

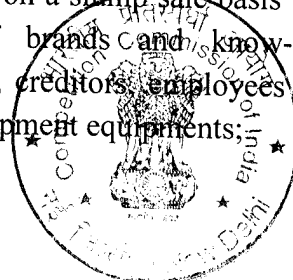
COMPETITION COMMISSION OF INDIA

15th September, 2011

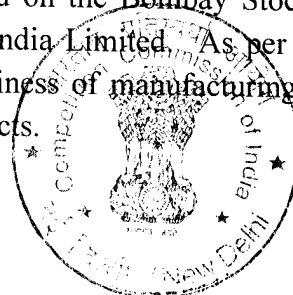
Combination Registration No. C-2011/08/03

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

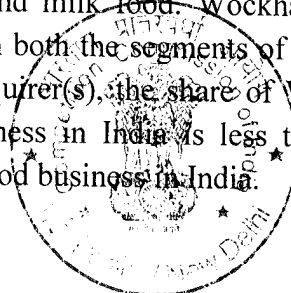
1. On 24th August, 2011, the Competition Commission of India (hereinafter referred to as "**Commission**") received a notice from G&K Baby Care Private Limited under sub-section (2) of Section 6 of the Competition Act, 2002 (hereinafter referred to as "**Act**"). The notice relates to a proposed combination, by which G&K Baby Care Private Limited and Danone Asia Pacific Holdings Pte Limited (hereinafter both collectively referred to as "**Acquirer(s)**") would acquire certain assets of Wockhardt Limited, Carol Info Services Limited and Wockhardt EU Operations (Swiss) AG (hereinafter all collectively referred to as "**Wockhardt Group**").
2. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulation, 2011 (hereinafter referred to as "**Combination Regulations**"), the Acquirer(s) were required on 29th August, 2011 to provide certain information and document(s). The Acquirers furnished the required information and document(s) on 5th September, 2011. The Acquirer(s) have provided further information vide their letter dated 9th September, 2011.
3. The notice was filed by the Acquirer(s) pursuant to execution of Framework Agreement, Business Transfer Agreements and Agreement to Assign Intellectual Property Rights, all dated 2nd August, 2011, between the Acquirer(s) and the Wockhardt Group (hereinafter collectively referred to as "**Binding Agreements**").
4. As per the details provided by the Acquirer(s), the proposed combination comprises the following acquisition(s):
 - (a) G&K Baby Care Private Limited (hereinafter referred to as "**G&K**") will acquire the nutrition business of Wockhardt Limited (hereinafter referred to as "**Wockhardt**"), as a going concern, on a ~~slump sale~~ basis which includes intellectual properties consisting of brands and know-how, debtors, inventories and other moveable assets, ~~creditors, employees~~ relating to the above business and research and development equipments;



- (b) G&K will acquire the contract manufacturing business of Carol Info Services Limited (hereinafter referred to as “**Carol**”) in respect of nutrition products, as a going concern, on a slump sale basis which includes a manufacturing unit for manufacture of nutrition products, consisting of land, building, plant and machinery, equipments, other fixed assets, employees, debtors and creditors; and
- (c) Danone Asia Pacific Holdings Pte Limited (hereinafter referred to as “**Danone Asia Pacific**”) will acquire certain intellectual properties, by way of sale and assignment, from Wockhardt EU Operations Swiss AG (hereinafter referred to as “**Wockhardt EU**”) that are used in nutrition business.
5. It has been stated by the Acquirer(s) that all the three proposed acquisitions are inter-dependent and inter-connected, and the parties do not envisage completing one or more of the acquisitions unless all three can be completed simultaneously. Therefore, a single notice covering all the three acquisitions has been filed pursuant to sub-regulation (4) of Regulation 9 of the Combination Regulations.
6. G&K is a special purpose vehicle incorporated under the provisions of the Companies Act, 1956 for the purpose of the proposed combination. G&K is a wholly owned subsidiary of Danone Asia Pacific, a company incorporated under the laws of Singapore.
7. Danone SA, a listed French company, is the ultimate parent of G&K and Danone Asia Pacific. Danone SA operates in the food sector, and has four main product divisions namely, bottled water, fresh dairy products, baby food and medical nutrition. As per the details provided in the Annual Financial Report of Danone SA for the fiscal year ended 31st December, 2010, it operates in different parts of the world through its subsidiaries and other group companies (hereinafter referred to as “**Danone Group**”). As per the publicly available information, Danone Group claims that it is present in over 120 countries and holds leading/prominent positions in the businesses of fresh dairy products, bottled water, baby nutrition and medical nutrition worldwide. As stated by the Acquirer(s), Danone Group’s activities in India relates to bottled water, pro-biotic drinks and fresh dairy products and Danone Group has no presence in India in any activity that either competes or is vertically related to any of the businesses proposed to be acquired.
8. Wockhardt is a public limited company incorporated under the provisions of the Companies Act, 1956, and has its shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. As per the Binding Agreements, Wockhardt is engaged in the business of manufacturing and selling pharmaceutical, nutraceutical and biotech products.

