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RLL's Acquisition by Daiichi Sankyo: A Failed Acquisition

Shiv Nath Sinha

Assistant Professor, Finance Department
Institute of Management Technology (IMT-Nagpur), Nagpur, India

Soumitra Kansabanik

PGDM, Finance Department
Institute of Management Technology (IMT-Nagpur), Nagpur, India

Sirsa Majumder

PGDM, Finance Department
Institute of Management Technology (IMT-Nagpur), Nagpur, India

Abstract:

Merger and Acquisition has always been the concern of market regulators, investors, researches because of their effect on market share and on a larger scale on the industry and economy. In spite of being one of the most important activities it is having a success rate of only 50% because of poor due diligence.⁴The paper discusses the failed acquisition of RLL Ltd (RLL) by Daiichi Sankyo.

Keywords: Mergers & Acquisition, Due-diligence Valuation, Financing, Takeover

“Even before the ink could dry on the transaction documents, the US drug regulator slapped warning letters on RLL finding its production facilities in India at Paonta Sahib in Himachal Pradesh and Dewas in Madhya Pradesh to be in violation of US good manufacturing practices; it duly went on to ban imports of any products for the US market from these two facilities.”

-The Economic Times

“The deal would make Sun Pharma the largest pharmaceutical company in India and the fifth-largest generic drug company in the world. But it would also saddle the Mumbai-based company with the chore of fixing up RLL's operations and ending restrictions on its U.S. sales.” - The Wall Street Journal

1. Introduction

Dilip Shanghvi, founder of India's most valued pharmaceutical company, Sun Pharma, is on the news again for his proposed acquisition of the troubled RLL Limited. Though he is positive about the deal, some issues still plague the impending acquisition.

“RLL has a significant presence in the Indian pharma market and in the US where it offers a broad portfolio of ANDAs and first-to-file opportunities. In high-growth emerging markets, it provides a strong platform which is highly complementary to Sun Pharma's strengths. We see tremendous growth opportunities and are excited with the prospects to create lasting value for both our shareholders through a successful combination of our franchises.”-Dilip Shanghvi.

RLL, acquired by Daiichi Sankyo in 2008, has been through a tumultuous past with a ban on two of its major drug manufacturing units in India and was prohibited on exporting some major drugs to the US market. RLL is still fighting in the court for negligence in manufacturing drugs after coming under the scanner of US watchdog for food and drugs, the Food and Drugs Administration (FDA). Dilip Shanghvi has been vocal about his expectations from the distressed company and hopes to turn it into a money-making business as he had done with Taro and Caraco in the past. The obvious questions are: Will Dilip Shanghvi be able to make the difference this time? If yes, How?

2. Developments in the Indian Pharma Industry

The pharmaceutical industry saw the light of a new dawn from 1 January, 2005 when Trade Related Aspects of Intellectual Property Rights (TRIPS) gave a nod to product patenting after almost 35 years of process patenting in India which was governed by the Indian Patent Act, 1970. The new law made strategic alliances even more necessary to harness the skills of companies with a diverse portfolio of drugs. From re-engineering to RandD and cost control, companies had to shift their focus on value addition to emerge as the "pioneer" in drug development. Marketing, Manufacturing and Pricing became more important than ever. Previously the BRICS nations, especially China, India and Brazil were averse to product patenting because of socio-economic reasons. They believed that this would be the reason of unemployment of millions of workers and could create monopoly in the drug market. Even multinationals were contemplating about their entry in emerging nations because they could not charge a high price in nations which produced similar drugs at very low prices. The ministry of Commerce and Industry, Government of India reported on 12 December, 2008 that,

"The Indian pharmaceutical sector is emerging as one of the major contributors to Indian exports with export earnings rising from a negligible amount in early 1990s to Rs 29,139.57 crore (US\$7.24bn) by 2007-08."

The foreign pharmaceutical companies are eyeing the Indian market for their generic drug business. The domestic drug market was estimated to be \$10.76 billion in the year 2008. The Indian market accounted for 8% of the global drug production and supplied medicines to over 200 countries at affordable prices. The decision in 2006 by the then UPA Government flooded the Indian markets with global brands. The 100% FDI policy aided the strategic alliances and partnerships that many domestic companies were aiming for to expand their reach to the foreign markets. The generic drug business would be the driver of growth for the same.

3. About Sun Pharma

Sun Pharmaceuticals Industries Limited was established in Vapi, Gujarat in the year 1983 by Mr. Dilip Shanghvi. Its product line has grown from just five products to treat psychiatry to more than one thousand products to treat neurology, nephrology, ophthalmology, orthopedics, cardiology and gastroenterology. It has made a number of joint ventures and acquisitions since its establishment to grow inorganically. Sun Pharma has a reputation to change the conditions of many poor businesses. G.V. Prasad, CEO of Dr. Reddy's Lab says,

"Sun has the ability to acquire distressed assets and turn them around, they have done this with Taro and Caraco."

Majority of the SunPharma's acquisition consists of distressed assets. This is mainly because Mr. Dilip Shanghvi has refrained himself overpaying for assets by getting carried away by bids from peers. This can easily be understood knowing the fact that Sun Pharma hasn't gone into any big acquisitions since it first bought Caraco Pharma over a period of time for 50\$ million.¹⁷ Initially it seemed to be a wrong decision but in the long run Caraco made money. Sun Pharma made some similar successful acquisitions by turning around distressed and difficult businesses like Valeant and Able Pharma. Refer Exhibit 8.

Sun Pharma is the largest and one of the most valuable drug companies in India. Sun's acquisition of RLL will be challenging given the FDA constraints but in the long term Sun Pharma has billions to gain from the alliance.

4. The Chairman of Sunpharma

Israel Makov was appointed as a chairman of Sun Pharma in the year 2012. He is a renowned corporate personality widely credited because of Teva's emergence as a global leader in generic pharmaceuticals. The main motive to rope in Makov is to internationalize Sun Pharma.

"I welcome Mr Makov on behalf of the entire Board and the larger Sun Pharma team. He is an exceptional leader with deep knowledge and experience in globalizing businesses successfully. As Sun Pharma continues to rapidly expand its presence worldwide, I am sure that we will benefit immensely from his experience." - Dilip Shanghvi

Israel Makov was the chairman of Bio Light Israeli Life Science during 1987-1991. He founded Israel's first biotech company, Interpharm, which went public in US and became the first Israel RandD company in US. Post this he joined YachinHakal as CEO during 1991-1993 and also served Gottex for two years between 1993 and 1995. He has been the director of DeveloGen Israel Ltd, Chairman of Given Imaging Inc., and Director of ZetiQ Technologies Ltd in the past. Makov joined Teva in 1995 and led the company towards global expansion by managing more than 12 acquisitions, two of which are the largest in Israel's history. In 2007 he became the chairman and director of Netfim until 2011.¹⁹

5. Motive for Acquisition

SunPharma's Managing Director Dilip Shanghvi has a reputation of acquiring companies at times of trouble and turning it around into profitable business by changing its operations. The proposed alliance will take Sun Pharma high up in the charts to rank it as number one in Generic Dermatology. RLL has numerous Abbreviated New Drugs Applications (ANDAs) and first-to-file opportunities in US and also owns 82 patents under US FDA. This acquisition will make them the largest Indian pharma company in US with over \$2 billion sales and 184 ANDAs in pipeline. Another reason for the RLL Acquisition is because of the extensive distribution network RLL is having in India. The gross sales of the combined entity are estimated to be Rs. 27000 crores (\$ 4.2 billion).

6. Deal Valuation

SunPharma will acquire RLL in an all share deal where RLL shareholders will get 4 shares of SunPharma for every 5 shares held by them. The swap ratio represents a value of Rs. 457 for each share held by RLL shareholders. The deal will lead to 16.4% dilution in the equity capital of SunPharma because its total equity value is \$3.2billion and the deal size is \$ 4 billion. Sun Pharma has valued RLL at 2.2 times the sales of last 12 months.

