



**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD ORIGINAL JURISDICTION COMPANY APPLICATION No. 81 OF 2005**

IN THE MATTER OF SEC. 391 TO 394 OF THE COMPANIES ACT, 1956;  
AND  
IN THE MATTER OF

**SUN PHARMACEUTICAL INDUSTRIES LIMITED**

A Company registered under the Companies Act, 1956  
and having its registered office at SPARC, Tandalja  
Vadodara - 390 020 in the State of Gujarat.

AND

IN THE MATTER OF THE SCHEME OF AMALGAMATION  
BETWEEN PHLOX PHARMACEUTICALS LIMITED AND  
SUN PHARMACEUTICAL INDUSTRIES LIMITED

**SUN PHARMACEUTICAL INDUSTRIES LTD.** }  
(A Company registered under the provisions of the Companies } **APPLICANT**  
Act, 1956 and having its Registered Office at SPARC, Tandalja }  
Vadodara - 390 020 in the State of Gujarat.) }

**NOTICE CONVENING THE MEETING OF PREFERENCE SHAREHOLDERS**

To,  
THE PREFERENCE SHAREHOLDERS OF SUN PHARMACEUTICAL INDUSTRIES LTD.

TAKE NOTICE THAT by an order dated 4<sup>th</sup> March, 2005 passed by the Hon'ble High Court of Gujarat at Ahmedabad, the Court has directed that a Meeting of the Preference Shareholders of the Company be called and convened on Monday, 4<sup>th</sup> April, 2005 at 10.45 a.m. at Conference Hall, Hotel Taj Residency, Akota Gardens, Akota, Vadodara - 390 020, Gujarat, for the purpose of considering and if thought fit, approving with or without modification(s), the arrangement embodied in the Scheme of Amalgamation of Phlox Pharmaceuticals Limited with Sun Pharmaceutical Industries Limited.

TAKE FURTHER NOTICE that in pursuance of the aforesaid order, a meeting of the Preference Shareholders of the Applicant Company will be held on Monday, 4<sup>th</sup> April, 2005 at 10.45 a.m. at Conference Hall, Hotel Taj Residency, Akota Gardens, Akota, Vadodara - 390 020, in the State of Gujarat, when you are requested to remain present.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that a proxy in the prescribed form, duly signed by you is deposited by you at the Registered Office of the Company at SPARC, Tandalja, Vadodara - 390 020, in the State of Gujarat not later than 48 hours before the time appointed for holding the meeting.

The Court has appointed Mr. Dilip S. Shanghvi and failing him Mr. Sudhir V. Valia and failing him Mr. Sailesh T. Desai to be the Chairman of the said meeting.

A copy of the said Scheme of Amalgamation, the Statement under Section 393 of the Companies Act, 1956 and a form of proxy are enclosed.

Dated this 8<sup>th</sup> day of March, 2005

**Registered Office**

SPARC, Tandalja  
Vadodara - 390 020

Note: All alterations made in the proxy form should be initialled.

**DILIP S. SHANGHVI**

Chairman appointed for the Meeting

**Explanatory Statement to Scheme of Amalgamation of Phlox Pharmaceuticals Limited with Sun Pharmaceutical Industries Limited u/s 393 (1) (a) of the Companies Act, 1956.**

