

COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No.: 22/LM/Mar06

In the large merger between:

Pamodzi Investment Holdings (Pty) Ltd Acquiring Firm

and

**Allied Production Industries Holdings (Pty) Ltd
and others** Target Firm

Panel: Y Carrim (Presiding Member), M Mokuena (Tribunal Member), and U Bhoola (Tribunal Member)

Heard on: 30 May 2006

Decided on: 30 May 2006

REASONS FOR DECISION

Approval

[1] On 30 May 2006 the Tribunal approved the merger between Pamodzi Investment Holdings (Pty) Ltd and Allied Production Industries Holdings (Pty) Ltd and others. The reasons for the decision are set out below.

The transaction

[2] In terms of the proposed transaction Pamodzi Investment Holdings (Pty) Ltd ("PIH") will acquire shares in Allied Production Industries Holdings (Pty) Ltd ("APIH") and its wholly owned subsidiaries Allied Production Industries (Pty) Ltd ("API"), BGG Cable Manufacturers SA (Pty) Ltd ("BGG"), and certain divisional businesses referred to as the Rely Precision Castings division ("Rely") and the Unique Engineering division ("Unique") of API.

[3] More than 50% percent of the shares and exercisable voting rights are held by historically disadvantaged groups. No firm directly or indirectly controls PIH.

- [4] Post the merger, which consists of various interrelated steps to restructure the target firm's shareholding and to introduce PIH as a BEE partner, PIH will fully control API.

Rationale for the transaction

- [5] The transaction will enable APIH to meet its BEE targets.

Effect on competition

- [6] The transaction will not substantially prevent or lessen competition in any product market since there is no overlap in the activities of the merging parties.
- [7] The acquiring firm, PIH, is an investment holding company with interests in several markets, none of which overlaps with that of the target firm.
- [8] The target firm, APIH, provides administrative, financial and strategic services to its subsidiaries. Rely is a specialist in investment castings. It supplies valve bodies and components as well as various pump components to the mining, automotive, food and beverage industries. Unique manufactures various industrial and mining pumps, instrumentation tube fitting systems, pantographs for railway locomotives and packaging machinery. BGG manufactures automotive conductors such as automotive wire, battery cable and other related products.

Public interest issues

- [9] There are no public interest issues arising from the transaction.

Y Carrim
Tribunal Member

M Mokuena and U Bhoola concur in the judgment of Y Carrim.

Tribunal Researcher: R Badenhorst

For the merging parties: Tsakani Mhlanga for Cliffe Dekker Attorneys

For the Commission: Seema Nunkoo (Mergers and Acquisitions)