



PROPOSED ACQUISITION OF INDIRECT CONTROL OF TVS MOTOR COMPANY LIMITED BY TVS HOLDINGS PRIVATE LIMITED.

1. The Competition Authority of Kenya has approved the acquisition of indirect control of TVS Motor Company Limited by TVS Holdings Private Limited unconditionally.
2. TVS Holdings Private Limited, the acquiring undertaking, is a holding company in India with no commercial activities, including in Kenya.
3. TVS Motor Company Limited, the target undertaking, is incorporated in India as a publicly traded company which engages in the business of manufacturing two- and three-wheeler vehicles and automotive components. It manufactures its products in India and exports them as finished goods to Kenya.
4. The proposed transaction involves the indirect acquisition of majority of the issued shares of TVS Motor Company Limited by TVS Holdings Private Limited. **The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.**

5. The combined turnover/assets value for the preceding year, 2020, 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**.
6. Noting that the parties' activities do not overlap, the Authority determined the relevant market as that of the target, which is the market for manufacture of two- and three-wheeler vehicles. With regard to the relevant geographic market, the target serves the whole country and therefore the relevant market is national.
7. Two-wheeler (*boda-boda*) and three wheeler (*tuk-tuk*) are fast-growing modes of transport in Kenya. These motorized transportation modes are regarded as cost-efficient and convenient and serve as an alternative to other forms of public transport as well as private transport.
8. According to the National Training Safety Authority (NTSA), the number of registered motorcycles in Kenya stood at 2,147,403 units in 2020 compared to 1,078,652 three-wheelers.
9. The two/three-wheeler market provides multiple opportunities for Kenyans, including but not limited to job creation, youth empowerment and ultimately economic growth.
10. Data from the Motorcycle Assembler Association of Kenya (MAAK) indicates that there are 28 approved two/three-wheeler assemblers in Kenya. The assemblers manufacture over 55 types of these motorized vehicles.

11. According to the Kenya Association of Manufacturers, the annual market for two/three-wheeler is close to 225,000 units. The most prominent dealerships include: Yamaha, Hero and Suzuki. Motorcycle Assemblers.
12. Currently, the target controls 20.7% of the market for manufacture of two/three-wheeler vehicles in Kenya. This market share will not change post-merger and the merged entity will continue facing competition from the other players in the market.
13. Based on the foregoing, it is the Authority's view that the proposed transaction is unlikely to lead to substantial lessening of competition in the market and is therefore unlikely to affect competition negatively.
14. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concerns which the Authority considers 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.

15. With regard to public interest issues, the transaction is unlikely to lead to any negative public interest issues. Specifically, the parties indicated that the target does not have any employees in Kenya.

16. Premised on the foregoing, the Authority approved the acquisition of indirect control of TVS Motor Company Limited by TVS Holdings Private Limited unconditionally.