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**3 December 2018.**

**National Stock Exchange of India Ltd,**  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai – 400 051.  
**Scrip Name: SUNPHARMA**

**BSE Limited,**  
Market Operations Dept.  
Phiroze Jeejeebhoy Towers,  
Dalal Street,  
Mumbai - 400 001.  
**Scrip Name: 524715**

Dear Sirs,

**Sub: Press Release**

We are pleased to enclose herewith our clarification related to recent media reports on Sun Pharma. This is for your information and record.

Thanking you,

Yours faithfully,  
For Sun Pharmaceutical Industries Ltd

A handwritten signature in blue ink, appearing to read "A. I. Bhuta".

Ashok I. Bhuta  
Compliance Officer

Encl: as above

## **CLARIFICATION ON RECENT MEDIA REPORTS**

Dear All

Over the last one week, there have been some media reports on Sun Pharma around a note issued by one of the securities firm and a potential whistleblower complaint against the company. Below is a point by point address of the issues/concerns raised during the last week.

### **Q. It has been indicated that one of the partners of an audit firm of Sun Pharma (Valia & Timbadia) was investigated in a stock price rigging case. What is the truth?**

None of the partners of this audit firm or the firm itself was a party to this investigation. This audit firm audits some of our subsidiaries and they have been with us for a long time. The subsidiaries that this firm audits put together account for approximately 0.6% of our consolidated revenues - FY18.

[https://www.sebi.gov.in/enforcement/orders/dec-2010/in-the-matter-of-ms-chetna-valia\\_13792.html](https://www.sebi.gov.in/enforcement/orders/dec-2010/in-the-matter-of-ms-chetna-valia_13792.html)

[https://www.sebi.gov.in/enforcement/orders/dec-2010/in-the-matter-of-mr-yogesh-b-parekh-and-others\\_13794.html](https://www.sebi.gov.in/enforcement/orders/dec-2010/in-the-matter-of-mr-yogesh-b-parekh-and-others_13794.html)

*(SEBI orders in which neither the partners, nor the firm is party to the said investigations)*

### **Q. There are questions that Sun employed a small time securities firm, Jermyn Capital to manage the landmark FCCB transaction in 2004?**

The fact is that JP Morgan Chase was the lead manager and sole book runner and Jermyn Capital was only a co-manager.

### **Q. Why is Lakshdeep Investments & Finance not considered a promoter entity?**

Lakshdeep is an investment company of Mr. Sudhir Valia. As per the then legal advice we received, we classified the same as a non-promoter entity and disclosures were made accordingly. However, even if it were to be classified as a promoter entity, it does not materially change the current promoter shareholding. Further, as a concern has been raised on this, we are in the process of seeking a revised legal opinion on this matter.

### **Q. There are questions raised regarding the relationship between Orbit Investment Services and Investment Trust of India.**

The investments made by these entities may be private investments made by independent parties, which the company is not privy to.

### **Q. There is an issue that pertains to Sun Pharma lending some money to four individuals without security?**

This is a 20+ year old event which happened and the money involved was a few lakh rupees, which was fully recovered. The company conducts business as per its policy guidelines and in accordance with applicable laws. If at any point in time, any loan was extended to any individuals as per the then prevailing guideline of the company, those loan accounts have been closed after receiving all the

receivables from such borrowers. It is also pertinent to note that while these four individuals were investigated by SEBI, the appeals tribunal in 2002, has actually given a ruling in favour of these four individuals.

<https://www.sebi.gov.in/satorders/pareshparekh.html> (the order is related to the four individuals mentioned above who won the appeal)

**Q. A question is being raised about an insider trading case which was settled with SEBI regarding the Ranbaxy acquisition?**

We clarify that Sun Pharma has not been involved in any insider trading norm violations relating to the Ranbaxy deal. However, there was some minor technical issue relating to a procedural aspect of trading window closure due to intervening holidays. The board meeting for approving the Ranbaxy acquisition was held on a Sunday and hence our lawyers advised that there is no need to announce a trading window closure since stock markets are anyways closed on Saturday and Sunday.

SEBI later on ruled that we should have announced a window closure. This case was settled with SEBI with no admission of guilt in accordance with the provisions of applicable laws and matter was closed. It is also important to note that none of the insiders traded in the Sun Pharma stock even if the window closure was not announced.

**Q. A point is being raised about Mr. Dilip Shanghvi buying the shares of Natco Pharma in his personal capacity from a company known as Orange Mauritius?**

We clarify that this transaction has been already disclosed to the stock exchanges. These are long term investments which Mr. Shanghvi has made in his personal capacity and he continues to hold these shares.

**Q. There was an issue raised on Sun Pharma's domestic formulations business being routed through a related party?**

Our domestic formulations sales are undertaken through Aditya Medisales Ltd. (AML) which became a related party in FY18. However, the domestic formulation business transactions with AML have been in existence for the past many years. The transactions with AML are reported as related party transactions in FY18 but not in previous years since AML was not required to be classified as a related party prior to FY18. AML became a related party in FY18 due to consolidation of its shareholding amongst fewer entities as compared to the past. We had also taken shareholder approval on this in our 2017 AGM. These transactions cover the sales made to AML in FY18 and consequent receivables. Sun Pharma's relationship with AML is on an arms-length basis. As investors have expressed concerns regarding this arrangement, we are in the process of evaluating various options for undertaking domestic formulation business.

**Q. Has Sun given any Bank guarantees to Suraksha Realty?**

Sun Pharma has not given any Bank guarantees to Suraksha Realty.



**Q. There are concerns being raised about Sun Pharma's low single digit tax rate?**

This was the case many years back and now our effective tax rate is in mid-teens. We have guided many times in the past quarters that our tax rate will gradually inch up in the coming years.

**Q. There have been news reports about SEBI likely to re-open the old Insider Trading Case?**

We have not received any information from SEBI in this regard.

**Q. There have been some queries on loans and advances given to non-related parties which have increased significantly in FY18?**

These are loans and advances given in the normal course of business at arms-length basis at market interest rates and at market terms and conditions.

**Q. There have been news reports of a whistleblower complaint filed against Sun Pharma with SEBI?**

As of now, we have not received any query related to this from SEBI.