



BEFORE THE
COMPETITION COMMISSION OF PAKISTAN

FIRST PHASE REVIEW

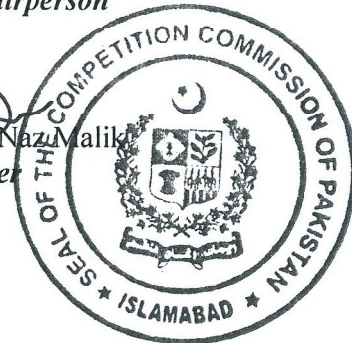
IN THE MATTER OF ACQUISITION OF ATLEAST 100 % SHARES OF M/S.
SOUTH 32 SA COAL HOLDINGS PROPRIETARY LIMITED BY M/S. SERITI
RESOURCES HOLDINGS PROPRIETARY LIMITED.

CASE: 1095/Merger-CCP/20

Commission

Ms. Shaista Bano Gilani
Act. Chairperson

Ms. Bushra Naz Malik
Member

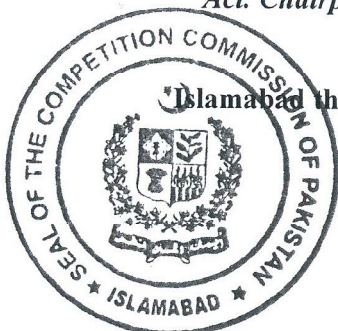


ORDER

1. On 27th April 2020 the Competition Commission of Pakistan ("**Commission**") received a pre-merger application ("**Application**") of a proposed acquisition pursuant to Section 11 of the Competition Act, 2010 ("**Act**") read with Regulation 6 of the Competition (Merger Control) Regulations, 2016 ("**Merger Regulations**") from M/s. Seriti Resources Holdings Proprietary Limited ("**Seriti**" or "**Ultimate Acquirer**") whereby it intends to acquire at least $\frac{1}{3}$ shares in M/s. South 32 SA Coal Holdings Proprietary Limited ("**SAEC**" or "**Target**") through its wholly owned subsidiary M/s. Thabong Coal Proprietary Limited ("**Thabong**" or "**Acquirer**") by purchasing shares from M/s. South 32 SA Holdings Proprietary Limited ("**South 32**" or "**Seller**"), pursuant to the Share Purchase Agreement.
2. The Commission has examined the Application as well as all the documents attached therewith, the market scenario, and its observations on the basis of independent research/investigation in the relevant market. The Phase I competition assessment of the intended transaction has resulted in the following findings:
 - i. The business activities of the undertakings concerned are:
 - a. For the Ultimate Acquirer: South African mining group that currently operates three thermal coal mines in South Africa primarily producing thermal coal.
 - b. For the Acquirer: Community and employee Trust.
 - c. For the Target: Seller of thermal coal.
 - d. For the Seller: Globally diversified metals and mining company
 - ii. The proposed transaction involves the Acquirer proposing to buy acquire at least $\frac{1}{3}$ % of the issued share capital in the Target. The transaction consideration is R (Approx. PKR 1000000000) as on May 5, 2020) plus annual deferred consideration payment amounts to $\frac{1}{3}$ % of the free cash flow which depends on a wide variety of factors, but is capped at R (Approx. PKR 1000000000) as on May 5, 2020) until 2024.
 - iii. The Target belongs to the relevant product market of "**Thermal Coal for Power Generation**" having a geographic market identified as of "**Pakistan**". Based on the data supplied by the Applicant, estimated pre-merger market share of the Target in Pakistan is $\frac{1}{3}$ %. There is no overlap in the products offered between the Merger Parties as the acquirer does not export to Pakistan. Hence, Post-transaction, market shares will remain unchanged.
 - iv. The transaction is not likely to result in the creation or strengthening of a dominant position in the relevant market. The intended merger does not meet the presumption of dominance as determined under Section (2) (1) (e) read with Section 3 of the Competition Act 2010 ("**Act**").
3. In conclusion, the proposed transaction is not likely to substantially lessen competition through the creation or strengthening of a dominant position in the relevant market. The proposed transaction is hereby authorized under Section 31 (1) (d) (i) of the Act.
4. It is so ordered.

(Ms. Shaista Bano Gillani)
Act. Chairperson

(Ms. Bushra Naz Malik)
Member



Islamabad the 2nd JUNE, 2020.