



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Equity Shareholders of Sun Pharmaceutical Industries Limited will be held on Wednesday, September 20, 2006, at 10.30 a.m at Chandarva Hall, Welcom Hotel, R. C. Dutt Road, Vadodara 390 007, Gujarat to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at March 31, 2006, the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. # To declare dividend on Preference Shares and on Equity Shares.
3. To appoint a Director in place of Shri Keki Minoo Mistry, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri Hasmukh S. Shah, who retires by rotation and being eligible, offers himself for reappointment.
5. To re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS:

6. 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 Sections 198, 269, 309, 310, 311, 314 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves, in partial modification of Resolution No.11 passed at the 10th Annual General Meeting of the Company held on August 28, 2002, the revision in the remuneration of Shri Dilip S. Shanghvi, Chairman & Managing Director of the Company with effect from April 1, 2006 as set out in the draft agreement submitted to this Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or Agreement, in such manner as may be agreed to between the Board of Directors and Shri Dilip S. Shanghvi within and in accordance with the limits prescribed in Schedule XIII of the Companies Act, 1956 or any amendment thereto and if necessary, as may be agreed to between the Central Government and the Board of Directors and acceptable to Shri Dilip S. Shanghvi;

RESOLVED FURTHER THAT in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), that is, the salary, commission, perquisites,

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allowances, etc. Within such prescribed limit or ceiling and the aforesaid draft agreement between the Company and Shri Dilip S. Shanghvi be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required by law;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this Resolution.”

7. 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 Sections 198, 269, 309, 310, 311, 314 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves, in partial modification of Resolution No.7 passed at the 11th Annual General Meeting of the Company held on September 30, 2003, the revision in the remuneration of Shri Sudhir V. Valia, Whole Time Director of the Company with effect from April 1, 2006 as set out in the draft agreement submitted to this Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or Agreement, in such manner as may be agreed to between the Board of Directors and Shri Sudhir V. Valia within and in accordance with the limits prescribed in Schedule XIII of the Companies Act, 1956 or any amendment thereto and if necessary, as may be agreed to between the Central Government and the Board of Directors and acceptable to Shri Sudhir V. Valia;

RESOLVED FURTHER THAT in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), that is, the salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling and the aforesaid draft agreement between the Company and Shri Sudhir V. Valia be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required by law;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this Resolution.”

8. 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 Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of the Companies Act, 1956, the Company hereby approves, in partial modifications of Resolution No.8 passed at the 11th Annual General Meeting of the Company held on September 30, 2003 and Resolution No.6 passed at the 13th Annual General Meeting of the Company held on September 30, 2005, the revision in the remuneration of Shri Sailesh T. Desai, Whole Time Director of the Company with effect from April 1, 2006 as set out in the draft agreement submitted to this Meeting and initialled by the Chairman for the purpose of identification, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or Agreement, in such manner as may be agreed to between the Board of Directors and Shri Sailesh T. Desai within and in accordance with the

limits prescribed in Schedule XIII of the Companies Act, 1956 or any amendment thereto and if necessary, as may be agreed to between the Central Government and the Board of Directors and acceptable to Shri Sailesh T. Desai;

RESOLVED FURTHER THAT in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), that is, the salary, perquisites, allowances, etc. within such prescribed limit or ceiling and the aforesaid draft agreement between the Company and Shri Sailesh T. Desai be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required by law;

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this Resolution.”

By order of the Board of Directors
For **SUN PHARMACEUTICAL INDUSTRIES LTD.**

Place: Mumbai
Date: July 26, 2006.

Kamlesh H. Shah
Company Secretary

Registered Office:

SPARC, Tandalja, Vadodara - 390 020.

The actual equity dividend to be declared by the Shareholders at the 14th Annual General Meeting will be for only equity shares other than equity shares in respect of which the equity Shareholder(s) has/have waived/forgone his/their right to receive the Dividend for the financial year ended 31st March, 2006.

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.

The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for holding the meeting.

