

Ranbaxy buy triggers Sun Pharma's Zenotech offer

fe Bureau

Mumbai, April 12: Sun Pharmaceutical Industries has made an open offer for Hyderabad-based firm Zenotech Laboratories - triggered by its purchase of Ranbaxy Laboratories on April 7. About 64% of Zenotech's stocks are held by Ranbaxy and its parent company, Daiichi Sankyo, according to shareholding pattern as on March 31.

As per the Sebi takeover rules, an open offer gets triggered if an acquirer buys at least 25% stake in a target company or if a significant change in management control accompanies a stake purchase below the threshold.

Sun Pharma has offered to buy 28.1% of the compa-



ny's equity at the price of ₹19 per share, which would value the transaction at approximately ₹18 crore.

The company, which develops and manufactures generic bio-pharmaceuticals, was acquired by Ranbaxy in 2007 for ₹10.14 crore, which valued its stock at ₹160 per share. Since then,

the market value of the firm has depreciated significantly and is currently trading at ₹22.20 on the Bombay Stock Exchange.

Daiichi acquired a minority stake in Zenotech in 2009, acquiring shares at ₹113.62 apiece, valuing the transaction at ₹78.24 crore. If Daiichi decides to sell its 20% to Sun Pharma, it would be a significant loss of 83% over its initial investment.

Jayaram Chigurupati and family hold 22.76% of the company's stock, as on March 31. At the time of the Daiichi-Ranbaxy deal in 2008, the Japanese company's open offer at ₹113 was rejected by the promoter as "it didn't value the company correctly," according to Bloomberg reports. The matter is pending in courts.

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