

4 July 2023

## **CCC Merger Inquiry Notice No. 14 of 2023**

### **Notice of Inquiry into the Proposed Acquisition of sole control by Africa Capitalworks SSA 3 over Cipla Quality Chemical Industries Limited**

It is hereby notified in terms of Article 26(6) of the COMESA Competition Regulations (the “**Regulations**”) that the COMESA Competition Commission (the “**Commission**”), after receiving a notification in terms of Article 24 of the Regulations regarding the proposed acquisition of sole control by Africa Capitalworks SSA 3 (“**ACW SSA 3**”) over Cipla Quality Chemical Industries Limited (“**CQCIL**”), intends to embark on an inquiry in terms of Article 26 of the Regulations.

ACW SSA 3 is a company established in Mauritius for the purposes of the proposed transaction. It is controlled by Africa Capitalworks Holdings (“**ACW**”) and as such does not have any ongoing business activities. The parties submitted that ACW provides permanent equity capital and complementary skills to mid-market companies across Sub-Saharan Africa. ACW, together with its subsidiaries and controlled affiliates (“**acquiring group**”), through Wingu.Africa Group, provides data center services to enterprise customers, information and communications technology companies, content distribution networks and content providers. Within the Common Market the acquiring group operates in Djibouti and Ethiopia.

The parties submitted that CQCIL is a public company listed on the Ugandan Securities Exchange and incorporated under the laws of Uganda. It is controlled by Meditab Holdings Limited which in turn is a wholly owned subsidiary of a company registered in India, Cipla Limited (“**Cipla group**”). CQCIL is active the manufacturing and supplying antiretrovirals used in the treatment of human immunodeficiency virus; manufacturing and supplying artemisinin-based combination therapy medication used in the treatment of malaria; manufacturing and supplying medication used in the treatment of hepatitis; and providing logistics and distribution services in relation to products such as asthma, chronic obstructive pulmonary disease, diabetes, infections, gastroenterology, and cardiovascular disease. The parties submitted that Meditab Holdings Limited and Cipla Limited do not have direct operation within the Common Market while CQCIL operates in Kenya, Uganda and Zambia.

The parties submitted that Healthcare is a priority sector for ACW and its investors. ACW aims to promote regional self-sufficiency by backing one of the largest lifesaving drugs manufacturing companies in Sub-Saharan Africa to accelerate its growth in Uganda and the region. The largest funders of medicines on the continent have an

increasingly strong emphasis on local manufacturing. With its World Health Organisation prequalification, which has recently been confirmed for another three years, and current good manufacturing practice standing, an independent CQCIL will be even better positioned to secure business from customers who recognise and value local manufacturing and the benefits associated with it, such as shorter and more reliable delivery.

The parties further submitted that the Cipla group has grown significantly, and its strategy has evolved, such that its manufacturing and marketing efforts are particularly focused on much larger markets, such as India, the United States of America and South Africa. By exiting CQCIL, while continuing to provide access to technology and technical support, the Cipla group can sharpen its focus on its core markets. At the same time, CQCIL will be better able to take advantage of its status as the highest quality, local pharmaceutical manufacturing company in the region. CQCIL expects to have additional opportunities for growth as a result of the change in control, including having unfettered access to new products and markets.

The Commission will, in accordance with the provisions of the Regulations, determine, among other things, whether the proposed transaction is likely to substantially prevent or lessen competition within the Common Market and whether the proposed transaction is or would be contrary to the public interest as provided for under Article 26 of the Regulations.

In view of this, the Commission hereby gives notice to all interested stakeholders, including competitors, suppliers and customers of the parties to the proposed transaction to submit written representations to the Commission with regard to the subject matter of the proposed inquiry by emailing them to: [mdebessay@comesa.int](mailto:mdebessay@comesa.int). All written representations should be sent to the Commission not later than **25 July 2023**.

If you wish to seek further details and/or clarifications on any aspect of this proposed transaction or need assistance you may get in touch with **Mr. Mengistu Molla, Merger Analyst, Mergers and Acquisitions** on Tel: +265 (0) 1 772 466 or [mdebessay@comesa.int](mailto:mdebessay@comesa.int).

All written representations submitted to the Commission will be treated with the strictest confidentiality and will only be used for the purpose of this inquiry.