



COMPETITION COMMISSION OF INDIA
(Combination Registration No. C-2014/05/170)

Dated: 05.12.2014

Notice under Section 6 (2) of the Competition Act, 2002 given by

- **Sun Pharmaceutical Industries Limited; and**
- **Ranbaxy Laboratories Limited**

Order under Section 31 (7) of the Competition Act, 2002 (“Order”)

INTRODUCTION

1. On 06.05.2014, the Competition Commission of India (“**Commission**”) received a notice (“**Notice**”) under sub-section (2) of Section 6 of the Competition Act, 2002 (“**Act**”) given by Sun Pharmaceutical Industries Limited (“**Sun Pharma**”) and Ranbaxy Laboratories Limited (“**Ranbaxy**”) (hereinafter, Sun Pharma and Ranbaxy are collectively referred to as the “**Parties**”).
2. The Notice was filed with the Commission pursuant to (a) a scheme of arrangement approved on 06.04.2014 by the respective board of directors of Sun Pharma and Ranbaxy under Sections 391-394 and other applicable provisions of the Companies Act, 1956 and the Companies Act, 2013 (b) Transaction agreement executed between the Parties on 06.04.2014 and (c) Investor agreement executed on 06.04.2014 between Sun Pharma and Daiichi Sankyo Company Limited, which holds approximately 63.40 per cent of the outstanding shares of Ranbaxy.
3. In terms of Regulation 14 of the Competition Commission of India (Procedure in regard to the transaction of business relating to combinations) Regulations, 2011 (“**Combination Regulations**”), vide letter dated 09.05.2014, the Parties were required to remove certain defects and provide information/document(s). The response of the Parties in this regard was received on 19.05.2014. Since the information provided by the Parties was not complete, another letter dated 21.05.2014 was sent to the Parties requiring them to provide complete information by 27.05.2014. The response was accordingly received on 27.05.2014.



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4. In terms of sub-regulation (4) of Regulation 5 and sub-regulation (2) of Regulation 19 of the Combination Regulations, vide letter dated 10.06.2014, the Parties were required to provide certain additional information, which was submitted on 16.06.2014. Since the information provided by the Parties was not complete, another letter dated 20.06.2014 was sent to the Parties requiring them to provide complete information by 27.06.2014. The Parties submitted an economist's report on 27.06.2014. However, the response of the Parties to letter dated 20.06.2014 was filed on 02.07.2014, after seeking extension of time. Vide letter dated 30.06.2014, the Parties were further required to provide certain additional information under sub-regulation (4) of Regulation 5 and sub-regulation (2) of Regulation 19 of the Combination Regulations, the response to which was also submitted by the Parties on 02.07.2014. On 03.07.2014, the Parties also submitted certain clarifications related to their response(s) submitted on 02.07.2014.

PARTIES TO THE COMBINATION

5. Sun Pharma is an integrated specialty pharmaceutical company. It manufactures and markets a large basket of pharmaceutical formulations as branded generics in India, USA and several other markets across the world. The key therapy areas of Sun Pharma are central nervous system, dermatology, cardiology, orthopaedics, ophthalmology, gastroenterology, nephrology, etc. It is also *inter alia* engaged in manufacture and sale of active pharmaceutical ingredients (**APIs**).
6. Ranbaxy is a vertically integrated company that *inter alia* develops manufactures and markets generic, branded generic, over-the-counter (**OTC**) products, APIs and intermediates. It has a presence in many therapy areas including anti-infectives, cardiovascular, pain management, central nervous system, gastrointestinal, respiratory, dermatology, orthopaedics, nutritionals and urology. Ranbaxy holds 46.79 per cent equity in Zenotech Laboratories Limited ("**Zenotech**") which is stated to be a pharmaceutical company engaged in development, manufacture and supply of injectible products having portfolio of niche therapies like chemical oncology and biotechnology products from bacterial and mammalian cell-culture.



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PROPOSED COMBINATION

7. The proposed combination relates to the merger of Ranbaxy into Sun Pharma pursuant to the scheme of arrangement approved by their respective board of directors under Sections 391-394 and other applicable provisions of the Companies Act, 1956 (as amended) and the Companies Act, 2013. Post combination, the existing shareholders of Ranbaxy will hold approx. 14 per cent of the equity share capital of the Merged Entity on a pro forma basis. As stated by the Parties, pursuant to the proposed combination, the promoter group of Sun Pharma is expected to own approx. 54.7 per cent equity share capital of the Merged Entity. Further, as Ranbaxy holds 46.79 per cent equity share capital of Zenotech, the proposed combination would result in acquisition of this 46.79 per cent equity share capital of Zenotech by Sun Pharma from Ranbaxy. Zenotech is a listed company and as per the details given in the Notice, in terms of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011, Sun Pharma has announced an open offer for 28.10 per cent equity share capital of Zenotech through the public announcement dated 11.04.2014 to be commenced after the merger of Ranbaxy into Sun Pharma.

INVESTIGATION UNDER SECTION 29 OF THE ACT

8. The Commission in its meeting held on 07.07.2014 considered the facts on record, details provided in the Notice and the responses filed by the Parties and formed a *prima facie* opinion that the proposed combination is likely to cause an appreciable adverse effect on competition in the relevant markets in India. Therefore, the Commission decided to issue a show-cause notice to the Parties in terms of sub-section (1) of Section 29 of the Act. Accordingly, a show cause notice was issued to the Parties under sub-section (1) of Section 29 of the Act (“SCN”) on 16.07.2014, as per which the Parties were directed to respond, in writing, within thirty days of the receipt of SCN, as to why investigation in respect of the proposed combination should not be conducted.
9. The response of the Parties to the SCN was received on 19.08.2014 (“**Response to SCN**”). The Commission considered and assessed the Response to the SCN in its



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meetings held on 25.08.2014 and 27.08.2014 and formed a *prima facie* opinion that the proposed combination is likely to have an appreciable adverse effect on competition. Accordingly, under sub-section (2) of Section 29 of the Act read with Regulation 22 of the Combination Regulations, the Commission directed the Parties to publish details of the proposed combination within ten working days from the date of the direction, for bringing the proposed combination to the knowledge or information of the public and persons affected or likely to be affected by such combination. The said direction was communicated to the Parties vide letter dated 27.08.2014.

10. In accordance with the directions of the Commission, the said details of the proposed combination were published by the Parties on 04.09.2014 in Form IV contained in Schedule II to the Combination Regulations and other applicable provisions. Vide the said publication, the Commission invited comments/objections/suggestions in writing, in terms of the provisions of sub-section (3) of Section 29 of the Act, from any person(s) adversely affected or likely to be affected by the proposed combination, within fifteen working days from the date of publication, i.e., by 25.09.2014.
11. Pursuant to such publication, the Commission received comments from different stakeholders which were duly noted by the Commission in its meeting held on 13.10.2014. In terms of sub-section (4) of Section 29 of the Act, the Commission further decided to seek para-wise clarification(s) from the Parties on the comments submitted by stakeholders and certain other information. Accordingly, a letter was issued to the Parties seeking such details on 17.10.2014, the response to which was submitted by the Parties on 03.11.2014.
12. The Commission considered the proposed combination in its meeting held on 03.11.2014. The Commission also considered the response of the Parties submitted on 03.11.2014 and the proposed combination in its meeting held on 20.11.2014 and decided to propose Divestiture to the Parties in respect of certain relevant markets. In the said meeting, the Commission was also of the view that response of the



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Parties was not comprehensive enough to arrive at the proposal for modification under sub-section (3) of Section 31 of the Act. Accordingly, the Commission decided to seek detailed information from the Parties in relation to structuring of the divestiture package, transitional supply and other arrangements, etc., under the provisions of sub-section (4) of Section 29 of the Act and sub-regulation 4 of Regulation 5 of the Combination Regulations. Accordingly, on 21.11.2014, a letter was issued to the Parties seeking aforesaid information, the response to which was received by the Commission on 24.11.2014. The Commission in its meeting held on 26.11.2014 considered the said response of the Parties and decided to proceed with the case in accordance with the provisions contained in Section 31.

COMPETITION ASSESSMENT

Relevant Market

13. It is observed that both the Parties are engaged in the manufacture, sale and marketing of various pharmaceutical products including formulations/medicines and APIs. Both the Parties are primarily generics manufacturers (i.e., producers of generic copies of originator drugs) with a small number of licensed molecules. Sun Pharma and Ranbaxy are also in the process of research and development on various pharmaceutical products. For the purpose of the competition analysis, the Parties categorized their products on the basis of classification of pharmaceutical products given by the AIOCD¹ in terms of the hierarchy of therapeutic area, super group, group and molecule.
14. The various generic brands of a given molecule are chemical equivalents and are considered to be substitutable. Therefore, the molecule level would be most appropriate for defining relevant markets on the basis of substitutability. Alternatively, pharmaceutical drugs falling within a therapeutic group may also be considered as constituting a potential relevant market. However, in this regard it is noted that the pharmaceutical drugs within a group may not be substitutable because

¹All India Organization for Chemists and Druggists



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of differences in the intended use, mechanism of action of the underlying molecule, mode of administration, contra-indications, side effects etc. Moreover, in generics markets, competition primarily takes place between different brands based on the same molecule.

