



THE PROPOSED ACQUISITION OF 100% SHARES IN EASTERN CHEMICALS INDUSTRIES LIMITED BY SHREEJI ENTERPRISES (K) LIMITED.

1. The Competition Authority of Kenya has approved the acquisition of 100 % of the issued shares of Eastern Chemicals Industries Limited by Shreeji Enterprises (K) Limited on condition that there will be no cross-directorship between the two firms.
2. Shreeji Enterprises (K) Limited, the acquiring undertaking, is incorporated in Kenya and is in the business of providing transportation, warehousing and logistic services within the East African region. Its affiliate, Shreeji Computers Limited, deals with computers, information technology consultancy and software development.
3. Eastern Chemicals Industries Limited (Eastern Chemicals), the target undertaking, manufactures sodium silicate.
4. The proposed transaction involves the acquisition 100% of the issued shares of Eastern Chemicals Industries Limited by Shreeji Enterprises (K) 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 parties' combined and relevant turnover for the preceding year was over Sh1 billion. The transaction therefore met the threshold for mandatory notification and full merger analysis as provided in the Competition (General) Rules, 2019.



6. The parties' activities do not directly overlap and, therefore, for purposes of analyzing the transaction, the relevant market considered is that of the target which is the market for sodium silicate. The target entity retails its products throughout across Kenya and therefore the relevant geographical market was determined to be national.
7. Sodium Silicate has many industrial uses including in wastewater treatment plants, glass manufacturing, fire protection, producing soaps & detergents, cement formulation, textile processing, manufacture of refractory ceramics and cardboard, and joint/crack repairer in the automotive industry.
8. *Shreeji Chemicals* and Eastern Chemicals (the Target) are the main sodium silicate producers in Kenya. Their main source of competition is imports through companies like Chemraw EAS Limited, Kemia International Limited, Maganlal Stores Limited, Euro Industrial Chemicals Limited, Science Lab Limited, Prayosha Industries Limited and Neru Kenya Limited, among others.
9. The Authority noted that one of the directors of Shreeji Enterprises, the acquiring firm, is also a director of Shreeji Chemicals, a competitor firm to the target, Eastern Chemicals. Cross-directorship between competitors raises competition concerns given the likelihood of the parties engaging in anti-competitive conduct through exchanging strategic information.



10. The Authority engaged the parties regarding the concern and they have since taken remedial measures through the resignation of affected directors from Shreeji Chemicals.
11. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concerns 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.
12. The parties indicated their intention to carry on with the business and that the transaction will not impact employees negatively. Therefore, the Authority is of the view that the transaction will not raise negative public interest concerns.
13. Based on the foregoing, the Authority approved the proposed acquisition of 100 % of the issued shares of Eastern Chemicals Industries Limited by Shreeji Enterprises (K) Limited on condition that there will be no cross-directorship between Shreeji Chemicals Limited and Eastern Chemicals Industries Limited.