

Trouble on the Taro front for Sun Pharma

Minority shareholders challenge two Sun nominees for board positions

PT JYOTHI DATTIA

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Fresh trouble is brewing for Sun Pharmaceutical Industries. The Indian drug-maker's plan to get two of its nominees re-elected as independent directors to the board of Taro Pharmaceutical, its Israeli subsidiary, is set to see some opposition from minority shareholders.

The voting on the re-election and other resolutions come up at Taro's extraordinary general meeting in Israel on Thursday.

In the run-up to the event, minority shareholder BlueMountain Capital Management had urged fellow Taro shareholders to vote for its "in-

dependent external nominees" to the board and against the existing external directors and other resolutions, involving executive and director compensation.

Taro had called for the EGM following a lawsuit filed last November in an Israeli District Court against it by BlueMountain and IsZo Capital LP — two of Taro's largest minority shareholders. They sought to vacate resolutions voted upon at the annual general meeting last September. "These same resolutions are now being presented for ratification at the extraordinary meeting," BlueMountain said.

Sun did not comment on the opposition expected at Ta-

Bitter issues

- Sun holds 70 per cent equity in Taro
- Taro seeks re-election of its nominees Ilana Avidov Mor and Dan Biran, as external directors
- BlueMountain wants its nominees, Ben-Ami Rosenfeld and Adi Bershadsky, as external directors

ro's EGM. According to BlueMountain, there were material flaws in the voting process at Taro's AGM last year. Independent proxy voting advisory firms Institutional Shareholder Services and Glass, Lewis & Co also recommend that Taro shareholders vote for BlueMountain's nominees, it said.

Sun has seen opposition from minority shareholders ever since its \$464-million proposal to acquire Taro in 2007.

Later, minority shareholders again opposed Sun's ef-

forts to mop up the remaining shares in Taro and merge the company with itself. Last February, Sun called off its plan to buy out the remaining equity in Taro, despite sweetening the offer for Taro shareholders to \$39.50 a piece. Sun's initial offer was \$24.50 for a share.

"That offer, when compared to the current price of around \$120 a share, would have unambiguously transferred significant value from Taro's minority shareholders to its controlling shareholder Sun," said BlueMountain.

Company