



# Sun Pharmaceutical Industries Limited

Registered Office: SPARC, Akota Road, Akota, Vadodara – 390 020.

Corporate Office: Acme Plaza, Andheri Kurla Road, Andheri (East), MUMBAI – 400 059.

## NOTICE OF EXTRA ORDINARY GENERAL MEETING

**NOTICE** is hereby given that an Extra-Ordinary General Meeting of the Equity Shareholders of Sun Pharmaceutical Industries Limited will be held at Vishal Hall, Ground Floor, Vishal Shopping Centre, Hotel Highway Inn, Andheri Kurla Road (Near Andheri Railway Station), Opp. Andheri Gymkhana, Andheri (East), Mumbai 400 069 on Saturday, the 31<sup>st</sup> July, 2004 at 10.30 a.m. to transact the following business:

1. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** subject to the sanction of the Board for Industrial and Financial Reconstruction (BIFR) under the provision of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA)/ National Company Law Tribunal (NCLT) or any such concerned authority, a draft Scheme of Amalgamation/ Merger of Phlox Pharmaceutical Limited (Phlox), with the Company as laid before the meeting and initiated by the Chairman for the purpose of identification, be and the same is hereby approved and the Board of Directors of the Company be and is hereby authorised to accept such alterations and modifications in the said Scheme as may be stipulated or required by BIFR/NCLT or any such concerned authority, Operating Agency, State or Central Government authorities, creditors and employees of Phlox and other concerned persons if any, while sanctioning or participating in the said Rehabilitation Scheme of Amalgamation/Merger and/or granting such approvals, if any required in connection therewith, which the Board of Directors of the Company may deem fit and in the interest of the Company and to do such acts, deeds and things as may be necessary to give effect to the said Scheme of Amalgamation/Merger".

2. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a **Special Resolution**:

**"RESOLVED THAT** in accordance with the provisions of Section 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force and subject to such approvals, permissions and sanctions, consents and/or permissions and subject also to such terms, conditions and modifications as may be prescribed or imposed while granting such approvals, sanctions, permissions and/or consent and agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this Resolution), the consent, authority and approval of the Company be and is hereby accorded to the Board to the issue and allotment of such number of equity shares of Rs.5/- each of the Company to the shareholder(s) of Phlox Pharmaceuticals Limited (Phlox) in exchange of such number of equity shares of Rs.10 each fully paid up and/or of equity shares of Rs.10 each partly paid up @ Re.1 per share paid up respectively, held by it/them in Phlox and in such proportion as may be determined by the Board of Directors of the Company in due course or such number of shares and in such proportion as may be determined in the Rehabilitation Scheme of Amalgamation/Merger finally sanctioned by Board for Industrial and Financial Reconstruction (BIFR)/ National Company Law Tribunal (NCLT) or any such concerned authority/Parties. In case of any change, the matter should be placed before the Board of Directors as they are being hereby authorised to accept and/or execute such change in accordance with final approval of the Scheme by BIFR/ NCLT or any such concerned authority.

**FURTHER RESOLVED THAT** in the event of any shareholder of Phlox becoming entitled to any fraction of the shares of the Company as a result of such issue, no fractional certificates shall be issued by the Company and such fractions shall be consolidated into whole shares and the Board of Directors of the Company will allot such shares to any person or persons as they may, in their absolute discretion, deem fit for the purpose of holding and selling such whole shares at such time or times at such price or prices as may be approved by the Board of Directors of the Company and the aggregate sale proceeds of such whole shares, after defraying all costs, charges and expenses of sale, shall be distributed and divided pro-rata amongst such members of Phlox as would otherwise have been entitled to such fractions of the shares of the Company pursuant to the Scheme.

