

## LETTER OF OFFER

### THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

This Letter of Offer is being sent to you as an equity shareholder(s) of Ranbaxy Laboratories Limited. If you require any clarifications about the action to be taken, you may consult your stock broker or investment consultant or the Manager to the Offer or the Registrar to the Offer. In case you have recently sold your shares in Ranbaxy Laboratories Limited, please hand over this Letter of Offer and the accompanying Form of Acceptance-cum-Acknowledgement, Form of Withdrawal and Transfer Deed to the purchaser of the shares or the member of stock exchange through whom the sale was effected.

#### CASH OFFER

Pursuant to Regulations 10 and 12 of Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 1997 ('SEBI (SAST) Regulations' or 'Regulations') and subsequent amendments thereto

by

**Daiichi Sankyo Company, Limited ('Acquirer' or 'Daiichi Sankyo')**

Registered Office: 3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo - 103-8426, Japan

Tel. No.: +81 3 6225 1126 Fax. No. +81 3 6225 1900

for

the acquisition of up to 92,519,126 fully paid-up equity shares representing 20% of the Emerging Voting Capital  
(as given in para 7.7 of this Letter of Offer)

of

**Ranbaxy Laboratories Limited ('Target Company' or 'RLL')**

Registered Office: A-11, Industrial Area, Sahibzada Ajit Singh Nagar, Mohali, Punjab 160055 INDIA

Tel: +91 172 227 1450 / 06; Fax: +91 172 222 6925

at

**Rs. 737/- (Rupees Seven Hundred and Thirty Seven only) per fully paid-up Equity Shares of face value of Rs. 5/- each  
(the 'Offer Price') payable in cash**

#### ATTENTION:

- a) The Acquirer is in the process of applying for the approvals as mentioned in clause 10.6 of this Letter of Offer
- b) RBI in term of its A.P. (Dir Series) Circular No. 62, dated May 24, 2007 has approved opening of Escrow and Special Account
- c) In case of delay in the receipt of the statutory approvals, SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to shareholders who have validly tendered their Shares, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the SEBI (SAST) Regulations. Further, if the delay occurs on account of willful default by the Acquirer in obtaining the requisite approval, Regulation 22(13) of the SEBI (SAST) Regulations will also become applicable.
- d) Specific approval of the RBI needs to be obtained by the OCB in the event that any OCB shareholder tenders its shares in the Open Offer. No specific approval from RBI is required in case shares are tendered by NRI shareholders.
- e) Shareholders who have accepted the Offer by tendering the requisite documents, in terms of the Public Announcement / Letter of Offer, shall have the option to withdraw their acceptance on or before Thursday, August 28, 2008, i.e., 3 (three) working days prior to the date of closure of the Offer i.e. Thursday, September 04, 2008.
- f) If there is any upward revision in the Offer Price by the Acquirer prior to or on the last date for revising the Offer Price viz., Friday, August 22, 2008, you will be informed by way of another Public Announcement in the same newspapers in which the first Public Announcement was published. The Acquirer shall pay such revised price for all shares validly tendered any time during the Offer and accepted under the Offer or if the Offer is withdrawn pursuant to Regulation 27 of the Regulations, the same would be communicated by a Public Announcement in the same newspapers in which the Public Announcement appeared.
- g) The Offer is not conditional on any minimum level of acceptance by the shareholders.
- h) If there is competitive bid :
  1. The public offers under all the subsisting bids shall close on the same date.
  2. As the offer price can not be revised during 7 working days prior to the closing date of the Offer, it would, therefore, be in the interest of shareholders to wait till the commencement of that period to know the final Offer Price of each bid and tender their acceptance accordingly.
- i) No competitive bid has been announced till the date of this Letter of Offer.
- j) Form of Acceptance-cum-Acknowledgement and Form of Withdrawal are enclosed with this Letter of Offer.
- k) A copy of the Public Announcement, this Letter of Offer including Form of Acceptance-cum-Acknowledgement and Form of Withdrawal will also be available on SEBI's website ([www.sebi.gov.in](http://www.sebi.gov.in)) from August 11, 2008. A copy of the Form of Acceptance may also be obtained from the Registrar to the Offer commencing on the date of the dispatch of the Letter of Offer. All future correspondence, if any, should be addressed to the Registrar to the Offer at the address mentioned below:

#### Manager to the Offer



#### ICICI Securities Limited

ICICI Centre, H.T. Parekh Marg, Churchgate,  
Mumbai - 400 020, INDIA  
Tel: +91 22 2288 2460, Fax: +91 22 2282 6580  
Contact Person: Aakash Swaroop  
E-mail: [projectjewel@isecitd.com](mailto:projectjewel@isecitd.com)

#### Registrar to the Offer



Karvy Computershare Private Limited

#### Karvy Computershare Pvt Limited

Karvy House, 46, Avenue 4, Street No 1  
Banjara Hills, Hyderabad 500 034, India  
Tel: +91 40 2342 0815 / 2342 0820; Fax: +91 40 2342 0814  
Contact Person: Mr. Murali Krishna  
Email id : [rll\\_openoffer@karvy.com](mailto:rll_openoffer@karvy.com)

**OFFER OPENS: August 16, 2008**

**OFFER CLOSES: September 04, 2008**

### SCHEDULE OF MAJOR ACTIVITIES OF THE OFFER

	Activity	Original Schedule	Revised schedule
1	Public Announcement Date	Monday, June 16, 2008	Monday, June 16, 2008
2	Specified date*	Friday, June 27, 2008	Friday, June 27, 2008
3	Last date for announcement of a competitive bid	Monday, July 7, 2008	Monday, July 7, 2008
4	Date of first Corrigendum to the Public Announcement	N/A	Thursday, July 31, 2008
5	Date of second Corrigendum to the Public Announcement	N/A	Monday, August 11, 2008
6	Date by which Letter of Offer will be dispatched to shareholders	Thursday, July 31, 2008	Monday, August 11, 2008
7	Offer Opening Date	Friday, August 8, 2008	Saturday, August 16, 2008
8	Last date for revising the Offer Price / number of Shares	Thursday, August 14, 2008	Friday, August 22, 2008
9	Last date for withdrawing acceptance from the Offer	Thursday, August 21, 2008	Thursday, August 28, 2008
10	Date of Closure of the Offer	Wednesday, August 27, 2008	Thursday, September 4, 2008
11	Date by which acceptance / rejection under the Offer would be intimated and the corresponding payment for the acquired shares and / or the unaccepted shares / share certificates will be credited / dispatched.	Wednesday, September 10, 2008	Friday, September 19, 2008

\* Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer will be sent and all owners (registered or unregistered) of the shares of the Target Company (except the Acquirer and the Sellers) are eligible to participate in the Offer anytime before the closure of the Offer.

**Note:** Duly Signed Application and Transfer Deed should be dispatched to the Registrar to the Offer at the above address to reach not later than 5.00 p.m on Thursday, September 04, 2008.

## **RISK FACTORS**

### **RISK RELATED TO THE OFFER**

The risk factors set forth below pertain to the Offer and are not in relation to the present or future business operations of the Target Company or other related matters, and are neither exhaustive nor intended to constitute a complete analysis of the risks involved in participation or otherwise by a shareholder in the Offer. Shareholders of the Target Company are advised to consult their stockbroker or investment consultant, if any, for analysing all the risks with respect to their participation in the Offer.

1. The Offer involves an offer to acquire up to 20% of the Emerging Voting Capital (as defined in para 7.7 of this Letter of Offer) that will constitute the share capital of RLL from the Eligible Persons for the Offer. In the case of oversubscription in the Offer, as per the SEBI (SAST) Regulations, acceptance would be determined on a proportionate basis and hence there is no certainty that all the shares tendered by the shareholders in the Offer will be accepted.
2. In the event that (a) a statutory and regulatory approval is not received in a timely manner, (b) there is any litigation leading to a "stay" of the Offer, or (c) SEBI instructing the Acquirer not to proceed with the Offer, then the Offer process may be delayed beyond the schedule of activities indicated in this Letter of Offer. Consequently, the payment of consideration to the shareholders of RLL whose Shares have been accepted in the Offer as well as the return of Shares not accepted by the Acquirer may be delayed. In case of the delay, due to non-receipt of statutory approvals, as per Regulation 22(12) of the SEBI (SAST) Regulations, SEBI may, if satisfied that the non-receipt of approvals was not due to willful default or negligence or failure to diligently pursue such approvals on the part of the Acquirer, grant an extension for the purpose of completion of the Offer subject to the Acquirer paying interest to the shareholders, as may be specified by SEBI.
3. Shareholders should note that after the last date of withdrawal i.e. Thursday, August 28, 2008, the shareholders who have lodged the Shares would not be able to withdraw them even if the acceptance of Shares under the Offer and dispatch of consideration gets delayed. The tendered shares and documents would be held by the Registrar to the Offer, till such time as the process of acceptance of tenders and the payment of consideration is completed.
4. The Offer is subject to the receipt of statutory and regulatory approvals by the Acquirer, and wherever applicable, by the Target Company, in connection with the Offer. The Acquirer may not be able to proceed with the Offer in the event the approvals are not received in terms of Regulation 27 of the SEBI (SAST) Regulations. Delay, if any, in the receipt of these approvals may delay completion of the Offer. Any approval as may be required for acquiring shares from an NRI that has tendered shares in the Offer shall not be covered under the provisions of Regulation 27 of the SEBI (SAST) Regulations.
5. The Shares tendered in the Offer will be held in trust by the Registrar to the Offer until the completion of the Offer formalities. During such period, there may be fluctuations in the market

price of the equity shares (equity) of RLL. Accordingly, the Acquirer makes no assurance with respect to the market price of the shares both during the Offer Period and upon the completion of the Offer, and disclaim any responsibility with respect to any decision by any shareholder of RLL on whether to participate or not to participate in the Offer.

#### **RISK RELATING TO THE TRANSACTIONS**

6. The transaction is subject to completion risks as would be applicable to the transactions.
7. Based on the information provided by RLL, there is no outstanding litigation against RLL in the United States of America (except as described in clause 7.23 of this Letter of Offer) other than the motion filed by the United States attorney's office in Maryland on July 3, 2008. The filing of the motion has resulted in intense media scrutiny of RLL and has also resulted in the announcement of an investigation of the FDA. The motion and subsequent responses have also detailed an investigation of RLL by the United States attorney's office in Maryland which has not yet resulted in any litigation/charges. All documents responsive to the motion have been turned over to the Government on August 06, 2008. In anticipation, the motion has been ordered to be held in abeyance by the judge in charge. The impact, if any on the business of the Target Company in USA is currently indeterminate.
8. The SPSSA is binding on each party thereof, in accordance with and subject to the terms and conditions contained therein and subject to all laws and regulations applicable to the transactions contemplated therein. In addition, to the current knowledge of the Acquirer, the proposed transaction(s) is not affected by the Motion filed against RLL by the Government of the United States of America on July 3, 2008 before the US District Court in the District of Maryland.

#### **RISKS INVOLVED ASSOCIATING WITH THE ACQUIRER**

9. The Acquirer makes no assurance with respect to the future financial performance of the Target Company.

#### **CURRENCY OF PRESENTATION AND NUMERICAL CONVERSION**

In this Letter of Offer, certain financial details contained herein are denominated in Japanese Yen ('Yen', the legal currency of Japan). The Rupee equivalent quoted for Yen is calculated in accordance with the RBI Reference rates as of June 14, 2008, namely 100 Yen = Rs. 39.71 (*Source: www.rbi.org.in*).

NUMERICAL CONVERSION: One million (1,000,000) = Ten lakhs (10,00,000)

In this Letter of Offer, any discrepancy in any table between the total and sums of the amount listed are due to rounding.

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## DEFINITIONS

Acquirer / Daiichi Sankyo	Daiichi Sankyo Company, Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
CII	Confederation of Indian Industries
Daiichi	Daiichi Pharmaceutical Co., Ltd.
Dai-Ichi Kangin	The Dai-Ichi Kangyo Bank, Limited
DP	Depository Participant
DPCO	Drugs (Prices Control) Order, 1995
Eligible Persons	All owners of Equity Shares, registered or unregistered of Ranbaxy Laboratories Limited, who own Equity Shares at any time prior to the closure of the Offer, other than the Acquirer and the Sellers
Emerging Voting Capital	Fully diluted voting rights of the Target Company, as defined in para 7.7 of this Letter of Offer
English Claimants	The Department of Health of the UK and several other authorities
Equity Shares or Shares	Fully paid-up Equity Shares of Rs. 5 each of Ranbaxy Laboratories Limited
FII	Foreign Institutional Investor
FCCB	Foreign Currency Convertible Bonds
FDA	Food and Drug Administration Authority
FEMA	Foreign Exchange Management Act, 1999
FIPB	Foreign Investment Promotion Board
Form of Acceptance	Form of Acceptance-cum-Acknowledgement
GDR	Global Depository Receipts
Guidelines	SEBI (Disclosure and Investor Protection) Guidelines, 2000 and subsequent amendments thereto
HKSAR	Hong Kong Special Administrative Region
Income-tax Act	Income Tax Act, 1961 of India
Indian GAAP	Generally Accepted Accounting Principles in India
JFTC	Japan Fair Trade Commission
Japanese GAAP	Generally Accepted Accounting Principles in Japan
Manager / Manager to the Offer / ICICI Securities	ICICI Securities Limited
Mn	Millions
NPPA	National Pharmaceutical Pricing Authority
NRI	Non-resident Indian

NSDL	National Securities Depositories Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Bodies
Offer	Cash offer being made by the Acquirer to the Shareholders of the Target Company to acquire up to 92,519,126 fully paid-up equity shares
Offer Price	Rs. 737 per Equity Share of Ranbaxy Laboratories Limited
PAC	Persons Acting in Concert
PA or Public Announcement	Announcement of the Offer made by Acquirer on June 16, 2008
RBI	Reserve Bank of India
Registrar/ Registrar to the Offer	Karvy Computershare Private Limited
RLL / the Company/ Target Company	Ranbaxy Laboratories Limited
Rs.	Indian Rupees, the legal currency of India
Sankyo	Sankyo Company, Limited
SEBI	Securities and Exchange Board of India
SEBI (SAST) Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations 1997, and subsequent amendments thereto
Shareholders	Shareholders of Ranbaxy Laboratories Limited
Specified Date	June 27, 2008
SPSSA	Share Purchase and Share Subscription Agreement
Sumitomo Banking	Sumitomo Banking Corporation
Yen / ¥	Japanese Yen, the legal currency of Japan

**Note:** All terms beginning with a capital letter used in this Letter of Offer, but not otherwise defined herein, shall have the meaning ascribed thereto in the Regulations unless specified.

## **1 DISCLAIMER CLAUSE**

IT IS TO BE DISTINCTLY UNDERSTOOD THAT FILING OF DRAFT LETTER OF OFFER WITH THE SEBI SHOULD NOT IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED, VETTED OR APPROVED BY THE SEBI. THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO THE SEBI FOR THE LIMITED PURPOSE OF OVERSEEING WHETHER THE DISCLOSURES CONTAINED THEREIN ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH THE REGULATIONS. THIS REQUIREMENT IS TO FACILITATE THE SHAREHOLDERS OF RANBAXY LABORATORIES LIMITED TO TAKE AN INFORMED DECISION WITH REGARD TO THE OFFER. THE SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR FINANCIAL SOUNDNESS OF THE ACQUIRER OR THE COMPANY WHOSE SHARES/CONTROL IS PROPOSED TO BE ACQUIRED OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE LETTER OF OFFER. IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ACQUIRER IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THIS LETTER OF OFFER, THE MERCHANT BANKER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ACQUIRER DULY DISCHARGES ITS RESPONSIBILITY ADEQUATELY. IN THIS BEHALF, AND TOWARDS THIS PURPOSE, ICICI SECURITIES LIMITED, THE MANAGER TO THE OFFER, HAS SUBMITTED A DUE DILIGENCE CERTIFICATE DATED JUNE 27, 2008 TO THE SEBI IN ACCORDANCE WITH THE SEBI (SUBSTANTIAL ACQUISITION OF SHARES AND TAKEOVER) REGULATIONS, 1997 AND SUBSEQUENT AMENDMENT(S) THEREOF. THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE ACQUIRER FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY CLEARANCES AS MAYBE REQUIRED FOR THE PURPOSES OF THE OFFER.

The Acquirer and the Manager to the Offer accept no responsibility for statements made otherwise than in the Letter of Offer or in the Public Announcements or in any advertisement or other announcement issued by, or at the instance of the Acquirer, or the Manager to the Offer, and any person placing reliance on any other source of information for purpose of this Offer or in relation thereto would be doing so entirely at his own risk.

## **2 DETAILS OF THE OFFER**

### **2.1 Background of the Offer**

- 2.1.1 This open offer (the 'Offer' or 'Open Offer') is being made by Daiichi Sankyo Company, Limited, a company incorporated under the laws of Japan, with registered office at 3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo - 103-8426, Japan, Tel No.: +81 3 6225 1126 Fax. No.



+81 3 6225 1900 ('Daiichi Sankyo' or 'Acquirer') to the equity shareholders (other than the Sellers, as defined below) of Ranbaxy Laboratories Limited ('RLL' or the 'Target Company') in compliance with Regulations 10 and 12 of the SEBI (SAST) Regulations, for the purpose of substantial acquisition accompanied with change in control of RLL. The Offer is a mandatory open offer under Regulations 10 and 12 of the SEBI (SAST) Regulations for substantial acquisition and change in control. This Offer is subject to the receipt of certain approvals as described in clause 10.6 of this Letter of Offer.

2.1.2 On June 11, 2008, the Acquirer entered into a Share Purchase and Share Subscription Agreement (the '**SPSSA**') with (a) Mr. Malvinder Mohan Singh; (b) Mr. Shivinder Mohan Singh; and (c) Others (collectively referred to as the 'Sellers') and RLL.

2.1.3 The salient features of the SPSSA are as under:

- (i) Under the SPSSA, the Sellers have committed to sell to the Acquirer their collective holding of 129,934,134 fully paid-up equity shares of face value of Rs. 5/- each (the '**Sale Shares**') representing 34.81% of the total issued, subscribed and fully paid-up equity capital of RLL (as on the date of the Public Announcement dated June 14, 2008) at a price of Rs. 737/- (Rupees Seven Hundred Thirty-Seven only) (the 'Negotiated Price') per fully paid-up equity share in cash (the '**Acquisition**'). The total consideration payable for the Sale Shares is Rs. 95,761,456,758 (Rupees Ninety-five billion seven hundred sixty-one million four hundred fifty-six thousand seven hundred fifty-eight only). As per the Stock Exchange filings by RLL, the Sellers belong to the promoter group of the Target Company.
- (ii) The SPSSA also provides for the issue and allotment by RLL to the Acquirer (the '**Subscription**') of 46,258,063 fully paid-up equity shares of face value Rs 5/- each (the '**Subscription Shares**') representing 11.03% of the subscribed and fully paid-up equity capital of RLL (equity shares as on the date of the Public Announcement dated June 14, 2008 and the Subscription Shares) and the issuance of 23,834,333 warrants of RLL (the '**Warrants**'), each Warrant exercisable for one equity share of face value Rs 5/- each of RLL. The subscription price for each Subscription Share and the exercise price of each Warrant is Rs. 737/- (Rupees Seven Hundred Thirty-Seven) (the '**Subscription Price**') (including a premium of Rs. 732/- per share). The issuance of the Subscription Shares and the Warrants has been approved vide a special resolution passed under Section 81(1A) of the Companies Act, 1956 and other applicable provisions, at the extraordinary general meeting (the '**EGM**') of the shareholders of RLL held on July 15, 2008. It is further subject to receipt of certain approvals as set forth in detail in clause 10.6 of this Letter of Offer. The allotment of the Subscription Shares and Warrants would be completed within 15 days from the date of receipt of last of such regulatory / statutory approvals.

(iii) RLL and the Sellers have agreed and have undertaken not to sell all or any portion of the business of RLL, its shares or all or substantially all of its assets or to de-merge or transfer any business or division of RLL. On the completion of the purchase by the Acquirer of all of the Sale Shares or the completion of the Offer, whichever is later, the board of directors of the Company will be re-constituted such that it will consist of 10 members, of which a combination of 4 independent and non-independent directors (including Mr. Malvinder Mohan Singh) will be nominated by the Sellers and 6 independent and non-independent directors will be nominated by the Acquirer. Mr. Malvinder Mohan Singh will remain the Chief Executive Officer and Managing Director of RLL and will also become the Chairman of the Board of RLL. The Sellers are also bound by non-competition obligations for which they neither have received nor will receive any additional consideration from the Acquirer. Subject to the provision of the applicable law and the Articles of Association of the Target Company, the Board of Directors of the Target Company may upon the completion of the purchase of the Sale Shares and the Open Offer, under the terms of the SPSSA, be reconstituted

2.1.4 The appointment of a director, in the case of a public limited company, is governed by Section 255 of the Companies Act, 1956 (the "Act"). Under Section 255, the appointment of a director must be made by a company in a general meeting and is therefore subject to the vote of the shareholders. Furthermore, under Section 257 of the Act, a person who is not a retiring director, is (subject to the provisions of the Act) eligible for appointment to the office of director at any general meeting, if he or some member intending to propose him has provided the company with his candidature at the office of the company. Accordingly, any shareholder of RLL is entitled to nominate a person to the office of a director. However, such candidature is subject to the vote of the members of RLL and such other provisions as may be prescribed under the articles of association of RLL and applicable law.

In addition, the requirement to appoint certain persons as independent directors of a company is as contained in Clause 49 of the listing agreement, which further lays down the criteria for a person to be appointed as an independent director. The Acquirer as a proposed shareholder of RLL wishes to comply with all provisions of the listing agreement, including the appointment of certain persons as independent directors of RLL. However, any such appointment would at all times be made in accordance with the provisions of the Act and will be subject to the vote of the shareholders of RLL.

As per the SPSSA, Daiichi Sankyo and the Sellers have agreed to grant each other the right to nominate certain persons, who in their opinion would represent the best interests of RLL and its shareholders, to the office of a director. However, any such nomination will at all times be subject to the provisions of the Act, the Articles of Association of RLL and the listing

agreement. Notwithstanding the mechanism of nomination contemplated under SPSSA, it is eventually the shareholders of RLL who will appoint the directors of the Target Company. Hence, as mentioned above, the rights contained in SPSSA are limited to the right of nomination only. The appointment of any such nominated persons to the office of a director will, at all times, remain subject to the vote of the shareholders of RLL.

Daiichi Sankyo has, in the interest of the public shareholders and in order to ensure the independence of the management of RLL agreed to the present arrangement as explained under clause 2.1.3 (iii) above.

- 2.1.5 Pursuant to the signing of the SPSSA, the Acquirer proposes to acquire up to 92,519,126 fully paid-up equity shares of face value Rs. 5/- each from the remaining shareholders (other than the parties to the SPSSA) of the Target Company (the '**Offer Size**'), representing 20% of the Emerging Voting Capital [refer para 7.7 for details] of RLL at a price of Rs. 737/- (Rupees Seven Hundred Thirty-Seven only) (the '**Offer Price**') for each fully paid-up equity share of RLL, payable in cash and in accordance with the SEBI (SAST) Regulations, subject to the terms and conditions mentioned in the Offer. This Offer is neither conditional nor subject to any minimum level of acceptance. The Acquirer will acquire all the shares that are validly tendered in accordance with the terms of the Offer, up to 92,519,126 equity shares at the Offer Price.
- 2.1.6 The Parties have further agreed that each Party shall comply with the provisions of the SEBI (SAST) Regulations and if there is non-compliance by any Party with the provisions of the SEBI (SAST) Regulations then in accordance with Regulation 22(16) of the SEBI (SAST) Regulations the Parties will not implement the SPSSA.
- 2.1.7 Accordingly, this Offer is being made as a result of the above-mentioned Acquisition and Subscription by Daiichi Sankyo, resulting in direct acquisition of RLL by Daiichi Sankyo.
- 2.1.8 The Acquirer, the Target Company and the Sellers have not been prohibited by SEBI from dealing in securities, in terms of directions issued under Section 11B of the Securities Exchange Board of India Act, 1992 ('**SEBI Act**') or any of the regulations made under the SEBI Act.
- 2.1.9 The Closing of the Acquisition and Subscription is subject to customary conditions precedent, including, without limitation, the receipt of regulatory approvals as explained below in Section 10.

2.1.10 The SPSSA is binding on each party thereof, in accordance with and subject to the terms and conditions contained therein and subject to all laws and regulations applicable to the transactions contemplated therein. In addition, to the current knowledge of the Acquirer, the proposed transaction(s) is not affected by the Motion filed against RLL by the Government of the United States of America (the "Government") on July 3, 2008 before the US District Court (the "Court") in the District of Maryland.

## **2.2 Details of the Offer**

2.2.1 The Public Announcement for the Open Offer was made in all editions of the following newspapers in accordance with Regulation 15(1) of the SEBI (SAST) Regulations:

<b>Newspaper</b>	<b>Language</b>	<b>Edition</b>	<b>Date of publication</b>
Navbharat Times	Hindi	All India	June 16, 2008
The Economic Times	English	All India	June 16, 2008
Punjabi Tribune	Punjabi	All editions	June 16, 2008

2.2.2 A copy of the Public Announcement for the Open Offer is also available on the SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in))

2.2.3 The Acquirer is making an Open Offer to acquire up to 92,519,126 Equity Shares of the face value of Rs. 5/- each, representing in aggregate 20% of the Emerging Voting Capital (as given in para 7.7 of this Letter of Offer) of Target Company in terms of Regulation 21(1) of the SEBI (SAST) Regulations, at a price of Rs. 737/- per share payable in cash subject to the terms and conditions mentioned hereinafter.

2.2.4 There are no partly paid-up shares of RLL.

2.2.5 This is not a competitive bid and there has been no competitive bid as of the date of this Letter of Offer.

2.2.6 The Offer is not conditional upon any minimum level of acceptance.

2.2.7 The Acquirer will acquire all the Equity Shares of the Target Company that are validly tendered as per terms of the Offer upto 92,519,126 fully paid-up equity shares of face value of Rs. 5/- each, at the Offer Price.

- 2.2.8 In the event the equity shares tendered in the Offer by the shareholders of RLL are more than the equity shares to be acquired under the Offer, the acquisition of equity shares from each shareholder will be as per provisions of Regulation 21(6) of the SEBI (SAST) Regulations on a proportionate basis, irrespective of whether the equity shares are held in physical or dematerialised form.
- 2.2.9 There is no 'Persons Acting in Concert' within the meaning of Regulation 2(1)(e)(1) of the SEBI (SAST) Regulations in relation to this Offer. However, due to the applicability of Regulation 2(1)(e)(2) of the SEBI (SAST) Regulations, there could be certain entities deemed to be Persons Acting in Concert with the Acquirer.
- 2.2.10 The Acquirer has not acquired any Equity Shares of the Target Company after the date of Public Announcement and up to the date of Letter of Offer through open market purchases or otherwise.

### **3 OBJECTS OF THE ACQUISITION/OFFER**

- 3.1** On completion of the Acquisition, subscription to 46,258,063 fully paid-up equity shares and the Offer, assuming full acceptance in the Offer, the Acquirer may hold, in the aggregate, up to 268,711,323 fully paid-up shares representing 58.09% of the Emerging Voting Capital (as given in para 7.7 of this Letter of Offer) of the Target Company and will be in control of the Target Company. The Offer is being made in accordance with Regulations 10, Regulation 12 and other applicable provisions of the SEBI (SAST) Regulations as a result of proposed substantial acquisition of shares or voting rights accompanied with change in control of the Target Company.
- 3.2** Daiichi Sankyo and RLL believe that the transaction will create significant long-term value for all stakeholders through:
- A complementary business combination that provides sustainable growth by diversification that spans the full spectrum of the pharmaceutical business;
  - An expanded global reach that enables leading market positions in both mature and emerging markets with proprietary and non-proprietary products;
  - Strong growth potential by effectively managing opportunity across the full pharmaceuticals life-cycle; and
  - Cost competitiveness by optimizing usage of R&D and manufacturing facilities of both companies, especially in India.

- 3.3** Daiichi Sankyo and RLL will explore opportunities to create synergies through:
- Optimizing usage of R&D and manufacturing facilities of both the companies, especially in India
  - An expanded global reach that enables leading market positions in both mature and emerging markets with proprietary and non-proprietary products
  - Daiichi Sankyo's strong presence in proprietary pharmaceuticals and RLL's leadership position in fast growing business of non-proprietary pharmaceuticals
- 3.4** As of the date of this Offer, the Acquirer does not have any plans to dispose of or otherwise encumber any assets of the Target Company in the next two years except in the ordinary course of business of the Target Company and except to the extent required for the purpose of restructuring and/or rationalisation of operations, assets, investments, liabilities or otherwise of the Target Company for commercial reasons and operational efficiencies. Notwithstanding the immediately preceding sentence, the board of directors of the Target Company will take appropriate decisions in these matters based upon, among other things, the requirements of the business and in line with the opportunities from time to time.
- 3.5** Other than in the ordinary course of business, the Acquirer undertakes that it will not sell, dispose off or otherwise encumber any substantial asset of the Target Company except with the prior approval of the shareholders of the Target Company.
- 3.6** The Acquirer is in a similar line of business / operations as the Target Company. No material impact is expected on the Acquirer's business and operations as a result of the proposed Acquisition and the Offer in the Target Company.

#### **4 BACKGROUND OF THE ACQUIRER**

- 4.1** Daiichi Sankyo is a Japanese pharmaceutical stock company with head / registered office at 3-5-1, Nihonbashi-honcho, Chuo-ku, Tokyo – 103 8426, Japan, Tel. No.: +81 3 6225 1126, Fax. No. +81 3 6225 1900. On September 28, 2005, Daiichi Pharmaceutical Co., Ltd, Japan ('**Daiichi**'), and Sankyo Company, Limited, Japan ('**Sankyo**') formed a joint holding company, Daiichi Sankyo by way of share transfer. Thereafter, in April 2007, Daiichi and Sankyo merged into Daiichi Sankyo.
- 4.2** Daiichi Sankyo is engaged in the business of research & development, manufacturing, import, and sales & marketing of pharmaceutical products globally.
- 4.3** Daiichi Sankyo Company, Limited was established in 2005 by way of share transfer by two leading century-old Japanese pharmaceutical companies, Daiichi and Sankyo. Sankyo was established in 1899 while Daiichi was established in 1915. Currently, Daiichi Sankyo has

directly marketed its products among major markets as well as emerging markets through its subsidiaries located in 21 countries worldwide.

Daiichi Sankyo's vision is to establish a strong presence in the international arena as a Global Pharma Innovator, by consistently developing new world-class drugs, and manufacturing and marketing them through its own hands. Daiichi Sankyo uses its cumulative knowledge and expertise in the fields of cardiovascular disease, cancer, metabolic disorders, and infection as a foundation for developing an abundant product line-up and R&D pipeline.

Daiichi Sankyo's products are used not only in Japan but also in many parts of the world including Asia, Europe and the United States. In recent history, Daiichi Sankyo has successfully launched three major products widely used globally, an antihypertensive Olmesartan (Benicar®, Olmetec®), a synthetic antibacterial agent Levofloxacin (Levaquin®, Tavanic®, Cravit®), and an antihyperlipidemic agent Pravastatin (Pravachol®, Mevalotin®). To pick up on global needs all over the world and have these reflected in global pharmaceutical operations, Daiichi Sankyo is active in promoting information exchange in a number of areas including research and development, supply chain management and marketing.

In recent years, concern for health has grown more and more. People naturally take constant care of their health to prevent illness in advance, but it is also noticeable that people are now engaging in self-medication, from using over-the-counter drugs at their own discretion to alleviate the symptoms of a mild cold or fever, to taking supplements to compensate for nutritional deficiencies. In addition to over-the-counter medicines, Daiichi Sankyo has set up consumer health operations, including functional foods and skin care, as one of its core operations, and through one of its group companies, Daiichi Sankyo Healthcare Co., Ltd., it is making further efforts to develop self-medication.

Daiichi Sankyo contributes to the health of people everywhere by creating new medicines in popular use throughout the world, and delivering them to places where medical treatment is required, transcending national borders.

- 4.4** The equity shares of Daiichi Sankyo are currently listed on the Tokyo, Osaka and Nagoya Stock Exchanges in Japan. The total paid-up capital of Daiichi Sankyo as on March 31, 2008 was 5,00,000 lakh Yen. Under the Japanese corporate law, the face value system for equity shares was abolished in the Year 2001. Hence, outstanding equity shares of all Japanese corporate, including Daiichi Sankyo, are expressed as total paid-up capital without any indication for face value. The closing price of Daiichi Sankyo on the Tokyo Exchange on June 26, 2008 was Japanese Yen 2,910 (Source: Bloomberg). As on June 26, 2008 Daiichi Sankyo has a market capitalisation of Yen 213,88,830 lakh.

