



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2019/03/654)

22nd May, 2019

Notice under Section 6 (2) of the Competition Act, 2002 filed jointly by GlaxoSmithKline plc and Pfizer Inc.

CORAM:

Mr. Ashok Kumar Gupta
Chairperson

Mr. U.C. Nahta
Member

Ms. Sangeeta Verma
Member

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

1. On 22nd March, 2019, Competition Commission of India (“**Commission**”) received a notice under Section 6(2) of the Competition Act, 2002 (“**Act**”), jointly filed by GlaxoSmithKline Plc. (“**GSK**”) and Pfizer Inc. (“**Pfizer**”). (Hereinafter, GSK and Pfizer are collectively referred to as the “**Parties**”). The notice has been filed pursuant to the execution of Stock and Asset Purchase Agreement (“**SAPA**”), on 19th December, 2018, between GSK, Pfizer and GlaxoSmithKline Consumer Healthcare Holdings Limited (“**GSK CH HoldCo**”).
2. The proposed combination involves bringing together respective certain consumer healthcare products of GSK and Pfizer into a new enterprise *i.e.* New JV Co, wherein GSK and Pfizer would hold 68% and 32% shares, respectively.



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 (“**Combination Regulations**”), a letter, dated 9th April, 2019, was issued to the Parties for removing certain information gaps in the notice, complete response to which was received on 23rd April, 2019 (“**Response**”), after seeking extension of time. Subsequently, another letter was issued to the Parties on 3rd May, 2019 to provide certain information and remove information gaps in their Response. The Parties submitted its response on 16th May, 2019, after seeking extension of time. The Commission also considered submissions of the Parties made *vide* their letters dated 18th May, 2019 and 19th May, 2019.
4. GSK, a pharmaceuticals company, is registered in the United Kingdom and is active worldwide in research, development, manufacturing, and marketing of pharmaceuticals, vaccines and consumer healthcare products. GSK CH HoldCo, a wholly owned subsidiary of GSK, would hold 68% shares of New JV Co. Further, GSK’s consumer healthcare products (“**GSK CH Business**”) in India that would be contributed to New JV Co (a newly incorporated entity) are currently housed under GlaxoSmithKline Consumer Private Limited (“**GSKCPL**”) and GlaxoSmithKline Asia Private Limited (“**GSKAPL**”).
5. Pfizer is a pharmaceutical company engaged globally in research, development, manufacturing, and marketing of medicines. Pfizer’s consumer healthcare products (“**Pfizer CH Business**”) is a global healthcare business which develops, manufactures and markets medicines, vitamins, and nutritional products.
6. The Commission, based on the submissions of the Parties noted that there are three product categories wherein activities of the Parties broadly overlap, namely, non-narcotics and anti-pyretics (including Paracetamol + Caffeine), antacids and anti-flatulents, and calcium preparations along with Colecalciferol Solids. The Commission also noted that both GSK and Pfizer would be retaining certain products after the combination, in these product segments under their respective consumer healthcare businesses.