**RESOLVED FURTHER THAT** in the event of any shareholder of Transferor Company becoming entitled to any odd lot shares (i.e. being allotted less than 100 shares of Transferee Company) of the Transferee Company as a result of

Sun Pharmaceutical Industries Ltd.

such issue, no share certificates shall be issued by the Transferee Company and such shares shall be consolidated into market lot of shares except if the concerned shareholder has intimated to the Transferee Company in writing that he wishes to get the odd lot of share(s) allotted to him instead of consolidation and the Board of Directors of the Transferee Company will allot such shares to any person or persons as they may, in their absolute discretion, deem fit for the purpose of holding and selling such whole shares at such time or times at prevailing market price(s) or such price(s) as may be considered appropriate by such person(s) and the aggregate sale proceeds of such whole shares, after defraying all costs, charges and expenses of sale and distribution shall be distributed and divided pro-rata amongst such members of the Transferor Company as would otherwise have been entitled to such number of odd lot shares of the Transferor Company pursuant to the Scheme.

**FURTHER RESOLVED THAT** the Equity shares so allotted by the Transferee Company to the member(s) of the Transferor company will in all respects rank pari-passu with the existing equity shares of the Transferee Company for dividend and voting rights.

**RESOLVED FURTHER THAT** the equity share(s) so allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing equity shares of the Company.

**FURTHER RESOLVED THAT** the Board of Directors of the Company be and is hereby empowered to make such changes in the number of shares to be allotted, the ratio of shares to be allotted and such other changes as may be required in the Scheme of Amalgamation/Merger by the BIFR/ NCLT or any such concerned authority Government and other authorities while granting their approvals and which are acceptable to the Board of Directors of the Company.”

By Order of the Board of Directors,

Place : Mumbai.  
Dated 6<sup>th</sup> July, 2004

Kamlesh H. Shah  
*Company Secretary*

Regd. Office :  
SPARC, Akota Road,  
Akota, Vadodara - 390 020.

**NOTE:**

- 1) An Explanatory Statement relating to business set out in the Notice is annexed hereto pursuant to Section 173(2) of the Companies Act, 1956.
- 2) A Member entitled to attend and vote at the Meeting is entitled to appoint a proxy to attend and vote instead of himself and such Proxy need not be a Member of the Company.
- 3) Proxy Form and Attendance Slip are enclosed. Proxies, in order to be valid, must reach the Registered Office of the Company not less than forty-eight hours before the commencement of the meeting.
- 4) Members/proxies should bring the attendance slip duly filled in for attending the meeting.

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## ANNEXURE TO THE NOTICE

### EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

The Explanatory Statement for items No.1 and 2 of the accompanying Notice set out hereinabove is as under:

#### Item No.1

M/s. Phlox Pharmaceutical Limited (Phlox) having its Registered Office presently at A-9, Shraddha Deep Housing Complex, Opp. R.C. Patel Industrial Estate, Akota, Vadodara (Gujarat) 390 020 and having its bulk drug manufacturing facilities at Karkhadi, Padra, Vadodara (Gujarat) 391 450 is a sick industrial company registered with the Board for Industrial and Financial Reconstruction (BIFR) under the provision of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA). Phlox has filed with BIFR the Draft Proposal/Scheme for its Revival/Rehabilitation envisaging its merger with the Company.

The salient features of the said Proposal/Scheme are as under: -

1. Phlox shall with effect from the Transfer Date i.e 1<sup>st</sup> March, 2004 without further act, deed or thing, be transferred to and vested in SPIL (after restructuring of the liabilities pursuant to BIFR/National Company Law Tribunal (NCLT) or any such concerned authority approval) and on the Transfer Date, Phlox shall be deemed to have been merged/amalgamated with Sun Pharmaceutical Industries Limited (SPIL) as aforesaid.
2. Subject to the provisions contained in the scheme, all contracts, deeds, bonds, agreements, instruments and writing and benefits of whatsoever nature to which the Phlox is a party shall remain in full force and effect.
3. All the permanent employees of Phlox shall become the employees of SPIL from the effective date of amalgamation /merger.
4. Cost of the proposed Scheme and Means of Financing are as under:-

	<b>Rs. in lacs</b>
Capital Expenditure	1275
Add. Margin money for working capital	1690
Total	<u>2965</u>
<hr/>	
The New Promoters' Contribution	1801
Benefit under Section 72A	1164
Total	<u>2965</u>

The promoters contribution for the rehabilitation meets the norms prescribed by RBI and BIFR for the same.

