

## M&A Lab

December 19, 2014

### SUN PHARMA – RANBAXY: A PANACEA FOR RANBAXY'S ILLS?

April 6, 2014 was a red letter day for the Indian pharmaceutical industry as Sun Pharmaceutical Industries Limited ("Sun Pharma") and Ranbaxy Laboratories Limited ("Ranbaxy") announced that they had entered into definitive documents for merger of Ranbaxy with Sun Pharma ("Transaction"). The announcement came amidst reports of faltering standards at Ranbaxy's manufacturing plants and consequent import bans imposed on Ranbaxy by the United States Food and Drug Administration. The Transaction would give rise to a pharmaceuticals giant – the fifth-largest specialty generics company in the world and the largest pharmaceutical company in India.

As is the case with other high value M&A transactions, there were concerns that the combined entity post this Transaction could potentially stifle competition with its sizeable portfolio of specialty and generic products. The Transaction came under the scrutiny of antitrust regulators in India and the United States of America. There were also allegations of violations of India's insider trading regulations by an entity connected to Sun Pharma. Despite these challenges, the Transaction has proceeded full steam ahead, with the Competition Commission of India granting its conditional approval to the Transaction on December 5, 2014. The United States Federal Trade Commission is also expected to clear the Transaction soon.

If all goes well, this Transaction could define the global pharmaceuticals landscape for the foreseeable future. All eyes are on Mr. Dilip Shanghvi, the managing director of Sun Pharma, to see whether Mr. Shanghvi's magic will convert Ranbaxy into a 'crown jewel' or a 'white elephant' for Sun Pharma. This M&A Lab analyzes the legal, regulatory, tax and commercial considerations pertaining to the Transaction.

For a detailed analysis of the commercial, legal, regulatory and tax considerations and to access the M&A Lab, please [click here](#).

– Nikhil Joseph, Sahil Shah, Ruchi Biyani & Nishchal Joshipura

You can direct your queries or comments to the authors

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