



## THE PROPOSED ACQUISITION OF 50% OF THE ISSUED SHARES CAPITAL OF BIDCO LAND O' LAKES LIMITED BY AARYAN INVESTMENTS LIMITED.

1. The Competition Authority of Kenya has approved the proposed acquisition of 50% of the issues shares of Bidco Land O' Lakes Limited by Aaryan Investments Limited unconditionally.
2. Aaryan Investments Limited (AIL), the acquiring undertaking, is a company incorporated in Kenya as an investment holding company. AIL currently owns 50% of the target's issued share capital. AIL controls Bidco Africa Limited which, through its subsidiaries, manufactures fast-moving consumer goods and fruit-based drinks.
3. Bidco Land O' Lakes Limited (Bidco), the target, is incorporated in Kenya. The company is engaged in the manufacture and distribution of animal feeds across the country.
4. The proposed transaction involves the acquisition of an additional 50% shares in Bidco by AIL, thereby gaining full control of the business. 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 merging parties' activities do not overlap. Therefore, for purposes of analyzing the transaction, the product market was determined as the market for animal feeds



in Kenya. The target distributes products across the country and, therefore, the relevant geographic market is national.

7. According to a study undertaken by the Kenya Market Trust in 2016, there were approximately two hundred and nine (209) registered animal feed manufacturers in Kenya and ninety-six (96) suppliers of raw materials. Ninety-four (94) entities engage in both commercial activities.
8. Additionally, the distribution zones of the feed manufacturers and suppliers is concentrated in the commercial dairy and poultry regions. The report noted that 90% of the manufacturers are small scale operators, producing less than 1,000 tons per month. Undertakings producing feeds in high feed volumes are based in Nairobi County and neighboring counties. Lastly, the report indicated that the sector has low barriers to entry.
9. According to data from the Association of Kenya Feed Manufacturers (AKEFEMA), the major players in this market are: Unga Limited, Isinya Feeds Limited, Pioneer Feeds, Empire Feeds, Muringa Limited, Chania Feeds, Cooper Brands, Mombasa Maize Millers, Sigma Feeds, and Pembe Millers among others.
10. Post-merger, there will be no consolidation of market shares and the market structure will not be affected since the merging parties are in different lines of business. Additionally, the target will continue facing competition from other manufacturers of animal feeds in Kenya.
11. Based on the foregoing, it is the Authority's view that the transaction is unlikely to negatively affect competition in the market for animal feeds in Kenya.
12. 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.

13. The target business is being acquired on a going concern basis and the acquirer has indicated that they do not plan to retrench any employees. Additionally, the parties have indicated that the transaction, if approved, will not negatively impact the competitiveness of small and medium-sized enterprises in the market.

**14. Based on the foregoing, the Authority approved the proposed acquisition of 50% shareholding in Bidco Land O' Lakes Limited by Aaryan Investments Limited unconditionally.**