

For Immediate Release

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## **Announcement Regarding Merger Between Sun Pharma and Daiichi Sankyo's Subsidiary Ranbaxy and Resulting Change in Subsidiary**

**Tokyo, Japan (April 11, 2014)** – As announced in a release dated April 7, 2014, pursuant to a merger transaction, whereby Daiichi Sankyo Company, Limited (“Daiichi Sankyo”) has agreed with Sun Pharmaceutical Industries Ltd. (“Sun Pharma”) in favor of Sun Pharma's acquisition of Ranbaxy Laboratories Limited (“Ranbaxy”), Daiichi Sankyo hereby announces additional information regarding this matter.

### **I. Merger between Sun Pharma and Daiichi Sankyo's subsidiary Ranbaxy**

#### **1. Purpose of merger**

This merger will enable the merged entity to make the significant step of becoming the fifth-largest specialty generics company in the world and the largest pharmaceutical company in India. For Daiichi Sankyo, the merger is an opportunity to pursue new development in its hybrid business model through the new partnership with Sun Pharma.

#### **2. Outline of merger**

##### **(1) Main timeframe**

April 6, 2014:	Resolutions regarding the merger agreement and other matters made at the Boards of Directors meetings of Sun Pharma and Ranbaxy
June-end, 2014 ( estimated):	Merger approval from Indian securities exchanges
August-end, 2014 ( estimated):	Extraordinary meetings of shareholders at Sun Pharma and Ranbaxy
December-end, 2014 ( estimated):	Merger completed with approval from high courts in India and other regulatory agencies

##### **(2) Merger method**

Ranbaxy will be merged with Sun Pharma by means of a share swap.  
A merger in which Sun Pharma is the surviving company and Ranbaxy is the company to be absorbed.

##### **(3) Details of allotment associated with merger**

0.8 shares of Sun Pharma will be allotted for each share of Ranbaxy.  
At present, Daiichi Sankyo owns approximately 63.41% (ratio of voting rights held) of the shares of Ranbaxy. Daiichi Sankyo is scheduled to acquire approximately 9% of the shares of Sun Pharma as a result of this merger.

### 3. Policy on calculating details of allotment associated with merger

The details were determined through negotiations following valuation work that included financial advisors. Various valuation methods were employed, primarily commonly used ones such as the DCF method and the multiples method. As a result of the valuation, Daiichi Sankyo judged that the share swap ratio (1: 0.8) is an appropriate level.

### 4. Outlines of companies in merger

(Note) The foreign exchange rate used is the rate as of March-end, 2013 (1 rupee to 1.72 yen).

		Surviving company in absorption-type merger	Company to be absorbed in absorption-type merger
Company name		Sun Pharmaceutical Industries Ltd.	Ranbaxy Laboratories Limited
Location		Mumbai, Maharashtra, India	Gurgaon, Haryana, India
Representative		Dilip S. Shanghvi, Managing Director	Arun Sawhney, CEO & Managing Director
Business description		Research and development, manufacturing, marketing and sales of pharmaceutical products	Research and development, manufacturing, marketing and sales of pharmaceutical products
Paid-in-capital		INR 2.1 billion (JPY3.6 billion)	INR 2.1 billion (JPY3.6 billion)
Established		March 1, 1983	June 16, 1961
Number of shares issued		2,071,163,910 shares	423,779,063 shares
Settlement day		March	December (Changed to March from fiscal year 2013)
Major shareholders and shareholding ratio		Promoter and Promoter Group (63.7%)	Daiichi Sankyo Company, Limited (63.4%), Life Insurance Corporation of India (6.0%)
Consolidated Financial position and operating results in most recent audited fiscal year (INR 1=JPY1.72)	Net assets	INR 149.9 billion (JPY 257.8 billion)	INR 40.8 billion (JPY 70.2 billion)
	Total assets	INR 208.8 billion (JPY 359.1 billion)	INR 164.7 billion (JPY 283.3 billion)
	Net assets per share	INR 144.75 (JPY 248.97)	INR 96.55 (JPY 166.07)
	Net sales	INR 116.9 billion (JPY 201.1 billion)	INR 127.5 billion (JPY 219.3 billion)
	Operating income	INR 49.1 billion (JPY 84.5 billion)	INR 14.7 billion (JPY 25.3 billion)
	Ordinary income	INR 43.2 billion (JPY 74.3 billion)	INR 12.4 billion (JPY 21.3 billion)
	Net income	INR 29.8 billion (JPY 51.3 billion)	INR 9.3 billion (JPY 16.0 billion)
	Net income per share	INR 28.8 (JPY 49.54)	INR 21.87 (JPY 37.62)

## II. Change in subsidiary

The following change in subsidiary will occur as a result of this merger.

### 1. Outlines of subsidiaries to change

(Note) The foreign exchange rate used is the rate as of March-end, 2013 (1 rupee to 1.72 yen, 1 US dollar to 102.92 yen).

