



THE PROPOSED ACQUISITION OF THE BUSINESS AND ASSETS OF KARTASI INDUSTRIES LIMITED BY KARTASI PRODUCTS LIMITED.

1. The Competition Authority of Kenya has approved the acquisition of the business and assets of Kartasi Industries Limited by Kartasi Products Limited (Kartasi Products) on condition that the target's permanent employees are retained for a period of twelve (12) months from the completion date of the transaction.
2. Kartasi Products, the **acquiring undertaking** is newly incorporated in Kenya, for the sole purpose of the proposed transaction. Its affiliates are involved in, among others, the manufacture of cooking oil and fats, property brokerage, production and distribution of consumer goods like pineapple juice, food coloring and sugar syrups.
3. Kartasi Industries Limited (Kartasi Industries), the target undertaking, is a company registered in Kenya. Kartasi Industries manufactures stationery products like exercise books, notebooks, counter books, accounting books, diaries, spring files, box files, tapes, labels, pens, markers. Its brands include Kartasi, Afri, Njema and HIT.
4. The proposed transaction involves the acquisition by the acquirer of the target's business and assets. 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 and premised on this, the product market considered for the analysis of this transaction was determined to be the market for Manufacture of Educational and Commercial Stationery. The target's products are distributed to entities across the country and, therefore, the relevant geographical market is national.
7. The educational and commercial stationery market in Kenya has over 400 manufacturers and suppliers.
8. The main players and their approximate market shares in the industry are: Twiga Stationers and Printers Ltd (38.8%), Kenafric Manufacturing Limited (20.9%), Kartasi Industries Limited (9.7%), Economic Industries Limited (9.6%), Guaca Stationers Limited (6.5%), Elite Offset Ltd (5.7%), Safari Stationers (K) Ltd (4.3%), National Printing Press Ltd (0.5%), and others (4.4%).
9. Post-merger, there will be no change in the market structure and concentration since parties' activities do not overlap. Therefore, the proposed transaction is not likely to lead to a substantial lessening of competition in the relevant market or raise any competition concerns.
10. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. The public interest concerns 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.

11. In order to ensure that transaction does not raise negative public interest concerns, the acquirer agreed to retain all permanent employees at the target for a period of twelve (12) months from the completion date of the transaction.

12. Premised on the above, the Authority approved the acquisition of the business and assets of Kartasi Industries Limited by Kartasi Products Limited on condition that Kartasi Products Limited retains the target's 69 permanent employees for at least 1 year from the completion date of the transaction.