15. Accordingly, it is appropriate to define the relevant product market at the molecule level, i.e., medicines/formulations based on the same API may be considered to constitute a separate relevant product market. Further, as per the submissions in the Notice, the products of the Parties are available across India and therefore, the relevant geographic market is considered to be the territory of India.
16. It is observed that there are horizontal overlaps between the products of the Parties in various molecules. The relevant market of formulations based on each of these molecules was examined for the purpose of competition analysis of the proposed combination.
17. In addition to identification of horizontal overlaps between the products of the Parties in certain molecules, the Commission also considered the pipeline products of the Parties with a view to assess the potential competition concerns, if any.
18. In relation to APIs, it is noted that APIs are the primary inputs in the manufacture of formulations and thus constitute a separate relevant market, distinct from formulations. In this regard, as per the information given in the notice, the Commission observed that both the Parties sell APIs to third parties.

I. Market for Formulations

19. **Horizontal Overlap:** On the basis of combined market share of the Parties, incremental market share as a result of the proposed combination, market share of



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the competitors, number of significant players in the relevant market², etc., the Commission focussed its investigation on forty nine relevant markets where the proposed combination was likely to have appreciable adverse effect on competition in the relevant market in India.

20. In addition to these forty nine relevant markets, the Commission also identified two relevant markets for formulations wherein Sun Pharma is already marketing and selling its products whereas Ranbaxy has pipeline products to be launched in the near future.

Markets with appreciable adverse effect on competition

21. Based on its assessment of the following relevant markets, the Commission is of the view that the proposed combination is likely to result in appreciable adverse effect on competition in the following markets:

21.1 *TAMSULOSIN + TOLTERODINE / G4C13*

In this relevant market, Ranbaxy is the market leader with a market share of [60-65] per cent, followed by Sun Pharma which has a market share of [30-35] per cent. The combined market share of the Parties is [90-95] per cent resulting in near monopoly in the market. The Merged Entity is likely to face competition from only one significant competitor, i.e., Intas with a market share of [5-10] per cent only. The remaining players have negligible market share and thus may not be in a position to exert significant competitive constraint on the Merged Entity. Therefore, it is noted that effectively there are only three players in this market and as a result of the proposed combination, the number of significant players will be reduced from three to two. The proposed combination will eliminate a significant competitor and is likely to have an appreciable adverse effect on competition in this relevant market.

² The market share values have been calculated on the basis of Moving Annual Total (MAT) values as on January, 2014 from the data given by AIOCD AWACS.



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21.2 ***ROSUVASTATIN + EZETIMIBE / C10G6***

In this relevant market, Ranbaxy is the market leader with a market share of [55-60] per cent, followed by Sun Pharma which has a market share of [30-35] per cent. The combined market share of the Parties is [90-95] per cent resulting in near monopoly in the market. The Merged Entity is likely to face competition from only one significant competitor, i.e., Lupin with a market share of [5-10] per cent only. The remaining players have negligible market share and thus may not be in a position to exert significant competitive constraint on the Merged Entity. Therefore, it is noted that effectively there are only three players in this market and as a result of the proposed combination, the number of significant players will be reduced from three to two. The proposed combination will eliminate a significant competitor and is likely to have an appreciable adverse effect on competition in this relevant market.

21.3 ***LEUPRORELIN / H1C6***

In this relevant market, Ranbaxy is the market leader with a market share of [45-50] per cent followed by Sun Pharma which has a market share of [35-40] per cent. The combined market share of the Parties is [85-90] per cent. The merger is between the two largest players in the market and there is only one significant competitor, i.e., Bharat Serums with a market share of [5-10] per cent only. The other players in the relevant market have negligible market share and thus may not be in a position to exert significant competitive constraint on the Merged Entity. Moreover, the market share of other players has been decreasing over the period of last four years. Therefore, it is noted that effectively there are only three players in this market and as a result of the proposed combination, the number of significant players will be reduced from three to two. The proposed combination will eliminate a significant competitor and is likely to have an appreciable adverse effect on competition in this relevant market.

21.4 ***TERLIPRESSIN / H4D7***

In this relevant market, Sun Pharma is the market leader with a market share of [55-60] per cent followed by Ranbaxy which has a market share of [5-10] per



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cent. The combined market share of the Parties is [65-70] per cent. The proposed combination is likely to strengthen the market position of the Merged Entity, which is likely to face competition from only one significant competitor, i.e., Alembic with a market share of [20-25] per cent. The other players in the relevant market have negligible market share and thus may not be in a position to exert significant competitive constraint on the Merged Entity. Therefore, it is noted that effectively there are only three players in this market and as a result of the proposed combination, the number of significant players will be reduced from three to two. Ranbaxy has recently entered this market and therefore, the proposed combination will eliminate a significant competitor and is likely to have an appreciable adverse effect on competition in this relevant market.

21.5 *OLANZAPINE + FLUOXETINE / N5A6*

In this relevant market, Sun Pharma is the largest player with a market share of [40-45] per cent and Ranbaxy is the third largest player with a market share of [20-25] per cent. The combined market share of the Parties is [65-70] per cent. The proposed combination is likely to strengthen the market position of the Merged Entity, which is likely to face competition from only one significant competitor, i.e., Intas with a market share of [30-35] per cent. The other players in the relevant market have negligible market share and thus may not be in a position to exert significant competitive constraint on the Merged Entity. Therefore, it is noted that effectively there are only three players in this market and as a result of the proposed combination, the number of significant players will be reduced from three to two. The proposed combination will eliminate a significant competitor and is likely to have an appreciable adverse effect on competition in this relevant market.

21.6 *LEVOSULPIRIDE + ESOMEPRAZOLE / A3F49*

In this relevant market, Sun Pharma is the market leader with a market share of [50-55] per cent whereas Ranbaxy is third largest player with a market share of [5-10] per cent. The combined market share of the Parties is [60-65] per cent. The proposed combination is likely to strengthen the market position of the



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Merged Entity, which is likely to face competition from only one significant competitor, i.e., Torrent with a market share of [35-40] per cent. The other players in the relevant market have negligible market share and thus may not be in a position to exert significant competitive constraint on the Merged Entity. Therefore, it is noted that effectively there are only three players in this market and as a result of the proposed combination, the number of significant players will be reduced from three to two. The proposed combination will eliminate a significant competitor and is likely to have an appreciable adverse effect on competition in this relevant market.

21.7 ***OLMESARTAN + AMLODIPINE + HYDROCLORTHIAZIDE / C9E22***

In this relevant market, Sun Pharma is the market leader with a market share of [30-35] per cent and Ranbaxy has a market share of [5-10] per cent. Pursuant to the proposed combination, the Merged Entity is likely to be the market leader with a market share of [40-45] per cent. There are only two other significant competitors in the market, i.e., Macleods which has a market share of [15-20] per cent and Micro Labs which has a market share of [10-15] per cent. The market share of Merged Entity would be almost double the market share of next competitor. Moreover, market share of Micro Labs has been continuously decreasing over the last four years. Ranbaxy has recently entered the market and its market share has been increasing. Accordingly, the proposed combination will eliminate a significant competitor from the market and number of significant competitors would reduce from four to three. Therefore, the proposed combination is likely to have an appreciable adverse effect on competition in this relevant market.

Markets without appreciable adverse effect on competition

22. In relation to five relevant markets of formulations containing, i.e., Ibandronate | M5A5, Olopatadine | R6A47, Lactitol | V6E4, Lubiprostone | A6F5 and Cyclobenzaprine | M3B7, the Parties have submitted that Ranbaxy has discontinued its product and accordingly, at present there is no horizontal overlap between the



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products of the Parties. Further, in relation to relevant market of Somatostatin | H1D3, it has been submitted by the Parties in the Response to SCN that the products of Sun Pharma and Ranbaxy are entirely different and it is only due to an error that they had been classified in a single category in the AIOCD database. Sun Pharma's product is based on Somatostatin which is used in the treatment of severe and acute intestinal bleeding whereas Ranbaxy's product is based on Somatropin which is used for the treatment of growth hormone deficiency. Accordingly, it is noted that at present there being no overlap, the proposed combination is not likely to have an appreciable adverse effect on competition in the said markets.