- A Scheme of compromise and/or arrangement under the provisions of the Companies Act, 1956 is proposed for amalgamating Phlox Pharmaceuticals Limited (hereinafter referred to as the "Transferor Company") with Sun Pharmaceutical Industries Limited (hereinafter referred to as the "Transferee Company"). Pursuant to the said Scheme, the Honourable High Court of Gujarat has directed to hold separate meetings of the Equity Shareholders of both the companies, Preference Shareholders of Sun Pharmaceutical Industries Limited and unsecured creditors of Phlox Pharmaceuticals Limited. Notice of the said meeting together with the copy of Scheme of Amalgamation are sent herewith. This statement explaining the terms of the Scheme of Amalgamation is being furnished as required u/s 393 (1) (a) of the Companies Act, 1956.
- The Transferor Company viz. Phlox Pharmaceuticals Limited (Phlox) was originally registered on 21<sup>st</sup> April, 1995 under the Companies Act, 1956 (hereinafter referred to as 'the Act') as Public Limited Company in the name of Parekh Laboratories Limited in the office of the Asst. Registrar of Companies, Gujarat, Dadra & Nagar Haveli. The Company was issued the certificate for commencement of business on 26<sup>th</sup> June, 1995 and subsequently the name of the Company was changed from Parekh Laboratories Limited to Phlox Pharmaceuticals Limited under fresh certificate of incorporation issued by the Asst. Registrar of Companies, Gujarat, Dadra & Nagar Haveli on 11<sup>th</sup> December, 1998. The Transferor Company is having its plant at Vadodara in the State of Gujarat, and the Registered Office of the Transferor Company is situated at A/9, Shradhadeep Housing Complex, Opp. R.C. Patel Industrial Estate, Vadodara - 390 020 in the State of Gujarat.
  - The Transferee Company (SPIL) was registered on 1<sup>st</sup> March 1993 under Part IX of the Companies Act, 1956 as Public Limited Company in the office of the Registrar of Companies, Gujarat. The Company was issued the certificate for commencement of business on 18<sup>th</sup> March 1993. The Company came out with a public issue in October, 1994. Vide the order dated 19<sup>th</sup> November 1997, passed by the Hon'ble High Court of Gujarat, Tamilnadu Dadha Pharmaceuticals Limited was amalgamated with the Company with effect from 1<sup>st</sup> April 1997. Similarly, vide order dated 12<sup>th</sup> February 1999, passed by the Hon'ble High Court of Gujarat, Milmet Laboratories Private Limited was amalgamated with the Company with effect from 1<sup>st</sup> April 1998. Gujarat Lyka Organics Limited has also been amalgamated with the Applicant Company under the order of BIFR at its meeting held on 27.3.2000 with effect from 1<sup>st</sup> April 1999. Thereafter, vide orders dated 14<sup>th</sup> December, 2000 & 27<sup>th</sup> July, 2001 passed by the Hon'ble High Court of Gujarat, Sun Pharmaceutical Exports Limited & Sun Pharmaceutical Advanced Research Centre Limited were amalgamated with the Company with effect from 1<sup>st</sup> April 2000 respectively. Pradeep Drug Company Limited was amalgamated with the Company with effect from 1<sup>st</sup> April, 2000 under the order of the Hon'ble BIFR at its meeting held on 31<sup>st</sup> January, 2002 and erstwhile M.J. Pharmaceuticals Limited was amalgamated with the Company with effect from 1<sup>st</sup> January, 2002 under the order of the Hon'ble BIFR at its meeting held on 3<sup>rd</sup> May, 2002. The Registered Office of the Transferee Company is situated at SPARC, Tandalja, Vadodara 390 020 in the State of Gujarat.
- As per the latest audited Balance Sheet, the share capital of the Transferor Company (Phlox) as on 30.09.2003, consists of the following:

**Authorised Capital:**

2,60,00,000 Equity Shares of Rs.10/-each	Rs. 260,000,000
Total	Rs. 260,000,000

**Issued and subscribed capital:**

2,32,13,054 Equity Shares of Rs.10/-each	Rs. 232,130,540
25,98,300 Equity Shares of Rs.10/-each partly paid-up @ Re.1.00 per share	Rs. 2,598,300
Total	Rs. 234,728,840

After 30<sup>th</sup> September, 2003, at the Extraordinary General Meeting of the Company held on 31<sup>st</sup> January, 2005, the shareholders approved the increase in the Company's authorised share capital by adding 20,00,000 Preference Shares of Rs.100/- each thereby enhancing the total authorised share capital to Rs.46.00 Crores. Hence, the Authorised, Issued and Subscribed capital of the Transferor Company as on today stands as under:

**Authorised Capital:**

2,60,00,000 Equity Shares of Rs.10/-each	Rs.260,000,000
20,00,000 Preference Shares of Re.100/-each	Rs.200,000,000
<b>Total</b>	<b>Rs.460,000,000</b>

**Issued and subscribed capital:**

2,32,13,054 Equity Shares of Rs.10/-each	Rs. 232,130,540
25,98,300 Equity Shares of Rs.10/-each partly paid-up @ Re.1.00 per share	Rs. 2,598,300
13,65,940 Preference Shares of Rs.100 each	Rs. 136,594,000
(The entire Preference Share Capital is owned by the Transferee Company, SPIL) <b>Total</b>	<b>Rs. 371,322,840</b>

3. (ii) As per the latest audited Balance Sheet, the share capital of the Transferee Company (SPIL) as on 31.3.2004, consists of the following:

**Authorised Capital:**

20,00,00,000 Equity Shares of Rs.5/-each	Rs.100,00,00,000
30,00,00,000 Preference Shares of Re.1/-each	Rs. 30,00,00,000
<b>Total</b>	<b>Rs.130,00,00,000</b>

**Issued, Subscribed & Paid-up Capital:**

92,755,678 Equity Shares of Rs. 5/-each	Rs. 46,37,78,390
154,517,050 6% Cumulative Redeemable Preference Shares of Re.1/-each	Rs. 15,45,17,050
<b>Total</b>	<b>Rs. 61,82,95,440</b>

