



THE ACQUISITION OF 73.6% OF THE ISSUED SHARE CAPITAL OF SINTEL SECURITY PRINT SOLUTIONS LIMITED BY RAMCO PLEXUS LIMITED

1. The Authority has approved the acquisition of 73.6% of the issued share capital of Sintel Security Print Solutions Limited by Ramco Plexus Limited (Ramco).
2. Ramco, the acquirer, is part of the Ramco Group operating within East Africa. Ramco Group has operations in six sectors; Print, Hardware, Manufacturing, Office Supplies, and Services & Property.
3. Sintel Security Print Solution Limited (Sintel), the target, is incorporated in Kenya. Sintel is involved in the printing and supply of scratch cards, highly secured cheques and custom labels.
4. All the companies within the Ramco Group have different shareholding and directorships and, therefore, transactions that involve transfer of business, assets or shares within the companies, result in change of control within the Group.
5. The proposed transaction involves the acquisition of 73.6% of the issued share capital of Sintel by Ramco resulting in establishment of control over the target by the acquirer.
6. The proposed transaction, therefore, qualifies as a merger within the meaning of Section 2 and 41 of the Competition Act No.12 of 2010.
7. The combined turnover of the parties is over **Ksh. 1 Billion for the preceding year (2017)** and, therefore, the transaction meets the threshold for full merger analysis as provided in the **Merger Threshold Guidelines**.
8. The Ramco Group engages in several business activities including offset and digital printing of braded promotion items, and digital large format printing. The target is involved in the security printing business.
9. The Authority determined that there are no market overlaps since the two companies are involved in different commercial activities.



10. Security printing is a highly specialized field. It involves printing of products like banknotes, cheques, passports, tamper-evident labels, security tapes, stock certificates, postage stamps, scratch cards, identity cards, among others.
11. Security printing can further be delineated into three (3) sub markets;
 - a. Printing of scratch cards;
 - b. Printing of cheques; and
 - c. Printing of certificates.
12. Sintel supplies its products to entities that operate throughout the country. Therefore, the **relevant geographic market is national**.
 - a. **The market for printing of scratch cards**
13. Scratch cards are highly user-specific commodities. Printing agencies are competitively contracted by customers to produce a certain number of cards of certain specifications including colour, size, design, and security features.
14. Some of Sintel's customers are Safaricom Limited, Airtel Networks Limited and Telkom Kenya.
15. The Authority's market research has indicated that the main players in the scratch card market are; Ellan Products Limited (60%), Sintel Security Prints Limited (20%) and others (including imports) (20%).
16. It is the Authority's position that that the proposed transaction will not result in change in the market structure and concentration since Ramco Group is not active in the security printing business.
17. Additionally, the Authority anticipates that the merged entity will face competition from the other market players who controls a significant share of the market, as well from imports.
18. Therefore, the proposed transaction is unlikely to prevent or lessen competition in the market for printing of scratch cards in Kenya.

b. Market for printing of cheques

19. A cheque is a document that instructs a bank to pay a specific amount of money from one entity's account to the entity in whose name the cheque has been issued. The main



consumers of cheques are banks and deposit-taking finance institutions for issuance to their clients.

20. The main players in this market and their respective market shares are; De La Rue (42%), Punchlines Security Print (30%), System Media Technologies (10%), Hague Security Print (8%), Trademark Security Print (5%) and Sintel Security Prints (5%).
21. The Authority's position is that Sintel's market share will not change post-merger since Ramco is not in a similar business. Further, the the Authority anticipates that the merged entity continue to face competition from the other players in the market.
22. Based on the foregoing, it is the Authority's observartion that the proposed transaction is unlikely to prevent or lessen competition in the market for cheque printing in Kenya.

c. Market for printing of certificates

23. In order to safeguard the authenticity of academic certificates issued by universities, tertiary colleges as well as primary and secondary schools in Kenya, institutions contract special printing providers to produce certificates that are impossible to forge.
24. Some of the firms in this industry are; Inkpaste Printers Limited, Knoon Press Limited, Smith and Ouzman, and Sintel Security Prints Limited.
25. Due to the sensitivity and complexity of this type of service, most of the consumers in the country, including the Kenya Nation Examination Council, have preferred to outsource these service from countries such as Britain and the United States.
26. Therefore, based on the foregoing, the proposed transaction is unlikely to prevent or lessen competition in the market for printing certificates in Kenya.
27. With regard to public interest concerns, the Authority is of the view that the transaction is unlikely to lead to any negative impact on the public.
28. Since the transaction is unlikely to raise negative competition or public interest concerns, the Authority approved acquisition of 73.6% of the issued share capital of Sintel Security Print Solutions Limited (Sintel) by Ramco Plexus Limited.

