

M&A: Sun Pharma acquires US-based InSite Vision for Rs 300 cr

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Sun Pharmaceutical Industries announced that one of its subsidiary has entered into a merger agreement with California-based InSite Vision for Rs 300 crore (\$48 million).

The [acquisition](#) is expected to close in the fourth-quarter of 2015.

InSite is engaged in developing new specialty ophthalmic products.

Sun Pharma, in a statement said that it is in the process of establishing a branded ophthalmic business in the US.

"This proposed [acquisition](#) of InSite Vision and the recent in-licensing of Xelpros in June 2015 are steps in this direction," it said.

Sun will now have access to four late-stage branded ophthalmic products in the US.

For the 6-month period ended June 30, 2015, InSite Vision recorded revenues of \$3.8 million, and a net loss of \$7.5 million.

Prior to Sun, in June 2015, Vancouver-based biotechnology company QLT proposed a [merger](#) bid with InSite. The transaction was mutually agreed by both the parties.

QLT is involved in developing and commercializing innovative ocular products.

On August 10, 2015, InSite released an official statement stating that it has received an unsolicited proposal from a 'multi-national pharmaceutical company' (Sun) to acquire all its outstanding shares at a price of \$0.25 per share in cash

InSite back then said that, in accordance with its existing merger agreement with QLT, its board of directors, in consultation with financial and legal advisors, will carefully review all aspects of the new proposal, and pursue the course of action that is in the best interests of InSite's stockholders

InSite announced its determination to pursue possible merger with Sun. It however, still kept its options open by providing QLT with a possible amendment in its agreement to either match or exceed Sun's offer.

On August 27th, the company announced its decision to stick to its first bidder, QLT, which came up with a bid equivalent to the matching price per share offered by Sun.

"The amended merger agreement with QLT provides a significant improvement in value for our shareholders," said Mr Tim Ruane, InSite Vision's CEO. "The new agreement provides assurance of at least \$0.25 per share and provides potential upside appreciation, depending on QLT's trading prices, to up to \$0.30 per share."

Under the revised QLT merger agreement, InSite would be required to pay \$1,170,000 termination fee, and later was increased to \$2,667,000, or approximately 5% of InSite's enterprise value.

On September 3, 2015, Sun approached InSite a second time.

This time to acquire all outstanding shares of InSite at an increased price of \$0.35 per share in cash.

The next day InSite officially made a statement about its possible interest in Sun's offer.

On September 15th, the merger with Sun was finalized.

InSite's termination fee worth \$2,667,000 was paid by Sun to QLT.

Guggenheim Securities acted as financial advisor to InSite, and Jones Day as legal advisor.

InSite has developed DuraSite and DuraSite2 drug delivery platforms which are capable of extending the duration of drug retention, enabling lower dose frequencies and enhanced efficacy.

It has three candidates namely AzaSite Plus (treatment of eye infection), DexaSite (treatment of non-bacterial blepharitis), and BromSite (treatment of inflammation and prevention of pain associated with cataract surgery) in phase-III stage; ISV-101 (treatment of dry-eye disease) in phase-II stage; and AzaSite Xtra in pre-clinical stage.

Other candidates including ISV-102, ISV-620 and ISV-215 are still in various research stages.

Its two commercialized products approved for the treatment of bacterial eye infections include AzaSite and Besivance.

Commenting on the deal, Mr Jerry St Peter, VP & head, Sun Pharma's US ophthalmic business said, "....InSite Vision will bring with it a pipeline of three late-stage clinical candidates, validated drug delivery technology and a track record of achieving USFDA approval for ophthalmic products."

Sun injects 7 percent of its annual revenues into its R&D.

This month, [Sun Pharma sold Ranbaxy's central nervous system \(CNS\) business](#) to Bangalore-based [Strides](#) Arcolab for Rs 165 crore.

Mr Kal Sundaram, CEO of Sun Pharma's North American business said, "This potential acquisition is a part of our overall objective of transitioning to a specialty company. Besides Dermatology, we have identified Ophthalmics as one of the key segments for establishing our branded presence in the US."

In July 2015, Mumbai-based Lupin Pharma acquired US-based Gavis Pharmaceuticals for \$880 million.

India-based [Cipla's](#) UK arm [acquired two US-based generic companies](#), InvaGen Pharmaceuticals and Exelan Pharmaceuticals for \$550 million in early September.