20/18
34. Acquisition of 10% shareholding in Kia Lucky Motors Pakistan Ltd by Pakmotors Ltd. - 2/21/18
35. Acquisition of 9.6% shareholding in M/s Omar Jibran Engineering Industries Ltd by M/s JS Bank Ltd. - 2/21/18
36. Acquisition of 9.6% shareholding in M/s Omar Jibran Engineering Industries Ltd by M/s Pakistan Catalyst Fund. - 3/5/18
37. Acquisition of A & AT Business of Invista Equities by Ruyi US Acquisition Group. - 3/6/18
38. Acquisition of Arteva Global Holdings B.V by Ruyi US Acquisition Group. - 3/6/18
39. Acquisition of businesses of M/s Unilever NV and M/s Unilever PLC by M/s KKR & Co. LP. - 3/14/18
40. Acquisition of Chambar Sugar Mills by Tando Allahyar Sugar Mills. - 3/14/18
41. Acquisition of 89% shareholding in M/s Kandiah Hydro Power by M/s S K Engineering & Construction Co. - 3/14/18
42. Acquisition of Khoski Sugar Mills by Tando Allahyar Sugar Mills. - 3/19/18

43. Acquisition of M/s Tay Powergen by M/s Tando Allahyar Sugar Mills Pvt Ltd. - 3/19/18

44. Acquisition of upto 2.3% shareholding in Packages Limited by IGI Investments Private Limited. - 3/19/18

45. Acquisition of 100% shareholding in Quaid-e-Azam Solar Power (Private) Limited by Atlas Power Limited and Asia Petroleum Limited. - 4/6/18

46. Acquisition of 4.99% shares of Jamu World Ltd by ELQ Investors VIII LTD. - 4/10/18

47. Acquisition of General Electric`s Industrial Solutions business by ABB Verwaltungs Ltd. - 4/10/18

48. Acquisition of Daraz Singapore Pvt Ltd by Alibaba Singapore Holding Pvt Ltd. - 4/13/18

49. Acquisition of 2.2% shareholding of National Foods Limited by Arisaig India Fund Limited. - 4/13/18

50. Acquisition of 850 million shares of M/s Hyundai Nishat Motor (Private) Limited by Sojitz Corporation, Nishat Mills Limited, Millat Tractors Limited, DG Khan Cement Company Limited, Adamjee Insurance Company Limited & Security General Insurance Company Limited. - 4/13/18

51. Acquisition of 100% shareholding of OMV Maurice Energy Limited by Dragon Prime Hong Kong Limited. - 4/16/18

52. Acquisition of 100% shareholding of OMV (Pakistan) Exploration GMBH by Dragon Prime Hong Kong Limited. - 4/16/18

53. Acquisition of 100% of Quick Food Industries Private Limited by Pakistan Emerging Marketing Fund - I. - 4/27/18

54. Acquisiton of 70% shareholding in SGM Sugar Mills Limited by Mr. Deomaal Essarani, Mr. Tara Chand, Mr. Mahesh Kumar and Mr. Asha Ram. - 4/27/18

55. Acquisition of 1226574 shares of M/s Merit Packaging Ltd by M/s Siza Services Pvt Ltd. - 5/21/18

56. Acquisition of 80% shareholding of Mannan Shahid Forgings Ltd by Valley Forge Pvt Ltd. - 5/23/18

57. Acquisition of 24.99 % shareholding in Clariant, AG by SABIC International Holdings BV. - 5/31/18

58. Acquisition of Shares of Takaful Pakistan Limited by Syed Rizwan Hussain, Syed Salman Hussain, Salim Habib Godil and Shahzad Salim Godil. - 5/31/18

59. Acquisition of 10% shareholding in M/s. Thalnova Power Thar Private Limited by M/s. CMEC Thalnova Power Investments Limited. - 6/13/18

60. Acquisition of 10% shareholding in M/s. Thar Energy Limited by M/s. CMEC TEL Power Investments Limited. - 6/13/18

61. Acquisition of 100% shareholding of Total PARCO Marketing Limited by Pak-Arab Refinery Limited. - 6/14/18

JOINT VENTURES

1. Joint Venture between Apical Logistic Management PTE Limited and Atif Enterprises (Pvt) Limited creating AAA-Mujahid Pte. Ltd. - 7/12/17
2. Joint acquisition by Cinven and CPPIB of GTA Travel Holding Ltd, Kuoni Holdings Plc and their subsidiaries. - 8/18/17

MERGERS

1. Merger between Linde AHG and Praxair, Inc. - 8/18/17
2. Merger between Descon Engineering Limited, DEL Engineering Domestic (Pvt) Limited, Descon Chemicals (Pvt) Ltd, DEL Power (Pvt) Limited and Descon (Pvt) Ltd. - 8/29/17
3. Merger of International Comlex Projects Limited with and into Arif Habib Equity (Pvt) Limited. - 10/17/17
4. Merger of Huntsman with and into a newly formed subsidiary of Clariant. - 11/9/17
5. Merger of Sindh Bank Ltd with and into Summit Bank Ltd. - 12/15/17
6. Merger between insuresilience investment fund and Asia insurance company limited. - 12/28/17
7. Merger of Bebe Jan Colors Limited and Bebe Jan Textile Mills Limited with and into Bebe Jan Pakistan Limited. - 1/31/18
8. Merger of CIL and LWL with and into Singer Pakistan Limited, and De-Merger of Retail business of SPL and its merger with and into EMCPL. - 2/14/18
9. Merger of Style & Trends Pvt Ltd into Husein Sugar Mills Ltd. - 3/30/18
10. Merger of M/s. Terminal One Limited and M/s. I Puri Terminal Limited. - 5/31/18

CHAPTER 7

REVIEWING POLICY FRAMEWORKS

Policy Note to FBR to Amend RFP for Tobacco Track & Trace System

26 MARCH 2018

The Commission issued a Policy Note to the Federal Board of Revenue (FBR). It recommended that the FBR amend certain clauses in a Request for Proposals (RFP) for Tax Stamps, Monitoring & Tracking System for tobacco products which would allow the maximum number of bidders to participate in the process.

The FBR's track-and-trace system for tobacco products will help prevent leakage of revenue, under-reporting of production and sales, ensure proper payment of Federal Excise Duty (FED) and Sales Tax on tobacco products. The track-and-trace system was an important step to curb illicit tobacco trade that places registered businesses at a competitive disadvantage. Nonetheless, the Commission made recommendations to the FBR so that it addresses competition concerns in the tender.

The Commission noted that the turnover requirement of US$ 100 million and capacity requirements of 10 billion stamps in the RFP excluded many firms from taking part in the tender. It emphasized that the FBR should revise these requirements or clarify terms of a Joint Venture to allow two or more parties to meet the relevant criteria. The evaluation criteria also awarded maximum points based on number of countries (where the proposed system was implemented) and volume of banderoles while ignoring other important aspects of the track-and-trace system. The Commission has asked the FBR to redesign the criteria to include points for assessing other vital elements of the track-and-trace system.

