

SEBI queries Sun on Ranbaxy deal

Wants data on Ranbaxy stock movement

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The market regulator, Securities and Exchange Board of India (SEBI), has sought information from Sun Pharmaceutical Industries on the Ranbaxy deal.

Comments have been sought on stock price movement and the deal structure, sources told *Business Line*. The two drug-makers announced their \$4 billion (₹24,000 crore) deal early this week.

Ranbaxy shares have seen good movement on three occasions: first in December, then in January and subsequently in March, just before the deal was announced. Although utmost secrecy was maintained before the deal, the surge in Ranbaxy's stock prices has created suspicion and that is why the regulator is looking into the matter, sources added.

SEBI has already sought details from the stock exchanges. Stock prices of Ranbaxy surged nearly 24 per cent between April 1 and April 6.

The regulator has questioned

Sun just a day after the company issued a clarification to exchanges on reports alleging insider trading. In the communication, the company said on Wednesday: "At Sun Pharma, we hold ourselves to the highest standards of corporate governance and business ethics. Our code of conduct serves as a compass that guides the actions of our employees and directors ensuring consistent and uncompromising integrity as we build trusted relationships around the world."

The company added Ranbaxy's shares were purchased by Silverstreet Developers. This firm has two partners and both are 100 per cent subsidiaries of Sun Pharma. Hence, "all the benefits flowing from the investment in Ranbaxy shall accrue to Sun Pharma". Silverstreet had picked up 1.41 per cent in Ranbaxy (59,67,542 shares) during the December quarter of FY14 and its shareholding increased to 1.64 per cent during the March quarter (69,67,542 shares), according to exchange data.

On April 6, Sun Pharma announced that it will acquire 100 per cent of Ranbaxy in an all-stock transaction. This deal was done at ₹457 for each Ranbaxy share.

Govt. / Company.