7. Shareholding Pattern Pre and Post Merger

Dilip Shanghvi, the promoter of Sun Pharma holds 63.65% of the total shareholding and Daiichi Sankyo, the promoter of RLL holds 63.40% of total shareholding as on 31st March 2014. After the acquisition of RLL by Sun Pharma, Dilip Shanghvi will hold 54.6% of the total shareholding while Daiichi will be the next biggest shareholder having 9% stake in Sun Pharma.

8. Stock Market Reaction

After Sun Pharma announced its acquisition of RLL, both the companies experienced an exponential growth in its stock price from price from March 2014 to August 2014.



Figure 1: Stock price of Sun Pharma in the year 2014 [Source: Money Control]



Figure 2: Stock price of RLL in the year 2014 [Source: Money Control]

Since 6 April, 2014 the stock price increased by 51% as on 4 September, 2014 with an average daily growth of 0.44%. Shareholders showed positive response towards this acquisition, which can be seen from the returns Sun Pharma got on the subsequent days. On the date of announcement, returns on Sun Pharma’s shares was 2.85% (INR 588.1) and 7.12% (INR 630).

On the other hand RLL which was giving an average return of 5% a day fell drastically on the day of announcement by 3% (INR 445.75). After that RLL too had a gradual growth of daily average 0.36%. As on 5 September, 2014 RLL has a share value of INR 654 which was INR 446 on 6 April, 2014.

9. Capital Structure

The Debt-Equity ratio of Sun Pharma since 2009 remained constant at 0.01 and it indicates that Sun Pharma is almost Debt free and is capable of meeting all its obligations.

Year	2009	2010	2011	2012	2013	2014
D-E ratio	0.01	0.00	0.01	0.01	0.01	0.16

Table 1: Debt-Equity ratio of Sun Pharma
Source: Capitaline.com

10. Acquisition of RLL by Daiichi Sankyo in 2008

The acquisition of Indian drug maker RLL by Japan's century old Daiichi Sankyo is the talk of the pharmaceutical industry for reasons galore. A mega merger resulting into a failed deal and it is now RLL is on the news again for its acquisition by Sun Pharma. RLL was bought by Daiichi Sankyo for a hefty sum of \$4.9 billion on 11 June, 2008. The rationale for such an acquisition was simple- synergy that could benefit both the pharmaceutical giants to gain a firm foothold in the international market.

The stock price of RLL reached as high as Rs. 526.40 on 9 June, 2008. The markets reacted positively to the deal because this inorganic growth strategy was forward looking and promised high synergistic value to both the companies. India's cost advantage and Japan's advanced Research and Development facilities would make the resultant company diversify its product portfolio. Analysts felt that the collaborative business form would optimize the resource utilization of both the companies and assist them in 'value creation'. The intangible assets of the business could be leveraged upon to innovate and trade in the emerging markets.

After the acquisition was over, RLL was embroiled in a series of testing and manipulation issues that destroyed the Goodwill of Daiichi Sankyo and loss of major share in the pharmaceutical market. Once thought to be the most prominent mergers in the Pharma industry, it turned to be an element of public scrutiny for all the wrong reasons.

11. About Daiichi Sankyo

Daiichi and Sankyo were established in 1913 and 1899 respectively. In the year 1913 Sankyo Shoten changed its name to Sankyo Co. Ltd. and appointed Dr. Jokichi Takamine as President. Daiichi was founded as Arsemin Shokai by Dr. Katsuzemon and specialized in production of antisyphilitic agents. In the year 1918 the company changed its name to Daiichi Pharmaceutical Co. Ltd. from Arsemin Shokai. In the year 1949, both Daiichi Pharmaceutical Co. Ltd. and Sankyo Co. Ltd. got listed in the Tokyo Stock Exchange.¹¹

