



14.09.2016

**Notice under Section 6 (2) of the Competition Act, 2002 given by Piramal Enterprises Ltd.**

**CORAM:**

Mr. Devender Kumar Sikri  
Chairperson

Mr. S.L. Bunker  
Member

Mr. Sudhir Mital  
Member

Mr. Augustine Peter  
Member

Mr. U.C. Nahta  
Member

Mr. M.S. Sahoo  
Member

Mr. G. P. Mittal  
Member

Legal representative: Cyril Amarchand Mangaldas

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

1. On 02.06.2016, the Competition Commission of India (“**Commission**”) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) filed by Piramal Enterprises Limited (“**PEL**” or “**Acquirer**”). The notice has been filed pursuant to execution of an Asset Transfer Agreement (“**ATA**”) on 13.05.2016 between PEL and Pfizer



## COMPETITION COMMISSION OF INDIA

(Combination Registration No. C-2016/06/405)



Fair Competition  
For Greater Good

Limited (“**Pfizer**” or “**Seller**”). The proposed combination relates to acquisition of the assets<sup>1</sup>, inventory and assumed liabilities in relation to four products of Pfizer, namely, (a) Ferradol; (b) Waterbury’s Compound<sup>2</sup> (c) Sloans and (d) Neko (“**Target Products**”) by PEL.

2. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (**‘Combination Regulations’**), *vide* letter dated 17.06.2016, the Acquirer was required to provide certain information pertaining to, *inter alia*, delineation of relevant markets, competitors, market share in respect of the target products. The Acquirer, after seeking extension of time, filed its complete response on 27.07.2016.
3. In its meeting dated 04.08.2016, the Commission considered the notice and subsequent submissions of the Acquirer, and in terms of Section 36 of the Act read with Regulation 19(2) and Regulation 19(3), decided to obtain (a) additional information from the Acquirer and (b) information from the hospitals and competitors. The Acquirer submitted its response on 18.08.2016 to the additional queries raised *vide* email dated 12.08.2016. Subsequently, the Commission also received response from the hospitals and competitors/ pharmaceutical companies.
4. PEL is a public limited company, incorporated in 1947 under the Companies Act, 1913. It is the flagship company of the Piramal group and engaged in three main verticals, namely, healthcare, financial services and information management. The healthcare segment of PEL has four main divisions: (a) Pharma solutions; (b) Consumer products; (c) Critical care; and (d) Imaging solutions.

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<sup>1</sup> As submitted in the Notice, the Assets include the following: (a) Trademarks along with copyrights associated with trademarks, (b) Goodwill associated with the trademarks; (c) Know-how; (d) Products; and (e) Data and records.

<sup>2</sup> It should be noted that Waterbury’s compound was last manufactured in September 2015 and is not being currently manufactured by Pfizer.



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5. Pfizer is a public limited company, incorporated in 1950, under the Companies Act, 1913 in the name of 'Dumex Private Limited'. Pfizer is, *inter alia*, engaged in the business relating to manufacture, distribution, sale, import and export of pharmaceutical and consumer healthcare products.
6. As the market shares of the seller *vis-a-vis* the target products in their respective categories are low, the market is characterised by the presence of many competitors, the Commission decided that the exact delineation of the relevant market be left open in with respect to the combination.
7. The Commission noted that there are no horizontal overlaps between the Parties *vis-a-vis* (a) Ferradol; (b) Waterbury's Compound<sup>3</sup> and (c) Sloans. However, in respect of one of the target product, the Commission observed that the Acquirer is engaged in the production of 'Tetmosol' in the category of medicated soaps, in which the Seller is engaged in the production of 'Neko'. However, the Commission noted that the two products can be distinguished based on a) active pharmaceutical ingredient, b) intended use, and c) license (drug vs cosmetic). The Commission further noted that the combined market share of the two products is below one percent in the category of medicated soap and hence, insignificant to raise any competition concern.
8. In terms of vertical overlap, the Commission noted that the Acquirer is engaged in the upstream market of manufacture and supply of Vitamin A (both in Palmitate 1.7 and acetate forms), one of the ingredients used in manufacturing the target product 'Ferradol', which is a nutritional food supplement. As per the information provided in the notice, the acquirer is the sole manufacturer of Vitamin A Palmitate 1.7 in India and has a market share in the range of [80-85] percent, and rest of the demand is met by imports from countries like China, Switzerland and Taiwan.

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<sup>3</sup> It should be noted that Waterbury's compound was last manufactured in September 2015 and is not being currently manufactured by Pfizer.



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9. Given the market power enjoyed by the Acquirer in the upstream market of Vitamin A Palmitate 1.7, the Commission examined the potential foreclosure in the downstream market on these parameters: a) the ability of the Acquirer to foreclose; b) the incentive of the Acquirer to foreclose; and c) significant detrimental effect on competition. For this purpose, the Commission took into account submissions of the Acquirer and additional information obtained from the hospitals and competitors under Regulation 19(3) of the Combination Regulations. The Commission noted that the Acquirer primarily supplies Vitamin A Palmitate 1.7 to the distributors and has no control over the end users i.e. pharmaceutical companies. Further, based on the responses received from the hospitals, the Commission observed that while Vitamin A Palmitate 1.7 is critical to cure certain ailments, however, different nutritional supplements may have varying composition and strengths of Vitamin A Palmitate 1.7. Also, responses received from some of the competitors of Ferradol indicated that the price of Vitamin A Palmitate 1.7 accounts for less than one percent of the selling price and in case of refusal to supply by the Acquirer, other sources (imports) may be explored. Taking into account these aspects, the Commission is of the view that though the Acquirer may have substantial market power in the input market (upstream market); however, the same may not result in significant detrimental effect on competition in the downstream market.
10. Thus, considering the facts on record, the 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.
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.



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13. The Secretary is directed to communicate to the Acquirer accordingly.