The Big Picture: CCI Merger Control Trends in the Pharmaceutical Sector

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This article examines the CCI's evolving merger control approach in the Indian pharmaceutical sector, focusing on trends in remedies, market definition, and substantive assessment that reflect increasingly nuanced scrutiny

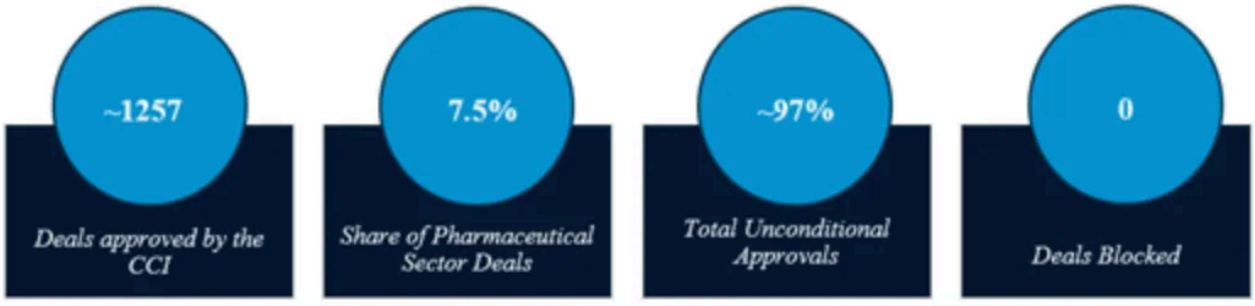
In October 2025, after a gap of over two years, the Competition Commission of India (***CCI)*** approved a merger with modifications in the pharmaceuticals market, granting conditional approval to the proposed merger between Torrent Pharmaceuticals and J. B. Chemicals & Pharmaceuticals. The detailed order published on 03 February 2026, reveals a calibrated use of hybrid remedies to address specific competitive harms in the relevant finished dosage forms (***FDFs***) markets. The decision merits closer consideration as it reinforces the CCI's effort to balance regulatory ease with sector-specific competitive concerns, in a sector that already exhibits a higher-than-average incidence of remedies.

This article examines the CCI's evolving merger control approach in the Indian pharmaceutical sector, focusing on trends in remedies, market definition, and substantive assessment that reflect increasingly nuanced scrutiny.

1. Overview

§ Since its inception, the CCI has approved ~1257 deals, with the pharmaceutical sector accounting for ~95 cases.

Figure 1: Pharmaceutical Sector at a Glance



§ *Green Channel Notifications:* The CCI has granted same day, fast-track approvals under the Green Channel route to 137 deals. Of these, ~8 deals were in the pharmaceutical sector.

§ *Phase II investigations:* In-depth Phase II investigations are rare. Only 9 deals have undergone an in-depth review, of which only 1 deal involved the pharmaceutical sector (*Sun Pharma/ Ranbaxy*).

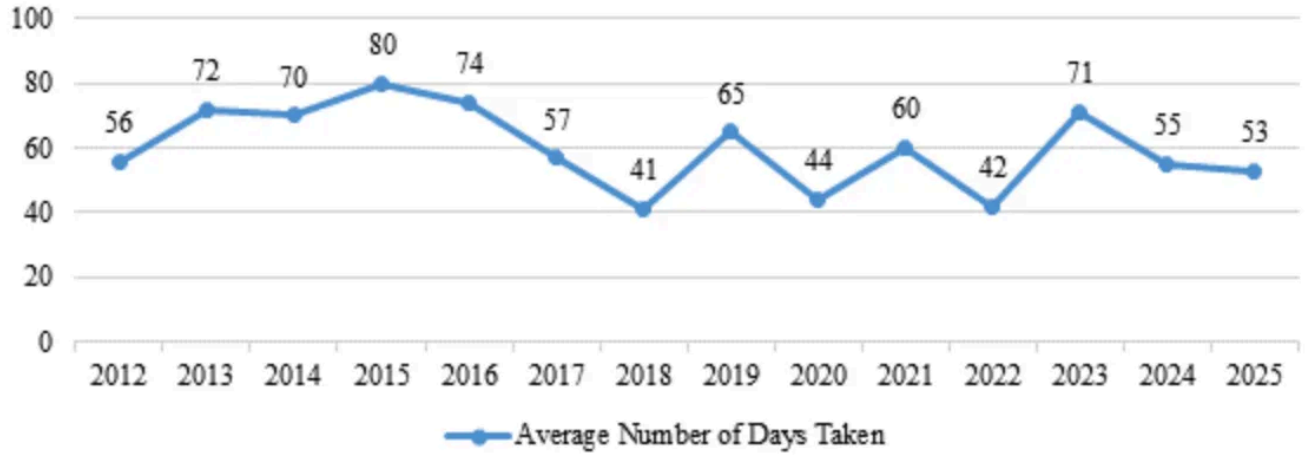
1.1 Timelines for Approvals

§ A key consideration for any deal is the timeline for securing regulatory approval.

