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UNITED STATES OF AMERICA
BEFORE FEDERAL TRADE COMMISSION

COMMISSIONERS: **William E. Kovacic, Chairman**
Pamela Jones Harbour
Jon Leibowitz
J. Thomas Rosch

In the Matter of	)	
SUN PHARMACEUTICAL INDUSTRIES LTD., a corporation.	)	**Docket No. C-4230**

COMPLAINT

Pursuant to the Clayton Act and the Federal Trade Commission Act, and its authority thereunder, the Federal Trade Commission ("Commission"), having reason to believe that Respondent Sun Pharmaceutical Industries Ltd. ("Sun"), a corporation subject to the jurisdiction of the Commission, proposes to acquire all of the voting securities of Taro Pharmaceutical Industries Ltd. ("Taro"), a corporation subject to the jurisdiction of the Commission, in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the Federal Trade Commission Act ("FTC Act"), as amended, 15 U.S.C. § 45, and it appearing to the Commission that a proceeding in respect thereof would be in the public interest, hereby issues its Complaint, stating its charges as follows:

I. DEFINITIONS

1. "Commission" means the Federal Trade Commission.

2. "FDA" means the United States Food and Drug Administration.

3. "Sun" or "Respondent" means Sun Pharmaceutical Industries Ltd., its directors, officers, employees, agents, representatives, successors, and assigns; and its joint ventures, subsidiaries, divisions, groups and affiliates in each case controlled by Sun (including, but not limited to, Alkaloida Chemical Company Exclusive Group Ltd. and Aditya Acquisition Company Ltd.) and the respective directors, officers, employees, agents, representatives, successors, and assigns of each. After the Acquisition, Sun shall include Taro.

4. "Taro" means Taro Pharmaceutical Industries Ltd., its directors, officers, employees, agents, representatives, successors, and assigns; and its joint ventures, subsidiaries, divisions, groups and affiliates in each case controlled by Taro (including, but not limited to, Taro Pharmaceuticals U.S.A., Inc.), and the respective directors, officers, employees, agents, representatives, successors, and assigns of each.

II. RESPONDENT

5. Respondent Sun Pharmaceutical Industries Ltd., is a corporation organized, existing and doing business under and by virtue of the laws of Republic of India, with its headquarters address at Acme Plaza, Andheri Kurla Road, Andheri (East), Mumbai 400 059 India, and registered office of its United States subsidiary, Sun Pharmaceutical Industries Inc., at 29714 Orion Court, Farmington Hills, Michigan 48334-4144.

6. Respondent, through its majority-owned U.S. subsidiary Caraco Pharmaceutical Laboratories, Ltd., is engaged in the research, development, manufacture, and sale of generic pharmaceutical products in the United States.

7. Respondent is, and at all times relevant herein has been, engaged in commerce, as "commerce" is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and is a corporation whose business is in or affects commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

III. ACQUIRED COMPANY

8. Taro is a corporation organized, existing, and doing business under and by virtue of the laws of Israel with its headquarters address at Italy House, Euro Park, Yakum 60972, Israel. Taro, among other things, is engaged in the research, development, manufacture, and sale of generic pharmaceutical products. Taro markets and sells generic products in the United States through its U.S. subsidiary, Taro Pharmaceuticals USA, Inc., located at 3 Skyline Drive, Hawthorne, New York 10532.

9. Taro is, and at all times relevant herein has been, engaged in commerce, as "commerce" is defined in Section 1 of the Clayton Act as amended, 15 U.S.C. § 12, and are corporations whose business is in or affects commerce, as "commerce" is defined in Section 4 of the Federal Trade Commission Act, as amended, 15 U.S.C. § 44.

IV. THE PROPOSED ACQUISITION

10. On May 18, 2007, Taro and subsidiaries of Sun entered into an Agreement of Merger (the "Merger Agreement") whereby a subsidiary of Sun would acquire Taro via a merger. On May 28, 2008, Taro attempted to terminate the Merger Agreement. Sun has challenged the termination and has announced that it will exercise options, through its subsidiary Alkaloida

Chemical, to purchase all the shares held by the controlling shareholders of Taro (the "Options"). In addition, Alkaloida Chemical, commenced a tender offer on June 30, 2008 for all outstanding ordinary shares (the "Tender Offer"). Through the exercise of the Options and/or the Tender Offer, Sun proposes to acquire all of the voting securities of Taro ("the Acquisition").

