



**COMPETITION COMMISSION OF INDIA**  
(Combination Registration No. C-2020/07/757)

26<sup>th</sup> August, 2020

**Notice under Section 6(2) of the Competition Act, filed jointly by Tau Investment Holdings Pte. Limited and JB Chemicals and Pharmaceuticals Limited**

**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 10<sup>th</sup> July, 2020, Competition Commission of India (**Commission**) received a notice (**Notice**) jointly filed by Tau Investment Holdings Pte. Limited (**Tau Investment**) and JB Chemicals and Pharmaceuticals Limited (**JB Chemicals**). The Notice has been filed pursuant to the execution of: (a) Share Purchase Agreement (**SPA**) between Tau Investment and selling shareholders of JB Chemicals and (b) Shareholder's Agreement (**SHA**) between Tau Investment and certain selling shareholders of JB Chemicals, who would continue to be its shareholders even after the Proposed Combination. Both these agreements were executed on 2<sup>nd</sup> July, 2020.
2. The Commission *vide* its letters dated 11<sup>th</sup> August, 2020 and 20<sup>th</sup> August, 2020, issued under Regulation 14(3) of the Competition Commission of India (Procedure in regard to transaction of business relating to combinations) Regulations, 2011 (**Combination Regulations**), required the parties to remove defects in the Notice and furnish certain information. In response, the parties filed their submissions dated 5<sup>th</sup> August, 2020, 7<sup>th</sup> August, 2020 18<sup>th</sup> August, 2020 and 21<sup>st</sup> August, 2020.
3. The Proposed Combination envisages:



- 3.1. acquisition of up to 64.90% of share capital of JB Chemicals by Tau Investment subject to the condition that the total foreign shareholding in JB Chemicals does not exceed 74%; and
- 3.2. \*\*\*\*\*  
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- 4. The acquisition of shares in JB Chemicals would be effected through purchase of shares from sellers, in tranches and Open Offer, in compliance with the Regulations issued by Securities and Exchange Board of India. Tau Investment will acquire the control of the JB Chemicals and shall become its promoter. In terms of the SHA, Tau Investment shall have a right to appoint 5 directors on the Board of JB Chemicals, out of the total strength of 9 directors.
- 5. Tau Investment is a company incorporated in Singapore on 20<sup>th</sup> March, 2020. It is an indirect wholly owned subsidiary of KKR Asian Fund III L.P. It is an affiliate of funds, vehicles and/or entities managed and/or advised by Kohlberg Kravis Roberts & Co. L.P., which is an indirect subsidiary of KKR & Co. Inc., a corporation registered under the laws of the State of Delaware, United States. KKR group is a global investment firm, which offers a broad range of alternative asset funds and other investment products to investors and provides capital markets solutions.
- 6. JB Chemicals is an Indian company, engaged in manufacture of a range of pharmaceutical formulations, herbal remedies, contrast media products and generic active pharmaceutical ingredients. Generic products manufactured by JB Chemicals are also exported to United States, United Kingdom, South Africa, Russia (including Commonwealth of Independent States), Australia and Canada. Its branded generics are exported to parts of Africa, South-East Asia, Middle East, Central and South America.



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8. With regard to overlaps between JB Chemicals and portfolio companies of KKR group, it has been submitted that neither Tau Investment nor any of the portfolio entity of KKR group is present in the pharmaceutical sector in India. JB Chemicals has ~ 5% stake in Asian Heart Institute and Research Centre Private Limited (**Asian Heart Institute**)<sup>1</sup> that offers health care services. KKR group, on the other hand, has investment in Max Healthcare Institute Limited (**Max Healthcare**), which is also engaged in provision of integrated healthcare services through hospitals including pharmacy division. Max Healthcare currently operates 15 hospitals in the state of Delhi, Haryana, Uttar Pradesh, Punjab and Uttarakhand. Further, BLK Super Specialty Hospital (**BLK**) in New Delhi and Dr. Balabhai Nanavati Hospital (**Nanavati Hospital**) in Mumbai are also part of Max Healthcare. Thus, the activities of JB Chemicals, through Asian Heart Institute, and those of KKR group, through Max Healthcare, exhibit horizontal overlap. Asian Heart Institute is present in Mumbai, Maharashtra. Out of all the hospitals of Max Healthcare, Nanavati Hospital is situated in Mumbai. However, the increment in terms of number of beds as well as the combined market share of Asian Heart Institute and Nanavati Hospital in Mumbai is not-significant to raise any competition concern. This segment is also characterised by presence of other known players.

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9. It has been submitted that neither Tau Investment, nor any of the portfolio entities of KKR group is directly or indirectly engaged in 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 or complementary to the activities carried on by JB Chemicals. This is based on understanding that JB Chemicals sells pharmaceutical products through a range of intermediaries and is not directly engaged with or has a relationship with hospitals. However, the pharmaceuticals business of JB Chemicals and the retail activities of the pharmacy division of Max Healthcare, are complementary to each other. Further, healthcare professionals such as those engaged by Max Healthcare play a vital role in selecting and prescribing suitable molecule for treatment of an ailment.
10. Further, JB Chemicals is also engaged in supply of contrast media products that are used in diagnostics imaging. Contrast materials improves inside pictures of the body which is produced by x-rays, CT, MRI, and ultrasound. These products are used by hospitals and standalone diagnostics centres/ laboratories in providing imaging services. Given the nature of their use, contrast materials are not sold in retail pharmacies and their consumption is limited to hospitals and standalone diagnostics centres/ laboratories, as these are administered for specific procedures. Thus, the supply of contrast media products by JB chemicals is complementary to the health care services provided by Max Healthcare.
11. The Commission is of the view that the above overlaps in relation to the contrast media and pharmaceutical products of JB Chemicals and the healthcare services of Max healthcare merit competition assessment. It is observed that the total revenue of Max Healthcare constitutes less than [0-5]% of the total of healthcare business in India. Similarly, sales of pharmaceutical products in the hospitals of Max Healthcare constitutes less than [0-5]% of total pharmacy business in India. Further, the value of products of JB Chemicals sold in the hospitals of Max Healthcare also constitutes less than [0-5]% of their total sales. Furthermore, retail distribution of pharmaceutical products is fragmented throughout the country with a presence of multiple pharmacies and hospitals. Considering these factors, the complementarity between the activities of JB Chemicals and Max



Healthcare does not raise any competition concern. As regards the contrast media products supplied by JB chemicals, it is observed that Max Hospital has limited operations *vis-à-vis* the total healthcare business in India. Thus, the parties do not appear to have incentive to foreclose supplies to other users, which is likely to cause any appreciable adverse effect on competition in India.

12. 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 based on 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 any appreciable adverse effect on competition in India. Therefore, the Commission, hereby, approves the same under sub-section (1) of Section 31 of the Act.
13. This order shall stand revoked if, at any time, the information provided by the parties is found to be incorrect.
14. The information provided by the parties shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
15. The Secretary is directed to communicate to the parties accordingly.