

Sun-Ranbaxy deal comes under CCI scanner

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Putting the multi-billion dollar Sun Pharma-Ranbaxy deal under close scrutiny, fair trade watchdog CCI has sought more information from them to ascertain whether the deal would skew fair competition in the pharma sector.

Competition Commission of India (CCI) would take a final view on the deal after receiving details from the companies and could seek more information if it is not satisfied with the responses.

"We have sought more information from the two companies. We will take a final view after getting the required information," a senior CCI official said.

Sun Pharma declined to

comment on whether it has submitted the responses to CCI, while queries sent to Ranbaxy did not elicit any response.

For CCI, this is one of the biggest M&A deals and also the first major transaction in the pharma sector and therefore its decision in this case could have big implications.

In case CCI finds the deal in the current form could hurt fair competition in the domestic pharma market, it can even direct the companies to divest some assets as a pre-requisite for approval.

The \$4 billion worth deal would create the fifth-largest speciality generics company in the world and the largest pharmaceutical company in India.

The combined entity would have operations in 65

countries, 47 manufacturing facilities across 5 continents, and a significant platform of speciality and generic products marketed globally.

In April, Sun Pharmaceutical Industries announced it would acquire troubled rival Ranbaxy Laboratories in a \$4-billion deal that includes \$800 million debt. The transaction has valued Ranbaxy at 2.2 times its \$1.8 billion revenue for 2013, or about Rs 457 per share.

Last month, the deal was approved by leading stock exchanges the BSE and the NSE.

The 'no-objection' from the two exchanges would allow the two companies to file their scheme of amalgamation with the High Court for further clearance of the deal.

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