The RFP also required special handheld readers only to check the products. However, today's smartphones/tablets with a special camera and a secure reader application can achieve the same purpose. The Commission has asked the FBR to include the option of smartphones with secure application as an acceptable solution.

The requirement that the successful bidder must ensure a minimum investment of US$ 7.5 million in Pakistan relating to track-and-trace system within one year of signing of the contract could exclude all international bidders without a current printing facility in Pakistan. CCP recommended that the FBR amend the relevant clauses to include the necessary elements of the system that require investment in Pakistan. The note further proposed that the FBR may also, if it deems appropriate, provides suitable incentives for any Greenfield investment.

And finally, it highlighted that the requirement that the system's complete implementation be completed in 22 weeks would limit the ability of firms to participate in the tender. CCP suggested that the timeline be extended appropriately to address the stakeholders' concerns.

Opinion on Competition Concerns in the Sugar Sector

7 MAY 2018

The Commission issued an Opinion, which made important recommendations to the federal and provincial governments to make the sugar industry more efficient, improve sugarcane quality, enhance and diversify production processes, and focus on export competitiveness.

The Opinion followed an open hearing held on 25 January 2018 in which the stakeholders including representatives of the federal and provincial governments, growers, millers, retailers, distributors, and consumers had highlighted pertinent issues in the sugar industry.

The Commission recommended that federal government abolish the price floor/support price of sugarcane and allow market forces to determine the price. However, if sugarcane price needs to be set, it should be based on independent and reliable data, taking stock of divergent conditions and factors prevalent in different areas. Additionally, they should consider any applicable support price of other crops such as cotton. More importantly, where support prices are set, the government must act as an underwriter and ensure complete and timely payments to the farmers.

Moreover, the quality considerations should determine any support price, rather than weight. Farmers who produce higher quality sugarcane should be paid a premium compared to those farmers whose cane is of lower quality. The government should also encourage research & development (R&D) initiatives to reduce the cost of producing sugarcane and increase its quality.

The Commission further recommended that millers should make their processes more efficient with incentives that encourage the optimal use of their by-products and reduce the overall cost of sugar production. This would help to make them internationally competitive and enable them to make timely payments to farmers.

The Commission recommended that the provincial governments review the legislative framework to encourage open competition in the sugar sector.

To control price hikes of sugar at the retail/ wholesale level, the Trading Corporation of Pakistan (TCP) may keep a minimum reserve of sugar to address any unanticipated fluctuations in demand or any emergency. However, this measure should only be used sparingly as it could affect the free market mechanism.

The Commission also recommended that the relevant government departments should be cognizant of the sugar supply situation at all times. This would help Pakistan take advantage of any export opportunities that arise.

Lastly, the Commission recommended that a committee comprising of representatives of all stakeholders, including government departments dealing with the sugar sector at the federal/provincial level, be constituted to discuss means of implementing the recommendations.

CHAPTER 8

Open Hearing on Competition Concerns in Sugar Sector

7 MAY 2018

The Commission took notice of the sugarcane procurement crisis in the country and convened an open hearing to discuss competition concerns in the sector's and to get the viewpoint of all stakeholders.

The Commission's bench, comprising the Chairperson Vadiyya Khalil, and Members Dr Shahzad Ansar and Dr Muhammad Saleem, conducted the open hearing, which was attended by the representatives of sugarcane growers, sugar mills, federal ministries, provincial departments, public and private sector trading and retail organisations.

Chairperson Khalil in her opening remarks said that the Commission was not just a market enforcer but also a market developer and that the open hearing had been convened to discuss and address competition issues in the sugar sector.

The participants from the farmers' community highlighted the payment issues and other difficulties faced by the sugarcane farmers. They called for urgent intervention at the necessary levels of government to resolve their problems. Representatives of the Pakistan Sugar Mills Association called for revamping the whole system of sugarcane sector to protect the interests of all stakeholders. They highlighted the problems faced by the millers and the problems resulting from the differences in supply and demand of the commodity.

The representatives of the government including Umar Saleem Bhatti from the Federal Ministry of Commerce, Shafiq Ahmed Shahzad from the Trading Corporation of Pakistan, Imtiaz Ali Gopal from the Federal Ministry of National Food Security and Research, Sibte Hassan Sherazi from the Food Department Punjab, Javed Maqbool, Director Marketing, Ministry of Agriculture, Livestock and Cooperatives, KPK, Muhammad Shakeel, Deputy Director, Food Department KPK, and Nihalulddin Marri from the Agriculture Research Institute Sindh, explained their respective positions on the matter. After analyzing the deliberations of the open hearing and other pertinent facts, the Commission would issue its Opinion on the matter.

Automobile Sector for making Competitive & Efficient Recommended

The Commission issued an Opinion with recommendations on making Pakistan's automobile sector more efficient and competitive, proposing measures to the government and car manufacturers alike that protect the interests of the industry and consumers.

The Opinion follows the Commission's Open Hearing held on 11 April 2018, where all stakeholders, including the consumers, auto-parts manufacturers, traders, importers, and the car manufacturers participated.

To the manufacturers, the Commission recommends that any price increase after a customer books a vehicle should not be applied retrospectively. In addition, the double taxation policy with respect to advance/withholding income tax may be revised to allow for a supply push-based wholesale automotive market wherein risk is transferred from the car manufacturers to wholesale dealers. This will help the manufacturers to make production and expansion decisions while discouraging undocumented investors to profit from premiums at the expense of consumers.

To tackle the problem of premium/on-money on purchase of new cars, the Commission has suggested business expansion by the existing car manufacturers. The entry of new players within the next 12-18 months will have a salutary effect on all segments of passenger cars to improve the industry's situation.

Realising that buyers face problems in the redemption of KIBOR plus 2% on late delivery of vehicles under the Auto Policy 2016-21, the Commission proposes that appropriate measures, including legislation, and identifying a government agency responsible for its implementation should be done.

To the government, the Commission suggests the creation of a National Automotive Sector Standards and Safety Authority to develop and enforce the regulatory framework for the auto industry under one umbrella to ensure quality, safety, and environmental standards.

The Commission also recommends that the existing taxation regime be changed from one based on engine capacity and size to one that rewards fuel efficiency, lower emissions, and newer technologies.

For the automotive parts manufacturers, the Commission recommends that the government may offer them concessional financing rates and incentives aimed at encouraging the necessary R&D efforts to help them acquire regional and global Tier-1 status.

Finally, the Commission has opined that the features of Auto Policy 2016-21 concerning taxation and new entry in the market must be retained to ensure competition in the market.