5. Clause V of the Memorandum of Association and Article 4 of the Articles of Association of the Transferee Company (relating to the authorised share capital) shall, without any further act, instrument or deed, be and stand altered, modified and amended pursuant to Section 16, 31, 94 and other applicable provisions of the Act, as the case may be, in the manner set out below and be replaced by the following clause:

“The Authorised Share Capital of the Company is 1,560,000,000/- (Rupees One Thousand Five Hundred Sixty Millions Only) divided into 252,000,000 (Two Hundred Fifty Two Millions) Equity Shares of Rs. 5/- each and 300,000,000 (Three Hundred Millions) Preference Shares of Re.1/- (Rupee One Only) each, with power to increase or reduce such capital from time to time and power to divide the shares in the capital for time being into other classes and to attach thereto respectively such preferential, convertible, deferred, qualified or other special rights, privileges, conditions or restrictions and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with the regulations of the Company or the provisions of the law for the time being in force.”

6. The following reliefs and concessions in brief are envisaged in the draft Scheme:

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**PHLOX PHARMACEUTICALS LIMITED (Phlox):**

- I. Phlox to arrange to restructure the repayments of existing outstanding dues of bank and institutions with reduction in outstanding liabilities either in present or future, under one time settlement scheme or otherwise before the final approval by the honourable BIFR.
- II. To amend its Memorandum of Association and Articles of Association to provide for /to be able to comply with the terms and conditions as stipulated in the scheme.
- III. To do all acts, things and deeds and to execute all such undertakings, deeds, agreements, documents and other writings to give effect to all matters set out in the scheme.
- IV. To undertake to obtain any other requisite statutory approvals as and when required.
- V. All the Directors on the Board of the Directors of the Company shall cease to hold office from the date of sanction of the scheme.

**GOVERNMENT OF GUJARAT:**

- I. To waive interest and penalty on late payment of Gujarat Sales tax, purchase tax and Central sales tax, if any, by the Company.
- II. To exempt / defer payment of sales tax, turnover tax, additional sales tax, VAT and other taxes and levies on purchase/sale of raw materials, chemicals, other inputs, finished products and fixed assets of Phlox bulk drugs unit as a division of the Transferee Company, for a period of seven years from the cut off date.
- III. To exempt / to direct Gujarat Electricity Board to exempt the payment of electricity duty /cess on electricity purchased and self generated if any and sales tax thereon to the Phlox bulk drugs unit as a division of the Transferee Company for a period of seven years from the cut off date.
- IV. To make available/to direct Gujarat Electricity Board to make available the electricity without any power cut for a period of seven years from the cut off date.

**GUJARAT ELECTRICITY BOARD:**

- I. To agree to exempt the unit from power cuts as applicable on normal units and to exempt the payment of electricity duty on electricity purchased and self generated if any and sales tax thereon to the Phlox bulk drugs unit as a division of the Transferee Company for a period of seven years from the cut off date.
- II. To waive the minimum demand charges levied / leviable during and till the time the plant is not made operational.

**CENTRAL GOVERNMENT / CBDT**

- I. To approve the proposed rehabilitation scheme and to allow benefit under section 72 A of the Income Tax Act 1961 based on the amount of the carried forward unabsorbed losses and unabsorbed depreciation of Phlox as on March 1, 2004.
- II. To waive the applicability of the provisions of Section 41(1) of the Income tax Act 1961, in respect of the concessions/remissions granted under the scheme or otherwise especially due to write back or the waivers and concessions from Banks, Financial Institutions and other creditors under the Scheme or otherwise.
- III. To waive the penalty/ interest charged / chargeable under the Income Tax Act, 1961 and Central Excise and Salt Act.

