

Sun Pharmaceutical Industries Ltd.

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(CIN 00)

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April 20, 2016

To,
The General Manager,
Corporation Finance Department,
Division of Issue and Listing,
Securities and Exchange Board of India,
SEBI Bhawan, C-4A, G Block, Bandra Kurla Complex,
Bandra East,
Mumbai - 400051.

AM (Ak) Received
on May 2, 2016
02-05-2016

भा. प्र. वि. नो. SEBI
सं / No 30805
दिनांक Date 20 APR 2016

SEBI/IW/P/20160422/0000030805

Dear Sir,

Subject: Request for Informal Guidance by way of an interpretive letter under the SEBI (Informal Guidance) Scheme, 2003 in connection with the general exemption available under Regulation 10(1)(a)(ii) of the SEBI (Substantial Acquisition of Shares and Takeover) Regulations, 2011 ("SEBI Takeover Regulations")

We would like to submit the following facts for your kind consideration and seek your guidance with respect to interpretation and availability of general exemption to the applicant company under Regulation 10(1)(a)(ii) of SEBI Takeover Regulations.

A. Background and Material Facts

1. Zenotech Laboratories Ltd ("Zenotech") is a public limited company whose equity shares are listed on BSE Limited, and its registered office is located at Survey No. 250-252, Turkapally Village, Shameerpet Mandal, RR District, Hyderabad, Telangana - 500078. The Company is engaged in the business of manufacture and marketing of pharmaceuticals products. The Company is a pharmaceutical specialty generic injectables company engaged in the area of manufacturing oncology, bio-technology and general injectables products.
2. As per the shareholding pattern filed by Zenotech in terms of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") (earlier listing agreement) for the quarter ended December 31, 2015, the promoter and promoter group of Zenotech holds 66.85% of the total equity share capital of Zenotech which includes, us, Sun Pharmaceutical Industries Limited ("Sun Pharma"), being an Indian listed company, holding 46.84% and Daiichi Sankyo Company Limited ("Daiichi"), a foreign entity, holding 20%. The public shareholders hold the balance 33.15% of the total equity share capital of Zenotech.

3. **Shareholding of Daiichi:** Daiichi had made a public announcement for an open offer to acquire 20% of the total equity share capital of Zenotech on January 19, 2009 and following the closure of the open offer, its name was included as part of promoter and promoter group shareholding of Zenotech for the first time in the shareholding pattern filed in terms of listing agreement for the quarter ended December 31, 2010. Since then Daiichi continues to hold 20% of the total equity share capital of Zenotech and its name is included as part of promoter and promoter group shareholding of Zenotech. Thus Daiichi has been disclosed as part of the promoter and promoter group of Zenotech for more than 3 years.
4. **Shareholding of Sun Pharma:**
- 4.1. The erstwhile Ranbaxy Laboratories Limited ("**Ranbaxy**") had acquired equity shares of Zenotech from time to time from the year 2006 to year 2008 and it completed acquisition of 46.84% of the total equity share capital of Zenotech on January 30, 2008 and like Daiichi, Ranbaxy's name was included as part of promoter and promoter group shareholding of Zenotech for the first time in the shareholding pattern filed in terms of listing agreement for the quarter ended December 31, 2010. Since then Ranbaxy continued to hold 46.84% of the total equity share capital of Zenotech and its name was included as part of promoter and promoter group shareholding of Zenotech until its name was replaced by Sun Pharma as stated in point 4.3 below.
- 4.2. In the shareholding pattern filed by Zenotech in terms of the listing agreement for the quarter ended December 31, 2014, the name of Ranbaxy was shown for the last time as part of the promoter and promoter group of Zenotech holding 46.84% of total equity share capital of Zenotech.
- 4.3. Pursuant to merger of Ranbaxy with Sun Pharma under a scheme of arrangement u/s. 391 to 394 of the Companies Act, 1956 sanctioned by the Hon'ble High Court of Panjab and Haryana and Hon'ble High Court of Gujarat, all the assets and liabilities of Ranbaxy including the investment of Ranbaxy in equity shares of Zenotech were vested in and transferred to Sun Pharma effective from the Appointed Date of April 1, 2014. However, all the requisite approvals and sanctions for the said merger were secured by March 24, 2015 being the Effective Date of merger and thus on record, the replacement of name of Ranbaxy as promoter shareholder with Sun Pharma took place in the shareholding pattern filed by Zenotech in terms of the listing agreement for the quarter ended March 31, 2015. Thus it is pertinent to note that Sun Pharma is the successor entity of Ranbaxy and the shareholding of Ranbaxy in Zenotech stood vested in Sun Pharma as a consequence of the order of the Hon'ble High Courts sanctioning the scheme of merger and thus such transfer of equity shares of Zenotech was not an independent transfer of shares to Sun Pharma.
5. Sun Pharma is exploring a potential acquisition of 20% of equity share capital of Zenotech held by Daiichi by way of inter-se transfer between Sun Pharma and Daiichi on the terms and conditions to be mutually agreed including pricing and the form of the transaction which may include undertaking transaction either on market platform or off-market transfer on spot basis. However as on date, no agreement or arrangement has been agreed between Sun Pharma and Daiichi for such inter-se transfer of equity shares of Zenotech.

