



## PUBLIC ANNOUNCEMENT

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### FOR THE ATTENTION OF THE EQUITY SHAREHOLDERS/ BENEFICIAL OWNERS OF THE EQUITY SHARES OF THE COMPANY

[This Public Announcement is in compliance with the Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998]

#### Offer for Buyback of Equity Shares from Open Market through Stock Exchanges

##### 1. THE OFFER AND BUYBACK PRICE

1.1 Sun Pharmaceutical Industries Limited ("Sun Pharma" or "the Company") hereby announces the Buyback of fully paid-up equity shares of the Company of face value of Rs.10 each and/or Rs.5 each (being the face value and paid-up value subsequent to the splitting of the equity shares of Rs.10 into 2 equity shares) not exceeding 2,000,000 (Two Million) number of equity shares of Rs.10 each and/or 4,000,000 (Four Million) number of equity shares of Rs.5 each, i.e., not exceeding equity shares of face value of Rs.20,000,000 (Rupees Twenty Million only), being less than 25% of the paid-up equity share capital of the Company, for an aggregate amount not exceeding Rs.1,200,000,000 (Rupees Twelve Hundred Million only), being less than 25% of the paid-up equity share capital and free reserves of the Company, upto a maximum price of Rs.750 (Rupees Seven Hundred and Fifty only) per equity share of Rs.10 each or upto a maximum price of Rs.375 (Rupees Three Hundred and Seventy Five only) per equity share of Rs.5 each ("the maximum price"), from the existing shareholders and beneficial owners of the shares of the Company from open market through Stock Exchanges, ("the Buyback"), pursuant to the provisions of Sections 77A and 77B of the Companies Act, 1956 ("the Act") and the SEBI (Buyback of Securities) Regulations, 1998, ("the Regulations"), [including any statutory modification(s) or re-enactment of the said Act or Rules framed thereunder from time to time or the Buyback Regulations for the time being in force].

1.2 The Buyback will be effected from the Open Market through The Stock Exchange, Mumbai ("BSE") and/or the National Stock Exchange of India Limited ("NSE") (together the "Stock Exchanges") using their electronic trading facilities. The Company shall not Buyback its shares from any person(s) through negotiated deal(s) whether on or off the Stock Exchanges or through spot transactions or through any private arrangement in the implementation of the Buyback.

1.3 The maximum price has been arrived at after taking into consideration factors such as the book value, the market value of the shares on the Stock Exchanges and the possible impact of the Buyback on the Company's earnings per share.

1.4 If all shares were bought back at the maximum price, the maximum possible shares which can be bought back would be 1,600,000 shares of Rs.10 each or 3,200,000 shares of Rs.5 each aggregating to a face-value of Rs.16,000,000 (Rupees Sixteen Million only). The number of shares to be bought back would depend upon the average price paid for the shares bought back and the amount deployed in the Buyback.

##### 2. AUTHORITY FOR THE BUYBACK

2.1 Pursuant to the provisions of Article 13 of the Articles of Association of the Company and in accordance with the provisions of Sections 77A read with first proviso to clause (b) of sub-section (2) thereof, 77AA and 77B and all other applicable provisions, if any, of the Companies Act, 1956 and the provisions contained in the Regulations, the present Buyback of equity shares of the Company from Open Market through Stock Exchanges has been duly authorized by:

- a special resolution passed by the Shareholders of the Company ("the Shareholders") through postal ballot at its Extraordinary General Meeting ("EGM") held on December 20, 2002.
- a resolution passed by the Board of Directors at its meeting held on December 20, 2002.

##### 3. BRIEF INFORMATION ABOUT THE COMPANY

3.1 Sun Pharma, incorporated under the Companies Act, 1956, on March 1, 1993, manufactures and markets speciality drugs and active pharmaceutical ingredients for chronic therapy areas, such as cardiology, psychiatry, neurology and women's health. It also exports bulk drugs and branded formulations in several countries. Currently, Sun Pharma is ranked among the top 5 pharmaceutical companies in India.