**KANDLA SPECIAL ECONOMIC ZONE (KSEZ)**

- I. To extend period by two years for fulfillment of Export Obligation against Advance DTA actually availed by Phlox.
- II. To condone payment of duties on sales of non-moving / expired Raw Materials and Stores.

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### **SUN PHARMACEUTICAL INDUSTRIES LIMITED (SPIL):**

- I. To bring in Rs.1801 lacs as promoters contribution, as provided in the scheme from March 01, 2004, the cut off date of the scheme.
  - II. To implement the scheme of amalgamation and utilize the income tax benefits available on account of the same towards financing the rehabilitation scheme, till the income tax benefit is obtained, the Transferee Company would finance the scheme by way of unsecured loans.
  - III. To finance any shortfall arising out of non-availability of any other relief apart from the relief as mentioned in the Scheme by way of interest free contribution/resources, loans from the Transferee Company..
  - IV. To meet any contingent or other liabilities, undisclosed or not provided for in the cost of the scheme for Phlox by bringing in further unsecured loans.
7. Other terms and conditions:
- I. All the past employees who are not on the payroll of Phlox on the date of Scheme will not have any entitlement of re-employment or entitled to obtain any additional compensation under the new management of the Transferee Company.
  - II. Any Financial Institution may be designated as the Monitoring Agency (MA).

Upon the Scheme being approved by the BIFR/NCLT or any such concerned authority and the amalgamation becoming effective in terms of the Scheme, SPIL shall issue at par and allot to the shareholders of Phlox, as may be approved by the Board of Directors of the Company, such number of equity shares of Rs.5/- each of the Company to the shareholder(s) of Phlox in exchange of such number of equity shares of Rs.10 each fully paid up or of equity shares of Rs.10 each, on which Re.1 is paid up respectively, held by it/them in Phlox or such number of shares and in such proportion as may be determined on such date after the sanction date as the Board of Directors of SPIL may determine. The equity shares held by SPIL, if any in the share capital of Phlox shall be cancelled and extinguished. Said share-exchange ratio is before taking into consideration any bonus issue, that may be declared by SPIL from the transfer date till the actual date of allotment of shares and is liable to be reworked by the Board of Directors of SPIL, in case, any bonus shares are declared by SPIL.

The equity shares in the equity share capital of SPIL to be issued and allotted to the shareholders of Phlox pursuant to the said Scheme shall, with effect from the date of actual allotment of said share, rank pari-passu in all respects with the existing equity shares in the equity share capital of SPIL.

The Members may note that the above terms may undergo minor/major modification if the same are suggested by the concerned authorities/parties, agreed by the Company and accepted by BIFR while granting its final approval. And therefore the Board of Directors have taken power in the resolution to accept such alterations and modifications and also to do such acts, deeds and things as may be necessary in the interest of the Company to give effect to the said Scheme of Amalgamation/Merger.

Pursuant to the terms of the Scheme, the approval of the Scheme is required by way of a special resolution from the Members of SPIL in accordance with the provisions of section 18(3)(b) of SICA.

A copy of the Draft Proposal/Scheme of Merger of M/s. Phlox Pharmaceuticals Limited alongwith enclosures as submitted by Phlox to BIFR is available for inspection at the Registered Office of the Company on any working day between 11.00 a.m. to 1.00 p.m. upto the date of the meeting and at the meeting, during the meeting hours of the Company.

The Resolution as set out in item No. 1 of the Notice will be placed before the meeting for the approval of the members.

Your Directors recommend the approval of proposed resolution by the Members by way of a Special Resolution.

None of the Directors of the Company is concerned or interested in the proposed resolution.

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**Item No. 2**

The proposed Scheme of Amalgamation/Merger of Phlox with SPIL envisages issue and allotment of shares of the Company to the shareholder(s) of Phlox in exchange of the shares held by them in Phlox. Presently, the paid-up share capital of Phlox is 2,32,13,054 Equity Shares of Rs.10/- each fully paid-up and 25,98,300 Equity Shares of Rs.10/- each partly paid-up @ Re.1/- per share. Pursuant to the provisions of section 81 and other applicable provisions, if any, of the Companies Act, 1956 for issue and allotment of shares of the Company to the persons other than shareholders of the Company, sanction of the Company in General Meeting by a Special Resolution is required.

