

# Daiichi plea in HC to vacate stay on Sun-Ranbaxy merger

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Daiichi Sankyo, owner of Ranbaxy Laboratories Limited, has filed a petition in Andhra Pradesh High Court requesting it to vacate the "status quo" order it issued earlier on Sun Pharma-Ranbaxy merger process.

The HC may take up hearing on the petition on 15 May.

Based on a petition filed by two individual investors, the court on 25 April issued interim "status quo" orders on the merger process.

The petitioners alleged that there was heavy trading of Ranbaxy stock before the merger with Sun Pharma was announced on 6 April, and requested the court to direct the Securities and Exchange Board of India to investigate the insider trading of Ranbaxy shares and take appropriate action against Sun Pharma and Silver Street.

Daiichi, in its petition filed last week, requesting the court to vacate its earlier order, contended that the

petitioners (investors) had approached the court without exhausting the alternative remedies.

The Japanese drug major also pointed out that various courts in the past had acknowledged that the Sebi is the appropriate and competent body to look into matters such as insider trading.

"I submit the present petition (filed by investors) is not maintainable because the petitioners have approached this honourable court without exhausting any of the alternative remedies available to the petitioners," Daiichi said.

"I submit that respondent one (Sebi) is an expert body constituted under the Securities and Exchange Board of India Act, 1992 (the Sebi Act), and an investigation involving an allegation of insider trading is highly technical, requires professional expertise, deep knowledge of securities law, and is a fact-based finding," it said.

The drug maker also said that the petitioners have intermingled two separate

issues ~ insider trading and merger process of Sun Pharma and Ranbaxy.

"It is submitted that the two issues are independent of each other and one has no bearing on the other. It is submitted that the allegations in the writ petition pertain alleged charges of insider trading only. The petitioners have not made any amendments in the writ petition against the scheme of this arrangement," it said.

Mumbai-based Sun Pharma had announced on 6 April 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.

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

Daiichi requested the court to dismiss the writ petition filed by the investors and also pass order vacating the status quo order.

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898