**4.5** Daiichi Sankyo is a professionally managed company. The shares of Daiichi Sankyo are widely held by institutional and individual shareholders. Hence, there are no promoters or controlling shareholders over Daiichi Sankyo. The shareholding pattern of Daiichi Sankyo as on March 31, 2008 was:

S. No.	Shareholder's Category	Number of Shares Held (in Lakhs)	% of shares held
1.	Promoters	0	0
2.	Foreign Institutional Investors/Mutual Funds/Financial Institutions/Banks	5,835.5	79.40
3.	Public (including country and local government, business corporation, individual, and treasury stocks)	1,514.6	20.60
	<b>Total number of shares (A)</b>	<b>7,350.1</b>	<b>100.00</b>

**4.6** The details of all the companies promoted by Daiichi Sankyo (i.e., where they have been initial subscribers) for the last three years based on the audited financials are as follows:

Name of Company	Date of Incorporation	Nature Of Business	Equity capital Reserves (excl revaluation reserves) (JPY lakh)	Total income (JPY lakh)	Profit after tax (JPY lakh)	Earnings per share (JPY)	Net Asset Value (JPY lakh)	Whether any company is a sick industrial company / loss making co – only Indian subsidiaries / JV, if any, to be considered
<b>DAIICHI SANKYO HEALTHCARE CO., LTD.</b>	<b>Dec-2005</b>	<b>Pharmaceuticals</b>						
Year ended Mar-31, 2006			0	0	-20	-9,965	80	
Year ended Mar-31, 2007			1,11,371	2,55,237	-7,925	-593,630	1,06,377	
Year ended Mar-31, 2008			2,32,840	5,03,733	21,966	1,645,395	2,60,820	
<b>DAIICHI SANKYO BUSINESS ASSOCIE CO., LTD.</b>	<b>Oct-2006</b>	<b>Business support</b>						
Year ended Mar-31, 2006			NA	NA	NA	NA	NA	
Year ended Mar-31, 2007			0	0	-9	-4,680	91	
Year ended Mar-31, 2008			27,230	38,596	5,206	2,602,971	1,05,059	
<b>DAIICHI SANKYO RD ASSOCIE CO., LTD.</b>	<b>Oct-2006</b>	<b>Support of research and development</b>						



Name of Company	Date of Incorporation	Nature Of Business	Equity capital Reserves (excl revaluation reserves) (JPY lakh)	Total income (JPY lakh)	Profit after tax (JPY lakh)	Earnings per share (JPY)	Net Asset Value (JPY lakh)	Whether any company is a sick industrial company / loss making co – only Indian subsidiaries / JV, if any, to be considered
Year ended Mar-31, 2006								
Year ended Mar-31, 2007			0	0	-6	-3,005	94	
Year ended Mar-31, 2008			100	25,587	4,470	2,234,963	7,225	
<b>DAIICHI SANKYO HAPPINESS CO., LTD.</b>	<b>Mar-2007</b>	<b>Business support</b>						
Year ended Mar-31, 2006			NA	NA	NA	NA	NA	
Year ended Mar-31, 2007			500	0	-7	-342	993	
Year ended Mar-31, 2008			500	4857	616	30,825	1610	
<b>DAIICHI SANKYO PROPHARMA CO., LTD.</b>	<b>Oct-2006</b>	<b>Pharmaceuticals</b>						
Year ended Mar-31, 2006			NA	NA	NA	NA	NA	
Year ended Mar-31, 2007			0	0	-31	-15,425	69	
Year ended Mar-31, 2008			9,15,650	850,690	-18,978	-9,489,051	9,16,564	
<b>DAIICHI SANKYO LOGISTICS CO., LTD.</b>	<b>Nov-1965</b>	<b>Distribution and related affairs</b>						
Year ended Mar-31, 2006			0	32,186	1,578	1,578	14,085	
Year ended Mar-31, 2007			0	27,395	-4202	-4,202	9779	
Year ended Mar-31, 2008			0	22,140	841	841	10,620	
<b>DAIICHI SANKYO CHEMICAL PHARMA CO., LTD.</b>	<b>Oct-2007</b>	<b>Chemicals</b>						
Year ended Mar-31, 2006			NA	NA	NA	NA	NA	
Year ended Mar-31, 2007			NA	NA	NA	NA	NA	
Year ended Mar-31, 2008			0	0	-17	-8,591	83	
<b>DAIICHI SANKYO,</b>	<b>Oct-1996</b>	<b>Pharmaceutic</b>						

Name of Company	Date of Incorporation	Nature Of Business	Equity capital Reserves (excl revaluation reserves) (JPY lakh)	Total income (JPY lakh)	Profit after tax (JPY lakh)	Earnings per share (JPY)	Net Asset Value (JPY lakh)	Whether any company is a sick industrial company / loss making co – only Indian subsidiaries / JV, if any, to be considered
<b>INC.</b>		<b>als</b>						
Year ended Mar-31, 2006			7,57,003	6,95,551	1,06,628	430,819,313	3,92,832	
Year ended Mar-31, 2007			7,89,876	1,700,837	1,34,072	541,706,303	5,68,838	
Year ended Mar-31, 2008			7,89,876	17,66,487	1,41,176	570,409,546	6,22,926	
<b>DAIICHI SANKYO Ilaç, Ticaret LTD. Şti.</b>	<b>Mar-2008</b>	<b>Pharmaceuticals</b>						
Year ended Mar-31, 2006			NA	NA	NA	NA	NA	
Year ended Mar-31, 2007			NA	NA	NA	NA	NA	
Year ended Mar-31, 2008			4	0	0	0	0	
<b>Daiichi Pharmaceutical (Beijing) CO., LTD.</b>	<b>May-1988</b>	<b>Pharmaceuticals</b>						
Year ended Mar-31, 2006			273	24,069	1,684	3	40,410	
Year ended Mar-31, 2007			273	33,196	718	1	42,845	
Year ended Mar-31, 2008			273	42,000	3,123	5	47,063	
<b>Shanghai Sankyo Pharmaceuticals CO., LTD.</b>	<b>Nov-1999</b>	<b>Pharmaceuticals</b>						
Year ended Mar-31, 2006			0	0	0	0	0	
Year ended Mar-31, 2007			0	20,436	-2209	-4	32,803	
Year ended Mar-31, 2008			0	26,419	219	0	33,842	
<b>DAIICHI SANKYO TAIWAN LTD.</b>	<b>Apr-2007</b>	<b>Pharmaceuticals</b>						
Year ended Mar-31, 2006			NA	NA	NA	NA	NA	
Year ended Mar-31, 2007			NA	NA	NA	NA	NA	
Year ended Mar-31, 2008			0	37,547	4,713	1,366	24,506	
<b>DAIICHI SANKYO KOREA CO., LTD.</b>	<b>Jul-1990</b>	<b>Pharmaceuticals</b>						

Name of Company	Date of Incorporation	Nature Of Business	Equity capital Reserves (excl revaluation reserves) (JPY lakh)	Total income (JPY lakh)	Profit after tax (JPY lakh)	Earnings per share (JPY)	Net Asset Value (JPY lakh)	Whether any company is a sick industrial company / loss making co – only Indian subsidiaries / JV, if any, to be considered
Year ended Mar-31, 2006			0	14,830	1,455	485	12,405	
Year ended Mar-31, 2007			0	17,305	1,250	417	13,817	
Year ended Mar-31, 2008			0	34105	2,081	694	12,521	
<b>DAIICHI SANKYO THAILAND LTD.</b>	<b>Apr-1994</b>	<b>Pharmaceuticals</b>						
Year ended Mar-31, 2006			0	5,172	335	335	1,968	
Year ended Mar-31, 2007			0	7,423	725	725	3,219	
Year ended Mar-31, 2008			0	8,403	1,198	1,198	3,850	
<b>DAIICHI SANKYO HONG KONG LTD.</b>	<b>Aug-1988</b>	<b>Pharmaceuticals</b>						
Year ended Mar-31, 2006			0	1,315	128	4	2,668	
Year ended Mar-31, 2007			0	1,292	179	6	2,845	
Year ended Mar-31, 2008			0	1,251	170	6	2,572	
<b>DAIICHI SANKYO INDIA PHARMA PRIVATE LTD.</b>	<b>Mar-2007</b>	<b>Pharmaceuticals</b>						
Year ended Mar-31, 2006			NA	NA	NA	NA	NA	
Year ended Mar-31, 2007			NA	NA	NA	NA	NA	
Year ended Mar-31, 2008			7,539	0	-316	-1	6,045	
<b>DSE PHARMA GmbH</b>	<b>Feb-2008</b>	<b>Pharmaceuticals</b>						
Year ended Mar-31, 2006			NA	NA	NA	NA	NA	
Year ended Mar-31, 2007			NA	NA	NA	NA	NA	
Year ended Mar-31, 2008			2,08,716	3,545	2,376	237,588,381	2,11,092	
<b>DAIICHI SANKYO DEVELOPMENT, LTD.</b>	<b>Apr-1993</b>	<b>Pharmaceuticals</b>						
Year ended Mar-31,			0	11,516	-4,076	-1,019	3,071	

Name of Company	Date of Incorporation	Nature Of Business	Equity capital Reserves (excl revaluation reserves) (JPY lakh)	Total income (JPY lakh)	Profit after tax (JPY lakh)	Earnings per share (JPY)	Net Asset Value (JPY lakh)	Whether any company is a sick industrial company / loss making co – only Indian subsidiaries / JV, if any, to be considered
2006								
Year ended Mar-31, 2007			0	13,222	965	241	4,478	
Year ended Mar-31, 2008			0	17,740	1,898	474	5,524	
<b>LABORATOIRES DAIICHI SANOFI – AVENTIS</b>	<b>Dec-1989</b>	<b>Pharmaceuticals</b>						DS's share: 51%
Year ended Mar-31, 2006			0	78	2	92	276	
Year ended Mar-31, 2007			0	49	0	0	305	
Year ended Mar-31, 2008			0	44	0	1	305	

**4.7** Details such as names, residential addresses, experience and date of appointment, of the Board of Directors of Daiichi Sankyo are as follows:

Name of Director	Designation	Address	Date of appointment
Kiyoshi Morita	Representative Director and Chairman	4-6-21-401, Takanawa, Minato-ku, Tokyo, Japan	June 27, 2008
Takashi Shoda	Representative Director, President and CEO	475, 27Totsuka, Totsuka-ku, Yokohama, Kanagawa, Japan	June 27, 2008
Akio Ozaki	Director	53-4, Kamino-cho, Sakae-ku, Yokohama, Kanagawa, Japan	June 27, 2008
Ryuzo Takada	Director	1-41-8, Asagaya Minami, Suginami-ku, Tokyo, Japan	June 27, 2008
Hitoshi Matsuda	Director	2-29-6, Denenchofu, Ota-ku, Tokyo, Japan	June 27, 2008
Tsutomu Une	Director	1-50-17-603, Chuo, Nakano-ku, Tokyo, Japan	June 27, 2008
Kunio Nihira	Outside Director	6-2-28, Miyazaki, Miyamae-ku, Kawasaki, Kanagawa, Japan	June 27, 2008
Yoshifumi Nishikawa	Outside Director	3-2-1, JindaijiKitamachi, Chofu, Tokyo, Japan	June 27, 2008

Jotaro Yabe	Outside Director	1-10-33-306, Nakatehara, Kouhoku-ku, Yokohama, Kanagawa, Japan	June 27, 2008
Takashi Okimoto	Outside Director	1-12-2, Hayamiya, Nerima-ku, Tokyo, Japan	June 27, 2008

Details about the career summary, positions held and assignments handled by members of the Board of Directors of Daiichi Sankyo are given below:

#### **Kiyoshi Morita**

April 1962: Entered Daiichi  
April 1988: General Manager of Medical Sales & Market Information Department of Daiichi  
April 1991: General Manager of Medical Planning & Administration of Daiichi  
June 1991: Director of Daiichi  
October 1993: Director in charge of Medical Products of Daiichi  
June 1995: Managing Director of Daiichi  
June 1997: Representative and Senior Managing Director of Daiichi  
June 1999: Representative Director and President of Daiichi  
September 2005: Representative Director and Chairman of Daiichi Sankyo  
April 2007: Representative Director, Chairman and Corporate Officer of Daiichi Sankyo (to present)

#### **Takashi Shoda**

April 1972: Entered Sankyo  
January 1999: General Manager of Europe Department of Sankyo  
June 1999: Senior General Manager of International Pharmaceutical Division & General Manager of Europe Department of Sankyo  
June 2001: Director of Sankyo  
June 2002: Managing Director of Sankyo  
June 2003: Representative Director and President of Sankyo  
September 2005: Representative Director and President of Daiichi Sankyo  
April 2007: Representative Director, President and Corporate Officer of Daiichi Sankyo (to present)

#### **Akio Ozaki**

April 1968: Entered Sankyo  
May 1999: General Manager of Osaka Plant of Sankyo  
July 2001: General Manager of Business Reform Promotion Department of Sankyo  
June 2002: Took office as Director of Sankyo; Deputy General Manager of the Pharmaceutical Division  
June 2003: Retired from office of Director of Sankyo; took office as Managing Corporate Officer; Senior General Manager of Pharmaceutical Division  
June 2004: Senior General Manager of Supply Chain Supervisory Division of Sankyo  
June 2004: Took office as Senior Corporate Officer of Sankyo  
June 2005: Director of Sankyo  
September 2005: Corporate Officer and General Manager of Management Integration Promotion Department of Daiichi Sankyo  
April 2007: Senior Corporate Officer of Daiichi Sankyo  
June 2007: Director and Senior Corporate Officer of Daiichi Sankyo (to present)

### **Ryuzo Takada**

April 1969: Entered Daiichi  
October 1996: General Manager of Takamatsu Branch of Daiichi  
June 1999: General Manager of Pharmaceutical Business Department of Daiichi  
June 2001: Director and General Manager of Pharmaceutical Business Department of Daiichi  
June 2005: Managing Director and Senior General Manager of Pharmaceutical & Marketing Division of Daiichi  
September 2006: Managing Director, Senior General Manager of Pharmaceutical & Marketing Division and General Manager of Osaka Branch of Daiichi  
April 2007: Senior Corporate Officer of Daiichi Sankyo  
June 2007: Director and Senior Corporate Officer of Daiichi Sankyo (to present)

### **Hitoshi Matsuda**

April 1969: Entered Sankyo  
July 2000: General Manager of Corporate Planning Department of Sankyo  
June 2003: Corporate Officer of Sankyo  
April 2004: General Manager of Environment & Compliance Promotion Department of Sankyo  
June 2005: Managing Corporate Officer of Sankyo  
April 2007: Senior Corporate Officer of Daiichi Sankyo  
June 2007: Director and Senior Corporate Officer of Daiichi Sankyo (to present)

### **Tsutomu Une**

April 1970: Entered Daiichi  
October 1997: General Manager of Corporate R&D Planning Department of Daiichi  
June 1998: General Manager of Corporate Development & Licensing Department of Daiichi  
June 1999: Director of Daiichi  
October 1999: Director & General Manager of Corporate R&D Coordination & Business Development Department of Daiichi  
June 2001: Director in charge of Corporate R&D Coordination & Business Development Department of Daiichi  
October 2002: Managing Director of Daiichi  
September 2005: Director of Daiichi Sankyo  
June 2006: Representative and Senior Managing Director of Daiichi  
April 2007: Director and Senior Corporate Officer of Daiichi Sankyo (to present)

### **Kunio Nihira**

April 1957: Entered the National Police Agency  
June 1989: Chief of Police Administration, National Police Agency  
December 1990: Tokyo Metropolitan Police Commissioner  
June 1999: Chairman of the Japan Automobile Federation  
June 2003: Director of Sankyo  
August 2003: Chairman of Japan Traffic Management Technology Association (to present)  
September 2005: Director of Daiichi Sankyo (to present)

### **Yoshifumi Nishikawa**

April 1961: Entered Sumitomo Banking  
June 1997: President of Sumitomo Banking  
April 2001: President of Sumitomo Mitsui Banking Corporation  
December 2002: President of Sumitomo Mitsui Financial Group, Inc.  
June 2005: Director of Daiichi  
September 2005: Director of Daiichi Sankyo (to present)  
June 2006: President of Japan Post Holdings Co., Ltd ('**Japan Post**')  
April 2007: President of Japan Post  
October 2007: Director, Representative Executive Officer and President of Japan Post Holdings Co., Ltd. (to present)

### **Jotaro Yabe**

April 1963: Entered JFTC  
June 1991: Manager of Trade Department of JFTC  
July 1992: Manager of Economics Department of JFTC  
July 1994: Manager of Investigation Department of JFTC  
June 1996: Investigation Commissioner of JFTC  
June 1997: Secretary General of JFTC  
April 1999: Professor of Graduate School of Law and Politics of Osaka University  
April 2004: Professor of Jissen Women's University, Department of Human Sociology (to present)  
June 2005: Director of Daiichi  
September 2005: Director of Daiichi Sankyo (to present)

### **Takashi Okimoto**

April 1973: Entered The Dai-Ichi Kangyo Bank, Limited ("Dai-Ichi Kangin")  
June 1996: General Manager of Musashi Kosugi Branch of Dai-Ichi Kangin  
February 1998: General Manager of Credit Audit Division of Dai-Ichi Kangin  
April 1999: General Manager of Sales VI Division of Dai-Ichi Kangin  
September 2000: General Manager of Investigation IV Division of Dai-Ichi Kangin  
June 2001: General Manager of Investigation IV Division of Dai-Ichi Kangin  
April 2002: General Manager of Investigation III Division and Corporate Officer of Mizuho Corporate Bank, Ltd.  
October 2002: Managing Corporate Officer and Sales Officer of Mizuho Corporate Bank  
April 2005: Vice President of Mizuho Corporate Bank  
April 2007: Advisor of Orient Corporation  
June 2007: Representative Director, Chairman and Corporate Officer of Orient Corporation (to present)  
June 2008: Director of Daiichi Sankyo (to present)

**4.8** As on the date of this Letter of Offer none of the above directors of Daiichi Sankyo are on the board of directors of the Target Company

**4.9** None of the directors of Daiichi Sankyo have acquired any Equity Shares of the Target Company in the twelve month period prior to the Public Announcement. Further, none of the directors of Daiichi Sankyo have acquired any Equity Shares of the Target Company since the date of the Public Announcement and upto the date of this Letter of Offer.

**4.10** Selected audited financial data from Daiichi Sankyo's consolidated financial statements is provided below:

	Yen Lakh			Rs. Lakh		
	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-06	31-Mar-07	31-Mar-08
Net Sales/Income from Operations	9,259,185	9,295,070	8,801,204	3,676,822	3,691,072	3,494,958
Other income*	54,859	139,132	118,633	21,785	55,249	47,109
Extraordinary Income **	67,266	746,074	155,977	26,711	296,266	61,939
<b>Total Income</b>	<b>9,381,310</b>	<b>10,180,275</b>	<b>9,075,815</b>	<b>3,725,318</b>	<b>4,042,587</b>	<b>3,604,006</b>
<b>Expenditure</b>						
Operating expenses						
Cost of Sales	2,907,356	2,652,008	2,345,706	1,154,511	1,053,112	931,480
Selling,general and admin expenses	3,217,384	3,573,299	3,252,499	1,277,623	1,418,957	1,291,567
R&D expenses	1,587,164	1,706,627	1,634,724	630,263	677,702	649,149
Extraordinary loss/expense ***	292,744	976,700	165,559	116,249	387,848	65,743
Non-operating expense @	4,606	0	7,485	1,829	0	2,972
<b>Total Expenditure</b>	<b>8,009,254</b>	<b>8,908,634</b>	<b>7,405,973</b>	<b>3,180,475</b>	<b>3,537,618</b>	<b>2,940,912</b>
<b>Profit before interest and Tax</b>	<b>1,372,056</b>	<b>1,271,642</b>	<b>1,669,842</b>	<b>544,843</b>	<b>504,969</b>	<b>663,094</b>
Depreciation #	411,288	399,869	387,331	163,322	158,788	153,809
Profit before depreciation, interest and tax	1,783,344	1,671,511	2,057,173	708,166	663,757	816,903
Depreciation	411,288	399,869	387,331	163,322	158,788	153,809
Interest expense	3,135	2,516	1,281	1,245	999	509
Profit before tax and minority interest	1,368,921	1,269,125	1,668,562	543,599	503,970	662,586
Less:Provision for Tax (current + deferred)	491,962	480,787	690,958	195,358	190,920	274,380
<b>Profit After Tax</b>	<b>876,959</b>	<b>788,339</b>	<b>977,603</b>	<b>348,240</b>	<b>313,049</b>	<b>388,206</b>
Less:Minority interest	31	2,839	997	12	1,127	396
<b>Profit After Tax and Minority Interest</b>	<b>876,928</b>	<b>785,500</b>	<b>976,606</b>	<b>348,228</b>	<b>311,922</b>	<b>387,810</b>



*Note: 1)\*Other income = Interest income + dividend income + other income i.e. non-operating income for the financial year ended Mar 2008; Interest and dividend income + derivative gains + gain from the return of substitutional portion of the employees' pension fund to the Government for financial year ended March 2007 and March 2006.*

*2) \*\*Extraordinary Income = Income falling under this head in financial year ended Mar 2008; Gain on sale of investment in affiliates + gain on sale of investment securities + gain on sale of property, plant and equipment + reversal of allowance for doubtful accounts, gain on transaction of retirement benefit plan + gain on adjustment to prior year R & D expenses + other income (where positive) for financial years ended March 31, 2007 and March 31, 2006*

*3)\*\*\*Extraordinary Losses= Losses falling under this head in financial year ended Mar 2008; Loss on disposal of property, plant and equipment, + loss on business integration + loss on impairment of long lived assets + loss on settlement of vitamin related anti-trust litigations + loss on litigation + restructuring charge + provision for soil remediation cost + provision for contingent losses + other net (where negative)*

*4) @Non-operating expense= Expenses falling under this head in financial year ended Mar 2008; derivative loss for financial year ended March 2006*

*5) # Under Japanese GAAP, depreciation is not required to be separately disclosed as a line item. Hence, depreciation is clubbed into "Cost of sales", "Selling, general and administrative expenses", and "R&D expenses". However, depreciation is being shown as a separate line item for the purpose of current offer document only.*

	Yen Lakh			Rs. Lakh		
	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-06	31-Mar-07	31-Mar-08
<b>Sources of Funds</b>						
Paid up equity share capital	500,000	500,000	500,000	198,550	198,550	198,550
Retained earning	9,365,134	9,714,835	10,251,448	3,718,895	3,857,761	4,070,850
Treasury stock	(98,323)	(99,972)	(434,073)	(39,044)	(39,699)	(172,370)
Capital Surplus	1,798,583	1,798,604	1,798,632	714,217	714,226	714,237
<b>Net worth</b>	<b>11,565,394</b>	<b>11,913,467</b>	<b>12,116,008</b>	<b>4,592,618</b>	<b>4,730,838</b>	<b>4,811,267</b>
Revaluation Reserves if any	0	0	0	0	0	0
<b>Net Worth after reducing Revaluation reserves</b>	<b>11,565,394</b>	<b>11,913,467</b>	<b>12,116,008</b>	<b>4,592,618</b>	<b>4,730,838</b>	<b>4,811,267</b>
Foreign currency translation adjustments	7,352	49,515	(162,635)	2,919	19,662	(64,583)
Net unrealized gain investment securities	802,545	723,586	485,397	318,691	287,336	192,751
Non-current/Ling-term liabilities	1,101,547	831,769	488,623	437,424	330,295	194,032
Current liabilities	2,368,333	2,815,103	1,945,140	940,465	1,117,877	772,415
Minority interest	116,095	34,914	3,780	46,101	13,864	1,501
Subscription rights to shares	0	0	2,576	0	0	1,023
<b>Total</b>	<b>15,961,265</b>	<b>16,368,354</b>	<b>14,878,888</b>	<b>6,338,218</b>	<b>6,499,873</b>	<b>5,908,406</b>
<b>Uses of Funds</b>						
Property Plant & Equipment	2,897,129	2,488,575	2,212,663	1,150,450	988,213	878,648
Revaluation Reserves, if any	0	0	0	0	0	0
Property Plant & Equipment after revaluation reserves	2,897,129	2,488,575	2,212,663	1,150,450	988,213	878,648
Intangible assets	361,664	601,538	910,704	143,617	238,871	361,641

Investments	2,563,381	2,622,400	2,160,390	1,017,918	1,041,355	857,891
Other Assets	554,257	497,433	329,891	220,095	197,531	131,000
Current assets	9,584,834	10,158,408	9,265,240	3,806,138	4,033,904	3,679,227
<b>Total</b>	<b>15,961,265</b>	<b>16,368,354</b>	<b>14,878,888</b>	<b>6,338,218</b>	<b>6,499,873</b>	<b>5,908,406</b>

Other Financial Data	YEN			Rs.		
	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-06	31-Mar-07	31-Mar-08
Dividend/share	25	60	70	9.93	23.83	27.80
Net Income per share	119.49	107.75	135.35	47.45	42.79	53.75
Diluted net Income per share	119.47	0	135.34	47.44	0.00	53.74
Return on Net worth*	7.58%	6.59%	8.06%	7.58%	6.59%	8.06%
Book Value Per Share**	1,573.50	1,620.86	1,648.41	624.84	643.64	654.58

*\*Profit after tax after minority interest/Net Worth before revaluation reserves; \*\*Net Worth before revaluation reserves/No. of shares outstanding as on March 31, 2008*

*{Source: Annual Reports, financial statements & Daiichi Sankyo; Currency exchange rate: 100 Yen = Rs 39.71 (source: [www.rbi.org.in](http://www.rbi.org.in), rate as on June 14, 2008)}*

**4.11** Basis of presentation and summary of significant accounting policies for the preparation of consolidated financial statements

**4.11.1** Scope of consolidation

The consolidated financial statements of Daiichi Sankyo (in the section 4.8, referred to as the 'Company') and its consolidated subsidiaries have been prepared in accordance with the provisions set forth in the Japanese Securities and Exchange Law and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ('Japanese GAAP'), which are different in certain respects as to application and disclosure requirements from International Financial Reporting Standards. The accounts of overseas subsidiaries are based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. The accompanying consolidated financial statements have been restructured and translated into English (with certain expanded disclosure and the inclusion of consolidated statements of changes in net assets for 2006) from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Securities and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

- Consolidated subsidiaries: 43

Principal consolidated subsidiaries:

- In Japan: Asubio Pharma Co., Ltd., Daiichi Sankyo Healthcare Co., Ltd., and Daiichi Sankyo Propharma Co., Ltd.
- Overseas: Daiichi Sankyo, Inc., Luitpold Pharmaceuticals, Inc., Daiichi Sanko Europe GMBH

The Company merged with Sankyo Company, Ltd. and Daiichi Pharmaceutical Co., Ltd. during the fiscal year ended March 31, 2008.

The number of consolidated subsidiaries decreased by six as the result of the corporate realignments, which included the mergers of Daiichi Sankyo Healthcare Co., Ltd. with Zepharm Inc. and of Daiichi Sankyo Propharma Co., Ltd. with Daiichi Pharmatech Co., Ltd.

Following the sale of shares and other actions, Daiichi Fine Chemical Co., Ltd. and one other subsidiary were excluded from the scope of consolidation from the beginning of the fiscal year ended March 31, 2008, but were included in the balance of retained earnings at the beginning of the fiscal year ended March 31, 2008. Following the sale or liquidation of shares, Nippon Nyukazai Co., Ltd. and four other firms were excluded from the scope of consolidation during the year.

Due to their increased materiality, Daiichi Sankyo Brasil Farmacéutica Ltda. and Daiichi Sankyo Venezuela S.A. were newly included in the scope of consolidation from the fiscal year ended March 31, 2008.

Daiichi Sankyo Chemical Pharma Co., Ltd., Daiichi Sankyo India Pharma, Ltd. and one other company were included in the scope of consolidation following its establishment in the fiscal year ended March 31, 2008

- Number of non-consolidated subsidiaries: 2

Non-consolidated subsidiaries (including Kyushu Juhi Kogyosho) are small and are not material to the consolidated financial statements when measured by the amounts of total assets, sales, net income (based on the Company's ownership percentage), retained earnings (based on the Company's ownership percentage), and other indicators. They have therefore been excluded from the scope of consolidation.

#### 4.11.2 Application of the Equity Method

1. Status of non-consolidated subsidiaries or affiliates which are accounted for under the equity method

- Number of non-consolidated subsidiaries or affiliates which are accounted for under the equity method: 4
  - Name of principal company: Sanofi Pasteur Daiichi Vaccine Co., Ltd.
2. Status of non-consolidated subsidiaries and affiliates which are not accounted for under the equity method

Net income (based on the Company's equity percentage), retained earnings (based on the Company's equity percentage), and other indicators of those non-consolidated subsidiaries (including Kyushu Juhi Kogyosho) and affiliated companies (including Tokyo Yakugyo Kaikan Co., Ltd.) that have not been accounted for under the equity method are not material or significant to the Company as a whole. Therefore, these companies have not been accounted for under the equity method, but are rather reported in the Company's investment account under the cost method.

3. Matters of particular importance related to procedures for the application of the equity method

The fiscal year-end of certain companies which are accounted for under the equity method is December 31. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year end.

#### 4.11.3 Fiscal year end consolidated subsidiaries

The fiscal year-end of certain consolidated subsidiaries is December 31. In preparing the consolidated financial statements, the Company uses the financial statements of these companies as of their fiscal year-end. For major intervening transactions that occurred between the fiscal year-end of those companies and March 31, appropriate adjustments have been made in the consolidated financial statements.

Name of subsidiaries that have fiscal year-end on December 31: Daiichi Pharmaceutical (Beijing) Co., Ltd., Shanghai Sankyo Pharmaceuticals Co., Ltd., Daiichi Sankyo Brasil Farmacéutica Ltda. and two other companies.

#### Supplemental Information

Daiichi Sankyo Europe GmbH and 11 Group subsidiaries, along with two other companies, changed their fiscal year-end from December 31 to March 31 effective this fiscal year. As a result, while the financial statements of these subsidiaries as of December 31, 2006 were used in the preparation of the Consolidated Financial Statements for the fiscal year ended March 2007, due to this change in fiscal year-end, the consolidated financial statements for the fiscal year ended March 2008 include 15 month results of these subsidiaries (for the period from January 1, 2007 to March 31, 2008).

The net effect of this change in fiscal year-end on the consolidated statement of income for the fiscal year ended March 31, 2008 was an increase in net sales, operating income, ordinary income, income before income taxes and minority interests, and net income of ¥1,41,290 lakh, ¥18,860 lakh, ¥21,690 lakh, ¥21,610 lakh and ¥20,270 lakh respectively.

#### 4.11.4 Summary of Significant Accounting Policies

### 1) Methods of Valuation of Significant Assets

#### a. Marketable and Investment Securities

Held-to-maturity securities: Mainly the amortised cost method (straight-line amortization)

Available-for-sale securities: Securities with determinable market value:

Mainly stated at market value method based on the quoted market prices at the end of the fiscal year. Unrealised holding gains and losses are reported in a component of net assets, with the cost of securities sold being calculated by the moving-average method.

Securities without determinable market value: Mainly stated at cost based on the moving-average method

#### b. Derivatives

Market value method

#### c. Inventories

Inventories for ordinary sales

Stated at cost, by the weighted average cost method (Inventories in the balance sheet are measured by write-down based on a decrease in profitability of the assets).

Changes in Accounting Policy

In line with the extension of adoption of the Accounting Standard for Measurement of Inventories (ASBJ [Accounting Standards Board of Japan] Statement No. 9, July 5, 2006) to the consolidated financial statements for the consolidated fiscal year starting on or before March 31, 2008, that accounting standard was adopted from the fiscal year ended March 31, 2008.

The effects of this change on operating income, ordinary income, and net income before income taxes and minority interests are decreases of ¥29,928 lakh, ¥23,105 lakh, and ¥23,105 lakh respectively.

## 2) Depreciation and Amortization of Significant Depreciable Assets

### a. Property, Plant and Equipment

The Company and its domestic consolidated subsidiaries account for depreciation of property, plant and equipment by the declining-balance method, except for the buildings (excluding fixtures) acquired on or after April 1, 1998, which are accounted for by the straight line method. Overseas consolidated subsidiaries account for depreciation of property, plant and equipment mainly by the straight-line method.

The principal useful lives are as follows:

Buildings and structures: 15-50 years

Machinery, equipment and vehicles: 4-7 years

#### Changes in Accounting Policy

In accordance with the amendment of the Corporate Tax Law in Japan, with effect from the fiscal year ended March 31, 2008, the Company and its domestic consolidated subsidiaries changed the method of depreciation applied to all tangible fixed assets acquired on or after April 1, 2007 to that based on the revised law. The effects of this change on operating income are decrease of ¥13,511 lakh and ordinary income and net income before income taxes and minority interests are decreases of ¥13,599 lakh respectively.

#### Supplemental Information

In accordance with the amendment of the Corporate Tax Law in Japan, with respect to any tangible assets acquired on or before March 31, 2007, the Company and its domestic consolidated subsidiaries have included the depreciation expenses of such tangible assets amounts representing the difference between the amounts of carrying costs for accounting purposes and 5% of the acquisition costs as derived from application of the depreciation method used prior to the legal revisions. Such amounts are being depreciated in equal amounts over five years, starting in year after the fiscal year in which accumulated depreciation based on the pre-revision method reached 95% of the acquisition costs. The effects of the change on operating income are decreases of ¥15,888 lakh, and ordinary income and net income before income taxes and minority interests are decreases of ¥16,092 lakh, respectively.

### b. Intangible Assets

Intangible assets are being amortised by the straight-line method. Software for in-house use is amortised over the estimated useful lives of a five-year period.

### **3) Method of Accounting for Significant Allowances**

#### **a. Allowance for Doubtful Accounts**

The Company covers the risk of credit losses from potential customer defaults by providing for this allowance. For normal accounts, the allowance is computed on the basis of the historical default rates. For specific over-due accounts, the allowance is based on individual account-by account estimates of the amounts that may not be recoverable.

#### **b. Allowance for Sales Returns**

To prepare for losses on potential returns of products after the end of the fiscal year, the Company and the Company's certain subsidiaries provide for an amount equal to the sum of gross profits and inventory losses on such returned products, based on its estimate of possible sales returns.

For the current fiscal year, the reversal for this allowance of ₹5,603 lakh is included in cost of sales.

#### **c. Allowance for Sales Rebates**

To prepare for future sales rebates, the Company and its certain consolidated subsidiaries provide for this allowance calculated by multiplying an estimated sales rebate percentage for the fiscal year by the amounts of accounts receivable from and inventories held by wholesalers at the end of the fiscal year.

#### **d. Accrued Employees' Severance and Retirement Benefits**

To prepare for future payments of employees' severance and retirement benefits, the Company and its domestic consolidated subsidiaries provide for an amount incurred by the fiscal year-end based on estimated projected benefit obligations and plan assets at the end of the fiscal year.

Certain overseas consolidated subsidiaries provide for such accruals in accordance with accounting principles generally accepted in the countries of their domicile.

Prior service costs are amortised over a period of 1 year (12 months) since they occurred.

Actuarial gains and losses are amortised under the straight-line method, beginning in the fiscal year following the year in which such gain or loss was initially measured, over a period of 10 years, which is equal to or less than the average remaining years of service of eligible employees when the actuarial gain or loss occurred.

#### Changes in Accounting Policies

The Company and some of its domestic consolidated subsidiaries integrated their retirement benefit and pension systems on April 1, 2007 following the corporate reorganization, and reviewed them to introduce a similar cash balance plan-type retirement and pension system in accordance with the Defined-Benefit Pension Plan

Law, and to shift 20% of the retirement benefit amounts to a defined contribution pension plan.

