



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2020/11/789)

8th January 2021

Notice under Section 6 (2) of the Competition Act, 2002 filed by Manipal Health Enterprises Private 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 25th November 2020, the Competition Commission of India (**‘Commission’**) received a notice under Section 6(2) of the Competition Act, 2002 (**‘Act’**), filed by Manipal Health Enterprises Private Limited (**‘MHEPL’/ ‘Acquirer’**). The Proposed Combination contemplates acquisition of Columbia Asia Hospitals Private Limited (**‘CAHPL’/ ‘Target’**) by MHEPL. [Hereinafter, Acquirer and Target are collectively referred to as **‘Parties’**]. The notice has been filed pursuant to the execution of Share Purchase Agreement (**‘SPA’**), dated 30th October 2020, *inter alia*, between the Parties.
2. In terms of Regulation 14(3) of the Combination Regulations, the Commission *vide* letter dated 6th January 2021 sought certain information and clarifications from the Acquirer. In response, the Acquirer filed its submission on 7th January 2021.



3. MHEPL is a part of Manipal Educational and Medical Group (**‘Manipal Group’**), which operates a network of hospitals providing multi-speciality care. Manipal Group has presence through 15 hospitals in seven cities of India under the brand name **‘Manipal Hospitals’**. It has been stated in the notice that MHEPL is not engaged in any business activity outside India, except in Malaysia.
4. CAHPL is a private healthcare company that provides high-quality, affordable and accessible healthcare. It began its operations in India in 2005 and currently operates a chain of eleven multi-speciality hospitals and one tele-radiology business with a near term plan of one fully funded greenfield hospital and two potential hospitals identified as opportunities for the medium term. CAHPL is a part of International Columbia US LLC, an international healthcare group, which operates a chain of modern hospitals across India, China and Africa.
5. The Proposed Combination contemplates acquisition of 100% of the shareholding of CAHPL by MHEPL.
6. It is observed that hospitals could be classified as primary, secondary, tertiary and quaternary, based on the facilities offered and level of complexity of treatment. Primary hospitals serve as a first point of contact between individuals and the health system chain, and the treatment is generally delivered by single physician outpatient clinics and dispensaries providing basic medical and preventive healthcare facilities. Secondary hospitals act as the key healthcare facility for patients who are referred for further treatment in cases with greater complexity as compared to cases under primary care facility. The tertiary level of the healthcare system involves higher complexity of cases that require strong diagnostics and clinical support systems. Whereas, the quaternary healthcare involves highly advanced and complex procedures such as organ transplants. The terminologies *i.e.* primary, secondary, tertiary and quaternary are used only by convention and there is no defined level of care at any of these four degrees of care. The hospitals owned and/or operated by both MHEPL and CAHPL provide services that could fall under the category of tertiary and quaternary care.



7. It is noted that the operational beds could be used as a useful metric to assess the market power of hospitals as it depicts the overall infrastructure of the players in the market. However, the procedures or specialties offered by the tertiary hospitals, which attract patients may also be an appropriate metric to assess the concerned markets for competition purposes.
8. In India, the services of the Parties overlap in Bengaluru and the National Capital Region. Each of these geographies appears to have multiple large tertiary hospitals. Based on the details provided by the Acquirer, the combined market position of the Parties is not significant either in terms of beds or any speciality/procedure offered by the Parties. The incremental market share due to the Proposed Combination is also not significant. Further, the said geographies also feature the presence of other prominent players such as Apollo Hospitals, Narayana Health, Fortis, Medanta, Max Hospitals *etc.*
9. The activities of the Parties also exhibit vertical and/or complementary interface in the segments of retail diagnostics market and tele-radiology service. The Acquirer has been offering retail diagnostics services since April 2015 through its subsidiary and has only marginal presence, primarily for select public-private partnership opportunities in the public healthcare space. The Target on the other hand, offers tele-radiology services, which is a branch of telemedicine in which telecommunication systems are used to transmit radiological images from one location to another. This service could be classified as downstream to the hospital services offered by the Acquirer. However, the revenue of the Target from such service constitutes an insignificant portion of its overall revenue. It is observed that these activities of the Parties are not significant and thus, the said vertical and/or complementary interface does not appear to raise any competition concern.
10. Considering the material on record including the details provided in the Notice and the assessment of the Proposed Combination based on factors stated in Section 20(4) 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 approves the Proposed Combination under Section 31(1) of the Act.



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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 in the notice shall be treated as confidential 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.