7. The Commission, based on the submission of the Parties, noted that for the product segment ‘non-narcotics and anti-pyretics (including Paracetamol + Caffeine)’, GSK would be contributing Crocin and Crocin Pain Relief to New JV Co and would be retaining Calpol and Calpol – T with itself, whereas Pfizer would be contributing Anacin to New JV Co and would be retaining Pactiv with itself. Similarly, for product segment ‘antacids and anti-flatulents’, GSK would be contributing ENO and its various variants to New JV Co whereas Pfizer would be retaining two products, namely, Mucaine and Gelusil Mps with itself. Further, for product segment ‘calcium preparations along with Colecalciferol Solids’, GSK would be contributing its product Sandocal to the New JV Co and proposes to retain Ostocalcium, Ostocalcium B12 *etc.* with itself, whereas Pfizer proposes to retain its product Ossivite with itself.
8. Based on IQVIA-IMS India Database which adopts European Pharmaceutical Marketing Research Association’s (“**EphMRA**”) anatomical therapeutic chemical (“**ATC**”) classification of medicine, the Commission noted that product segments of the parties exhibits overlap both at ATC3 level and ATC4 level. It is important to note that ayurvedic medicines are not direct substitutes of the allopathic medicines and therefore, may not be part of the same relevant market. With respect to the relevant geographic market, the Commission observed that as products of the parties and their competitors are available across India, the relevant geographic market may be considered as the territory of India. However, since the proposed combination is not likely to cause any appreciable adverse effect on competition in any of the alternative and plausible relevant market definitions, the Commission decided that the exact delineation of the relevant market may be left open.
9. For the product segment ‘non-narcotics and anti-pyretics’, the Commission noted that the combined market share of the Parties and the New JV Co. at ATC3 level was 20-25 percent (in terms of value) and 25-30 percent (in terms of volume), and at ATC4 level was 25-30 percent (in terms of value and volume), respectively. At ATC3 level, the Commission noted that competitors such as Micro Labs (Brand name - Dolo, Bral) with 10-15 percent market share (in volume and value terms), Apex (Brand name - P-250, ACTON-OR) with 10-15 percent market share in volume terms and 5-10 percent



market share in value terms and Alkem (Brand name - Sumo-L) with 5-10 percent market share (in volume and value terms) *etc.* are present which would continue to provide competitive constraint to the parties post-combination. Further, at ATC4 level, competitors such as Micro Labs (Brand name - Dolopar) with 35-40 percent market share (in volume terms) and 40-45 percent market share (in value terms), Reckitt Benckiser (Brand name - Stopache) with 15-20 percent market share (in volume terms) and 5-10 percent (in value terms) and Sanofi (Brand name - Novalgin Nu, Combiflam Plus) with 5-10 percent markets share (in both volume and value terms) *etc.* are present, which would continue to provide competitive constraint to the parties post-combination.

10. With respect to segment of antacids and anti-flatulents, the Commission observed that GSK's product ENO (and its variants) is an ayurvedic product and upon the exclusion of ayurvedic medicines, no overlap would exist between the parties in India. However, in case ENO is considered to be in the segment 'antacids and anti-flatulents', at ATC3 level, combined market share of the parties was assessed to be in the range of 25-30 percent (in terms of value and volume). Further, with the presence of competitors at ATC3 level, such as, Abbott (Brand name - Digene, Pebips, Gripe water, *etc.*) with 10-15 percent market share (each in terms of volume and value) and Himalaya Drug (Brand name - Gasex, Bonnisan, *etc.*) with 5-10 percent market share (each in terms of volume and value) *etc.*, the Commission noted that there is no competition concern in this product segment. The Commission, further based on the submission of the Parties, noted that at ATC4 level no overlap exists between the parties.

11. For the product segment 'calcium preparations', the Commission observed that the combined market share of the parties at ATC3 level was in the range of 5-10 percent in value terms and in the range of 10-15 percent in volume terms. Further, the Commission noted that there are several competitors at ATC3 level such as Torrent Pharma with 15-20 percent market share (in volume terms) and 25-30 percent (in terms of value), Alkem with 5-10 percent market share (both in volume and value terms), and Meyer Organics with 15-20 percent market share as per volume and 5-10 percent as per value *etc.*, which would continue to provide competitive constraint to the



parties post-combination. Further, at ATC4 level, the Commission noted that the combined market share of the parties were 0-5 percent (in value terms) and 5-10 percent (volume terms). Further, competitors such as Torrent Pharma with market share of 40-45 percent (in value terms) and 45-50 percent (in volume terms); Alkem with market share of 5-10 percent (in value terms) and 0-5 percent (in volume terms) *etc.* are present which would continue to provide competitive constraint to the parties post-combination.

12. With respect to vertical overlaps, the Commission noted that there does not exist any vertical relationship between GSK India and any of Pfizer's subsidiaries in India.
13. 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.
14. This order shall stand revoked if, at any time, the information provided by the Parties is found to be incorrect.
15. The information provided by the Parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
16. The Secretary is directed to communicate to the Parties accordingly.