Pakistan's auto industry operates on a demand pull model where cars are only produced when an order is placed. This model opens up opportunity for investors seeking to make quick money by booking several vehicles and then selling them to customers for a premium by offering an immediate sale. As a long term measure to discourage blockages created by undocumented investors looking to make quick money from premiums, and to allow for a more suitable supply push based wholesale model, which cater to the growing demand, the Commission recommend that the government should consider appropriate changes in the advance/withholding income tax regime, particularly Section 153 and 231B of the Income Tax Ordinance, 2001, to remove double taxation in order to encourage a documented wholesale car market.

Open Hearing on Competition Concerns in Automobile Sector

The Commission received concerns and complaints regarding the pricing of locally made cars, safety features, technological issues, delivery of vehicles, payment of premiums, and progress on localisation of auto industry and deletion programmes. Therefore, an "Open Hearing on the Automobile Sector in Pakistan" was held to get the perspectives of all stakeholders on pertinent issues.

The Commission's bench, comprising the Chairperson Vadiyya Khalil, and Members Dr. Shahzad Ansar and Dr. Muhammad Saleem, conducted the open hearing that was attended by the representatives of Federal Board of Revenue, Ministry of Commerce, Engineering Development Board (EDB), Excise and Taxation, representatives of auto manufacturers including Indus Motor Company Limited, Pak Suzuki, Pakistan Automobiles Manufacturers Association (PAMA), Pakistan Automobile Assemblers Dealers Association (PAMADA), Pakistan Association Of Automotive Parts & Accessories Manufacturers (PAAPAM), online platforms including Pakwheels, car importers, and consumers in large number. The participants openly expressed their views discussing various issues and bottlenecks to competition in the sector. Chairperson Vadiyya Khalil said that CCP will issue an opinion with its recommendations to improve competition in the sector.

> 'the automobile sector is vital for generating an economic activity in the country and contributing to the national kitty through paying taxes and other relevant duties and charges.'
>
> – Chairperson CCP, Ms. Vadiyya Khalil

Regulatory Authority for the Real Estate Sector Proposed

The Commission issued an Opinion to the government on "Competition Issues in the Real Estate Sector" recommending to introduce a regulatory framework to protect the interests of all stakeholders, in particular the investors and the general public.

In April 2018, the Commission held an "Open Hearings on the Real Estate Sector" to note the concerns of the consumers, investors, relevant government bodies, and other stakeholders regarding the pertinent issues in the property market of Pakistan. The Commission then studied the relevant laws and conducted its own research to get a grasp of the pertinent issues.

The Commission proposes to the government to establish a regulatory authority for the real estate sector. The functions and powers of the proposed authority shall include Registration and Regulation wherein it will be responsible for pre-registration/licensing, renewal of license of developers, promoters, project managers, and Real Estate agents/brokers/dealers. The proposed authority may also enjoy enforcement powers, such as conducting enquiries and investigations, inspections, and subsequent enforcement actions including imposition of penalties to address the consumer issues.

The proposed regulatory body should publish and maintain a website/database of all records of real estate sector, with an updated status on Registration, Title, Regulatory NOC, etc. and convert the conventional land record system on modern day's information technology based systems.

The Opinion recommends to review the existing Laws and incorporate appropriate amendments. The lack of uniformity in the Real Estate Sector regarding the applicable laws is a serious issue for the consumers. Further, there is an inherent conflict in the laws governing the Development Authorities with special reference to competition issues as the Regulators i.e. LDA, CDA, FDA, GDA etc., are not only performing the functions of the regulators but are also undertaking economic activities by launching their own housing schemes. The Regulators i.e. the respective development authority, becomes the competitor of its own regulatees.

In addition to the foregoing, the complaint resolution mechanism is also discriminatory in a way that a complaint against the housing scheme or project launched by the development authority is to be processed and forwarded by the development authority against whom the complaint is launched.

Furthermore, the laws with reference to the registration of the Real Estate Agents are too outdated and contain minimal penalty. A complaint against the non-compliant Real Estate Agent can only be filed by the registering authority and no remedy is available to the consumers. This makes the applicable laws purposeless and ineffective. Hence, the laws vis-à-vis the registration of Real Estate Agents and the complaint resolution mechanism and penalties must be revised.

Similarly, the outdated Laws regarding the Land Acquisition and Transfer of Property i.e. the Land Acquisition Act, 1894 and Transfer of Property Act, 1882, which were aimed at enforcing the British Rule in pre-independence era, must be revised owing to the changed market conditions and evolution of rights of the consumers, in particular, keeping in view the fundamental rights guaranteed under Article 23 & 24 of the Constitution read with Article 38 thereof.

An important issue raised during the public hearing was the inordinate delay in resolution of disputes regarding the real estate sector. Hence, it is important that appropriate amendments be made in the respective laws to provide for expeditious disposal of cases in the real estate sector treating it as a special subject, preferably a time limit of six (6) months to one (1) year be prescribed for expeditious disposal of cases, be it by the special tribunals/courts or by the Court of ordinary jurisdiction.

***Open Hearing** on Competition Concerns in*

Real Estate Sector

Real estate sector plays a crucial role in contributing to economic growth and in helping people achieve a lifelong aspiration of their own home. In this regard, the Commission held open hearings on the real estate sector in Pakistan to give an opportunity to the stakeholders to voice their concerns on pertinent issues.

The Commission's bench, comprising the Chairperson Vadiyya Khalil, and Members Dr. Shahzad Ansar and Dr. Muhammad Saleem, conducted the open hearings in Islamabad on 11 April 2018, in Lahore on 17 April 2018, and in Karachi on 19 April 2018. The representatives of real estate associations, builders, developers, marketers, regulators, ministries and other relevant government offices, and consumers in large number attended these hearings.

> "CCP continues to receive a number of concerns and complaints from consumers about deceptive marketing practices and other pertinent issues in the sector. The open hearing has been organised to discuss those and other relevant issues so that the Commission can take necessary measures under its mandate to help resolve those issues."
>
> – Chairperson CCP, Ms. Vadiyya Khalil

Compliance Workshops held under the Guidance on Competition Compliance Programme

The Commission launched the 'Guidance on Competition Compliance' on 5 December 2016. The Guidance was prepared to help develop the private sector's capacity for voluntary competition compliance. The first part talks about the main provisions of competition law whereas, the second part is about helping businesses to understand possible drivers of non-compliance that include lack of importance to compliance by senior management, unfamiliarity with legal requirements, employee naiveté or "rogue" employees, and competing interests etc. understanding what drives compliance and non-compliance has important implications for these businesses.

By identifying behaviours that are anti-competitive and could affect market dynamics, the Guidance helps managers and employees make informed decisions that ensure compliance. Apart from managers and employees, board members (where applicable) also have a responsibility to ensure compliance.

In the long-term, the Commission would like to see certain outcomes from its collaboration with the private sector e.g. competition law compliance is integrated into the ethics and compliance infrastructure; senior management demonstrates support through action, not just words; the possibility for employees to communicate misconduct safely and protection against retaliation for those who do raise concerns.