3.2 The brief audited financial information of the Company for the last three financial years ended March 31, 2002 and unaudited financial information of the Company for the first half of the current year are detailed below.

(Rs. in Millions)

Key Financials	6 Months ended Unaudited*		Year Ended Audited	
	September 30, 2002	March 31, 2002	March 31, 2001	March 31, 2000
Total Income	4110.3	7589.8	6211.1	4810.0
Reported Profit after Tax	1013.8	1686.4	1351.8	836.6
Equity Dividend (%)		50%	50%	100%
Equity Share Capital <sup>1</sup>	467.9	467.7	467.5	154.2
Preference Share Capital <sup>2</sup>	-	-	327.2	490.8
Share Capital Suspense	-	0.2	0.2	4.8
Reserves & Surplus		4888.5	3858.6	2997.4
Net Worth		5356.4	4633.5	3647.2
Total Debt		122.3	357.1	486.2
<b>Key Ratios</b>				
Earnings per Share (Rs.) <sup>3</sup>	21.70	35.72	27.83	54.44
Book Value per Equity Share (Rs.)	-	114.47	92.49	198.51
Total Debt: Equity Ratio	-	0.02	0.08	0.13
Return on Average Net Worth (%) <sup>4</sup>	-	33.69%	32.57%	24.57%

\* Subjected to a limited review by the Statutory Auditors of the Company

##### Notes

- Equity Share Capital increased in FY-2000-01 pursuant to a 2:1 bonus issue
- Please refer Note 1 to 6.1 of this Announcement.
- EPS for first half of FY 2002 -03 has not been annualised.
- Calculated as Reported Profit after Tax divided by Average Net-Worth.

##### 4. NECESSITY FOR BUYBACK

4.1 The Buyback proposal is being mooted in keeping with the Company's desire to enhance overall shareholder value. The Buyback is expected to enhance the earnings per share of the Company in future and create long-term shareholder value. The cash flow from operations of the Company is healthy with adequate fund being generated to fully fund business investments. This Buyback provides an exit option to the shareholders to sell their equity shares and may ensure that the growth of the Company is not impaired in any way.

##### 5. EXTRACT OF THE EXPLANATORY STATEMENT TO THE NOTICE DATED OCTOBER 28, 2002 TO THE EGM CONTAINING DISCLOSURES AS SPECIFIED IN SCHEDULE-I OF THE REGULATIONS

The items contained in points 1, 2, 3, 4, 5, 9 and 16 of the Explanatory Statement have been covered in 1.1, 1.2, 1.3, 4, 7.1, 9.5, 9.6, 13.4 and 13.5 of this Public Announcement. Points 14 and 15 are not material to this Announcement.

6. The aggregate shareholding of the Promoters and persons acting in concert in the Company as on October 28, 2002, being the date of the Notice convening the EGM is 3,34,42,651 equity shares of Rs.10 each aggregating to 71.46% of the total Equity Share Capital of the Company. During the last six months, on May 29, 2002, Shri Dilip S Shanghvi, the Chairman & Managing Director of the Company had purchased 19,493 equity shares of Rs.10 each at Rs.600 per equity share pursuant to the Letter of Offer to the shareholders of the specified area on voluntary delisting of the equity shares of the Company from the Stock Exchanges of Delhi, Chennai, Ahmedabad and Kolkata. Further Sun Pharmaceutical Industries Key Employees Benefit Trust and Shanghvi Family and Friends Benefit Trust purchased 2,795 equity shares and 580 equity shares of the Company respectively of Rs.10 each at a maximum price of Rs.573.50 on October 4, 2002.

7. The Company shall not purchase shares under the Buyback programme from the Promoters or persons in control of the Company.

8. As per the provisions of the Act, the Special Resolution passed by the shareholders approving the Buyback shall be valid for a maximum period of 12 months from the date of passing of the said Resolution. The Board shall determine the time frame for completion of the Buyback within this validity period.

10. In terms of the provisions of Section 77A(8) of the Act, the Company will not be entitled to make a fresh issue of equity shares for a period of six months from the date of completion of the Buyback envisaged under this Resolution except in cases/ circumstances mentioned in the said Section.