§ *Approval timelines*: The CCI's average approval time for a deal is ~60 days across sectors, rising to ~65 days for pharmaceutical deals. The timelines for pharmaceutical sector deals range from ~41 days to ~80 days, with recent

approvals averaging ~42 to ~53 days. The only phase II review in the pharmaceutical sector (Sun Pharma/ Ranbaxy) was cleared in 213 days.

Figure 2: Average Time Taken for Deals in the Pharmaceutical Sector



1.2 Remedies

- § While the CCI approves a high percentage of deals unconditionally, it imposes remedies where it identifies potential harm to competition. The nature and frequency of these remedies are indicative of the CCI's enforcement patterns. Across all sectors, remedies/ voluntary modifications (excluding non-compete modifications) were implemented in 33 out of ~1257 deals. In comparison, the pharmaceutical sector saw remedies in ~5 out of ~95 deals. This is higher than the CCI's overall average.
- § Where overlaps are limited and market shares are moderate, the CCI has favoured behavioural remedies. In *Ipca Laboratories / Unichem Laboratories*, where parties had a combined market share of 20–25% in the phenylephrine hydrochloride market, the CCI accepted Unichem's commitment to not enter the Indian formulations market for 36 months post-closing.[1] In *ChrysCapital / Intas Pharmaceuticals*, the CCI identified risks due to combined market shares exceeding 30% across ~20 product markets. The approval was granted subject to commitments restricting ChrysCapital's board-level representation on a competing portfolio company and exchange of commercially sensitive information.[2]
- § Structural remedies have been required in cases involving high concentration and near-monopoly outcomes. In *Abbott Laboratories / St. Jude Medical*, the parties held a combined market share of 90–100% in the market for small-hole vascular closure devices.[3] Similarly, in *Sun Pharma / Ranbaxy*, the CCI identified seven problematic overlaps with combined market shares reaching 90–95%.[4] Clearance in both these orders was granted subject to structural divestments.
- § The recent *Torrent Pharmaceuticals /JB Chemicals* order also reinforces this stance.[5] To address near-monopoly situations, the CCI mandated the divestiture of the 'Calcigard' brand (Nifedipine), where the combined market share was 95-100%. Similarly, for the Lactobacillus Acidophilus market where the parties also had a combined market share of 95-100%, the CCI accepted a 5-year licensing of the 'Vizylac' brand, viewing it as a proportionate remedy. In a third market (Azelnidipine) where the parties had a combined market share of

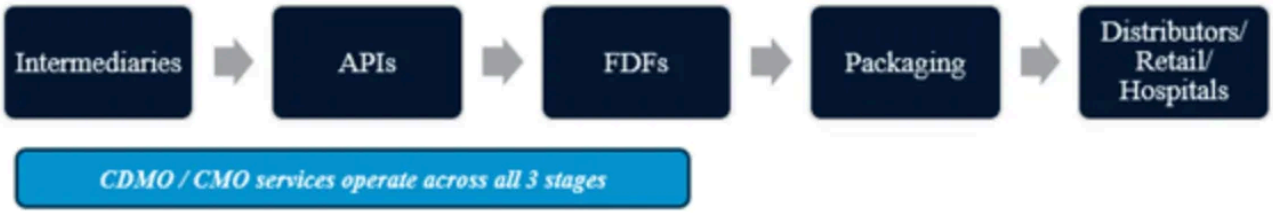
45-50%, the CCI accepted a behavioral commitment to continue marketing the target's cheaper product and cap price increases at 5% for 3 years, a decision influenced by the parties' declining market share and the growth of competitors. This case highlights CCI's willingness to tailor remedies to the specific theory of harm in each relevant market.

