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Proposed merger involving Grohe Luxembourg Four S.A and Main Street1254 (PTY) Ltd

CASE NUMBER: FCA53

Date: October 2014

Complaint:

The COMESA Competition Commission received a notification regarding the proposed merger between Grohe Luxembourg Four S.A and Main Street 1254 (PTY) Ltd (Watertech HoldCo).

The proposed transaction involved the acquisition of 51% of the issued shares in Watertech HoldCo by Grohe Luxembourg. Grohe Luxembourg being the primary acquiring firm, a company incorporated under the laws of Luxembourg selling taps, mixers, shower fittings and installation systems. Watertech HoldCo being the primary target firm, a private company incorporated under the laws of South Africa selling a range of products including spouts, pipe fittings, valves, taps, mixers, shower fittings, overflows, flexible connecting tubes, wastes and traps.

In view that in the notification documents submitted to the Commission, Seychelles was listed among the member states that might have been affected or was likely to be affected by the transaction, on the 25th of August 2014, the COMESA Competition Commission took the necessary steps to notify Seychelles and request for information and assistance to collect stakeholder's views on the proposed merger.

Commission's Assessment:

The companies involved in the line of business concerned failed to contact the Commission and other third parties could not provide the necessary information. The Seychelles Licensing Authority was also unable to provide information on the specific businesses which complicated the identification of the business concerned in this particular market.

Information was only received from the Registration Division certifying that Watertech Ltd was registered in Seychelles under the Companies Act 1972, as an overseas company. The Director of Watertech Ltd confirmed that it was a Mauritian owned Company with an overseas branch in Seychelles but had no connection with Watertech HoldCo therefore no objection to the merger.

Conclusion:

Following the analysis of the proposed merger, the Commission came to the conclusion that Watertech Hold Co was not operating in the Seychelles Market and therefore the proposed merger will not bring about any negative effects on competition in Seychelles.