Although significant prior service costs arose following the revision of the retirement benefit plans stemming from the merger of Sankyo Company, Limited and Daiichi Pharmaceutical Co., Ltd. to form the Company, the Company does not expect such significant expenses to appear for a while, and it does expect the effects of corporate reorganization to appear soon. The Company set the amortization period of prior service costs over five years for Sankyo Company, Limited and ten years for Daiichi Pharmaceutical Co., Ltd. and Daiichi Asubio Pharmaceutical, Inc, which are the main companies before corporate realignment. Aiming to appropriately reflect the status of the retirement benefit plans in the consolidated financial statements, effective from the fiscal year ended March 31, 2008, the Company and ASUBIO PHARMA CO., LTD, after the corporate realignments, changed their accounting methods to amortize the prior service costs in one year (twelve months) since they occurred.

In relation to this change, the Company amortised prior service costs arising at the beginning of the fiscal year by ¥94,695 lakh and booked the balance of unamortised prior service costs that had arisen by the prior fiscal year-end as extraordinary income totaling ¥2,319 lakh. The net effect of these changes was to increase operating income and ordinary income by ¥79,570 lakh and to increase net income before income taxes and minority interests by ¥81,889.68 lakh, compared with amounts based on the previous accounting methods.

As for actuarial gains and losses, concerning the main companies before corporate realignment, Sankyo Company, Limited applied a lump-sum expense deduction in the year when actuarial gains and losses occurred and Daiichi Pharmaceutical Co., Ltd. amortised such gains and losses over 10 years. After the corporate reorganization, the Company integrated the retirement benefit and pension plans, which has increased pension assets. Although the current environment for pension assets is improving because of the recently raised the official discount rate, etc., due to the greater vulnerability to fluctuations in the markets that the increase in pension assets has brought, actuarial gains and losses could have a significant effect on annual income. Thus the Company intends to ensure that its profit calculations are appropriate and, effective from the fiscal year ended March 31, 2008, actuarial gains and losses were changed to be amortised on a straight-line method over a certain period (10 years) within the average remaining service years of eligible employees. The net effect of this change was to increase operating income, ordinary income and net income before income taxes and minority interests by ¥47,117.79 lakh, compared with amounts based on the previous accounting methods.



**e. Accrued Directors' and Corporate Auditors' Severance and Retirement Benefits**

To prepare for payments of Directors' and Corporate Auditors' severance and retirement benefits, the Company's domestic consolidated subsidiaries provide for an amount equal to the total benefits that would have become payable at the end of the fiscal year, in accordance with the internal policies, had Directors and Corporate Auditors retired.

**f. Allowance for Contingent Losses**

To prepare for possible future contingent losses, the Company provides an allowance for an amount of reasonably possible losses, by examining individual risks on a case by case basis.

**g. Accrued soil remediation costs**

To prepare for future losses relating to soil clean-up, the Company provides for the estimated amount of costs for soil clean-up on a part of land.

**4) Translation of Assets and Liabilities Denominated in Foreign Currencies into Yen**

Receivables and payables denominated in foreign currencies are converted into yen amounts at the rates of exchange prevailing at the balance sheet date, with resulting translation gains or losses recognised currently in earnings.

The assets and liabilities of overseas consolidated subsidiaries are converted into yen amounts at the rates of exchange in effect at their balance sheet dates, while income and expenses are converted into yen amounts at the average exchange rates in effect over the respective periods, with resulting translation gains and losses recorded in a component of net assets under translation adjustments or in the minority interests section of the balance sheet.

**5) Accounting for Significant Lease Transactions**

Financing leases are accounted for using the similar accounting method applied to ordinary operating leases, with the exception of those financing leases in which the legal title of the underlying property is transferred from the lesser to the lessee.

**6) Significant Hedge Accounting Methods**

**a. Hedge Accounting Methods**

Foreign exchange forward contracts which meet the criteria of the allocation method are accounted for by the method.

**b. Hedging Instruments and Hedged Items**

Hedging instruments: Foreign exchange forward contracts

Hedged items: Accounts receivable denominated in foreign currencies

**c. Hedge Policy**

Certain consolidated subsidiaries hedge foreign exchange rate fluctuation risks relating to imports and exports. The Company and its consolidated subsidiaries do not enter into speculative derivative transactions.

**d. Methods of Assessing Hedge Effectiveness**

The hedge effectiveness of foreign exchange forward contracts as a hedge has not been assessed, as the principal terms of the hedging instruments (foreign exchange forward contracts) are the same as those of the hedged items.

**7) Other Significant Basic Items for preparing Consolidated Financial Statements**  
**Accounting method for consumption taxes:**

The tax-exclusion (net of tax) method is used to account for the national and local consumption taxes.

4.11.5 Valuation Method for Assets and Liabilities of Consolidated Subsidiaries, etc.

Assets and liabilities of subsidiaries are valued on a full fair value basis.

4.11.6 Amortization of Goodwill and Negative Goodwill

Goodwill is being amortised over a period of five years and of ten years. However, if the amount is immaterial, it is written off currently in earnings.

4.11.7 Changes in Presentation

Consolidated Balance Sheets

Following a change in accounting standards caused by the promulgation of the Financial Instruments and Exchange Law, the presentation of 'Negotiable certificates of deposit' (which had been included in 'Cash and time deposits' in the fiscal year ended March 2007) and 'Mortgage-backed securities' (which had been listed as a separate line item) was altered. Effective from the fiscal year ended March 2008, both items were included in 'Marketable securities.'

'Negotiable certificates of deposit' amounted to ¥6,00,000 lakh as of March 31, 2007 and ¥4,50,000 lakh as of March 31, 2008. 'Mortgage-backed securities' amounted to ¥1,50,000 million as of March 31, 2008.

In the prior year, the Company identified 'Accounts payable' as a separate category of current liabilities. However, because these assets declined to less than 5 percent of total liabilities and net assets, they have been included in the 'others' category of current liabilities effective from the fiscal year ended March 2008. 'Accounts payable' amounted to ¥5,67,284 lakh as of March 31, 2008.

#### **4.12 Reasons for fall / rise in total income and PAT of Daiichi Sankyo:**

##### **4.12.1 Comparison of results of fiscal year ending 2008 vis-à-vis fiscal year ending 2007**

Consolidated net sales was ¥88,01,204 lakh, a year-on-year decline of 5.3%. Following the completion of business integration, Daiichi Sankyo focused efforts on reinforcing its sales capabilities in the domestic market based on a new integrated set-up while also expanding and upgrading overseas operating bases. The dip in revenue was in part due to various exceptional factors, including efforts to make non-pharmaceutical businesses independent of Daiichi Sankyo as part of the business integration process and changes in fiscal year-end at certain overseas subsidiaries. Daiichi Sankyo continued to make progress in terms of developing in-house sales capabilities to boost sales across four key regional markets by leveraging global products. After excluding exceptional factors, sales generated by the pharmaceutical business grew in real year-on-year terms.

Business integration-derived cost synergies helped to offset the costs of aggressive investment in the form of higher R&D expenditures and ongoing development of overseas operating bases. Operating income increased 15.0% to ¥15,68,275 lakh, while ordinary income rose 11.2% to ¥16,90,587 lakh. Net income for the fiscal year ended March 2008 significantly increased by 24.3% to ¥976606 lakh (in the previous year, the Group had recorded extraordinary losses of ¥9,86,665 lakh, mainly due to costs related to business integration and reorganization, along with offsetting extraordinary gains of ¥7,34,921.6 lakh, mainly due to profits from the sale of non-pharmaceutical businesses).

##### **4.12.2 Comparison of results of fiscal year ending 2007 vis-à-vis fiscal year ending 2006**

Daiichi Sankyo focused marketing efforts on providing medical professionals with accurate efficacy and safety information to cater to increasingly diverse medical needs based on the promotion of the proper use of drugs. Such efforts helped to cultivate and expand markets for Daiichi Sankyo's products. Consolidated net sales in the fiscal year ended March 2007 totaled ¥92,95,069.8 lakh, an increase of 0.4% compared with the previous year. In terms of profitability, although Daiichi Sankyo made substantial efforts to cut costs by boosting

operational efficiency across the board, the revision of the NHI price in April 2006 had a negative impact on the profitability of domestic operations. Additional negative factors included higher R&D investments associated with the development of global drug candidates and the cultivation of various strategic alliances. Operating income fell 11.9% in year-on-year terms to ¥13,63,136 lakh.

The fiscal year ended March 2007 also was witnessed by accelerating efforts by Daiichi Sankyo to concentrate on the pharmaceutical business to facilitate the evolution into a “Global Pharma Innovator.” Daiichi Sankyo booked extraordinary losses due to operational reorganizing and workforce resizing. At the consolidated level, losses associated with business integration totaled to ¥8,24,793 lakh and losses related to operational reorganizing amounted to ¥36,095 lakh. Although these charges were partially offset by extraordinary gains of ¥5,93,471 lakh arising from the sale Daiichi Sankyo subsidiaries involved in non-pharmaceutical businesses, net income for the year ended March 2007 equaled ¥7,85,499.7 lakh, a decline of 10.4% compared with the previous year

**4.13 Adjustments in the audited financial statements, wherever quantification is possible:**

**a. Adjustments / rectification for all incorrect accounting policies or failures to make provisions or other adjustments which resulted in audit qualifications**

Not applicable

**b. Material amounts relating to adjustments for the last three years to be identified and adjusted in arriving at the profits of the years to which they relate**

Not applicable

**c. Where there was a change in the accounting policy during the last three years, the profit or loss re-computed to reflect what the profits or losses of those years would have been if a uniform accounting policy was followed in each of these years:**

March 31, 2008

i) Inventories

In line with the extension of adoption of the Accounting Standard for Measurement of Inventories (ASBJ [Accounting Standards Board of Japan] Statement No. 9, July 5, 2006) to consolidate financial statements for the fiscal year starting on or before March 31, 2008, the accounting standard was adopted from the fiscal year ended March 31, 2008. The effects of this change on operating income, ordinary income, and net income before income taxes and minority interests is decrease of ¥29,928 lakh, ¥23,105 lakh, and ¥23,105 lakh, respectively.

ii) Property, Plant and Equipment

In accordance with the amendment of the Corporate Tax Law in Japan, with effect from the fiscal year ended March 31, 2008, the Company and its domestic consolidated subsidiaries changed the method of depreciation applied to all tangible fixed assets acquired on or after April 1, 2007 to that based on the revised law. The effect of this change on operating income is a decrease of ¥13,511 lakh and decrease of ¥13,599 lakh and ¥13,599 lakh respectively on ordinary income and net income before income taxes and minority interests.

With respect to any tangible assets acquired on or before March 31, 2007, Daiichi Sankyo and its domestic consolidated subsidiaries have included the depreciation expenses of such tangible assets representing the difference between the amount of carrying cost for accounting purpose and 5% of the acquisition cost as derived from application of the depreciation method used prior to the legal revision. Such amounts are being depreciated in equal amounts over five years, starting in year after the fiscal year in which accumulated depreciation based on the pre-revision method reached 95% of the acquisition costs. The effects of this change on operating income is a decrease of ¥15,889 lakh, and decrease of ¥16,092 lakh and ¥16,092 lakh respectively on ordinary income and net income before income taxes and minority interests.

iii) Accrued Severance and Retirement Benefits

Daiichi Sankyo and some of its domestic consolidated subsidiaries integrated their retirement benefit and pension systems on April 1, 2007 following the corporate reorganization, and reviewed them to introduce a similar cash balance plan-type retirement and pension system in accordance with the Defined-Benefit Pension Plan Law, and shifted 20% of the retirement benefit amounts to a defined contribution pension plan.

Although significant prior service costs arose following the revision of the retirement benefit plans stemming from the merger of Sankyo Company Limited and Daiichi Pharmaceutical Co., Ltd. to form Daiichi Sankyo Company, Limited, Daiichi Sankyo does not expect such significant expenses to appear for a while, and it does expect the effects of corporate reorganization to appear soon. Daiichi Sankyo set the amortization period of prior service costs over five years for Sankyo Company Limited and ten years for Daiichi Pharmaceutical Co., Ltd. and Daiichi Asubio Pharmaceutical Inc, which were the main companies before the corporate realignment. Aiming to appropriately reflect the status of the retirement benefit plans in the consolidated financial statements, effective from the fiscal year ended March 31, 2008, Daiichi Sankyo and Asubio Pharma after the corporate re-alignment, changed their accounting methods to amortize the prior service costs in one year (twelve months) since they occurred.

In relation to this change, the Company amortized prior service costs arising at the beginning of the fiscal year by ¥ 94,695 lakh and booked the balance of unamortized prior service costs that had arisen by the prior fiscal year-end as extraordinary income totaling ¥2,319 lakh. The net effect of these changes was to increase operating income and ordinary income by ¥79,570 lakh and to increase net income before income taxes and minority interests by ¥81,889.7 lakh, compared with amounts based on the previous accounting methods.

As for actuarial gains and losses, concerning the main companies before corporate realignment, Sankyo Company, Limited applied a lump-sum expense deduction in the year when actuarial gains and losses occurred and Daiichi Pharmaceutical Co., Ltd. amortized such gains and losses over 10 years. After the corporate reorganization, Daiichi Sankyo integrated the retirement benefit and pension plans, which has increased pension assets. Although the current environment for pension assets is improving because of the recently raised official discount rate, etc., due to the greater vulnerability to fluctuations in the markets that the increase in pension assets has brought, actuarial gains and losses could have a significant effect on annual income. Thus the Company intends to ensure that its profit calculations are appropriate and, effective from the fiscal year ended March 31, 2008, actuarial gains and losses were changed to be amortized on a straight-line method over a certain period (10 years) within the average remaining service years of eligible employees.

The net effect of this change was to increase operating income, ordinary income and net income before income taxes and minority interests by ¥47,118 lakh, compared with amounts based on the previous accounting methods.

#### March 31, 2007

##### i) Directors' and Corporate Auditors' Bonus.

Under the previous accounting standard, bonuses to directors and corporate auditors were recorded as appropriations of retained earnings. Effective in the fiscal year ended March 2007, the Company adopted the provisions of "the ASBJ Accounting Standard for Directors' Bonuses" (ASBJ Statement No. 4; November 29, 2005), under which such bonuses are expensed as incurred on an accrual basis. As a result of adopting this accounting standard, each of operating income, ordinary income and net income before income taxes was decreased by ¥3,059 lakh for the year ended March 31, 2007.

ii) Presentation of Net Assets in the Balance Sheet.

Effective in the fiscal year ended March 2007, the Company adopted the provisions of “the ASBJ Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Statement No. 5; December 9, 2005) and the related “Implementation Guidance on the Accounting Standard for Presentation of Net Assets in the Balance Sheet” (ASBJ Guidance No. 8; December 9, 2005). Total shareholders’ equity at March 31, 2007 that would have otherwise been reported under the previous accounting standard was ¥12,687 lakh. The presentation of net assets in the consolidated balance sheets as of March 2007 conforms to the requirements of the corporate accounting regulations (Ministry of Justice Regulation No. 13 dated February 7, 2006).

iii) Business Combination.

Effective from the fiscal year ended March 2007, the Company adopted the provisions of “Accounting Standard for Business Combination” (Corporate Accounting Deliberation Council; October 31, 2003), as well as “Accounting Standard for Business Separation (Corporate Accounting Standard No. 7; December 27, 2005) and the related “Implementation Guidelines on Accounting Standards for Business Combination and Business Separation” (Corporate Accounting Standard Implementation Guidelines No. 10; December 27, 2005).

March 31, 2006

The Company is a joint holding company established on September 28, 2006 through the joint stock transfer implemented by Sankyo Company, Limited and Daiichi Pharmaceutical Co., Ltd.

Accordingly, as the financial year ending March 31, 2006 is the Company's first year of operation, year - by - year performance comparisons are not presented.

**d. Profit and loss statement, disclosing the profit or loss arrived at before extraordinary items and after considering the profit or loss from extraordinary items.**

Profit & Loss Statement	YEN Lakh			Rs. Lakh		
	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-06	31-Mar-07	31-Mar-08
Total Income	9,381,310	10,180,275	9,075,815	3,725,318	4,042,587	3,604,006
Total Expenditure	8,009,254	8,908,634	7,405,973	3,180,475	3,537,618	2,940,912
Profit before Depreciation, Interest and Tax	1,783,344	1,671,511	2,057,173	708,166	663,757	816,903
Profit before tax and extraordinary items	1,594,399	1,499,751	1,678,143	633,136	595,551	666,391
Profit After Tax, before extraordinary items	1,102,437	1,018,965	987,185	437,778	404,631	392,011

<b>Profit After Tax and Minority Interest, before extraordinary items</b>	<b>1,102,406</b>	<b>1,016,126</b>	<b>986,188</b>	<b>437,765</b>	<b>403,504</b>	<b>391,615</b>
Extraordinary Income*	67,266	746,074	155,977	26,711	296,266	61,939
Extraordinary loss / expense**	292,744	976,700	165,559	116,249	387,848	65,743
Net Extraordinary Income/(Loss)	(225,478)	(230,626)	(9,582)	(89,537)	(91,582)	(3,805)
<b>Profit After Tax, Minority Interest, and extraordinary items</b>	<b>876,927</b>	<b>785,499</b>	<b>976,606</b>	<b>348,228</b>	<b>311,922</b>	<b>387,810</b>

Note: 1) \*Extraordinary Income = Income falling under this head in financial year ended Mar 2008; Gain on sale of investment in affiliates + gain on sale of investment securities + gain on sale of property, plant and equipment + reversal of allowance for doubtful accounts, gain on transaction of retirement benefit plan + gain on adjustment to prior year R & D expenses + other income (where positive) for financial years ended March 31, 2007 and March 31, 2006.

2) \*\*Extraordinary Losses= Losses falling under this head in financial year ended Mar 2008; Loss on disposal of property, plant and equipment, + loss on business integration + loss on impairment of long lived assets + loss on settlement of vitamin related anti-trust litigations + Loss on litigation + restructuring charge + provision for soil remediation cost + provision for contingent losses + other net (where negative)

**e. Statement of assets and liabilities after deducting the balance outstanding on revaluation reserves account from both fixed assets and reserves and net worth arrived at after such deductions.**

Balance Sheet Statement	YEN Lakh			Rs. Lakh		
	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-06	31-Mar-07	31-Mar-08
<b>Sources of funds</b>						
Paid up equity share capital	500,000	500,000	500,000	198,550	198,550	198,550
Retained earning	9,365,134	9,714,835	10,251,448	3,718,895	3,857,761	4,070,850
Treasury stock	(98,323)	(99,972)	(434,073)	(39,044)	(39,699)	(172,370)
Capital Surplus	1,798,583	1,798,604	1,798,632	714,217	714,226	714,237
<b>Net worth</b>	<b>11,565,394</b>	<b>11,913,467</b>	<b>12,116,008</b>	<b>4,592,618</b>	<b>4,730,838</b>	<b>4,811,267</b>
Revaluation Reserves, if any	0	0	0	0	0	0
<b>Net Worth after Revaluation reserves</b>	<b>11,565,394</b>	<b>11,913,467</b>	<b>12,116,008</b>	<b>4,592,618</b>	<b>4,730,838</b>	<b>4,811,267</b>
Foreign currency translation adjustments	7,352	49,515	(162,635)	2,919	19,662	(64,583)
Net unrealized gain on investment securities	802,545	723,586	485,397	318,691	287,336	192,751

#### 4.14 Major Contingent Liabilities

Contingent liabilities	YEN Lakh			Rs.Lakh		
	31-Mar-06	31-Mar-07	31-Mar-08	31-Mar-06	31-Mar-07	31-Mar-08
Allowance for contingent losses (*1)	33,790	34,980	0	13,418	13,891	0
Allowance for contingent losses (*2)	0	0	2,260	0	0	897
<b>TOTAL</b>	<b>33,790</b>	<b>34,980</b>	<b>2,260</b>	<b>13,418</b>	<b>13,891</b>	<b>897</b>

Source: summary of consolidated financial results



Exchange Rate used 1 Yen = INR (Source: [www.rbi.org.in](http://www.rbi.org.in))

*\*1 the amount represents an estimated amount of penalty arising out of the product purchase commitments that contain a minimum purchase provision.*

*\*2 The amount represents an estimated amount of penalty arising out of the commitments that contain a minimum purchase lot or minimum sale lot provision.*

- 4.15** Daiichi Sankyo had not made any earlier acquisitions in RLL including acquisitions made through open offers and hence there was no requirement for compliance within the applicable provision of the SEBI (SAST) Regulations / other applicable regulations under the SEBI Act, 1992 and other statutory requirements, as applicable.
- 4.16** There has been no change in the name of Acquirer since incorporating / listing as the merged entity.
- 4.17** During the Offer period, the Acquirer will not have any representation on the board of directors of the target company. As on the date of the Letter of Offer, there is no person representing or having interest in Daiichi Sankyo, who is already a director on the board of RLL or is entitled to be appointed on the Board of Directors during the Offer period. Hence, the Acquirer will comply with provisions of Regulation 22(7) and Regulation 22(9) of SEBI (SAST) Regulations.

**4.18 Status of Corporate Governance**

**A. Internal organizational structure**

The structure of the governance organization consists of directors and auditors. The directors carry out tasks stipulated in laws, regulations and our company articles, and make decisions on important matters relating to management and business operations, while mutually supervising the performance of their duties. There are also established internal rules, including a Corporate Conduct Charter and a code of conduct to ensure sound, flexible management based on regulatory compliance and observance of these corporate rules.

The auditors are independent and operate under the mandate of the shareholders. They audit the performance of directors' duties for soundness of decisions and compliance with the law. There is also a corporate officer system where Corporate Officers are appointed by the Board of Directors to perform specific duties under the direction and supervision of the President as representative director. The President is advised by the Management Committee, which meets regularly to discuss basic management policies and plans and receive reports on important aspects of business operations.

Internal audits play an important role in the effective achievement of management goals. They are conducted according to plans drawn up by the Internal Audit Department. Audit perspectives include the effectiveness and efficiency of business operations, the reliability of financial reports, regulatory compliance in business operations, and asset protection. Internal audits cover all the divisions and departments, and affiliates. Where necessary, business partners are also audited.

## B. Board of Directors

The board comprises of ten members including four external directors. As a first step, candidates of board members, with recommendation from Nomination Committee, are selected by the board of directors. Once selected by the board, their names are then proposed to the shareholders and approved by the shareholders in an ordinary shareholder meeting.

Under Daiichi Sankyo's articles of incorporation, term of office of board members is one year, and board members are decided at the shareholder's meeting annually.

The details of the Board of Directors are as given below:

Name	Position	Age	Elected	Term Expires	Executive / Non-Executive
Kiyoshi Morita	Representative Director and Chairman	69	June 27, 2008	Until conclusion of ordinary shareholders meeting for year ending March 31, 2009	Executive
Takashi Shoda	Representative Director, President and CEO	60	June 27, 2008	Until conclusion of ordinary shareholders meeting for year ending March 31, 2009	Executive
Akio Ozaki	Director	63	June 27, 2008	Until conclusion of ordinary shareholders meeting for year ending March 31, 2009	Executive
Ryuzo Takada	Director	62	June 27, 2008	Until conclusion of ordinary shareholders meeting for year ending March 31, 2009	Executive
Hitoshi Matsuda	Director	61	June 27, 2008	Until conclusion of ordinary shareholders meeting for year ending March 31, 2009	Executive
Tsutomu Une	Director	60	June 27, 2008	Until conclusion of ordinary shareholders meeting for year ending March 31, 2009	Executive

Kunio Nihira	Outside Director	75	June 27, 2008	Until conclusion of ordinary shareholders meeting for year ending March 31, 2009	Non-Executive
Yoshifumi Nishikawa	Outside Director	69	June 27, 2008	Until conclusion of ordinary shareholders meeting for year ending March 31, 2009	Non-Executive
Jotaro Yabe	Outside Director	69	June 27, 2008	Until conclusion of ordinary shareholders meeting for year ending March 31, 2009	Non-Executive

**C. Committees of the Board of Directors**

There are two committees to assist the board of directors, nomination committee and compensation committee. Each committee, in response to CEO's proposal on the nomination or compensation of directors, as the case may be, advises and recommends the same to the CEO

**D. Details of Auditors and / or Audit Committee**

The composition of the auditors/ auditors committees is as follows:

<b>Name of members</b>	<b>Committee</b>
Teruo Takayanagi	Full-Time Corporate Auditor
Hikaru Nagata	Full-Time Corporate Auditor
Kaoru Shimada	Outside Corporate Auditor
Koukei Higuchi	Outside Corporate Auditor

Qualification & Function of Corporate Auditor System:

Daiichi Sankyo maintains a corporate auditor system in accordance with Japanese Corporation Law. Board of corporate auditors is comprised of four corporate auditors, two of whom are "outside corporate auditors", as defined under the Corporation Law. Each corporate auditor has been appointed at shareholders' meetings and has certain statutory powers. Corporate auditor is responsible for establishing a good corporate governance system that will ensure the sound and continuous growth of Daiichi Sankyo and accommodate society's trust by auditing the directors' performance of their duties as an independent organization entrusted by the shareholders.

In order to fulfill the responsibilities mentioned above, corporate auditor attends the board of directors' meeting and other important meetings, verifies the contents of reports received from

directors, employees and other people in Daiichi Sankyo, conduct investigations with respect to the status of the operations and financial status of Daiichi Sankyo, and take any necessary measures in a timely manner, including without limitation expressing suggestions, recommendations or opinions to Directors.

Given that board of corporate auditors is the only deliberative or decision-making organization for the purpose of formulating opinions regarding audits, each corporate auditors shall report the status of performance of his duties to board of corporate auditors and endeavor to ensure the effectiveness of audits through the utilization of the board of corporate auditors; provided, however, that the board of corporate auditors resolution may not preclude any corporate auditor from exercising his own powers.

#### E. Areas of responsibility of Directors

Name	Position	Responsibility
Kiyoshi Morita	Representative Director and Chairman	Chairman of the Board
Takashi Shoda	Representative Director, President and CEO	Chief Executive Officer
Akio Ozaki	Director	In charge of human resources and CSR
Ryuzo Takada	Director	In charge of sales and marketing
Hitoshi Matsuda	Director	In charge of management control
Tsutomu Une	Director	In charge of management strategies
Kunio Nihira	Outside Director	Provide to the board his expertise and insight on law and compliance which were gained while working for administrative organs
Yoshifumi Nishikawa	Outside Director	Provide to the board his knowledge and insight on financial affairs and corporate management based on his long experience at banks
Jotaro Yabe	Outside Director	Provide to the board his expertise and insight in laws and corporations as a whole which were gained while working for administrative organs and through his experience as a scholar
Takashi Okimoto	Outside Director	Provide to the board his knowledge and insight in finance and management of corporations based on his long experience at banks.

#### F. Compensation of directors

Proposal on compensation of directors is decided by board of directors (on recommendation of the compensation committee) and is thereafter approved by the shareholders in ordinary shareholder meeting under the Japanese law. Compensation of directors is a mix of fixed and performance based one and stock option

The Amount of Remuneration and Related Payments to Directors and Corporate Auditors for the fiscal year ended March 31, 2008:

Particulars	Directors		Corporate Auditors		Total	
	Payment recipients	Amount Paid	Payment recipients	Amount Paid	Payment recipients	Amount Paid
	No. of persons	Yen in lakhs	No. of persons	Yen in lakhs	No. of persons	Yen in lakhs
Fees (annual amount) (Including Outside Directors and Outside Corporate Auditors)	10 (4)	4,340 (700)	4 (2)	1,116 (400)	14 (6)	5,456 (1100)
Directors' bonuses (Excluding Outside Directors and Corporate Auditors)	6	1,589.5	-	-	6	1589.5
Share remuneration-type stock option remuneration (Excluding Outside Directors and Corporate Auditors)	6	1,117	-	-	6	1,117
Total (Including Outside Directors and Outside Corporate Auditors)	10 (4)	7,047 (700)	4	1,116 (400)	14	8,163 (1,100)

Notes: 1. the amount paid to Directors does not include the portion of employee's salary for Directors who concurrently serve as employees.

2. The total amount of fees paid to Directors is ¥4,500 lakh or less per annum, and the total amount of fees to Corporate Auditors is ¥1,200 lakh or less per annum (excluding the portion of salaries for Directors concurrently working as employees). These amounts were approved at the 151st Ordinary General Meeting of Shareholders of (former) Sankyo Company, Limited and the 127th Ordinary General Meeting of Shareholders of (former) Daiichi Pharmaceutical Co., Ltd., held on June 29, 2005, concerning the establishment of a holding company through a stock transfer.

3. The Company plans to pay the amount of the above-mentioned bonuses separately from the above-mentioned "Fees (annual amount)" on the condition that "Payment of bonuses to Directors," which is scheduled to be referred to the 3rd Ordinary General Meeting of Shareholders of the Company, is approved and adopted as it is.

4. The above-mentioned share remuneration-type stock option remunerations, which are separated from the above-mentioned "Fees (annual amount)," indicate the amount equivalent to compensation for the execution of duties during the current fiscal year, included in the monetary remunerations paid to offset the payment obligations of the payment amount of the share remuneration-type stock options (subscription rights to shares), which were granted on February 15, 2008.

Status of subscription rights to shares owned by Directors and Corporate Auditors of Daiichi Sankyo granted as remuneration for their execution of duties as of the end of the Fiscal Year

	No. 1 Subscription Rights to Shares (Issued on February 15, 2008)
Date of resolution on issuance	January 31, 2008
Grantees and number of grantees	Six Directors of the Company (excluding Outside Directors)
Number of stock subscription rights	442 units
Class and number of shares subject to subscription rights to shares	44,200 shares of the common stock of the Company (100 shares per subscription rights to shares )
Paid-in amount for subscription rights to shares	252,800 yen per subscription rights to shares, see Note 1
Value of property contributed upon exercise of subscription rights to shares	100 yen per subscription rights to shares
Value of capital incorporation when shares are issued upon exercise of subscription rights to shares	1 yen per share
Exercisable period for subscription rights to shares	From February 16, 2008 to February 15, 2038
Conditions for exercise of subscription rights to shares	Note 2
Events and conditions for acquisition of subscription rights to shares	Note 3

*Notes: 1. the above-mentioned subscription rights to shares were granted by offsetting the claims of monetary remunerations, which are provided on the condition that they are counterbalanced by payment obligations of the payment amount, against the said payment obligations.*

*2. Conditions for exercise of subscription rights to shares are as follows:*

*a. Persons to whom subscription rights to shares are allocated (hereinafter referred to as "persons granted subscription rights to shares") may exercise their subscription rights to shares until the last day of the last fiscal year that ends within 10 years from the following day of the day when they retired from their office as Director or Executive Officer of the Company that they held when the subscription rights to shares were granted (if the persons granted subscription rights to shares concurrently serve as Director and Executive Officer, the day when they retired from office means the day when they retired from the office of Director, regardless of whether they continued to hold the position of Executive Officer; and if the persons granted subscription rights to shares served as Executive Officer when the subscription rights to shares were granted and if they took office as Director upon their retirement from office as Executive Officer, the day when they retired from office means the day when they retired from office as Director, not the day when they retired from office as Executive Officer) (hereinafter referred to as the "day when exercise of the rights starts").*

*b. Persons granted subscription rights to shares may not dispose of the subscription rights to shares by any means, including pledging.*

*c. When persons granted subscription rights to shares die, their heir may inherit the subscription rights to shares that have not been inherited as of the day when the death occurs, and may exercise the rights in accordance with the terms of the Agreement on Allocation of Subscription Rights to Shares, to be concluded between Daiichi Sankyo and persons granted subscription rights to shares.*

*d. When persons granted subscription rights to shares exercise their subscription rights to shares, they may not partially exercise one stock acquisition right.*

*e. Other conditions are set forth in the Agreement on Allocation of Subscription Rights to Shares, to be concluded between Daiichi Sankyo and persons granted subscription rights to shares, in accordance with the resolution of the Board of Directors.*

*3. Events and conditions for the acquisition of subscription rights to shares are as follows:*

*a. When persons granted subscription rights to shares can no longer exercise their rights pursuant to the provisions specified in the above-mentioned 2, Daiichi Sankyo may acquire, free of charge, the said subscription rights to shares held by the said persons granted subscription rights to shares on the day separately determined by the Board of Directors.*

*b. When an absorption merger agreement, under which the Daiichi Sankyo is absorbed and disappears, is approved at a general meeting of shareholders of Daiichi Sankyo (a meeting of the Board of Directors if a resolution of a general meeting of shareholders is not necessary), or when an agenda item on approval of a stock exchange agreement, under which Daiichi Sankyo will become a stock exchange wholly-owned subsidiary, or an agenda item on approval for a stock transfer plan, under which Daiichi Sankyo will become a stock transfer wholly-owned subsidiary, is approved at a general meeting of shareholders of Daiichi Sankyo (a meeting of the Board of Directors if a resolution of a general meeting of shareholders is not necessary), Daiichi Sankyo may acquire, free of charge, the subscription rights to shares held by the persons granted subscription rights to shares on the day separately determined by the Board of Directors.*

*c. When persons granted subscription rights to shares offer in writing to abandon all or part of their subscription rights to shares, Daiichi Sankyo may acquire, free of charge, the said subscription rights to shares held by those persons granted subscription rights to shares on a day separately determined by the Board of Directors.*

## G. General Meeting of Shareholders

The general meetings of shareholders of the last five years were held as follows:

Annual General Meeting	Date	Venue
1 <sup>st</sup> Ordinary General Meeting of Shareholders	June 29, 2006	Tokyo, Japan
2 <sup>nd</sup> Ordinary General Meeting of Shareholders	June 28, 2007	Tokyo, Japan
3 <sup>rd</sup> Ordinary General Meeting of Shareholders	June 27, 2008	Tokyo, Japan

### 4.19 Pending Litigation matters

- 1) With its local U.S. licensees as co-plaintiffs, the former Daiichi Pharmaceutical Co., Ltd. (now Daiichi Sankyo, but at that time a subsidiary of Daiichi Sankyo), filed a patent infringement lawsuit in a U.S. district court against companies including the Mylan Group, which had filed an application for a generic version of the synthetic antibacterial levofloxacin. The U.S. Court of Appeals for the Federal Circuit ruled in favor of Daiichi Pharmaceutical Co in December 2005, and the Mylan Group subsequently did not appeal its cases to the Supreme Court. Teva Pharmaceuticals and three other remaining co-defendants also did not appeal their cases to the Court of Appeals for the Federal Circuit following a ruling issued in May 2006 by the U.S. District Court for the District of New Jersey in favor of Daiichi Pharmaceuticals Co. Separately, in October 2006 Daiichi filed a patent infringement lawsuit against Lupin Pharmaceuticals in the U.S. District Court for the District of New Jersey after the latter firm filed an application for a generic version of the same drug.
- 2) The former Sankyo Company, Limited (now Daiichi Sankyo, but at that time a subsidiary of Daiichi Sankyo) and its U.S. subsidiary, Daiichi Sankyo, Inc., filed a patent infringement lawsuit in July 2006 in the U.S. District Court for the District of New Jersey against the Mylan Group, which had filed an Abbreviated New Drug Application with the Food and Drug Administration seeking to market a generic version of Benicar® (generic name: olmesartan medoxomil). The lawsuit is based on the U.S. substance patent for olmesartan medoxomil owned by the former Sankyo Company, Limited.