The Commission held a series of workshops under the Compliance Programme where participants ranging from senior management, legal, marketing and sales departments participated. The Commission aims to hold the compliance workshops in all leading national and multinational firms in various sectors.

- Nestle Pakistan (Karachi) 20 Apr 2018
- Nestle Pakistan (Lahore) 9 Apr 2018
- Nestle Pakistan (Islamabad) 5 Apr 2018
- Engro Corporation (Karachi) 20 Dec 2017
- Unilever Pakistan (Karachi) 19 Dec 2017
- ICI Pakistan Limited (Karachi) 18 Dec 2017
- Reckitt Benckiser Pakistan (Karachi) 29 Nov 2017
- Citibank (Karachi) 29 Nov 2017
- OICCI (Karachi) 23 May 2017

Competition Advocacy Academia Drive

The Commission launched the "Competition Advocacy Academia Drive" in 2017 to create awareness of the competition law among the students and faculty members of the academic institutions of Pakistan. One of the objectives of the Academia Drive was to introduce, a 16-week Module on 'Economics and Competition Law', developed by CCP with the collaboration of King's College London. During the first leg of the drive, 24 seminars were held in the universities of Rawalpindi, Islamabad, Peshawar, Multan, Sargodha, Lahore, and Karachi. After receiving tremendous response from the academia, the Commission decided to continue the Academia Drive for other universities across Pakistan.

Seminar at Hazara University, Mansehra

3 APRIL 2018

As part of the Commission's Competition Advocacy Academia Drive, a seminar was held at the Hazara University, Mansehra on 3 April 2018. The students and faculty members of Law, Economics, and Management Science attended the seminar. The Commission's team gave presentations explaining the concept of competition, the evolution of the Pakistan's Competition regime, the substantive provisions of the law, and the roles and functions of the Competition Commission of Pakistan. The students actively participated in the questions and answers session.

After the seminar, the Commission's team led by Dr. Shahzad Ansar, Member OFT and Advocacy, briefed the faculty members on the 16-week Module on 'Economics and Competition Law.'

Educating the Masses through Radio Programme 'Rabta'

9 MAY 2018

Media remains a pivotal supporter for spreading awareness of law and educating the stakeholders. The Commission regularly interacts with media to reach out to the general masses. In this regard, Mr. Noman Laiq Director Office of Fair Trade and Mr. Asfandyar Khattak Director Advocacy & Media participated in a live current affairs show of Pakistan Broadcasting (PBC) 'Raabta' aired on 9 May 2018. They explained the main provisions of the competition law and discussed at length measures taken by the Commission for enforcing and advocating the law.

CHAPTER 9

INTERNATIONAL AFFAIRS

CCP Retains 3-Star Rating by Global Competition Review (GCR)

21 AUGUST 2017

The Commission maintained its 3-star (out of 5) rating by showing consistent performance in the annual ranking of the World's top antitrust/competition authorities, conducted by the Global Competition Review (GCR).

The Rating Enforcement is the annual ranking of the world's leading competition authorities that provides an extensive evaluation of their performance and how they compare with each other. According to GCR, authorities appear in Rating Enforcement only if they engage in a significant amount of enforcement activity. Regardless of its rating, every agency included in Rating Enforcement does important work that merits close attention and attracts the interest of GCR. The 3-star rating comes with a horizontal arrow showing that the Commission performed as expected and indicated that not only has the authority retained its star rating, but also that GCR sees no reason for concern that it might be on the way to losing that rating anytime soon.

The GCR noted: "a bright spot for the Commission's antitrust function in 2016 came in the form of the appellate system in Pakistan. The Competition Appellate Tribunal began hearing appeals against the Commission's Orders last year and the tribunal upheld many of its decisions. Of these, the authority scored a particular victory when the tribunal upheld a nearly €1 million (PKR 100 Million) fine against the Poultry Association. In the financial year 2016-17, the tribunal adjudicated on 11 matters, ruling in favour of the Commission on eight of them. The Supreme Court of Pakistan has also sent all pending appeals against the Commission's Orders to the Tribunal, bringing the Commission a step closer towards the resolution of the judicial review process."

While commenting on the powers available to the Commission to detect the anti-competitive practices such as cartelisation and abuse of dominance, the GCR said: "Sooner or later, the government will have to consider giving the Commission additional powers and tools for detection." The GCR noted that the Commission garnered applause for its consistently balanced approach to enforcement and advocacy, outreach to academia and private sector for better awareness of the law, its link with economics, and on improving compliance.

The Commission's three-star rating keeps it at par with the competition authorities of Turkey, Portugal, Switzerland, Sweden, Singapore, Poland, New Zealand, Austria and Mexico. Pakistan and India are the only two countries from South Asia included in the Rating Enforcement 2017, with the Competition Commission of India (CCI) remaining a 2-star agency.

CHAPTER 10

UNDERTAKING RESEARCH

'Competition Assessment of the Road Construction Sector in Pakistan'

The Commission is mandated to conduct studies for promoting competition in all spheres of commercial and economic activity. The study titled 'Competition Assessment of the Road Construction Sector in Pakistan' examines the sector from competition standpoint and aims to provide information and insight to all the stakeholders and policy makers about the market structure, regulatory framework, and barriers to effective competition. One of the objectives of the study is to determine whether entry barriers are keeping local or new players out of this crucial sector. With special reference to the China Pakistan Economic Corridor (CPEC), the Report offered the following proposals to foster competition and create a level playing field.

Recommendations

1. To ensure participation of more constructors in CPEC projects and to stop the occurrence of collusion, the large projects may be broken down into optimum size packages

2. To ensure that the joint ventures of local firms with the Chinese firms do not violate the by-laws of Pakistan Engineering Council and the Competition Act, the implementing agencies should monitor the Joint Ventures in road construction projects

3. No preferential treatment should be given to specific domestic/foreign contractors

4. There should be an effective mechanism to check subcontracting by the implementing agency to ensure that they refrain from indulging in anti-competitive practices while subcontracting smaller projects

5. Sufficient time, in accordance with the complexity of the project, must be given to the consultants for project design, supervision, and completion. The procuring agencies may follow the Asian Development Bank and the World Bank's Guidelines on the use of consultants. This will improve the project quality, and will also increase the competition in road consultancy projects

6. The exemptions from income tax and bid security to the State-owned Enterprises in the construction of roads may be annulled, or alternatively, where these exemptions to SOEs continue, the private sector should be given a comparable cost margin at bid submission stage.

The objective of public procurement rules is to ensure transparency, efficiency and value for money which is achieved through fair and open competition. The role of PPRA is the ex-ante promotion of competition (i.e. through procurement rules and guidelines that ensure a level playing field, maximum participation of qualified bidders etc.) whereas, the role of CCP is ex-post (i.e. prosecuting cases of bid rigging and/or other forms of collusion amongst bidders)

CHAPTER 11

FINANCIAL STATEMENTS

Deloitte.