After 31st March 2004, the Company has issued and allotted on 8th June,2004, 92,755,678 Bonus Equity Shares of Rs.5/- each in the ratio of 1 (one) Bonus Equity Share for every 1 (One) equity share held. The Company has also bought back 140,261,922 – 6% Cumulative Redeemable Preference Shares of Re.1/- each at Rs.1.03 per Preference Share through tender offer in accordance with the provisions of the Companies Act, 1956 as amended and the Securities Exchange Board of India (Buy-back of Securities) Regulations, 1998 during June, 2004 and further redeemed 93580 – 6% Cumulative Redeemable Preference Shares of Re.1/- each at par value during February, 2005. Further at the 12th Annual General Meeting of the Company held on 30th December, 2004, the Shareholders approved by way of special resolution, reclassification of the authorised share capital of the Company. Hence, the Authorised, Issued, Subscribed and Paid-up capital of the Company as on today stands as under:

**Authorised Capital:**

255,000,000 Equity Shares of Rs.5/-each	Rs. 1275,000,000
25,000,000 Preference Shares of Re.1/-each	Rs. 25,000,000
<b>Total</b>	<b>Rs. 1300,000,000</b>

**Issued, Subscribed and Paid-up Capital:**

92,755,678 Equity Shares of Rs. 5/-each	Rs. 46,37,78,390
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**Add:**

92,755,678 Bonus Equity Shares of Rs.5/- each	Rs.46,37,78,390
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<b>Total (A)</b>	<b>Rs. 92,75,56,780</b>
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154,517,050 6% Cumulative Redeemable Preference Shares of Re.1/-each	Rs. 15,45,17,050
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**Less:**

140,261,922 6% Cumulative Redeemable Preference Shares of Re.1/- each bought back through tender offer	Rs. 14,02,61,922
	Rs. 1,42,55,128

**Less:**

93,580 6% Cumulative Redeemable Preference Shares of Re.1/- each redeemed at par during Feb, 2005	Rs. 93,580
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<b>Total (B)</b>	<b>Rs. 1,41,61,548</b>
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<b>Total(A+B)</b>	<b>Rs.94,17,18,328</b>
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4. The Transferor Company viz. Phlox Pharmaceuticals Limited, is engaged in the business of manufacture and development of cephalosporins which are the most critical products used in surgical prophylaxis (preventive treatment) and unidentified infections that cause life threatening conditions and has adequate technology to produce its pharmaceutical products. The accumulated losses as on 30th September, 2002 stood at Rs. 2518.81 lacs which has resulted in erosion of 100% net worth of the Company and has come within the ambit of Section 3(1)(O) of the Sick Industries Companies (Special Provisions) Act, 1985 and during the year, the said Company has submitted a rehabilitation scheme for its revival with the Board for Industrial and Financial Reconstruction (BIFR) and the same is pending before the BIFR.
5. The Transferee Company viz. Sun Pharmaceutical Industries Limited (SPIL) is a listed public limited company having its primary base in the State of Gujarat. Its equity shares are listed at major stock exchanges in the country at National Stock Exchange & the Stock Exchange, Mumbai and the Foreign Currency Convertible Bonds (FCCB) amounting to US\$ 350 Millions issued by the Company during November/December,2004 are listed at the Singapore Exchange Limited. It is engaged in the business of manufacturing, marketing and trading of pharmaceutical products. The speciality areas of this Company are therapeutic segments like cardiology, psychiatry, neurology, gastroenterology, orthopedics, oncology, gynecology, anesthesiology, ophthalmology, fertility management and pain management. The Transferee Company is a fast growing pharmaceutical Company in the country. The turnover/income from operations increased from Rs. 31.38 Crores in the year 1992-93 to Rs. 1042.17 Crores in the year 2003-2004. It ranks among the First Five of the pharmaceutical Companies of the country. The Company also has a high growth potential. The manufacturing facilities are at present situated at Vapi, Silvassa, Panoli, Ahmednagar, Ankleshwar, Dadra and Chennai. The Company is also spending/investing heavily in Pharmaceutical Research & Development activities. The Company has its research centers with modern & state of the art machineries and laboratory equipments at SPARC, Tandalja, Vadodara, Gujarat and at Andheri (East), Mumbai. The Company has a very wide marketing network all throughout the country. It is also an exporter of formulations and bulk drugs to various Asian, African and CIS (former USSR) countries. The total turnover including export turnover of about Rs.217.7 Crores was Rs. 934.74 Crores during the financial year 2003-2004. It is a profit making and dividend paying Company. SPIL has allotted Bonus Equity shares on 8<sup>th</sup> June, 2004 in the ratio of 1 Bonus Equity Share for every one Equity Share held by those shareholders of SPIL holding SPIL Equity Shares on 25<sup>th</sup> May, 2004.
6. The Board of Directors of both these Companies thought it fit to amalgamate them mainly for synergy of manufacturing operations besides the benefits of economies of scale thereby increasing cost competitiveness for products of both the companies. The advantages arising out of the amalgamation are envisaged, interalia, as under:
- The Transferor Company has been incurring losses due to inability to complete the necessary capital expenditure on up-gradation and extreme paucity of working capital resources. The Transferor Company, as a stand-alone entity, is unable to fund the requirement of the necessary capital expenditure and working capital. The Transferor Company in its present financial position is unable to invite fresh credit from the lenders. The manufacturing facility of the Transferor Company however is potentially viable and has approvals of European Directorate for Quality of Medicines (EDQM).
  - The Transferee Company on other hand is financially sound and leading Pharmaceutical Company in India. SPIL has successful track record in acquisition / amalgamation of sick pharma companies and turning around the manufacturing operations for long term viability.
  - The amalgamation will enable the Transferor Company to infuse the resources for up-gradation of manufacturing plant and for working capital requirements.
  - The Amalgamation will enable the Transferor Company's manufacturing unit to draw upon vast experience of SPIL in R&D and marketing functions besides obtaining effective support in terms of managerial ability.
  - The amalgamation will enable SPIL to acquire in-house facility for key bulk drugs with requisite EDQM approvals. This will ensure dependable supply source for the said products to SPIL. SPIL has an established product image in the areas of export. It had export turn-over of Rs.2177 Millions out of total turn-over of Rs.9347 Millions for the year ended 31 March, 2004. SPIL will therefore be able to utilize/exploit better the approved product manufacturing strength of the Transferor Company in export market through merger with the Transferor Company, with the help of right type of infrastructure - financial, commercial, managerial in export market.
  - The amalgamation of the Transferor Company and the Transferee Company will result in synergy of manufacturing operations besides the benefits of economies of scale thereby increasing cost competitiveness