In June 2007, Daiichi Sankyo and its U.S. subsidiary, Daiichi Sankyo INC., filed a patent infringement lawsuit in the U.S. District Court for the District of New Jersey against Mylan Inc. after the latter filed an application for a generic version of the antihypertensive Benicar HCT® (a combination drug containing olmesartan medoxomil and hydrochlorothiazide), which is marketed by Daiichi Sankyo INC. in the United States. The lawsuit is based on the U.S. substance patent for olmesartan medoxomil owned by the former Sankyo Company, Limited.

These lawsuits have been merged into a single ongoing case.



- 3) Daiichi Sankyo and Daiichi Sankyo INC. commenced litigation on June 3, 2008 against Mylan and its subsidiary, Matrix in the United States District Court for the District of New Jersey for infringement of Daiichi Sankyo's U.S. patent covering olmesartan medoxomil, one of active ingredients in Daiichi Sankyo's antihypertensive drug, AZOR (Matrix has filed an Abbreviated New Drug Application ("ANDA") with the United States Food and Drug Administration seeking to market a generic version of AZOR).

In the above 3 cases, Daiichi Sankyo is the plaintiff, and hence monetary damages which might be imposed on Daiichi Sankyo if it loses the cases are not applicable

- 4) In the United States, lawsuits seeking damages and other compensation were brought against Warner-Lambert Company and other pharmaceutical companies by certain patients who took the diabetes drug Rezulin, which had been sold until March 2000 using a compound whose generic name is troglitazone supplied by Sankyo. A U.S. subsidiary of the Company, Sankyo Pharma Inc. (currently, Daiichi Sankyo INC.), is named as a defendant in a small portion of these cases, and it is defending these cases in cooperation with Warner-Lambert. In these cases, the compensation demanded from all defendants includes claims for both compensatory and punitive damages. In connection with the costs and damages to be borne by Sankyo and its subsidiaries, there is a provision in the license agreement with Warner-Lambert indemnifying Sankyo and its subsidiaries
- 5) Andhra Pradesh High Court Matter

Two separate writ petitions had been filed by certain shareholders of Zenotech Laboratories Limited ("Zenotech") before the Andhra Pradesh High Court (the "Court"). In the first petition (Writ Petition No. 15183/2008), the petitioner, Mr. Krishna G.T., made Union of India (represented by the Secretary of Finance), The Securities Exchange Board of India, Daiichi Sankyo Group, Ranbaxy Laboratories Limited and Zenotech Laboratories Limited as the respondents. In the second petition (Writ Petition No. 15187/2008) the petitioner, Mr. Chennupati Tukaram, made the Securities Exchange Board of India, the Foreign Investment Promotion Board, Daiichi Sankyo Group, Ranbaxy Laboratories Limited and Zenotech Laboratories Limited as the respondents. In the first petition, the petitioner had approached the Court under Article 226 of the Constitution of India and sought an appropriate writ, order or direction more particularly in the nature of Writ of Mandamus declaring the inaction of SEBI in not restraining the Acquirer from in anyway acquiring, directly or indirectly an interest in Zenotech as being illegal, unjust, arbitrary, discriminatory and unconstitutional, being in violation of Articles 14.19(1)(g) and 300-A of the Constitution of India, and consequently to direct the respondents to put on hold the

entire process until the Acquirer and RLL have followed the mandatory procedure vis-à-vis Zenotech.

In the second petition, the petitioner had alleged that the Acquirer is acting in concert with RLL to acquire the shares of the public shareholders in Zenotech and as such the acquisition is in contravention of applicable law. The petitioner had approached the Court under Article 226 of the Constitution of India requesting it to issue appropriate writ, direction or order especially in the nature of a Writ of Mandamus directing SEBI and the FIPB to conduct a detailed investigation and to take suitable actions against the Acquirer and RLL by barring the Acquirer's entry into the Indian capital market.

On July 15, 2008 the Court, while issuing notice thereon had directed that any entry by the Acquirer in the Indian capital market in respect of shares of Zenotech would be subject to further orders passed in the said petitions.

Subsequently, on July 30, 2008 the petitioners filed an application with the Court seeking its permission to withdraw the aforesaid petitions. The matter came up for hearing on July 31, 2008, wherein the Court accorded its permission to withdraw the aforesaid petitions. As a result, the matters were dismissed as withdrawn pursuant to the order of the Court dated July 31, 2008.

#### **4.20 Compliance Officer**

Akio Ozaki, Director, 3-5-1, Nihonbashi, Chuo-ku, Tokyo, Japan; Tel: +81-3-6225-1025; Fax: +81-3-6225-1913

#### **4.21 Details of any merger/de-merger, spin off during last 3 years involving Daiichi Sankyo:**

- 4.21.1 Former subsidiaries of Daiichi Sankyo, Sankyo Company, Limited and Daiichi Pharmaceutical Co., Ltd de-merged ("kaishabunkatsu") their respective consumer healthcare business into Daiichi Sankyo Healthcare Co., Ltd. as of April 1st, 2006.
- 4.21.2 Daiichi Pharma Holdings Inc. Daiichi Pharmaceutical Corp. and Daiichi Medical Research Inc. merged into Sankyo Pharma Inc., as of March 31, 2006, and the corporate name of Sankyo Pharma Inc. is changed to Daiichi Sankyo Inc.
- 4.21.3 Zepharm Co., Ltd., the whole shares of which Daiichi Sankyo purchased from Astellas Pharma Inc. as of April 13, 2006, merged into Daiichi Sankyo Healthcare Co., Ltd. as of April 1st, 2007.
- 4.21.4 As of April 1st, 2007, Daiichi Pharmatech Co., Ltd. merged into Daiichi Sankyo Propharma Co., Ltd., and Sankyo Company, Limited demerged ("kaishabunkatsu") its drug-manufacturing business into Daiichi Sankyo Propharma Co., Ltd.

4.21.5 Science Technology Institute Co., Limited and Kanto Daiichi Service Co., Ltd. merged into Daiichi Sankyo RD Associe Co., Ltd. as of April 1st, 2007.

4.21.6 Daiichi Jisho Co., Ltd. merged into Daiichi Sankyo Business Associe Co., Ltd. as of April 1st, 2007.

4.22 As Daiichi Sankyo does not hold any shares in the Target Company, provisions of Chapter II of the SEBI (SAST) Regulations are not applicable.

## **5 BACKGROUND OF PERSON ACTING IN CONCERT**

5.1 There is no 'Persons Acting in Concert' within the meaning of Regulation 2(1)(e) of the SEBI (SAST) Regulations in relation to this Offer. However, due to the applicability of 2 (1)(e)(2) of the SEBI (SAST) Regulations, there could be certain entities deemed to be Persons acting in Concert with the acquirer.

## **6 DISCLOSURE IN TERMS OF REGULATION 21(2)**

6.1 As per the provisions of clause 40A (iii) of the listing agreement with BSE and NSE, the Target Company is required to maintain at least 10% public shareholding for listing on a continuous basis. The public shareholding is not expected to fall below 10% of the share capital of the Target Company as a consequence of the Offer. The Company is covered under the said provision of clause 40A as it has more than 2,00,00,000 (2 crores) equity shares (listed and outstanding) and it has a market capitalisation of more than Rs. 1000 Crores consistently since May 1, 2006.

6.2 Post the Acquisition, Open Offer (assuming the entire Offer size is tendered and accepted) and issue of Subscription Shares but before exercise of Warrants, the Acquirer will have a shareholding of 64.06% of the equity share capital of RLL (equity share capital as on the date of the Public Announcement dated June 14, 2008 and Subscription Shares). In the event, the Acquirer opts to exercise its right of conversion of the Warrants, the shareholding would increase to 65.99% of the equity share capital of RLL (equity share capital as on date of Public Announcement dated June 14, 2008 and Subscription).

6.3 Therefore, pursuant to acquisition of Equity Shares of the Target Company under this Offer, preferential allotment of shares and on exercise of warrants, the public shareholding in the Target Company would not fall below the levels stipulated by the Listing Agreement.

## **7 BACKGROUND OF THE TARGET COMPANY**

7.1 RLL is a public limited company with its registered office at A-11, Industrial Area, Sahibzada Ajit Singh Nagar, Mohali 160 055, Punjab, India Tel: +91 172 227 1450/06, Fax: +91 172 222 6925. RLL was incorporated on June 16, 1961 as Lepetit Ranbaxy Laboratories Limited. On August 24, 1966, it changed its name to Ranbaxy Laboratories Limited and on October 28, 1970 changed its constitution from a public limited company to a private limited company.

Thereafter, the Target Company reverted to its constitution of a public limited company on September 27, 1973 and was publicly listed on the BSE on February 9, 1974.

- 7.2** Address of RLL's corporate office: Plot No.90, Sector 32, Gurgaon-122001, Haryana (Tel: +91-124-4135000; Fax: +91-124-4135001)
- 7.3** The equity shares of RLL are currently listed in India on the BSE and the NSE. The Global Depository Receipts of RLL are listed on Luxembourg Stock Exchange and the Foreign Currency Convertible Bonds ('FCCB') are listed on the Singapore Exchange Securities Trading Limited.
- 7.4** RLL, a public limited company, together with its subsidiaries, joint venture and associates (collectively referred to as the 'Group') operates as an integrated international pharmaceutical organisation with businesses encompassing the entire value chain in the marketing, production and distribution of dosage forms and active pharmaceutical ingredients. The Group is also engaged in the business of consumer healthcare products. The Group presently has manufacturing facilities in eleven countries, namely India, the United States of America, Brazil, China, Ireland, Japan, Malaysia, Nigeria, Romania, South Africa and Vietnam. The Group's major markets include the United States of America, India, Europe, Russia/CIS, and South Africa. The United States of America is the largest market and major products are Simvastatin, CoAmoxyclav, Amoxicillin, Ciprofloxacin, Isotretinon and Cephalixin. The research and development activities of the Group are principally carried out at its facilities in Gurgaon, near New Delhi, India.

RLL is one of the leading pharmaceutical companies in India and is ranked amongst the top ten global generic pharmaceutical companies. It has marketing presence in 49 countries, manufacturing facilities in 11 countries and a diverse product portfolio. RLL's promoters are Mr. Malvinder Mohan Singh and Mr. Shivinder Mohan Singh along with their family members and associates.

- 7.5** As on date of the public announcement, the total paid-up share capital of the Target Company was Rs. 186.62 crores consisting of 373,237,870 fully paid-up shares of par value Rs 5/- per equity share. There were no partly paid-up shares in the Target Company. Shareholding Pattern of RLL as on date of public announcement (i.e. June 16, 2008)

Sl. No.	Shareholders' category	Shareholding & voting rights prior to the agreement/ acquisition and offer	
		No. of Shares	% of shares held
1	Promoter and Promoter Group	129,936,214	34.81
	<b>Total</b>	<b>129,936,214</b>	<b>34.81</b>
2	Acquirer	-	-
	<b>Total</b>	<b>-</b>	<b>0.00</b>
3	Parties to agreement other than (1) & (2)	-	<b>0.00</b>
4	<b>Public (other than parties to agreement and Acquirer)</b>		
(a)	Mutual Funds/ UTI	11,594,613	3.11
(b)	Financial Institutions / Banks	1,024,655	0.27
(c)	Insurance Companies	70,702,275	18.94
(d)	Foreign Institutional Investors	69,343,677	18.58
(e)	Bodies Corporate	10,318,239	2.77
(f)	Individuals	69,193,370	18.54
(g)	NDCOs	1,044,989	0.28
(h)	GDRs	10,079,838	2.70
	<b>Total</b>	<b>243,301,656</b>	<b>65.19</b>
	<b>GRAND TOTAL (1+2+3+4)</b>	<b>373,237,870</b>	<b>100.00</b>

7.6 The share capital details of RLL as on date of public announcement i.e., June 16, 2008:

Paid up Equity Shares of RLL	No. of Shares/ voting rights	% of Shares/ voting rights
Fully paid up equity shares	37,32,37,870	100.00
Partly paid up equity shares	NIL	0.00
Total paid up equity shares	37,32,37,870	100.00
Total voting rights in Target Company	37,32,37,870	100.00

7.7 Fully diluted voting rights ('Emerging Voting Capital') of the Target Company, as on date of Public Announcement, is calculated as below:

Particulars	No. of equity shares
Total fully paid-up equity shares outstanding as on date of Public Announcement (A)	3,73,237,870
Total outstanding ESOPs as on date of Public Announcement for which equity shares may be issued (B)	8,388,353
New equity shares issued to Acquirer under preferential allotment issue (C)	46,258,063
Equity shares underlying possible conversion of zero coupon FCCB (D)	34,711,343
Emerging Voting Capital (E) = (A) + (B) + (C) + (D)	462,595,629

Note: Preferential issue of Warrants to the Acquirer has not been included above, as exercise date of such Warrants is between six months to eighteen months from the date of allotment of Warrants. Hence, the non-inclusion of Warrants in calculating the Emerging Voting Capital is in compliance with Regulation 21(5) of the SEBI (SAST) Regulations. For the purpose of calculation of Emerging Voting Capital, all the convertibles and vested ESOPs have been taken into consideration and the same is in compliance with Regulation 21(5) of the SEBI (SAST) Regulations.

**7.8** The Target Company had raised US\$ 440,000,000 in the year 2006 through zero coupon FCCBs. The Bonds are convertible any time on or after April 27, 2006 upto March 8, 2011 by the holders into fully paid Equity Shares of Rs. 5 each of the Target Company, which may subject to certain conditions, be represented by Global Depository Shares ('GDS') with each GDS representing one share at a conversion price of Rs. 716.32 per share, which is subject to adjustment in certain circumstances. In case if the Bonds are not converted into shares, the Target Company will redeem each Bond at 126.765% of its principal amount on the maturity date i.e. March 18, 2011. Number of equity shares underlying the possible conversion of zero coupon FCCBs have been calculated on the basis of an adjusted conversion price of Rs. 559.64 per share.

**7.9** The build up of share capital of RLL (built-up till the date of the Public Announcement) is as follows:

Date of allotment	No. of shares issued	% of shares issued	Cumulative paid-up capital (Rs.)	Face value per share (Rs.)	Mode of allotment	Identity of allottees (promoters/ ex-promoters/others)/ Reasons for allotment (Bonus, Swaps, etc.)	Status of compliance
-	343,530	100.00	3,435,300	10.00	Previous Issue(s)		Complied
15.12.1973	356,470	103.77	7,000,000	10.00	Public Issue	Public Issue	Complied
14.05.1981	700,000	100.00	14,000,000	10.00	Bonus Issue (ratio 1:1)	Bonus shares	Complied
27.10.1983	1,036,785	74.06	24,367,850	10.00	Conversion of 13.5% PCDs of Rs.50 each into 5 shares	Conversion of PCDs	Complied
01.04.1985	3,025	0.12	24,398,100	10.00	-Do-	Conversion of PCDs	Complied
01.01.1986	7,315	0.30	24,471,250	10.00	-Do-	Conversion of PCDs	Complied
01.07.1986	32,195	1.32	24,793,200	10.00	-Do-	Conversion of PCDs	Complied
01.01.1987	45,680	1.84	25,250,000	10.00	-Do-	Conversion of PCDs	Complied

Date of allotment	No. of shares issued	% of shares issued	Cumulative paid-up capital (Rs.)	Face value per share (Rs.)	Mode of allotment	Identity of allottees (promoters/ ex-promoters/others)/ Reasons for allotment (Bonus, Swaps, etc.)	Status of compliance
23.12.1985	1,250,000	49.50	37,750,000	10.00	Equity Linked Debenture Issue (ratio 9:25)	Rights Issue	Complied
16.09.1988	1,510,000	40.00	52,850,000	10.00	Bonus Issue (ratio 2:5)	Bonus shares	Complied
31.03.1989	3,828,982	72.45	91,139,820	10.00	Conversion of 12.5% FCDs of Rs.100 each into 2 shares	Rights Issue	Complied
10.01.1992	6,075,988	66.67	151,899,700	10.00	Bonus Issue (ratio 2:3)	Bonus shares	Complied
03.09.1992	6,603,080	43.47	217,930,500	10.00	Conversion of 12.5% PCDs of Rs.200 each into 4 shares	Rights Issue	Complied
03.06.1993	10,896,525	50.00	326,895,750	10.00	Bonus Issue (ratio 1:2)	Bonus shares	Complied
05.12.1993	2,640,391	8.08	353,299,660	10.00	Part A of FCDs of Rs.125 each into 1 share	Rights Issue	Complied
15.02.1994	303	0.00	353,302,690	10.00	Part A of FCDs of Rs.125 each into 1 share.	Rights Issue	Complied
06.12.1994	2,640,694	7.47	379,709,630	10.00	Part B of FCDs of Rs.175 each into 1 share.	Rights Issue	Complied
07.07.1994	5,161,290	13.59	431,322,530	10.00	Euro Issue ( i.e. Global Depository Receipt @ \$ 19.37 US per share).	GDRs	Complied
27.01.1996	5,000,000	11.59	481,322,530	10.00	On conversion of 1,00,000 Warrants with right to apply for 50 shares on Payment of Rs. 400 per share	Promoters/ Management Quota	Complied
01.02.1997	1,282,464	2.66	494,147,170	10.00	Rights Issue of NCDs issued alongwith Warrants (Warrants '93) - 1st conversion of Warrants '93.	Warrant Conversion	Complied
12.06.1997	150,000	0.30	495,647,170	10.00	Allotted at a premium of Rs.630 per share to Ranbaxy Employees Welfare Society on exercise of Right attached with warrants allotted to the Society under Employees Stock Option Scheme.	REW Society for ESOPs	Complied
01.08.1997	223,958	0.45	497,886,750	10.00	2nd conversion of Warrants '93.	Warrant Conversion	Complied
01.02.1998	656,423	1.32	504,450,980	10.00	3rd conversion of Warrants '93.	Warrant Conversion	Complied

Date of allotment	No. of shares issued	% of shares issued	Cumulative paid-up capital (Rs.)	Face value per share (Rs.)	Mode of allotment	Identity of allottees (promoters/ ex-promoters/others)/ Reasons for allotment (Bonus, Swaps, etc.)	Status of compliance
16.03.1998	3,281,154	6.50	537,262,520	10.00	Shares allotted on merger of Crosland Research Labs. Ltd to it's Shareholders (ratio 3:7)	Crosland merger	Complied
01.08.1998	169,878	0.32	538,961,300	10.00	4th conversion of warrants '93.	Warrant Conversion	Complied
15.12.1998	1,861,343	3.45	557,574,730	10.00	5th conversion of warrants '93	Warrant Conversion	Complied
15.12.1998	2,125,000	3.81	578,824,730	10.00	5th conversion of warrants '93 (Mgmt Entities 85,000 Warrants x 25 Nos).	Promoters/ Management Entities/ Holding Company	Complied
15.12.1998	65,152	0.11	579,476,250	10.00	5th conversion of warrants '93	Warrant Conversion	Complied
28.12.1998	57,947,625	100.00	1,158,952,500	10.00	Bonus Issue (ratio 1:1)	Bonus shares	Complied
29.04.2000	228	0.00	1,158,954,780	10.00	FCD - 1993 conversion (114 FCDs of Rs. 300/- each)	Rights - Abeyance released	Complied
01.07.2002	340	0.00	1,158,958,180	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
08.10.2002	18,789	0.02	1,159,146,070	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
11.10.2002	69,537,491	59.99	1,854,520,980	10.00	Bonus Issue (ratio 3:5)	On exercise of Stock options	Complied
08.01.2003	12,473	0.01	1,854,645,710	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
10.04.2003	11,245	0.01	1,854,758,160	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
30.07.2003	25,815	0.01	1,855,016,310	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
13.10.2003	41,994	0.02	1,855,436,250	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
09.01.2004	77,007	0.04	1,856,206,320	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
14.04.2004	77,894	0.04	1,856,985,260	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
09.07.2004	132,614	0.07	1,858,311,400	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
11.10.2004	59,602	0.03	1,858,907,420	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
10.01.2005	93,068	0.05	1,859,838,100	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
11.04.2005	111,710	0.06	1,860,955,200	10.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
01.08.2005	372,191,040	200.00	1,860,955,200	5.00	Upon Sub-division of existing Equity Shares from face value of Rs. 10 to Rs. 5	Split of shares	Complied



Date of allotment	No. of shares issued	% of shares issued	Cumulative paid-up capital (Rs.)	Face value per share (Rs.)	Mode of allotment	Identity of allottees (promoters/ ex-promoters/others)/ Reasons for allotment (Bonus, Swaps, etc.)	Status of compliance
09.08.2005	202,837	0.05	1,861,969,385	5.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
10.10.2005	48,313	0.01	1,862,210,950	5.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
13.01.2006	32,003	0.01	1,862,370,965	5.00	Employees Stock Option - Allotment	On exercise of Stock options	Complied
10.04.2006	117,423	0.03	1,862,958,080	5.00	Employees Stock Option - Allotment	On exercise of stock options	Complied
12.07.2006	62,548	0.02	1,863,270,820	5.00	Employees Stock Option - Allotment	On exercise of stock options	Complied
11.10.2006	32,800	0.01	1,863,434,820	5.00	Employees Stock Option - Allotment	On exercise of stock options	Complied
10.01.2007	91,857	0.02	1,863,894,105	5.00	Employees Stock Option - Allotment	On exercise of stock options	Complied
13.04.2007	81,658	0.02	1,864,302,395	5.00	Employees Stock Option – Allotment	On exercise of stock options	Complied
12.07.2007	95,384	0.03	1,864,779,315	5.00	Employees Stock Option – Allotment	On exercise of stock options	Complied
10.10.2007	114,966	0.03	1,865,354,145	5.00	Employees Stock Option – Allotment	On exercise of stock options	Complied
10.01.2008	82,830	0.02	1,865,768,295	5.00	Employees Stock Option – Allotment	On exercise of stock options	Complied
09.04.2008	84,211	0.02	1,866,189,350	5.00	Employees Stock Option - Allotment	On exercise of stock options	Complied

**7.10** No equity shares of RLL are locked-in.

**7.11** RLL is in compliance with the listing requirements on BSE and NSE, and no penal actions have been initiated by BSE and NSE against RLL. The Target Company has been complying with the relevant listing requirements of BSE and NSE from time to time and there is no penal / punitive action taken by BSE and NSE against the Target Company.

**7.12** The equity shares of RLL have not been suspended from trading on any Stock Exchange

**7.13** RLL does not have any un-listed shares on any Stock Exchanges.

**7.14** The Target Company, Sellers, Promoters & other major shareholders of Target Company have complied with applicable provisions of Chapter II of SEBI (SAST) Regulations within time specified in SEBI (SAST) Regulations (see attached **Annexure 1**).

**7.15** The Target Company was incorporated on June 16, 1961 as Lepetit Ranbaxy Laboratories Limited. On August 24, 1966, it changed its name to Ranbaxy Laboratories Limited and on October 28, 1970 changed its constitution from a public limited company to a private limited company. Thereafter on September 27, 1973 it again became a public limited company. It was listed on the BSE on February 9, 1974 and NSE on June 28, 1995.

**7.16** The details of Directors of RLL are as below:

<b>Name of the Director &amp; Designation</b>	<b>Residence Address</b>	<b>Date of Appointment</b>
Mr. Harpal Singh, Non- Executive Chairman, Non-Independent	B-10, Anand Niketan, New Delhi -110021	July 10, 2000
Mr. Vivek Bharat Ram Independent Director	23/24, Maulsari Avenue, Westend Green Farms Phase-I, Rajokri, New Delhi -110038	September 18, 1992
Mr. Gurcharan Das Independent Director	124 Jor Bagh, New Delhi – 110003	January 23, 2004
Dr. P. S. Joshi Independent Director	Maharaj Sawan Singh Charitable Hospital, Beas -143201, Punjab	May 9, 1995
Mr. Nimesh N. Kampani Independent Director	123, Maker Tower 'B', 12th Floor, Cuffe Parade, Mumbai – 400005	November 20, 1997
Mr. Vivek Mehra Independent Director	B-314, New Friends Colony, New Delhi -110 065	July 9, 2001
Mr. Surendra Daulet-Singh Independent Director	Flat No. 2, 11 Aurangzeb Road, New Delhi – 110011	August 1, 1997
Mr. Ravi Mehrotra Independent Director	40A, Block 1, Estoril Court 55 Garden Road Mid-levels Hong Kong	July 28, 2005
Mr. Vinay K. Kaul Independent Director	8202 and 8204, B-11, Vasant Kunj, New Delhi -110070	January 1, 2004
Mr. Sunil Godhwani Non-Executive Director (Non-Independent)	A-2, Inayat Farm, Fatehpur Beri, Asola Mehrauli, New Delhi -110030	May 31, 2007
Mr. Shivinder Mohan Singh Non-Executive Director (Promoter)	1, South End Lane, New Delhi – 110011	January 18, 2006
Dr. Brian W. Tempest Director Non-Executive Non-Independent Director	Tanglewood St. Lenoards Hill Windsor SL4 4AL, UK	January 17, 2008
Mr. Malvinder Mohan Singh Chief Executive Officer and Managing Director (Promoter)	Vistas 26, Maulsari Avenue, Westend Green Farms, Rajokri, New Delhi – 110038	January 1, 2004
Mr. Atul Sobti Chief Operating Officer and Whole-time Director	909, South City Heights, South City, Gurgaon-122001, Haryana	January 18, 2007
Mr. Ramesh L. Adige	C-12, 1st Floor,	January 18, 2005

Name of the Director & Designation	Residence Address	Date of Appointment
Whole-time Director Corporate Affairs & Global Corporate Communications	Hauz Khas, New Delhi – 110016	

The details of experience and qualifications of the Board of Directors of RLL are given below:

**Mr. Harpal Singh, Non-Executive Chairman**

Mr. Harpal Singh has a diverse and wide-ranging experience of over 30 years in the corporate sector. An alumnus of The Doon School and is an (Hons.) Graduate in Economics from St. Stephens College, Delhi. He is also a B.S. in Economics and a Masters' in Public Affairs from the California State University at Hayward (C.S.C.H.), California, USA. Mr. Singh started his career with the Tata Administrative Service and has since held senior positions in Hindustan Motors and TELCO and board level responsibility at Shaw Wallace.

In addition to RLL, Mr. Singh is also a Director in Fortis Healthcare Limited, SRL Ranbaxy Limited, Escorts Heart Institute and Research Centre Limited, Fortis Financial Services Limited, Religare Enterprises Limited., Impact Agencies Pvt. Ltd., Impact Projects Pvt. Ltd. and Impact Realty Developers Pvt. Ltd.

**Dr. Brian W. Tempest, Director**

Dr. Brian W. Tempest retired as Chief Mentor and Executive Vice Chairman of the Board of Directors of the Company effective close of business hours on December 31, 2007 on completion of his term. He was appointed as a Director (Non-executive) of the Company on January 17, 2008. Dr. Brian W. Tempest has worked in the pharmaceutical industry for 36 years, having had responsibilities for operations in USA, Japan, Europe, and emerging markets. During the first 14 years of his career, Dr. Tempest worked for Beecham and GD Searle in a variety of sales, marketing and country management roles based in the UK. In 1985, he joined Glaxo Holdings as Regional Director responsible for the Far East Region, including Japan, China, Korea, Taiwan and the Africa and Middle East Region. He subsequently joined Fisons plc as Worldwide Commercial Operations Director. In 1995, Dr Tempest joined RLL as Regional Director, Europe, CIS and Africa, and in 2000 was promoted to become President (Pharmaceuticals) Worldwide, based in New Delhi. He was subsequently elected to the Board of Directors of RLL. In 2003, the Board appointed him as Joint Managing Director and CEO Designate, and in 2004 he took over as CEO and Managing Director of RLL. Subsequently in 2006, he was appointed by the Board to the position of Chief Mentor and Executive Vice Chairman. Dr. Tempest has a PhD in Chemistry

from Lancaster University, UK. He is also an Honorary Professor of the Management School at Lancaster University.

Other than RLL, Dr. Tempest is not a Director of any other Indian company.

**Mr. Malvinder Mohan Singh, Chief Executive Officer & Managing Director (Promoter)**

Mr. Malvinder Mohan Singh graduated in Economics from St. Stephen's College, Delhi and holds an MBA from the Fuqua School of Business, Duke University, USA. Prior to assuming charge as CEO and MD, Mr. Singh was President, Pharmaceuticals and Executive Director at RLL, responsible for the global operations covering pharmaceuticals, active pharmaceutical ingredients and manufacturing. Earlier, Mr. Singh also led RLL's India operations as Regional Director. Mr. Singh has comprehensive understanding of the pharmaceutical business and has worked in intensely competitive markets in roles as diverse as General Management, Sales & Marketing, Finance and Business Development.

Mr. Singh is a member of the National Council for the Confederation of Indian Industries ('CII'). He is also the Co-Chairman of the National committee on Intellectual Property Rights, CII. Recently, he was nominated to the 'Young Global Leaders', World Economic Forum.

In addition to RLL, Mr. Singh is also a Director in Oscar Investments Limited, Fortis Financial Services Limited, Fortis Healthcare Limited, SRL Ranbaxy Limited, Fortis Healthcare Holdings Limited, Shimal Research Laboratories Limited, Ranbaxy Holding Company, Malav Holdings Private Limited, Luxury Farms Private Limited, Chetak Pharmaceuticals Private Limited, A-1 Book Company Private Limited, Fortis Clinical Research Limited, Vistas Realtors Private Limited, Religare Enterprises Limited, Escorts Heart Institute & Research Centre Limited, Oscar Holdings Private Limited, Religare Insurance Holding Company Limited, Aegon Religare Life Insurance Company Limited, Regius Aviation Limited, Vistas Realtors Private Limited and Regius Infotech Private Ltd.

**Mr. Atul Sobti, Chief Operating Officer & Whole-time Director**

Mr. Atul Sobti is responsible for the global business operations of RLL encompassing pharmaceuticals, consumer healthcare, active pharmaceutical ingredients, manufacturing and generics research. Mr. Sobti joined Ranbaxy in October 2005 as the President, India, Middle East, Asia Pacific and the Global Consumer Healthcare business and was elevated to his

current position in January 2007. Prior to joining RLL, he was the Executive Director, Sales, Marketing, Finance and HR at Hero Honda. During his 30 year career, Mr. Sobti has gained experience across diverse industries including durables, information technology, services, automobiles and now, pharmaceuticals. Mr. Sobti completed his graduation in Economics from St. Stephen's College, Delhi and is an alumnus of the Indian Institute of Management, Ahmedabad.

Other than RLL, Mr. Sobti is non-executive Chairman of Zenotech Laboratories Ltd.

**Mr. Shivinder Mohan Singh, Non-Executive Director (Promoter)**

Mr. Shivinder Mohan Singh is an alumnus of the Doon School and an Honours Graduate in Mathematics from St. Stephens College, Delhi. Mr. Singh is a MBA with specialization in health sector management from the Duke University, Business School, USA. He is one of the promoters of Fortis Healthcare & SRL Ranbaxy. He led the acquisition of Escorts Heart Institute & Research Centre Ltd. ('EHIRC') and is currently the Managing Director of Fortis Healthcare Ltd. and EHIRC.

In addition to RLL, Mr. Singh is also a Director in Escorts Heart Institute & Research Centre Ltd Fortis Healthcare Ltd, Malar Hospitals Ltd., Oscar Investments Limited, Ranbaxy Holding Company, Chetak Pharmaceuticals Private Limited, R.C. Nursery Private Limited, A-1 Book Company Private Limited, Fortis Healthcare Holdings Limited, Religare Enterprises Limited, SRL Ranbaxy Limited, Fortis Clinical Research Limited, Greenview Buildtech Private Limited, Oscar Holdings Private Limited, Regius Aviation Limited, Religare Insurance Holding Company Limited, Regius Infotech Private Limited, Religare Aegon Trustee Company Private Limited, Aegon Religare Life Insurance Company Private Limited and Religare Aegon Asset Management Company Private Limited.

**Mr. Ramesh L. Adige, Whole-time Director-Corporate Affairs and Global Corporate Communications**

Mr. Ramesh L. Adige is a post graduate in Business Administration (specialization in marketing) from Faculty of Management Studies, Delhi and holds a B.E. (Hons.) Degree from BITS Pilani. He has a rich work experience, with expertise in the fields of marketing, public policy and public affairs and spearheads the Corporate Affairs team at RLL. He represents RLL in the Executive Committee of the Indian Pharmaceutical Alliance, the Indian

pharmaceutical industry body. He is also an active participant in CII and Federation of Indian Chambers of Commerce and Industry ('FICCI'). Prior to RLL, Mr. Adige has worked with Fiat India as Whole-time Director (Corporate Affairs).

He has also been President of the Governing Council of The Automotive Research Association of India, Pune and a member of the Executive Committee of the Society of Indian Automobile Manufacturers of India.

In addition to RLL, Mr. Adige is also a Director in Fortis Healthcare Limited and Malar Hospitals Ltd.

**Mr. Sunil Godhwani - Non-Executive Director (Non-independent)**

Mr. Sunil Godhwani is the CEO & Managing Director of Religare Enterprises Limited and Chairman and Managing Director of Religare Securities Limited. He holds a B.Sc. degree in Chemical Engineering and a M.Sc. degree in Industrial Engineering & Finance from Polytechnic Institute of New York.

In addition to RLL, Mr. Godhwani is also a Director in Religare Enterprises Limited, Fortis Financial Services Limited, Religare Securities Limited, Religare Commodities Limited, Religare Finvest Limited, Religare Venture Capital Private Limited, Religare Wealth Management Services Limited, Religare Insurance Holding Company Limited, Regius Aviation Limited, SRL Ranbaxy Limited, Regius Infotech Private Limited, Aegon Religare Life Insurance Company Limited, Religare Aegon Asset Management Company Private Limited, Vistaar Religare Capital Advisors Limited, Religare Aegon Trustee Company Private Limited and Religare United Soccer Limited.