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF COMPETITION COMMISSION OF PAKISTAN

Opinion

We have audited the financial statements of Competition Commission of Pakistan (the Commission), which comprise the statement of financial position as at June 30, 2018 and the Income and Expenditure account, statement of comprehensive income, the statement of changes in fund and the statement of cash flows for the year then ended and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respect, the financial position of the Commission as at June 30, 2018 and of its financial performance and its cash flows for the year then ended in accordance with approved accounting and reporting standards as applicable in Pakistan.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs) as applicable in Pakistan. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Commission in accordance with the International Ethics Standards Board for Accountants' *Code of Ethics for Professional Accountants* as adopted by the Institute of Chartered Accountants of Pakistan (the Code), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Board of Directors for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the accounting and reporting standards as applicable in Pakistan and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Member of the Commission are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs as applicable in Pakistan will always detect a material

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Member of
Deloitte Touche Tohmatsu Limited

Deloitte.

Deloitte Yousuf Adil
Chartered Accountants

misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs as applicable in Pakistan, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the members of commission regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte Yousuf Adil

Chartered Accountants
Engagement Partner: Umar Daraz
Date: January 01, 2020
Islamabad

Member of
Deloitte Touche Tohmatsu Limite

COMPETITION COMMISSION OF PAKISTAN
STATEMENT OF FINANCIAL POSITION
AS AT JUNE 30, 2018

	Note	2018 ----Rupees----	2017 ----Rupees----
ASSETS			
NON CURRENT ASSETS			
Property and equipment	4	10,099,735	8,884,250
Long term loans, advances and deposits	5	55,149,341	40,689,254
		65,249,076	49,573,504
CURRENT ASSETS			
Advances, prepayments and other receivables	6	117,551,995	48,811,224
Short term investments	7	333,416,274	373,201,498
Cash and bank balances	8	100,062,101	20,729,051
		551,030,370	442,741,773
TOTAL ASSETS		616,279,446	492,315,277
FUND AND LIABILITIES			
Deferred liabilities			
Pension fund	9	387,267,756	364,704,385
Leave encashment	10	28,940,439	27,776,507
Leave perpatutiory to retirement	11	1,344,500	1,582,061
Gratuity	12	90,165,785	75,304,001
Restricted grant IDRC		-	353,728
		507,718,480	469,720,682
Current liabilities			
Income tax payable	13	11,778,461	7,287,350
Accrued and other liabilities	14	13,055,498	14,238,492
		24,833,959	21,525,842
TOTAL LIABILITIES		532,552,439	491,246,524
NET ASSETS		83,727,007	1,068,753
REPRESENTED BY			
Fund account			
Accumulated Surplus		83,727,007	1,068,753
		83,727,007	1,068,753
CONTINGENCIES AND COMMITMENTS	15		

The annexed notes from 1 to 22 form an integral part of these financial statements.

CHAIRPERSON

DIRECTOR GENERAL (FINANCE)

COMPETITION COMMISSION OF PAKISTAN
INCOME AND EXPENDITURE ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ----Rupees----	2017 ----Rupees----
Fee and regulatory income	16	279,450,935	239,764,17
Government grant		210,000,000	210,000,00
Total income		489,450,935	449,764,17
Operating costs	17	(410,697,789)	(365,682,57
Other income	18	20,422,677	15,981,08
Income before taxation		99,175,823	100,062,68
Provision for tax	13	(7,310,165)	(9,764,66
Income after taxation		91,865,658	90,298,01

The annexed notes from 1 to 22 form an integral part of these financial statements.

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CHAIRPERSON

DIRECTOR GENERAL (FINANCE)

COMPETITION COMMISSION OF PAKISTAN

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2018

	Note	2018 ----Rupees----	2017 ----Rupees--
Income after taxation		**91,865,658**	90,298,0
Other comprehensive income:			
Loss on remeasurement of pension fund	9	**(9,207,404)**	(70,306,1
Total comprehensive income for the year		**82,658,254**	19,991,8

The annexed notes from 1 to 22 form an integral part of these financial statements.

CHAIRPERSON

DIRECTOR GENERAL (FINANCE)

COMPETITION COMMISSION OF PAKISTAN
STATEMENT OF CHANGES IN FUND
FOR THE YEAR ENDED JUNE 30, 2018

Description	Accumulated Surplus Rupees	Total Rupees
Balance as at June 30, 2016	(18,923,090)	(18,923,090)
Income after taxation	90,298,015	90,298,015
Other comprehensive loss for the year	(70,306,172)	(70,306,172)
	19,991,843	19,991,843
Balance as at June 30, 2017	1,068,753	1,068,753
Balance as at July 01, 2017	**1,068,753**	**1,068,753**
Income after taxation	**91,865,658**	**91,865,658**
Other comprehensive loss for the year	**(9,207,404)**	**(9,207,404)**
	82,658,254	**82,658,254**
Balance as at June 30, 2018	**83,727,007**	**83,727,007**

The annexed notes from 1 to 22 form an integral part of these financial statements.

CHAIRPERSON

DIRECTOR GENERAL (FINANCE)

COMPETITION COMMISSION OF PAKISTAN
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

	2018	2017
	-----Rupees-----	----Rupees----
CASH FLOW FROM OPERATING ACTIVITIES		
Income before taxation	**99,175,823**	100,062,683
Adjustments for non-cash items:		
Depreciation	**6,298,516**	7,206,519
Profit on sale of fixed assets	**(34,495)**	(90,960)
Provision for gratuity	**23,654,054**	23,454,308
Provision for leave encashment	**3,487,484**	3,923,577
Provision for pension	**39,465,920**	30,982,158
Profit before working capital changes	**172,047,302**	165,538,285
Changes in working capital:		
Increase in Advances, prepayments and other receivables	**(68,740,771)**	(6,546,591)
Decrease in accrued and other liabilities	**(1,776,905)**	6,905,841
Decrease in Restricted Grant IDRC	**(353,728)**	-
	(70,871,404)	359,250
Payments from pension fund	**(26,109,953)**	(21,633,529)
Payment of gratuity	**(8,520,287)**	(4,438,218)
Payment of leave encashment	**(2,001,624)**	(687,223)
Payment of LPR	**(237,561)**	-
Income tax paid/adjusted	**(2,819,054)**	(1,577,684)
Net cash generated from operating activities	**61,487,419**	137,560,881
CASH FLOWS FROM INVESTING ACTIVITIES		
Increase in long term loans and advances	**(14,460,087)**	(13,365,207)
Decrease/(Increase) in short term investments	**39,785,224**	(106,710,255)
Addition in fixed assets	**(7,606,530)**	(6,541,579)
Decrease in finance lease liability	-	-
Proceeds from sale of fixed assets	**127,024**	110,000
Net cash generated from/(used in) investing activities	**17,845,631**	(126,507,041)
NET CASH FLOW FROM FINANCING ACTIVITIES		
Increase/(decrease) in cash and cash equivalents during the year	**79,333,050**	11,053,840
Cash and cash equivalents at the beginning of the year	**20,729,051**	9,675,211
Cash and cash equivalents at the end of the year	**100,062,101**	20,729,051