for products of both the companies. The amalgamated company would be in a position to consolidate on the combined strength.

vii) The amalgamation will enable effective revival / rehabilitation of otherwise sick manufacturing facility and will enable the Transferor Company to preserve the potentially viable manufacturing assets. The amalgamated company would be in a position to maximize its profits through optimum utilization of its resources. The amalgamation would also give it the benefit of getting the better bargain in procurement of its raw materials.

viii) The revival of the Transferor Company in the form of amalgamation with the Transferee Company will protect the employment of employees of the Transferor Company.

7. The material provisions of the proposed Scheme of Amalgamation are as under:

**(1) DEFINITIONS**

- (a) "The Appointed Date" means the commencement of 1st day of March, 2004.
- (b) "Effective Date" means the date on which certified true copy of the Order of the High Court for sanction of the Scheme is filed with the Registrar of Companies, Gujarat. This Scheme although effective from the appointed date, shall become operative from the Effective Date.
- (c) "Sanction Date" means date of sanction of the Scheme by High Court of Gujarat.
- (d) "Record Date" means the date to be fixed by the Board of Directors or a Committee thereof of the Transferor Company for the purpose of determining the members of the Transferor Company to whom equity shares of the Transferee Company will be allotted pursuant to this Scheme.

**(2) TRANSFER AND VESTING**

2.1 Upon the Scheme coming into effect from the Appointed Date (March 1, 2004), the Undertaking of the Transferor Company with all assets and liabilities shall, pursuant to section 391 and 394 of the Companies Act, 1956 and without any further act or deed, be transferred to and vested in the Transferee Company for all the estates, assets, rights and interests of the Transferor Company therein but subject nevertheless to all charges, if any, then affecting the same or any part thereof and as on the Transfer date, and the Transferor Company shall be deemed to have been amalgamated with the Transferee Company.

2.2 The undertakings of the Transferor Company shall include:

All properties and assets (leased or otherwise), moveable and immovable, real and personal, corporeal and incorporeal, in possession, present and contingent of whatsoever nature, wherever situated, as on the Appointed Date, and such additional assets pertaining to the Transferor Company acquired since the Appointed Date .

All permits, quotas including import quotas, rights, industrial and other licenses, tenancies, offices and depots, trade marks, patents, copy rights, formulae, privileges and benefits of all contracts including the rights of agreements and all other rights including lease, leave and licenses, and/or other licenses, process and facilities of every kind, nature and description whatsoever of and pertaining to the Transferor Company.

All registrations and entitlements (including deposits) like electricity, water, gas connections, other fuel and power, leases of land properties, plant and machinery, vehicles etc and like sales tax and excise duty licenses, and also with export-import authority including advance licenses, duty entitlement pass books, duty refund against export obligations there under of and pertaining to the Transferor Company.