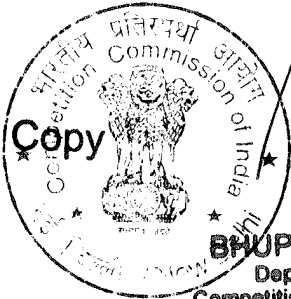


9. Carol is a fellow subsidiary of Wockhardt incorporated under the provisions of Companies Act, 1956 and has its shares listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited. As per the Binding Agreements, Carol is selling its manufacturing activities carried on a contract basis in respect of nutraceutical products.
10. Wockhardt EU is a wholly-owned subsidiary of Wockhardt, which owns intellectual properties for the Wockhardt group businesses. Wockhardt EU is selling and assigning certain intellectual properties used in the nutrition business to Danone Asia Pacific.
11. The proposed combination would transfer the nutrition business relating to protein-based supplement products, in-licensed pre-biotic and pro-biotic products, and infant and child nutritional products of Wockhardt Group to G&K and Danone Asia Pacific, group companies of Danone SA.
12. The proposed combination concerns the nutraceutical sector. The nutraceutical sector comprises products extracted from natural resources or manufactured synthetically that supplement the diet to provide nutrition over and above regular food and help prevent nutrition related disorders. The products within the nutraceutical sector are classified as dietary supplements, functional foods, and functional beverages. As per the Report of Federation of Indian Chambers of Commerce and Industry, and Ernst & Young, titled "*Nutraceuticals - Critical Supplement for building a healthy India*" (2009), the Indian nutraceutical sector is at its infancy and is less than one percent of the global nutraceutical sector. The Indian nutraceutical industry has been growing at a much faster rate than the global nutraceutical sector in the last three years. Ever-growing working population, greater health awareness, higher disposable incomes and increased accessibility to newer distribution channels are the key drivers of growth of the Indian nutraceutical sector.
13. The Acquirer(s) have stated that the proposed combination pertains to the baby food and medical nutrition businesses which are regulated by the Food Safety and Standards Authority of India under the framework of the Food Safety and Standards Act, 2006 and the Regulations made thereunder. In addition, the Infant Milk Substitutes, Feeding Bottles and Infant Foods (Regulation of Production, Supply and Distribution) Act, 1992 is applicable to baby food business.
14. As regards the baby food business, the Acquirer(s) have stated that the baby food business can be classified as weaning cereals and milk food. Wockhardt offers different brands with different product variants in both the segments of baby food business. As per the details provided by the Acquirer(s), the share of Wockhardt group in both the segments of baby food business in India is less than seven percent. Nestle is the leading player in the baby food business in India.



15. As regards the medical nutrition business, as per the details provided by the Acquirer(s), the share of Wockhardt group is less than ten percent in India. There are other prominent players including Abbott, British Biologicals, Zydus Cadila and Raptakos Brett in the medical nutrition business in India.
16. The activities of the Danone Group in India relates to bottled water and fresh dairy product and the Danone Group has no presence in India in any activity that either competes or is vertically related to any of the businesses proposed to be acquired. Further, given the significant presence of other players in the baby food and medical nutrition businesses in India, the proposed combination is not likely to have significant competition concern in India.
17. 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 proposed combination, the Commission is of the opinion that the proposed combination is not likely to have an 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.
18. This approval is without prejudice to any other legal/statutory obligations as applicable.
19. This order shall stand revoked if, at any time, the information provided by the Acquirer(s) is found to be incorrect.
20. The Secretary is directed to communicate to the Acquirer(s) accordingly.

Certified True Copy



Bhupendra Singh
15.09.2011

BHUPENDRA SINGH
Deputy Director (FA)
Competition Commission of India
Government of India
New Delhi