23. It is noted that some of the molecules identified above for further investigation are covered in the National List of Essential Medicines (**NLEM**). In respect of these molecules, the Parties have submitted that these are subject to price control by the National Pharmaceutical Pricing Authority (**NPPA**). Further, exit from these markets is cumbersome and requires approval of the NPPA. Out of the above said forty nine relevant markets, formulations based on four molecules are covered under NLEM. The detailed assessment of these four relevant markets is as follows:

23.1 ***OLANZAPINE / N5A5***

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [35-40] per cent and [0-5] per cent, respectively, i.e., the combined market share of the Parties is [35-40] per cent. However, the incremental market share is only [0-5] per cent and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. Also, the market share of Ranbaxy has been declining over the past few years. There are three significant competitors in this market, i.e., Intas which has a market share of [30-35] per cent, Alkem which has a market share of [5-10] per cent and Micro Labs which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Further, 5 mg and 10 mg strengths of this formulation are covered under NLEM, i.e., in respect of these strengths, the NPPA has provided price caps and exit from these markets requires approval from the NPPA. These strengths are the most



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commonly prescribed strengths in this molecule and constitute approx. 65 per cent of total sales. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

23.2 *CLOPIDOGREL / BIC5*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [25-30] and [0-5] per cent, respectively, i.e., the combined market share of the Parties is [30-35] per cent. However, the incremental market share is only [0-5] per cent and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. There are five significant competitors in this relevant market, i.e., Lupin which has a market share of [15-20] per cent, Torrent which has a market share of [10-15] per cent, Intas which has a market share of [10-15] per cent, Cipla which has a market share of [5-10] per cent and Sanofi which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Further, 75 mg strength of this formulation is covered under NLEM in respect of which the NPPA has provided price caps and exit from these markets requires approval from the NPPA. This strength is most commonly prescribed strength in this molecule and constitutes approx. 97 per cent of total sales. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

23.3 *ATORVASTATIN / C10A1*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [10-15] and [10-15] per cent, respectively, i.e., the combined market share of the Parties is [20-25] per cent. There are six significant competitors in this relevant market, i.e., Zydus which has a market share of [10-15] per cent, Lupin which has a market share of [10-15] per cent, Intas which has a market share of [5-10] per cent, Abbott which has a market share of [5-10] per cent, Dr. Reddy's which has a market share of [5-10] per cent and Micro Labs which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Further, 5 mg and 10 mg



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strength of this formulation is covered under NLEM, i.e., in respect of these strengths, the NPPA has provided price caps and exit from these markets requires approval from the NPPA. These strengths are commonly prescribed strengths in this molecule and constitute approx. 41 per cent of total sales. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

23.4 *LOSARTAN / C9D3*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [15-20] per cent and [5-10] per cent, respectively, i.e., the combined market share of the Parties is [20-25] per cent. There are two significant competitors in this market, i.e., Unichem which has a market share of [30-35] per cent and Zydus which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Further, 25 mg and 50 mg strength of this formulation is covered under NLEM, i.e., in respect of these strengths, the NPPA has provided price caps and exit from these markets requires approval from the NPPA. These strengths are most commonly prescribed strengths in this molecule and constitute approx. 99 per cent of total sales. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24. The detailed assessment of the remaining relevant markets is as follows:

24.1 *ALFUZOSIN + DUTASTERIDE / G4C12*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [25-30] per cent and [15-20] per cent, respectively. The combined market share of the Parties is [40-45] per cent. At present, the market leader in this market is Cipla which has a market share of [35-40] per cent and is showing an increasing trend over the past few years. Cipla is likely to exert significant competitive constraint on the Merged Entity. There is one more significant competitor in this market, i.e., Dr. Reddy's with a market share of [10-15] per cent. Considering that a larger competitor remains in the market along with another significant



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competitor, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.2 ***DARIFENACIN / G4D7***

In this relevant market, Ranbaxy has a market share of [25-30] per cent followed by Sun Pharma with a market share of [20-25] per cent. The combined market share of the Parties is [50-55] per cent. However, there are three significant competitors in this market, i.e., Alembic which has a market share of [20-25] per cent, Cipla which has a market share of [10-15] per cent and Intas which has a market share of [5-10] per cent. The market share of these competitors has been increasing over the past few years. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity and therefore, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.3 ***TROSPIUM / G4D8***

In this relevant market, market shares of Sun Pharma and Ranbaxy are [30-35] per cent and [20-25] per cent, respectively. The combined market share of the Parties is [50-55] per cent. There are three significant competitors in this market, i.e., Zydus which has a market share of [30-35] per cent, Cipla which has a market share of [5-10] per cent and Ipca which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Therefore, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.4 ***FLUVOXAMINE / N6A9***

In this relevant market, market shares of Sun Pharma and Ranbaxy are [45-50] per cent and [5-10] per cent, respectively. The combined market share of the Parties is [50-55] per cent. However, there are three significant competitors in this market, i.e., Abbott which has a market share of [20-25] per cent, Intas which has a market share of [15-20] per cent and Micro Labs which has a market



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share of [5-10] per cent. Further, the market share of these players has been either constant or increasing. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Therefore, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.5 *VENLAFAXINE / N6A19*

In this relevant market, market shares of Sun Pharma and Ranbaxy are [25-30] per cent and [15-20] per cent, respectively. The combined market share of the Parties is [40-45] per cent. However, there are three significant competitors in this market, i.e., Cipla which has a market share of [30-35] per cent, Torrent which has a market share of [10-15] per cent and Intas which has a market share of [10-15] per cent. The market share of Cipla and Torrent has been increasing and that of Intas has been marginally decreasing over the past few years. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Therefore, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.6 *TOLTERODINE / G4D4*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [5-10] per cent and [35-40] per cent, respectively. The combined market share of the Parties is [40-45] per cent. There are four significant competitors in this market, i.e., Cipla which has a market share of [30-35] per cent, Ipca which has a market share of [10-15] per cent, Pfizer which has a market share of [5-10] per cent and Dr. Reddy's which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Therefore, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.



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24.7 *ATENOLOL + LOSARTAN / C7G2*

In the relevant market, the market shares of Sun Pharma and Ranbaxy are [20-25] per cent and [10-15] per cent, respectively. The combined market share of the Parties is [35-40] per cent. However, there are four significant competitors in this market, i.e., Unichem which has a market share of [25-30] per cent, Alembic which has a market share of [10-15] per cent, Emcure which has a market share of [10-15] per cent and Micro Labs which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Therefore, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.8 *PRASUGREL / BIC23*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [0-5] and [30-35] per cent, respectively. The combined market share of the Parties is [35-40] per cent. However, the incremental market share is only [0-5] per cent and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. At present, the market leader in this market is Torrent which has a market share of [45-50] per cent and has been showing an increasing trend over the past few years. Post-combination, Torrent is likely to continue to be the market leader and is expected to be in a position to exert significant competitive constraints on the Merged Entity. There is one more significant competitors in this market, i.e., Lupin with a market share of [10-15] per cent which is also likely to be in a position to exert significant competitive constraint on the Merged Entity. Therefore, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.9 *QUETIAPINE / N5A8*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [55-60] and [0-5] per cent, respectively. The combined market share of the Parties is [55-60] per cent. However, the incremental market share is only [0-5] per cent



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and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. Also, the market share of Ranbaxy has been declining over the past few years. There are three significant competitors in this market, i.e., Intas which has a market share of [20-25] per cent, Ipca which has a market share of [5-10] per cent and Torrent which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Therefore, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.10 *LACOSAMIDE / N3A25*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [35-40] and [0-5] per cent, respectively. The combined market share of the Parties is [40-45] per cent. However, the incremental market share is only [0-5] per cent and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. There are three significant competitors in this market, i.e., Torrent which has a market share of [25-30] per cent, UCB India which has a market share of [10-15] per cent and Intas which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Therefore, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.11 *RANOLAZINE / C12A1*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [30-35] and [0-5] per cent, respectively. The combined market share of the Parties is [35-40] per cent. However, the incremental market share is only [0-5] per cent and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. Also, the market share of Ranbaxy has been declining over the past few years. There are three significant competitors in this market, i.e., Unichem which has a market share of [15-20] per cent, Lupin which has a market share of [15-20] per cent and Torrent which has a



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market share of [15-20] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. The market share of all these entities has been increasing over the past few years. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.12 *OXCARBAZEPINE / N3A9*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [35-40] and [0-5] per cent, respectively. The combined market share of the Parties is [40-45] per cent. However, the incremental market share is only [0-5] per cent for the Merged Entity and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. Also, the market share of Ranbaxy has been declining over the past few years. The Merged Entity is likely to face competition from four significant competitors in this market, i.e., Intas which has a market share of [15-20] per cent, Novartis which has a market share of [10-15] per cent, Torrent Pharmaceuticals which has a market share of [5-10] per cent and Sanofi which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.13 *AMISULPRIDE / N5A1*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [35-40] and [0-5] per cent, respectively. The combined market share of the Parties is [35-40] per cent. However, the incremental market share is only [0-5] per cent and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. Also, the market share of Ranbaxy has been declining over the past few years. The Merged Entity is likely to face competition from four significant competitors in this market, i.e., Intas which has a market share of [20-25] per cent, Sanofi which has a market share of [10-15] per cent, Torrent which has a market share of [5-10] per cent and Pfizer which has a market share of [5-10] per cent. These competitors are likely to be in a



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position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.14 *LEVETIRACETAM / N3A8*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [30-35] per cent and [0-5] per cent, respectively. The combined market share of the Parties is [35-40] per cent. However, the incremental market share is only [0-5] per cent and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. Also, the market share of Ranbaxy has been declining over the past few years. The Merged Entity is likely to face competition from other significant competitors in this market, i.e., Intas which has a market share of [20-25] per cent, Abbott which has a market share of [5-10] per cent, UCB India which has a market share of [5-10] per cent and Torrent which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.15 *OLMESARTAN + METOPROLOL / C7G3*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [40-45] per cent and [0-5] per cent, respectively. The combined market share of the Parties is [40-45] per cent. However, the incremental market share is only [0-5] per cent and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. There are five significant competitors in this market, i.e., Unichem which has a market share of [15-20] per cent, Glenmark which has a market share of [5-10] per cent, Macleods which has a market share of [5-10] per cent, Lupin which has a market share of [5-10] per cent and Abbott which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.



