



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2022/02/908)

15th March, 2022

Notice under Section 6(2) of the Competition Act, 2002, filed by South Elm Investments B.V.

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 15th February 2022, the Competition Commission of India (**Commission**) received a notice under Section 6(2) of the Competition Act, 2002 (**Act**) filed by South Elm Investments B.V. (**Acquirer**) regarding its proposed acquisition of shareholding in Micro Life Sciences Private Limited (**Target**). The concerned parties have entered into a share subscription agreement and a shareholders agreement (**SHA**), both executed on 28th January, 2022, in relation to the Proposed Combination.
2. The Proposed Combination envisages subscription by the Acquirer to 4,01,142 equity shares and 1,71,919 compulsorily convertible preference shares of the Target. Depending on the terms of conversion of compulsorily convertible preference shares, the said acquisition would constitute 11.646% or 13.099% of the equity share capital of the Target on a fully-diluted basis. In terms of the SHA, the Acquirer would *inter alia* have the right to nominate a director on the board of Target, representation in the shareholder meetings of the Target as well as the right to veto certain corporate actions



of the Target. Additionally, the parties have agreed to certain arrangements relating to shareholding, businesses and loans of the Target Group, as interconnected steps of the Proposed Combination.

3. The Acquirer is an investment holding company incorporated under the laws of Netherlands. The shareholders of Acquirer are certain private equity funds managed by Warburg Pincus LLC. Currently, the Acquirer does not have any physical presence in India. Warburg Pincus LLC is a member-owned private equity firm headquartered in New York, United States, and acts as a manager to certain private equity funds. The portfolio companies owned by the private equity funds and/or affiliates of such private equity funds are stated to be active in a variety of sectors, including energy, financial services, healthcare and consumer, industrial and business services, and technology.
4. The Target and its subsidiaries are primarily engaged in manufacture and sale of (a) medical devices in various categories such as stents, percutaneous transluminal coronary angioplasty catheters, heart valves, orthopedic implants, and endo-surgery products such as sutures, staplers, meshes and intrauterine devices; (b) in-vitro diagnostics analyzers and reagents; and (c) over the counter products like products COVID self-test kits and pregnancy test kits, in India. They are also engaged in the B2C sale of certain specialized medical devices such as surgical robots and ultrasonic energy devices to hospitals and has research and development facilities for in-vitro diagnostic, orthopedic, endo-surgery and cardiovascular solutions.
5. It is observed that the Acquirer is not engaged in any business in India but MedPlus Health Services Private Limited (**MedPlus**), one of the portfolio entities of Warburg Group, is primarily engaged in distribution/ sale of pharmaceutical products in India. Such activities of MedPlus exhibit overlap with the businesses of the Target. It has been clarified that MedPlus is not engaged in wholesale distribution of the core products manufactured by the Target *viz.*, cardiovascular devices and consumables; orthopaedic devices and consumables; endo-surgery devices and consumables; and in-vitro diagnostic devices/kits. Further, the value of procurement by MedPlus of the product categories manufactured by the Target is insignificant. Thus, the proposed combination



does not appear to raise any competition concern. Submissions have been made to claim that the product markets in pharmaceutical sector could be narrower based on therapeutic use, price, *etc.*, the market for distribution of pharmaceutical products is broad as same players have the potential to distribute several pharmaceutical products and medical devices. The Commission notes that precise delineation of relevant market is not required in the instant matter as the extent of businesses of either or both of the said entities, in the overlapping segments, are not significant to raise any competition concern.

6. Considering the material on record, including the details provided in the notice and the assessment of the Proposed Combination based on factors stated in Section 20(4) of the Act, the Commission is of the opinion that the Proposed Combination is not likely to have any appreciable adverse effect on competition in India. Therefore, the Commission approves the Proposed Combination under Section 31(1) of the Act.
7. This order may be revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
8. The information provided by the Acquirer shall be treated as confidential in terms of and subject to the provisions of Section 57 of the Act.
9. The Secretary is directed to communicate to the Acquirer accordingly.