11. The Company confirms that there are no defaults subsisting in the repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.

12. The Board confirms:

(i) that it has made the necessary and full enquiry into the affairs and prospects of the Company and has formed the opinion,

a. that immediately following the date on which the Extraordinary General Meeting is convened, there will be no grounds on which the Company could be found unable to pay its debts, and

b. as regards its prospects for the year immediately following the date of the Extraordinary General Meeting, that having regard to its intentions with respect to the management of the Company's business during that year and to the amount and character of the financial resources which will, in the view of the Board, be available to the Company during that year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of the Extraordinary General Meeting held on December 20, 2002, and

(ii) in forming its opinion for the above purposes, the Board has taken into account the liabilities as if the Company were being wound up under the provisions of the Companies Act, 1956 (including prospective and contingent liabilities)

13. The text of the Report dated October 28, 2002 received from M/s PriceWaterhouse, Chartered Accountants, Mumbai the Statutory Auditors of the Company, addressed to the Board of Directors is reproduced below:

"In connection with the proposal of the Sun Pharmaceutical Industries Ltd. (the Company) to Buyback its shares and in pursuance of the provisions of Section 77A and 77B of the Companies Act, 1956 and the Securities and Exchange Board of

India (Buyback of Securities) Regulations, 1998, we have examined the audited financial statement of the Company for the year ended March 31, 2002 and other relevant records as adopted by the shareholders at the 10<sup>th</sup> Annual General Meeting held on August 28, 2002 and based on such examination and the information and explanations given to us, report that:

- We have inquired into the Company's state of affairs.
- In our opinion, the amount of maximum permissible capital payment, being Rs.1,200,000,000 (as per the Board of Directors resolution dated October 28, 2002) which is 24.75% of the total paid up capital and free reserves of the Company as at March 31, 2002, for the shares to be bought back, is properly determined in accordance with Section 77A (2)(c) of the Companies Act, 1956 as ascertained below:

	Amount (in Rs.) as at March 31, 2002
<b>Paid up share capital (including share capital suspense) (A)</b>	467,943,080
<b>Add: Free Reserves</b>	
Share Premium	57,404,564
General Reserves	3,034,901,461
Profit & Loss Account Balance*	1,287,692,719
4,379,998,744	
<b>Total Free Reserves (B)</b>	
<b>Total (A + B)</b>	<b>4,847,941,824</b>

\* As legally advised

The maximum permissible amount of capital payment for Buyback as per Section 77A(2)(C) of the Companies Act, 1956 of India is Rs.1,211,985,456.

3. The Board of Directors in their meeting held on October 28, 2002 have formed their opinion, as specified in clause (x) of Schedule 1 of Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998, on reasonable ground and that the Company will not having regard to its state of affairs, be rendered insolvent within a period of one year from the date of Extraordinary General Meeting of the members of the Company, proposed to be held on December 20, 2002."

##### 6. EQUITY CAPITAL STRUCTURE AND SHAREHOLDING PATTERN

6.1 The Share Capital of the Company as on December 19, 2002 is as follows: -

Share Capital	(Rs. in Millions)
Authorized	
100,000,000 equity shares of Rs.10 each	1000.0
300,000,000 preference shares of Re.1 each	300.0
Issued and Subscribed	
46,794,308 equity shares of Rs.10 each	467.9
187,177,232 preference shares of Re. 1 each	187.2