In 2005 they became a jointly held company by means of a share transfer. In April 2007 they merged as Daiichi Sankyo. The main objective of the merger was to concentrate on the management resources in the pharmaceutical businesses. Later, it converted to a specialized manufacturing unit for the Active Pharmaceutical Ingredients (API) and intermediate manufacturing business. Daiichi Sankyo's vision is to establish a strong presence in the international arena as a Global Pharma Innovator by consistently developing world-class drugs, and manufacturing and marketing them through their own channels. Daiichi Sankyo uses its knowledge and expertise in the fields of cardiovascular disease, cancer, metabolic disorders, and infection as a foundation for developing a rich product line-up and R&D pipeline. The equity shares of Daiichi Sankyo are currently listed on the Tokyo, Osaka and Nagoya Stock Exchanges in Japan. The closing price of Daiichi Sankyo on the Tokyo Exchange on 26 June, 2008 was Japanese Yen 2,910 (Source: Bloomberg). As on June 26, 2008 Daiichi Sankyo had a market capitalization of Yen 213, 88,830 lakhs. Daiichi Sankyo came up with a number of acquisitions; like in the year 2006 they acquired Zepharma, U3 Pharma in 2008 and Plexxikon in 2011.

12. About Ranbaxy Laboratories Ltd.

RLL was founded by Gurbax Singh and Ranbir Singh. It was listed on the Bombay Stock Exchange on February 9, 1974. The Company is a vertically integrated manufacturer of life saving antibiotics, cosmetics, medicines and other chemical products. It has a strong talent pool dedicated to conduct research on generic medicines and also has a research foundation by the name RLL Research Foundation. RLL has its presence felt not only in the domestic market but also in the international pharmaceutical market with operations in over 49 countries and customers in above 150 countries. Their tag line "Trusted medicines, healthier lives" depicts their value proposition. RLL has gifted the pharmaceutical market with innovative medication and set high global standards. RLL has made several acquisitions and entered into strategic partnerships since its inception as a part of its strategy to expand globally and supply quality and affordable pharmaceuticals. In the year 1998, RLL became the first company from India to launch prescription products under its own label in the United States. It has been the leader in the Indian markets since then and among the top ten globally. Its consolidated turnover had increased from Rs. 5343 crores in December, 2005 to Rs. 7426 crores in December 2007. By the end of 2007, it had "first to file" (FTF) status for 18 drugs and 98 ANDA filings that are awaiting approval. RLL has been bestowed with several honors such as "Most Respected Company of the Year" and was one of the "Most Innovative Company of the Year" in 2007. RLL has a focused strategy to expand its business through organic and inorganic growth. It is for this reason that it saw a long term strategic benefit by taking the acquisition route. Daiichi Sankyo of Japan proposed to acquire majority shares of RLL and leverage on RLL's generic medicine module with its prominent research capability to take over the emerging market economies (EMEs).

13. Deal Financing and Its Implications

The given acquisition falls under the purview of SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997. According to the activity schedule published by the company, Daiichi Sankyo had made an offer to buy 50.1% voting rights of the target company which included 34.81% of fully paid up shares from the promoters of RLL at Rs. 737. The target company would also issue and allot 15.29% fully paid-up equity shares of Rs. 5 each and warrants totaling 23,834,333 in number, each with a face value of Rs. 5. The amount of Rs. 737 has been justified as higher of the share prices mentioned in Exhibit 4. Table 2 summarizes the combination of sources from where Daiichi Sankyo acquired shares of RLL Limited:

Source	Number of shares
Shares to be acquired from Promoters	129,934,134
Preferential Allotment of Shares	46,258,063
Warrants(10% of exercise price payable during subscription)	23,834,333
Open Offer	92,519,126

Table 2: Sources and Number of Shares Proposed to be Acquired
Source: SEBI

In mid-2008 Daiichi had issued an unconditional offer to RLL and valued the company at \$ 8.5 billion. The board at Daiichi also stated that Mr. Malvinder Mohan Singh would act as the CEO & Managing Director of the company for 5 years and alongside hold the position of Chairman of the board after the acquisition. The deal ensured that RLL continue to work as an independent organization. Daiichi Sankyo finally acquired a 63.92% stake in RLL comprising of 268,711,323 shares. The deal amounts to \$4.98 billion to Daiichi, (including transaction costs) out of which \$4.17 billion has been charged for goodwill.

The deal was financed with a mix of cash and debt. RLL had received a sum of Rs. 3585 crores earlier for preferential issue of shares and warrants from Daiichi Sankyo. Daiichi Sankyo will also generate revenues from 30 odd drugs that were exclusive to RLL in a way that they could sell it in US for six months from the date of expiry of the patent. The acquisition will put Daiichi to the 15th position from the 22nd position on the global charts with respect to market capitalization.

The Singh family had held the shares for over a period of 50 years and had seen the company grow at double digits every year until recently when the high litigation expenses were cutting down profit margins and they understood that this was the most suitable time to sell their stake.

14. Reaction of the Market Post Merger

After the merger was declared, the stock price of RLL responded positively. The year started with a closing price of INR 423.35 which gradually came down to INR 342.1 on 22 January, 2008. The share price shot up after the public announcement of Daiichi Sankyo's acquisition of RLL on 10 June, 2008. The stock gave a return of 6.64% (INR 560.75) which gradually rose to INR 597.5 on 18 June, 2008 with a day high of INR 610.

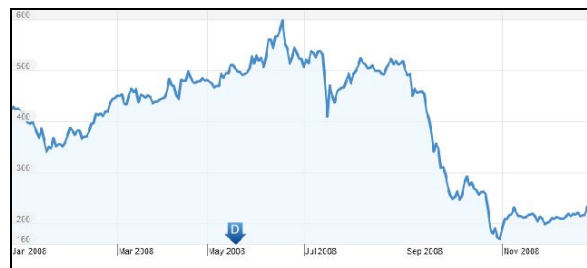


Figure 3: Stock price of RLL in the year 2008
[Source: Money Control]

The stock price of Daiichi Sankyo moved up to 3300¥ on 1 August, 2008 but then it started declining rapidly as shown in the diagram in Fig No. 2 and came down to 2000¥ on 1 October, 2008.

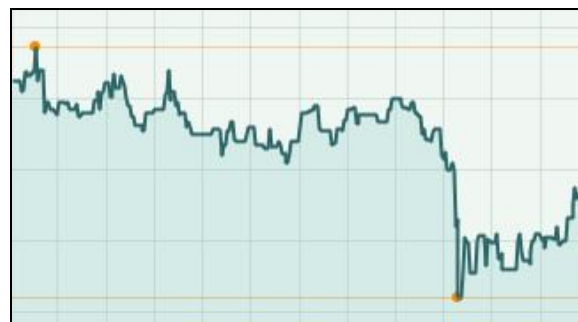


Figure 4: Stock price of Daiichi Sankyo in the year 2008 [marketwatch.com]

15. The Crisis

Eleven months into the merger and Daiichi Sankyo got the first shock when Goodwill and estimated losses worth \$3.45 billion was written off its consolidated balance sheet. Serious trouble ensued when two whistle blowers named Dinesh Thakur and Rajinder Kumar confirmed that RLL had fabricated results of drug tests. The raw materials and pharmaceutical ingredients were made to appear as if they met the FDA standards. The workers at the Toansa plant kept on testing as long as they did not receive acceptable results and erased all proofs of unsuccessful tests. The Toansa plant was in an unhygienic condition with windows that could not be closed and numerous flies. In one instance, RLL had to call back the production of 480,000 bottles of Lipitor, its anti- cholesterol drug, because shards of glass were found in the drug. RLL employed contractual workers who received very less training to manufacture drugs. The contractual workers had strict orders to continue production under all circumstances. As the FDA intensified its inspection, it put import bans at two of RLL's plants during 2008. In 2012, RLL entered into a consent decree whereby it would seek the advice of consultants to improve its condition. This didn't help either and Daiichi had to pay a heavy sum of \$500 million in 2013 for selling unhygienic drugs. The due diligence conducted by Daiichi Sankyo was not enough to find out the fault lines that led to continuous mishaps. SanjivKaul, Managing Director of ChrysCapital, who was working with RLL has pointed out in an interview that,

“Daiichi's lack of understanding of generic business was apparent in the valuation paid for acquiring RLL. The general impression is that inadequate due diligence was done considering the size, scale and scope of the deal, reflecting its naiveté in the understanding of India and the generic world”.

Daiichi was aware of the FDA litigations but believed that it would be solved in the near future. They skipped evaluating all the major risk elements and decided to deal with the problems as and when they will be presented. A rash decision proved fatal for all executives sitting at the Daiichi Sankyo office. Things continued to get worse until Sun Pharma, a Mumbai based company known for strict quality control, agreed to take the charge of RLL. ^{[8][18]}

16. Way Ahead

The year after Daiichi acquired RLL, RLL reported a net loss of Rs. 9512.05 million and Daiichi lost ₹ 215.499 million. These represents RLL's poor performance and Daiichi's wrong decision in hedging exchange rate risks. Dilip Shanghvi should take a cue from the past mistakes that Daiichi committed and handle RLL appropriately.

Consolidated Balance Sheet	Dec' 2006	Dec' 2007	Dec' 2008	Dec' 2009	Dec' 2010	Dec' 2011	Dec' 2012
Source of Funds							
Share Capital	186	187	210	210	211	211	212
Share application money pending allotment	1	1	175	176	7	1	1
Reserves and Surplus (excluding Revaluation Reserves)	2380	2597	3893	3950	5379	2658	3872
Net Worth	2567	2785	4278	4336	5597	2870	4085
Revaluation Reserves	19	19	19	7	7	0	0
Minority Interests	33	57	67	53	65	81	89
Secured Loans	337	410	211	219	237	307	989
Unsecured Loans	3619	3731	4100	3411	4098	3726	3858
Deferred Tax Liability (Net)	66	143	0	0	0	0	0
Total	6640	7145	8675	8026	10004	6983	9019
Application of Funds							
Net Fixed Assets including Capital WIP	4253	4562	4961	5113	4930	5057	5216
Investments	36	240	543	541	498	98	78
Deferred Tax Assets (Net)							
Net Current Assets	2351	2343	3171	2372	4576	1828	3725
Total	6640	7145	8675	8026	10004	6983	9019
Other Financial Data							
Dividend (%)	170%	170%					
EPS (fully diluted)	13.2	15.2	-24.85	13.61	27.28	-72.32	-3.84
Return on Average Net Worth	20.30%	28.8%	-29.5%	14.4%	22.4%	-158.6%	-8.4%
Book Value per share (post share split)	69.36	75.11	84.24	94.16	121.7	45.6	45.42