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24.16 *BAMBUTEROL + MONTELUKAST / R3A4I*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [10-15] per cent and [15-20] per cent, respectively. The combined market share of the Parties is [25-30] per cent. The market share of Sun Pharma has been relatively constant whereas that of Ranbaxy has been declining over the past few years. At present, the market leader in this market is Cipla which has a market share of [45-50] per cent and is likely to remain the market leader post combination. There is one more significant competitor in this market, i.e., Lupin which has a market share of [15-20] per cent. The market share of Cipla has been relatively constant whereas that of Lupin has been increasing over the last four years. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.17 *SERTRALINE / N6A16*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [10-15] per cent and [10-15] per cent, respectively. The combined market share of the Parties is [25-30] per cent. The market share of the Parties has been relatively constant over the last four years. The Merged Entity is likely to face competition from two significant players, i.e., Pfizer which has a market share of [25-30] per cent and Unichem which has a market share of [25-30] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.18 *BICALUTAMIDE / L2B15*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [0-5] per cent and [25-30] per cent, respectively. The combined market share of the Parties is [25-30] per cent. The market share of Sun Pharma has been relatively constant whereas that of Ranbaxy has been increasing over the last four years.



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The incremental market share is only [0-5] per cent and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. At present, the market leader in this market is Cipla which has a market share of [35-40] per cent and is likely to remain the market leader post combination. There are two significant competitors in this market, i.e., Dr. Reddy's Laboratories which has a market share of [15-20] per cent, Intas Pharma which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.19 *PIOGLITAZONE / A10B18*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [15-20] per cent and [5-10] per cent, respectively. The combined market share of the Parties is [25-30] per cent. The market share of Sun Pharma has been relatively constant whereas that of Ranbaxy has been decreasing over the last four years. At present, the market leader in this market is USV which has a market share of [35-40] per cent and is likely to remain the market leader post combination. There are two more significant competitors in this market, i.e., Systopic Laboratories which has a market share of [5-10] per cent and Micro Labs which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an adverse appreciable effect on competition in this relevant market.

24.20 *ESOMEPRAZOLE / A2C2*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [15-20] per cent and [5-10] per cent, respectively. The combined market share of the Parties is [25-30] per cent which has been relatively constant over the last four years. At present, the market leader in this market is Torrent which has a market share of [30-35] per cent and is likely to remain the market leader post combination. There are two more significant competitors in this market, i.e.,



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Astrazeneca which has a market share of [20-25] per cent and Glenmark which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an adverse appreciable effect on competition in this relevant market.

24.21 *ETORICOXIB / MIA28*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [25-30] per cent and [5-10] per cent, respectively. The combined market share of the Parties is [30-35] per cent. The Merged Entity is likely to face competition from four significant competitors in this market, i.e., Zydus which has a market share of [25-30] per cent, Dr. Reddy's which has a market share of [5-10] per cent, Abbott which has a market share of [5-10] per cent and Micro Labs which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.22 *DOMPERIDONE + ESOMEPRAZOLE / A3F10*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [25-30] per cent and [5-10] per cent, respectively. The combined market share of the Parties is [30-35] per cent. The Merged Entity is likely to face competition from four significant competitors in this market, i.e., Torrent which has a market share of [30-35] per cent, Glenmark which has a market share of [10-15] per cent, Micro Labs which has a market share of [5-10] per cent and Mankind which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.



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24.23 *MONTELUKAST / R3A46*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [10-15] per cent and [10-15] per cent, respectively. The combined market share of the Parties is [20-25] per cent. At present, the market leader in this market is Cipla which has a market share of [35-40] per cent and is likely to remain the market leader post combination. There are two more significant competitors in this market, i.e., MSD which has a market share of [10-15] per cent and Lupin which has a market share of [10-15] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.24 *VOGLIBOSE / A10B22*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [20-25] per cent and [10-15] per cent, respectively. The combined market share of the Parties is [30-35] per cent. The market share of Sun Pharma has been relatively constant whereas that of Ranbaxy has been declining over the past few years. Accordingly, the combined market share of the Parties has been decreasing over the past few years. There are two significant competitors in this market, i.e., Abbott which has a market share of [5-10] per cent and USV which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Further as per the information given by the Parties, this market is fragmented as there are more than forty players operating in this market. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.25 *DIVALPROEX / N3A4*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [15-20] per cent and [5-10] per cent, respectively, i.e., the combined market share of the Parties is [25-30] per cent which has been declining over the past few years. There are three significant competitors in this relevant market, i.e., Intas which



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has a market share of [20-25] per cent, Abbott which has a market share of [15-20] per cent and Sanofi which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Further as per the information given by the Parties, this market is fragmented as there are more than thirty players operating in this market. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.26 ***ROSUVASTATIN + FENOFIBRATES / C10F6***

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [20-25] per cent and [10-15] per cent, respectively, i.e., the combined market share of the Parties is [30-35] per cent which has decreased over the last four years. There are four significant competitors in this relevant market, i.e., USV which has a market share of [5-10] per cent, Glenmark which has a market share of [10-15] per cent, Torrent which has a market share of [5-10] per cent and Lupin which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.27 ***ROSUVASTATIN / C10A6***

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [10-15] per cent and [20-25] per cent, respectively, i.e., the combined market share of the Parties is [30-35] per cent which has decreased over the last four years. There are five significant competitors in this relevant market, i.e., AstraZeneca which has a market share of [5-10] per cent, USV which has a market share of [5-10] per cent, Lupin which has a market share of [5-10] per cent, Torrent which has a market share of [5-10] per cent and Glenmark which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.



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24.28 *PIOGLITAZONE + GLIMEPIRIDE / A10B51*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [5-10] per cent and [15-20] per cent, respectively, i.e., the combined market share of the Parties is [25-30] per cent which has decreased over the last four years. There are five significant competitors in this relevant market, i.e., USV which has a market share of [20-25] per cent, Sanofi which has a market share of [10-15] per cent, Micro Labs which has a market share of [5-10] per cent, Zydus which has a market share of [5-10] per cent and Panacea Biotec which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.29 *ATORVASTATIN + EZETIMIBE / C10GI*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [10-15] per cent and [10-15] per cent, respectively. The combined market share of the Parties is [25-30] per cent. There are five significant competitors in this relevant market, i.e., Intas which has a market share of [15-20] per cent, Lupin which has a market share of [10-15] per cent, Zydus which has a market share of [5-10] per cent, Emcure which has a market share of [5-10] per cent and Micro Labs which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.30 *EDARAVONE / N7X5*

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [25-30] per cent and [5-10] per cent, respectively. The combined market share of the Parties is [30-35] per cent. There are six significant competitors in the relevant market, i.e., UCB India which has a market share of [10-15] per cent, Abbott which has a market share of [10-15] per cent, Alkem which has a market share of



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[10-15] per cent, Intas which has a market share of [5-10] per cent, Micro Labs which has a market share of [5-10] per cent and Unichem which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.31 ***THIOLCHICOSIDE + DICLOFENAC / MIA92***

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [10-15] per cent and [10-15] per cent, respectively. The combined market share of the Parties is [25-30] per cent. There are six significant competitors in this relevant market, i.e., Dr. Reddy's which has a market share of [15-20] per cent, Troikaa which has a market share of [10-15] per cent, Akumentis which has a market share of [5-10] per cent, Mankind which has a market share of [5-10] per cent, Wockhardt which has a market share of [5-10] per cent and Micro Labs which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in this relevant market.

24.32 ***ETORICOXIB + THIOLCHICOSIDE / MIA109***

In this relevant market, the market shares of Sun Pharma and Ranbaxy are [35-40] per cent and [0-5] per cent, respectively. The combined market share of the Parties is [35-40] per cent. However, the incremental market share is only [0-5] per cent and the market position of the Merged Entity will only be marginally strengthened by the proposed combination. At present, the market leader in this market is Zydus which has a market share of [50-55] per cent and has been showing an increasing trend over the past few years. Post combination, Zydus is likely to continue to be the market leader. There is one more significant competitor in this market, i.e., Alembic which has a market share of [5-10] per cent. These competitors are likely to be in a position to exert significant competitive constraint on the Merged Entity. Thus, the proposed combination is



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not likely to have an appreciable adverse effect on competition in this relevant market.