All necessary records, files, papers, engineering information, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, customer credit information, customer pricing information, and other records, telephone / facsimile / telex and other communication facilities, equipments including computers, hardware, software and other electronic equipment and instruments, systems of any kind whatsoever of the Transferor Company.

Rights and benefits of all agreements and other interest including rights and benefits under various schemes of different taxation laws as may belong to or be available to the Transferor Company, authorized share capital of the Transferor Company.

All debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date as appearing in the books of the Transferor Company including liabilities on account of loans and advances from secured creditors, unsecured creditors, preference shareholders and contingent liabilities not provided in the books of the Transferor Company, and such additional liabilities pertaining to the Transferor Company incurred since the Appointed Date.

All obligations of whatsoever kind including liabilities for payment of gratuity, pension benefits, provident fund or compensation in the event of retrenchment. Provided always that the scheme shall not operate to enlarge the security for any loan deposit of facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security thereof after the amalgamation has become effective or otherwise.

**(3) LEGAL PROCEEDINGS:**

If any suit or appeal or other proceedings of whatsoever nature (hereinafter called the proceedings) by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Company to the Transferee Company or of anything contained in the scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as if this scheme has not been made.

**(4) ISSUE OF SHARES BY THE TRANSFEE COMPANY:**

Upon the transfer of the undertakings of the Transferor Company, pursuant to Clause 2 hereof and the amalgamation becoming effective in terms of this Scheme, the consideration in respect of such transfer shall be subject to the provisions of this Scheme as follows:

(i) The Transferee Company shall issue at par and allot to every shareholder holding equity shares of Transferor Company on a date to be fixed by the Board of Directors of the Transferor Company (hereinafter referred to as "Record Date"), one equity share of Rs.5/- (Rupees Five only) each credited as fully paid-up for every 790 equity shares of Rs.10/- each fully paid up or for every 7900 equity shares of Rs.10/- each partly paid-up at Re.1/- per share paid up held by such shareholder in the Transferor Company. The share exchange ratio will be suitably modified in case the Transferee Company issues any shares by way of bonus shares or splits the equity shares between the date of the approval of the Scheme by the Shareholders of both the companies and the date of allotment of the Transferee Company's equity shares to the equity shareholders of the Transferor Company.

(ii) As a result of the allotment in the manner specified herein above, if any Equity Shareholder of the Transferor Company becomes entitled to any fractional coupon/s of equity shares of the Transferee Company no such fractional coupon/s shall be issued in respect of or representing such equity shares of the Transferee Company but such fractions coupon/s shall be consolidated into whole equity shares and the Board of Directors of the Transferee Company may allot any one or more of such consolidated shares to any nominee(s) as the Board of Directors may in their absolute discretion deem fit for the purpose of holding and selling of such consolidated equity shares. Every such sale of the consolidated equity shares shall be at such price or price as may be the purchase price in respect of such sale (provided the Board of Directors approve the purchaser) the Board of directors shall allot the equity shares to the approved purchaser/s. The total net sale proceeds of such consolidated Equity shares after defraying there from all costs, charges and expenses of sale or sales and distribution shall be distributed and divided among such equity shareholders of the Transferor Company as would otherwise have been entitled to such fraction of the equity shares of the Transferee Company in proportion to their respective interest in such fractions. However, holders of less than 1 equity share in the Transferor Company shall not be entitled to any shares in the Transferee Company, but shall only receive the net sale proceeds in respect of their fractional entitlement as above.

(iii) 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.

(iv) On amalgamation, the shares held by the Transferee Company, if any in the Transferor Company would be cancelled and extinguished and no shares of Transferee Company shall be issued in exchange of the shares in the Transferor Company, held by the Transferee Company.

(v) All members of the Transferor Company whose names appear in the Register of Members of the Transferor Company on the Record Date shall surrender to the Transferee Company for cancellation their share certificates in respect of the equity shares held in the Transferor Company and the Transferee Company shall issue to them certificates for equity shares in the Transferee Company to which they may be entitled in terms of this Scheme and every such shareholder of the Transferor Company shall take all steps to obtain from the Transferee Company to which he is entitled to hereunder. Upon the new equity shares being issued and allotted by the Transferee Company to the members standing on the Register of Members of the Transferor Company on the aforesaid Record Date, share certificates in respect of the shares held by them in the Transferor Company shall be deemed to stand cancelled.

(vi) For the purpose as aforesaid the Transferee Company shall, if and to the extent required, increase its Authorised Capital after the Scheme has been sanctioned by the High Court but before the issue and allotment of shares. It shall also, if and to the extent required, apply for and obtain the requisite approvals including that of SEBI, Reserve Bank of India and other appropriate authorities concerned for issue and allotment by the Transferee Company to the respective members of the Transferor Company of the Equity Shares in the said re-organised share capital of the Transferee Company in the ratio as aforesaid.