V. THE RELEVANT MARKETS

11. For the purposes of this Complaint, the relevant lines of commerce in which to analyze the effects of the Acquisition are the research, development, manufacture, and sale of the following generic pharmaceutical products:

a. immediate-release ("IR") carbamazepine tablets;

b. chewable carbamazepine tablets; and

c. extended-release carbamazepine tablets.

12. For the purposes of this Complaint, the United States is the relevant geographic area in which to analyze the effects of the Acquisition in the relevant line of commerce.

VI. THE STRUCTURE OF THE MARKETS

13. Sun and Taro are two of only four suppliers of generic IR carbamazepine tablets in the United States: Taro, Sun, Teva Pharmaceutical Industries Ltd. ("Teva"), and Apotex, with respective market shares of approximately 51 percent, 18 percent, 27 percent, and 1 percent. Carbamazepine is an anticonvulsant used primarily to control and prevent epileptic seizures. The market for generic immediate-release carbamazepine tablets is already highly concentrated, and the Acquisition would raise the HHI concentration from 3,766 points to 5,653 points.

14. Generic chewable carbamazepine tablets are currently supplied by only three companies in the United States: Teva, Taro, and Sun, with respective market shares of approximately 65 percent, 30 percent, and 4 percent. Chewable carbamazepine tablets contain the same carbamazepine anticonvulsant drug as the immediate-release tablets, and thus, is used in the same manner to control and prevent epileptic seizures. The Acquisition would increase the HHI concentration in this market from 5,202 points to 5,456 points.

15. Sun and Taro are each awaiting FDA approval of their respective generic versions of Novartis' Tegretol®-XR extended-release carbamazepine tablets. They are the only two companies developing generic extended-release carbamazepine tablets that will be AB-rated substitutes for Tegretol®-XR tablets. The Acquisition would create a monopoly in the market for generic extended-release carbamazepine tablets when both companies' products are approved.

VII. ENTRY CONDITIONS

16. Entry into the relevant product markets described in Section V would not be timely, likely, or sufficient in its magnitude, character, and scope to deter or counteract the anticompetitive effects of the Acquisition. Entry would not take place in a timely manner because the combination of generic drug development times and FDA drug approval requirements takes at least two years. Entry would not be likely because the relevant markets are relatively small and in decline, limiting sales opportunities for any potential new entrant.

VIII. EFFECTS OF THE ACQUISITION

17. The effects of the Acquisition, if consummated, may be to substantially lessen competition and to tend to create a monopoly in the relevant markets in violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45, in the following ways, among others:

a. by eliminating actual, direct, and substantial competition between Sun and Taro in the markets for the manufacture and sale of generic immediate-release carbamazepine tablets and chewable carbamazepine tablets, thereby: (1) increasing the likelihood that Sun will be able to unilaterally exercise market power in this market, (2) increasing the likelihood and degree of coordinated interaction between or among the remaining competitors, and (3) increasing the likelihood that customers would be forced to pay higher prices; and

b. by eliminating the expected actual, direct, and substantial competition between Sun and Taro upon their respective approvals in the market for the manufacture and sale of extended-release carbamazepine tablets, thereby: (1) increasing the likelihood that Sun will be able to unilaterally exercise market power in this market, and (2) increasing the likelihood that customers would be forced to pay higher prices.

IX. VIOLATIONS CHARGED

18. The Acquisition described in Paragraph 10 constitutes a violation of Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

19. The Acquisition described in Paragraph 10, if consummated, would constitute a violation of Section 7 of the Clayton Act, as amended, 15 U.S.C. § 18, and Section 5 of the FTC Act, as amended, 15 U.S.C. § 45.

WHEREFORE, THE PREMISES CONSIDERED, the Federal Trade Commission on this twelfth day of August, 2008, issues its Complaint against said Respondent.

By the Commission.

Donald S. Clark
Secretary

SEAL: