

Phlox Pharma swap ratio is 790:1

Mumbai, July 31, 2004: At Sun Pharma's Board meeting today, the swap ratio for the proposed merger of the cephalosporin bulk active company, Phlox Pharma, were approved.

The board has recommended the share exchange ratio at 1 (One) equity share of Rs.5/- each of Sun Pharma in exchange of every 790 equity shares of Rs.10/- each fully paid up (or 7900 equity share of Rs.10/-each on which Re.1/- is paid up) of Phlox Pharma. This will result into issue of approx, 29750 equity shares of the Company.

This is subject to approval of the Board for Industrial & Financial Reconstruction (BIFR) / National Company Law Tribunal (NCLT) and/or other necessary statutory authorities / parties.

Phlox Pharma (paid up equity capital Rs. Rs.234.7, mill, 12 mo income from operations to 09/03: Rs.48.2mill) is a closely held Bulk drug manufacturing pharmaceutical company originally set up by an expatriate technocrat, with a 37 MT/ annum capacity plant for cephalosporins in Baroda Dist.

Phlox holds a European DMF for cefuroxime axetil amorphous. Phlox had earlier filed a reference with the Board for Industrial and Financial Reconstruction (BIFR) as a sick company.

Sun Pharma is ranked 5th among all Indian pharma companies with a 3.15 % market share (IMS -ORG Retail Chemist Audit, June 2004). The company has used a number of acquisition opportunities to propel growth in the last decade, including the acquisition of a bulk active plant in Ahmednagar from Knoll Pharma, the acquisition of bulk manufacturing companies Pradeep Drugs and Gujarat Lyka Organics.

In the domestic market the company is a leader in niche therapy areas such as psychiatry, neurology, cardiology, diabetology, gastroenterology, orthopedics, with a rank among the top 3 companies (CMARC Mar- June 2004).

The Company has strong initiatives planned in research, with additional 250,000 sq ft of research floor area recently added across 2 new sites, a 330 person strong scientist team, and commitments of \$15 mill to R&D for each of the next two years.

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