**Mr. Gurcharan Das - Independent Director**

Mr. Gurcharan Das is a graduate magna cum laude from Harvard University. He is an author and management consultant and advises companies on global corporate strategy. He was CEO of Procter & Gamble - India and Vice President, Procter & Gamble Far East during 1985-92 and thereafter Vice President and Managing Director, Procter & Gamble worldwide until 1995. Prior to this, he was Chairman & Managing Director of Richardson Hindustan Limited during 1981-85. Mr. Das was a Fellow at Harvard University's Kennedy School in 1992 and periodically lectures at Harvard University.

Mr. Das is the author of the international best seller, "India Unbound", which has been published in many countries and languages and filmed by BBC. He writes a regular column for the Times of India and occasional articles for the Wall Street Journal and other newspapers. Penguin Books has published his novel, "A Fine Family", which is being made into a film by Shyam Benegal.

In addition to RLL, Mr. Das is also a Director in Gurcharan Das Consultants Private Limited, Crest Animation Studio Limited, Ankar Capital Private Limited, Fortis Healthcare Limited, Berger Paints India Limited, IDBI Capital Market Services Limited, Sunlife Trustee Co. Pvt. Ltd., SKS Micro Finance Pvt. Ltd. and Gillette India Limited.

#### **Mr. Nimesh N. Kampani - Independent Director**

Mr. Nimesh N. Kampani is a graduate from Sydenham College, Mumbai and a Chartered Accountant by profession. He is the key promoter of J.M. Financial and Investment Consultancy Services Limited and has turned it into one of the leading investment banking companies in India. His company has played a pivotal role in the development of primary capital markets in India. Honoured and recognised for his experience, he has been and is a member and consultant with various reckoning names in the industry.

Mr. Kampani is an eminent investment banker and is on the Boards of several well known listed companies. Mr. Kampani is Chairman of JM Financial Group. He has been associated with various Councils/Committees such as CII National council on Corporate Governance, High Power Expert Committee constituted by the Ministry of Finance on making Mumbai a Regional Finance Centre, Governing Council of the Indian Institute of Capital Markets, SEBI Primary Market Advisory Committee and Governing Board of the Centre for Policy Research.

In addition to RLL, Mr. Kampani is also a Director in JM Financial Consultants Pvt. Ltd., J.M. Financial & Investment Consultancy Services Pvt. Ltd., JM Financial Limited, JM Financial Trustee Company Pvt. Ltd., Capital Market Publishers India Private Limited, Kampani Consultants Limited, JM Financial Securities Private Limited, JM Financial Services Pvt. Ltd., Apollo Tyres Limited, Britannia Industries Limited and KSB Pumps Limited.

#### **Dr. P.S. Joshi - Independent Director**

Dr. P.S. Joshi is a Fellow of The Royal College of Physicians, UK, The American College of Cardiology, Royal College of Physicians (Edinburgh) and Cardiology Society of India. Dr.

Joshi is well known for the pioneering work he has been doing in the field of cardiology. He has a number of publications and research projects to his credit and has served well-known institutions in India and abroad in various capacities. Dr. Joshi has held various posts during his career including that of Project Director, Birla Centre for Medical Research (1984-85), Medical Director, Chief Division of Cardiology & Internal Medicine, Escorts Medical Centre, Director, Escorts Heart Disease Prevention Programme Advisor, Director, Research Activity for Escorts Heart Institute & Research Centre (1981-84) and Registrar, Cardiology, Academic Unit, Department Of Cardiology, University Hospital of Wales (1976-78).

He is Director of Maharaj Sawan Singh Charitable Hospital, Beas In addition to RLL, Dr. Joshi is also a Director in Fortis Healthcare Limited, Escorts Heart and Super Specialty Hospital Limited, Escorts Heart Centre Limited, Escorts Hospital and Research Centre Limited, Fortis Financial Services Limited, Oscar Bio-Tech Private Limited, International Hospital Limited and Hiranandani Healthcare Private Limited.

#### **Ravi Mehrotra - Independent Director**

Mr. Ravi Mehrotra is a graduate in Commerce from Bombay University and an alumnus of XLRI, Jamshedpur. Mr. Mehrotra was the President of Franklin Templeton Asset Management (India) Pvt. Ltd. and was responsible for building Franklin Templeton's business in India. Earlier, he had been the Chief Investment Officer for Pioneer ITI from 1993 until July 2002 when Franklin Templeton acquired the Pioneer ITI business in India. He also has prior experience with Bank of America and Prime Securities Limited. Mr. Mehrotra is the Regional Head of AIG Asia Asset Management Companies.

#### **Mr. Surendra Daulet-Singh - Independent Director**

Mr. Surendra Daulet-Singh is an alumnus of Mayo College, Ajmer and St. Stephen's College, Delhi. Mr. Daulet-Singh has held various positions with some of the best known names in international banking. Starting his career with Grindlays Bank, he became the CEO of British Bank of the Middle East, Mumbai and a Senior Manager (Human Resources) Hong Kong Bank, Mumbai. He is also the head of executive search firm GKR Daulet Singh. In addition to RLL, Mr. Daulet-Singh is also a Director in Aviva Life Insurance Company India Ltd. and Daulet-Singh and Associates Services Pvt. Ltd.



**Mr. Vinay K. Kaul - Independent Director**

Mr. Vinay K. Kaul graduated in Physics from Ramjas College, Delhi. Aged about 62 years, he is a Fellow Member of the Institute of Chartered Accountants of India. Mr. Kaul retired as Executive Vice President-Finance & Corporate Services and Whole-time Director of RLL on December 31, 2003 after serving RLL for about 28 years and was appointed as a non-executive director of RLL on January 01, 2004.

In addition to RLL, Mr. Kaul is also a Director in Oscar Investments Limited, ANR Securities Private Limited, Ranbaxy Holding Company, Malav Holdings Private Limited, Luxury Farms Private Limited, Fortis Healthcare Holdings Limited, Oscar Holdings Private Limited, Shivi Holdings Private Limited and Solaris Finance Private Limited.

**Mr. Vivek Bharat Ram - Independent Director**

Mr. Vivek Bharat Ram holds a B.S. Industrial Engineering degree from the University of Michigan, Ann Arbor, Michigan, USA. He hails from a reputed industrial family and is currently Chairman of Shriram Global Enterprises Ltd. and Chairman of New Horizons India Ltd.

In addition to RLL, Mr. Bharat Ram is also a Director in Shriram Global Enterprises Limited, New Horizons India Limited, DCM Anubhavi Marketings Private Limited, DCM Services Limited, Jamuna Finance Private Limited, Kaveri Farms Private Limited, Beas Farms Private Limited and Achal Finance Private Limited.

**Mr. Vivek Mehra - Independent Director**

Mr. Vivek Mehra is a Fellow member of the Institute of Chartered Accountants of India. He has vast experience in the areas of international and domestic taxation, mergers and acquisitions, corporate law; joint ventures, foreign exchange regulations, etc. Mr. Mehra is currently an Executive Director of PricewaterhouseCoopers Pvt. Ltd. Mr. Mehra was nominated by the Government of India as a Director on the Board of Union Bank of India during 1989-1995 and Punjab & Sind Bank during 1995-2000.

In addition to RLL, Mr. Mehra is also a Director in Coopers & Lybrand Private Limited, Coopers & Lybrand (India) Private Limited and Support Services Management India Private Limited.

**7.17 Relevant details of any merger, de-merger, spin-offs during the last three years.**

On September 2, 2005, the Company divested its three allied businesses, consisting of the fine chemicals, diagnostics and the animal health care. ICICI Venture Funds Private Limited acquired these businesses except for the Dade Behring diagnostic assets (a part of the diagnostics business), which was acquired by Dade Behring Holdings Inc.

The three allied businesses had an aggregate net worth of Rs. 6,994 Lakhs accounting for less than 3 % of the total net worth of the Company as per its last audit financial results prior to such divestment.

The Board of Directors of RLL ('the Board') in its meeting held on February 19, 2008, approved a scheme of arrangement for de-merger of New Drug Discovery Research ('NDDR') unit of RLL into Ranbaxy Life Sciences Research Limited ('RLS'), a subsidiary of RLL, subject to requisite approvals.

However, the Board at its meeting held on June 11, 2008, decided not to proceed any further with the said scheme of De-merger.

**7.18 Selected financial data from RLL's consolidated financial statements is provided below:**

<b>Consolidated Profit &amp; Loss Account</b>	<b>Rs Lakhs</b>	<b>Rs Lakhs</b>	<b>Rs Lakhs</b>
	<b>31-Dec-05</b>	<b>31-Dec-06</b>	<b>31-Dec-07</b>
Income			
Operating Income	528,159	614,340	698,225
Other Income	6,163	5,644	44,335
	534,322	619,984	742,560
Expenditure			
Materials	222,127	237,331	272,168
Manufacturing	25,494	30,988	33,533
Personnel	67,857	79,553	89,184
Selling, general and administration	132,319	138,669	169,068
Research and development	49,251	39,548	42,801
	497,048	526,089	606,754
<b>Profit before interest, depreciation, amortisation and impairment</b>	<b>37,274</b>	<b>93,895</b>	<b>135,806</b>
Interest	6,712	10,363	14,118
Depreciation	14,445	18,429	21,834
<b>Profit before tax</b>	<b>16,117</b>	<b>65,103</b>	<b>99,854</b>
Add: Exceptional items	3,332	0	0
Less: Provision for tax	(6,976)	13,567	21,189
<b>Profit after tax</b>	<b>26,425</b>	<b>51,536</b>	<b>78,665</b>
Add: Share in profit and loss of associates (Net)	0	0	21
Less: Minority interest	254	502	1,237
<b>Profit after tax and minority interest</b>	<b>26,171</b>	<b>51,034</b>	<b>77,449</b>

<b>Consolidated Balance Sheet</b>	<b>Rs Lakhs</b>	<b>Rs Lakhs</b>	<b>Rs Lakhs</b>
	<b>31-Dec-05</b>	<b>31-Dec-06</b>	<b>31-Dec-07</b>
<b>Sources of Funds</b>			
Share Capital	18,622	18,634	18,654
Share application money pending allotment	28	88	118
Reserves & Surplus (excluding Revaluation Reserve)	225,000	237,970	259,695
<b>Net Worth</b>	<b>243,650</b>	<b>256,692</b>	<b>278,467</b>
Revaluation Reserve	1,051	1,895	1,873
Minority Interests	1,659	3,344	5,705
Secured Loans	60,787	33,696	41,026
Unsecured Loans	139,640	361,866	373,132
Deferred Tax Liability (Net)	0	6,549	14,345
<b>Total</b>	<b>446,787</b>	<b>664,042</b>	<b>714,548</b>
<b>Application of Funds</b>			
Net Fixed Assets including Capital WIP	261,870	425,343	456,191
Investments	1,717	3,624	24,032
Deferred Tax Asset (Net)	491	0	0
Net Current Assets	182,709	235,075	234,325
<b>Total</b>	<b>446,787</b>	<b>664,042</b>	<b>714,548</b>

<b>Other Financial Data</b>	<b>Rs.</b>	<b>Rs.</b>	<b>Rs.</b>
	<b>31-Dec-05</b>	<b>31-Dec-06</b>	<b>31-Dec-07</b>
Dividend (%)	170%	170%	170%
Earning Per Share (fully diluted)	6.9	13.2	15.2
Return on Average Net worth	10.6%	20.30%	28.8%
Book Value Per Share (post share split)	65.69	69.36	75.11

(Source: Annual Reports of RLL)

The above mentioned financials are audited and in consonance with paragraph 6.14 of the prescribed format of Letter of Offer

Significant Accounting policies, as mentioned in the audited financial statements for the year ending December 31, 2007 are reproduced below:

#### Nature of operations

RLL, a public limited company, together with its subsidiaries, joint venture and associates (hereinafter collectively referred to as the 'Group') operates as an integrated international pharmaceutical organisation with businesses encompassing the entire value chain in the marketing, production and distribution of dosage forms and active pharmaceutical ingredients. The Group is also engaged in the business of consumer healthcare products.

The Group presently has manufacturing facilities in eleven countries, namely India, the United States of America, Brazil, China, Ireland, Japan, Malaysia, Nigeria, Romania, South Africa and Vietnam. The Group's major markets include the United States of America, India, Europe, Russia/CIS, and South Africa. The United States of America is the largest market and major products are Simvastatin, CoAmoxyclav, Amoxicillin, Ciprofloxacin, Isotretinon and

Cephalexin. The research and development activities of the Group are principally carried out at its facilities in Gurgaon, near New Delhi, India.

RLL's shares are listed for trading on the National Stock Exchange and the Bombay Stock Exchange in India and its Global Depository Receipts (covering equity shares of RLL) are listed on the Luxembourg Stock Exchange and Foreign Currency Convertible Bonds are listed on Singapore Stock Exchange.

#### Basis of presentation

The financial statements have been prepared to comply with the Accounting Standards referred to in the Companies (Accounting Standards) Rule 2006 issued by the Central Government in exercise of the power conferred under subsection (l) (a) of section 642 and the relevant provisions of the Companies Act, 1956 (the 'Act'). The financial statements have been prepared under the historical cost convention on accrual basis. The accounting policies have been consistently applied by the Group unless otherwise stated.

#### Use of estimates

In preparing Group's financial statements in conformity with accounting principles generally accepted in India, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Any revision to accounting estimates is recognised in the period the same is determined.

#### Principles of consolidation

The consolidated financial statements include the financial statements of RLL, its subsidiaries, joint venture and share of profits in associate.

The consolidated financial statements have been combined on a line-by-line basis by adding the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances/transactions and unrealised profits in full. The amounts shown in respect of reserves comprise the amount of the relevant reserves as per the balance sheet of RLL and its share in the post-acquisition increase/ decrease in the reserves of the consolidated entities.

Proportionate share of interest in joint ventures has been accounted for by the proportionate consolidation method in accordance with Accounting Standard – 27 'Financial Reporting of Interests in Joint Ventures'.

An investment in an associate has been accounted for by the equity method of consolidation from the date on which it falls within the definition of associate in accordance with Accounting Standard – 23 'Accounting for Investments in Associates in Consolidated Financial Statements'.

The excess/deficit of cost to RLL of its investment over its portion of net worth in the consolidated entities at the respective dates on which the investment in such entities was made is recognised in the financial statements as goodwill/capital reserve. RLL's portion of net worth in such entities is determined on the basis of book values of assets and liabilities as per the financial statements of the entities as on the date of investment and if not available, the financial statements for the immediately preceding period adjusted for the effects of significant changes.

Entities acquired during the year have been consolidated from the respective dates of their acquisition.

The consolidated financial statements are presented, to the extent possible, in the same format as that adopted by RLL for its separate financial statements.

#### Intangibles:

- Patents, Trademarks, Designs and licences

Cost relating to patents, trademarks, designs and licences, which are acquired, are capitalised and amortised on a straight line basis over the estimated useful life which is generally upto a period of 10 years except in cases where based on available evidence the economic benefit is reasonably expected to accrue beyond 10 years.

- Computer software

Software which is not an integral part of the related hardware, is classified as an intangible asset and is amortised over a period of 6 years, being its estimated useful life.

- Non-compete

Non-compete compensation is capitalised and amortised on a straight-line basis over the term of the non-compete agreement.

- Goodwill

Goodwill reflects the excess of cost of acquisition over the book value of net assets acquired on the date of the acquisition. Goodwill is tested for impairment on an annual basis.

- Product Development

Cost incurred for acquiring rights for products under development are recognised as intangible assets and amortised on a straight-line basis over a period of five years from the date of regulatory approval. Subsequent expenditures on development of such products are also added to the cost of intangibles.

#### Fixed assets

Fixed assets are stated at cost less accumulated depreciation and impairment losses. Cost comprises the purchase price and any attributable cost of bringing the asset to their working condition for their intended use.

Borrowing costs directly attributable to acquisition or construction of fixed assets which necessarily take a substantial period of time to get ready for their intended use are capitalised.

#### Depreciation

Depreciation on fixed assets is provided on straight-line method over useful life estimated by the management or on the basis of depreciation rates prescribed under respective local laws.

#### Investments

Investments that are readily realisable and intended to be held for not more than one year are classified as current investments. All other investments are classified as long term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments, other than investments in associates, are carried at cost, however, provision for diminution in value other than temporary, is made. Profit/ loss on sale of investments is computed with reference to their average cost.

#### Inventories

Inventories are valued as follows:

Raw materials, stores and spares and packaging materials: Lower of cost and net realisable value. However, materials and other items held for use in the production of finished goods are not written down below cost if the products in which they will be used are expected to be sold at or above cost. Cost is determined on a weighted average basis.

Finished goods: Lower of cost and net realisable value. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. Cost of finished goods includes excise duty, wherever applicable.

Work-in-process: At cost upto estimated stage of completion. Cost includes direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

Where duty paid imported materials / indigenous materials are consumed, in manufacture of products for export, prior to receipt of duty-free materials under the Advance License Scheme, the estimated excess cost of such materials over that of duty free materials is carried forward and charged to revenue on consumption of such duty-free materials.

#### Expenditure on regulatory approvals

Expenditure incurred for obtaining regulatory approvals and registration of products developed in-house is charged to profit and loss account.

#### Employees stock option plan

The accounting value of stock options representing the excess of the market price on the date of grant over the exercise price of the shares granted under 'Employees Stock Option Scheme' of the Company, is amortised as 'Deferred employees compensation' on straight-line basis over the vesting period in accordance with the SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and guidance note 18 'Share Based Payments' issued by Institute of Chartered Accountants of India.

#### Revenue recognition

Revenue is recognised to the extent that it can be reliably measured and is probable that the economic benefits will flow to the Company.

- Sale of Goods

Revenue from sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the customer and is stated net of trade discounts, excise duty, sales returns and other levies.

- Royalties, Technical Know-how and Licensing income

Revenue is recognised on accrual basis in accordance with the terms of the relevant agreement.

- Interest

Revenue is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate of interest.

- Dividends

Revenue is recognised when the right to receive is established.

- Chargebacks

In the United States, large customers are the major wholesalers who resell products to third party customers like managed care organisations, drug store chains and pharmacies. A significant part of the gross revenues from such wholesalers are subject to various forms of rebates and allowances (referred to as 'Chargebacks'), which are recorded as reductions from the gross revenues. The computation of the estimate for expected chargebacks is complex and involves significant judgment based on historical experience and estimated wholesaler inventory levels, as well as expected sell-through levels by the wholesalers to indirect customers. The primary factors considered in developing and evaluating provision for chargebacks include the average historical chargeback credits and an estimate of the inventory held by such wholesalers, based on internal analysis of wholesaler's historical purchases and contract sales.

#### Export benefits / incentive

Export entitlements in respect of the exports made under the Duty Entitlement Pass Book ('DEPB') Scheme are recognised in the profit and loss account when the right to receive credit as per the terms of the scheme is established.

Obligations / entitlements under the Advance Licence Scheme for import of raw materials are accounted for on purchase of raw materials / export sales.

#### Research and development

Revenue expenditure incurred on research and development is charged to profit and loss account in the year it is incurred. Capital expenditure is included in the respective heads under fixed assets and depreciation thereon is charged to depreciation account.

#### Foreign exchange transactions

Indian Rupee is the reporting currency for the Group. However, the local currencies of non-integral overseas subsidiaries and joint venture are different from the reporting currency of the Group. The translation of local currencies into Indian Rupee is performed for assets and



liabilities (excluding share capital, opening reserves and surplus), using the exchange rate as at the balance sheet date, for revenues, costs and expenses using weighted average exchange rate during the reporting period. Share capital, opening reserves and surplus are carried at historical cost. Resultant currency translation exchange gain/loss is carried as foreign currency translation reserve under reserves and surplus. Investments in foreign entities are recorded at the exchange rate prevailing on the date of making the investment.

Income and expenditure items of integral foreign operations are translated at the monthly average exchange rate of their respective foreign currencies. Monetary items at the balance sheet date are translated using the rates prevailing on the balance sheet date. Non-monetary assets are recorded at the rates prevailing on the date of the transaction. Transactions in foreign currencies are recorded by the reporting entities in their local currency at the rates prevailing on the date of the transaction. Monetary items denominated in foreign currency are restated at the rates prevailing on the balance sheet date.

Exchange differences arising on the settlement of monetary items or on reporting company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous financial statements, are recognised as income or expense in the year in which they arise.

The exchange differences arising on the forward contracts to hedge the foreign currency risk of an underlying asset or liability existing on the date of the contract are recognised in the profit and loss account of the period in which the exchange rates change, based on the difference between i) foreign currency amount of the forward contract translated at the exchange rates at the reporting date, or the settlement date where the transaction is settled during the reporting period, and ii) the same foreign currency amount translated at the latter of the date of the inception of the contract and the last reporting date, as the case may be. The premium or discount on all such contracts arising at the inception of each contract is amortised as expense or income over the life of the contract.

In case of forward exchange contracts which are entered into to hedge the foreign currency risk of firm commitments or highly probable forecast transactions, the premium or discount arising at the inception of the forward foreign currency contracts is amortised as an expense or income over the life of the contract.

Any profit or loss arising on cancellation or renewal of forward foreign exchange contracts is recognised as income or expense for the year.

In respect of foreign currency option contracts which are entered into to hedge highly probable forecasted transactions the cost of these contracts, if any, is expensed over the

period of the contract. Any profit or loss arising on settlement or cancellation of currency options is recognised as income or expense for the period in which settlement or cancellation takes place. The effect of these currency option contracts outstanding at the year-end, in the form of unrealised gains/losses, is not recognised.

#### Employee benefits

Liabilities in respect of defined benefit plans other than provident fund schemes are determined based on actuarial valuation made by an independent actuary as at the balance sheet date. The actuarial gains or losses are recognised immediately in the profit and loss account. In respect of provident fund schemes, administered by trust, liability is recognised for any shortfall in the plan assets vis-à-vis fund obligation.

Contribution towards the defined contribution plans are recognised in the profit and loss account on accrual basis.

#### Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. The weighted average numbers of equity shares outstanding during the period are adjusted for events of bonus issue and share split.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential equity shares.

#### Taxes on income

Provision for tax for the year comprises estimated current income-tax determined to be payable in respect of taxable income and deferred tax being the tax effect of temporary timing differences representing the difference between taxable and accounting income that originate in one period and are capable of reversal in one or more subsequent periods and is calculated in accordance with the relevant domestic tax laws. Deferred tax is measured based on the tax rates and the tax laws enacted or substantively enacted as at the balance sheet date. Deferred tax assets are recognised only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. In respect of carry forward losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

### Contingent liabilities and provisions

The Group creates a provision when there is a present obligation as a result of a past event where the out flow of economic resources is probable and a reliable estimate of the amount of obligation can be made. A disclosure is made for possible or present obligations that may, but probably will not, require out flow of resources or where a reliable estimate of a present obligation cannot be made, as a contingent liability in the financial statements.

### Impairment of assets

The Group on an annual basis tests the carrying amount of assets for impairment so as to determine a) the provision for impairment loss, if any, or b) the reversal, if any, of impairment loss recognised in previous periods. Such impairment loss or reversal is recognised in the profit and loss account for the year.

### Lease accounting

i) Assets acquired on lease where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the inception of the lease at the lower of fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period. The resultant interest cost is charged to profit and loss account on accrual basis.

ii) Operating lease payments are recognised as an expense on a straight-line basis over the term of the lease.

## **7.19 The Primary reasons for rise in Total Income and Profits after Tax of RLL are as follows:**

### **Year 2007**

The company had a successful year registering an improved performance on the key parameters. Consolidated net sales at Rs.669,267 Lakhs grew by 10.3% , while profit after tax and minority interest at Rs. 77,449 Lakhs registered a robust growth of 52% over last year. The performance during the year was driven by growth in sales of dosage forms across developed and emerging markets, increased operational efficiencies, a continuing focus on cost optimization and better management of working capital.

The North American business covering US and Canada constituted about 26% of Ranbaxy's global revenue which had grown by a healthy 7% (in \$ terms) during the year. Key milestone for the US business was commercialization of Paravastatin 80mg tablets that represented a

First to File approval, entailing 180 days of sales exclusivity. During the year 13 established dermatology brands from Bristol Myers Squibb had been acquired by the company.

European business at Rs.150,840 Lakhs ( 23% of total sales) recorded a robust sales growth (13%) led by key markets of Romania, Germany and UK. In UK the company launched eight new products and achieved a noteworthy market share for some of its existing and new products such as Gabapentine 600 mg. resulting in a strong turnaround in the business.

The momentum in the Indian business (19% of total sales) led to a significant upside. Sales growth of over 10% was a result of new/differentiated product launches, in –licensing agreements encompassing various therapeutic areas.

### **Year 2006**

The financial performance had witnessed an uptrend with all round growth in sales and profits. The company had achieved net sales of over Rs.606,649 Lakhs a growth of 16%. Profit after tax and minority interest stood at Rs. 51,034 Lakhs and increase of 95% over previous year. A key highlight during the year was launch of Simvastatin 80 mg in US market with 180 days exclusivity. The product generated 56% market share during the exclusivity period with approx \$ 600 Lakhs in revenue.

The company had achieved and maintained number 1 position in the Indian market from the middle of the year with market share increasing to 5.1%. Company's brand building effort in the Indian market had borne fruit with 9 brands in top 100 list ( against 8 of 2005) and 21 brands in top 300 list ( against 20 of 2005 ) and 3 new products in top 30.

The company had successfully pursued the strategy of leveraging growth through inorganic means and concluded 9 strategic acquisitions during the year.

Besides mix of sales the improved performance was also a result of focused efforts on improving productivity and optimizing the cost structure.

### **Year 2005**

Global sales at Rs.510,361 Lakhs declined by 3% over last year .The performance was impacted primarily by the adverse pricing pressure in the US market. In \$ terms the US sales was lower by 25 % over last year .However the company's performance in other markets such as BRICS and Asia has been buoyant.

The lower sales in US alongwith the increase in R&D and litigation related expenditure significantly impacted the profitability of the company .Consequently the overall consolidated profit after tax and minority interest was lower at Rs.26,171 Lakhs.

**7.20** The equity shareholding in the Target Company before the Offer and after the Offer (assuming full acceptances in the Offer) is given in the table below:

	Shareholders' category	No. of shareholders	Shareholding & voting rights prior to the agreement/ acquisition and Offer (as on the PA date)(A)		Shares/ voting rights agreed to be acquired which triggered off the Regulations (B)		Shares/ voting rights to be acquired in Open Offer (Assuming full acceptances) (C)		Share holding / voting rights after the acquisition and Offer. i.e. (A)+(B)+(C) = (D)		Post Preferential Issue Shareholding			
			No.	%	No.	%	No.	%	No.	%	No. of shares post preferential allotment of equity shares	% of Total Holding	No. of shares post exercise of warrants into equity shares	% of Total Holding
<b>(1) Promoter</b>														
(a)	Parties to agreement, if any	22	129,936,214	34.81	-	-	-	-	2,080	0.00	2,080	0.00	2,080	0.00
(b)	Promoters other than (a) above													
	<b>Total 1 (a+b)</b>		<b>129,936,214</b>	<b>34.81</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>2,080</b>	<b>0.00</b>	<b>2,080</b>	<b>0.00</b>	<b>2,080</b>	<b>0.00</b>
<b>(2) Acquirers</b>														
(a)	(i). Through purchase from Promoters		0	0.00	129,934,134	34.81	-	-	129,934,134	34.81	129,934,134	30.97	129,934,134	29.31
	(ii) Through Preferential Allotment				46,258,063	12.39	-	-	-	-	46,258,063	11.03	46,258,063	10.43
	(iii) Through Warrant Conversion												23,834,333	5.38
(b)	PACs													
	<b>Total 2 (a+b)</b>		<b>0</b>	<b>0.00</b>	<b>176,192,197</b>	<b>47.21</b>	<b>92,519,126</b>	<b>22.05</b>	<b>222,453,260</b>	<b>59.60</b>	<b>268,711,323</b>	<b>64.06</b>	<b>292,545,656</b>	<b>65.99</b>
<b>(3) Parties to agreement other than (1)(a) &amp; (2)</b>			0	0.00	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
<b>(4) Public (other than parties to agreement, acquirers &amp; PACs)</b>														
1	(a). Mutual Funds/ UTI	113	11,594,613	3.11	-	-	-	-	*	*	*	*	*	*
	(b). Financial Institutions / Banks	58	1,024,655	0.27	-	-	-	-	*	*	*	*	*	*
	(c). Insurance Companies	6	70,702,275	18.94	-	-	-	-	*	*	*	*	*	*
	(d). Foreign Institutional Investors	254	69,343,677	18.58	-	-	-	-	*	*	*	*	*	*
2	Others								*	*	*	*	*	*
	(a). Bodies Corporate	2,645	10,318,239	2.77	-	-	-	-	*	*	*	*	*	*
	(b). NDCOs	7	1,044,989	0.28	-	-	-	-	*	*	*	*	*	*
	(c). GDRs	1	10,079,838	2.70	-	-	-	-	*	*	*	*	*	*
	(d). Individuals	167,708	69,193,370	18.54	-	-	-	-	*	*	*	*	*	*
	<b>Total 4 (1+2)</b>		<b>243,301,656</b>	<b>65.19</b>	<b>0</b>	<b>0.00</b>	<b>0</b>	<b>0.00</b>	<b>150,782,530</b>	<b>40.40</b>	<b>150,782,530</b>	<b>35.94</b>	<b>150,782,530</b>	<b>34.01</b>
<b>TOTAL (1+2+3+4)</b>		<b>170,814</b>	<b>373,237,870</b>	<b>100</b>	<b>176,192,197</b>	<b>47.21</b>	<b>92,519,126</b>	<b>22.05</b>	<b>373,237,870</b>	<b>100</b>	<b>419,495,933</b>	<b>100</b>	<b>443,330,266</b>	<b>100</b>

**Note** \* The entire 20% shares of the Target Company envisaged to be acquired by the Acquirer would be from the categories of the shareholders mentioned in 4(a) and 4(b) above and therefore the post offer holding of these shareholders are not ascertainable at this stage and would depend on the quantum of acceptance received from them.

*\*\*The Warrants are convertible to equity shares only after six months from the date of allotment and have not been taken into consideration for the purpose of calculating post-Offer shareholding of the Acquirer. In the event, if the Warrants are exercised, the shareholding of the Acquirer would go up to 65.99% and in that event the Acquirer will comply with Regulation 11(2) of the SEBI (SAST) Regulations.*

*\*\*\*Voting rights for the purpose of calculation in the Table above, have been first calculated without including warrants, but after the preferential issue of shares. The last column, however, shows the hypothetical shareholding, if the entire warrant issue is exercised by the Acquirer and converted into equity shares.*

*\*\*\*\* Calculation of the final number of shares, Post Preferential issue of shares and warrants is on the following basis:*

*Existing share capital as on the date of Public Announcement: 373,237,870*

*Shares to be allotted to Acquirer on preferential basis: 46,258,063*

*Shares to be allotted to Acquirer on exercise of warrants: 23,834,333*

**7.21** Details of numbers of shares held and percentage holding of promoters as at March 31 of every year since 1997. In this regard, whenever applicable, RLL had complied with the applicable provisions of the SEBI (SAST) Regulations / other applicable regulations under the SEBI Act, 1992 and other statutory requirements, as the case may be.

<b>Date</b>	<b>No. of Shares</b>	<b>% of holding</b>	<b>Remarks</b>
31.3.1997	18,364,345	37.16	
31.3.1998	15,760,658	29.34	
31.3.1999	38,565,716	33.28	Conversion of warrants
23.3.2000	37,200,364	32.10	
31.3.2000	37,163,414	32.07	
25.5.2000	37,178,408	32.08	
31.3.2001	37,197,244	32.10	
4.7.2001	37,195,186	32.09	
31.3.2002	37,165,662	32.07	
3.7.2002	37,165,632	32.07	
3.9.2002	37,165,632	32.07	
31.3.2003	59,444,766	32.06	Bonus (3:5) issued on October 11, 2002
30.6.2003	59,446,136	32.05	
12.11.2003	59,466,836	32.05	
31.3.2004	59,466,886	32.04	
30.6.2004	59,466,886	32.03	
10.11.2004	60,849,177	32.73	
5.7.2005	66,643,139	35.81	
31.3.2005	65,139,673	35.02	
14.11.2005	133,286,388	35.79	Sub-division of shares on 1.8.2005
31.3.2006	129,936,388	34.88	
3.7.2006	129,936,388	34.87	
14.11.2006	129,936,214	34.86	
31.3.2007	129,936,214	34.86	
17.4.2007	129,936,214	34.86	
14.11.2007	129,936,214	34.83	
31.3.2008	129,936,214	34.82	
23.5.2008	129,936,214	34.81	

There is no other acquisition by the promoters, apart from what is being disclosed above, requiring compliance with applicable provisions of the SEBI (SAST) Regulations.

## 7.22 Corporate Governance

The following are the relevant details with regards to RLL's compliance with the provisions of Corporate Governance.

RLL has complied with the conditions of Corporate Governance as stipulated in the listing agreement for the year ended December 31, 2007. M/s. Walker, Chandio & Co., statutory Auditors of RLL vide their certificate dated March 28, 2008, has certified the same. The Corporate Governance Report as well as the certificate from the statutory Auditors forms a part of the Annual Report of RLL for the year ended December 31, 2007.

## 7.23 The following are cases of litigation involving RLL, as of the date of this Offer

### Income-tax cases

There are 32 cases of appeals filed by RLL and / or the Income Tax Department pending before the High Courts and Income-Tax Appellate Tribunal concerning allowance of deduction aggregating to approximately Rs. 21,740 lakhs in computation of taxable income covering Assessment Year's from 1984-85 to 2004-2005. Details regarding the monetary impact, as could be estimated by RLL, and the party filing the case is as under:

S. No.	Assessment Years	Particulars	Amount of disallowance Rs. Lakhs.	Tax Impact Rs.Lakhs
		<b>DEPARTMENTAL APPEALS</b>		
1	1984-85 to 1996-97	Issues pending before the Honourable High Court	203.5	32.7
2	1998-1999 to 2004-05	Issues pending before the Income Tax Appellate Tribunal	19,100.6	4,479
		<b>RLL's APPEALS</b>		
1	1986-87 to 2004-05	Issues pending before the Honourable High Court	643	258.3
2	1998-1999 to 2004-05	Issues pending before the Income Tax Appellate Tribunal	1,789.3	421.0

### Indirect Tax (Central Excise and Sales Tax) – pending cases

- i) An order passed by Commissioner Central Excise Chandigarh, demanding reversal of CENVAT credit amounting to 596.9 lakhs has been challenged by the company before CESTAT, New Delhi and the operation of the said demand order has been stayed by the CESTAT. Final hearing is awaited.