25. **Pipeline Products:** In addition to the above said markets, the Commission also identified two pipeline products of Ranbaxy, i.e., formulations containing Sitagliptin, which fall under therapeutic category ‘Oral Anti-diabetics’ and are expected to be launched in the near future. In this regard, it is noted that Sun Pharma already markets formulations containing these molecules under the brand name “Istavel” and “Istamet”, respectively, under a licence from the patent owner, viz., MSD. There is one more player, i.e., Glenmark which also markets its products in both of these markets. It is likely that on consummation of the proposed combination, the development of these formulations by Ranbaxy could be stalled and the product(s) would not be launched in the market.
26. As per the information given by the Parties, it is noted that the validity of the said patent is under dispute and the decision of the relevant judicial authority is awaited. If the said patent is upheld by the judicial authorities, then generic versions of these formulations cannot be launched. However, if the said patent is rejected, then considering the attractiveness of the market, many companies are likely to be in a position to launch their generic versions of these molecules. It has also been submitted by the Parties, that MSD has secured injunctions against few companies from launching their products in India, thus indicating that there is a likelihood of new entries in these markets, if the patent is rejected by the courts. Thus, the proposed combination is not likely to have an appreciable adverse effect on competition in these pipeline products.

II. Market for APIs

27. **Horizontal Overlap:** As already noted above, both the Parties sell APIs to Third Parties. However, it is observed that the horizontal overlap in APIs is insignificant to raise any competition concern.



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28. **Vertical integration post-merger:** The primary competition concern due to vertical integration post-merger is whether the proposed combination leads to input foreclosure (i.e., the Merged Entity raises downstream rivals' costs by restricting their access to an important input) or to customer foreclosure (i.e., the Merged Entity forecloses upstream rivals' access to their downstream customers). It is observed that both the Parties are engaged in the business of APIs as well as formulations. Post combination, there is a possibility of vertical integration between the Parties as the APIs manufactured and sold by one Party can be used as raw material for the formulations produced by the other.
29. In this regard, it is noted that manufacturing and sale of APIs is not the primary business of either of the Parties. Sun Pharma's revenue from the sale of APIs constitutes only five per cent of its total revenues. Similarly for Ranbaxy, the sale of APIs constitutes only six per cent of its total revenues. It is further observed from the information provided by the Parties that in relation to the APIs sold by the Parties to the Third Parties, there are a number of suppliers, both within and outside India, which supply APIs to the formulation manufacturers. Moreover, as per the information available in the public domain and the information provided by the Parties, these APIs are also imported into India. Accordingly, the proposed combination is not likely to result in vertical foreclosure.
30. Considering the facts on record, the details provided in the notice and the assessment of the proposed combination on the basis of factors stated in sub-section (4) of Section 20 of the Act, the Commission is of the opinion that the proposed combination is likely to have an appreciable adverse effect on competition in India in the following relevant markets for the formulations containing:
- i. Tamsulosin + Tolterodine
 - ii. Rosuvastatin + Ezetimibe
 - iii. Leuprorelin
 - iv. Terlipressin
 - v. Olanzapine + Fluoxetine



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- vi. Levosulpiride + Esomeprazole
- vii. Olmesartan + Amlodipine + Hydrochlorothiazide

31. Based on the submissions of the Parties on 24.11.2014, it is noted that, in the relevant markets mentioned in Paragraph 30, the Parties sell their products under the following brand names:

S. No.	Relevant Market	Brand owned/in-licensed/distributed by Sun Pharma	Brand owned/in-licensed/distributed by Ranbaxy
1.	Tamsulosin + Tolterodine	Tamlet	Roliflo
2.	Rosuvastatin + Ezetimibe	Rozavel EZ	Rosuvas EZ
3.	Leuprorelin	Lupride	Eligard
4.	Terlipressin	Terlyz	Terlibax
5.	Olanzapine + Fluoxetine	Oleanz Plus	Olanex F
6.	Levosulpiride + Esomeprazole	Sompraz L	Raciper L
7.	Olmesartan + Amlodipine + Hydrochlorothiazide	Triolmezest	Triolvance

32. Based on the above assessment of the likely appreciable adverse effect on competition in the relevant markets, the Commission is of the opinion that the adverse effect of the proposed combination on competition can be eliminated by suitable modification.

33. Accordingly, the Commission proposed modification to the combination in terms of sub-section (3) of Section 31 of the Act vide letter dated 27.11.2014. Thereafter, certain non-substantive revisions to the proposed modification were made by the



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Commission and the same were communicated to the Parties vide letter dated 28.11.2014. The Commission proposed that:

- a. Sun Pharma shall Divest:
 - i. All products containing Tamsulosin + Tolterodine which are currently marketed and supplied under the Tamlet brand name.
 - ii. All products containing Leuprorelin which are currently marketed and supplied under the Lupride brand name.
- b. Ranbaxy shall Divest:
 - i. All products containing Terlipresslin which are currently marketed and supplied under the Terlibax brand name.
 - ii. All products containing Rosuvastatin + Ezetimibe which are currently marketed and supplied under the Rosuvas EZ brand name.
 - iii. All products containing Olanzapine + Fluoxetine which are currently marketed and supplied under the Olanex F brand name.
 - iv. All products containing Levosulpiride + Esomeprazole which are currently marketed and supplied under the Raciper L brand name.
 - v. All products containing Olmesartan + Amlodipine + Hydrochlorothiazide which are currently marketed and supplied under the Triolvance brand name.
- c. The Parties shall Divest, or procure the Divestiture of the Divestment Product(s) within the First Divestiture Period, absolutely and in good faith, to Approved Purchaser(s), pursuant to and in accordance with Approved Sale and Purchase Agreement(s).



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- d. The Divestiture shall not be given effect to unless and until the Commission has approved (i) the terms of final and binding sale and purchase agreement(s) and (ii) the purchaser(s) proposed by the Parties.
 - e. The proposed combination shall not be effected by the Parties until Approved Sale and Purchase Agreement(s) have been entered into in accordance with the Order. Pursuant to execution of the Approved Sale and Purchase Agreement(s), the Parties shall ensure that the Closing takes place within First Divestiture Period.
34. The Parties, vide their response filed on 04.12.2014, submitted below mentioned amendment to the modification proposed by the Commission under the provisions of sub-section (6) of Section 31 of the Act. The Parties have further submitted that in case an amendment is not acceptable to the Commission, it may be ignored.
- a. The Commission may reconsider/modify the requirement provided in sub-paragraph (e) of paragraph 33 above.
 - b. With respect to the relevant market of products containing Leuprorelin, the Commission may consider Divestiture of products containing Leuprorelin currently marketed and supplied by Ranbaxy under the brand name Eligard instead of divestiture of products containing Leuprorelin currently marketed and supplied under Sun Pharma's brand name Lupride.
35. The Commission in its meeting held on 05.12.2014 considered the above said amendments and decided as follows:
- a. Not to accept the amendment submitted by the Parties under sub-paragraph (a) of paragraph 34 above.
 - b. To accept the amendment submitted by the Parties in relation to the relevant market of products containing Leuprorelin, i.e., Ranbaxy shall Divest its products containing Leuprorelin currently marketed and supplied under the



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brand name Eligard. In this regard, it is noted by the Commission that Ranbaxy has only distribution rights from another pharmaceutical company in this relevant market. The Commission is of the view that the Divestiture of distribution rights held by Ranbaxy in relation to Eligard will be effective in eliminating the likely appreciable adverse effect on competition. Further, the practice of divestiture of distribution rights as a means to address competition concern in a relevant market is prevalent in other jurisdictions also. As an additional safeguard, as proposed by the Parties, in the event the Divestiture of distribution rights of Eligard is not achieved within the First Divestiture Period, Sun Pharma shall Divest its products containing Leuprorelin currently marketed and supplied under Sun Pharma's brand name Lupride, as provided in Appendix B.

36. Pursuant to the above, the Commission hereby approves the proposed combination under sub-section (7) of Section 31 of the Act, subject to the Parties carrying out the modification to the proposed combination as provided below.

MODIFICATION TO THE PROPOSED COMBINATION

37. Sun Pharma shall Divest all products containing Tamsulosin + Tolterodine which are currently marketed and supplied under the Tamlet brand name.
38. Ranbaxy shall Divest:
- i. All products containing Leuprorelin which are currently marketed and supplied under the Eligard brand name. In the event the Divestiture of distribution rights of Eligard is not achieved within the First Divestiture Period, Sun Pharma shall Divest its products containing Leuprorelin currently marketed and supplied under Sun Pharma's brand name Lupride, as provided in Appendix B.
 - ii. All products containing Terlipresslin which are currently marketed and supplied under the Terlibax brand name.



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- iii. All products containing Rosuvastatin + Ezetimibe which are currently marketed and supplied under the Rosuvas EZ brand name.
- iv. All products containing Olanzapine + Fluoxetine which are currently marketed and supplied under the Olanex F brand name.
- v. All products containing Levosulpiride + Esomeprazole which are currently marketed and supplied under the Raciper L brand name.
- vi. All products containing Olmesartan + Amlodipine + Hydrochlorothiazide which are currently marketed and supplied under the Triolvance brand name.

(The brands Tamlet, Eligard, Terlibax, Rosuvas EZ, Olanex F, Raciper L and Triolvance shall be collectively referred to as “**Divestment Brands**”). The Divestment Brands shall include all strengths, indications, dosages and packaging (in all forms).