2. An Explanatory Statement pursuant to Section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.

3. **Listing of Equity Shares & Preference Shares:**

The Company's Equity and Preference shares are listed with the Bombay Stock Exchange Ltd., Mumbai (BSE), and National Stock Exchange of India Ltd. (NSE). The Company's Equity Shares have been delisted from the Calcutta Stock Exchange Association Ltd. (CSE), Kolkata vide its letter No.CSEA/LD/2006 dated 25th July, 2006 under Securities and Exchange Board of India (Delisting of Securities) Guidelines, 2003.

4. **Re-appointment of Directors:**

At the ensuing Annual General Meeting, Shri Keki Minoo Mistry and Shri Hasmukh S. Shah, retire by rotation and being eligible offer themselves for re-appointment as Directors liable

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to retire by rotation. The information or details to be provided for the aforesaid Directors under Corporate Governance Code are as under:

- (a) Mr. Hasmukh S. Shah (71), is a Director of the Company since 22nd March, 2001. Mr. Shah is a B.A Economics (Hons) and M.A in Sociology with 1st Rank in the University. Mr. Shah has over four decades of experience in senior management positions. He is the Chairman of Shaily Engineering Plastics Ltd., Gujarat Gas Co. Ltd. and Oswal Multimedia KID Ltd. Mr. Shah is also a Director in the following Companies: Dinesh Remedies Ltd., Supreme Petrochem Ltd., ATUL Ltd., Deepak Nitrite Ltd., Cosmo Films Ltd. and Micro Inks Ltd.

Shri Shah is a former Chairman of Indian Petrochemicals Corporation Limited and Gujarat Industrial Investment Corporation and has held senior positions in Government of India including Joint Secretary to the Prime Minister.

He also serves as the Chairman of Shareholders'/ Investors' Grievance Committee of Micro Inks Ltd. and member of Audit Committees of Micro Inks Ltd. and Dinesh Remedies Ltd.

He does not hold any share in the Company.

- (b) Mr. Keki Minoo Mistry (51) joined the Board on 28th August, 2002. At present, he is the Managing Director of Housing Development Finance Corporation Limited (HDFC). He joined HDFC in October, 1981. Prior to joining HDFC, Mr. Mistry worked in the Indian Hotels Co. Ltd as Accounts Officer.

Mr. Mistry is a Fellow Member of the Institute of Chartered Accountants of India and a Member of the Michigan Association of Certified Public Accountants, USA.

He has rich experience in Finance and worked as a consultant to the Commonwealth Development Corporation in Bangkok, Thailand, Mauritius, Caribbean Islands & Jamaica, Asian Development Bank and Mauritius Housing Company.

Presently, he is the Chairman of Gruh Finance Ltd and Intelnet Global Services Pvt. Ltd. and is on the Board of Housing Development Finance Corporation Ltd., HDFC Developers Ltd., HDFC Bank Ltd., HDFC Trustee Company Ltd., HDFC Standard Life Insurance Company Ltd., HDFC Chubb General Insurance Company Ltd., Infrastructure Leasing & Financial Services Ltd., Mahindra Holidays & Resorts India Ltd., The Great Eastern Shipping Company Ltd., NexGen Publishing Ltd. and India Value Fund Advisors Pvt. Ltd.

He serves as the member of Shareholders'/ Investors' Grievance Committee of Housing Development Finance Corporation Ltd., member of Audit Committees of HDFC Standard Life Insurance Company Ltd., HDFC Trustee Company Ltd., Gruh Finance Ltd., Infrastructure Leasing & Financial Services Ltd. and The Great Eastern Shipping Company Ltd. He also serves as the Chairman of Audit Committee of HDFC Chubb General Insurance Company Ltd.

He does not hold any share in the Company.

5. The Register of Members and Share Transfer Books of the Company will be closed from Friday, September 8, 2006 to Wednesday, September 13, 2006 (both days inclusive).

The Dividend on Equity and Preference shares of the Company as declared by the Company will be paid on or after September 20, 2006, to the Company's Equity and Preference shareholders whose names stand registered on the Company's Register of

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Members as Beneficial Owners as at closing of business as on Thursday, September 7, 2006 as per the list provided by National Securities Depository Limited and Central Depository Services (India) Limited in respect of the shares held in electronic form and as Members in the Register of Members of the Company after giving effect to valid transfers in physical form lodged with the Company on or before Thursday, September 7, 2006.

6. At the Extra Ordinary General Meeting of the members of the Company held on Monday, 1st September, 2003, the Members have approved, by way of Special Resolution, certain amendments to the Articles of Association of the Company relating to enabling the Company to implement any instruction from a Member(s) of the Company to waive/forgo his/their right to receive the dividend (interim or final) from the Company for any financial year. Thus the Members of the Company can now waive/forgo, if he/they so desire(s), his/their right to receive the dividend (interim or final) for any financial year effective from the dividend recommended by the Board of Directors of the Company for the year ended 31st March, 2003 on a year to year basis, as per the rules framed by the Board of Directors of the Company from time to time for this purpose. The Shareholder, if so wishes to waive /forgo the right to receive Dividend for the year ended 31st March, 2006 shall fill up the form and send it to the Company's Registrars on or before September 20, 2006. The form prescribed by the Board of Directors of the Company for waiving/forgoing the right to receive Dividend for any year shall be available by downloading from the Company's website www.sunpharma.com under the section "Investor Relations") or can also be obtained from the Company's Registrars and Transfer Agents, Intime Spectrum Registry Limited.

THE BOARD OF DIRECTORS OF THE COMPANY AT ITS MEETING HELD ON 1ST SEPTEMBER, 2003 HAVE FRAMED THE FOLLOWING RULES UNDER ARTICLE 190 A OF THE ARTICLES OF ASSOCIATION OF THE COMPANY FOR EQUITY SHAREHOLDERS WHO WANT TO WAIVE/FORGO THE RIGHT TO RECEIVE DIVIDEND IN RESPECT OF FINANCIAL YEAR 2002-2003 OR FOR ANY YEAR THEREAFTER.

- I A Shareholder can waive/forgo the right to receive the dividend (either final and/or interim) to which he is entitled, on some or all the Equity Shares held by him in the Company as on the Record Date/Book Closure Date fixed for determining the names of Members entitled for such dividend. However, the shareholders cannot waive/forgo the right to receive the dividend (either final and/or interim) for a part of percentage of dividend on share(s).
- II The Equity Shareholder(s) who wish to waive/forgo the right to receive the dividend for any year shall inform the Company in the form prescribed by the Board of Directors of the Company only.
- III In case of joint holders holding the Equity Shares of the Company, all the joint holders are required to intimate to the Company in the prescribed form their decision of waiving/forgoing their right to receive the dividend from the Company.
- IV The Shareholder, who wishes to waive/forgo the right to receive the dividend for any year shall send his irrevocable instruction waiving/forgoing dividend so as to reach the Company before the Record Date /Book Closure Date fixed for the payment of such dividend. Under no circumstances, any instruction received for waiver/forgoing of the right to receive the dividend for any year after the Record Date /Book Closure Date fixed for the payment of such dividend for that year shall be given effect to.

- V The instruction once given by a Shareholder intimating his waiver/forgoing of the right to receive the dividend for any year for interim, final or both shall be irrevocable and can not be withdrawn for that particular year for such waived/forgone the right to receive the dividend. But in case, the relevant Shares are sold by the same Shareholder before the Record Date/Book Closure Date fixed for the payment of such dividend, the instruction once exercised by such earlier Shareholder intimating his waiver/forgoing the right to receive dividend will be invalid for the next succeeding Shareholder(s) unless such next succeeding Shareholder(s) intimates separately in the prescribed form, about his waiving/forgoing of the right to receive the dividend for the particular year.
- VI The Equity Shareholder who wish to waive/forgo their right to receive the dividend for any year can inform the Company in the prescribed form only after the beginning of the relevant financial year for which the right to receive the dividend is being waived/forgone by him.
- VII The instruction by a Shareholder to the Company for waiving/ forgoing the right to receive dividend for any year is purely voluntary on the part of the Shareholder. There is a no interference with a Shareholder's Right to receive the dividend, if he does not wish to waive/forgo his right to receive the dividend. No action is required on the part of Shareholder who wishes to receive dividends as usual. Such Shareholder will automatically receive dividend as and when declared.
- VIII The decision of the Board of Directors of the Company or such person(s) as may be authorised by Board of Directors of the Company shall be final and binding on the concerned Shareholders on issues arising out of the interpretation and/or implementation of these Rules.
- IX These Rules can be amended by the Board of Directors of the Company from time to time as may be required.
7. The Company provides the facility of ECS to all shareholders, holding shares in electronic and physical forms, subject to availability of such facility at the respective location of such shareholders.

Shareholders holding shares in the physical form and who wish to avail ECS facility, may authorise the Company with their ECS mandate in the prescribed form which can be downloaded from the Company's website www.sunpharma.com under the section "Finance") or can also be obtained from the Company's Registrars and Share Transfer Agents, Intime Spectrum Registry Limited and the ECS mandate, if not submitted earlier, shall be submitted to the Registrars and Share Transfer Agents, Intime Spectrum Registry Limited before September 8, 2006 so as to receive the dividend for the year ended March 31, 2006 through ECS.

In respect of shareholders holding shares in electronic form, the bank details as furnished by the respective depositories to the Company will be used for the purpose of distribution of dividend through ECS as directed by the stock exchanges. The Company/ Registrars and Share Transfer Agents will not act on any direct request from members holding shares in dematerialized form for change/ deletion of such bank details.

8. Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by the Companies (Amendment) Act, 1999, now the amount

of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund (IEF Fund). The Company will be transferring the unclaimed dividends during the financial years ending 31st March, 2007 to 31st March, 2009 as given below.

Financial Year Ended	Date of Declaration of Dividend entitled	Rate of Dividend	Last date for claiming unpaid Dividend	Due Date for transfer to IEP Fund
1999-00 (interim)	19.11.1999	60%	08.01.2007	08.02.2007
1998-99 (final)	29.12.1999	20%		
1999-00 (interim)	18.03.2000	40%	28.03.2007	28.04.2007
2000-01	30.07.2001	50%	28.07.2008	28.08.2008

Members who have not encashed their dividend warrants, for the financial year ended March 31, 1999 and onwards may approach the Company's Registrar & Transfer Agents, M/s Intime Spectrum Registry Ltd, C-13, Pannalal Silk Mills Compound, L.B.S Marg, Bhandup (W), Mumbai - 400 078 for revalidating the warrants or for obtaining duplicate warrants. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim can be made by the respective shareholders for the same.

9. The Members of erstwhile Tamilnadu Dadha Pharmaceuticals Limited, erstwhile Gujarat Lyka Organics Limited and erstwhile Phlox Pharmaceuticals Limited, who have yet not sent their share certificates of erstwhile Tamilnadu Dadha Pharmaceuticals Limited, erstwhile Gujarat Lyka Organics Limited and erstwhile Phlox Pharmaceuticals Limited respectively for exchange with the share certificates of Sun Pharmaceutical Industries Limited are requested to do so at the earliest, since share certificates of the erstwhile Tamilnadu Dadha Pharmaceuticals Limited, erstwhile Gujarat Lyka Organics Limited and erstwhile Phlox Pharmaceuticals Limited held by them are no longer tradable/ valid.
10. The Members may be aware that the Equity Shares of the Company have been subdivided from equity share of Rs.10/- each to 2 equity shares of Rs.5/- each in terms of the Resolutions passed by the Shareholders of the Company at the Extra Ordinary General Meeting of the Company held on 20th December,2002. The Members who have yet not sent their share certificates of Rs. 10/- each of the Company for exchange with new equity shares of Rs.5/- each shall send the same to the Company's Registrar & Transfer Agents, M/s. Intime Spectrum Registry Ltd since the old share certificates of Rs.10/- each are no longer tradable.
11. The Board of Directors at their Meeting held on July 26, 2006 fixed the next redemption option period for redeeming Preference Shares at par from October 1, 2006 to December 31, 2006 in respect of 6% Cumulative Redeemable Preference Shares of Re.1/- each. The form of redemption for use of those Preference Shareholders who wish to exercise the option of redemption, is enclosed herewith.
12. Please note that as per the Notification of SEBI, Sun Pharmaceutical Industries Limited's shares are under compulsory Demat trading with effect from 29th November, 1999 for all the

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investors. You may, therefore, demat your equity share holdings if not already demated, to avoid any inconvenience.

13. Members who are holding equity shares of Rs.5/-each of Sun Pharmaceutical Industries Limited (SPIL) in physical form are requested to exercise their option in the enclosed Option Form of receiving equity shares of Re.1/- each of Sun Pharma Advanced Research Company Limited (SPARC) in demat form, so as to reach our Registrars, Intime Spectrum Registry Ltd., Mumbai ,five days before the record date to be announced by the Company for entitlement of shares of SPARC.
14. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.

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

As required by Section 173 (2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under Item Nos.6 to 8 of the accompanying Notice dated July 26, 2006.

ITEM NO.6

At the Tenth Annual General Meeting of the Company held on August 28, 2002, the shareholders had approved the re-appointment of Shri Dilip S. Shanghvi as Chairman & Managing Director of the Company for a further period of five years, effective from 1st April, 2003 to 31st March, 2008. Under the leadership of Shri Dilip S. Shanghvi, the Company has recorded all round growth in its business. As the existing actual remuneration payable to Shri Dilip S. Shanghvi has almost reached the maximum upper limit approved by the Shareholders, the Board of Directors decided to revise the upper remuneration limit of Shri Dilip S. Shanghvi. Your Directors recommend the approval of the increase in upper remuneration limit of Shri Dilip S. Shanghvi to be effective from April 1, 2006 for the remaining period up to March 31, 2008.

The increase in remuneration of Shri Dilip S. Shanghvi shall be as under:

The remuneration payable shall be determined by the Board of Directors, from time to time within, however, the maximum limits set forth below:

a. Salary (including bonus) upto Rs.12,50,000/- (Rupees Twelve Lacs Fifty Thousand only) per month.

b. Commission:

Subject to availability of profit and at the rate of not more than 1% of the net profit for the year, the Board of Directors will determine the commission payable within the overall ceiling laid down in section 198 and 309 of the Companies Act, 1956 and Schedule XIII as may be applicable from time to time.

c. Perquisites:

He will be entitled to furnished/non furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such

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perquisites to be determined in accordance with the Income-Tax Rules, 1962 being restricted to Rs. 2,000,000/- (Rupees Two Million only) per annum;

- d. Company's contribution to provident fund and superannuation fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid.

In the event of absence or inadequacy of profits in any financial year, the remuneration payable to him by way of salary and perquisites shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.

The Board shall have the discretion and authority to modify the forgoing terms and remuneration within, however, the limit prescribed under Schedule XIII of the Companies Act, 1956.

In compliance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the details of remuneration payable to Shri Dilip S. Shanghvi are placed before the members, in general meeting, for their approval by way of a Special Resolution.

The terms and conditions of Shri Dilip S. Shanghvi's appointment as set out above may also be treated as an abstract of the terms of the draft Agreement between Shri Dilip S. Shanghvi and the Company under Section 302 of the Companies Act, 1956.

Shri Dilip S Shanghvi himself and Shri Sudhir V. Valia being his relative are concerned or interested in the resolution at Item No.6 of the Notice.

The Board of Directors recommends the passing of the resolutions at Item No. 6 of the Notice convening the meeting for the approval of the members.

The draft of the agreement to be entered into with Shri Dilip S. Shanghvi is available for inspection by any member of the Company at the Registered Office of the Company on any working day (except Sundays and Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and at the venue of the Annual General Meeting on the date of the Meeting during the Meeting hours.

