



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2017/05/506)

28<sup>th</sup> June, 2017

**Notice under sub-section (2) of Section 6 of the Competition Act, 2002 given by  
Solara Active Pharma Sciences Limited**

**CORAM:**

**Mr. S. L. Bunker**

Member

**Mr. Sudhir Mital**

Member

**Mr. Augustine Peter**

Member

**Mr. U. C. Nahta**

Member

**Mr. G. P. Mittal**

Member

**Legal representatives:** Cyril Amarchand Mangaldas

**Order under sub-section (1) of Section 31 of the Competition Act, 2002**

1. On 9<sup>th</sup> May, 2017, the Competition Commission of India (“**Commission**”) received a notice, under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”), filed by Solara Active Pharma Sciences Limited (“**Solara**”).



2. The notice was filed pursuant to execution of Implementation Agreement (“**IA**”) between Solara, Strides Shasun Limited (“**Strides**”), and SeQuent Scientific Limited (“**SeQuent**”) on 12<sup>th</sup> April, 2017. The proposed combination contemplates combining active pharmaceutical ingredient (“**API**”) business (used for human formulations) of Strides and SeQuent into a newly incorporated company, Solara, under a composite scheme of arrangement under Sections 230-232 of the Companies Act, 2013 (“**Scheme**”), except some APIs (used for human formulations) that Strides proposes to retain with itself (“**Proposed Combination**”). In consideration thereof, Solara will issue shares to the shareholders of Strides and SeQuent in a specified share entitlement ratio (hereinafter, Strides, SeQuent and Solara are collectively referred to as the “**Parties**”).
3. Strides, incorporated under the Companies Act, 1956, is listed on the Bombay Stock Exchange Limited (“**BSE**”) and the National Stock Exchange of India Limited (“**NSE**”). It is a vertically integrated pharmaceutical company and has global manufacturing footprint. Strides is engaged in the manufacture of APIs (used for human formulations) and formulations.
4. Solara, a public limited company recently incorporated under the Companies Act, 2013, is a wholly-owned subsidiary of Strides. At present, it does not carry out any business activities.
5. SeQuent, a public limited company incorporated under the Companies Act, 1956, is listed on the BSE and the NSE. It is an integrated pharmaceutical company with global footprint and is engaged in animal APIs and formulations, APIs for human formulations and analytical services. As on 31<sup>st</sup> March, 2017, SeQuent holds 3.7 percent equity shares in Strides.
6. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (hereinafter referred to as “**Combination Regulations**”), *vide* letter dated 2<sup>nd</sup> June, 2017, Solara was required to provide certain information/document(s) by 5<sup>th</sup> June, 2017. Partial response to



the aforesaid letter was received on 13<sup>th</sup> June, 2017 and complete response was received on 19<sup>th</sup> June, 2017, after seeking extension of time.

7. The Commission observed that both Strides and SeQuent are engaged in the manufacture and sale of certain APIs used for human formulations. The Commission further observed that the APIs (used for human formulations) manufactured/sold by Strides and SeQuent have different molecular compositions and belong to different category in terms Anatomical Therapeutic Chemical (“ATC”) classification. Therefore, APIs (used for human formulations) of Strides and SeQuent proposed to be acquired by Solara are not substitutable. Furthermore, the Commission observed that there is no overlap between pipeline APIs of SeQuent proposed to be transferred to Solara and the APIs that form part of the API Business of Strides.
8. Considering that there are no competition concerns due to the Proposed Combination, irrespective of how the market is defined, the Commission decided to keep the definition of relevant product market open.
9. The Commission noted that there is existing and potential vertical relationships between the Parties at two levels: (i) At the level of API’s; whereby SeQuent supplies certain APIs as part of its API business to Strides; and (ii) At the level of intermediates, which are raw materials for manufacture of APIs. However, based on the information provided by the Parties, the Commission observed that SeQuent is not a major supplier of APIs (used for human formulation) to Strides. Further, both Strides and SeQuent use intermediates primarily for internal consumption. Therefore, the Proposed Combination is not likely to have appreciable adverse effect on competition in terms of vertical foreclosure.
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.