- ii) An order issued by the Sales Tax Department, Punjab demanding interest on purchase tax amounting to Rs. 24.8 lakhs (Period 1989-91), has been challenged by the company before Sales Tax Tribunal Punjab, and the operation of the said demand order has been stayed by the Sales Tax Tribunal, Punjab. Final hearing is awaited.
- iii) Sales Tax Department, Himachal Pradesh has demanded sales tax on works contract on the value that represents cost of materials supplied by the company in the execution of the works contract. The entire amount demanded has been paid under protest, however the company has preferred an appeal against the said order which is pending.

Details of Indirect Tax cases filed by Ranbaxy Laboratories Ltd.	
Statute	Appeal Pending Before
Central Excise Act	CESTAT, New Delhi
Punjab General Sales Tax Act	Sales Tax Tribunal
Himachal Pradesh General Sales Tax Act	Himachal Pradesh High Court

#### Employee Related Cases

There are 345 labour cases pending against RLL in various courts and tribunals in India filed by certain former and present employees and contract workers. The claims pertain, inter alia, to regularization, reinstatement in service with full back wages, continuity in service from date(s) of termination from service, payment of bonus, transfer orders etc.

Of these claims, 12 are in relation to RLL's corporate office, 47 are in relation to the India region (which is Delhi and Mumbai strategic business units), 34 are in relation to RLL's operations at Mohali, 249 are in relation to RLL's operations at Dewas, 2 are in relation to RLL's operations at Paonta Sahib, 3 are in relation to RLL's operations at Jejuri, and 9 are in relation to RLL's research and development facilities. Out of these claims 14 were filed by RLL and 139 cases have been filed by the respective employees. The aggregate claim (which RLL could quantify) against RLL in these matters is approximately Rs. 812.467 lakhs.

#### Intellectual Property litigations

There are certain pharmaceutical patent cases instituted by certain private parties against or by RLL before various courts and authorities in and outside India. The aggregate claim against RLL in these cases cannot be quantified. The details of some of these cases are as follows:

- a) Pfizer, Inc. and RLL had been involved in lawsuits in 22 countries including the US, Australia, Canada and certain countries in Europe, Asia and Central and South America, relating to alleged infringement or invalidity of Pfizer's patents on atorvastatin products,



marketed as Lipitor<sup>®</sup>, and processes to make that product. Various lower or appeals courts have granted injunctions to prevent marketing of RLL's atorvastatin tablets prior to the expiration dates of one of the patents. Other lower or appeals courts have invalidated or found non-infringement of certain other Pfizer patents. Much of this litigation has been settled between the parties, leaving only a handful of lawsuits, in Austria, Denmark, Spain, Finland, Portugal and Romania.

Of these active atorvastatin actions the following were filed by RLL: Finland (non-infringement action, revocation action), Portugal, Spain, Denmark (non-infringement action, annulment action), and Romania. Of these cases, RLL seeks monetary damages for wrongful injunction in Finland and Denmark. The following active atorvastatin actions were filed by Pfizer: Finland (preliminary injunction, infringement action), Denmark (preliminary injunction, infringement action). Of these cases, the Denmark infringement action filed by Pfizer seeks monetary damages for patent infringement.

- b) Pfizer, Inc. has filed a case against RLL in the District Court of New Jersey, for alleged infringement of Pfizer's patent on a quinapril formulation, marketed as Accupril<sup>®</sup>, claiming monetary damages. A Preliminary Injunction Order has been affirmed by the Court of Appeals of the Federal Circuit on November 22, 2005. This litigation has been settled between the parties.
- c) Aventis has filed a case against RLL and several other companies in the US, for alleged infringement/invalidation of certain patents of Aventis concerning fexofenadine, marketed as Allegra<sup>®</sup>, in the US. RLL has settled the portion of the suit relating to its ANDA filing, although proceedings continue with respect to RLL's role as an API supplier. An unspecified monetary claim has been raised against RLL, based on a theory of conspiring with Barr and Teva.
- d) Certain private plaintiffs and Apotex have filed cases against RLL, the patent holder and certain other companies before the Eastern District Court of Pennsylvania, alleging anti-competitive collusion with the patent holder for the settlement of patent litigation surrounding modafinil, marketed as Provigil<sup>®</sup>, to the detriment of classes of patients and health claims payors. Unspecified monetary claims have been raised in these matters that are pending.
- e) Pfizer, Inc. has filed a suit against RLL in the US District Court of Delaware, for alleged infringement of Pfizer's patent on the combination product, amlodipine and atorvastatin, marketed as Caduet<sup>®</sup>, requesting a permanent injunction during the life of that patent.

Recently, two process patents have been asserted in this litigation against Ranbaxy. This suit has been settled between the parties.

- f) Abbott Laboratories and Astellas Pharmaceuticals have filed a suit against RLL and two other parties in the US District Court for the District of Northern Illinois for alleged infringement of patents covering a polymorphic form of cefdinir (marketed as Omnicef®), requesting a permanent injunction during the lives of those patents. This suit has been stayed, pending a claim construction ruling in the Federal Circuit Court of Appeals, expected in Q3 2008. No specific monetary claim has been raised in this matter.
- g) AstraZeneca had filed suit against RLL and Teva in the US District Court of New Jersey, for alleged infringement of AstraZeneca patents covering formulations and a process for the preparation of esomeprazole magnesium, marketed as Nexium®. This case has been settled.
- h) Merck & Co., Inc. has filed a suit against RLL in the US District Court of New Jersey for alleged infringement of a patent covering an injectable imipenem-cilastatin combination product, marketed as Primaxin®. Merck has requested a permanent injunction during the life of that patent. This suit has been settled between the parties.
- i) Astellas Pharmaceuticals and Boehringer-Ingelheim had filed suit in the US District Court of New Jersey alleging infringement of a patent covering tamsulosin, marketed as Flomax®. This case has been settled.
- j) Roche Palo Alto LLC has filed suit against RLL in the US District Court of New Jersey, alleging infringement of a patent covering a crystalline form of valganciclovir, marketed as Valcyte®. Roche has requested a permanent injunction during the life of this patent. No specific monetary claim has been raised in this matter. The parties have filed cross summary judgment motions on infringement and validity issues. A trial date could be expected in Q4 2008.
- k) Teva Pharmaceuticals had filed suit against RLL in the US District Court of New Jersey, alleging infringement of four patents for carvedilol, marketed by SmithKline Beecham as Coreg®. This case has been settled.
- l) Sanofi Aventis had filed suit against RLL in the US District Court of Delaware, alleging infringement of a patent relating to alfuzosin, marketed as Uroxatral®. This case has been settled.

- m) Banner Pharmacaps Inc. has filed suit against RLL in the US District Court of North Carolina, alleging infringement of a patent relating to ibuprofen soft gelatin capsules. The suit has been stayed, pending (since November, 2005) FDA's resolution of issues raised in a Citizen's Petition filed by Banner. No specific monetary claim has been raised in this matter.
- n) Forest Laboratories and Merz Pharma had filed suit against RLL in the US District Court of Delaware, alleging infringement of a patent relating to the anti-Alzheimer's disease medication, memantine, marketed as Namenda®. The case has settled, with RLL withdrawing its challenge to the patent.
- o) RLL is one of the respondents in a writ petition filed by Novartis before the Madras High Court against rejection of its application for grant of patent by the Patent Office in India concerning Imatinib Mesylate that is pending. The High Court, Madras held that section 3(d) is not unconstitutional, and that TRIPS compliance of that provision would have to be decided by the WTO. Novartis has stated it will not appeal, and the government of Switzerland has indicated it will not approach WTO to decide this question. This aspect of the case is over. The substantive rejection is still ongoing, currently locked in a procedural struggle over the composition of the Patent Office Appeal Board.

Summary of cases in terms of party filing the suit and monetary impact of the suit

<b>Product at issue</b>	<b>Suit filed by</b>	<b>Monetary impact</b>
Atorvastatin – Denmark	Both	Monetary claim raised by both
Atorvastatin – Finland	Both	Monetary claim raised by RLL
Atorvastatin – Portugal	RLL	No monetary claim raised
Atorvastatin – Spain	RLL	No monetary claim raised
Atorvastatin – Romania	RLL	No monetary claim raised
Fexofenadine – U.S.	Sanofi-aventis	Monetary claim raised by Sanofi
Modafinil – U.S.	Various private and public plaintiffs	Monetary claim raised
Cefdinir – U.S.	Abbott, Astellas	No monetary claim raised
Valganciclovir – U.S.	Roche	No monetary claim raised
Ibuprofen – U.S.	Banner	No monetary claim raised
Imatinib – India	Novartis	No monetary claim raised

As per RLL's press release to BSE dated June 18, 2008, RLL announced that it has entered into an agreement with Pfizer Inc. to settle most of the patent litigation worldwide involving Atorvastatin (Lipitor). The press release stated that the lawsuits between Pfizer Inc. and RLL regarding Atorvastatin will be dismissed in select countries and the lawsuits between Pfizer Inc. and RLL regarding the fixed dose combination product containing Atorvastatin and amlodipine will be dismissed in the US and RLL will no longer contest the validity of Pfizer's patents in such countries. The agreement also covers the fixed dose combination of Atorvastatin-Amlodipine besylate. The settlement also resolves additional patent litigation

between the companies involving the branded drugs Accupril (in the U.S.) and Viagra (in Ecuador) and all the patent litigation with RLL relating to generic formulation of Quinapril hydrochloride in the United States and Sildenafil in Ecuador. Litigation between RLL and Pfizer Inc. relating to Lipitor will continue in five other European countries – Finland, Spain, Portugal, Denmark and Romania.

Under Drugs (Prices Control) Order, 1995 ("DPCO")

In the DPCO cases, all the matters have been filed by the Company against the NPPA and Govt. Authorities.

- a) National Pharmaceutical Pricing Authority ('NPPA') has raised a demand of Rs. 1,661 lakhs in relation to 4 drug products. RLL has filed three writ petitions in the High Court of Delhi and one writ petition in the High Court of Bombay (Goa Bench) which have been admitted and stay order is granted against the recovery. RLL has issued bank guarantees aggregating Rs. 579 lakhs as and by way of deposits pending the disposal of the petitions.
- b) NPPA filed a special leave petition in the Supreme Court against the order of the High Court at Delhi setting aside NPPA's demand of Rs 465 lakhs in relation to a certain drug product. The matter is currently pending. The Supreme Court has dismissed the SLP filed by NPPA and Company's stand has been upheld.
- c) The Government of India issued certain notices seeking to include the drug Ciprofloxacin under the price control provisions of DPCO and pursuant thereto, raised a demand of approximately Rs.11 lakhs on RLL for alleged overcharging. RLL (along with certain other companies) successfully challenged the action of Government of India in the Bombay High Court, against which the Government filed an appeal in the Supreme Court which remanded the matter to the High Court for redetermination subject to deposit of 50% of the alleged overcharged amounts pursuant to which RLL deposited Rs.2,347 lakhs. The matter is pending before the Bombay High Court.
- d) Against a price notification and a press release issued by GOI on August 14, 2003 in respect of the drug Ciprofloxacin and its formulations, RLL filed a writ petition in the Bombay High Court which has granted a stay order on the action of GOI. The matter is pending in the Bombay High Court.
- e) Against the demand made under the Drug Price Control Order 1979 for payment of Rs. 60 lakhs plus interest amounting to total sum of Rs. 223 lakhs, Company filed a Writ Petition on August 3, 2007 before the Delhi High Court challenging the legality and

validity of demand under the Drug Price Equalisation Account and post hearing the High Court granted a stay on the demand letter.

- f) The price was fixed by NPPA vide Price Notifications dated 13.6. 2007 and 27.6. 2007 for Roscillin Cap. 250 mg and 500 mg. respectively. The Company filed Review Petitions against the Price Notifications before the Ministry on 27.6. 2007 and 10.7. 2007 respectively which were dismissed by NPPA by their order dated 26.2.08 against which the Company filed Writ Petition before the Delhi High Court and matter is currently subjudice before the High Court.
- g) The State Drug Controller Rajasthan by its order dated 30.11.2007 issued ban on sale of Fixed Dose Combinations manufactured and or marketed by the Company against which Company filed the writ petition before Rajasthan High Court .The Court, after hearing, granted an order for stay, staying the operation of order dated 30.11.2007 and Company has resumed sales.

#### FDA Matters

All the petitions have been filed by the Company challenging the notices issued by the Regulatory Authorities against manufacture and distribution of the products in respective jurisdiction. There is no financial impact which can be assessed as sale of RLL's products is continuing pursuant to the stay orders granted by the respective High Courts. Further, there is no demand as such, which has been raised against RLL in respect of manufacture, sale and distribution of the Product REVITAL by RLL.

- a) Proceedings in relation to the Food and Drug Administration Authorities RLL has received notices from the Food and Drug Administration Authorities in various states in India seeking to prohibit manufacture, sale and distribution of "Revital" alleging that this product is classifiable under the Drugs and Cosmetics Act, 1940, and cannot be manufactured, marketed or distributed as a "dietary supplement" under the Prevention of Food Adulteration Act, 1954 ('PFA'). RLL has challenged the notices in various courts in India on the ground that it has been granted a valid license by the relevant authorities under the PFA to manufacture and sell the product as a dietary supplement. Proceedings are pending in this matter in the High Courts of Kerala, Bombay and Patna and before the respective Food and Drug Administration Authorities in Maharashtra and Bihar. Pending disposal, stay orders have been granted in all of the above matters.
- b) The proceedings have been issued against the Company on the alleged violation of Drugs & Cosmetics Act on Product Rosatin against which Company has filed writ petition before Kerala High Court challenging the action of Respondent in attempting to classify

“Rosatin” as a drug at the relevant time when the product was considered and being sold as Dietary Supplement under PFA and High Court has granted stay in favour of Company

#### US FDA Litigation Update

Based on the information provided by RLL, there is no outstanding litigation against RLL in the United States of America (except as above) other than the motion filed by the United States attorney's office in Maryland on July 3, 2008. The filing of the motion has resulted in intense media scrutiny of RLL and has also resulted in the announcement of an investigation of the FDA. The motion and subsequent responses have also detailed an investigation of RLL by the United States attorney's office in Maryland which has not yet resulted in any litigation/charges. All documents responsive to the motion have been turned over to the Government on August 06, 2008. In anticipation, the motion has been ordered to be held in abeyance by the judge in charge. The impact, if any on the business of the Target Company in USA is currently indeterminate.

#### Octroi Duty Classification Dispute

The Municipal Council, Mohali, issued notices in 1995 seeking to raise rate(s) of octroi duty charged by it on entry of certain heavy chemicals brought by RLL into Mohali. This was challenged by RLL in the High Court of Punjab & Haryana without success. RLL has filed an appeal in the Supreme Court against the order of the High Court.

The Supreme Court set aside the order of the High Court of Punjab and Haryana and remanded back the matter for fresh adjudication of classification dispute and the applicability of rate of duty on heavy chemicals brought by RLL. The matter is awaiting hearing at the Punjab and Haryana High Court.

The demand was raised earlier amounting to Rs, 1,709 lakhs to which Company sent its response that matter is sub-judice before the Court and therefore, the demand amount is not payable.

#### Serious Fraud Office (SFO) Investigation / National Health Service- Price Cartel Matter

Significant criminal and civil proceedings against Ranbaxy (UK) Limited ('RUKL'), a step down subsidiary of RLL are described below.

a) SFO - Criminal Prosecution

Since September 2000, the Serious Fraud Office (SFO), a UK government department with jurisdiction over England, Wales and Northern Ireland, has been investigating alleged anti-competitive conduct by a number of pharmaceutical companies, including RUKL and certain individuals. The investigation principally concerns the supply and pricing of various antibiotics (including penicillin) and warfarin to the UK's NHS.

RUKL is not concerned with the investigations of warfarin, and is not a party to the proceedings relating to the investigation of warfarin as this product was not manufactured or supplied by RUKL during the relevant period.

After almost 6 years investigating the matter, on 5 April 2006 the SFO issued criminal charges against RUKL via a summons which required the company to be represented at a hearing before the Magistrates' Court on 27 April 2006. RUKL, and others, were charged with conspiracy to defraud the Secretary of State for Health and others concerned with the provision of medicinal products by dishonestly fixing and maintaining the price, and manipulating the supply, of penicillin-based antibiotics to wholesale and retail suppliers of the said medicines.

The former Managing Director of RUKL is one of the co-defendants. RUKL has pleaded not guilty and filed its Defence Case Statement.

In March 2008, the House of Lords (the Senior Appellate Court in the UK) ruled on an application made by RUKL and the other defendants, and held that price fixing in the circumstances currently alleged is not a sufficient basis for the charge of conspiracy to defraud. Accordingly the Court ruled that the indictment is defective.

The SFO has filed an application to amend the indictment and RUKL has filed submissions opposing that application. The hearing to determine whether or not the SFO's case against RUKL and the other defendants can proceed - either on the basis sought by the SFO or some other basis - was fixed for the week of 7 July 2008 before the Crown Court.

The Judge dismissed the case and quashed the indictment against RUKL consequent to which all criminal liabilities against RUKL have been dismissed. With this, the Criminal proceeding no longer continues against RUKL.

b) English Proceedings Civil claim

On 17 December 2003 and 2 July 2004, the Department of Health of the UK and several other authorities (the '**English Claimants**') issued proceedings against RUKL and a number of other pharmaceutical companies concerning alleged anti-competitive behavior in relation to the manufacture and supply of penicillin-based antibiotics and ranitidine respectively.

On 30 March 2005, RUKL entered into an agreement with the English Claimants, without admission of liability, for a full and final settlement for payment of £4.5 million in respect of (a) the claims filed by them against RUKL and other pharmaceutical companies pertaining to penicillin based antibiotics and ranitidine; and (b) other potential claims relating to the alleged anti-competitive conduct during the period from 1996 to 2002. Pursuant to the terms of the agreement, RUKL has agreed to continue to provide assistance and cooperation in the ongoing proceedings and/or in connection with investigations concerning the operation of the generics pharmaceuticals market between 1 January 1996 and 1 April 2002.

c) Scottish & Northern Irish Proceedings – civil claims

On 3 February 2005, the Scottish Health Ministers and 15 Scottish Health Boards also initiated proceedings against a number of pharmaceutical companies, including RUKL, based on similar allegations raised in the English Antibiotics and Ranitidine civil proceedings mentioned above, claiming damages of an aggregate of approximately £16.8 million plus interest and costs. On 12 August 2005 RUKL served a defence to both of these claims.

On 15 November 2005 Claims were also filed by the Northern Ireland Health Authorities which relate to the same facts as the Scottish proceedings and alleged losses to the Northern Ireland Health Authorities in the sum of £3,742,886 plus interest for Ranitidine and £1,368,250 plus interest for Antibiotics.

RUKL served a defence to both the Northern Irish antibiotics and Ranitidine claim on 27 May 2006. The next case management conference in relation to the Scottish and Northern Irish proceedings has been scheduled to take place between 1<sup>st</sup> to 3<sup>rd</sup> October 2008.



## North America Litigation

In all cases, RLL is either a respondent or a defendant and as such RLL has not filed any lawsuits.

a) State of Utah v. Actavis US, Inc., et. al. – Filed September, 2007

**Allegations:** The Complaint was filed by the Utah Attorney General on behalf of the State of Utah against several generic pharmaceutical manufacturers based on an allegation that Utah Medicaid overpaid reimbursements for prescriptions medications sold by the manufacturers. As with the allegations in New York, the allegation is that Utah Medicaid overpaid reimbursements to pharmacies, etc. due to the over inflated pricing information (i.e., AWP, WAC, etc.) that the manufacturers reported to the pricing services. The allegation is that the reported AWP, WAC and other pricing information were fraudulently and deceptively inflated and that they greatly exceeded the price that was actually sold retailers and wholesalers. In addition, Utah is alleging that the manufacturers used undisclosed rebates, discounts, charge backs and other inducements which had the effect of lowering actual wholesale or sales prices charged to the manufacturer's customers as compared to the reported prices. As with the New York case, Utah is also alleging that the manufacturer's are using the difference in the reported prices (AWP, WAC, etc) and the actual acquisition cost (i.e., the "spread") to try to create inducements for customers to their respective sales for any particular drug.

**Status:** Following the filing of the Complaint in State Court, the defendant pharmaceutical manufacturers removed the case to Federal Court. As a part of this removal, there was also a motion to transfer the Utah case to the same Multi-District Litigation that the Orange County case was transferred to. Utah had filed a motion to block the transfer to the MDL as well as a motion to remand the case back to State court. The case had been stayed until January 30, 2008 pending transfer to the MDL and the Utah Federal court denied the remand motion at that time because it was deemed moot. After briefing before the Judicial Panel on Multidistrict Litigation (JPML), the JPML rejected Utah's motion to prevent the transfer. On April 7th, the court clerk for the District of Massachusetts sent a letter to the court clerk of Utah requesting that the case file be sent to the District of Massachusetts court, but it does not look like the file has been completely transferred, if at all at this point. The belief is that following the full transfer of the file to Massachusetts, Utah will re-file its motion to remand and the Judge overseeing the MDL will set a schedule for briefs and a hearing on the motion. Except for the briefing on the issue of remand, the case will remain stayed until the Massachusetts court decides the remand motion. Based on the opinion of counsel, the case will not being to progress

past this stage until at least late summer or fall at the earliest. On June 10th, the case against the branded companies (separate from Ranbaxy case) was remanded back to the state court of Utah. RLL expects that a similar order will be handed down with regard to the generics case although it has not occurred as of date.

b) Crawford v. Barr Pharmaceuticals, Inc., et. al. – December, 2007

**Allegations:** The plaintiff, Kip Crawford, is alleged to have ingested two forms of generic Accutane (isotretinoin): Claravis (Barr's version of isotretinoin) and Sotret (Ranbaxy's version). The Plaintiff has alleged that based on his ingestion of both/either version of isotretinoin that he developed inflammatory bowel disease and Crohn's disease. The main allegation against both Barr and Ranbaxy is that isotretinoin is inherently dangerous and defective because the product labeling is inadequate with respect to IBD and Crohn's disease because it insufficiently warns of the link between isotretinoin and IBD and/or Crohn's disease. The claim is based on similar claims that have been alleged against the innovator product, Accutane, manufactured and sold by Roche, which have been and is involved in several hundred cases involving IBD and/or Crohn's disease. Until RLL receives the Fact Sheet of the plaintiff, as well as the plaintiff's medical records, RLL does not have any further detail at this time and is not in a position to make any determinations.

**Status:** The case was originally filed in Atlantic County, but the case was removed to the Federal Court of New Jersey. RLL has filed an Answer to the Complaint which denies the substantive allegations, and has also provided affirmative defenses such preemption of the state law tort claim by reason of the FDA's regulatory authority, the learned intermediary doctrine and statute of limitations (based on when the claim really arose). The parties have exchanged initial disclosures which provide very basic, broad level information, but discovery will not commence full blown until plaintiff provides their Fact Sheet on the defendants. Following that receipt, RLL will have a certain amount of time to provide our Fact Sheets. There has been a Scheduling Order issued which identifies certain deadlines and the estimated timeline for this case, which is anticipated to be ready for trial in August, 2009. To date, there have been 3 total trials which have involved Accutane and IBD/Crohn's disease: First, in New Jersey, a jury returned a verdict of \$2.5mn; Second, in Florida, a jury returned a verdict of \$7mn; and Third, in New Jersey, a jury returned a verdict of \$10.5mn. Roche is appealing each of these verdicts and judgments. Initial discovery has begun.

- c) Corbin v. Hoffman-La Roche, Inc., et. al. – Filed January, 2008

**Allegations:** The plaintiff, Jennifer Corbin, is alleged to develop IBD from ingestion of Roche's Accutane and/or from Ranbaxy's Sotret (isotretinoin) during the time frame September 21, 2004 to October 21, 2004 (for Accutane) and October 24, 2004 to January 24, 2005 (for Sotret). The Complaint was filed as a short form complaint as it is added onto the several hundred cases that Roche is involved in. In her Complaint, the plaintiff alleges that as a result of her ingestion of Accutane and/or Sotret, she developed IBD, which is the only designated injury. RLL does not have any further factual details regarding this case and will not have any further details until the plaintiff provides the court approved Fact Sheet to the defendants. The main allegation against both Roche and RLL is that isotretinoin is inherently dangerous and defective because the product labeling is inadequate with respect to IBD because it insufficiently warns of the link between isotretinoin and IBD.

**Status:** The case was originally filed in Atlantic County, but the case could not be removed to the Federal Court of New Jersey because of a previous ruling by the Court against Roche which provided that Roche could not remove these cases to the Federal Court. RLL has filed an Answer to the Complaint which denies the substantive allegations, and has also provided affirmative defenses such preemption of the state law tort claim by reason of the FDA's regulatory authority, the learned intermediary doctrine and statute of limitations (based on when the claim really arose). This case has been consolidated with other personal injury cases involving Roche's Accutane, as have other cases involving other generic manufacturers where Roche is a co-defendant. This case, being among the newer cases and with several hundred cases ahead of it, is not expected to reach trial for some time. RLL may have a clearer idea of possible timelines for the case in 2009, but that is not definitive. However, at the time when the Court elects to have the case proceed forward, formal discovery will commence more fully. RLL will be keeping a watch on the Court's docket for the Accutane litigations to keep abreast of developments. Lead Attorney: Alan Klein, Esq. (Duane Morris)

- d) Kohar Bekearian v. Hoffman-La Roche, Inc., et. al – Filed April, 2008

**Allegations:** The plaintiff, Kohar Bekearian, is alleged to developed IBD from ingestion of Roche's Accutane and/or from Ranbaxy's Sotret (isotretinoin) during the time frame May 11, 2004 to October 8, 2004 (for Accutane) and September 20, 2006 to October 2, 2006 (for Sotret). The Complaint was filed as a short form complaint as it is added onto the several hundred cases that Roche is involved in. In his Complaint, the plaintiff alleges that as a result of her ingestion of Accutane and/or Sotret, he developed IBD, which is the

only designated injury. RLL does not have any further factual details regarding this case and will not have any further details until the plaintiff provides the court approved Fact Sheet to the defendants. The main allegation against both Roche and Ranbaxy is that isotretinoin is inherently dangerous and defective because the product labeling is inadequate with respect to IBD because it insufficiently warns of the link between isotretinoin and IBD.

**Status:** The case was originally filed in Atlantic County, but the case could not be removed to the Federal Court of New Jersey because of a previous ruling by the Court against Roche which provided that Roche could not remove these cases to the Federal Court. RLL has filed an Answer to the Complaint which denies the substantive allegations, and has also provided affirmative defenses such as preemption of the state law tort claim by reason of the FDA's regulatory authority, the learned intermediary doctrine and statute of limitations (based on when the claim really arose). This case has been consolidated with other personal injury cases involving Roche's Accutane, as have other cases involving other generic manufacturers where Roche is a co-defendant. This case, being among the newer cases and with several hundred cases ahead of it, is not expected to reach trial for some time. RLL may have a clearer idea of possible timelines for the case in 2009, but that is not definitive. However, at the time when the Court elects to have the case proceed forward, formal discovery will commence more fully. RLL will be keeping a watch on the Court's docket for the Accutane litigations to keep abreast of developments.

e) Kim Brueckner v. Ranbaxy Laboratories Inc., et. al – Filed May, 2008

**Allegations:** The plaintiff, Kim Brueckner, is alleged to developed IBD from ingestion of Ranbaxy's Sotret (isotretinoin) (the time period of her usage is/was not determinable based on the Complaint and further information will be needed). In her Complaint, the plaintiff alleges that as a result of her ingestion of Sotret, she developed IBD and/or other gastrointestinal disorders. RLL does not have any further factual details regarding this case and will not have any further details until the plaintiff provides the court approved Fact Sheet to the defendants. The main allegation against Ranbaxy is that isotretinoin is inherently dangerous and defective because the product labeling is inadequate with respect to IBD because it insufficiently warns of the link between isotretinoin and IBD.

**Status:** The case was originally filed in Atlantic County. RLL has not, as of date, filed an Answer to the Complaint, but shall file in the near term which denies the substantive allegations, and RLL will also provide affirmative defenses such preemption of the state law tort claim by reason of the FDA's regulatory authority, the learned intermediary

doctrine and statute of limitations (based on when the claim really arose). RLL does not have any clear timelines for when trial may occur, and discovery may move faster than some of our other Sotret cases since we are the only named party to date.

f) Amanda See v. Ranbaxy Laboratories Inc., et. al – Filed June, 2008

**Allegations:** The plaintiff, Amanda See, is alleged to developed IBD from ingestion of Ranbaxy’s Sotret (isotretinoin) (the time period of her usage is/was not determinable based on the Complaint and further information will be needed). In her Complaint, the plaintiff alleges that as a result of her ingestion of Sotret, she developed IBD and/or other gastrointestinal disorders. RLL does not have any further factual details regarding this case and will not have any further details until the plaintiff provides the court approved Fact Sheet to the defendants. The main allegation against Ranbaxy is that isotretinoin is inherently dangerous and defective because the product labeling is inadequate with respect to IBD because it insufficiently warns of the link between isotretinoin and IBD.

**Status:** The case was originally filed in Atlantic County. RLL has filed an Answer to the Complaint which denies the substantive allegations, and has also provided affirmative defenses such as preemption of the state law tort claim by reason of the FDA’s regulatory authority, the learned intermediary doctrine and statute of limitations (based on when the claim really arose). RLL does not have any clear timelines for when trial may occur, and discovery may move faster than some of our other Sotret cases since we are the only named party to date.

Particulars	Financial Impact
North America related cases	<p>With regard to impact, it is still too early to determine the potential exposure in the State of Utah case.</p> <p>With regard to the Sotret cases which have been listed, it is still fairly early to fully assess the cases due to incomplete information based on the stage of litigation. However, the maximum amount of damages that each defendant would be entitled to seek for the cases would be \$15mn. So far, there have been 3 cases which have been tried against Roche (the innovator), which Roche has lost.</p>

Andhra Pradesh High Court Matter

Two separate writ petitions had been filed by certain shareholders of Zenotech Laboratories Limited (“Zenotech”) before the Andhra Pradesh High Court (the “Court”). In the first petition (Writ Petition No. 15183/2008), the petitioner, Mr. Krishna G.T., made Union of India (represented by the Secretary of Finance), The Securities Exchange Board of India, Daiichi Sankyo Group, Ranbaxy Laboratories Limited and Zenotech Laboratories Limited as the

respondents. In the second petition (Writ Petition No. 15187/2008) the petitioner, Mr. Chennupati Tukaram, made the Securities Exchange Board of India, the Foreign Investment Promotion Board, Daiichi Sankyo Group, Ranbaxy Laboratories Limited and Zenotech Laboratories Limited as the respondents. In the first petition, the petitioner had approached the Court under Article 226 of the Constitution of India and sought an appropriate writ, order or direction more particularly in the nature of Writ of Mandamus declaring the inaction of SEBI in not restraining the Acquirer from in anyway acquiring, directly or indirectly an interest in Zenotech as being illegal, unjust, arbitrary, discriminatory and unconstitutional, being in violation of Articles 14.19(1)(g) and 300-A of the Constitution of India, and consequently to direct the respondents to put on hold the entire process until the Acquirer and RLL have followed the mandatory procedure vis-à-vis Zenotech.

In the second petition, the petitioner had alleged that the Acquirer is acting in concert with RLL to acquire the shares of the public shareholders in Zenotech and as such the acquisition is in contravention of applicable law. The petitioner had approached the Court under Article 226 of the Constitution of India requesting it to issue appropriate writ, direction or order especially in the nature of a Writ of Mandamus directing SEBI and the FIPB to conduct a detailed investigation and to take suitable actions against the Acquirer and RLL by barring the Acquirer's entry into the Indian capital market.

On July 15, 2008 the Court, while issuing notice thereon had directed that any entry by the Acquirer in the Indian capital market in respect of shares of Zenotech would be subject to further orders passed in the said petitions.

Subsequently, on July 30, 2008 the petitioners filed an application with the Court seeking its permission to withdraw the aforesaid petitions. The matter came up for hearing on July 31, 2008, wherein the Court accorded its permission to withdraw the aforesaid petitions. As a result, the matters were dismissed as withdrawn pursuant to the order of the Court dated July 31, 2008.

**7.24** SEBI had initiated adjudication proceedings against 12 entities of the promoter group of RLL vide its Show Cause Notice dated November 10' 2003 for an alleged violation of provisions of Regulation 3(4) of the SEBI (SAST) Regulations for failure to report the acquisition of 7.015% of the Equity Shares of Ranbaxy during the period January 1, 1999 to October 31, 1999.

The Adjudication Officer vide Order dated September 9, 2004 disposed off the said Show Cause Notice by inter-alia holding that the promoter entities did not trigger Regulation 11(1) of the SEBI (SAST) Regulations by their inter-se transfer of shares among themselves and further acquisition of shares from off market and market deals/trades and hence did not violate Regulation 3(4) of the SEBI (SAST) Regulations.

**7.25** Compliance Officer: Mr. S.K. Patawari, Company Secretary, Ranbaxy Laboratories Limited, Plot No. 90, Sector 32, Gurgaon – 122001, Haryana; Phone: +91-124-4185888, +91-124-4135000; Fax: +91-124-4106490; Email: sushil.patwari@ranbaxy.com

## **8 OFFER PRICE**

### **8.1 Justification of Offer Price**

8.1.1 The equity shares of RLL are currently listed on the BSE, Stock Code: 500359, and the NSE, Stock Code: INE015A01028. The Global Depository Receipts of RLL are listed on the Stock Exchange at Luxembourg and the FCCB are listed on the Singapore Exchange Securities Trading Limited.

8.1.2 Based on the information available on the website of the NSE and the BSE, the equity shares of the Target Company are frequently traded on both the BSE and the NSE in terms of the Regulations. In the 26 weeks and the 2 weeks preceding the date of this PA, the shares of the Target Company are more frequently traded on NSE within the meaning of Regulation 20(5) of the SEBI (SAST) Regulations.