Accordingly, the required consent of the shareholders is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and also in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges.

The issue of new equity share(s) will be as per the terms and conditions set out in the said resolutions read with explanatory statement of item No. 1 of the notice and only if and when the consent of the Board for Industrial and Financial Reconstruction (BIFR)/ National Company Law Tribunal (NCLT) and/or any such concerned authority / parties and other approvals as may be necessary or required in law is obtained by the Company.

Your Directors recommend the above resolution to the members for their approval by way of a Special Resolution.

None of the Directors of the Company is in any way concerned or interested in this Resolution except the Directors of the Company may be deemed to be concerned or interested in the Resolution to the extent of securities that may be allotted by the Companies/ Institutions of which they are Directors and /or Members.

Place : Mumbai.  
Dated 6<sup>th</sup> July, 2004

By Order of the Board of Directors,

Kamlesh H. Shah  
*Company Secretary*

Regd. Office :  
SPARC, Akota Road,  
Akota, Vadodara - 390 020.



Regd. Office:SPARC, Akota Road, Akota, Vadodara - 390 020.  
Corporate Office: Acme Plaza,Andheri Kurla Road, Andheri (East),Mumbai 400 059.

### ATTENDANCE SLIP

I hereby record my presence at the EXTRAORDINARY GENERAL MEETING of the Company at Vishal Hall, Ground Floor, Vishal Shopping Centre, Hotel Highway Inn, Andheri Kurla Road ( Near Andheri Railway Station) , Opp. Andheri Gymkhana, Andheri (East), Mumbai 400 069 on Saturday, the 31<sup>st</sup> July, 2004 at 10.30 a.m.

Name \_\_\_\_\_

Folio/D.P & Client I.D. No. \_\_\_\_\_

SIGNATURE OF THE ATTENDING MEMBER/PROXY

No. of Shares held \_\_\_\_\_

- Notes: 1. Shareholder/Proxyholder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
2. Shareholder/Proxyholder desiring to attend the meeting should bring his/her copy of the Notice for reference at the meeting.

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Regd. Office:SPARC, Akota Road, Akota, Vadodara - 390 020.  
Corporate Office: Acme Plaza,Andheri Kurla Road, Andheri (East),Mumbai 400 059.

### PROXY FORM

I/We \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ being  
Member of the above named Company, hereby appoint \_\_\_\_\_  
of \_\_\_\_\_ in the district of \_\_\_\_\_ or failing him,  
\_\_\_\_\_ of \_\_\_\_\_ in the district of, \_\_\_\_\_

as my/our Proxy to attend and vote for me/us and on my/our behalf at Vishal Hall, Ground Floor, Vishal Shopping Centre, Hotel Highway Inn, Andheri Kurla Road ( Near Andheri Railway Station) , Opp. Andheri Gymkhana, Andheri (East) , Mumbai 400 069 on Saturday, the 31<sup>st</sup> July, 2004 at 10.30 a.m

Signed this \_\_\_\_\_ day of \_\_\_\_\_, 2004.

Reference Folio / D.P & Client I.D.No. \_\_\_\_\_

No. of Equity shares held \_\_\_\_\_

Affix  
15 paise  
Revenue  
Stamp

Note: The Proxy form must be returned so as to reach the Registered Office of the Company at SPARC, Akota Road, Akota, Vadodara - 390 020, not less than FORTY EIGHT HOURS before the time for holding the aforesaid meeting.

Sun Pharmaceutical Industries Ltd.

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## **Book Post**

*If undelivered please return to:*  
**Sun Pharmaceutical Industries Limited**  
Acme Plaza, Andheri - Kurla Road,  
Andheri (E), Mumbai 400 059, INDIA.