(vii) The Transferee Company will endeavor that the Equity Shares of the Transferee Company issued in terms of the Clause 4 (i) above be listed and/or admitted to trading on the relevant Stock exchange/s, whether in India or abroad, where the equity shares of the Transferee Company are listed and/or admitted to trading. The Transferee Company shall enter in such arrangement and issue such confirmation and/or undertakings as may be necessary in accordance with the applicable laws or regulations, for the above purpose. But on such formalities being fulfilled all such stock exchange shall list and/or admit the said new shares also for the purpose of trading. All the statutory and Government authorities shall give necessary approvals and permissions forthwith in this regard.

(viii) Approval to the issue and allotment of the equity shares in the Transferee Company to equity shareholders of the Transferor Company, shall be deemed to be approved pursuant to Section 81(IA) of the Companies Act, 1956 on approval of this Scheme by a Resolution of equity shareholders of the Transferee Company.

**(5) DISSOLUTION OF TRANSFEROR COMPANY:**

Upon this Scheme being sanctioned as aforesaid the Transferor Company shall stand dissolved without winding up on such Effective Date.

**(6) AMENDMENTS IN MEMORANDUM & ARTICLES OF ASSOCIATION OF THE TRANSFEE COMPANY:**

Upon the coming in to effect this Scheme :

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 and 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.

"Authorised Capital and it should read as "The Authorised Share Capital of the Company is Rs.1,766,000,000/- (Rupees One Thousand Seven Hundred and Sixty Six Millions Only) divided into 307,900,000 (Three Hundred and Seven Millions and Nine Hundred Thousands) Equity Shares of Rs. 5/- (Rupees Five Only) each, 25,000,000 (Twenty Five Millions) Preference Share of Re. 1/- (Rupee One Only) each and 2,015,000 (Two Millions and Fifteen Thousands) Preference Shares of Rs.100/- (Rupees One Hundred 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.

**(7) EXPENSES CONNECTED WITH THE SCHEME**

All costs, charges and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with the negotiation leading to or in connection with the negotiation leading up to this Scheme of carrying out and completing the terms and provisions of this Scheme and/or incidental to the completion of the amalgamation of the Transferor Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.

8. Several Members of the Board of Directors of both the Companies hold shares of any one or both the companies as per the details given below:

Names of Directors in Transferor Co. (Phlox)	No. of Equity Shares held in Transferee Co. (SPIL)	No. of Equity Shares held in Transferor Co. (Phlox)
Mr. Hasmukh Parekh	3500	5,138,100
Mr. Abhishek Parekh	—	2,003,800
Mr. Sailesh T. Desai	471120	—
Mr. V. V. Kamath (Nominee – Canbank Venture Capital Funds Ltd.)	—	—
Names of Directors in Transferee Co. (SPIL)	No. of Equity Shares held in Transferee Co. (SPIL)	No. of Equity Shares held in Transferor Co. (Phlox)
Mr. Dilip S. Shanghvi	23412048	—
Mr. Sudhir V. Valia	1538400	—
Mr. Sailesh T. Desai	471120	—
Mr. S. Mohanchand Dadha	28428	—
Mr. Hasmukh S Shah	—	—
Mr. Keki Minoo Mistry	—	—
Mr. Ashwin Dani	—	—

9. Briefly stated, the audited financial position of the Transferor Company (Phlox) as on September 30, 2003 is as under:

Liabilities	Value (Rs. in Millions)	Assets	Value (Rs. in Millions)
Share Capital	234.73	Net Fixed Assets	260.56
Share Application Pending Allotment	10.01	Investments	1.04
Secured Loans	374.50	Loans and Advances	0.32
Unsecured Loans	8.32	Current Assets	17.45
Current Liabilities & Provisions	22.72	Misc. Expenditure (to the extent not written off or adjusted)	1.62
		Debit Balance in P & L Account	369.29
<b>Total</b>	<b>650.28</b>	<b>Total</b>	<b>650.28</b>

10. Briefly stated, the audited financial position of the Transferee Company (SPIL) as on March 31, 2004 is as under:

Liabilities	Value * (Rs. in Millions)	Assets	Value * (Rs. in Millions)
Share Capital	618.3	Net Fixed Assets	3584.8
Reserves & Surplus	8432.4	Investments	5368.3
Secured Loans	125.3	Current Assets	2987.7
Unsecured Loans	1888.8	Loans & Advances	1366.9
Current Liabilities & Provisions	1895.4	Deferred Tax Assets	3.4
Deferred Tax Liability	350.9		
<b>Total</b>	<b>13311.1</b>	<b>Total</b>	<b>13311.1</b>

\* The accounts for the year ended 31.03.2004 will be revised, giving effect of merger of Phlox Pharmaceuticals Ltd., with the Transferee Company and hence the merged accounts will be placed before the adjourned 12<sup>th</sup> AGM to be reconvened later for approval/adoption by the shareholders.

