



## THE PROPOSED ACQUISITION OF CONTROL OF GEMS AFRICA LIMITED BY SUNNY VARKEY.

1. The Competition Authority of Kenya has unconditionally approved the acquisition of 18% of the shares in GEMS Africa, with controlling interest, by Sunny Varkey.
2. Sunny Varkey, the acquirer, is an Indian national who is the founder of GEMS Education Group which operated the K-12 chain of schools. The acquirer is not controlled by any undertaking.
3. The acquirer controls the Varkey Group Limited which has indirect control of various undertakings in Kenya including, GEMS National Academy Ltd and Hillcrest Limited. These subsidiaries operate in the education sector by providing educational services for pre-primary, primary and secondary schools.
4. GEMS Africa Limited, the target undertaking, has operations in the education sector; provision of educational services in pre-primary, primary and general secondary education.
5. The proposed transaction involves the acquisition of shares from CDC Group Plc leading to 100% control in GEMS Africa Limited by Sunny Varkey. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
6. The parties' combined and relevant turnover for the preceding year was **over Sh1 billion** and, therefore, the transaction met the threshold for mandatory notification and full merger analysis as provided for in the **Competition (General) Rules, 2019**.
7. During analysis of the proposed transaction, it was noted that there are no overlaps between the parties' activities. The product market that was considered for the analysis of



the transaction was the market for British-based education curriculum for primary and secondary schools.

8. The parties to the transaction offer education predominantly in Nairobi. Therefore, the geographic market for the purpose of the analysis is Nairobi.
9. The main competitors of the merging parties include; Braeburn Schools, Aga Khan Academy, Srimad Premier Academy, Oshwal Academy, Brookhouse School Peponi Schools, Kenton Preparatory School, and Brookhurst International School.
10. Post-merger, the market share of the merged entity will not change since the acquirer is a shareholder in the target. Additionally, the merged party will face competitive restraint from other British curriculum-based schools. Based on the foregoing, the transaction is unlikely to negatively affect competition in the market for British-based education curriculum for primary and secondary schools.
11. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. They 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.
12. With regard to public interest issues, the Authority is of the view that this proposed transaction is unlikely to lead to any negative public interest issues.
13. **Based on the foregoing, the Authority approved the proposed acquisition of control of gems Africa limited by Sunny Varkey, unconditionally.**