



## COMPETITION COMMISSION OF INDIA

Combination Registration No. 2024/04/1139

28<sup>th</sup> May 2024

**Notice under Section 6(2) of the Competition Act, 2002 filed by Matrix Pharma Private Limited, Mudhra Labs Private Limited, Mudhra Lifesciences Private Limited, Mudhra Pharmacorp LLP, Kotak Strategic Situations India Fund II and Kingsman Wealth Fund PCC Aurisse Special Opportunities Fund**

### **CORAM:**

Ms. Ravneet Kaur

Chairperson

Mr. Anil Agrawal

Member

Ms. Sweta Kakkad

Member

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

1. On 23<sup>rd</sup> April 2024, the Competition Commission of India (**Commission**) received a notice under sub-section (2) of Section 6 of the Competition Act, 2002 (**Act**) filed by Matrix Pharma Private Limited (**Acquirer**), Mudhra Labs Private Limited (**Mudhra Labs**), Mudhra Lifesciences Private Limited (**Mudhra Lifesciences**), Mudhra Pharmacorp LLP (**Mudhra Pharmacorp**), Kotak Strategic Situations India Fund II (**Investor 1**) and Kotak Alternate Asset Managers Limited (**KAAML/ Investor 2**) and Kingsman Wealth Fund PCC Aurisse Special Opportunities Fund (**Kingsman**) [Hereinafter, Mudhra Labs, Mudhra Lifesciences and Mudhra Pharmacorp are collectively referred to as the '**Acquirer Holding Entities**'. Investor 1 and Investor 2 are collectively referred to as the '**Investors**'. Further, the Acquirer, Acquirer Holding Entities, Investors and Kingsman are collectively referred to as '**Acquirers**'].



2. By way of background, it is stated in the notice that the Acquirer and the Investors had earlier submitted a notice bearing registration no. C-2024/01/1100 seeking approval from the Commission for the Acquirer's acquisition of the Target and investment by the Investors in the Acquirer to fund such acquisition, for which the Commission granted approval by way of an order dated 13<sup>th</sup> February 2024. However, subsequent to the receipt of approval, the structure for the Acquirer's acquisition of the Target underwent a change and the Kingsman Funding and Acquirer Funding (as described below) became necessary, whereas the subscription of optionally convertible debentures by the Investors would have to take place at the Mudhra Labs level rather than the Acquirer level as per the requirements of the lenders to the Acquirer.
3. Accordingly, pursuant to the receipt of the Commission's approval, in order to ensure funding for the Acquirer to undertake the Proposed Acquisition, the Acquirer Holding Entities partly funded the Acquirer by way of investments from: (i) Mudhra Lifesciences by way of subscription to equity shares and subscription to compulsorily convertible preference shares in Mudhra Labs; and (ii) Mudhra Pharmacorp by way of subscription to equity shares in Mudhra Labs. Mudhra Labs in turn invested the proceeds of these investments received by it in the Acquirer by way of subscription to equity shares, to be utilized by the Acquirer for its acquisition of the Target in the Proposed Acquisition. The investments by Mudhra Lifesciences and Mudhra Pharmacorp in Mudhra Labs and by Mudhra Labs in the Acquirer are collectively referred to as the "**Acquirer Funding**".
4. The instant notice has been filed pursuant to the Share Purchase Agreement dated 1<sup>st</sup> October 2023 as amended by the first amendment dated 7<sup>th</sup> April, 2024 (**SPA**) entered into between the Acquirer, Tianish Laboratories Private Limited (**Target**), IQuest Enterprises Private Limited (**IQuest**), Viatrix Inc., Mylan Laboratories Limited, Mylan Luxembourg 2 S.A.R.L., M.P. Laboratories (Mauritius) Ltd. and Mylan Group B.V. In connection with the Proposed Investment, KAAML, the investment manager of Investor 1, has entered into a binding term sheet dated 25<sup>th</sup> August 2023 with IQuest, an affiliate



of the Acquirer [Hereinafter, the Acquirers and the Target are collectively referred to as '**Parties**'].

5. The proposed combination relates to-
- (i) purchase of equity shares of the Target by the Acquirer, constituting 100% of the issued and paid-up share capital of the Target on a fully diluted basis (**Proposed Acquisition**);
  - (ii) Proposed subscription to optionally convertible debentures of Mudhra Labs by Investors (**Proposed KSSIF/KAAML Investment**);
  - (iii) Subscription to compulsorily convertible preference shares of Mudhra Lifesciences by Kingsman (**Kingsman Funding**).

The Acquirer is receiving funding pursuant to the Proposed KSSIF/KAAML Investment and Kingsman Funding, and hence the Proposed KSSIF/ KAAML Investment and Kingsman Funding are being considered as inter-connected with the Proposed Acquisition [together, the **Proposed Combination**].

