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CFD/DIL/ISSUES/SP/DK/ 191567/2010
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Shri Ashok I. Bhuta,
DGM(Legal & Secretarial) & Compliance Officer,
M/s Sun Pharmaceutical Industries Limited,
SPARC, Tandalija, Vadodara – 390020.

Subject : Request for informal guidance under SEBI (Informal Guidance) Scheme, 2003 - Removal of certain names from the list of Promoters/ promoter group under SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997.

- 1.0 Please refer to your letter dated April 23, 2009, seeking informal guidance under the SEBI (Informal Guidance) Scheme, 2003.
- 2.0 Vide your abovementioned letter, it is *inter alia* submitted by you that :
 - 2.1 Shri Dilip S. Shanghvi has been disclosed as the promoter of M/s Sun Pharmaceutical Industries Limited (SPIL) in all the filings with SEBI and stock exchanges.
 - 2.2 Shri Jayant S Sanghvi, Smt. Dipti N Modi and Smt. Varsha K Doshi (hereinafter referred to as “the relatives”) are relatives of Shri Dilip S Shanghvi u/s 6 of the Companies Act, 1956. As per regulation 2 (1)(h) of SEBI (Substantial Acquisition of Shares & Takeovers) Regulations, 1997 (hereinafter referred to as “SAST Regulations”), the relatives of the promoter are included in the definition of promoter/ promoter group for the purpose of requirements under regulation 8(2) of the SEBI (SAST) regulations. Shri Jayant S Sanghvi, Smt. Dipti N Modi and Smt. Varsha K Doshi are relatives of Shri Dilip S Shanghvi under section 6 of the Companies Act 1956. Accordingly there names were being included as the people forming promoter group and therefore their respective shareholdings (aggregating to 0.45% of total shareholding) were shown as part of the promoter’s shareholding as per the provisions of SEBI (SAST) Regulations and the equity listing Agreement of the stock exchanges.
 - 2.3 The relatives have requested to be excluded from the list of promoter group, since they do not control SPIL in any manner and are not connected or concerned with the management or working of the company in any way.
- 3.0 In this regard, you have requested for our opinion supporting the view that (i) whether the relatives may be excluded from the list of promoters/ promoter group

or person having control over the company as disclosed in regulation 8(2) of SEBI (SAST) Regulations, (ii) whether their names can also be excluded from the list of promoters / promoter group for disclosure of shareholding under clause 35 and clause 40 A of the listing agreement.

- 3.1 You have submitted that the relatives have been included merely because of their relationship with the promoter Shri Dilip S Shanghvi and they do not, whether acting individually or jointly or in concert, by any means or in any manner, control, manage or influence the management or policy decisions affecting the company or the working of the company.
- 3.2 You have therefore, requested us to issue interpretive letter supporting your views in 3.0 above.
- 4.0 We have considered the submissions made by you in your letter under reference and without necessarily agreeing with your analysis, our views on the issue in 3.0 are as under:-
- 4.1 For the purpose of regulation 8(2) of SEBI (SAST) Regulations, definition of promoter as given in regulation 2(1)(h) is applicable and in terms of the said definition, any person belonging to the promoter group is included in the definition of promoter. As per explanation I (b)(i) to regulation 2(1)(h), the spouse of promoter, or any parent brother sister or child of that promoter are included in the promoter group.
- 4.2 It is submitted by you that Shri Jayant S Sanghvi, Smt. Dipti N Modi and Smt. Varsha K Doshi are the relatives of promoter. Thus, such persons are included in the promoter group as per explanation I(b)(i). Accordingly, the said persons are promoters in terms of regulation 2(1)(h) read with explanation I(b)(i) of the SEBI (SAST) Regulations and are required to disclose the number and percentage of shares or voting rights held by them, in terms of regulation 8(2). Therefore, the names of said persons cannot be excluded from the list of promoters/ promoter group.
- 4.3 For the purpose of clause 35 and 40 A of the equity listing agreement, definition of promoter/ promoter group is to be taken from SEBI DIP Guidelines, 2000 (since repealed) which has been rescinded by SEBI ICDR Regulations, 2009. Regulations 2(1)(zb)(ii) of the ICDR regulations provides that an immediate relative of the promoter (ie. any spouse of promoter, or any parent, brother, sister or child of the promoter or of the spouse) are included in the definition of promoter group. Accordingly the relatives of the promoter cannot be excluded from disclosures to be made under clause 35 of the equity listing agreement and the company will be required to disclose the shareholding of the said persons as the shareholding of the promoter group.

- 5.0 Your request for confidentiality under Clause 11(a) of SEBI (Informal Guidance) Scheme, 2003, for a period of 90 days from the date of this letter, is granted. Accordingly, this letter will not be available to the public for a period of 90 days from the date of this letter.
- 6.0 This position is based on the representation made to SEBI in your aforesaid letters under reference. Different facts or condition might require different results. This letter does not express a decision of the Board on the question referred.
- 7.0 Please note that this position is only with respect to the applicability of the provisions of regulation 8(2) of SEBI (SAST) Regulations and clause 35 of the equity listing agreement. It does not affect the applicability of any Act, Rules or Regulations, Guidelines and Circulars administered by SEBI or any other authority or the provision of the rules, regulations and bye laws or Listing Agreement of the stock exchange.

Yours faithfully,

Sanjay Purao