



THE PROPOSED ACQUISITION OF ADDITIONAL 47.5% SHAREHOLDING IN SPEEDEX LOGISTICS LIMITED BY SURESH NARAN VARSANI FROM HARJI MAVJI KERAI FOR AN AGGREGATE 97.5% SHAREHOLDING

1. The Competition Authority of Kenya has approved the proposed acquisition of additional 47.5% shareholding in Speedex Logistics Limited by Suresh Naran Varsani.
2. Suresh Naran Varsani, the acquirer, is an individual based in Kenya and a shareholder in Speedex Logistics Limited. The acquirer had no other business and hence had no turnover in the preceding year.
3. Speedex Logistics Limited (Speedex), the target, is incorporated in Kenya. The target is involved in logistics, specifically the clearing and forwarding business in Kenya.
4. The proposed transaction involves the acquisition of additional 47.5% shareholding of Speedex by Suresh Naran Varsani, resulting in the change of ownership from joint to sole control. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010.
5. Post transaction the acquirer will hold a total of 97.5% shareholding in the target.
6. The parties' combined turnover for the preceding year (2017) was **over Sh1 billion** and, therefore, the transaction met the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
7. The acquirer is an individual and had no other business in Kenya while the target is a logistics firm. Therefore, the relevant product market, for purposes of analyzing the proposed transaction, is the market for provision of clearing and forwarding services.
8. The target offers its services throughout Kenya and hence the relevant geographical market is national.
9. Data from the Kenya Revenue Authority indicates that the turnover of the logistics industry was KES 1.5 trillion (USD 15.4 billion) in 2017. This performance is attributable to the vibrant retail industry that is forecasted to grow by almost 34% in real value terms during the 2018-2021 period.

10. The Government of Kenya through its long-term development plan, Vision 2030, has prioritized large-scale transport projects (rail, road and shipping) to support the growing demand for logistics services.
11. As of 2018, KRA, which certifies clearing and forwarding companies, had granted 1,298 licenses to clearing and forwarding companies. This is indicative that this market has low barriers to entry and is highly competitive.
12. Some of the major players in the market are; Siginton Freight Limited, Kenfreight East Africa Limited, Mitchell Cotts Freight (K) Limited, Aramex Kenya Limited and DHL Worldwide Express (K) Limited.
13. Post-merger, the target's market share will not change as the acquirer does not undertake similar business in Kenya and is only increasing their shareholding in the target. Therefore, the transaction is unlikely to affect the market structure and concentration.
14. Based on the foregoing, the proposed transaction is unlikely to lead to substantial lessening or prevention of competition in the market for clearing and forwarding services in Kenya. The proposed transaction is also unlikely to raise any negative public interest concerns.
15. Public interest concerns during merger analysis include;
 - i. extent to which a proposed merger would impact employment opportunities;
 - ii. impact on competitiveness of small and medium enterprises (SMEs);
 - iii. impact on particular industries/sectors; and
 - iv. impact on the ability of national industries to compete in international markets.
16. Premised on the fact that the transaction is unlikely to raise negative competition or public interest concerns, the Authority approved the **the Proposed Acquisition Of Additional 47.5% Shareholding In Speedex Logistics Limited By Suresh Naran Varsani.**