



COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2018/12/622)

23rd January, 2019

Notice under Section 6 (2) of the Competition Act, 2002 filed by True North Fund V LLP, True North Fund VI LLP, Cadila Healthcare Ltd., Pioneer Investment Fund and Zydus Family Trust.

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Mr. U.C. Nahta
Member

Ms. Sangeeta Verma
Member

Legal Representative: Mr. Rahul Singh and Ms. Anisha Chand, Khaitan & Co.

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

1. On 14th December, 2018, the Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”), filed by True North Fund V LLP and True North Fund VI LLP (collectively referred to as the “**True North Funds**”), Cadila Healthcare Ltd. (“**Cadila**”), Pioneer Investment Fund (“**Pioneer**”) and Zydus Family Trust (“**ZFT**”). Hereinafter, all the notifying parties are collectively referred to as the Acquirers.
2. The proposed combination relates to acquisition of 12.54% and 1.25% shareholding in Zydus Wellness Ltd. (“**Zydus**”) by True North Funds and Pioneer, respectively. Further, Cadila and ZFT are stated to be existing shareholders of Zydus with 72.08% and 0.45% equity share capital, respectively. Pursuant to the proposed combination, both Cadila and ZFT intend to acquire additional equity shares of Zydus. Accordingly,



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post combination, Cadila and ZFT would hold 63.54% and 4.06% of the equity share capital in Zydus, respectively. For the purpose of the proposed combination, each of the Acquirer has separately executed a Share Subscription Agreement with Zydus, on 6th December, 2018.

3. It has also been submitted that proposed combination is being undertaken to finance the acquisition, by Zydus, of Heinz India Private Limited (“**Heinz India**”) housing the brands, business and facilities relating to “*Complan*”, “*Nycil*”, “*Sampriti*” and “*Glucon-D*”. Further, the aforementioned acquisitions are stated to be interconnected transactions under Regulation 9(4) of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”). In terms of Regulation 14 of the Combination Regulations, *vide* letter dated 3rd January, 2019 certain information was sought and response to the same was received on 8th and 15th January, 2019.
4. It has also been submitted that True North Funds will also acquire the right to appoint a director to the board of directors of Zydus and if such a director is not appointed, the True North Funds will have the right to appoint an observer to the board of directors of Zydus. Further, following the acquisition of Heinz India by Zydus, the True North Funds will also have the right to appoint a director (or, if such director is not appointed, an observer) to the board of directors of Heinz India.
5. True North Funds and Pioneer are stated to be Alternative Investment Funds, registered with SEBI. Cadila is stated to be engaged in the business of pharmaceutical formulations, biologics, marketing of bio-similars and novel biologics. ZFT is stated to be a trust investing its funds in a manner as set out in the trust deed of ZFT. Presently, ZFT holds 74.78% shareholding in Cadila. Zydus is a public limited company operating in the consumer products segment with products ranging from healthy fat spreads, personal care to sugar substitutes.
6. It is noted that True North Funds have no direct or indirect shareholding or control over another enterprise, which is engaged in (a) production, distribution or trading of products which are similar, identical or substitutable to those manufactured and sold by Zydus/Heinz India; and (b) any activity relating to the production, supply, distribution, storage, sale and service or trade in products or provision of services which are at



different stages or levels of the production chain in which Zydus/Heinz India is involved.

7. In respect of Cadila and ZFT, it is noted that, directly or indirectly, both are already majority shareholders of Zydus and their proposed acquisition of additional equity shares in Zydus is not likely to result in any appreciable adverse effect on competition. In respect of Pioneer, it is noted that it is acquiring a miniscule shareholding of 1.25% in Zydus without any affirmative voting rights, veto rights or board seats or intention to participate in the affairs and management of Zydus and therefore, the same is also not likely to cause any appreciable adverse effect on competition.
8. 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.
9. This order shall stand revoked if, at any time, the information provided by the Acquirers is found to be incorrect.
10. The information provided by the Acquirers shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
11. The Secretary is directed to communicate to the Acquirers accordingly.