ITEM NO. 7

At the Eleventh Annual General Meeting of the Company held on September 30, 2003, the shareholders had approved the re-appointment of Shri Sudhir V. Valia as a Whole Time Director of the Company for a further period of five years, effective from 1st April, 2004 to 31st March, 2009. Considering the significant contribution made by Shri Sudhir V. Valia to the growth of the Company and his rich experience which will always be beneficial to the Company and the existing actual remuneration payable to Shri Sudhir V. Valia has almost reached the maximum upper limit approved by the Shareholders, the Board of Directors decided to revise the upper remuneration limit of Shri Sudhir V. Valia. Your Directors recommend the approval of the increase in upper remuneration limit of Shri Sudhir V. Valia to be effective from April 1, 2006 for the remaining period up to March 31, 2009.

The increase in remuneration of Shri Sudhir V. Valia shall be as under:

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The remuneration payable shall be determined by the Board of Directors, from time to time within, however, the maximum limits set forth below:

a. Salary (including bonus) upto Rs. 12,50,000/- (Rupees Twelve Lacs Fifty Thousand only) per month.

b. Commission:

Subject to availability of profit and at the rate of not more than 1% of the net profit for the year, the Board of Directors will determine the commission payable within the overall ceiling laid down in section 198 and 309 of the Companies Act, 1956 and Schedule XIII as may be applicable from time to time.

c. Perquisites:

He will be entitled to furnished/non furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-Tax Rules, 1962 being restricted to Rs. 2,000,000/- (Rupees Two Million only) per annum;

d. Company's contribution to provident fund and superannuation fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid. No commission is proposed to be paid.

In the event of absence or inadequacy of profits in any financial year, the remuneration payable to him by way of salary and perquisites shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.

The Board shall have the discretion and authority to modify the forgoing terms and remuneration within, however, the limit prescribed under Schedule XIII of the Companies Act, 1956.

In compliance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the details of remuneration payable to Shri Sudhir V. Valia are placed before the members, in general meeting, for their approval by way of a Special Resolution.

The terms and conditions of Shri Sudhir V. Valia's appointment as set out above may also be treated as an abstract of the terms of the draft Agreement between Shri Sudhir V. Valia and the Company under Section 302 of the Companies Act, 1956.

Shri Sudhir V. Valia himself and Shri Dilip S Shanghvi being his relative are concerned or interested in the resolution at Item No.7 of the Notice.

The Board of Directors recommends the passing of the resolutions at Item No. 7 of the Notice convening the meeting for the approval of the members.

The draft of the agreement to be entered into with Shri Sudhir V. Valia is available for inspection by any member of the Company at the Registered Office of the Company on any working day (except Sundays and Public Holidays) between 11.00 a.m. and 1.00 p.m. up to

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the date of the Annual General Meeting and at the venue of the Annual General Meeting on the date of the Meeting during the Meeting hours.

ITEM NO. 8

At the Eleventh Annual General Meeting of the Company held on September 30, 2003, the shareholders had approved the re-appointment of Shri Sailesh T. Desai as a Whole Time Director of the Company for a further period of five years, effective from 1st April, 2004 to 31st March, 2009. The upper remuneration limit of Shri Sailesh T. Desai increased with effect from 1st April, 2005 had been approved by the shareholders at the Thirteenth Annual General Meeting of the Company held on September 30, 2005. Considering the significant contribution made by Shri Sailesh T. Desai to the growth of the Company and his rich experience which will always be beneficial to the Company and the existing actual remuneration payable to Shri Sailesh T. Desai has almost reached the maximum upper limit approved by the Shareholders, the Board of Directors decided to revise the upper remuneration limit of Shri Sailesh T. Desai. Your Directors recommend the approval of the increase in upper remuneration limit of Shri Sailesh T. Desai to be effective from April 1, 2006 for the remaining period up to March 31, 2009.

The increase in remuneration of Shri Sailesh T. Desai shall be as under:

The remuneration payable shall be determined by the Board of Directors, from time to time within, however, the maximum limits set forth below:

a. Salary (including bonus) upto Rs. 5,00,000/- (Rupees Five Lacs only) per month.

b. Perquisites:

He will be entitled to furnished/non furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-Tax Rules, 1962 being restricted to Rs. 8,00,000/- (Rupees Eight Lacs only) per annum;

c. Company's contribution to provident fund and superannuation fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid. No commission is proposed to be paid.