11. The ratio at which shareholders of the Transferor Company would be given, on Amalgamation, shares of the Transferee Company is determined on the basis of the report obtained from M/s.S.H. Bathiya & Associates, Chartered Accountants, Mumbai.

12. Inspection of the following documents may be had at the Registered Office of the Transferor Company and Transferee Company on any working day, between 11.00 a.m. to 1.00 p.m., till the date of meeting.

- Copies of the Applications moved before the Hon'ble Gujarat High Court for convening the meetings and Orders dated 4<sup>th</sup> March, 2005 of this Hon'ble Court convening the meetings.
- Scheme of Amalgamation.
- Memorandum and Articles of Association of both the Companies.
- Audited Accounts for the year ended on March 31, 2004 of Sun Pharmaceutical Industries Ltd. as mentioned above & Annual Report and Audited Accounts for the year ended September 30, 2003 of Phlox Pharmaceuticals Ltd.
- The report obtained from M/s.S.H. Bathiya & Associates, Chartered Accountants, Mumbai fixing the exchange ratio between the shares of the Transferor Company and the Transferee Company.

Place : Vadodara

Dated : 8<sup>TH</sup> March, 2005

**DILIP S. SHANGHVI**

Chairman appointed for the meeting

**SCHEME OF AMALGAMATION OF  
PHLOX PHARMACEUTICALS LIMITED (PPL)**

**WITH**

**SUN PHARMACEUTICAL INDUSTRIES LIMITED (SPIL)**  
**UNDER SECTION 391 & 394 OF THE COMPANIES ACT, 1956**

**1. DEFINITIONS:**

In the scheme, unless the contents otherwise require the following expressions shall have the following meaning :

- i) "Act" means the Companies Act, 1956 including any statutory modifications, re-enactments or amendments thereof.
- ii) "Appointed Date" and /or "Transfer Date" means March 1, 2004.
- iii) "Scheme" means the Scheme of Arrangement and/or compromise between SPIL, PPL and their creditors and shareholders for amalgamation of PPL with SPIL.
- iv) "Sanction Date" means date of sanction of the Scheme by High Court of Gujarat.
- v) "Effective Date" means the date on which certified true copy of the Order of the High Court for sanction of the Scheme is filed with the Registrar of Companies, Gujarat. This Scheme although effective from the appointed date, shall become operative from the Effective Date.
- vi) "SPIL" and / or "Transferee Company" means Sun Pharmaceutical Industries Limited, a Company registered under the Companies Act, 1956 and having its Registered Office at SPARC, Tandalja, Vadodara 390 020 in Gujarat.
- vii) "PPL" and / or "Transferor Company" means Phlox Pharmaceuticals Limited, a Company registered under the Companies Act, 1956 and having its Registered Office at A/9, Shraddhadeep Housing Complex, Opposite R.C. Patel Industrial Estate, Vadodara 390 020 in Gujarat.
- viii) "Record Date" means the date to be fixed by the Board of Directors or a Committee thereof of the Transferor Company for the purpose of determining the members of the Transferor Company to whom equity shares of the Transferee Company will be allotted pursuant to this Scheme.

**2. TRANSFER AND VESTING:**

2.1 Upon the Scheme coming into effect from the Appointed Date (March 1, 2004), the Undertaking of the Transferor Company with all assets and liabilities shall, pursuant to section 391 and 394 of the Companies Act, 1956 and without any further act or deed, be transferred to and vested in the Transferee Company for all the estates, assets, rights and interests of the Transferor Company therein but subject nevertheless to all charges, if any, then affecting the same or any part thereof and as on the Transfer date, and the Transferor Company shall be deemed to have been amalgamated with the Transferee Company.