Table 3: Exhibit 1: Balance Sheet of RLL Ltd (In Crores)
Source: SEBI

	Mar '14	Dec '12	Dec '11	Dec '10	Dec '09	Dec '08	Dec '07	Dec '06
Sources Of Funds								
Total Share Capital	212	211	211	211	210	210	187	186
Equity Share Capital	212	211	211	211	210	210	187	186
Share Application Money	1	1	1	7	176	176	1	1
Preference Share Capital	0	0	0	0	0	0	0	0
Reserves	885	1710	1713	4915	3749	3331	2351	2163
Revaluation Reserves	0	0	0	0	0	0	0	0
Networth	1097	1922	1925	5132	4135	3717	2538	2350
Secured Loans	1012	944	230	195	176	162	365	224
Unsecured Loans	4979	3819	3654	4065	3173	3563	3138	2954
Total Debt	5991	4764	3883	4261	3348	3725	3503	3179
Total Liabilities	7088	6686	5808	9393	7483	7442	6041	5529
	Mar '14	Dec '12	Dec '11	Dec '10	Dec '09	Dec '08	Dec '07	Dec '06
Application Of Funds								
Gross Block	3338	3118	2886	2858	2621	2387	2261	2134
Less: Accum. Depreciation	1326	1125	1019	1146	1028	930	792	700
Net Block	2012	1994	1867	1712	1593	1457	1470	1434
Capital Work in Progress	184	160	209	330	415	429	327	302
Investments	4081	3131	3411	3804	3834	3618	3238	2680
Inventories	1695	1732	1655	1490	1230	1199	976	955
Sundry Debtors	1237	1436	3683	1293	1535	1025	883	1014
Cash and Bank Balance	791	2835	1938	22	26	50	69	27
Total Current Assets	3723	6003	7276	2805	2791	2273	1928	1996
Loans and Advances	3105	1683	1558	1470	1968	2352	883	581
Fixed Deposits	0	0	0	2690	729	1885	111	44
Total CA, Loans & Advances	6828	7686	8834	6965	5487	6510	2922	2621
Deferred Credit	0	0	0	0	0	0	0	0
Current Liabilities	5697	3227	5584	2491	3083	3840	1177	986
Provisions	320	3057	2929	928	763	731	738	523
Total CL & Provisions	6017	6284	8513	3419	3846	4571	1915	1508
Net Current Assets	811	1401	321	3546	1641	1939	1007	1113
Miscellaneous Expenses	0	0	0	0	0	0	0	0
Total Assets	7088	6686	5808	9393	7483	7442	6041	5529

Table 4: Exhibit 2: Profit and Loss Statement of RLL (In Crores)

Source: Moneycontrol.com

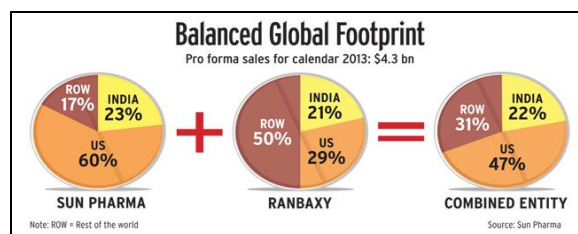


Figure 5: Exhibit 3: Global Footprint of the Sunpharma & RLL post-merger

Activity	Date
Specified date (to determine the names of shareholders to whom the Letter of Offer will be sent)	27-Jun-08
Last date for any Competitive bid	07-Jul-08
Date for dispatch of Letter of Offer to the Shareholders of the Target Company	31-Jul-08
Date of opening of Offer	08-Aug-08
Last date for revisiting the Offer Price and Offer Size	14-Aug-08
Last date for withdrawing acceptance from Offer	21-Aug-08
Date of Closing the Offer	27-Aug-08
Date of communication to reject/accept and payment of consideration for shares accepted	10-Sep-08

Table 5: Exhibit 4: Activity Schedule of the acquisition of RLL by Daiichi Sankyo
Source: SEBI

Negotiated Price	Rs. 737.00
Subscription Price	Rs. 737.00
The highest price paid by the Acquirer Company for any acquisition (including by way of allotment in a public or rights or preferential issue) of equity shares of Target Company during the 26- weeks prior to the date of public announcement	Nil
The average of the weekly high and low of closing prices of the equity shares of Target Company on NSE during 26 weeks prior to the date of public announcement	444.08
The average of the daily high and low prices of the target Company's equity shares on NSE during the two weeks preceding the public announcement	533.51

Table 6: Exhibit 5: The Offer price per equity share has been justified in terms of Regulation 20(4)
The highest of the following prices has been considered for payment to shareholders of RLL.
Source: SEBI

