



**CAK DECISION ON THE PROPOSED ACQUISITION OF SEVENTY FIVE PERCENT (75%)
OF THE ISSUED SHARE CAPITAL OF TWIGA STATIONERS AND PRINTERS LIMITED
BY ATLAS AXILIA COMPANY (PRIVATE) LIMITED**

1. The Competition Authority of Kenya (“the Authority”) has approved that the proposed acquisition of 75% of the issued share capital of Twiga Stationers and Printers Limited by Atlas Axilia Company (Private) Limited unconditionally.
2. The Authority arrived at the determination based on the fact that the transaction is unlikely to lessen or prevent competition in the market for stationery products in Kenya, nor elicit negative public interest concerns.
3. **Atlas Axilia Company (Private) Limited**, the acquiring undertaking, is incorporated in Sri Lanka, and is an investment entity which is engaged in the manufacturing and distribution of stationery products in the Sri Lankan market. It has no operations in Kenya.
4. **Twiga Stationers and Printers Limited**, the target undertaking, is a limited liability company incorporated in Kenya. It is involved in the manufacture and supply of exercise books and other stationery. Twiga also manufactures and supplies hygiene products for local and international market.
5. The proposed transaction involves acquisition of 75% of the issued share capital of Twiga Stationers and Printers Limited by Atlas Axilia Company (Private) Limited.
6. The transaction qualified as a merger per the Competition Act CAP 504 of the Laws of Kenya. The Competition Act stipulates that a merger, or takeover, may occur when an undertaking directly or indirectly acquires control over another business within Kenya. This may happen through, among others, purchase/lease of shares, exchange of shares, vertical integration.
7. Merging parties whose combined turnover or assets, whichever is higher, is over KES 1 Billion must seek approval the Authority’s approval prior to implementing the proposed transaction. The transaction between **Atlas Axilia** and **Twiga Stationers**, met this threshold for mandatory notification and full analysis as provided in the Competition (General) Rules, 2019.

Consideration of the relevant market:

8. During merger analysis, and in order to determine the impact that a transaction will have on competition, the Authority identifies the relevant product market as well as the relevant geographical market.
9. The relevant product market comprises products/services that are interchangeable or substitutable by consumer due to their characteristics, prices and/or intended use. Twiga Stationers manufactures and supplies exercise books and other stationery. There is a product market overlap between the merging parties with respect to supply of stationery products. Based on this criterion, the **relevant product market is the market for stationery products.**
10. Determination of the relevant geographic market involves interrogating the area in which merging parties undertake the business and in which competition conditions are sufficiently similar. The target to the proposed transaction offers its products across the country and, therefore, the relevant geographical market is national.

Market for stationery products:

11. The Kenyan stationery market has seen steady growth, driven by increased demand in packaging, advertising, and publishing. The market is also evolving with technological advancements such as digital and cloud printing. Players in the stationery market compete on the various parameters: quality, customer service, range of services, reputation and pricing.
12. Some of the market players are: (i) Kartasi Products Ltd (ii) Kenafric Manufacturing Ltd (iii) Economic Industries Ltd (iv) Guaca Stationers Ltd (v) Elite Offset Ltd (vi) Safari Stationers (K) Ltd (vii) National Printing Press Ltd, the target, among others.
13. Post-merger, the market share of the target will not change as the acquirer has no business presence in the country. As such the structure and concentration of the market for stationery will not be affected. Therefore, the transaction is unlikely to raise competition concerns.
14. From the foregoing, the proposed transaction is unlikely to lead to a substantial lessening or prevention of competition in the market for stationery in Kenya.

Public Interest Considerations (PIC):

15. During merger analysis, the Authority also considers the impact that a proposed transaction will have on public interest. Public interest in this case refers to various economically inclined concepts that, when considered, protect the welfare of the Public. In the Competition Act, some of the public interest considerations are:
 - a. extent to which a proposed merger would impact employment opportunities;
 - b. impact on competitiveness of SMEs;

- c. impact on particular industries/sectors; and
 - d. impact on the ability of national industries to compete in international markets
16. As per the parties' submissions, this transaction will not result in negative public interest concerns. Specifically, the parties said all the target's employees will be retained under the current terms. They additionally submitted that the proposed transaction will not have any negative effects since with the backing of the acquirer, the proposed transaction should allow the target to better compete in international markets.
17. Premised on the above, the Authority approved the proposed the acquisition of 75% of the issued share capital of Twiga Stationers and Printers Limited by Atlas Axilia Company (Private) Limited unconditionally.