The annexed notes from 1 to 22 form an integral part of these financial statements. DYa

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CHAIRPERSON

DIRECTOR GENERAL (FINANCE)

COMPETITION COMMISSION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

1 LEGAL STATUS AND OPERATIONS

Competition Commission of Pakistan (the Commission) was established on 2nd October, 2007 under the Competition Ordinance, 2007 which was later transformed into Competition Act 2010. The Act sets out the principles and norms of sound competitive behavior as well as the manner in which these norms are to be enforced. It provides a legal framework in which a business environment based on healthy competition towards improving economic efficiency, developing competitiveness and protecting consumers from anti-competitive practices is to be created. The Head Office of the Commission is situated at 7th, 8th, 9th and 11th floor of ISE Building, Blue area, Islamabad.

2 BASIS OF PREPARATION

2.1 Statement of compliance

These financial statements have been prepared in accordance with the approved accounting and reporting standards as applicable in Pakistan. Approved accounting and reporting standards comprise of Accounting and Financial Reporting Standards for Small and medium Sized Entities (IFRS for SMEs) issued by International Accounting Standard board (IASB) as adopted by Institute of Chartered Accountants of Pakistan (ICAP).

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention, except recognition of employees benefit for pension plan at present value.

2.3 Functional and presentation currency

These financial statements are presented in Pak Rupees, which is the Commission's functional and presentation currency.

2.4 Use of significant accounting estimates and judgements

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgement about carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which estimates are revised if the revision affects only that period, or in the period of the revision and any future periods.

Judgements made by the management in the application of accounting policies that have significant risk of material adjustment in the next year are discussed in the ensuing paragraphs.

COMPETITION COMMISSION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

3.1 Property and equipment

Property and equipment are stated at cost less accumulated depreciation/amortization and accumulated impairment in value, if any. Depreciation is charged on straight line method over the estimated useful life of the asset. Rates of depreciation are specified in note 4 to the financial statements.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Commission and the cost of the item can be measured reliably. All other repairs and maintenance costs that do not meet the recognition criteria are charged to income and expenditure account as and when incurred.

Depreciation/amortization is charged to income and expenditure account commencing when the asset is ready for its intended use, applying the straight-line method over the estimated useful life.

Depreciation on additions to property and equipment is charged from the year in which an item is put to use while no depreciation is charged for the year in which the item is derecognized/disposed off.

Assets are derecognized when disposed off or when no future economic benefits are expected to flow from its use. Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment, and are recognized on net basis within "other income" in income and expenditure account.

3.2 Investments

Investments in debt instruments are initially measured at cost which approximates to fair value and are subsequently carried at amortized cost using the effective interest rate method less impairment loss, if any. This method uses an effective interest rate that exactly discounts estimated future cash receipts through the expected life of the investment to its net carrying amount.

3.3 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, cheques in hand and balances with banks.

3.4 Employee benefits

3.4.1 Pension fund

The pension is payable to employees of defunct Monopoly Control Authority (MCA). An employee is eligible for pension after the completion of qualifying service of ten years. In the event of death of an employee, whether before or after retirement, his family shall be entitled to receive such pension. No pension shall be admissible to an employee who is dismissed or removed from service for reasons of disciplinary actions. Provision is made annually to cover obligation under the scheme on the basis of actuarial valuation and is charged to income and expenditure account. The most recent valuation was carried out as at June 30, 2018 using the "Projected Unit Credit Method".

COMPETITION COMMISSION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

3.4.2 Provident fund

The Commission has established provident fund as per clause (2) of chapter (7) of the Competition Commission (Service) Regulations, 2007 provident fund (PF) and transfered all confirmed employees to this scheme. Equal monthly contributions are made both by the Commission and employees as per the rate 10% of the basic salary. The Commission's contribution to the scheme is charged to the income and expenditure account.

3.4.3 Staff gratuity

The Commission operates an unfunded staff gratuity scheme for all its employees who have completed the minimum qualifying period of service as defined under the respective scheme. Provision is made annually to cover the obligation under the scheme and is charged to income and expenditure account.

The amount of gratuity obligation to an employee, shall be the sum equal to one month's last drawn gross salary immediately preceding the date of his ceasing to be in the service of the Commission or his death, for each completed year of service in the Commission. Current year obligation has been measured using last drawn gross salary of all eligible employees of the Commission.

3.4.4 Leave encashment

The Commission provides for compensated absences of its employees on unavailed balance of accumulated leaves in the period in which the leave is earned. Accrual to cover the obligations is made using the current salary levels of the employees.

3.5 Provisions

Provisions are recognized when the Commission has a present legal or constructive obligation as a result of a past event, if it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made. However, provisions are reviewed at each reporting date and adjusted to reflect the current best estimates.

3.6 Revenue recognition

Revenue is recognised to the extent that the economic benefits will flow to the Commission and revenue can be reliably measured. Revenue is recognised at fair value of consideration received or receivable. Revenue from different sources is recognised on the following basis:

Unrestricted grant from government and fees from regulatory bodies are accounted for on receipt basis.

Income from fee and regulatory income are accounted for on accrual basis.

Profit on investments is accrued on the basis of effective yield of respective investments.
Profit on savings accounts is recognised on accrual basis.

Restricted grants received are deferred and recognised as income on systematic basis to match them with the related expenses which are intended to be compensated.

3.7 Foreign Currencies

Transactions in currencies other than Pak Rupees are recorded at the rates of exchange prevailing on the dates of transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rate prevailing on the reporting date. Gains and losses arising on retranslation are included in income and expenditure account for the year.

COMPETITION COMMISSION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

3.8 Taxation

The charge for current taxation is based on taxable income at the current rates of taxation after taking into account applicable tax credits, rebates, losses and exemptions available, if any.

3.9 Contingencies

The Commission has disclosed significant contingent liabilities for the pending litigations and claims against the Commission based on its judgement and the advice of the legal advisors for the estimated financial outcome. The actual outcome of these litigations and claims can have an effect on the carrying amounts of the liabilities recognized at the reporting date. However, based on the best judgement of the Commission and its legal advisors, the likely outcome of these litigations and claims is remote and there is no need to recognize any liability at the reporting date.

3.10 Impairment

The Commission assesses at each balance sheet date whether there is any indication that assets except deferred tax assets, stock in trade and stores and spares may be impaired. If such indication exists, the carrying amounts of such assets are reviewed to assess whether they are recorded in excess of their recoverable amounts. Where carrying values exceed the respective recoverable amounts, assets are written down to their recoverable amounts and the resulting impairment loss is recognized in statement of profit or loss except for the impairment loss on revalued assets, which is adjusted against the related revaluation surplus to the extent that the impairment loss does not exceed the surplus on revaluation of that asset. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Where impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised recoverable amount but limited to the extent of the carrying amount that would have been determined (net of depreciation/amortization) had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in statement of profit and loss.