39. The modification to the proposed combination aims to maintain the existing level of competition in the relevant markets in India through:
 - a. the creation of a viable, effective, independent and long term competitor in the relevant markets pertaining to the Divestment Product(s);
 - b. ensuring that the Approved Purchaser of Divestment Product(s) has the necessary components, including transitional support arrangements to compete effectively with the Merged Entity in the relevant markets in India.
40. The modification to the proposed combination shall be given effect to in accordance with the terms and conditions provided below.



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Divestiture during the First Divestiture Period

41. The Parties shall Divest, or procure the Divestiture of the Divestment Product(s) within the First Divestiture Period, absolutely and in good faith, to Approved Purchaser(s), pursuant to and in accordance with Approved Sale and Purchase Agreement(s).
42. The Divestiture shall not be given effect to unless and until the Commission has approved (i) the terms of final and binding sale and purchase agreement(s); and (ii) the purchaser(s) proposed by the Parties.
43. The proposed combination shall not be effected by the Parties until Approved Sale and Purchase Agreement(s) have been entered into in accordance with the Order. Pursuant to execution of the Approved Sale and Purchase Agreement(s), the Parties shall ensure that the Closing takes place within the First Divestiture Period.
44. The Divestiture will proceed by way of an asset sale transaction. The Divestiture transaction shall include the elements set out in paragraph 46, and more specifically defined in the Schedule annexed herewith.
45. The Parties are permitted to sell such other additional asset(s)/product(s) that they and the Approved Purchaser(s) may agree in the context of the Divestiture.

Structure of the Divestment Product(s)

46. As stated by the Parties in their response dated 24.11.2014 none of the Divestment Product(s) are currently operated as a standalone business held by distinct legal entities within the respective Parties' group of companies, or by dedicated management, sales and marketing personnel. On the basis of the said submission of the Parties, the Commission is of the opinion that the Divestment Product(s) shall include, *inter alia*, the Assets detailed in sub-paragraph (a) to (d) below and the transitional arrangements provided in (e) below, as agreed between the Parties and the Approved Purchaser subject to the approval of the Commission.



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- a. All tangible assets including but not limited to all raw materials, stocks, work in progress, and semi-finished and finished goods relating to the Divestment Product(s).
 - b. Intangible assets (including intellectual property rights) which contribute to the current operation or are necessary to ensure the economic viability, marketability and competitiveness of the Divestment Product(s); in case of shared know how (retained by the Parties for use in their other business), the Parties shall grant a non-exclusive, irrevocable, royalty free and perpetual licence.
 - c. All licences, permits and authorisations (including marketing authorisations) issued by any governmental organisation, relating to the Divestment Product(s) and all contracts, leases, commitments and customer orders, relating to the Divestment Product(s).
 - d. All customer records, credit records and other records, relating to the Divestment Product(s).
 - e. At the option of the Approved Purchaser(s), the Parties shall extend such transitional support as may be required by the Approved Purchaser in order to ensure the continued supply of the Divestment Product(s) in the relevant markets.
47. The Divestment Product(s) shall not include:
- a. Any manufacturing facilities of the Parties.
 - b. Intellectual property rights which do not contribute to the current operations and/or is not necessary to ensure the economic viability, marketability and competitiveness of the respective Divestment Product(s).
 - c. Any rights to the domain name of the Parties.



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- d. Books and records required to be retained pursuant to any statute, rule, regulation or ordinance, provided that an Approved Purchaser shall be entitled to obtain a copy of the same and shall be permitted access to the original of such books and records during normal business hours.
- e. General books of account and books of original entry that comprise the Parties' permanent accounting or tax records.
- f. Monies owed to the Parties by customers for the purchase of Divestment Product(s) and monies owed by the Parties to suppliers for materials used in the production of the Divestment Product(s), or to suppliers for the production of the Divestment Product(s).
- g. The Parties' names or logos in any form (except the logos and names pertaining to Divestment Product(s)).

Preservation of Economic Viability, Marketability and Competitiveness

- 48. Until the Closing Date, the Parties shall take such steps as are necessary to maintain the economic viability, marketability, and competitiveness of the Divestment Product(s) and shall prevent the destruction, removal, wasting, deterioration, sale, disposition, transfer or impairment of any Assets, except as would occur in the ordinary course of business.
- 49. Until the Closing Date, the Parties shall maintain the operations of the Divestment Product(s) in the regular and ordinary course of business and in accordance with past practices (including regular repair and maintenance) and shall use their best efforts to preserve the existing relationships with suppliers, vendors, customers, agencies, and others having business related to the Divestment Product(s).
- 50. Without limiting the generality of the foregoing, until the Closing Date, the Parties shall provide such sales, managerial, administrative, operational and financial support as is necessary in the ordinary course of business to promote the continued



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effective operation of the Divestment Product(s) in accordance with standards similar to those existing prior to the Effective Date.

51. Within seven days from the Effective Date, each Party shall appoint a senior management level employee having sufficient experience in the operations and management of the Divestment Product(s) who shall under the supervision of the Monitoring Agency, ensure that the economic viability, marketability and competitiveness of the Divestment Product(s) are maintained till the Closing Date (“**Hold Separate Manager**”). The Hold Separate Manager shall, on a monthly basis, report in writing to the Monitoring Agency on economic viability, marketability and competitiveness of Divestment Product(s). He/ She shall report immediately in writing to the Monitoring Agency of any failure on part of the Parties to comply with the Order.

Due Diligence and Reporting:

52. The Parties shall provide sufficient information regarding Divestment Product(s) to potential purchasers so that such potential purchasers are able to undertake reasonable due diligence of the respective Divestment Product(s). The Parties may require the potential purchasers to execute a confidentiality agreement before providing access to information regarding the Divestment Product(s). The Monitoring Agency shall monitor the due diligence process, including the preparation of data room documentation, in accordance with the Monitoring Agency Agreement.
53. The Parties shall keep the Monitoring Agency informed regarding the potential purchasers and developments regarding the Divestiture by submitting written reports regarding the same within ten days of the end of every month following the Effective Date.



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No acquisition of influence:

54. The Parties shall, for a period of five years from the Closing Date, not acquire direct or indirect influence over the whole or part of the Divestment Product(s).

Purchaser Requirements

55. The purchaser proposed by the Parties, in order to be approved by the Commission, must, *inter alia*:
- be independent of and with no connection whatsoever with the Parties;
 - have the financial resources, proven expertise, manufacturing capability or ability to outsource manufacturing and incentive to maintain and develop the Divestment Product(s) as a viable and active competitor to the Parties in the relevant markets;
 - be a company active in the sales and marketing of pharmaceutical products in the India; and
 - neither be likely to create, in the light of the information available to the Commission, *prima facie* competition concerns nor give rise to a risk that the implementation of the Order will be delayed, and must, in particular, reasonably be expected to obtain all necessary approvals from the relevant regulatory authorities for the acquisition of the Divestment Product(s) (the before-mentioned criteria for the purchaser hereafter referred to as the “**Purchaser Requirements**”).

Approval of Sale and Purchase Agreement and Purchaser

56. The Parties must be able to demonstrate to the Commission that the purchaser proposed by the Parties meets the Purchaser Requirements and that the Divestment Product(s) are being sold in a manner consistent with the Order.



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57. The final and binding sale and purchase agreement shall be conditional on the Commission's approval.
58. When Parties have reached an agreement with Approved Purchaser(s), they shall submit fully documented and reasoned proposal(s), including a copy of the final and binding sale and purchase agreement(s) to the Commission for its approval. A copy of the said proposal(s) and final and binding sale and purchase agreement(s) shall be forwarded to the Monitoring Agency.
59. The Commission may approve Divestiture without one or more Assets, if it is of the opinion that the exclusion of such Assets will not affect the economic viability, marketability and competitiveness of the respective Divestment Product(s).

Alternative Divestment Product(s)

60. If, the Parties do not reach agreement with the purchaser(s) regarding the Divestiture of all Divestment Product(s) within the First Divestiture Period, the Commission may direct the Parties to Divest the Alternative Divestment Product(s) and may under Regulation 27 of the Combination Regulations, appoint an independent agency as Divestiture Agency to effect the Divestiture as provided in paragraph 69 to 72 of the Order.
61. In order to maintain the structural effect of the modification, the Parties shall, for a period of five years after the Closing Date, not acquire direct or indirect influence over the Alternative Divestment Product(s) pursuant to sale of Alternative Divestment Product(s) to Approved Purchaser(s).

Monitoring Agency

62. The Commission shall, under Regulation 27 of the Combination Regulations, appoint an independent agency as Monitoring Agency for the purpose of supervision of the modification.



