

Sun Pharma board announces 1:500 ratio for PDC

Mumbai, February 26, 2001

The board of directors of Sun Pharma met today to consider the valuation reports for the proposed merger of Pradeep Drug Company. The valuation reports of Price Waterhouse (the valuers appointed by Sun Pharma) and Dhir & Dhir Associates (the valuers appointed by Pradeep Drug Company) were taken on record.

The Board of Directors was in concurrence on a swap ratio of 1:500, i.e. 1 equity share of Sun Pharma will be allotted post merger for every five hundred equity shares of Pradeep Drug company. The merger will be effective from 1st April, 2000 subject to approvals from shareholders and requisite authorities.

The board expects to issue 18,520 fresh shares of Sun Pharma in exchange of 92,59,657 shares of Pradeep Drug Company.

As per balance sheet as at 31/3/2000, per Pradeep Drug company has debt of Rs.7.26cr and net current liabilities of Rs5.57cr. it has accumulated losses of over Rs.15cr.

"Pradeep Drugs strengthens our bulk active game plan. The advantage is two fold-through speciality bulk actives exports to non-regulated markets. As well as the freeing up of capacity at our existing plants for the regulated markets" said Dilip Shanghvi, Managing Director.

The Pradeep Drug site would be used to address the domestic as well as non-regulated markets. High value added complex speciality bulk drugs for exports to regulated markets would be manufactured at the sites in Panoli and Ahmednagar. A dedicated facility at Ankleshwar (the erstwhile Gujarat Lyka plant) manufactures Cephalixin.

Pradeep Drug Company (03/2000 turnover Rs. 21.47 Cr, net loss Rs. 0.95 Cr.) is a Chennai based listed company with a large bulk active manufacturing facility spread over 17.5 acres. Dadha family and associates hold about 40% stake in the company. Pradeep Drug Company has been a BIFR referred company since 1997. Currently, the largest selling bulk drugs from Pradeep Drug are Clarithromycin, Azithromycin and Erythromycin.

Sun Pharma (March 2000 turnover Rs. 476.42 Cr. and PAT Rs. 90.67 Cr.) is ranked 5th by prescription sales in the domestic market with a clear leadership position in the therapy areas of psychiatry, neurology, cardiology, gastroenterology. Formulation sales account for about 67% of turnover. The Company's speciality prescription products and bulk drugs are marketed in 26 countries. Exports account for 20% of current turnover.

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