3.11 Government Grant

Government Grant has been received for operational and support activities of the commission.

COMPETITION COMMISSION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

4 PROPERTY AND EQUIPMENT

	Furniture and fixtures	Computer & accessories	Office equipment	Office refurbishment	Vehicles	Total
			Rupees			
Cost						
Cost as on July 01, 2016	15,777,510	25,022,760	4,914,441	12,014,839	8,578,514	66,308,064
Additions	2,021,923	1,734,110	159,754	558,792	2,067,000	6,541,579
Disposals/ transfers	-	(276,620)	-	-	-	(276,620)
Cost as on June 30, 2017	**17,799,433**	**26,480,250**	**5,074,195**	**12,573,631**	**10,645,514**	**72,573,023**
Accumulated Depreciation						
Balance as on July 01, 2016	13,792,517	20,663,093	3,787,345	10,302,462	8,194,417	56,739,834
Charge for the year	1,518,886	3,546,541	523,691	858,004	759,397	7,206,519
On disposals/ transfers	-	(257,580)	-	-	-	(257,580)
Balance as on June 30, 2017	**15,311,403**	**23,952,054**	**4,311,036**	**11,160,466**	**8,953,814**	**63,688,773**
Cost						
Cost as on July 01, 2017	17,799,433	26,480,250	5,074,195	12,573,631	10,645,514	72,573,023
Additions	1,504,218	4,259,412	107,424	1,735,476	-	7,606,530
Disposals/ transfers	(292,464)	(156,653)	(604,437)	-	-	(1,053,554)
Cost as on June 30, 2018	**19,011,187**	**30,583,009**	**4,577,182**	**14,309,107**	**10,645,514**	**79,125,999**
Accumulated Depreciation						
Balance as on July 01, 2017	15,311,403	23,952,054	4,311,036	11,160,466	8,953,814	63,688,773
Charge for the year	1,104,526	3,336,735	414,678	1,016,477	426,100	6,298,516
On disposals/ transfers	(292,464)	(64,124)	(604,437)	-	-	(961,025)
Balance as on June 30, 2018	**16,123,465**	**27,224,665**	**4,121,277**	**12,176,943**	**9,379,914**	**69,026,264**
Carrying amount June 30, 2017	**2,488,030**	**2,528,196**	**763,159**	**1,413,165**	**1,691,700**	**8,884,250**
Carrying amount June 30, 2018	**2,887,722**	**3,358,344**	**455,905**	**2,132,164**	**1,265,600**	**10,099,735**
Rate of depreciation per annum	**20%**	**33%**	**20%**	**17%**	**20%**	

COMPETITION COMMISSION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

		Note	2018 -----Rupees----	2017 -----Rupees----
5	**LONG TERM LOANS, ADVANCES AND DEPOSITS**			
	Loans to employees	5.1	50,721,191	37,984,368
	Security deposits		4,428,150	2,704,886
			55,149,341	40,689,254
5.1	**Loans to employees- considered good**			
	Opening balance		51,054,341	35,222,114
	Addition during the year		29,677,006	29,660,252
	Recovery during the year		(15,285,760)	(13,828,025)
	Closing balance		65,445,587	51,054,341
	Short term portion of loans to employees- considered good		(14,724,396)	(13,069,973)
			50,721,191	37,984,368

5.1.1 Loans to employees include loan for house building, house rent and general purpose provided to employees as per chapter (6) of the Competition Commission (Service) Regulations, 2007 Loans and Advances.

		Note	2018 -----Rupees----	2017 -----Rupees----
6	**ADVANCES,PREPAYMENTS AND OTHER RECEIVABLES**			
	Short term portion of loans to employees		14,724,396	13,069,973
	General provident fund advance		80,589	80,589
	Staff advances		1,058,725	847,343
	Prepayments		63,949,468	30,000,736
	Interest receivable- loan to employees		367,470	1,033,223
	Other receivable	6.1	37,371,347	3,779,360
			117,551,995	48,811,224

6.1 This includes an amount of Rs. 33.5 million recognized on account of income tax witheld by the income tax authorities which has further been explained in note 15.1 to the financial statements.

		Note	2018	2017
7	**OTHER FINANCIAL ASSETS**			
	Term deposit receipts	7.1	330,000,000	370,000,000
	Interest receivable on investment- considered good		3,416,274	3,201,498
			333,416,274	373,201,498

7.1 This represents the investment made in TDR's during the year amounting to PKR 150 million, 65 million, 65 million and 50 million respectively at different profit rates provided by bank.

		2018 -----Rupees----	2017 -----Rupees----
8	**CASH AND BANK BALANCES**		
	Cash in hand	10,822	8,332
	Cash at bank:		
	-Current account	98,831,793	19,541,372
	-Deposit account	1,219,486	1,179,347
		100,062,101	20,729,051

		2018 -----Rupees----	2017 -----Rupees----
9	**PENSION FUND**		
	Opening balance	364,704,385	285,049,584
	Charge to expense for the year	39,465,920	30,982,158
	Charge to other comprehensive income	9,207,404	70,306,172
	Payments made during the year	(26,109,953)	(21,633,529)
	Closing balance	387,267,756	364,704,385

9.1 Pension fund relates to the employees of MCA (Monopoly Control Authority) who joined CCP when the commssion was established.

COMPETITION COMMISSION OF PAKISTAN
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2018

		2018	2017
		-----Rupees----	-----Rupees----
9.2	**Charge for defined benefit obligation**		
	Current service cost	1,663,609	1,502,130
	Net interest cost	37,802,311	29,480,028
	Net actuarial loss recognised	9,207,404	70,306,172
		48,673,324	101,288,330
9.3	**Acturial Assumptions**		
	Valuation discount rate	10.00%	10.75%
	Salalry increase rate	10.00%	10.75%
	Expected return on plan assets	10.00%	10.75%
	Pension indexation factor	7.00%	7.00%
	Mortality rate	SLIC 2001-2005	SLIC 2001-2005

		2018	2017
10	**LEAVE ENCASHMENT**	-----Rupees----	-----Rupees----
	Opening balance	27,776,507	24,540,153
	Expense for the year	3,487,484	3,923,577
	Payments made during the year	(2,323,552)	(687,223)
		28,940,439	27,776,507

10.1 The gross salary for computation of Provision for Leave Encahsments inlcudes basic pay, personal pay and fixed allowances as per Appendix of CCP (Service) Regulations, 2007.