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63. The Monitoring Agency shall undertake such functions as may be directed by the Commission, which shall include, *inter alia*, the following functions:
- a. Overseeing the on-going management of the Divestment Product(s) with a view to ensure its continued economic viability, marketability and competitiveness and monitor compliance by the Parties with the modification to the combination provided in the Order.
 - b. Propose to Parties such measures as the Monitoring Agency considers necessary to ensure Parties' compliance with the Order.
 - c. Review and assess potential purchasers as well as the progress of the Divestiture process and verify that at each stage of the Divestiture process, potential purchasers receive sufficient information relating to the Divestment Product(s), in particular by reviewing the relevant data room documentation, information memorandum and due diligence process.
 - d. Submit to the Commission a written report within ten days after the end of every month which shall cover (a) the operation and management of the Divestment Product(s); and (b) the progress of the Divestiture process as well as potential purchasers. It shall report immediately in writing to the Commission of any failure on part of the Parties to comply with the Order. A non-confidential copy of the said report will be provided to the Parties.
 - e. Submit to the Commission a written report containing its recommendations as regards (a) the suitability of the purchaser proposed by the Parties in accordance with paragraph 55 of the Order; (b) whether the Divestiture is being carried in accordance with the Order; and (c) where applicable, its recommendations with regard to Divestiture of the Divestment Product(s) without one or more Assets under paragraph 59 of the Order.
 - f. Assume the other functions assigned to the Monitoring Agency under the Monitoring Agency Agreement.



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64. A copy of the Monitoring Agency Agreement shall be provided to the Parties and the Parties shall use their best efforts to facilitate the Monitoring Agency in performance of its duties and obligations provided in the Monitoring Agency Agreement. Any failure by the Parties in such facilitation may be deemed to be a contravention of the Order.

Duties and obligations of the Parties

65. The Parties shall provide necessary cooperation, assistance and information to the Monitoring Agency as reasonably required by the Monitoring Agency to perform its duties. This shall include providing copies of the documents required and providing full and complete access to the Parties' books, records, documents, management or other personnel, facilities, sites and technical information required for fulfilling its duties under the Monitoring Agency Agreement and the Order. This shall also include making available one or more offices on their premises to the Monitoring Agency for meetings.
66. The Monitoring Agency shall be provided access to data room documentation and all other information granted to potential purchasers in the due diligence process. The Parties shall keep the Monitoring Agency informed about all developments in the Divestiture process.
67. The Parties shall indemnify the Monitoring Agency, its employees and agents and Divestiture Agency and its employees and agents (each an "**Indemnified Party**") and hold each Indemnified Party harmless against any liabilities arising directly out of the performance of the Indemnified Party's duties under the Order, except to the extent that such liabilities result from the wilful default, recklessness, gross negligence or bad faith of the Indemnified Party.
68. Upon request of the Divestiture Agency, the Parties shall cause the documents required for effecting the sale and the Closing to be duly executed.



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Sale of Alternative Divestment Product(s) within Second Divestiture Period

69. In the event the Commission appoints a Divestiture Agency, the Parties must, within the period prescribed by the Commission, grant a comprehensive and duly executed power of attorney in favour of the Divestiture Agency to effect the sale of Alternate Divestment Product(s) and all actions and declarations which the Divestiture Agency considers necessary or appropriate for achieving the sale of Alternative Divestment Product(s), including the power to appoint advisors to assist with the sale process. The power of attorney shall include the authority to grant sub-powers and the Divestiture Agency shall be given the sole authority to sell the Alternative Divestment Product(s).
70. The Divestiture Agency shall have the right and authority to sell the Alternative Divestment Product(s) at no minimum price to Approved Purchaser(s) during the Second Divestiture Period. The Divestiture shall not be effected by the Divestiture Agency unless and until the Commission has approved the terms of sale and purchase agreement(s) and the purchaser proposed by the Divestiture Agency.
71. The Divestiture Agency shall include in the sale and purchase agreement such terms and conditions as it considers appropriate for an expedient sale in the Second Divestiture Period. In particular, the Divestiture Agency may include in the sale and purchase agreement(s) such customary representations and warranties and indemnities as are reasonably required to effect the sale. The Divestiture Agency shall protect the legitimate financial interests of the Parties.
72. A copy of the Divestiture Agency Agreement shall be provided to the Parties and the Parties shall use their best efforts to facilitate the Divestiture Agency in performance of its duties and obligations provided in the Divestiture Agency Agreement. Any failure by the Parties in such facilitation may be deemed to be a contravention of the Order.



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73. All appendices and Schedule annexed to the Order shall form an integral part of the Order.
74. In carrying out the aforesaid modification, the Parties shall comply with the provisions of the Act, the Combination Regulations and the Competition Commission of India (General Regulations), 2009.
75. The Order shall stand revoked, if any time, the information provided by the Parties is found to be incorrect.
76. The Secretary is directed to communicate to the Parties accordingly.



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Appendix A

Glossary

- Affiliated Undertakings* Undertakings controlled by the Parties and/or by the ultimate parents of the Parties, whereby the term “Control” shall bear the meaning provided in Explanation (a) to Section 5 of the Act.
- Alternative Divestment Product(s)* Shall mean products listed in Appendix B including all strengths, indications, dosages and packaging (in all forms) of such products.
- Approved Purchaser(s)* The entity approved by the Commission as acquirer of the respective Divestment Product(s) in accordance with the criteria set out in paragraph 55.
- Approved Sale and Purchase Agreement* The sale and purchase agreement for sale of Divestment Product(s) executed by the Parties and the Approved Purchaser(s), which shall include the Assets regarding the Divestment Product(s) and which has been duly approved by the Commission.
- Assets* Shall mean the tangible and intangible assets provided in sub-paragraph (a) to (d) of paragraph 46. When used in the context of Alternative Divestment Product(s), Assets shall mean and include all assets referred to sub-paragraph (a) to (d) of paragraph 46 as if the term “Divestment



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Product(s)” in the said paragraphs refers to Alternative Divestment Product(s).

Closing

The transfer of the legal title of the Divestment Product(s) to the Approved Purchaser(s).

Closing Date

The date on which Closing takes place.

Contracts

All of the following contracts or agreements (copies of each such contract to be provided to the Approved Purchaser(s) on or before the Closing Date and segregated in a manner that clearly identifies the purpose(s) of each such contract):

- i. that makes specific reference to the products pertaining to respective Divestment Brands and pursuant to which any Third Party is obligated to purchase, or has the option to purchase without further negotiation of terms, the products pertaining to Divestment Brands from Sun Pharma or Ranbaxy (whichever Party is relevant to such Divestment Product(s)) unless such contract applies generally to the Divesting entity’s sales of products to that Third Party;
- ii. pursuant to which Sun Pharma or Ranbaxy (whichever Party is relevant to such Divestment Product(s)) purchases the active pharmaceutical ingredient(s) or other necessary ingredient(s) or had



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- planned to purchase the active pharmaceutical ingredient(s) or other necessary ingredient(s) from any Third Party for use in connection with the manufacture of the Divestment Product(s);
- iii. relating to any clinical trials involving Divestment Product(s);
 - iv. with universities or other research institutions for the use of the Divestment Product(s) in scientific research;
 - v. relating to the particularized marketing of the Divestment Product(s) or educational matters relating solely to the Divestment Product(s);
 - vi. pursuant to which a Third Party manufactures the Divestment Product(s) on behalf of Sun Pharma or Ranbaxy (whichever Party is relevant to such Divestment Product(s));
 - vii. pursuant to which a Third Party provides the product manufacturing technology or equipment related to the Divestment Product(s) to Sun Pharma or Ranbaxy (whichever Party is relevant to such Divestment Product(s));
 - viii. constituting confidentially agreements involving the Divestment Product(s);
 - ix. involving any royalty, licensing, or similar arrangement involving the Divestment Product(s);
 - x. pursuant to which a Third Party provides any



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specialized services necessary to the research, development, manufacture or distribution of the Divestment Product(s) to Sun Pharma or Ranbaxy (whichever Party is relevant to such Divestment Product(s)) including, but not limited to, consultation arrangements;

- xi. pursuant to which any Third Party collaborates with Sun Pharma or Ranbaxy (whichever Party is relevant to such Divestment Product(s)) in the performance of research, development, marketing, distribution or selling of Divestment Product(s); and/or
- xii. Any other contract or agreement relevant to the Divestment Product(s).

Direct Cost

Cost not to exceed the cost of labour, material, travel and other expenditures to the extent the costs are directly incurred to provide the relevant assistance or service. "Direct Cost" to the Approved Purchaser for its use of any of Parties' employee's labour shall not exceed the average hourly wage rate for such employee.

"Divestiture"
"Divest"

or Shall mean the sale, transfer, assignment and/or license of the Divestment Product(s) (and/or Alternative Divestment Product(s)) by the Parties or their Affiliated Undertakings such that the Parties or the Affiliated Undertaking, as the case may be, will have no further direct or indirect interest in the Divestment Product(s) (and Alternative Divestment



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Product(s), if applicable).

Divestiture Agency One or more natural or legal person(s), independent from the Parties, who is appointed by the Commission, and who has the duty to Divest the Alternative Divestment Product(s) during the Second Divestiture Period. The Monitoring Agency may also be appointed as Divestiture Agency.

Divestiture Agency Agreement The agreement executed by and between the Commission and the Divestiture Agency regarding the Divestiture of Alternative Divestment Product(s).

Divestment Product The Assets pertaining to the Divestment Brands which the Parties are required to Divest under paragraph 46 and includes the transitional arrangements (as specifically detailed in the Schedule).