2 Deal Analysis in the Pharmaceutical Sector

2.1 Relevant Market Delineation

- *Horizontal overlaps*: The CCI has previously defined relevant product markets in the pharmaceutical sector at the active pharmaceutical ingredient (***API***) level or the formulations/ medicine level, often treating each API or formulation as a distinct market, for example, the *market for the manufacture and sale of baclofen API in India*, or the *market for rosuvastatin + ezetimibe (C10G6) in India*. The CCI can also factor in differences in the galenic forms or dosage levels bifurcation of formulations in its assessment. In cases involving high market shares, the CCI typically undertakes a molecule-specific assessment. [6]
- The CCI has also relied on the Anatomical Therapeutic Chemical (***ATC***) classification system and has defined markets at the ATC-3 level (therapeutic indication) or ATC-4 level (therapeutic sub-group), i.e., pharmaceutical drugs in the same therapeutic group may constitute the same market (subject to differences in intended use, etc.). The geographic market in this sector has been delineated as pan-India. The *Torrent Pharmaceutical / JB Chemicals* order reinforces the CCI's preference for narrow market definition at the molecule (ATC-4) level, rejecting attempts to broaden markets based on clinical or functional substitutability alone.[7]
- Distinct product categories under consumer healthcare, biological formulations, food/ health supplements would also constitute separate relevant markets. Further, while the CCI has clarified that ayurvedic medicines are not directly substitutable with allopathic pharmaceuticals, it has considered the market share of 'ENO' an ayurvedic product, under the category of 'antacids and anti-flatulent' at ATC-3 level for its analysis in one instance.[8] Therefore, while market classification can be predicted at the broad level, exact delineation may vary from case to case.
- *Contract development and manufacturing (**CDMO / CMO**) services*: The CCI has consistently recognized CDMO/ CMO as a separate relevant market. The market has further been sub-segmented into CDMO services for APIs, FDFs, etc. The CCI has also recognized a distinction between CMO services, and contract development organization services, depending on the nature of services provided.[9]
- *Vertical/ complementary linkages*: The CCI has previously delineated vertical linkages between intermediates and APIs; APIs and FDFs; CDMO and API/ formulations; and complementary linkages between APIs and excipients; packaging materials and pharmaceutical products, etc. The CCI has also viewed the upstream packaging materials for pharmaceutical products at the narrowest level of glass vials and glass ampoules in India.[10] CCI has viewed linkages between pharmaceutical manufacturing and activities such as laboratory devices and insurance broking as weak and insufficient to establish a vertical or complementary relationship.[11]

Figure 3: Supply Chain of the Pharmaceutical Sector (Considered by the CCI for vertical linkages)



2.2 Trends in CCI's Analysis

§ Beyond market definition, the CCI's competitive assessment is a multi-faceted exercise. In recent cases, the CCI has adopted a nuanced and context-driven approach, with some interesting observations discussed below.

§ *Market shares is only a starting point*: While high combined market shares are an initial indicator of potential concerns, the CCI has unconditionally approved deals in the pharmaceutical sector with combined market shares as high as 30-35%.[12] The CCI's analysis in such orders extends to additional factors such as:

– *Non-price factors*: The CCI evaluates non-price factors such as innovation incentives through R&D, entry barriers,[13] and market dynamics,[14] when reviewing pharmaceutical deals. Care must be taken to ensure that the definitive documents do not include any restrictive covenants which could unduly hinder future R&D, product development or market entry. Although, since 2020, parties are no longer required to submit detailed justifications for non-compete clauses in merger filings, they are still expected to undertake a self-assessment based on the CCI's guidance and ensure that non-compete obligations are deal-related, necessary and not excessive.

– *Overall competitive landscape*: The CCI's assessment extends to broader market dynamics, including, declining market shares of the parties, availability of alternatives for consumers, declining or fluctuating market shares of market players,[15] limited presence in a market or a niche presence in only a particular sub-segment, etc.[16]

– *Strong competition*: The presence of strong and well-established competitors is another important factor in the CCI's assessment. Notably, even where market shares were 50-55%, the CCI found no concerns due to expanding competitor presence.[17]

– *Low incremental market share*: The CCI generally considers incremental market shares in the range of 0–5% as immaterial, even where the combined market shares are 20–25%.[18] In a deal where one party held high market share but the other party added an insignificant incremental share, the CCI did not require product-specific remedies and the remedies were only limited to the scope of non-compete clauses.[19]

– *Presence of regulations*: Even where relatively high combined market shares were observed, the CCI found no competition concerns where the products were already subject to price control through regulation. For example, classification of drugs in the National Pharmaceutical Pricing Authority, requiring prior approval for exit from such markets,[20] was seen as a favourable factor by the CCI in its assessment.

