



CAK DECISION ON PROPOSED ACQUISITION OF MAJORITY STAKE IN RANFER TEAS (KENYA) LIMITED BY AKBAR BROTHERS (PRIVATE) LIMITED

1. The Competition Authority of Kenya has approved the acquisition of a majority shareholding in Ranfer Teas (Kenya) Limited by Akbar Brothers (Private) Limited unconditionally.
2. Akbar Brothers, the acquiring undertaking, is involved in the export of teas, power generation, packaging, healthcare, hospitality, and environmental services. The blending and value addition of Ceylon tea is the company's core competence.
3. Prior to the transaction, the acquirer had a minority shareholding in the target. However, it does not engage in other businesses and did not have any turnover or assets for the preceding year 2021.
4. **Ranfer Teas (Kenya)**, the target undertaking, is in the business of production of tea for export to South Africa, Egypt, Pakistan, the USA, Europe, and Sri Lanka.
5. The transaction involves Akbar Brothers acquiring an additional shareholding in the target, consequently owning a majority stake in the target. 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**. The transaction therefore met the threshold for mandatory notification and full merger analysis as provided in the **Competition (General) Rules, 2019**.
7. Premised on the undertakings' commercial activities, the relevant market for purposes of analyzing the transaction was determined to be the market for production of tea for export. The target is involved in production of tea in Kenya for export and therefore the relevant geographic market is Kenya.
8. Kenya is one of the main tea exporters globally, after China and Sri Lanka. Together with coffee, mate, and spices, tea accounted for over 20% of the country's exports in 2021. A majority of the tea processed in Kenya is exported.
9. The Kenya Tea Development Agency (KTDA) is the largest tea exporter in Kenya, through the over sixty (60) tea factories it controls. Other major exporters are Global Tea & Commodities, James Finlay, LAB International Limited, Tetley Tea, Unilever Kenya Limited, Lutex Limited, and Cargil Limited.
10. According to the Economic Survey 2022, the year-on-year earnings from tea in Kenya increased by 3.2% to KES 126.1 billion in 2021. Information regarding market shares is not publicly available. However, based on the target's turnover for the year December 2021, its approximate market share is less than 2%. KTDA's market share is approximately 50%.
11. 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.**

12. Post-transaction, there will be no change in structure or concentration of the market for production of tea for export in Kenya since the acquirer is increasing shareholding in the target and as such the market share of the target will not change.
13. From the foregoing analysis, the proposed transaction is unlikely to lead to substantial lessening and/or prevention of competition in the market for production of tea in Kenya for export.
14. 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.
15. With regard to public interest issues, the transaction is unlikely to lead to any negative public interest issues. Specifically, there will be no impact on employees of Ranfer Teas (Kenya) Limited as the acquirer is simply increasing shareholding in the target.
16. Based on the foregoing, the Authority approved the acquisition of majority shareholding in Ranfer Teas (Kenya) Limited by Akbar Brothers (Private) Limited unconditionally.