Effective Date The date of the Order.

First Divestiture Period The period of six months from the Effective Date.

Merged Entity The enterprise remaining after the proposed combination, i.e., Sun Pharmaceutical Industries Limited.



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<i>Monitoring Agency</i>	One or more natural or legal person(s), independent from the Parties, who is appointed by the Commission, and who has the duty to monitor the Parties' compliance with the modification provided in the Order. The Monitoring Agency may be appointed as the Divestiture Agency by the Commission.
<i>Monitoring Agency Agreement</i>	The agreement executed by and between the Commission and the Monitoring Agency regarding the monitoring of compliance of modification to the combination as provided in the Order.
<i>Schedule</i>	The schedule to the Order describing more in detail the Divestment Product(s).
<i>Second Divestiture Period</i>	The period of four months from the end of the First Divestiture Period.
<i>Supply Cost</i>	Cost not to exceed the manufacturer's average direct per unit cost of manufacturing the Divestment Product for the twelve month period immediately preceding the Effective Date.
<i>Third Party(ies)</i>	Any entity other than the Parties and the Approved Purchaser.



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Appendix B

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Schedule

Divestment Product(s)

1. As agreed between the Parties and the Approved Purchaser and subject to the approval of the Commission, the Divestment Product(s) shall include, *inter alia*:
 - i. *Trademark Rights*: Full assignment of all trade mark rights for the Divestment Brands owned (or applied for) by the respective Parties or Affiliated Undertakings in India.
 - ii. *Inventories*: All raw materials, stocks, work in progress, and semi-finished and finished goods relating to the Divestment Brands in India held at the Closing Date.
 - iii. *Contracts*: All Contracts, commitments and customer orders relating to the Divestment Brands in India held by the respective Parties or Affiliated Undertakings at the Closing Date.
 - iv. *Intellectual Property Rights*: Either a full assignment or an exclusive, irrevocable, assignable, royalty-free, perpetual licence (with the right to sub-license) to use intellectual property rights (“**IPRs**”) owned by the respective Parties or an Affiliated Undertaking which exist at the time of the Divestiture and contribute to the current operations and/or are necessary to ensure the economic viability, marketability and competitiveness of the Divestment Brands in India and are used exclusively in relation to those brands, including, without limitation:
 - a. The IP addresses for the registered domain names owned by the respective Parties or Affiliated Undertakings relating to the current range of Divestment Brands.



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- b. Packaging and design rights therein currently used exclusively on products pertaining to Divestment Brands.
 - c. Product formulations, and recipes and manufacturing know-how for production.
- v. *Technical Information and Know-how:* Either a full assignment or an exclusive, irrevocable, assignable, royalty-free, perpetual licence with the right to sub-license to use in the Divestment Product(s), all information and know how (in whatever form held) to the extent that such information is related to the Divestment Brands in India including, without limitation, all:
- a. formulae, specifications, drawings, manuals and instructions;
 - b. customer lists, sales, marketing and promotional information (in particular the customer base for products pertaining to Divestment Brands in India, i.e., details of all customers in India that have purchased products pertaining to Divestment Brands from the respective Parties during the period of three years prior to the Effective Date);
 - c. business plans and forecast;
 - d. technical or other expertise;
 - e. customer records, credit records and other records

existing at the time of Closing, provided that the Parties may redact from such documents any information that does not relate to the Divestment Brands.

- vi. *Licences and Permits:* All licences, permits and authorisations (including marketing authorisations) necessary to manufacture and market Divestment Brands and to carry on the business in India;



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- vii. Information contained in the registration dossiers and/or drug master file for the Divestment Brands;
- viii. *Goodwill*: The goodwill relating to the Divestment Brands in India at the time of the Divestiture together with the exclusive right for the purchaser to represent itself as carrying on the Divestment Brands' business in succession to the respective Parties in India.

2. Transitional Arrangements:

Where required by the Approved Purchaser, the respective Parties should provide certain transitional services, as set out further below.

- a. *Technical Assistance for Obtaining Permits and Approvals*: Where required by the Approved Purchaser, the respective Parties shall provide in a timely manner at no greater than Direct Cost, assistance and advice to enable the Approved Purchaser to obtain all necessary permits and approvals from any governmental authority to manufacture and sell the products pertaining to Divestment Brands in commercial quantities;
- b. *Assignment of Contract Manufacturing Agreements*: Where required by the Approved Purchaser, the respective Parties shall use reasonable endeavours to obtain the assignment of the contract manufacturing agreement entered into between the respective Parties relating to the Divestment Product(s). In the event that such arrangements cannot be made, the respective Parties shall conclude back-to-back supply agreements with the Approved Purchaser to supply such products to the Approved Purchaser at no greater than Direct Cost for a period not exceeding twenty four months from the Closing Date.
- c. *Supply of Products Manufactured In-house by the Parties*: Where required by the Approved Purchaser, the respective Parties shall



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enter into an arrangement with the Approved Purchaser for the supply of the Divestment Product(s) currently manufactured by the respective Parties for an appropriate period of time, not to exceed twenty four months from the Closing Date and at no greater than Supply Cost. It shall not contain any provision requiring the delivery of minimum supply volumes or batches, nor supply quantity restrictions.

- d. *Communication Regarding Change in Brand Ownership:* Where required by the Approved Purchaser, the respective Parties shall communicate the proposed change in brand ownership to the existing customer base of the Divestment Product(s) in India;
- e. *Transitional Arrangement for Logistics and Distribution Services:* Where required by the Approved Purchaser, the respective Parties shall enter into transitional arrangements for the continuation of current logistics and distribution services for a period determined by the Approved Purchaser but limited to a maximum period of six months from the Closing Date.
- f. *Technical Assistance Regarding Sale and Marketing:* Where required by the Approved Purchaser, the respective Parties shall provide reasonable technical assistance to the Approved Purchaser to assume responsibility for the sale and marketing of Divestment Brands in India at a level similar to that currently provided by the respective Parties in relation to the Divestment Brands for a period not to exceed three months from the Closing Date and at no greater than Direct Cost. Such assistance with regard to sales and marketing shall be limited to: (i) assistance to ensure the transfer of the customer lists referred to in paragraph 1(v) of this Schedule; and transfer of the marketing authorisations referred to in paragraph 1(vi) of this Schedule.



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g. Technical Assistance Regarding Procurement of Raw Materials:

Where required by the Approved Purchaser, the respective Parties shall provide reasonable technical assistance to the Approved Purchaser to facilitate the procurement of raw materials necessary for the manufacture of products pertaining to Divestment Brands. If the Approved Purchaser is not able to source such raw materials, the respective Parties shall enter, at the option of the Approved Purchaser, into back-to-back supply agreements with certain raw material suppliers and to make such raw materials available to the Approved Purchaser at no greater than Direct Cost, for such period as is required by the Approved Purchaser to establish the Divestment Product as a viable and independent business, but not exceeding twenty four months from the Closing Date.

3. The scope and elements of the reasonable technical assistance referred to in paragraph 2 of this Schedule will have to be negotiated with the Approved Purchaser, as this will largely depend on the requirements of the Approved Purchaser. Such technical assistance could include one or more of the following elements: advising on technical knowledge documentation, supporting the Approved Purchaser in acquiring specific equipment, providing staff with suitable experience and skills to assist and/or advise on technical issues, assisting in trainings for the Approved Purchaser's staff, and providing guidance on regulatory and legal aspects related to the transfer of licences.
4. The transitional technical assistance agreement(s) referred to in paragraph 2 of this Schedule shall include appropriate provisions to ensure that the respective Parties provides technical assistance to the Approved Purchaser expeditiously and that the respective Parties shall carry out the technical assistance for the technology transfer in accordance with good industry practice including as regards the timing and responsiveness with which this assistance is provided through the different stages of the transfer.



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5. Exclusions from Divestment Product(s):

- i. any manufacturing facilities of the Parties;
 - ii. intellectual property which does not contribute to the current operations and/or is not necessary to ensure the viability and competitiveness of the Divestment Product(s);
 - iii. any rights to the respective Parties domain name other than those mentioned in Paragraph 1 (iv) ;
 - iv. any marketing authorisations currently held by Parties outside of India for Divestment Brands;
 - v. any rights to Divestment Brands outside of India;
 - vi. books and records required to be retained pursuant to any statute, rule, regulation or ordinance, provided that the Approved Purchaser shall be entitled to obtain a copy of the same and shall be permitted access to the original of such books and records upon reasonable request during normal business hours;
 - vii. general books of account and books of original entry that comprise the Parties' or an Affiliated Undertaking's permanent accounting or tax records;
 - viii. monies owed to the Parties by customers for the purchase of products pertaining to Divestment Brands, and monies owed by the Parties to suppliers for materials used in the productions of these products, or to suppliers for the production of these products; and
 - ix. The respective Parties names or logos in any form, or those of Affiliated Undertakings.
6. In the Second Divestiture Period, the term Divestment Product(s) in the Schedule shall refer to Alternative Divestment Product(s) and the term Divestment Brands will include the brands pertaining to Alternative Divestment Product(s).