Company name	Ranbaxy Laboratories Limited		
Location	Gurgaon, Haryana, India		
Representative	Arun Sawhney, CEO & Managing Director		
Business description	Research and development, manufacturing and sales of pharmaceutical products		
Paid-in capital	INR 2.1 billion (JPY 3.6 billion)		
Established	June 16, 1961		
Major shareholders and shareholding ratio	Daiichi Sankyo Company, Limited (63.4%), Life Insurance Corporation of India (6.0%)		
Relationship with Daiichi Sankyo	Capital relationship	Consolidated subsidiary of Daiichi Sankyo Shares of Ranbaxy Laboratories Limited held by Daiichi Sankyo: 268,711,323 shares (ratio of voting rights held: 63.4%)	
	Personnel exchange	Interlocking of directorate etc.	
	Transactions	Daiichi Sankyo outsources sales promotion support operation to Ranbaxy	
Financial position and operating results in three most recent fiscal years (1 rupee to 1.72 yen)			
	Fiscal 2010	Fiscal 2011	Fiscal 2012
Net assets	INR 56.0 billion (JPY 96.3 billion)	INR 28.7 billion (JPY 49.4 billion)	INR 40.8 billion (JPY 70.2 billion)
Total assets	INR 141.6 billion (JPY 243.6 billion)	INR 157.2 billion (JPY 270.4 billion)	INR 164.7 billion (JPY 283.3 billion)
Net assets per share	INR 132.96 (JPY 228.69)	INR 67.98 (JPY 116.93)	INR 96.55 (JPY 166.07)
Net sales	INR 93.8 billion (JPY 161.3 billion)	INR 105.8 billion (JPY 182.0 billion)	INR 127.5 billion (JPY 219.3 billion)
Operating income	INR 18.3 billion (JPY 31.5 billion)	INR 10.5 billion (JPY 18.1 billion)	INR 14.7 billion (JPY 25.3 billion)
Ordinary income	INR 21.0 billion (JPY 36.1 billion)	INR -26.9 billion (JPY -46.3 billion)	INR 12.4 billion (JPY 21.3 billion)
Net income	INR 15.1 billion (JPY 26.0 billion)	INR -28.9 billion (JPY -49.7 billion)	INR 9.3 billion (JPY 16.0 billion)
Net income per share	INR 35.57 (JPY 61.18)	INR -68.81 (JPY -118.35)	INR 21.87 (JPY 37.62)
Dividends per share	INR 2.00 (JPY 3.44)	—	—

Name	Ranbaxy (Netherlands) B.V.		
Location	Amsterdam, Netherlands		
Representative	Directors : Gunther Axel Reinder Warris and 3 others		
Business description	Holding company		
Paid-in-capital	USD 500 million (JPY 51.5 billion)		
Established	December 14, 1993		
Major shareholders and shareholding ratio	Ranbaxy Laboratories Limited, 100%		
Relationship with Daiichi Sankyo	Capital relationship	Specified subsidiary	
	Personnel exchange	N/A	
	Transactions	N/A	
Financial position and operating results in three most recent fiscal years (USD 1=JPY102.92)			
	Fiscal 2010	Fiscal 2011	Fiscal 2012
Net assets	US\$ 673.0 million (JPY 69.3 billion)	US\$ 654.0 million (JPY 67.3 billion)	US\$ 685.0 million (JPY 70.5 billion)
Total assets	US\$ 674.0 million (JPY 69.4 billion)	US\$ 660.0 million (JPY 67.9 billion)	US\$ 688.0 million (JPY 70.8 billion)
Net assets per share	US\$ 170.78 (JPY 17.58 thousand)	US\$ 166.02 (JPY 17.09 thouhsand)	US\$ 173.83 (JPY 17.89 thousand)
Net sales	—	—	—
Operating income	US\$ 10.0 million (JPY 1.0 billion)	US\$ -18.0 million (JPY -1.9 billion)	US\$ 31.0 million (JPY 3.2 billion)
Ordinary income	US\$ 10.0 million (JPY 1.0 billion)	US\$ -18.0 million (JPY -1.9 billion)	US\$ 31.0 million (JPY 3.2 billion)
Net income	US\$ 8.0 million (JPY 0.8 billion)	US\$ -19.0 million (JPY -2.0 billion)	US\$ 31.0 million (JPY 3.2 billion)
Net income per share	US\$ 2.15 (JPY 221.28)	US\$ -4.76 (JPY -489.90)	US\$ 7.81 (JPY 803.81)
Dividends per share	—	—	—

## 2. Daiichi Sankyo's ownership of Ranbaxy's shares before and after change

Share ownership before change	268,711,323 shares (ratio of voting rights held: 63.41%)
Share ownership after change	0 shares (ratio of voting rights held: 0%)

## 3. Date of change

December-end, 2014 (estimated)

## III. Outlook

The merger is expected to close by the end of December 2014, pending shareholder, court and regulatory approvals and other customary conditions.

Daiichi Sankyo will have the right to nominate one Director to Sun Pharma's Board of Directors post completion of merger.

Daiichi Sankyo is currently in the process of determining the impact of this transaction on earnings. Daiichi Sankyo is committed to making timely disclosures once details are finalized.

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