##### Notes

- 34,437,166 equity shares of Rs.10 each were allotted as fully paid bonus shares by capitalization of Share Premium Account, Profit and Loss Account and Amalgamation Reserve Account. 187,177,232 Fully-Paid 6% Cumulative Redeemable Preference Shares of Re.1 aggregating to Rs.187,177,232 were allotted as fully paid-up bonus shares by capitalization of the Capital Redemption Reserve Account.
- 413,633; 208,000; 477,581; 11,438; 18,519; 19,771 equity shares of Rs.10 each fully paid, were allotted to the shareholders of erstwhile Tamilnadu Dadha Pharmaceuticals Ltd., Milmet Laboratories Pvt. Ltd., Gujarat Lyka Organics Ltd., Sun Pharmaceutical Exports Ltd., Pradeep Drug Company Ltd. and M J Pharmaceuticals Ltd. respectively, pursuant to Schemes of Amalgamations, without payment being received in cash.
- Save and except the purchase of an aggregate number of 22,868 equity shares of Rs.10 each of the Company on various dates, the highest rate being Rs.600 per share on May 29, 2002 and the lowest rate being Rs. 573.50 per share on October 4, 2002, no shares were either purchased or sold by the Promoters during the period of 12 months preceding December 20, 2002.
- The shareholding pattern of the Company as on December 20, 2002 is as follows.

Shareholders' Category	Shares/voting rights held prior to the Buyback		Shares/voting rights to be acquired in the Buyback <sup>1</sup>		Shares/voting rights held after the Buyback <sup>1</sup>		
	No. of Shares	%	No. of Shares	%	No. of Shares	% <sup>2</sup>	
<b>1. Promoter Group</b>							
a. Promoters <sup>3</sup>	30,790,858	65.80			30,790,858	68.74	
b. Persons acting in Concert	2,652,097	5.67			2,652,097	5.92	
<b>Total</b>	<b>33,442,955</b>	<b>71.47</b>			<b>33,442,955</b>	<b>74.66</b>	
<b>2. Institutional Investors</b> (Financial Institutions, Banks, Insurance Companies, State Govt. Institutions, Foreign Institutional Investors and Mutual Funds)	<b>8,250,469</b>	<b>17.85</b>			<b>(2,000,000) (4.27)</b>	<b>11,351,353</b>	<b>25.34</b>
<b>3. Others</b> (Private Corporate Bodies, Indian Public, NRIs, OCBs etc. not included in 1 and 2 above)	<b>5,090,884</b>	<b>10.88</b>					
<b>Total</b>	<b>46,794,308</b>	<b>100.00</b>			<b>44,794,308</b>	<b>100.00</b>	

##### Notes

- Assuming that equity shares aggregating to 2,000,000 of Rs.10 are bought back at or below the Maximum Offer Price of Rs. 750 with the Maximum amount permissible for the Buyback of Rs.1200 million. The shareholding, post Buyback, may differ depending upon the actual number of equity shares bought back under the Buyback Offer. The figures post split on account of split of share from Rs. 10 to Rs. 5 per share shall accordingly be different, however the resulting percentages shall remain the same.
- On the reduced equity capital base
- Including the Directors of the Promoters where the Promoter is a Company
- SOURCES OF FUNDS**
- The maximum amount of Rs.1200 million required to be invested by the Company for the Buyback of the equity shares will be financed out of the securities premium account and/or other free reserves of the Company.

##### 8. LISTING DETAILS AND STOCK MARKET DATA

- The equity shares of the Company are listed on Vadodara Stock Exchange Ltd., BSE, NSE and The Calcutta Stock Exchange Association Limited ("CSE"). The Company is awaiting approval from CSE for voluntary de-listing.
- The high and low market prices for the last three years and the monthly high, low and average market prices from January 2002 to November 2002 (11 months preceding this Public Announcement) and the corresponding volumes on NSE where the shares of the Company are most frequently traded are as follows:

Period	High (Rs.)	Date of High & No. of Shares traded on that Date	Low (Rs.) <sup>1</sup>	Date of Low & No. of Shares traded on that Date	Average Price (Rs.) <sup>2</sup>	Total Volume Traded in the Period
1999	650.33	Dec 15 (48,004)	90.20	Jan 1 (3700)	370.27	8,607,933
2000	1035.66	Feb 29 (32,870)	286.00	May 3 (84,885)	660.83	11,624,319
2001	647.00	May 30 (28,693)	431.00	Mar 13 (23,952)	539.00	6,093,964
Jan 2002	691.70	Jan 16 (108,330)	551.25	Jan 4 (38,427)	621.48	776,326
Feb 2002	667.00	Feb 26 (9,993)	606.00	Feb 7 (8,311)	636.50	264,917
Mar 2002	675.00	Mar 28 (16,902)	630.00	Mar 1 (3,778)	652.50	208,045
Apr 2002	704.00	Apr 2 (27,325)	580.00	Apr 22 (99,291)	642.00	338,121
May 2002	648.70	May 3 (9,617)	550.00	May 31 (29,441)	599.35	212,277
Jun 2002	605.00	Jun 13 (3,976)	494.00	Jun 11 (4,094)	549.50	192,283
Jul 2002	570.00	Jul 1 (2,681)	525.15	Jul 30 (11,346)	547.58	181,501
Aug 2002	599.75	Aug 30 (2,626)	500.00	Aug 21 (8,073)	549.88	144,524
Sep 2002	630.00	Sep 20 (2,613)	555.10	Sep 30 (2,794)	592.55	95,048
Oct 2002	598.00	Oct 29 (58,127)	510.00	Oct 30 (13,332)	554.00	310,353
Nov 2002	565.00	Nov 29 (4,169)	522.00	Nov 13 (46,245)	543.50	218,127

Source: NSE

##### Note

- Adjusted for the 2:1 bonus issue in FY-2000-01
- Average of High and Low Prices in the period.
- The Shareholders of the Company at their EGM held on December 20, 2002 approved the proposal for the Buyback. The closing market price of the shares of the Company on December 23, 2002, i.e. the working day immediately after the date of the resolution of the Shareholders approving the Buyback was Rs.591.40 per Share. (Source: Official Quotations from NSE)
- 9. MANAGEMENT DISCUSSIONS AND ANALYSIS ON THE LIKELY IMPACT OF BUYBACK ON THE COMPANY**
- The Buyback is not likely to cause any material impact on the profitability of the Company except notional loss of income, if any, on account of cash to be utilized for the Buyback.
- The Share Buyback programme is expected to contribute to the overall enhancement of shareholder value.
- The Promoters cannot offer shares held by them under the Buyback. Consequent to the Buyback, and depending upon the response to the Buyback offer, the holding of the Promoters and persons acting in concert, may increase up to a maximum of 74.66%. The Buyback of shares will not result in a change in control or otherwise affect the existing management structure.
- Consequent to the Buyback and based on the number of shares offered for Buyback by Fls, NRIs, Indian Financial Institutions/ Banks/Mutual Funds and Public including Bodies Corporate, their shareholdings would undergo a change.
- As required under the Act, the ratio of the debt owed by the Company would not be more than twice the share capital and free reserves after the Buyback. The Total Debt Equity Ratio as at March 31, 2002 is 0.02: 1.
- None of the Directors is in any way concerned or interested, either directly or indirectly, in this Buyback except to the extent that in like manner as for all other shareholders, their percentage holding in the post Buyback equity share capital of the Company shall proportionately stand enhanced consequent upon the Buyback.

##### 10. STATUTORY APPROVALS

10.1 The Buyback of shares from Non-Resident shareholders will be subject to approvals, if any, of the appropriate authorities including Reserve Bank of India, as applicable.

##### 11. PROPOSED TIME TABLE

EGM approving Buyback	December 20, 2002
Date of opening of the Buyback	January 7, 2003
Acceptance of Shares	Within 15 days of the relevant payout dates of the Stock Exchanges.
Extinguishment of Shares	Within 7 days of acceptance as above.
Last Date for the Buyback	December 19, 2003 (12 months from the date of passing of the Special Resolution) or when the Company has completed Buyback to the extent of 25% of the paid-up equity capital and free reserves, however not exceeding 25% of the paid-up equity share capital, under the Offer or such earlier date as may be determined by the Board any time even if the maximum limit of Buyback of shares has not been reached (by giving appropriate notice for such earlier date, if any).