– *Captive consumption reduces overlap concerns*: Where a party's production is primarily for captive consumption with no market-facing activity, the CCI has considered the actual competitive overlap to be

minimal. In one instance, captive sales of excipients prevented the delineation of a vertical linkage.[21] By extension, the CCI did not identify a vertical linkage where there was a one-time sale of certain excess intermediates on an *ad hoc* basis.[22] However, such an argument should be carefully advanced as the CCI tends to scrutinize if sales characterized as *ad hoc* are genuinely one-time in nature.[23]

– *Purely exported products*: While the CCI has refrained from undertaking a detailed analysis when a party's products were predominantly exported,[24] it has in at least one case treated purely exported products (formulations) as a proxy for domestic sale, prompting Unichem to voluntarily commit to not enter the Indian formulations market for a period of 36 months.[25] Treatment of exports by the CCI in its assessment may thus be ascertained on a case to case basis. Demonstrating negligible domestic sales or practical barriers to entry in the Indian market (for example, regulatory constraints) [26] may support exclusion of exported products from the CCI's assessment.

– *Common shareholding and directorships*: The CCI views common shareholding or interlocking directorships in competitors, especially in concentrated markets, as creating potential for anti-competitive coordination (for example, *ChrysCapital/ Intas*).[27] This approach is not limited to the pharmaceutical sector and the CCI generally applies a strict standard when assessing common shareholding and directorships in competitors.

– *Consideration of pipeline products*: The CCI considers near-term pipeline products in its analysis,[28] but generally excludes early-stage R&D or uncertain projects. Further, where one party had pipeline products and the other had negligible share (around or below 5%) in such market, the CCI viewed future overlaps to be non-problematic.[29]

– *Vertical foreclosure*: While the CCI has not found significant competition concerns arising from vertical linkages in the pharmaceutical sector, deals involving CDMO/ CMO services and their existing/ potential customer,[30] manufacturer of pharmaceutical packaging (for example, glass vials, pre-fillable syringes) merging with a downstream player (for example, generic injectables),[31] etc. may attract scrutiny, especially if parties have high market shares or if markets are concentrated. Factors that may alleviate such concerns include no third-party sales, absence of existing supply relationship between contracting entities,[32] lack of market power/ insignificant market shares and presence of other competitors in the relevant market.[33]

– *Heterogeneous product categories*: The CCI has recognized that certain segments (for example, L-arginine-based formulations) are heterogeneous, consisting of multiple differentiated products with varying active ingredients, strengths and galenic forms.[34] In such cases, even seemingly narrow segmentation may not accurately reflect the true competitive dynamics. Parties may have to assist the CCI with the appropriate segmentation such that the CCI can conduct its assessment, especially if parties have high market shares or if the market segment is concentrated.

3 Conclusion

§ The CCI's merger control approach in the pharmaceutical sector reflects an increasingly calibrated stance. While unconditional approvals remain the norm, the CCI has intervened when necessary. For dealmakers, the key takeaway is

that the CCI's substantive assessment is a multi-faceted exercise that extends well beyond market share thresholds.

§ Early granular assessment of overlaps at the API and formulation levels, factoring exports, pipeline products, and captive consumption are now central to ensuring faster deal timelines. As the sector continues to expand, the CCI's merger control framework appears well-positioned to balance ease of doing business with the need to preserve competitive structures in the sector, signalling a mature and increasingly nuanced approach rather than an interventionist one.

[1] Ipca Laboratories / Unichem Laboratories (Combination Registration No.C-2023/05/1028), order dated 26 July 2023.

[2] ChrysCapital / Intas (Combination Registration No. C-2020/04/741), order dated 30 April 2020.

[3] Abbott Laboratories / St. Jude Medical (Combination Registration No. C-2016/08/418), order dated 13 December 2016.

[4] Sun Pharma / Ranbaxy (Combination Registration No.C-2014/05/170), order dated 17 March 2015 read with order dated 5 December 2014.