<b>Date</b>	<b>Name of Stock Exchange</b>	<b>Total no. of shares traded during the 6 calendar months prior to the month in which PA was made (taken annualised)</b>	<b>Total no. of listed shares during the 6 calendar months prior to the month in which PA was made [weighted average number of shares]</b>	<b>Annualized Trading Turnover (in terms of % of total listed shares)</b>	<b>Trading Status in terms of SEBI (SAST) Regulations</b>
December 01, 2007 to May 31, 2008	BSE	8,84,99,326	37,31,59,943	23.72 %	Frequently Traded
December 01, 2007 to May 31, 2008	NSE	30,57,66,990	37,31,59,943	81.94%	Frequently Traded

8.1.3 The Offer Price of Rs. 737/- per equity share is justified in terms of Regulation 20(4) of the SEBI (SAST) Regulations as it is higher of the following:

(a) The negotiated price	Rs. 737.00
(b) The Subscription price	Rs. 737.00
(c) The highest price paid by the Acquirer for any acquisition [including by way of allotment in a public or rights or preferential issue] of equity shares of the Target Company during the 26-week period prior to the date of the public announcement	Nil
(d) The average of the weekly high and low of closing prices of the equity shares of the Target Company on NSE during the 26 weeks preceding the date of the public announcement	Rs. 444.08
(e) The average of the daily high and low prices of the equity shares of the Target Company on NSE during the two weeks preceding the date of the public announcement	Rs. 533.51

8.1.4 The price and volume data of the Target Company on NSE

For the 26 week period prior to the date of the PA i.e. June 14, 2008 is as under:

Week No.	Week ending	High(Rs.)	Low (Rs.)	Average(Rs.)	Volume for the week
1	December 20, 2007	413.10	404.00	408.55	2,895,390
2	December 28, 2007	416.25	408.55	412.40	2,801,825
3	January 4, 2008	428.50	423.30	425.90	3,785,053
4	January 11, 2008	420.85	395.70	408.28	2,432,733
5	January 18, 2008	398.10	368.05	383.08	9,503,116
6	January 25, 2008	369.25	342.10	355.68	10,481,234
7	February 1, 2008	359.25	348.10	353.68	5,620,173
8	February 8, 2008	387.50	373.50	380.50	4,730,679
9	February 15, 2008	396.75	367.50	382.13	5,496,078
10	February 22, 2008	415.65	397.40	406.53	6,758,255
11	February 29, 2008	445.75	420.65	433.20	8,169,736
12	March 7, 2008	454.30	434.35	444.33	8,212,992
13	March 14, 2008	464.45	435.15	449.80	6,662,432
14	March 19, 2008	453.95	440.35	447.15	4,636,199
15	March 28, 2008	451.30	433.45	442.38	5,513,154
16	April 4, 2008	458.80	438.45	448.63	5,258,528
17	April 11, 2008	484.45	444.80	464.63	7,875,118
18	April 17, 2008	481.80	480.60	481.20	10,939,493
19	April 25, 2008	499.40	474.85	487.13	9,236,152
20	May 2, 2008	485.50	478.90	482.20	3,498,346
21	May 9, 2008	478.00	466.30	472.15	4,095,486
22	May 16, 2008	510.80	486.75	498.78	6,993,448
23	May 23, 2008	511.10	496.90	504.00	2,429,036
24	May 30, 2008	528.30	490.15	509.23	3,681,993
25	June 6, 2008	529.55	506.90	518.23	9,913,894
26	June 13, 2008	566.85	525.85	546.35	54,928,653
	<b>26 weeks average</b>			<b>444.08</b>	



For the two weeks preceding the date of the PA.

Day No.	Dates	High(Rs.)	Low (Rs.)	Average(Rs.)	Volume
1	02/06/2008	535.90	510.00	522.95	1,114,941
2	03/06/2008	533.85	505.00	519.43	1,316,830
3	04/06/2008	541.80	514.25	528.03	2,000,078
4	05/06/2008	541.50	517.05	529.28	2,905,755
5	06/06/2008	531.00	503.50	517.25	2,576,290
6	09/06/2008	531.45	456.25	493.85	3,007,525
7	10/06/2008	568.60	522.00	545.30	9,751,203
8	11/06/2008	591.80	548.20	570.00	28,568,843
9	12/06/2008	561.00	535.10	548.05	6,406,534
10	13/06/2008	574.70	547.20	560.95	7,194,548
<b>2 week's average</b>				<b>533.51</b>	

8.1.5 In the opinion of the Manager to the Offer and the Acquirer, the Offer Price of Rs. 737 per fully paid-up equity share is justified in terms of Regulations 20(4) and 20(12) of SEBI (SAST) Regulations.

8.1.6 If the Acquirer or any advisor, broker, or other financial institution acting as their agent acquires equity Shares in the open market or through negotiation or otherwise, after the date of Public Announcement and until the closure of the Offer at a price higher than the Offer Price, then the highest price paid for such acquisition shall be payable for all acceptances received under the Offer. However, no acquisition will be made by the Acquirer or any advisor, broker, or other financial institution acting as their agent in the open market during the last seven working days prior to the Offer Closing Date.

8.1.7 Acquirer and any advisor, broker, or other financial institution acting as their agent shall not acquire, during the Offer Period, any equity shares in RLL except in compliance with the SEBI (SAST) Regulations and the details of such acquisitions, including numbers, percentage, price, broker (if any), mode of acquisition and time of execution, shall be disclosed to the Stock Exchanges and to the Manager within 24 hours thereof, in terms of the Regulation 22(17). As per Regulation 22(17), the Stock Exchanges shall forthwith disseminate such information to the public.

8.2 The Sellers are bound by non-competition obligations for which they neither have received nor will receive any additional consideration from the Acquirer.

## 9 FINANCIAL ARRANGEMENT

9.1 The maximum purchase consideration payable by the Acquirer for the acquisition of up to 92,519,126 equity shares held by the shareholders in the Target Company at Rs. 737 in case of full acceptance of this Offer would be Rs. 68,186,595,862 (Rupees sixty-eight billion one hundred eighty-six million five hundred ninety-five thousand eight hundred and sixty-two only)

(**Maximum Consideration**). The source of funds is foreign and the required funds shall be provided by Daiichi Sankyo.

- 9.2** The Acquirer has made firm financial arrangements for the Offer. The consideration for the Open Offer will be funded out of internal accrual of the Acquirer. S.R. Batliboi & Co. (Partner: Mr. Anil Gupta, membership no. 87921), Chartered Accountants, Golf View Corporate Tower B, Sector 42, Sector Road, Gurgaon 122002, Haryana, India ('Accountants'), has confirmed vide their letter dated June 13, 2008 that the Acquirer has adequate financial resources available for meeting its obligations under the Regulations for a value up to the Maximum Consideration.
- 9.3** In addition, Daiichi Sankyo, ICICI Securities and Hong Kong and Shanghai Banking Corporation Limited, a company incorporated under the Companies Ordinance of the Hong Kong Special Administrative Region ('**HKSAR**'), having its India corporate office at 52/60 Mahatma Gandhi Road, Fort, Mumbai 400 001, India and acting through its branch at Shiv Building, Plot No.139 Western Express Highway Sahar Road Junction, Vile Parle (East), Mumbai 400 057, India ('Escrow Agent'), have entered into an open offer escrow agreement, dated June 11, 2008 (the 'Escrow Agreement') in accordance with Regulation 28 of the SEBI (SAST) Regulations. By way of security for performance of its obligations under the Regulations, the Acquirer has made an escrow arrangement for the Offer comprising a cash deposit of Rs 7,000,000,000 (Rupees seven billion only) in an escrow account, Ranbaxy Laboratories Limited Open Offer Escrow Account Number: 002-307478-001, with the Escrow Agent. The cash deposit complies with the stipulation under Regulation 28 (2) of the SEBI (SAST) Regulations. The Manager to the Offer is duly authorised by the Acquirer to realise the value of the aforesaid escrow account in terms of the SEBI (SAST) Regulations.
- 9.4** In view of the above, the Manager to the Offer is satisfied that firm arrangements for financial resources required to implement the Offer i.e. funds for payment through verifiable means are in place to fulfill the obligations of the Acquirer under the Offer and is satisfied that the Acquirer has adequate resources to meet the financial requirements of the Offer and ability to implement the Offer in accordance with the SEBI (SAST) Regulations.

## **10 TERMS AND CONDITIONS OF THE OFFER**

- 10.1** A letter of offer (the '**Letter of Offer**'), specifying the detailed terms and conditions of the Offer, together with the Form of Acceptance cum Acknowledgement (the '**Form of Acceptance**') and Form of Withdrawal will be mailed to the public shareholders of RLL (other than the Acquirer and the Sellers), whose names appear on the register of members of RLL and to the beneficial owners of the shares of RLL, whose names appear as beneficiaries on

the records of the respective Depositories, at the close of business hours on June 27, 2008 ('Specified Date'). All owners (registered or unregistered) of RLL's shares (except the Acquirer and the Sellers) are eligible to participate in the Offer at any time before the closure of the Offer. Unregistered owners can also send their application in writing to the Registrar to the Offer in the mode mentioned below.

- 10.2** Shares that are subject to any charge, lien or encumbrance are liable to be rejected. Locked in shares, if any, can be tendered in the Open Offer subject to applicable laws including the continuation of the lock-in in the hands of the Acquirer. The Manager to the Offer will ensure that there is no discrimination in the acceptance between locked in and non-locked in shares. Shares that are subject to any other charge, lien or encumbrance are liable to be rejected.
- 10.3** Accidental omission to dispatch this Letter of Offer or any further communication to any person to whom this Letter of Offer is or should be made or the non-receipt of this Letter of Offer by any such person shall not invalidate the Offer in any way.
- 10.4** The instructions, authorisations and provisions contained in the Form of Acceptance and Form of Withdrawal constitute an integral part of the terms of this Offer.
- 10.5** The acceptance of the Offer made by the Acquirer is entirely at the discretion of the Shareholders of the Target Company. The Acquirer will not be responsible in any manner for any loss of equity share certificate(s) and offer acceptance documents during transit and the Shareholders of the Target Company are advised to adequately safeguard their interest in this regard.
- 10.6** The Offer is subject to the Acquirer and, in the case of certain antitrust approvals, RLL obtaining the following approvals:
- a. Approval of the RBI under the FEMA, and pursuant to the RBI's Master Circular No. 02/2008-09 dated July 1, 2008 ("Master Circular"). In terms of the Master Circular, any transaction (more particularly, instances of transfer of shares from residents to non-residents by way of sale) which attracts the provisions of the SEBI (SAST) Regulations requires the prior approval of the RBI. The Acquirer has filed an application with the RBI for its approval for the transfer of the equity shares tendered pursuant to the Offer and for the acquisition of the Sale Shares and is currently awaiting the approval;
  - b. Approval of the FIPB, Department of Economic Affairs, Ministry of Finance, India for inter alia, acquisition and subscription of equity shares and warrants of the Target Company by the Acquirer as required by Press Note No. 1 (2005 Series) dated January 12, 2005 ("PN 1"). In terms of PN 1, a foreign investor having a joint venture or collaboration in India

entered into prior to January 12, 2005 requires the prior approval of the FIPB for a new investment proposed to be made in the “same field” of activity as that of the existing joint venture. Accordingly, since the Acquirer holds 39.99% of the equity share capital of Uni-Sankyo Limited (“USL”), an Indo-Japanese pharmaceutical joint venture company, incorporated by the erstwhile Sankyo Company Limited on August 5, 1969 with Mr. Jay Soman and his relatives as the Indian partners and which later became part of the Acquirer pursuant to a joint share transfer by Daiichi Pharmaceutical Co., Ltd and Sankyo Company Limited, it constitutes an existing joint venture of the Acquirer for the purposes of PN 1. In addition, since the activities of both, the Target and USL fall in the “same field”, the prior approval of the FIPB is required in terms of PN 1.

Accordingly, the Acquirer had filed an application with the FIPB, seeking its approval for the proposed transaction in terms of PN 1, which based on FIPB’s press release dated August 4, 2008, has been granted by the FIPB. A formal approval letter of the FIPB is currently awaited.

- c. Antitrust clearance is required to be obtained from the anti-trust authorities of the United States of America, the European Union, Taiwan, Ukraine and South Africa in respect of the Acquisition, the Subscription and the Offer. Notifications for the clearance from each of the foregoing antitrust authorities were made because the Acquisition, the Subscription and the Offer meet the jurisdictional thresholds set forth in the applicable laws that require notification. As of the date of the Letter of Offer, the antitrust clearance in the United States of America and Taiwan has already been obtained.

**10.7** To the best knowledge and belief of the Acquirer, as of the date of the Offer, other than as set forth above, no statutory approvals are required to acquire the shares tendered pursuant to the Offer. In terms of Regulation 27 of the SEBI (SAST) Regulations, the Acquirer will not proceed with the Offer if the statutory approvals that are required are not obtained.

**10.8** To the best knowledge and belief of the Acquirer, as of the date of this Offer, the Acquirer does not require any approvals from financial institutions or banks for the Offer.

**10.9** Notwithstanding the foregoing in clause 10.6 above, if any additional approvals are required in respect of the Offer, the Acquirer will apply for such approvals at the appropriate time.

**10.10** In case of delay in receipt of any statutory approval(s), SEBI has the power to grant an extension of time to the Acquirer for payment of consideration to the tendering shareholders, subject to the Acquirer agreeing to pay interest for the delayed period as directed by SEBI in terms of Regulation 22(12) of the Regulations. Further, if the delay occurs on account of

willful default by the Acquirer in obtaining the requisite approvals, Regulation 22(13) of the Regulations will become applicable.

- 10.11** None of the Acquirer or the Target Company has been prohibited by SEBI from dealing in securities, pursuant to any direction issued under Section 11B of the SEBI Act.

## **11 PROCEDURE FOR ACCEPTANCE AND SETTLEMENT**

- 11.1** The Letter of Offer specifying the detailed terms and conditions of the Offer, together with a Form of Acceptance and Form of Withdrawal will be mailed to the Shareholders (other than Acquirer and the Sellers), whose names appear on the Register of members of RLL and to the owner of the shares whose names appear as beneficiaries on the records of the respective depositories at the close of business hours on **June 27, 2008 ('Specified Date')**.
- 11.2** All Equity Shares validly tendered and accepted under the Offer, will be acquired by Daiichi Sankyo, subject to the terms and conditions set out in this Letter of Offer. All necessary requirements for the valid transfer of the Equity Shares to Daiichi Sankyo will be pre-conditions for acceptance of the tendered Equity Shares.
- 11.3** All Shareholders of RLL (except the Acquirer and the Sellers), whose names appear in the register of members of RLL as of the Specified Date, i.e., June 27, 2008 and also persons who acquire any Equity Shares of RLL at any time prior to the closing of the Offer, whether or not they are registered Shareholders, are eligible to participate in the Offer anytime before the closing of the Offer.
- 11.4** Shareholders who hold shares in the physical form and wish to tender the shares pursuant to the Offer will be required to send the duly filled Form of Acceptance-cum-Acknowledgement, original share certificate(s) and transfer deed(s) duly signed to Karvy Computershare Private Limited who are acting as the Registrar to the Offer (the 'Registrar to the Offer'), either by hand delivery on weekdays during business hours (Mondays to Saturdays between 10.00 a.m. to 5.00 p.m.) or by registered post so that the same are received on or before the close of the Offer, i.e. by September 04, 2008 in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. The transfer deed should be left blank, excepting the signatures as mentioned above.
- 11.5** The Registrar to the Offer has opened a special depository account with HSBC Limited as the Depository Participant in National Securities Depository Limited ('**NSDL**'), styled 'Karvy RLL - Escrow Demat A/c'. The Depository Participant ('**DP**') ID is IN300142 and Beneficiary Account number is 1064 2118. Shareholders holding their beneficiary account in Central Depository

Services India Limited ('CDSL') will have to use an inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL.

- 11.6** Beneficial owners (holders of shares in dematerialised form) who wish to tender their shares will be required to send their Form of Acceptance-cum-Acknowledgement along with a photocopy of the delivery instructions in 'off-market' mode or counterfoil of the delivery instructions in 'off-market' mode, duly acknowledged by the DP, in favour of the above mentioned special depository account, to the Registrar to the Offer –Karvy Computershare Private Limited, either by hand delivery on weekdays during business hours (Mondays to Saturdays between 10.00 a.m. to 5.00 p.m.) or by registered post so as to reach on or before the close of the Offer, i.e. by September 04, 2008, in accordance with the instructions specified in the Letter of Offer and in the Form of Acceptance-cum-Acknowledgement. The application should state the name, address, number of shares held, number of shares offered, Depository Participant ('DP') name, DP ID number, beneficiary account number alongwith a photocopy of the delivery instruction in 'off-market' mode, duly acknowledged by the DP in favour of Karvy RLL - Escrow Demat Account, filled in as per the following instructions:

Depository Name	NSDL
DP Name	HSBC Limited
DP ID Number	IN 300142
Beneficiary Account Number	1064 2118

Beneficial owners should ensure that they credit their shares in favour of the aforementioned special depository account on or before the close of the Offer i.e. by September 04, 2008. Shareholders holding their beneficiary account in CDSL will have to use an inter-depository delivery instruction slip for the purpose of crediting their shares in favour of the special depository account with NSDL. RLL's shares are in the compulsory demat segment.

- 11.7** Persons who have acquired shares of the Target Company (irrespective of the date of purchase) but whose names do not appear on the register of members of the Company on the Specified Date are also eligible to participate in this Offer. Unregistered owners of shares of the Target Company can send their applications in writing to the Registrar to the Offer on a plain paper stating the name, address, number of shares held, number of shares offered, distinctive numbers, folio numbers, together with the original share certificate(s), transfer deeds and the original contract note issued by the broker through whom they acquired their shares. No indemnity is required from the unregistered owners.
- 11.8** Owners of shares who have sent their shares for transfer should enclose, Form of Acceptance-cum-Acknowledgement duly completed and signed, copy of the letter sent to the Target Company for transfer of shares and valid share transfer form(s). Shareholders who

have sent their physical shares for dematerialisation need to ensure that the process of getting shares dematerialised is completed well in time so that the credit in the aforesaid special depository account is received on or before the date of close of the Offer, i.e. by September 04, 2008, else the application will be rejected.

- 11.9** The shares and other relevant documents should not be sent to the Acquirer or the Target Company.
- 11.10** As required by Explanation (i) of Regulation 22(3) of the Regulations, a Letter of Offer, together with the related Form of Acceptance – cum - Acknowledgement and Form of Withdrawal, will be sent to the Depository/ Custodian of the GDRs.
- 11.11** In case of non-receipt of the Letter of Offer, the eligible persons may (i) download the same from the SEBI website ([www.sebi.gov.in](http://www.sebi.gov.in)), (ii) obtain a copy of the same by writing to the Registrar to the Offer, or (iii) make an application to the Registrar to the Offer, on a plain paper stating the name, address, number of shares held, number of shares offered, along with the documents as mentioned above, so as to reach the Registrar to the Offer on or before the close of the Offer, i.e. by September 04, 2008 or in the case of beneficial owners, they may send the application in writing to the Registrar to the Offer, on a plain paper stating the name, address, number of Shares held, number of Shares offered, DP name, DP ID, beneficiary account number and a photocopy of the delivery instruction in 'off- market' mode or counterfoil of the delivery instruction in the 'off-market' mode, duly acknowledged by the DP, in favour of the aforesaid special depository account, so as to reach the Registrar to the Offer, on or before the close of the Offer, i.e. by September 04, 2008.
- 11.12** The Shareholders should also provide all relevant documents, which are necessary to ensure transferability of the Equity Shares in respect of which the application is being sent. Such documents may include, but are not limited to:
- duly attested death certificate and succession certificate/ probate/ letter of administration (in case of single Shareholder) if the original Shareholder is deceased;
  - duly attested Power of Attorney if any person apart from the Shareholder has signed the application form and/or transfer deed(s);
  - no objection certificates from the chargeholder/ lender, if the shares in respect of which the application is sent, are under any charge, lien or encumbrance;
  - in case of companies, the necessary corporate authorisation (including Board Resolutions);
  - any other relevant documentation

**11.13** In addition to the above mentioned address, all owners of shares of the Target Company, registered or unregistered, who wish to avail of and accept the Offer can also hand deliver the Form of Acceptance-cum-Acknowledgement along with all the relevant documents at any of the collection centres below in accordance with the procedure as set out in the Letter of Offer. All centres mentioned herein below would be open on all working days as follows:

Business hours: Mondays to Saturdays 10.00 a.m. to 5.00 p.m. The centres will be closed on Sundays and any other public holidays.

S. No.	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax No.	Mode of Delivery
1	Ahmedabad	Karvy Computershare. Pvt Ltd. 201-203 `Shail`, Opp.Madhusudhan House, Behind Girish Cold Drinks, Off C. G.Road, Ahmedabad -380 006.	Mr.Biswanath Mukhopadhay Email: ahmedabad@karvy.com	+91 79 2462 0422/ 2640 0528	+91 79 2656 5551	Hand Delivery
2	Bangalore	Karvy Computershare. Pvt Ltd. No.59, Skanda,Putana Road, Basavanagudi Bangalore- 560 004	Ms.Sudha Email: <a href="mailto:ircbangalore@karvy.com">ircbangalore@karvy.com</a>	+91 80 2662 1192	+91 80 2662 1169	Hand Delivery
3	Chennai	Karvy Computershare. Pvt Ltd. No.33/1, Venkatraman Street, T. Nagar, Chennai-600 017	Mr.Gunashekhar Email: chennaiirc@karvy.com	+91 44 815 1793/ 1794/478 1	+91 44 2815 3181	Hand Delivery
4	Hyderabad	Karvy Computershare. Pvt Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad -500 081	Ms.Rinky Sareen Email: ircmadhapur@karvy.com	+91 40 2342 0818	+91 40 2342 0814	Hand Delivery
5	Kolkata	Karvy Computershare. Pvt Ltd. 49, Jatin Das Road, Near Deshpriya Park, Kolkata- 700 029	Mr.Sujit Kundu/ Mr.Debnath Email: sujitkundu@karvy.com/nilkanta@karvy.com	+91 33 2464 4891	+91 033 2464 4866	Hand Delivery



S. No.	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax No.	Mode of Delivery
6	Mumbai (Andheri)	Karvy Computershare. Pvt Ltd. 7, Andheri Industrial Estate, Off. Veera Desai Road, Andheri West, Mumbai- 400 053	Ms.Vishakha Shringarapure Email: vishakhats@karvy.com	+91 22 2673 0799/ 2673 0843	+91 22 2673 0152	Hand Delivery
7	Mumbai (Fort)	Karvy Computershare. Pvt Ltd. 16-22 Bake House, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort, Mumbai -400 023	Ms.Varija Salian Email: ircfort@karvy.com	+91 22 6638 2666	+91 22 6633 1135	Hand Delivery
8	New Delhi	Karvy Computershare. Pvt Ltd. 2E/23, Jhandewalan Extn, New Delhi – 110 055	Mr.Rajinder/Michael George Email: ircdelhi@karvy.com	+91 11 4318 1700	+91 11 4332 4621	Hand Delivery

**11.14** The Registrar to the Offer will hold in trust the shares / share certificates, shares lying in the credit of the special depository account, Form of Acceptance-cum-Acknowledgement, if any, and the transfer form on behalf of the Shareholders of the Target Company until the Acquirer completes its obligations in accordance with the SEBI (SAST) Regulations.

**11.15** August 16, 2008 shall be the date of opening of the Offer and September 04, 2008 shall be the closing date of the Offer.

**11.16** The payment of consideration to those Shareholders whose shares or share certificates and / or other documents are found complete, valid and in order will be made by way of a crossed account payee cheque, demand draft or pay order. The decision regarding the acquisition (in full or part), or rejection of, the shares offered for sale by the Shareholders of the Target Company pursuant to the Offer and (i) any corresponding payment for the acquired shares and / or; (ii) share certificates for any rejected shares or shares withdrawn, will be communicated and dispatched to the shareholders by registered post or by ordinary post as the case may be, at the shareholders' sole risk. Shares held in dematerialised form to the extent not acquired or shares withdrawn will be credited back to their beneficiary account with

their respective depository participants as per the details furnished by their beneficial owners in the Form of Acceptance-cum-Acknowledgement.

**11.17** Payment of consideration will be made by crossed account payee cheques/ demand drafts and sent by registered post and / or speed post in case of consideration amount exceeding Rs. 1,500/- (under Certificate of Posting otherwise) to those Shareholders whose share certificates and other documents are found in order and accepted by the Acquirer, at the Shareholders' sole risk. All cheques / demand drafts will be drawn in the name of the first holder, in case of joint registered holders.

**11.18** Pursuant to Regulation 22(5A) of the SEBI (SAST) Regulations, shareholders desirous of withdrawing their acceptances tendered by them in the Offer, may do so up to three working days prior to the date of closing of the Offer. The withdrawal option can be exercised by submitting the document as per the instructions below, so as to reach the Registrar to the Offer at any of the collection centers mentioned above as per the mode of delivery indicated therein on or before August 28, 2008

- The withdrawal option can be exercised by submitting the Form of Withdrawal, as enclosed herewith.
- The Shareholders are advised to ensure that the Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer as per the mode of delivery indicated therein on or before the last date of withdrawal. i.e. August 28, 2008.
- Shareholders should enclose the following:

***For Equity Shares held in demat form:***

Beneficial owners should enclose:

- Duly signed and completed Form of Withdrawal.
- Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.
- Photocopy of the delivery instruction slip in 'Off-market' mode or counterfoil of the delivery instruction slip in 'Offmarket' mode, duly acknowledged by the DP.

***For Equity Shares held in physical form***

(i) Registered Shareholders should enclose:

- Duly signed and completed Form of Withdrawal.
- Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.
- In case of partial withdrawal, Valid Share Transfer form(s) duly signed as transferors by all registered Shareholders (in case of joint holdings) in the same order and as per

specimen signatures registered with RSIL and duly witnessed at the appropriate place.

(ii) Unregistered owners should enclose:

- Duly signed and completed Form of Withdrawal.
  - Copy of the Form of Acceptance/ Plain paper application submitted and the Acknowledgement slip.
- 
- The withdrawal of Equity Shares will be available only for the Share certificates/ Shares that have been received by the Registrar to the Offer or credited to the Depository Escrow Account.
  - The intimation of returned Equity Shares to the Shareholders will be sent at the address as per the records of RLL/ depository as the case may be.
  - The Form of Withdrawal alongwith enclosure should be sent to the Registrar to the Offer only.
  - In case of partial withdrawal of Equity Shares tendered in physical form, if the original share certificates are required to be split, the same will be returned on receipt of share certificates from RLL. The facility of partial withdrawal is available only to Registered Shareholders.
  - Shareholders holding Equity Shares in dematerialised form are requested to issue the necessary standing instruction for receipt of the credit in their DP account.

**11.19** The withdrawal option can be exercised by submitting the document as per the instructions mentioned above, so as to reach the Registrar to the Offer on or before three working days prior to the date of closure of the Offer. In case of non-receipt of the Form of Withdrawal, the withdrawal option can be exercised by making an application on plain paper along with the following details:

- a. In case of physical shares: Name, address, distinctive numbers, folio nos. number of shares tendered/withdrawn.
- b. In case of dematerialized shares: Name, address, number of shares tendered/withdrawn, DP name, DP ID, Beneficiary account no. and a photocopy of delivery instruction in 'off market' mode or counterfoil of the delivery instruction in 'off market' mode, duly acknowledged by the DP in favour of the Depository Escrow Account.

**11.20** Any shares that are the subject matter of litigation or are held in abeyance due to pending court cases, such that the Shareholder(s) of the Target Company may be precluded from transferring the Shares during pendency of the said litigation are liable to be rejected unless

directions / orders regarding the free transferability of such shares are received together with the shares tendered under the Offer prior to the date of closure of the Offer.

- 11.21** While tendering the shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of the Target Company and a No Objection Certificate/ Tax Clearance Certificate from the Income-Tax authorities under the Income-tax Act, 1961, indicating the rate at which the tax is to be deducted by the Acquirer before remitting the consideration.. In case the previous RBI approvals are not submitted, the Acquirer reserve the right to reject such Shares tendered. In case the aforesaid No Objection Certificate/ Tax Clearance Certificate is not submitted, the Acquirer will deduct tax at the currently prevailing rate as advised by their tax advisors on the entire consideration amount payable to such NRI / OCB /Non-domestic companies / Other persons who are not resident in India.
- 11.22** In case the Shares offered in the Offer are more than the Shares to be acquired under the Offer, the acquisition of Shares from each Shareholder will be on a proportionate basis in accordance with Regulation 21(6) of the SEBI (SAST) Regulations
- 11.23** Unaccepted share certificates, transfer forms and other documents, if any, will be returned by registered post at the Shareholder's / unregistered owner's sole risk to the sole / first Shareholder. Shares held in dematerialised form to the extent not accepted will be credited back to the beneficial owners' depository account with the respective depository participant as per the details furnished by the beneficial owner in the Form of Acceptance-cum-Acknowledgement or otherwise. **It will be the responsibility of the shareholders to ensure that the unaccepted shares are accepted by their respective depository participants when transferred by the Registrar to the Offer.**
- 11.24** A schedule of some of the major activities in respect of the Offer is given below:-

	<b>Activity</b>	<b>Original Schedule</b>	<b>Revised schedule</b>
1	Public Announcement Date	Monday, June 16, 2008	Monday, June 16, 2008
2	Specified date*	Friday, June 27, 2008	Friday, June 27, 2008
3	Last date for announcement of a competitive bid	Monday, July 7, 2008	Monday, July 7, 2008
4	Date of first Corrigendum to the Public Announcement	N/A	Thursday, July 31, 2008
5	Date of second Corrigendum to the Public Announcement	N/A	Monday, August 11, 2008
6	Date by which Letter of Offer will be dispatched to shareholders	Thursday, July 31, 2008	Monday, August 11, 2008

7	Offer Opening Date	Friday, August 8, 2008	Saturday, August 16, 2008
8	Last date for revising the Offer Price / number of Shares	Thursday, August 14, 2008	Friday, August 22, 2008
9	Last date for withdrawing acceptance from the Offer	Thursday, August 21, 2008	Thursday, August 28, 2008
10	Date of Closure of the Offer	Wednesday, August 27, 2008	Thursday, September 4, 2008
11	Date by which acceptance / rejection under the Offer would be intimated and the corresponding payment for the acquired shares and / or the unaccepted shares / share certificates will be credited / dispatched.	Wednesday, September 10, 2008	Friday, September 19, 2008

*\* Specified Date is only for the purpose of determining the names of the shareholders as on such date to whom the Letter of Offer will be sent and all owners (registered or unregistered) of the shares of the Target Company (except the Acquirer and the Sellers) are eligible to participate in the Offer anytime before the close of the Offer*

## **12 TAX TO BE DEDUCTED AT SOURCE**

**12.1** As per the provisions of section 195(1) of the Income Tax Act, any person responsible for paying to a non-resident any sum chargeable to tax is required to deduct tax at source (including surcharge and education cess as applicable). Since the consideration payable under the Offer would be chargeable to capital gains under section 45 of the Income Tax Act or as business profits as the case may be, Acquirer will need to deduct tax at source (including surcharge and education cess) at the applicable tax rate on the gross consideration payable to the following categories of Shareholders, as given below:

- a) Non-resident Indians: The Acquirer will deduct tax at source at the applicable rate on the Offer Price in case of short-term capital gains or business profits or long-term capital gains, as the case may be. Surcharge and cess, as applicable, shall be levied by the Acquirer to the above tax rates.
- b) Overseas Corporate Bodies/ Non-domestic companies: The Acquirer will deduct tax at source (including cess and surcharge) at the applicable tax rate on the Offer Price in the case of short-term capital gains or long-term capital gains or business profits, as the case may be.
- c) Foreign Institutional Investors ('FII'): As per the provisions of Section 196D (2) of the Income Tax Act, no deduction of tax at source shall be made from any income by way of capital gains arising from the transfer of securities referred to in section 115AD payable to a Foreign Institutional Investor ('FII') as defined in section 115AD of the Income Tax Act,

1961. However the Acquirer will not deduct tax at source only if the shares are held by the FII on investment/capital account.

Tax will be deducted at source at the maximum applicable rate for foreign companies on the Offer Price if the Shares are held on trade account or if the FII fails to certify in the bid form ('the **Bid Form**') that the Shares are held by it on investment/capital account if the FII is a company. If the FII is a person other than a company, then tax will be deducted at the maximum applicable rate for person other than a company and will be further increased by the applicable surcharge and education cess

However the interest payment for delay in payment of consideration, if any, shall not be governed by this provision. For interest payments, if any, FIIs shall also have to provide their No Objection Certificate/ Tax Clearance Certificate from the Income-Tax authorities under the Income-tax Act, 1961, indicating the amount of tax to be deducted. In absence of the same, Acquirer will arrange to deduct tax on the interest component, at the rate as may be applicable to the category of shareholder under the Income Tax Act, 1961.

- d) Other persons who are not resident in India: The Acquirer will deduct tax at source at the applicable rate on the Offer Price in the case of short-term capital gains or long-term capital gains or business profits, as the case may be. Surcharge and cess, as applicable, shall be levied by the Acquirer to the above tax rates.

- 12.1.1 In the case of any ambiguity, incomplete or conflicting information or the information not being provided to the Acquirer, the capital gain shall be assumed to be short-term in nature.
- 12.2** For the purpose of determining as to whether the capital gains are short-term or long-term in nature, the Acquirer shall take the following actions based on the information submitted by the Shareholders.
- 12.2.1 The Shareholders should submit a certificate from a Chartered Accountant (along with proof such as demat account statement) certifying that the shares have been held for more than one year.
- 12.3** In order to claim the benefit of computation of tax liability on the net capital gains (i.e. after reducing the cost of acquisition of shares), the shareholder should obtain a tax clearance certificate from the assessing officer certifying the net income chargeable to capital gains tax. Alternatively, the shareholders should submit the brokers note and the demat account statement in relation to such shares. In the absence of the above, tax would be deducted on the entire consideration paid to the shareholder.
- 12.4** In the event the aforementioned categories of shareholders require the Acquirer not to deduct tax or to deduct tax at a lower rate or on a lower amount for any other reason, they would need to obtain a certificate from the Income Tax authorities either under section 195(3) or under section 197 of the Income Tax Act, and submit the same to Acquirer while submitting the Bid Form. In the absence of any such certificate from the Income Tax authorities, the Acquirer will deduct tax as aforesaid, and a certificate in the prescribed form shall be issued to that effect.
- 12.5** In case of resident shareholders of the Target Company, the Acquirer will deduct the tax on the interest component exceeding Rs. 5,000/- at the applicable current prevailing rates, if applicable. If the resident shareholder of the Target Company requires that no tax is to be deducted or tax is to be deducted at a lower rate than the prescribed rate, he will be required to submit No Objection Certificate from the income tax authorities indicating the rate at which tax is to be deducted by the Acquirer or a self declaration in Form 15G or Form 15H as may be applicable. Shareholders of the Target Company eligible to receive interest component exceeding Rs. 5,000/- would be required to submit their Permanent Account Number for income tax purposes. Clauses relating to payment of interest will become applicable only if the Acquirer becomes liable to pay interest for delay in release of purchase consideration.
- 12.6** No tax will be deducted at source for any other category of shareholders who are residents in India.