In the event of absence or inadequacy of profits in any financial year, the remuneration payable to him by way of salary and perquisites shall not exceed the maximum limit prescribed under Schedule XIII of the Companies Act, 1956.

The Board shall have the discretion and authority to modify the forgoing terms and remuneration within, however, the limit prescribed under Schedule XIII of the Companies Act, 1956.

In compliance with the provisions of Section 309 and other applicable provisions, if any, of the Companies Act, 1956, the details of remuneration payable to Shri Sailesh T. Desai are placed before the members, in general meeting, for their approval by way of a Special Resolution.

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The terms and conditions of Shri Sailesh T. Desai's appointment as set out above may also be treated as an abstract of the terms of the draft Agreement between Shri. Sailesh T. Desai and the Company under Section 302 of the Companies Act, 1956.

None of the Directors except Shri Sailesh T. Desai is concerned or interested in the resolution at Item No. 8 of the Notice.

The Board of Directors recommends the passing of the resolutions at Item No. 8 of the Notice convening the meeting for the approval of the members.

The draft of the agreement to be entered into with Shri Sailesh T. Desai is available for inspection by any member of the Company at the Registered Office of the Company on any working day (except Sundays and Public Holidays) between 11.00 a.m. and 1.00 p.m. up to the date of the Annual General Meeting and at the venue of the Annual General Meeting on the date of the Meeting during the Meeting hours.

By order of the Board of Directors
For **SUN PHARMACEUTICAL INDUSTRIES LTD.**

Place: Mumbai
Date: July 26, 2006

Kamlesh H. Shah
Company Secretary

Registered Office:
SPARC, Tandalja, Vadodara - 390 020.



REQUEST FOR SPARC SHARES IN THE ELECTRONIC FORM

(To be filled in by the shareholder who holds equity shares of Sun Pharmaceutical Industries Ltd. (SPIL) in physical form and opt to receive equity shares of Sun Pharma Advanced Research Company Limited (SPARC) in electronic form and returned to the address mentioned below five days prior to the record date to be announced by the Company for entitlement of SPARC shares).

Mr. N. Mahadevan Iyer.
Intime Spectrum Registry Ltd.,
Unit: Sun Pharmaceutical Industries Ltd.,
C-13, Pannalal Silk Mills Compound,
L. B. S. Marg, Bhandup (West), Mumbai- 400 078.

I/We, the undersigned, would like to receive my/our eligible equity shares of Re.1/- each of Sun Pharma Advanced Research Company Limited, in the book-entry (electronic) form. The details of my/our holding in Sun Pharmaceutical Industries Ltd is./are as follows:

Name (s): 1. 2. 3.	Address:
Folio Number	
Total number of shares held	

I/We wish to receive _____ (number) shares in electronic form. The details of my/our beneficiary (depository) account is given below:

Depository Name	NSDL/CDSL												
Depository Participant Name													
Depository participant ID													
Beneficiary Account No.													

I/We understand that only if I /We hold the physical shares of Sun Pharmaceutical Industries Limited as on the record date, this request will be made effective.

I/We understand further that, if the shares cannot be credited to my/our beneficiary account for any reason whatsoever, I/We will be given physical share certificate(s).

Yours sincerely,

Name & Signature of Shareholder(s)

- 1.
- 2.
- 3.



ATTENDANCE SLIP

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

I hereby record my presence at the FOURTEENTH ANNUAL GENERAL MEETING of the Company on Wednesday, 20th day of September, 2006 at 10.30 a.m. at Chandarva Hall, Welcom Hotel, R. C. Dutt Road, Vadodara - 390 007, Gujarat.

Name _____ Ref. 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.

----- ✂ ----- Cut here ----- ✂ -----



PROXY FORM

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

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 the FOURTEENTH ANNUAL GENERAL MEETING OF THE Company on Wednesday, September 20, 2006 at 10.30 a.m. At Chandarva Hall, Welcom Hotel, R. C. Dutt Road, Vadodara - 390 007, Gujarat.

Signed this _____ day of _____, 2006.

Reference Folio / D.P & Client I.D.No. _____

No. of Equity shares held _____

Affix
30 paise
Revenue
Stamp

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