		2018	2017
11	**LEAVE PREPARATORY TO RETIREMENT**	-----Rupees----	-----Rupees----
	Opening balance	1,582,061	1,582,061
	Less: Payments made during the year	(237,561)	-
		1,344,500	1,582,061

		2018	2017
		-----Rupees----	-----Rupees----
12	**GRATUITY**		
	Opening balance	75,304,001	56,287,911
	Expense for the year	23,654,054	23,454,308
	Payments made during the year	(8,792,270)	(4,438,218)
		90,165,785	75,304,001

12.1 The gross salary for computation of Provision for gratuity inlcudes basic pay, personal pay and fixed allowances as per Appendix of CCP (Service) Regulations, 2007.

		2018	2017
		-----Rupees----	-----Rupees----
13	**INCOME TAX PAYABLE**		
	Opening balance	7,287,350	(899,634)
	Less: Tax paid/adjusted during the year	(856,367)	(1,413,441)
	Tax deducted at source during the year	(1,962,687)	(164,243)
		(2,819,054)	(1,577,684)
	Provision for income tax - current year	7,310,165	9,764,668
		11,778,461	7,287,350

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14	ACCRUED AND OTHER LIABILITIES	2018 -----Rupees----	2017 -----Rupees----
	Accrued expenses	**7,174,020**	9,685,971
	Withholding tax payable	**515,333**	58,472
	Other liabilities	**5,366,145**	4,494,049
		13,055,498	14,238,492

14.1 Other liabilities include, an amount of Rs 2.89 million (2017: 2.89 million) payable to AGPR related to general provident fund of MCA employees who did not join CCP after its establishment.

15 CONTINGENCIES AND COMMITMENTS

15.1 Contingencies

Several cases are pending adjudication in the Superior Courts against the actions taken or orders passed by the Commission. Recovery of exact amount of penalties imposed by the Commission will be determined after the decisions of the said cases by the superior Courts whereby the Courts can uphold, set aside or reduce the penalty. All penalties & fines recovered shall be credited to the Public Accounts of the Federation u/s 40(8) of the Competition Act 2010 .

The Commission's assessment for tax year 2012, 2014 and 2015 have been amended by tax department creating income tax demand of Rs. 18,011,482, Rs. 22,061,069 and Rs. 33,585,287. The major amendment consisted of charging tax on government grant, which was declared as exempt by the Commission.
First appeals furnished by the Commission before Commissioner Inland Revenue (Appeals) have been rejected. The commission has submitted second appeals before Appellate Tribunal Inland Revenue (ATIR), which are pending for adjudication. While pendency of appeals, tax department has coercively recovered Rs. 33,585,287 and Rs. 13,847,224 out of the demand of tax year 2015 and 2014 respectively through attachment of bank accounts. The Commission filed an apeal against this decision in Islamabad High Court (IHC), consequent to which, IHC ordered for the case to be heared in ATIR. As per the Commission's income tax advisor, a favourable outcome of the appeal is likely.

15.2 Commitments

There is no material capital commitment as at June 30, 2018 (2017: Nil).

16	FEE AND REGULATORY INCOME	Note	2018 -----Rupees----	2017 -----Rupees----
	Fee income	16.1	**132,247,024**	132,562,000
	Fee from Security and Exchange Commission of Pakistan	16.2	**147,203,911**	107,202,173
			279,450,935	239,764,173

16.1	Fee income	2018 -----Rupees----	2017 -----Rupees----
	Acquisition fee	**112,799,524**	105,700,000
	Exemption fee	**12,000,000**	10,850,000
	Merger/amalgamation fee	**1,800,000**	3,700,000
	Joint Venture Fee	**4,500,000**	11,250,000
	Complaint lodging fee	**915,000**	470,000
	Statement showing fee	**207,500**	530,000
	Copying fee	**25,000**	62,000
		132,247,024	132,562,000

16.2 Under Section 20(2)(f) of the Competition Act, 2010 read with S.R.O 1292(I)/2008 dated 23-12-2008, a statutory charge of 3% of the fee and charges collected by the Securities and Exchange Commission of Pakistan (the SECP), the National Electric Power Regulatory Authority (the NEPRA), the Oil and Gas Regulatory Authority (the OGRA), the Pakistan Telecommunication Authority (the 'PTA'), and the Pakistan Electronic Media Regulatory Authority (the 'PEMRA') is payable to the Commission. The Commission has consistently and persistently followed up payment with all regulatory bodies. The regulatory bodies have not yet paid the statutory charge to the Commission. However, during the year SECP has made a payment of Rs 147.2 million (2017: 107.2 million) to the Commission in respect of the said statutory charge.

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	Note	2018	2017
17 OPERATING COSTS		-----Rupees----	-----Rupees----
Salaries and benefits		302,448,204	256,150,489
Travelling and conveyance		6,988,885	21,047,300
Rent for office building		57,123,148	41,562,309
Office building services charges		7,821,309	5,602,994
Communications		4,001,837	5,649,006
Utilities		6,544,659	4,938,899
Printing and stationery		2,097,144	2,476,577
Legal and professional charges		4,360,000	7,615,680
Fee and subscription		1,406,641	923,610
Advertisement and publicity		4,004,131	3,558,647
Conference, workshop and seminar		238,200	17,350
Repair and maintenance		884,297	1,170,290
Office supplies		790,523	1,017,505
Newspaper and periodicals		581,887	525,775
Insurance of vehicles		-	41,340
Security		1,852,843	2,101,119
Audit fee		420,000	220,000
Bank charges		6,122	6,296
Depreciation		6,298,516	7,206,519
Entertainment		1,038,324	1,270,544
Miscellaneous expenses		1,791,119	2,580,325
		410,697,789	365,682,574

	2018	2017
18 OTHER INCOME	-----Rupees----	-----Rupees----
Gain on sale of fixed assets	34,495	90,960
Interest income on investment	18,878,940	15,659,881
Interest income on advances to employees	-	67,969
Miscellaneous income	1,509,242	162,274
	20,422,677	15,981,084

	2018	2017
19 NUMBER OF EMPLOYEES	-----Numbers----	---Numbers---
Total number of employees at year end	144	158
Avergae number of employees during the year	151	155

20 CORRESPONDING FIGURES

Corresponding figures have been reclassified for the purpose of better presentation. Material changes made during the year are as follows:

Description	Recalssified from	Recalssified to	2017 -----Rupees----
Joint Venture Fee	Acquisition fee	Joint Venture Fee	6,750,000
Joint Venture Fee	Merger/amalgamation fee	Joint Venture Fee	4,500,000
Leave preparatory to retirement	Leave Encashment	Leave preparatory to retirement	1,582,061

21 GENERAL

21.1 All above figures are rounded off to the nearest rupee.

21.2 Corresponding figures have been rearranged and reclassified, wherever necessary, for the purpose of comparison.

22 AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements are authorized for issue by the members of the Commission on December 19, 2019.

Vadiyya Khalil

CHAIRPERSON

DIRECTOR GENERAL (FINANCE)

Competition Commission of Pakistan

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