



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2019/06/665)

23rd September, 2019

Notice under Section 6 (2) of the Competition Act, 2002 jointly filed by Apollo Hospitals Enterprise Limited (“AHEL”), Apollo Medicals Private Limited (“AMPL”) Apollo Pharmacies Limited (“APL”), Enam Securities Private Limited (“ESPL”) Jhelum Investment Fund I (“JIF”) and Mr. Hemendra Kothari.

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Ms. Sangeeta Verma
Member

Mr. Bhagwant Singh Bishnoi
Member

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

1. On 4th June, 2019, Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”), jointly filed by AHEL, AMPL, APL, ESPL, JIF and Mr. Hemendra Kothari. The notice has been filed pursuant to the draft Scheme of Arrangement approved by the Board of Directors of AHEL and APL on 14th November, 2018 and Shareholders Agreement (“**SHA**”)¹ dated 16th November, 2018 (Hereinafter AHEL, AMPL, APL, ESPL, JIF and Mr. Hemendra Kothari are together referred to as “**Parties**”).

¹ SHA is entered by and among AHEL, AMPL, ESPL, JIF and Mr. Hemendra Kothari



2. At present, APL is a wholly owned subsidiary (“WOS”) of AMPL, which is in turn a WOS of AHEL. The proposed combination involves AHEL to carve out and transfer to APL its front end retail pharmacy business by way of slump sale. Subsequently, ESPL, JIF and Mr. Hemendra Kothari will acquire shareholding of 44.7%, 19.9% and 9.9% respectively in AMPL and remaining 25.5% shareholding will be held by AHEL. (**“Proposed Combination”**).
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, a letter dated 17th June 2019, was issued to the Parties seeking information on certain agreements, shareholding structure and overlaps with ESPL, JIF and Mr. Hemendra Kothari. The response was submitted by the Parties in piecemeal from time to time after seeking multiple extensions and the complete response was submitted on 5th September, 2019.
4. AHEL is a part of the Apollo Group and provides integrated healthcare services in India and on international basis. It is engaged in operating hospitals including in-house pharmacy as well as standalone pharmacies.
5. AMPL was incorporated on 7th September, 2018 and has not yet commenced commercial operations. It is set up to be engaged in the business of running hospitals, clinics, laboratories and other healthcare delivery facilities.
6. APL was incorporated on 8th July, 2016 but has also not commenced its commercial operations. It was set up to be engaged in the business of buying, selling, importing, exporting, distribution or dealing in or manufacturing, medical and pharmaceuticals products like intravenous sets, intravenous solutions, all kinds of drugs, disinfectants, tinctures, colloidal products, injectable, all pharmaceuticals, medical preparations and other related products.



7. ESPL is engaged in making investments with focus on long term value creation and supports entrepreneurs building valuable private companies.
8. JIF was set up on 18th May, 2016 and is registered with Securities and Exchange Board of India as an alternative investment fund. The fund primarily invests in equity and various other types of instruments.
9. Mr. Hemendra Kothari is an investment banker and also a member of several trade forums.
10. The Parties have submitted that they (directly or indirectly) are not engaged in activities which are similar or identical to pharmacy business. However, it was stated that Mr. Hemendra Kothari holds substantial interest in an entity Health & Glow Private Limited (H&G), which is engaged in the business of retail trade chain of personal and beauty care products. There are certain common FMCG products being sold by Apollo Pharmacy and H&G but the contribution of these products to their respective business revenue is minimal and these common products are available with several other retailers on pan-India basis.
11. The Parties have submitted that they are not engaged in any activity relating to the production, supply, distribution, storage, sale and service or trade in products or provision of services which is at different stages or levels of the production chain in which any other party to the combination is involved.
12. Considering the facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment of the proposed combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, 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 same under sub-section (1) of Section 31 of the Act.



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13. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
14. The information provided by the Parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the Parties accordingly.