6. In terms of Regulation 14 of Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011, the Commission, *vide* communication dated 9<sup>th</sup> May 2024, sought certain information(s)/ clarification(s), *inter alia*, relating to the activities of the Parties and the response to the same was received on 11<sup>th</sup> May 2024.
7. **Acquirer:** The Acquirer is a private limited company incorporated in India in 2022 for the purpose of acquisition of the Target. It does not have any subsidiaries or affiliates. Further, the Acquirer does not presently carry out any business activity either in India or outside India.
8. **Acquirer Holding Entities:** Mudhra Lifesciences and Mudhra Pharmacorp are the shareholders of Mudhra Labs, which is the direct holding company of the Acquirer. In other terms, Mudhra Labs is a subsidiary of Mudhra Lifesciences and an affiliate of Mudhra Pharmacorp, and the Acquirer is a subsidiary of Mudhra Labs. Mudhra Lifesciences and Mudhra Pharmacorp are controlled by Mr. Venkata Pranav Reddy



Gunupati (**Pranav**) who is also the majority owner in both entities. Accordingly, Pranav is the ultimate beneficial owner and person in control of the Acquirer and the Acquirer Holding Entities, which are all part of the same group. The Acquirer Holding Entities do not have any other subsidiaries or affiliates. The Acquirer Holding Entities were incorporated for the purpose of capitalising the Acquirer to enable it to acquire the Target, and do not presently carry out any business activity either in India or outside India.

9. **Acquirer Group:** Pranav together with certain of his family members, also holds direct and indirect investments in several other companies, several of which have been made through IQuest, which is also a party to the SPA. Accordingly, the entities over which Pranav (including his family members) has: (a) direct or indirect shareholding of 10% or more; or (b) a right or ability to exercise any right not available to ordinary shareholders (including any advantage of a commercial nature); or (c) a right or ability to nominate a director or observer, have been considered as comprising the ‘**Acquirer Group**’.
10. **Investor 1:** Investor 1 is a scheme of Kotak Strategic Situations Trust, a trust set up under the Indian Trust Act, 1882, and registered with Securities and Exchange Board of India (**SEBI**) as a Category-II Alternate Investment Fund. It is engaged in the business of investing in companies with a sector agnostic approach and its investment objective is to generate target returns by investing in opportunities in India. It invests in portfolio vehicles with the objective of obtaining primarily long-term capital appreciation and returns in the nature of interest, dividend, capital gains or share of profits on its investments through a combination of appropriate instruments. It does not carry out any business activities outside of India.
11. **Investor 2:** KAAML is the settlor and manager of Investor 1. Kotak Mahindra Bank Limited holds, directly and indirectly, 100% of its shareholding. It acts as an investment manager, *inter alia*, engaged in the business of managing and advising funds across various asset classes namely: (a) special situations; (b) real estate; (c) infrastructure; (d) private equity; and (e) private credit. It curates and manages investment products for



investors and also provides non-binding investment advisory services to high net-worth individual clients. It does not carry out any business activities outside of India.

12. **Kingsman:** Kingsman is incorporated as a protected cell public company limited by shares in Mauritius and holds a Global Business License issued by the Financial Services Commission (FSC), Mauritius. It is regulated by the FSC as an open-ended fund classifying as a self-managed expert fund for the purposes of the Securities Act 2005 and the Securities (Collective Investment Schemes and Closed-End Funds) Regulations 2008. It is also registered as a foreign portfolio investor with SEBI. Kingsman does not have any holding company or subsidiary. Being a foreign portfolio investor, Kingsman has no physical presence in India. It has certain portfolio investments in India.
13. The Target is a private limited company incorporated in India in 2023. It is a wholly owned subsidiary of Mylan India, which in turn is an indirect subsidiary of Viatri Inc. (**Viatri**), the ultimate parent company of the Viatri group (**Viatri Group**). The Target does not have any subsidiaries or affiliates. The Target has taken over the active pharmaceutical ingredients (**API**) manufacturing business (**API Business**) of Mylan Laboratories Limited (**Mylan India**) and is engaged in the manufacture of APIs in India, which business was formerly carried out by Mylan India and transferred to the Target pursuant to a scheme of demerger which was made effective from 1<sup>st</sup> March 2024. Currently, the API Business comprises 290 APIs in its portfolio.
14. It is submitted that none of the Acquirers *i.e.*, Acquirer (or other entities in the Acquirer Group), Acquirer Holding Entities, Kingsman or the Investors are engaged in any of the activities that overlap with the Target's activities. However, Biocon (one of the portfolio companies of Kotak Special Situations Fund (another fund managed by Investor 2)) exhibit certain overlaps with business activities of the Target.
15. It is stated in the notice that Biocon is engaged in the business of manufacturing APIs in India, of which 13 APIs exhibit a horizontal overlap with the APIs in the Target's portfolio. Accordingly, the relevant market at the broad level is defined as 'Market for