[5] Torrent Pharmaceuticals Limited/ J. B. Chemicals & Pharmaceuticals Limited (Combination Registration No. C-2025/07/1299), order dated 21 October 2025.

[6] Mankind Pharma Limited/ Bharat Serums and Vaccines Limited (Combination Registration No. C 2024/08/1171), order dated 01 October 2024.

[7] Torrent Pharmaceuticals Limited/ J. B. Chemicals & Pharmaceuticals Limited (Combination Registration No. C-2025/07/1299), order dated 21 October 2025.

[8] GlaxoSmithKline plc / Pfizer Inc. (Combination Registration No. C-2019/03/654), order dated 22 May 2019.

[9] CA Clover Intermediate II Investments/ Piramal Pharma Limited (Combination Registration No. C-2020/07/758), order dated 11 September 2020.

[10] TPG Scion/ Schott Poonawalla (Combination Registration No.C-2025/01/1237*),* order dated 4 March 2025.

[11] Rajadhiraja Limited/ La Renon Healthcare Private Limited (Combination Registration No. C-2025/09/1333), order dated 7 November 2025.

[12] Mylan N.V. / Pfizer Inc. (Combination Registration No. C-2020/01/720), order dated 23 March 2020.

[13] Torrent Pharmaceuticals Limited / Elder Pharmaceuticals Limited (Combination Registration No.C-2014/01/148), order dated 26 March 2014.

[14] ChrysCapital / Intas (Combination Registration No. C-2020/04/741), order dated 30 April 2020.

[15] Mankind Pharma Limited/ Bharat Serums and Vaccines Limited (Combination Registration No. C 2024/08/1171), order dated 01 October 2024;

and Torrent Pharmaceuticals Limited/ J. B. Chemicals & Pharmaceuticals Limited (Combination Registration No. C-2025/07/1299), order dated 21 October 2025.

[16] Ms. Shobana Kamineni and Prime Time Logistics Technologies Private Limited (Combination Registration No. C-2022/10/978), order dated 9 February 2023.

[17] Sun Pharma / Ranbaxy (Combination Registration No.C-2014/05/170), order dated 17 March 2015 read with order dated 5 December 2014. While structural modifications were required in this case, the above observation of the CCI was in relation to specific markets held to be non-problematic.

[18] Ipca Laboratories / Unichem Laboratories (Combination Registration No.C-2023/05/1028), order dated 26 July 2023.

[19] Torrent Pharmaceuticals Limited / Elder Pharmaceuticals Limited (Combination Registration No.C-2014/01/148), order dated 26 March 2014.

[20] Sun Pharma / Ranbaxy (Combination Registration No.C-2014/05/170), order dated 17 March 2015 read with order dated 5 December 2014. While structural modifications were required in this case, the above observation of the CCI was in relation to specific markets held to be non-problematic.

[21] Mankind Pharma / Bharat Serums and Vaccines Limited, (Combination Registration No. C 2024/08/1171), order dated 01 October 2024.

[22] Ipca Laboratories Limited / Unichem Laboratories Limited, (Combination Registration No.C-2023/05/1028), order dated 26 July 2023.

[23] India Business Excellence Fund – IV / VVDN Technologies Private Limited, (Combination Registration No.C-2023/04/1021), section 43A order dated 16 August 2024.

[24] Matrix Pharma / Tianish Laboratories Private Limited (Combination Registration No. 2024/04/1139), order dated 28 May 2024.

[25] Ipca Laboratories / Unichem Laboratories (Combination Registration No.C-2023/05/1028), order dated 26 July 2023.

[26] Nirma Limited/ Glenmark Life Sciences Limited (Combination Registration No. C-2023/10/1064), order dated 19 December 2023.

[27] ChrysCapital / Intas (Combination Registration No. C-2020/04/741), order dated 30 April 2020.

[28] Sun Pharma / Ranbaxy (Combination Registration No.C-2014/05/170), order dated 17 March 2015 read with order dated 5 December 2014.

[29] Nirma Limited/ Glenmark Life Sciences Limited (Combination Registration No. C-2023/10/1064), order dated 19 December 2023.

[30] Mankind Pharma / Bharat Serums and Vaccines Limited (Combination Registration No. C 2024/08/1171), order dated 01 October 2024.

[31] TPG Scion SG Pte. Ltd. / Serum Institute of India Private Limited (Combination Registration No.C-2025/01/1237), order dated 04 March 2025.