

Andhra Pradesh HC asks SEBI to check insider trading of Ranbaxy shares

Maintain status quo on Sun Pharma,

Ranbaxy merger: HC to BSE, NSE

The combination of Sun Pharma and Ranbaxy creates the fifth-largest speciality generics company in the world and the largest pharmaceutical company in India

Hyderabad

A setback to Sun Pharma-Ranbaxy merger process, the Andhra Pradesh High Court has issued orders to BSE and NSE to maintain interim status quo on the matter, reports PTI.

Based on a writ petition filed by some individual investors, the High Court while ordering the status quo on Friday, issued notices to SEBI, BSE, NSE, Sun Pharma, Ranbaxy, Daiichi Sankyo and Silver Street Developers. "There shall be interim status quo, as prayed for," Justice P

Naveen Rao said his order. The petitioners alleged that there was heavy trading of Ranbaxy stock before the merger with Sun Pharma was announced on April 6, and requested the court to direct the SEBI to investigate the insider trading of Ranbaxy shares and take appropriate action against Sun Pharma and Silver Street.

The petitioners also requested the court to restrain the BSE and NSE from giving any clearance to the scheme of amalgamation or merger between the two drugmakers. "However,

the extensive and sudden rise in the share price of Respondent 5 (Ranbaxy) prior to announcement of merger clearly demonstrates that certain persons had prior information about the said merger.

Consequently the trading on the said shares amounts to violation of SEBI Insider Trading Regulations," the petitioner alleged. According to legal experts, both Sun Pharma and Ranbaxy will have to obtain approvals from BSE and NSE before proceeding for further clearances from various institutions such as



Competition Commission of India and respective High Courts, on the merger. Sun Pharma had earlier denied insider trading charges against Silverstreet Developers LLP. Its wholly owned arm - in the \$ 4 billion acquisition deal of Ranbaxy Laboratories.

In a statement, Sun Pharma had said the matter re-

lated to purchase of shares of Ranbaxy Laboratories Ltd by Silverstreet Developers LLP "does not violate insider trading rules".

As per the statement submitted to the court, more than seven million Ranbaxy shares were traded before the merger announcement was made, pushing the share price over 25 per cent.

Explaining how it has not violated insider trading rules, Sun had further said "Silverstreet Developers LLP has two partners. Both are 100 per cent subsidiaries of Sun Pharma. Hence, all the benefits flowing from the investment in Ranbaxy shall accrue to Sun Pharma."

The Mumbai based Sun Pharma, on April 6, announced that it would fully acquire Ranbaxy in an all stock transaction with a total equity value of \$ 3.2 billion, along with debt of \$ 800 million, taking the overall deal value to \$ 4 billion.

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Dra. [Signature]

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