manufacture and sale of APIs in India' (**Broad Market**) and at the narrow level, the markets for manufacture and sale of each of the overlapping APIs in India have been identified as: (i) market for manufacture and sale of Apixaban in India (**Apixaban Market**); (ii) market for manufacture and sale of Atorvastatin in India (**Atorvastatin Market**), (iii) market for manufacture and sale of Dapagliflozin in India (**Dapagliflozin Market**), (iv) market for manufacture and sale of Empagliflozin in India (**Empagliflozin Market**), (v) market for manufacture and sale of Fingolimod in India (**Fingolimod Market**), (vi) market for manufacture and sale of Lenalidomide in India (**Lenalidomide Market**), (vii) market for manufacture and sale of Linagliptin in India (**Linagliptin Market**), (viii) market for manufacture and sale of Liraglutide in India (**Liraglutide Market**), (ix) market for manufacture and sale of Rivaroxaban in India (**Rivaroxaban Market**), (x) market for manufacture and sale of Rosuvastatin in India (**Rosuvastatin Market**), (xi) market for manufacture and sale of Sacubitril / Valsartan in India (**Sacubitril / Valsartan Market**), (xii) market for manufacture and sale of Semaglutide in India (**Semaglutide Market**), and (xiii) market for manufacture and sale of Sitagliptin in India (**Sitagliptin Market**) [Hereinafter, the relevant markets at the narrow level are together referred to as the '**Narrow Markets**'].

16. It is submitted in the notice that Biocon is also engaged in the manufacture and sale of formulations, both branded and generic, in India. While there are 12 formulations of Biocon that use APIs which form part of the Target's API portfolio, only 8 such formulations have been manufactured by Biocon in financial year 2022-23 and sold in India. It is stated that there are no existing supply arrangements between the Target and Biocon; however, the 8 identified formulations and their input APIs which form part of the Target's portfolio have been considered for the purpose of assessing the potential vertical relationships. Accordingly, the relevant markets have been identified as follows:

- (a) **Upstream Markets:** The relevant markets for manufacture and sale of each of the APIs at the upstream level are identified as: (i) market for manufacture and sale of Atorvastatin in India (**Atorvastatin Upstream Market**); (ii) market for manufacture and sale of Azathioprine in India (**Azathioprine Upstream Market**); (iii) market for manufacture and sale of Rosuvastatin in India



(**Rosuvastatin Upstream Market**); (iv) market for manufacture and sale of Telmisartan in India (**Telmisartan Upstream Market**); (v) market for manufacture and sale of Valganciclovir in India (**Valganciclovir Upstream Market**) [Hereinafter, the relevant markets at the upstream level are together referred to as the '**Upstream Relevant Markets**' ].

(b) **Downstream Markets:** The relevant markets for manufacture and sale of formulations which use the aforesaid APIs at the downstream level are identified as: (i) market for manufacture and sale of formulations which use Atorvastatin as an input in India (**Downstream Atorvastatin Formulation Market**); (ii) market for manufacture and sale of formulations which use Azathioprine as an input in India (**Downstream Azathioprine Formulation Market**); (iii) market for manufacture and sale of formulations which use Rosuvastatin as an input in India (**Downstream Rosuvastatin Formulation Market**); (iv) market for manufacture and sale of formulations which use Telmisartan as an input in India (**Downstream Telmisartan Formulation Market**) and (v) market for manufacture and sale of formulations which use Valganciclovir as an input in India (**Downstream Valganciclovir Formulation Market**) [Hereinafter, the relevant markets at the downstream level are together referred to as the '**Downstream Relevant Markets**' ].

17. The Commission decides to leave precise delineation of the relevant market open, as it was observed that the Proposed Combination, for the reasons stated in ensuing paragraphs, is not likely to result in appreciable adverse effect on competition irrespective of the manner in which the relevant market is delineated.
18. Based on the submissions of the Parties with respect to horizontal overlaps it is noted that the end-use for all APIs produced by the Target is export based. Accordingly, the market share of the Target in the Broad as well as each of the Narrow Markets in India is nil. Further, it is noted that the market share of Biocon in the Broad Market and each of the narrow markets is negligible.



19. With respect to potential vertical relationships, it is noted from the submissions of the Parties that the end-use for the APIs produced by the Target is export based and the same are not utilised in the production of formulations that are sold in India. In relation to the downstream markets, it is noted that the market share of Biocon in each of the downstream markets is miniscule. Thus, the Proposed Combination is not likely to result in competition foreclosure in any of the upstream or downstream markets.
20. Considering the material on record, including details provided in the notice given under sub-section (2) of Section 6 of the Act and assessment of the combination based on the 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 appreciable adverse effect on competition in India in any of the relevant market(s), and therefore, the Commission approves the same under Section 31(1) of the Act without prejudice to any proceeding under Section 43A of the Act.
21. This order may stand revoked if, at any time, the information provided by the Acquirers is found to be incorrect.
22. The information provided by the Acquirers shall be treated as confidential in terms of and subject to provisions of Section 57 of the Act.
23. The Secretary is directed to communicate to the Acquirers accordingly.