



MERGER DECISION NO 18: 2024

Notice in Terms of Section 53(4) (a) (ii) of the Competition Act 2018

MERGER DECISION ON THE ASSESSMENT OF THE PROPOSED MANAGEMENT BUYOUT BY VIDYA SANOOJ AND JOSEPH SCOTT SENWELO

Introduction of the Merging Parties

Pursuant to section 53(4)(a)(ii) of the Competition Act 2018 ("the Act"), notice is hereby given on the decision made by the Competition and Consumer Authority ("the Authority") in relation to the proposed management buyout of 100% of the issued share capital in Mediland Health Care Distributors (Proprietary) Limited (Target Enterprise) from Kamoso Africa (Proprietary) Limited by Vidya Sanooj ("Vidya") and Joseph Scott Senwelo ("Joseph"), (collectively referred to as the Acquiring Enterprise) (the "Proposed Transaction"). Following the implementation of the Proposed Transaction, the Target Enterprise will be wholly owned and managed by the Acquiring Enterprise. The merger assessment was completed on 30th May 2024.

Vidya Sanooj, a Motswana businesswoman, a pharmaceutical consultant to the Target Enterprise with shares in the following companies; Afinitas Limited (deregistered), Silvertown Holdings Proprietary Limited, Amplified Project Holdings Proprietary Limited (dormant), Technovalley Africa Proprietary Limited (dormant), Amplified Heights Proprietary Limited (dormant), Kateo Minerals Proprietary Limited, Ilo Industries Proprietary Limited, among others. All of the above companies are not participants in the relevant market of the target enterprise.

Joseph Scott Senwelo, a Motswana who is a Director and the Chief Executive Officer of the Target Enterprise and with shares in the following companies; Village Meets Glam Proprietary Limited (20%), dormant, P93 Investments Proprietary Limited (3.8%) and is dormant, Farm to Fork Proprietary Limited (100%) engaged in agriculture. None of the above companies are participants in the relevant market.

On the other hand, Mediland, is a private limited liability company incorporated in accordance with the Laws of Botswana. Mediland is wholly owned by Kamoso Africa (Pty) Ltd ("Kamoso Africa"). Mediland does not control any entities in Botswana.

Relevant Markets

In terms of the activities of the Merging Parties, the Acquiring Enterprise consists of individuals forming part of the management team. Vidya and Joseph are

employees of the target enterprise. Vidya is a consultant and Joseph is the Chief Executive Officer and is the Director of the company. Joseph is a minority shareholder in two (2) different businesses, which are currently dormant and a 100% owner of Farm to Fork Property Limited which is engaged in agriculture. On the other hand, Vidya is also a shareholder in Kateo Minerals Proprietary Limited, a company which holds mining rights; Ilo Industries (Pty) Ltd, a company involved in the processing and packaging of foods, etc. None of the companies operate in the same market as the target.

The Target Enterprise is engaged in the wholesale distribution of pharmaceutical, medical and surgical products, diagnostic and laboratory equipment as well as reagents. Mediland is therefore a wholesaler and distributor.

The assessment indicates that there is no horizontal overlap between the parties as the transaction is a management buyout (internal restructuring) involving the existing employees. As highlighted above, the Acquiring Enterprise consists of Mediland's current CEO and Director - Joseph, as well as the company's consultant, Vidya. The preliminary assessment of the merger therefore shows that the proposed transaction will not have the effect of substantially preventing or lessening competition in any market that may be found to exist in the relevant market as this is merely a management buyout of the acquiring enterprise by its employees. Thus, the competition landscape in the relevant market would not change in Botswana upon the implementation of the proposed merger.

Competitive Analysis and Public Interest

In the assessment of Substantial Lessening of Competition, the investigations have revealed that the proposed transaction is an internal restructuring through a management buyout by the target enterprise's employees. In addition, there exist many players who are alternative service providers within the wholesale and distribution of medicines and medical equipment and will continue to act as rivals to the merged enterprise, post-merger. The transaction under assessment is therefore not expected to substantially lessen competition or restrict trade or the provision of services or to endanger the continuity of supplies in the relevant market or in any market in Botswana.

For the analysis of Acquisition of Dominance, it is important to emphasise that a dominant position in the context of section 2 of the Competition Act 2018, refers to a situation in which one or more enterprises possess such economic strength in a market as to allow the enterprise or enterprises to adjust prices or output without effective constraint from competitors or potential competitors.

The implementation of the Proposed Merger is not expected to result in the acquisition of a dominant position in the relevant market in Botswana as the wholesaling and distribution of medicines and medical equipment industry in Botswana is highly competitive and characterised by a number of players in the market who will continue to provide competitive pressure on the merged enterprise post-merger. The market segment is also regulated by BOMRA.

In terms of Public Interest considerations, the Authority does not foresee any detriment to matters of public interest that will arise as a result of the transaction under consideration.

No job losses are anticipated in Botswana as a result of the proposed merger. The proposed transaction will result in 100% citizen ownership by the existing management as both managers are citizens of Botswana.

The Determination

The Authority determined through the analysis of the facts of the merger that the structure of the relevant market is not expected to significantly change upon implementation of the proposed merger, as the proposed transaction is not likely to result in a substantial lessening of competition, nor endanger the continuity of service in the market under consideration. Furthermore, the proposed merger will not have any negative effect on public interest matters in Botswana as per the provisions of section 52(2) of the Competition Act 2018.

Pursuant to the provision of section 53 of the Act, the Authority has decided to unconditionally approve the proposed management buyout of 100% of the issued share capital in Mediland Health Care Distributors (Proprietary) Limited from Kamoso Africa (Proprietary) Limited by Vidya Sanooj and Joseph Scott Senwelo.

However, as stated under section 61 of the Act, this approval does not override or negate any other mandatory statutory approvals or processes that any of the parties to this merger must comply with under the Laws of Botswana.

Dated at Gaborone on this 30th day of May 2024.

Tebelelo Pule, Chief Executive Officer, Competition and Consumer Authority,
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