Sun Pharma to acquire a bulk active company Phlox Pharma has EDMF approval, UKMCA / USFDA compliant plant

Mumbai, July 6, 2004: At Sun Pharma's Board meeting today, key decisions were taken with regards to the acquisition of a cephalosporin bulk active company, Phlox Pharma.

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.

The Board decided further that the exchange ratio for shares of Phlox with the shares of the Company should be decided in due course.

The above merger, and the draft rehabilitation scheme will be subject to the approval of Company's shareholders, BIFR and other necessary statutory authorities.

An Extra Ordinary General meeting of shareholders has been convened on Saturday, 31st July 2004 seeking approval for merger of Phlox Pharmaceuticals Ltd with Sun Pharma, the issue and allotment of shares to Phlox Pharma's shareholders.

Said Mr Sudhir Valia, Director, The acquisition of Phlox with its existing international approval and international regulatory standards compliant plant offers us a quick entry into this valuable space, and we have an interesting list of products that can be scaled up at this facility.

Sun Pharma is ranked 5th among all Indian pharma companies with a 3.12 % market share (IMS -ORG Retail Chemist Audit, April 2004). The company has used a number of acquisition opportunities to propel growth in the last decade. Several turnarounds in the bulk active space have been accomplished, such as acquisition of a bulk active plant in Ahmednagar from Knoll Pharma, this plant is now USFDA approved with ISO 140001 and ISO 9002 certification, the Pradeep Drug Plant which is GMP approved, and holds ISO 9002 approval.

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 Nov - Feb 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 320 person strong scientist team, and commitments of $15 mill to R&D for each of the next two years.

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