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News / Story reproduced with thanks:- **Business Standard**

Israeli SC orders status quo in Sun-Taro battle.

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<http://www.business-standard.com/india/news/israeli-sc-orders-status-quo-in-sun-taro-battle/384706/>

Sun asked not to buy additional Taro shares.

Sun Pharma will have to wait still longer to acquire control of Israel's Taro Pharmaceuticals.

The Supreme Court of Israel has directed Sun Pharma — which is attempting a hostile takeover of Taro — to maintain status quo and not to exercise a warrant to purchase additional Taro shares till the court comes out with a final judgement.

In December last year, Sun Pharma had attempted to exercise a warrant option it has to purchase approximately 3.7 million additional Taro shares at \$6 per share. Taro notified Sun that exercise of the warrant was contrary to an earlier temporary injunction given by the Supreme Court. Sun Pharma then appealed the court to rule that the temporary injunction does not prohibit the exercise of the warrant, said a Taro press release.

“Taro voluntarily agreed to grant an appropriate extension to the term of the warrant in the event that the Supreme Court decides the appeal after expiration of the warrant,” it said.

“What we understand is that this order is not the Court's final verdict on the validity of our tender offer. It is only maintenance of status quo in the case,” said a Sun Pharma spokesperson.

Following the failure of the Taro-Sun merger deal, Sun Pharma had invoked provisions in an earlier “option agreement” and launched an open offer for acquiring the remaining ordinary shares of Taro. In September 2008, Taro and certain members of its Board of Directors questioned the validity of this open offer in a district court. The case is now before the Supreme Court, which had granted a temporary injunction prohibiting Sun from closing its tender offer to purchase Taro shares until the judgment.

Sun Pharma, which has 37 per cent stake in the company, claims the “option agreement” allows it attach shares of Taro's controlling shareholders family led by its chairman, Barrie Levitt, who together have a 12.5 per cent stake in the company. Besides, Sun has an option to exercise conversion of 3.7 million warrants at \$6 a share. If these moves become successful, Sun's share holding in Taro will increase to over 52 per cent, with 68 per cent voting rights, with a controlling stake.