B. Relevant provisions of the SEBI Takeover Regulations

1. Regulation 3(2) of SEBI Takeover Regulations states that *"No acquirer, who together with persons acting in concert with him, has acquired and holds in accordance with these regulations shares or voting rights in a target company entitling them to exercise twenty-five per cent or more of the voting rights in the target company but less than the maximum permissible non-public shareholding, shall acquire within any financial year additional shares or voting rights in such target company entitling them to exercise more than five per cent of the voting rights, unless the acquirer makes a public announcement of an open offer for acquiring shares of such target company in accordance with these regulations"*.
2. Regulation 10 of SEBI Takeover Regulations provides general exemption from the obligation to make an open offer under Regulation 3 and Regulation 4 of the SEBI Takeover Regulations in certain cases. Regulation 10(1)(a)(ii) of SEBI Takeover Regulations provides exemption from the obligation to make an open offer in case of *acquisition pursuant to inter se transfer of shares amongst persons named as promoters in the shareholding pattern filed by the target company in terms of the listing agreement or SEBI Takeover Regulations for not less than three years prior to the proposed acquisition*. Thus an exemption is available to the acquirer from making an open offer in the event of inter-se transfer between the acquirer and other person if both the acquirer and the other person is named as promoters in the shareholding pattern of target company for not less than three years prior to proposed transaction.

C. Queries

Considering the background and facts stated above and relevant provisions of the SEBI Regulations, please advise us on the following:

1. Whether the general exemption available under Regulation 10(1)(a)(ii) of SEBI Takeover Regulations would be available to an inter-se transfer of 20% equity share capital of Zenotech between Sun Pharma and Daiichi given the facts that:
 - (a) Ranbaxy was holding equity shares in Zenotech for more than three years;
 - (b) pursuant to merger of Ranbaxy into Sun Pharma, Sun Pharma is the successor of Ranbaxy. Ranbaxy has been disclosed as a promoter of Zenotech from year 2010 till year 2014 and Sun has been disclosed as a promoter of Zenotech since year 2015;

by considering the duration of holding of equity shares of Ranbaxy in Zenotech along with the duration of holding of equity shares by Sun Pharma (the successor of Ranbaxy) in Zenotech?

2. Without prejudice to your response to query no. 1 above, for the purpose of Regulation 10(1)(a)(ii) of SEBI Takeover Regulations, what would be considered as the period of holding of Sun Pharma in respect of 46.84% equity share capital held in Zenotech given that merger of Ranbaxy into Sun Pharma had become effective from April 1, 2014 being the Appointed Date however the name of Sun Pharma as the promoter in the shareholding

pattern filed by Zenotech was shown from the quarter ended March 2015 after receipt of all requisite approvals?

As required by SEBI (informal Guidance) Scheme 2003, a demand draft no. "110129" dated April 11th, 2016 drawn on ICICI Bank for Rs. 25,000/- (Rupees Twenty Five Thousand Only) payable at Mumbai is enclosed herewith towards fees payable for seeking interpretative letter.

Owing to the nature of query and the fact that no firm decision of sale/inter-se transfer has been taken by the relevant parties, we request that the subject matter and the contents of this letter be treated as confidential in accordance with para 11 of the SEBI (informal Guidance) Scheme 2003 for the maximum period possible.

In case you require any additional information/explanation, please contact the undersigned person. We look forward to your response.

Name: Mr. Ashok Bhuta
Address: Sun House, 201 B/1,
Western Express Highway,
Goregaon (East), Mumbai - 400063, India
Contact Details: 022-43242231

Thanks & Regards,

For Sun Pharmaceutical Industries Limited



Ashok Bhuta
GM (Legal & Secretarial) and Compliance Officer