



COMPETITION TRIBUNAL OF SOUTH AFRICA

Case No:71/LM/AUG11

In the matter between:

LODESTONE BRAND (PTY) LTD

Acquiring Firm

And

NATIONAL PRIDE TRADING 4 (PTY) LTD

Target Firm

Panel : Norman Manoim (Presiding Member)
Andiswa Ndoni (Tribunal Member)
Medi Mokuena (Tribunal Member)
Heard on : 28 September 2011
Order issued on : 28 September 2011
Reasons issued on : 07 October 2011

Reasons for Decision

Approval

- 1] On 28 September 2011, the Competition Tribunal ("Tribunal") approved the large merger between Lodestone Brands (Pty) Ltd and National Pride Trading 4 (Pty) Ltd. We explain below our reasons for this conclusion.

The Parties to the transaction

- 2] The primary acquiring firm is Lodestone Brands (Pty) Ltd ("Lodestone") a firm incorporated in accordance with the laws of the Republic of South Africa. Lodestone is controlled 60% by Standard Chartered Private Equity (Mauritius)

III Ltd, a wholly owned subsidiary of Standard Chartered Bank PLC. Lodestone controls two subsidiaries, namely Candy Tops (Pty) Ltd and Cyndara 224 (Pty) Ltd (“Cyndara”).

- 3] The primary target firm is National Pride Trading 4 (Pty) Ltd (“National Pride”), a company incorporated in accordance with the laws of the Republic of South Africa. National Pride is controlled 95% by Ebrahim Kara and does not control any subsidiaries.
- 4] In terms of the transaction, Lodestone will acquire as a going concern, an indirect unfettered control over the business of National Pride, through one of its subsidiaries, Cyndara. The transaction consists of two phases, the first of which entails a subscription by Ebrahim Kara of 35% interest in Cyndara which then leaves the shareholding in Cyndara 60% by Lodestone, 35% by Ebrahim Kara and the remaining 5% by one, Luciano Giovio. The second phase entails an acquisition by Cyndara of the National Pride business.
- 5] Therefore, as the acquisition by Ebrahim Kara of an interest in Cyndara does not confer any minority interest protection, pursuant to implementation of the transaction, Cyndara will acquire sole control over the business of National Pride.

The Rationale

- 6] The merging parties submitted that National Pride is an attractive investment opportunity as Lodestone wishes to establish and grow a diverse portfolio of businesses within the fast moving consumer goods sector in the country.

The parties’ activities

- 7] Lodestone’s activities are limited to its subsidiary, Candy Tops, a manufacturing firm involved in the marketing and distribution of a wide range of sugar confectionary products such as bubble-gum, boiled sweets, éclairs, toffees, chews and caramel.
- 8] National Pride is involved in the manufacturing, marketing and distribution of baby diapers.

The relevant market and the impact on competition

9] As the parties are active in different markets, the Commission found that the transaction does not result in any product overlap. Therefore, the Commission concluded that the proposed transaction is unlikely to result in any substantial prevention or lessening of competition in the relevant markets

CONCLUSION

10] The parties submitted that the proposed transaction will not result in employment losses. The proposed transaction does not raise any other public interest issues.

11] We agree with the Commission's conclusion above and find that the merger is unlikely to lead to any substantial prevention or lessening of competition in the relevant markets. Accordingly, we approve the above merger unconditionally.

NORMAN MANOIM

07 October 2011
DATE

Medi Mokuena and Andiswa Ndoni

Tribunal Researcher: Tebogo Hlafane

For the merging parties: Edward Nathan Sonnenbergs Attorneys

For the Commission: Dineo Mashego