



01.03.2017

Notice under Section 6 (2) of the Competition Act, 2002 given by Corona Remedies Private Limited

CORAM:

Mr. Devender Kumar Sikri
Chairperson

Mr. S.L. Bunker
Member

Mr. Sudhir Mital
Member

Mr. U.C. Nahta
Member

Mr. G. P. Mittal
Member

Legal Representatives: KPMG

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

1. On 27.01.2017, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) given by Corona Remedies Private limited (hereinafter, “**Corona**” or the “**Acquirer**”). The notice has been given pursuant to execution of two separate agreements, each dated 27.12.2016, namely, (a) Asset Purchase Agreement 1 (“**APA 1**”) entered into between the Acquirer and GlaxoSmithKline Pharmaceuticals Limited (“**GSKPL**”) for acquisition of trademark and associated goodwill related to Dilo-BM and Dilo-DX; and (b) Asset



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Purchase Agreement 2 (“**APA 2**”) entered into between the Acquirer and Glaxo Group Limited (“**GGL**”), respectively, for acquisition of trademark and associated goodwill related to, Stelbid and Vitneurin, (“**Proposed Combination**”). GSKPL and GGL are collectively referred to as “**Sellers**” and Dilo-BM, Dilo-DX, Stelbid and Vitneurin are collectively referred to as “**Target Products**”. The Proposed Combination is structured as an acquisition and has been filed under Section 5 (a) of the Act.

2. In terms of the provisions of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to Combinations) Regulations, 2011 (“**Combination Regulations**”), *vide* letter dated 07.02.2017, the Acquirer was, *inter alia*, asked to provide information about horizontal overlaps, if any, at molecular level in the existing as well as pipeline products of the Sellers. The Acquirer filed initial response on 10.02.2017 and 16.02.2017, and complete response on 23.02.2017.
3. Corona, a private limited company incorporated on August 27, 2004 in India, is stated to be engaged in the business of manufacturing, trading and distributing pharmaceutical products. It does not have any subsidiary or affiliates in India.
4. GSKPL, a public limited company incorporated in India, is listed on the Bombay Stock Exchange and the National Stock Exchange. It is engaged in the business of manufacturing, distributing and trading of pharmaceuticals. GSKPL product portfolio includes prescription medicines and a range of vaccines for prevention of life-threatening diseases.
5. GGL, incorporated in United Kingdom, is the holding company of GSKPL. In India, it operates through its subsidiaries which produces pharmaceuticals and other similar products.
6. On the basis of submissions and subsequent responses of the Acquirer, it is noted that Dilo-DX syrup is used in symptoms of irritating dry cough and chronic bronchitis.



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Stelbid is used for peptic-ulcer, irritable bowl syndrome, nervous dyspepsia and other Gastrointestinal disorders. Vitneurin is an injectable used in Peripheral neuropathy caused due to multi-factorial aetiology. The Acquirer has submitted that there are no overlaps at active pharmaceutical ingredients (“APIs”) level among the parties to the Proposed Combination with respect to Dilo-DX, Stelbid and Vitneurin. The Acquirer has further submitted that there is no overlap on the basis of therapeutic groups at broader level and on the basis of APIs at the narrower level either in the existing or the pipeline products, except in respect of the Target Product- Dilo BM Expectorant with ‘Respicure Syp’ of the Acquirer. Both the products are expectorants covered under respiratory group and used in case of indications for the symptomatic relief of bronchospasm in bronchial asthma. The APIs used in Dilo BM Expectorant and Respicure Syp are ambroxol, guaiphenesin and terbutaline.

7. Given the miniscule share of the Acquirer in the market for expectorants using ambroxol, guaiphenesin and terbutaline in India, the Commission observed that the Proposed Combination is not likely to raise significant competition concern and accordingly decided that the exact delineation of the relevant market be left open.
8. With regard to the horizontal overlaps among the parties with respect to Dilo BM expectorant and Respicure Syp, the Commission noted that the market share of the Acquirer and GSKPL in value terms, in the market of expectorants using ambroxol, guaiphenesin and terbutaline, was 1 percent and 3 percent approximately, during 2015. Further, the Commission observed that the market is characterised by presence of other well established players like Centaur Pharmaceuticals, Blue Cross Laboratories, Zuventus Healthcare Ltd., Alembic Ltd. and Micro Labs Ltd. having market share in value terms, of 12 percent, 9 percent, 7 percent, 8 percent and 4 percent, respectively in 2015. Taking into consideration the above factors, the Commission does not find the horizontal overlap in the market to raise any appreciable adverse effect on competition.
9. As regards vertical relationships, Commission observed that the Acquirer and the Sellers are not engaged in any activities relating to the production, supply, distribution, storage,



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sale and service or trade in products or provision of services which are at different stages or levels of the production chain.

10. Considering facts on record, details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment 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.
11. This order shall stand revoked if, at any time, the information provided by the Acquirer is found to be incorrect.
12. The information provided by the Acquirer is confidential at this stage, in terms of and subject to the provisions of Section 57 of the Act.
13. The Secretary is directed to communicate to the Acquirer accordingly.