

KILL OR CURE | American federal trade regulator asks pharma company to divest assets over generic drugs

'Sun-Ranbaxy merger will cut competition'

Washington: A US federal trade regulator has imposed conditions on Sun Pharmaceutical's acquisition of Ranbaxy on grounds that the \$4 billion deal would likely be anti-competitive.

What is the merger?

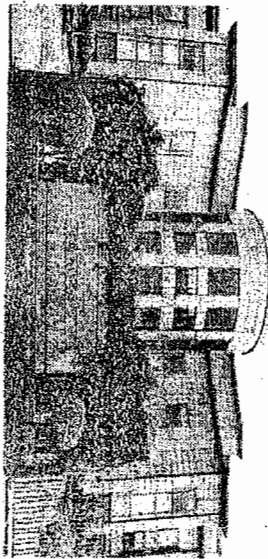
The Federal Trade Commission (FTC) said firms Sun Pharmaceutical Industries and Ranbaxy Laboratories have agreed to divest the latter's interests in generic minocycline tablets in order to settle charges that Sun's proposed acquisition of Ranbaxy would likely be anti-competitive.

Torrent Pharmaceuticals, a global drug company based in India that markets generic drugs in the US, will acquire the divested assets, the FTC said.

Drugs affected by deal

Generic minocycline tablets are used to treat an array of bacterial infections, including pneumonia, acne, and urinary tract infections.

According to the FTC's complaint, the proposed merger would likely harm future competition by reducing the number of suppliers in the



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US markets of generic minocycline tablets.

Ranbaxy is currently one of three suppliers of the products, while Sun is one of only a limited number of firms likely to sell generic minocycline tablets in the US. Sun's entry would likely have resulted in significantly lowering prices.

What is the deal?

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ensure that Torrent receives the support it needs from Sun and Ranbaxy pharmaceutical companies during the divestiture process.

Under the proposed settlement, Sun and Ranbaxy must also sell Ranbaxy's generic minocycline capsule assets to Torrent, to enable Torrent to achieve regulatory approval for a change in ingredient suppliers for its minocycline tablets as quickly as Ranbaxy would have been able to do in the absence of the deal.

In addition, Sun and Ranbaxy must supply generic minocycline tablets and capsules to Torrent until the company establishes its own manufacturing infrastructure.

The move comes after Competition Commission of India also addressed monopoly concerns over the merger of the two firms. The merger deal, once consummated, would create India's largest and world's fifth-biggest drug maker. The deal would probably result in being anti-competitive for minocycline tablets. —PTI

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