



**CAK DECISION ON PROPOSED ACQUISITION OF CONTROL OF CERTAIN  
BUSINESS AND ASSETS OF GILANI'S SUPERMARKET LIMITED BY OAK  
HABOUR HOLDINGS LIMITED**

1. The Competition Authority of Kenya has approved the proposed acquisition of certain business and assets (distribution business) of Gilani's Supermarket by Oak Habour Holdings Limited unconditionally.
2. Oak Habour Holdings Limited (Oak), the acquirer, is an investment holding company with various companies whose interest include energy sector, cargo and freight handling, among others. Oak does not have business operations in Kenya and therefore did not generate any turnover or have assets for the preceding year, 2021.
3. Gilani's Supermarket (Gilani's), the target, is involved in the business of wholesale and retail of fast-moving consumer goods (FMCG).
4. The proposed transaction involves the acquisition of control in certain business and assets (distribution business) of Gilani's by Oak.
5. Control during a merger/takeover may be procured through, *inter alia*:
  - i. Acquiring over 50% of the issued shares;
  - ii. Majority votes cast at a general meeting; and
  - iii. Acquisition of powers to veto key decisions.
- 6.



7. Post-merger the distribution business will be wholly owned and controlled by Oak. The transaction therefore qualified as a merger within the meaning of Section 2 and 41 of the Competition Act No. 12 of 2010.
8. 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**.
9. The acquirer is an investment holding company while the target's business being acquired is involved in the distribution of FMCG. Therefore, the relevant product market is the market for distribution of FMCG. The target mainly distributes its products in Nakuru and its environs. Therefore, the relevant geographical market is Nakuru and its environs.
10. The Kenyan retail sector in 2021 registered an increase in market activities fuelled by the expansion by major local and international retailers. This growth represented a rebound from the dip in 2020 when markets were challenged by the lockdowns occasioned by the COVID-19 pandemic. Some of the retailers who expanded their businesses include Naivas (7 new stores), Carrefour (5 new stores), Quickmart (4 new stores), and Cleanshelf and Chandarana opening one (1) new store each.
11. The accelerated expansion in the retail market is as a result of various factors including improved infrastructure, positive demographics, and improvement in ease of doing business, and affordability of rental spaces.
12. Gilani's main competitors are: Kanini Wholesalers (Nakuru), Mega Wholesalers



(Nakuru), JayKay Enterprise (Nakuru), Bidii Elburgon (Elburgon) and Corner Mix (Molo).

13. During merger analysis, the Authority considers the impact that the proposed transaction will have on competition in the specific market/sector and whether it raises any public interest concerns. **Thereafter, the Authority may approve the transaction with conditions, approve it without conditions, or reject it.**
14. Post-merger, the market share of the merged entity will not change since the acquirer has no similar business in Kenya. Therefore, the structure and concentration of the market for FMCG will not be affected in Nakuru and its environs.
15. From the foregoing, the proposed transaction is unlikely to lead to a substantial lessening or prevention of competition in the market for for distribution of FMCG in Nakuru.
16. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. These considerations 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.
17. With regard to public interest issues, no negative public interest concerns are envisaged. Specifically the parties have indicated that they will review and agree on the engagement mechanism of the current employees, but noted that no loss of employment is envisaged.



18. Premised on the foregoing, the Authority approved the proposed acquisition of certain business and assets (distribution business) of Gilani's Supermarket by Oak Harbour Holdings Limited unconditionally.