##### 12. PROCESS AND METHODOLOGY FOR BUYBACK PROGRAMME

- The Offer is open to all Shareholders/Beneficial Owners of the shares, both registered and unregistered, except Promoters of the Company and persons acting in concert as indicated in this Announcement.
- The Regulations permit the Company to effect the Buyback from the Open Market only through the Stock Exchanges having electronic trading facility. Accordingly, the Company proposes to Buyback shares on BSE and NSE only.
- For the aforesaid Buyback the Company has appointed the following brokers ("the Brokers") through whom the purchases and settlement on account of the Buyback would be made as indicated below:
  - JM Morgan Stanley Retail Services Pvt. Ltd. (141, Maker Chambers III, Nariman Point, Mumbai 400 021. Tel: 022 5630 3030)
  - CLSA India Ltd. (8/F Dalal House, Nariman Point, Mumbai 400021. Tel: 022 2284 1348)
- The Buyback of shares will be made only through the order matching mechanism except "all or none" order matching system.

12.5 The Company may from time to time, commencing from January 7, 2003, place "buy" orders on the BSE and/or NSE to buy shares through the Brokers, in such quantity and at such prices, not exceeding the maximum price, as it may deem fit, depending upon the prevailing quotations of the shares on the Stock Exchanges. When the Company has placed an order for Buyback of shares, the identity of the Company as purchaser would be available to the market participants of NSE and BSE.

12.6 Beneficial owners who desire to sell their shares under the Buyback would have to do so through a stockbroker who is a member of either BSE or NSE, by indicating to their broker the details of shares they intend to sell whenever the Company has placed a "buy" order for Buyback of shares. The trade would be executed at the price at which the order matches and that price would be the price for that seller. The execution of the order, issuance of contract note, delivery of stock to the member and receipt of payment from the member would be carried out in accordance with the Stock Exchanges and Securities and Exchange Board of India (SEBI) requirements.

12.7 It may be noted that all the shares bought back by the Company may not be at a uniform price. Further, the Company is under no obligation to place a "buy" order on a daily basis, nor is the Company under any obligation to place an order on both the odd lots as well as the normal trading segment of the Stock Exchanges, as applicable.

12.8 The shares of the Company are traded in the compulsory demat mode. Therefore those Shareholders holding shares in physical form may sell their shares on BSE under non specified securities scrip code allotted by the Exchange, if and when the Company places an order in that segment.

12.9 Nothing contained herein shall confer any right on the part of any Shareholder to offer, or any obligation on the part of the Company or the Board or to Buyback any shares, and/or impair any power of the Company or the Board to terminate any process in relation to the Buyback, if so permissible by law.

##### 13. METHOD OF SETTLEMENT

13.1 The Company will pay the consideration to the Brokers on every settlement date, as applicable to the respective Stock Exchanges.

13.2 The Beneficial Owners holding shares in the demat form would be required to transfer the number of shares sold by tendering the delivery instructions to their respective depository participant ("DP") for debiting their beneficiary account maintained with the DP and crediting the same to the pool account of the broker through whom the trade was executed. The shareholders holding shares in physical form may present the Share Certificates along with valid transfer deeds to their respective brokers through whom the trade was executed.

13.3 The Company has opened a Depository Account styled "Sun Pharmaceutical Industries Limited Buyback of Equity Shares". The shares bought back in the demat form would be transferred into the aforesaid account by the Brokers on receipt of the shares from the clearing and settlement mechanism of BSE and NSE.

13.4 The shares lying in credit in the aforesaid account will be periodically extinguished within 7 days from the date of Acceptance of the shares in the manner specified in the Regulations. In respect of shares bought back in the physical form, such shares will be extinguished and destroyed physically within the said period as specified in the Regulations.

13.5 In accordance with the regulatory provisions, the shares bought back by the Company will compulsorily be cancelled and will not be held for re-issue at a later date.

13.6 In terms of the provisions of Section 77A(8) of the Act, the Company will not be entitled to make a fresh issue of equity shares for a period of six months from the date of completion of the Buyback envisaged under the EGM Resolution except in cases/ circumstances mentioned in the said Section.

##### 14. COMPLIANCE OFFICER(S) (JOINTLY AND/OR SEVERALLY AT THEIR CORPORATE OFFICE)</