

M&A Lab

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PIRAMAL - ABBOTT DEAL: THE GREAT INDIAN PHARMA STORY

Affluent pharmaceutical giants from the West are in pursuit of their counterparts in the East to consolidate their presence and business in emerging markets. The acquisition of the domestic formulations business that includes mass-market branded formulations business (the "**Formulation Business**") by Abbott Healthcare Private Limited ("**AHPL**"), an Indian subsidiary of Abbott Laboratories, USA ("**Abbott Lab**"), from Piramal Healthcare Limited ("**Piramal Healthcare**" / "**Company**") ("**Transaction**") is the latest in a wave of consolidation within the global pharmaceutical industry over the past few years.

On May 21, 2010, Piramal Healthcare declared the execution of definitive agreements with Abbott Lab for the sale of its Formulation Business to AHPL by way of a business transfer. It was not an easy catch for Abbott Lab that had to outbid a number of prospective acquirers to win this Formulation Business from Piramal Healthcare. The deal offers Abbott Lab a 7% combined market share in the Indian generic market and makes Abbott Lab the single largest player in the Indian pharmaceutical sector. Further, the deal will provide Abbott Lab the much required access to other emerging markets.

This deal, commanding one of the most expensive valuations in the recent times in India, has once again put the Indian pharmaceutical sector on global limelight. The entry into Indian market has its inherent economic and business advantages for foreign acquirers including geographic expansion and access to lucrative emerging markets. Ranked 4th in the world pertaining to volume of sales, the lucrative pharmaceutical industry in India has clearly captured the fascination of global MNCs. With each concluded deal, the quest for space in this rapidly growing Indian pharmaceutical market is further gaining momentum and it is expected to see many more pharmaceutical deals in India in the days to come. With the perfect execution of this strategic deal which offers a win-win situation to all the parties involved, the reputation of Mr. Ajay G Piramal as a clever M&A strategist is clearly reaffirmed.

In this M&A Lab, we probe deeper into the Abbott – Piramal Healthcare deal which catapults Abbott Lab to numero uno position in the Indian pharmaceutical market, one of the most attractive and rapidly growing pharmaceutical markets. As always, we seek to analyze the legal, regulatory, tax and few commercial dimensions of this transaction.

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

Nishith Desai Associates is pleased to present a detailed analysis of the latest legal developments and trends. The M&A Lab is our initiative to provide you in-depth, incisive and a detailed research based analysis of the latest M&A deals with a view to sharing and inviting views and counter-views. We will be happy to have your views / comments on our initiative. Please read the disclaimer carefully.

– Arun Scaria, Vaidhyadhanan Iyer, [Nishchal Joshipura](#) & Siddharth Shah
You can direct your queries or comments to Team M&A

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