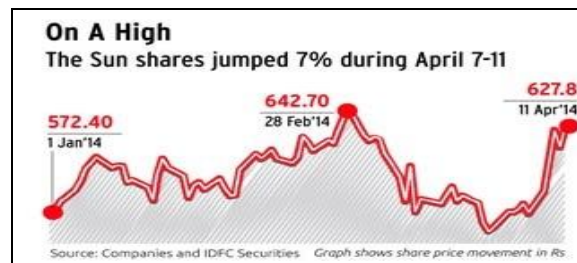


Figure 6: Exhibit 6: Stock Price of Sun Pharma before and after announcement of the possible acquisition

Ownership Pattern	Pre-merger (as on 31-02-2008)	Post-merger (as on 30-09-2008)
Foreigner (Promoter and Group)	0	0
Indian (Promoter and Group)	34.83%	34.74%
Total of Promoter	34.83%	34.74%
Non Promoter (Institutions)	39.18%	19.06%
Non Promoter (Non Institutions)	23.09%	44.71%
Total Non-promoter	62.27%	63.77%
Total Promoter and Non promoter	97.10%	98.51%
Custodians (against depository receipts)	2.90%	1.49%
Grand Total	100%	100%

Table 7: Exhibit 7: Shareholding pattern of RLL pre and post-merger
Source: Capitaline.com

Sl. no.	Company Name	Remark
1	URL Pharma	Acquired Generics Business of URL Pharmaceuticals Acquired a comprehensive list of ANDAs and generic products from Takeda Pharmaceuticals
1	DUSA Pharmaceuticals Ltd.	Acquired in 2012 with \$ 230 million
2	Merck	Joint Venture with MSD in the year 2011 Joint Venture with a focus on emerging markets
3	Caraco Pharmaceutical Laboratories	Initial stake in 1997, 100% in 2010
4	Taro Pharmaceutical Industries Ltd.	Acquired majority stake in a multinational generic manufacturer with established North America presence and a strong dermatology franchise in the year 2010
5	Inwood Laboratories	Acquired in 2009 for products from forests lab's in wood division
6	Chattem Chemical Inc.	Acquired in 2008
7	Able Laboratories Inc.	Acquired controlled substance manufacturing assets in 2005
8	ICN	Acquired Hungarian Operations and Formulation Plant of ICN Acquired Alkaloida's controlled substance APIs and dosage form manufacturing plant.
9	Women's Healthcare	Acquired in 2004
10	Phlox Pharmaceutical Lts.	Acquired in 2004
11	MJ Pharma	Acquired initial stake in 1996, 100% takeover in 2002.
12	Pradeep Drug Company Ltd	Acquired in 2000
13	Milmet Laboratories	Acquired in 1999 in order to initiate entry in ophthalmology
14	Gujarat Lyka Organics	Initial stake investment in 1996, 100% takeover in 1999.
15	Natco Pharma Ltd.	Acquired in 1998. Helped initiate entry in chest and respiratory therapy areas.
16	TamilNaduDadha Pharmaceuticals Ltd.	Acquired in 1997
17	Knoll BASF Pharma	Acquired bulk drugs Plant in 1996, later acquired API plant in Ahmednagar.

Table 8: Exhibit 8: List of Acquisitions and Mergers by Sun Pharma

Source: Sun Pharma

Period		Instrument	Authorized Capital In Cr	Issued Capital In Cr	-Paid Up-		
From	To				Shares	Face Value	Capital (In Cr.)
2012	2013	Equity Share	150.0	103.6	1035581955	1.0	103.6
2011	2012	Equity Share	150.0	103.6	1035581955	1.0	103.6
2010	2011	Equity Share	150.0	103.6	1035581955	1.0	103.6
2009	2010	Equity Share	150.0	103.6	207116391	5.0	103.6
2008	2009	Equity Share	150.0	103.6	207116391	5.0	103.6
2007	2008	Equity Share	147.5	103.6	207116391	5.0	103.6
2006	2007	Equity Share	127.4	96.7	193402120	5.0	96.7
2005	2006	Equity Share	154.0	92.9	185731637	5.0	92.9

Table 9: Exhibit 9: The details of present capital structure of Sun Pharma

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