



सत्यमेव जयते



Fair Competition
For Greater Good

COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2013/12/145)

28.01.2014

Notice u/s 6 (2) of the Competition Act, 2002 given by:

- KKR Floorline Investments Pte Ltd; and
- Gland Celsus Bio Chemicals Private Limited

Order under Section 31(1) of the Competition Act, 2002

1. On 26.12.2013, the Competition Commission of India (hereinafter referred to as the “**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as the “**Act**”), given by KKR Floorline Investments Pte Ltd (hereinafter referred to as “**KKR Floorline**”) and Gland Celsus Bio Chemicals Private Limited (hereinafter referred to as “**Gland Celsus**”) (hereinafter, KKR Floorline and Gland Celsus are collectively referred to as the “**Parties**”).
2. The notice has been filed pursuant to execution of four agreements on 27.11.2013, namely (i) Share Subscription Agreement amongst Gland Pharma Limited (hereinafter referred to as “**Gland Pharma**”), the promoters of Gland Pharma and KKR Floorline, (ii) Shareholders Agreement amongst Gland Pharma, the promoters of Gland Pharma and KKR Floorline, (iii) Share Purchase Agreement amongst KKR Floorline, Gland Pharma and EILSF Co-Invest I LLC, stated to be an existing private equity investor in Gland Pharma and (iv) Share Subscription Agreement amongst Gland Celsus, the promoters of Gland Celsus and KKR Floorline.
3. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, vide letter dated 03.01.2014, the Parties were required to remove certain defects and provide information/document(s). The reply by the Parties was filed on 15.01.2014.



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4. As per the information given in the notice and the said agreements, the proposed combination relates to the acquisition of up to 37.98 per cent of the fully diluted equity share capital of Gland Pharma by KKR Floorline; acquisition of up to 24.9 per cent of the fully diluted equity share capital of Gland Celsus by KKR Floorline; and the acquisition of additional securities by Gland Celsus in Gland Pharma, which will entitle Gland Celsus to increase its existing shareholding of Gland Pharma from 17.7 per cent to 30.24 per cent, on a fully diluted basis.
5. The proposed combination falls under Section 5(a) of the Act.
6. As per the information given in the notice, KKR Floorline, a company registered under the laws of Singapore, is an investment holding company with no operations at present. KKR Floorline is directly and indirectly controlled by KKR & Co. L.P., registered under the laws of Delaware, USA, which is a global asset management firm offering a broad range of alternative asset funds and investment products (hereinafter KKR & Co. L.P. and KKR Floorline are collectively referred to as “**KKR**”). As stated in the notice, KKR has investments in various companies which are engaged in commercial activities in India.
7. Gland Pharma, a company registered in India, is engaged in the business of production and marketing of specialized injectable formulations for generic versions of drugs, covering specific therapeutic categories like orthopaedic, cardio/cardio vascular, analgesics and anti-infectives. As stated, Gland Pharma also manufactures a limited quantity of active pharmaceutical ingredients (APIs), for in-house consumption.
8. Gland Celsus, a company registered in India, is an investment holding company, which being one of the promoter entities of Gland Pharma, currently holds 17.70 per cent of equity share capital of Gland Pharma; 12.98 per cent of equity share capital of Gland Chemicals Private Limited (hereinafter referred to as “**Gland Chemicals**”); and 40 per cent equity share capital of Nicomac Clean Rooms Far East Private Limited (hereinafter



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- referred to as “**Nicomac**”). As stated in the notice, apart from holding investments in the aforesaid companies, Gland Celsus does not carry out any business activities, whereas; Gland Chemicals is engaged in the business of manufacture and sale of APIs and Nicomac is a manufacturer and supplier of modular clean room systems, lab services and equipments, partition wall and false systems etc., which are typically used by manufacturing and research companies.
9. As stated in the notice, out of the various companies in which KKR has investments in India, three companies namely, Accellent Inc., Capsugel and PRA International are engaged in the healthcare sector. As per the details given in the notice, Accellent Inc. inter-alia offers solutions to the medical devices market including precision component production; Capsugel provides dosage delivery products like soft and hard gelatin capsules and alternative polymer capsules etc. to the pharmaceutical and health and nutrition industries; and PRA International, which provides contract research and clinical development services to the biotechnology and pharmaceutical industries globally. As stated in the notice and other documents submitted by the Parties, currently, there is no vertical relationship between Gland Pharma, Accellent Inc., Capsugel and PRA International.
 10. It is observed that there is no horizontal overlap or vertical relationship between the activities of the above said companies in the healthcare sector in which KKR has investment and that of Gland Pharma, Gland Celsus and the above mentioned companies in which Gland Celsus has equity stake, in India. Further, the supply of APIs from Gland Chemicals to Gland Pharma or the clean room products from Nicomac to Gland Pharma, is also not significant enough to result in any competition concern in India.
 11. Considering the facts on record and the details provided in the notice given under sub-section (2) of Section 6 of the Act and the assessment of the combination after considering the relevant factors mentioned in sub-section



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(4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is not likely to have appreciable adverse effect on competition in India and therefore, the Commission hereby approves the proposed combination under sub-section (1) of Section 31 of the Act.

12. This approval is without prejudice to any other legal/statutory obligations as applicable.
13. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
14. The Secretary is directed to communicate to the Parties accordingly.

(Ashok Chawla)
Chairperson

(Geeta Gouri)
Member

(S. N. Dhingra)
Member

(S. L. Bunker)
Member