**12.7** The aforementioned categories of shareholders should certify in the Form of Acceptance whether the equity shares are held by them on investment/capital account or on trade account.

**12.8** The tax rates mentioned above are as per the provisions of the Income Tax Act, 1961. In the case of non residents, where the investor is a tax resident of a country which has entered into a Tax Treaty with India, it may be possible for the investor to avail the beneficial rate (if any) under the Tax Treaty. The tax rates may change from Treaty to Treaty. In order to claim the lower rate under the Tax Treaty, the shareholder should provide a certificate from the tax authorities from the country of his residence certifying that he is a resident of the specified foreign country.

**12.9** Securities transaction tax will not be applicable to the shares accepted in this Offer.

***Shareholders are advised to consult their tax advisors for the treatment that may be given by their respective Assessing Officers in their case, and the appropriate course of action that they should take. The Acquirer and the Manager to the Offer do not accept any responsibility for the accuracy or otherwise of such advice.***

***The tax rate and other provisions may undergo changes.***



### **13 DOCUMENTS FOR INSPECTION**

**13.1** The following documents will be available for inspection to the shareholders at ICICI Securities Limited, ICICI Centre, H.T. Parekh Marg, Churchgate, Mumbai 400 020, INDIA. Tel: +91 22 2288 2460, Fax: +91 22 2282 6580, between 10:00 a.m. and 4:00 p.m. on all working days except Saturdays until the Offer Closing Date (i.e., September 04, 2008):

1. Copy of Extract from the Register of Commerce (equivalent to a Certificate of Incorporation), and Articles of Incorporation of Daiichi Sankyo.
2. Copy of Certificate of Incorporation and Memorandum & Articles of Association of RLL.
3. Copy of Annual Reports of Daiichi Sankyo for the years ending March 31, 2008, 2007 and 2006.
4. Copy of Annual Reports of RLL for the years ending December 31, 2007, 2006, and 2005.
5. Copy of Escrow Agreement dated June 11, 2008 among Acquirer, HongKong and Shanghai Banking Corporation Limited, and ICICI Securities Limited and confirmation of cash deposit in Ranbaxy Laboratories Limited Open Offer Escrow Account Number:002-307478-001 of Rs. 70,000 lakhs.
6. Certificate dated June 13, 2008 from S.R. Batliboi & Co. (Partner: Anil Gupta, membership no. 82028), Address: Golf View Corporate Tower B, Sector-42, Sector Road, Gurgaon 122 002, Haryana, India, Tel: 91 124 464 4000, Fax: 91 124 464 4050, stating that that the Acquirer have adequate resources to meet the financial obligations under this Offer.
7. Copy of Public Announcement, published in the Economic Times, Mumbai edition dated June 16, 2008, by Acquirer for acquiring upto 92,519,126 paid-up equity shares of RLL.
8. SEBI Observation Letter dated August 04, 2008.
9. Copy of the agreement with Depository participant for opening a special depository Escrow account.
10. Copy of letter from Hong Kong and Shanghai Banking Corporation Limited confirming the amount kept in the escrow account and lien in favour of ICICI Securities.
11. Copy of the Transaction Agreement (SPSSA) dated June 11, 2008 between Daiichi Sankyo, the Target Company and the Sellers.

## **14 DECLARATION BY ACQUIRER**

The Acquirer and its Directors accept full responsibility for the information contained in this Letter of Offer, Form of Acceptance and Form of Withdrawal (except that which pertains to the Sellers and the Target Company). The Acquirer shall be responsible for ensuring compliance with the SEBI (SAST) Regulations and for its obligations laid down in the SEBI (SAST) Regulations. All information contained in this document is as of the date of the Public Announcement, unless stated otherwise.

Mr. Takashi Shoda is authorized by the Acquirer to sign the Letter of Offer.

**On behalf of Daiichi Sankyo Company, Limited**

Sd/-

**Mr. Takashi Shoda**  
**Authorised Signatory**

**Date: August 8, 2008**

***Attached:***

- 1. Form of Acceptance – cum - Acknowledgement*
- 2. Form of Withdrawal*
- 3. Transfer deed for shareholders holding shares in physical form*

**STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGULATIONS (AS APPLICABLE) FOR TARGET COMPANY**

Sl.No.	Regulation/ Sub- Regulation	Due Date for Compliance as mentioned in the Regulation	Actual Date of Compliance	Delay, if any  (in no. of days)  Col. 4 - Col. 3)	Remarks
1	2	3	4	5	6
1.	6(2)	20/05/1997	28/03/2003	Disclosure made under SEBI Regularization Scheme, 2002	-
2.	8(3)	30/10/1997	28/03/2003	-do-	-
3.	8(3)	30/04/1998	04/05/1998	4	-
4.	8(3)	28/03/1998	28/03/2003	Disclosure made under SEBI Regularization Scheme, 2002	-
5.	8(3)	26/09/1998	28/03/2003	-do-	-
6.	8(3)	30/04/1999	28/03/2003	-do-	-
7.	8(3)	16/04/1999	28/03/2003	-do-	-
8.	8(3)	07/07/1999	28/03/2003	-do-	-
9.	8(3)	30/04/2000	28/03/2003	-do-	-
10.	8(3)	31/03/2000	28/03/2003	-do-	-
11.	8(3)	04/06/2000	28/03/2003	-do-	-
12.	8(3)	30/04/2001	28/03/2003	-do-	-
13.	8(3)	28/07/2001	30/07/2001	2	-
14.	8(3)	30/04/2002	12/04/2002	-	-
15.	8(3)	27/07/2002	15/07/2002	-	-
16.	8(3)	19/09/2002	28/03/2003	Disclosure made under SEBI Regularization Scheme, 2002	-
17.	8(3)	30/04/2003	25/04/2003	-	-
18.	8(3)	11/07/2003	03/07/2003	-	-
19.	8(3)	29/11/2003	20/11/2003	-	-
20.	8(3)	30/04/2004	14/04/2004	-	-
21.	8(3)	11/07/2004	07/07/2004	-	-
22.	8(3)	29/11/2004	24/11/2004	-	-
23.	8(3)	30/04/2005	29/04/2005	-	-
24.	8(3)	17/07/2005	12/07/2005	-	-
25.	8(3)	04/12/2005	01/12/2005	-	-
26.	8(3)	30/04/2006	28/04/2006	-	-
27.	8(3)	27/07/2006	26/07/2006	-	-
28.	8(3)	02/12/2006	20/11/2006	-	-
29.	8(3)	30/04/2007	27/04/2007	-	-
30.	8(3)	04/05/2007	27/04/2007	-	-
31.	8(3)	01/12/2007	16/11/2007	-	-
32.	8(3)	30/04/2008	30/04/2008	-	-

33.	7(3)	10/03/2005	09/03/2005	-	-
34.	7(3)	11/03/2005	09/03/2005	-	-
35.	7(3)	10/02/2006	07/02/2006	-	-
36.	7(3)	25/08/2006	18/08/2006	-	-
37.	7(3)	06/08/2007	31/07/2007	-	-

**Annexure 1**

**STATUS OF COMPLIANCE WITH THE PROVISIONS OF CHAPTER II OF THE TAKEOVER REGULATIONS (AS APPLICABLE) FOR MAJOR SHAREHOLDERS IS AS FOLLOWS:  
BY THE PROMOTERS/SELLERS/MAJOR SHAREHOLDERS/ACQUIRERS**

Sl. No.	Regulation/ Sub- Regulation	Due Date for Compliance as mentioned in the Regulation	Actual Date of Compliance	Delay, if any (in no. of days) Col. 4 - Col. 3)	Remarks
1	2	3	4	5	6
1.	6(1)	20/04/1997	N.A.	N.A.	-
2.	6(3)	20/04/1997	27/02/2003	Disclosure made under SEBI Regularization Scheme, 2002	-
	8(2)	21/10/1997	27/02/2003	-do-	-
3.	8(1)	21/04/1998	N.A.	N.A.	-
4.	8(2)	21/04/1998	22/04/1998	1	-
	8(2)	20/03/1998	27/02/2003	Disclosure made under SEBI Regularization Scheme, 2002	-
5.	8(2)	17/09/1998	27/02/2003	Disclosure made under SEBI Regularization Scheme, 2002	-
6.	8(1)	21/04/1999	N.A.	N.A.	-
	8(2)	21/04/1999	27/02/2003	Disclosure made under SEBI Regularization Scheme, 2002	-
	8(2)	07/04/1999	27/02/2003	-do-	-
	8(2)	29/06/1999	06/08/1999	-do-	-
7.	8(1)	21/04/2000	N.A.	N.A.	-
8.	8(2)	21/04/2000	17/04/2000	-	-
	8(2)	22/03/2000	17/03/2000	-	-
		26/05/2000	16/05/2000	-	-
9.	8(1)	21/04/2001	N.A.	N.A.	-
10.	8(2)	21/04/2001	20/04/2001	-	-
	8(2)	20/07/2001	06/07/2001	-	-
11.	8(1)	21/04/2002	N.A.	N.A.	-
12.	8(2)	21/04/2002	01/04/2002	-	-
	8(2)	19/07/2002	11/07/2002	-	-
	8(2)	10/09/2002	02/09/2002	-	-
13.	8(1)	21/04/2003	N.A.	N.A.	-
14.	8(2)	21/04/2003	07/04/2003	-	-
15.	8(2)	03/07/2003	13/06/2003	-	-
16.	8(2)	20/11/2003	31/10/2003	-	-
15.	8(1)	21/04/2004	N.A.	N.A.	-
16.	8(2)	21/04/2004	31/03/2004	-	-
	8(2)	02/07/2004	11/06/2004	-	-
	8(2)	20/11/2004	01/11/2004	-	-
17.	8(1)	21/04/2005	N.A.	N.A.	-
18.	8(2)	21/04/2005	20/04/2005	-	-
	8(2)	09/07/2005	30/06/2005	-	-

	8(2)	26/11/2005	18/11/2005	-	-
19.	8(1)	21/04/2006	N.A.	N.A.	-
20.	8(2)	21/04/2006	19/04/2006	-	-
	8(2)	08/07/2006	30/06/2006	-	-
	8(2)	24/11/2006	09/11/2006	-	-
21.	8(1)	21/04/2007	N.A.	N.A.	-
22.	8(2)	21/04/2007	05/04/2007	-	-
	8(2)	26/04/2007	09/04/2007	-	-
		23/11/2007	08/11/2007	-	-
23.	8(1)	21/04/2008	01/04/2008	-	-
24.	8(2)	21/04/2008	15/04/2008	-	-
25.	7(1)	03/02/2006	03/02/2006	-	-
26.	7(1)	11/08/2006	09/08/2006	-	-
17.	7(1)	22/07/2007	21/07/2007	-	-
26.	7(1A)	05/03/2005	03/03/2005	-	-
27.	7(1A)	06/03/2005	04/03/2005	-	-

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**FORM OF ACCEPTANCE-CUM-ACKNOWLEDGEMENT**  
**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION**

*(Please send this form with enclosures to Karvy Computershare Private Limited at any of the collection centres as mentioned in Letter of Offer)*

**From**  
Name:  
Address:

OFFER	
OPENS ON	Saturday, August 16, 2008
LAST DATE OF WITHDRAWAL	Thursday, August 28, 2008
CLOSES ON	Thursday, September 4, 2008

Tel No.: Fax No.: E-mail:

**To,**  
The Acquirer - Daiichi Sankyo Company, Limited  
C/o. Karvy Computershare Private Limited,  
Karvy House, 46, Avenue 4, Street No 1  
Banjara Hills, Hyderabad 500 034, India

Dear Sir/Madam,

**Sub: Open offer to acquire up to 92,519,126 fully paid-up equity shares of face value Rs. 5/- each, representing 20% of the Emerging Voting Capital [refer para 7.7 of the Letter of Offer for details] of Ranbaxy Laboratories Limited ('RLL') at a price of Rs. 737/- (Rupees Seven Hundred Thirty-Seven only) (the 'Offer Price') for each fully paid-up equity share of RLL, payable in cash.**

I/We refer to the Letter of Offer dated August 8, 2008 for acquiring the Equity Shares held by me/us in Ranbaxy Laboratories Limited

I/We, the undersigned, have read the Letter of Offer, understood its contents and unconditionally accepted the terms and conditions as mentioned therein.

**SHARES HELD IN PHYSICAL FORM**

I/We, accept the Offer & enclose the original share certificate(s) and duly signed transfer deed(s) in respect of my/our shares as detailed below:

Sr.No.	Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
<b>Total</b>					

Please attach additional sheets of paper and authenticate the same if the space is insufficient.

**SHARES HELD IN DEMAT FORM**

I/We, holding shares in demat form, accept the Offer and enclose a photocopy of the Delivery Instructions duly acknowledged by my/our DP in respect of my/our equity shares as detailed below:

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We have done an off-market transaction for crediting the shares to the depository account with HSBC Limited as the DP in NSDL styled '**Karvy RLL - Escrow Demat A/c**' whose particulars are:

<b>DP Name:</b> HSBC Limited	<b>DP ID:</b> IN300142	<b>Client ID:</b> 1064 2118
------------------------------	------------------------	-----------------------------

Shareholders having their beneficiary account with CDSL will have to use inter-depository slip for the purpose of crediting their shares in favour of the Special Depository Account with NSDL.

Enclosures (Please tick as appropriate, if applicable)

- Power of Attorney  
 Corporate authorization in case of Companies along with Board Resolution and Specimen Signatures of Authorised Signatories  
 No Objection Certificate & Tax Clearance Certificate under Income-tax Act, 1961, for NRIs/OCBs/Foreign Shareholders as applicable  
 Death Certificate/ Succession Certificate  
 Others (please specify): \_\_\_\_\_

----- Tear along this line -----

**Acknowledgement Slip**

**Ranbaxy Laboratories Limited - Open Offer**  
(To be filled in by the shareholder) (Subject to verification)

Sr. No. \_\_\_\_\_

Received from Mr./Ms./M/s. \_\_\_\_\_

Address \_\_\_\_\_

Physical shares: Folio No. \_\_\_\_\_ / Demat shares: DP ID \_\_\_\_\_; Client ID \_\_\_\_\_

Form of Acceptance along with:

- Physical shares: No. of shares \_\_\_\_\_; No. of certificates enclosed \_\_\_\_\_  
 Demat shares: Copy of delivery instruction for \_\_\_\_\_ number of shares enclosed

(Tick whichever is applicable)

Signature of Official \_\_\_\_\_ Date of Receipt \_\_\_\_\_

Stamp of Collection Centre



I/We confirm that the equity shares of Ranbaxy Laboratories Limited, which are being tendered herewith by me/us under the Offer, are free from liens, charges and encumbrances of any kind whatsoever.

I/We note and understand that the original share certificate(s) and valid share transfer deed will be held in trust for me/us by the Registrar to the Offer until the time the Acquirers pays the purchase consideration as mentioned in the Letter of Offer.

I/We also note and understand that the Acquirers will pay the purchase consideration only after verification of the documents and signatures.

I/We authorise the Acquirers to send by registered post/speed post/UCP the draft/cheque, in settlement of the amount to the sole/first holder at the address mentioned above.

I/We note and understand that the Shares would lie in the Special Depository Account until the time the Acquirers makes payment of purchase consideration as mentioned in the Letter of Offer.

I/We authorise the Acquirers to accept the shares so offered which it may decide to accept in consultation with the Manager to the Offer and in terms of the Letter of Offer and I/we further authorize the Acquirers to return to me/us, share certificate(s) in respect of which the offer is not found valid/not accepted. The Permanent Account No. (PAN/GIR No.) allotted under the Income Tax Act, 1961 is as under.

PAN/GIR No.	1 <sup>st</sup> Shareholder	2 <sup>nd</sup> Shareholder	3 <sup>rd</sup> Shareholder
Ward No.			

So as to avoid fraudulent encashment in transit, shareholder(s) holding shares in physical form should provide details of bank account of the first/sole shareholder and the consideration cheque or demand draft will be drawn accordingly.

Name of the Bank _____	Branch _____	City _____
Account Number _____		Savings/Current/Others (please specify) _____

For equity shares that are tendered in electronic form, the bank account as contained from the beneficiary position provided by the depository will be considered and the draft/warrant/cheque will be issued with the said bank particulars.

**For NRIs / OCBs / FIIs/ Foreign Shareholders**

I / We, confirm that the tax deduction on account of equity shares of Ranbaxy Laboratories Limited held by me / us is to be deducted on (select whichever is applicable):

- Long-term capital gains
- Short-term capital gains
- Trade Account

I / We, have enclosed the following documents

- \_\_\_\_\_ No objection certificate / Tax clearance certificate from the Income Tax Authorities
- \_\_\_\_\_ RBI approvals for acquiring shares of Ranbaxy Laboratories Limited hereby tendered in the Offer
- \_\_\_\_\_ Copy of Permanent Account Number / PAN Card

In order to avail the benefit of lower rate of tax deduction under the DTAA, if any, kindly enclose a certificate stating that you are a tax resident of your country of incorporation in terms of the DTAA entered into between India and your country of residence

**For FII Shareholders:**

I / We, confirm that the equity shares of Ranbaxy Laboratories Limited are held by me / us on (select whichever is applicable):

- Investment / Capital Account
- Trade Account

In case the shares are held on trade account, kindly enclose a certificate stating that you are a tax resident of your country of residence / incorporation and that you do not have a permanent establishment in India in terms of the Double Taxation Avoidance Agreement (DTAA) entered into between India and your country of residence.

Where the tax is to be deducted on account of long-term capital gains, the Shareholders should submit a certificate from a Chartered Accountant (along with proof such as demat account statement) certifying that the shares have been held for more than one year. In order to claim the benefit of computation of tax liability on the net capital gains (i.e. after reducing the cost of acquisition of shares), the shareholder should obtain a tax clearance certificate from the assessing officer certifying the net income chargeable to capital gains tax. Alternatively, the shareholders should submit the brokers note and the demat account statement in relation to such shares. In the absence of the above, tax would be deducted on the entire consideration paid to the shareholder.

Yours faithfully,

Signed and Delivered,

	Full name(s) of the holder	Signature(s)
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

Note: In case of joint holdings, all holders must sign. In case of body corporate, the Company seal should be affixed

Place:

Date:

**SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCEPTANCE FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRARS AFTER THE CLOSE OF THE OFFER i.e. BY 5.00P.M. ON THURSDAY, SEPTEMBER 4, 2008 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.**

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**All future correspondence, if any, should be addressed to the Registrars to the Offer at the following address:**

Karvy Computershare Private Limited  
 Unit: Ranbaxy Laboratories Limited Open Offer  
 Karvy House, 46, Avenue 4, Street No 1  
 Banjara Hills, Hyderabad 500 034, India  
 Contact Person: Mr. Murali Krishna  
 Email id: rl\_openoffer@karvy.com  
 Tel: +91 40 2342 0815 / 2342 0820  
 Fax: +91 40 2342 0814

## INSTRUCTIONS

1. In the case of dematerialised shares, the shareholders are advised to ensure that their shares are credited in favour of the Special Depository Account, before the closure of the Offer i.e. Thursday, September 4, 2008. The Form of Acceptance-cum-Acknowledgement of such demat shares not credited in favour of the Special Depository Account, before the closure of the Offer will be rejected.
2. Shareholders should enclose the following:
  - a. For Equity shares held in demat form:

Beneficial owners should enclose-

    - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, as per the records of the Depository Participant ('DP').
    - Photocopy of the delivery instruction in "Off-market" mode or counterfoil of the delivery instruction in "Off-market" mode, duly acknowledged by the DP as per the instruction in the Letter of Offer.
  - b. For Equity shares held in physical form:

Registered shareholders should enclose-

    - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein, by all shareholders whose names appear on the share certificates.
    - Original Share Certificate(s)
    - Valid Share Transfer form(s) duly signed as transferors by all registered shareholders (in case of joint holdings) in the same order and as per specimen signatures registered with Ranbaxy Laboratories Limited and duly witnessed at the appropriate place. A blank Share Transfer form is enclosed along with the Letter of Offer. Attestation, where required, (thumb impressions, signature difference, etc.) should be done.

The details of buyer should be left blank failing which the same will be invalid under the Offer. The details of the Acquirers as buyer will be filled by the Acquirers upon verification of the Form of Acceptance and the same being found valid. All other requirements for valid transfer will be preconditions for valid acceptance.

Unregistered owners should enclose-

    - Form of Acceptance-cum-Acknowledgement duly completed and signed in accordance with the instructions contained therein.
    - Original Share Certificate(s)
    - Original broker contract note
    - Valid Share Transfer form(s) as received from the market leaving details of buyer blank. If the same is filled in then the Share(s) are liable to be rejected.
3. The share certificate(s), share transfer form(s) and the Form of Acceptance should be sent only to Karvy Computershare Private Limited, the Registrar to the Offer and not to ICICI Securities Limited, the Manager to the Offer or Nomura Securities Co., Ltd., the Financial Advisor to the Offer, the Acquirer or Target Company.
4. Shareholders having their beneficiary account in CDSL have to use "INTER DEPOSITORY DELIVERY INSTRUCTION SLIP" for the purpose of crediting their shares in favour of the special depository account with NSDL.
5. While tendering the shares under the Offer, NRIs/ OCBs/ foreign shareholders will be required to submit the previous RBI Approvals (specific or general) that they would have obtained for acquiring the shares of the Target Company and a No Objection Certificate/ Tax Clearance Certificate from the Income-Tax authorities under the Income-tax Act, 1961, indicating the rate at which the tax is to be deducted by the Acquirer before remitting the consideration. In case the previous RBI approvals are not submitted, the Acquirer reserves the right to reject such Shares tendered. In case the aforesaid No Objection Certificate/ Tax Clearance Certificate is not submitted, the Acquirer will deduct tax at the currently prevailing rate as advised by their tax advisors on the entire consideration amount payable to such NRI / OCB /Non-domestic companies / Other persons who are not resident in India.
6. The Form of Acceptance-cum-Acknowledgement and other related documents should be submitted at any of the Collection Centers of **Karvy Computershare Private Limited** as mentioned below.
7. The Form of Acceptance-cum-Acknowledgement along with enclosure should be sent only to the Registrar to the Offer so as to reach the Registrar of the Offer at any of the collection centres below on all days (excluding Sundays and Public holidays) during the business hours i.e. (Mondays to Saturdays between 10.00 a.m. and 5.00 p.m).

## Collection Centres

S. No.	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax No.	Mode of Delivery
1	Ahmedabad	Karvy Computershare. Pvt Ltd. 201-203 'Shail', Opp.Madhusudhan House, Behind Girish Cold Drinks, Off C. G.Road, Ahmedabad -380 006	Mr.Biswanath Mukhopadhyay Email: ahmedabad@karvy.com	+91 79 2462 0422/ 2640 0528	+91 79 2656 5551	Hand Delivery
2	Bangalore	Karvy Computershare. Pvt Ltd. No.59, Skanda,Putana Road, Basavanagudi Bangalore- 560 004	Ms.Sudha Email: ircbangalore@karvy.com	+91 80 2662 1192	+91 80 2662 1169	Hand Delivery
3	Chennai	Karvy Computershare. Pvt Ltd. No.33/1, Venkatraman Street, T. Nagar, Chennai- 600 017	Mr.Gunashekhar Email: chennaiirc@karvy.com	+91 44 815 1793/ 1794/ 4781	+91 44 2815 3181	Hand Delivery
4	Hyderabad	Karvy Computershare. Pvt Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad -500 081	Ms.Rinky Sareen Email: ircmadhapur@karvy.com	+91 40 2342 0818	+91 40 2342 0814	Hand Delivery
5	Kolkata	Karvy Computershare. Pvt Ltd. 49, Jatin Das Road, Near Deshpriya Park, Kolkata- 700 029	Mr.Sujit Kundu/ Mr.Debnath Email: sujitkundu@karvy.com/ nilkanta@karvy.com	+91 33 2464 4891	+91 033 2464 4866	Hand Delivery
6	Mumbai (Andheri)	Karvy Computershare. Pvt Ltd. 7, Andheri Industrial Estate, Off. Veera Desai Road, Andheri West, Mumbai- 400 053	Ms.Vishakha Shringarapure Email: vishakhats@karvy.com	+91 22 2673 0799/ 2673 0843	+91 22 2673 0152	Hand Delivery
7	Mumbai (Fort)	Karvy Computershare. Pvt Ltd. 16-22 Bake House, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort, Mumbai -400 023	Ms.Varija Salian Email: ircfort@karvy.com	+91 22 6638 2666	+91 22 6633 1135	Hand Delivery
8	New Delhi	Karvy Computershare. Pvt Ltd. 2E/23, Jhandewalan Extn, New Delhi - 110 055	Mr.Rajjinder/Michael George Email: ircdelhi@karvy.com	+91 11 4318 1700	+91 11 4332 4621	Hand Delivery

Applicants who cannot hand deliver their documents at the Collection Centers, may send their documents only by Registered Post, at their own risk, to the Registrar to the Offer at Karvy Computershare Private Limited, Karvy House, 46, Avenue 4, Street No 1, Banjara Hills, Hyderabad 500 034, India so as to reach the Registrars to the Offer on or before the last date of acceptance i.e. Thursday, September 4, 2008.

**SHAREHOLDERS ARE REQUESTED TO NOTE THAT THE ACCEPTANCE FORMS / SHARES THAT ARE RECEIVED BY THE REGISTRARS AFTER THE CLOSE OF THE OFFER I.E. BY 5.00P.M. ON THURSDAY, SEPTEMBER 4, 2008 SHALL NOT BE ACCEPTED UNDER ANY CIRCUMSTANCES AND HENCE ARE LIABLE TO BE REJECTED.**

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## FORM OF WITHDRAWAL

**From**

Name:

Address:

Tel No.:

Fax No.:

E-mail:

OFFER	
OPENS ON	Saturday, August 16, 2008
LAST DATE OF WITHDRAWAL	Thursday, August 28, 2008
CLOSES ON	Thursday, September 4, 2008

**To,**

The Acquirer - Daiichi Sankyo Company, Limited  
C/o. Kavy Computershare Private Limited,  
Plot No. 17 to 24, Vithalrao Nagar,  
Madhapur, Hyderabad - 500 081

Dear Sir/Madam,

**Sub: Open offer to acquire up to 92,519,126 fully paid-up equity shares of face value Rs. 5/- each, representing 20% of the Emerging Voting Capital [refer para 7.7 of the Letter of Offer for details] of Ranbaxy Laboratories Limited ('RLL') at a price of Rs. 737/- (Rupees Seven Hundred Thirty-Seven only) (the 'Offer Price') for each fully paid-up equity share of RLL, payable in cash.**

I/We refer to the Letter of Offer dated August 8, 2008 for acquiring the Equity Shares held by me/us in Ranbaxy Laboratories Limited

I/We, the undersigned have read the Letter of Offer and understood its contents including the terms and conditions as mentioned therein.

I/We hereby consent unconditionally and irrevocably to withdraw my/our shares from the Offer and I/we further authorise the Acquirer to return to me/us, the tendered equity share certificate(s)/ share(s) at my/our sole risk.

I/We note that upon withdrawal of my/our shares from the Offer, no claim or liability shall lie against the Acquirer/Manager to the Offer/Registrar/Financial Advisor to the Offer.

I/We note that this Form of Withdrawal should reach the Registrar to the Offer at any of the collection centres mentioned in the Letter of Offer or mentioned overleaf as per the mode of delivery indicated therein on or before the last date of withdrawal i.e. Thursday, August 28, 2008.

I/We note that the Acquirers/Manager to the Offer/Registrar to the Offer shall not be liable for any postal delay/loss in transit of the shares held in physical form and also for the non-receipt of shares held in the dematerialised form in the DP account due to inaccurate/incomplete particulars/instructions.

I/We also note and understand that the Acquirers will return the original share certificate(s), share transfer deed(s) and shares only on completion of verification of the documents, signatures and beneficiary position as available from the Depositories from time to time.

The particulars of tendered original share certificate(s) and duly signed transfer deed(s) are detailed below:

Sr.No.	Ledger Folio No.	Certificate No.	Distinctive Nos.		No. of Shares
			From	To	
<b>Total No. of Shares (in case of insufficient space, please attach a separate sheet)</b>					

I/We hold the following Shares in dematerialised form and had done an off-market transaction for crediting the shares to the 'Kavy RLL - Escrow Demat A/c' as per the following particulars:-

<b>DP Name:</b> HSBC Limited	<b>DP ID:</b> IN300142	<b>Client ID:</b> 1064 2118
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Please find enclosed a photocopy of the depository delivery instruction(s) duly acknowledged by DP. The particulars of the account from which my/our Shares have been tendered are as detailed below:-

DP Name	DP ID	Client ID	Name of Beneficiary	No. of Shares

I/We note that the shares will be credited back only to that depository account, from which the shares have been tendered and necessary standing instructions have been issued in this regard.

In case of dematerialised shares, I/we confirm that the signatures have been verified by the DP as per their records and the same have been duly attested.

I/We confirm that the particulars given above are true and correct.

Yours faithfully,

Signed and Delivered:

Full name(s) of the Holder(s)	PAN Number(s)	Signature(s)
First/Sole Holder		
Joint Holder 1		
Joint Holder 2		
Joint Holder 3		

*Note: In case of joint holdings, all shareholders must sign.*

Place: \_\_\_\_\_ Date: \_\_\_\_\_

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**Acknowledgement Slip**

**Ranbaxy Laboratories Limited - Open Offer - Withdrawal Form**

Sr. No. \_\_\_\_\_

Received Form of Withdrawal from Mr. /Ms. \_\_\_\_\_

Address \_\_\_\_\_

Physical shares: Folio No. \_\_\_\_\_ / Demat shares: DP ID \_\_\_\_\_ Client ID \_\_\_\_\_

for \_\_\_\_\_ number of shares. Signature of Official \_\_\_\_\_ Date of Receipt \_\_\_\_\_

Stamp of collection centre

## INSTRUCTIONS

1. Shareholders desirous of withdrawing their acceptances tendered in the Offer can do so up to three working days i.e. by August 28, 2008 prior to the close of the Offer, i.e. Thursday, September 4, 2008
2. The withdrawal option can be exercised by submitting the Form of Withdrawal, duly signed and completed, along with the copy of acknowledgement slip issued at the time of submission of the Form of Acceptance-cum-Acknowledgement.
3. The Form of Withdrawal along with enclosure should be sent only to the Registrar to the Offer so as to reach the Registrar of the Offer at any of the collection centres below on all days (excluding Sundays and Public holidays) during the business hours i.e. (Mondays to Saturdays between 10.00 a.m. and 5.00 p.m.).

S. No.	Collection Centre	Address of Collection Centre	Contact Person	Phone No.	Fax No.	Mode of Delivery
1	Ahmedabad	Karvy Computershare. Pvt Ltd. 201-203 'Shail', Opp.Madhusudhan House, Behind Girish Cold Drinks, Off C. G.Road, Ahmedabad -380 006	Mr.Biswanath Mukhopadhyay Email: ahmedabad@karvy.com	+91 79 2462 0422/ 2640 0528	+91 79 2656 5551	Hand Delivery
2	Bangalore	Karvy Computershare. Pvt Ltd. No.59, Skanda,Putana Road, Basavanagudi Bangalore- 560 004	Ms.Sudha Email: ircbangalore@karvy.com	+91 80 2662 1192	+91 80 2662 1169	Hand Delivery
3	Chennai	Karvy Computershare. Pvt Ltd. No.33/1, Venkatraman Street, T. Nagar, Chennai- 600 017	Mr.Gunashekhar Email: chennaiirc@karvy.com	+91 44 815 1793/ 1794/ 4781	+91 44 2815 3181	Hand Delivery
4	Hyderabad	Karvy Computershare. Pvt Ltd. Plot No 17-24, Vithalrao Nagar, Madhapur, Hyderabad -500 081	Ms.Rinky Sareen Email: ircmadhapur@karvy.com	+91 40 2342 0818	+91 40 2342 0814	Hand Delivery
5	Kolkata	Karvy Computershare. Pvt Ltd. 49, Jatin Das Road, Near Deshpriya Park, Kolkata- 700 029	Mr.Sujit Kundu/ Mr.Debnath Email: sujitkundu@karvy.com /nilkanta@karvy.com	+91 33 2464 4891	+91 033 2464 4866	Hand Delivery
6	Mumbai (Andheri)	Karvy Computershare. Pvt Ltd. 7, Andheri Industrial Estate, Off. Veera Desai Road, Andheri West, Mumbai- 400 053	Ms.Vishakha Shringarapure Email: vishakhats@karvy.com	+91 22 2673 0799/ 2673 0843	+91 22 2673 0152	Hand Delivery
7	Mumbai (Fort)	Karvy Computershare. Pvt Ltd. 16-22 Bake House, Maharashtra Chamber of Commerce Lane, Opp. MSC Bank, Fort, Mumbai -400 023	Ms.Varija Salian Email: ircfort@karvy.com	+91 22 6638 2666	+91 22 6633 1135	Hand Delivery
8	New Delhi	Karvy Computershare. Pvt Ltd. 2E/23, Jhandewalan Extn, New Delhi - 110 055	Mr.Rajinder/Michael George Email: ircdelhi@karvy.com	+91 11 4318 1700	+91 11 4332 4621	Hand Delivery

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**All future correspondence, if any, should be addressed to the Registrars to the Offer at the following address:**

Karvy Computershare Private Limited  
Unit: Ranbaxy Laboratories Limited Open Offer  
Karvy House, 46, Avenue 4, Street No 1  
Banjara Hills, Hyderabad 500 034, India  
Contact Person: Mr. Murali Krishna  
Email id: rl\_openoffer@karvy.com  
Tel: +91 40 2342 0815 / 2342 0820  
Fax: +91 40 2342 0814

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