2.2. For the purpose of the Scheme, the undertakings of the Transferor Company shall include:

- (i) All properties and assets (leased or otherwise), moveable and immovable, real and personal, corporeal and incorporeal, in possession, present and contingent of whatsoever nature, wherever situated, as on the Appointed Date, and such additional assets pertaining to the Transferor Company acquired since the Appointed Date.
- (ii) All permits, quotas including import quotas, rights, industrial and other licenses, tenancies, offices and depots, trade marks, patents, copy rights, formulae, privileges and benefits of all contracts including the rights of agreements and all other rights including lease, leave and licenses, and/or other licenses, process and facilities of every kind, nature and description whatsoever of and pertaining to the Transferor Company.
- (iii) All registrations and entitlements (including deposits) like electricity, water, gas connections, other fuel and power, leases of land properties, plant and machinery, vehicles etc., and like sales tax and excise duty licenses, and also with export-import authority including advance licenses, duty entitlement pass books, duty refund against export obligations there under of and pertaining to the Transferor Company.
- (iv) All necessary records, files, papers, engineering information, computer programs, manuals, data, catalogues, quotations, sales and advertising materials, customer credit information, customer pricing information, and other records, telephone / facsimile / telex and other communication facilities, equipments including computers, hardware, software and other electronic equipment and instruments, systems of any kind whatsoever of the Transferor Company.
- (v) Rights and benefits of all agreements and other interest including rights and benefits under various schemes of different taxation laws as may belong to or be available to the Transferor Company, authorized share capital of the Transferor Company.
- (vi) All debts, liabilities, duties and obligations of the Transferor Company as on the Appointed Date as appearing in the books of the Transferor Company including liabilities on account of loans and advances from secured creditors, unsecured creditors, preference shareholders and contingent liabilities not provided in the books of the Transferor Company, and such additional liabilities pertaining to the Transferor Company incurred since the Appointed Date.
- (vii) All obligations of whatsoever kind including liabilities for payment of gratuity, pension benefits, provident fund or compensation in the event of retrenchment. Provided always that the scheme shall not operate to enlarge the security for any loan deposit of facility created by or available to the Transferor Company which shall vest in the Transferee Company by virtue of the amalgamation and the Transferee Company shall not be obliged to create any further or additional security thereof after the amalgamation has become effective or otherwise.

**3. LEGAL PROCEEDINGS:**

If any suit or appeal or other proceedings of whatsoever nature (hereinafter called the proceedings) by or against the Transferor Company be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of the Transferor Company to the Transferee Company or of anything contained in the scheme but the proceedings may be continued, prosecuted and enforced by or against the Transferee Company in the same manner and to the same extent as if this scheme has not been made.

**4. CONTRACT, DEEDS, BONDS AND OTHER INSTRUMENTS:**

- (i) The transfer and vesting of the property and liabilities under Clauses 2 hereof and the continuance of the proceedings by the Transferor Company under Clause 3 hereof shall not affect any transactions or proceedings already concluded by the Transferor Company in the ordinary course of business on or after the transfer date to the end and intent that the Transferee Company accepts on behalf of itself all acts, deeds and thing done lawfully and executed by the Transferor Company.
- (ii) Subject to the other provisions contained in this scheme all lawful contracts, deeds, bonds, agreements and other instruments of whatever nature to which the Transferor Company is a party subsisting or having effect immediately before the amalgamation shall be in full force and effect against or in favour of the Transferee Company and may be enforced as fully and as effectively as if instead of the Transferor Company, the Transferee Company had been a party thereto. However, the clauses relating to convertibility of defaulted amounts into equity, appointment of one or more Directors, Director / Manager, Key Officials, Technical Consultants, Chartered Accountants, declaration and / or payment of dividends, raising, borrowing and / or redeeming of loans, credits and investments creation of debentures and fresh capital, appointment of agents or distributors, management take over by the lender, right sale of assets by the Lender and such other restrictive covenants contained in the Agreements with or correspondence exchanged between the Transferor Company and its banks and / or financial institutions shall be relaxed, subject to no incidence of default by the Transferee Company to the secured lender(s).

**5. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY TILL EFFECTIVE DATE:**

- (i) As from the transfer date, the Transferor Company shall be deemed to have carried on and to be carrying on its business on behalf of and on account of and in trust for the Transferee Company until such time as the amalgamation becomes effective in terms of this scheme.
- (ii) All the profits accruing to the Transferor Company or losses arising or incurred (including the effect of taxes, if any, thereon) by it shall, for all purposes, be treated as the profits or losses of the Transferee Company as the case may be.
- (iii) The Transferor Company hereby undertakes to carry on its business until the Effective Date with reasonable diligence and shall not, without the written consent of the Transferee Company, alienate, charge or encumber or otherwise deal with the assets or any part thereof except in the ordinary course of its business.
- (iv) The Transferor Company shall not undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any other liabilities or expenditure without the written consent of the Transferee Company, except in the ordinary course of business.
- (v) The Transferor Company shall not, without the written consent of the Transferee Company, undertake any new business.
- (vi) Save as specifically provided in this Scheme, neither the Transferor Company nor the Transferee Company shall make any change in their capital structure by way of increase (whether by a rights issue, issue of bonus shares), decrease, reduction, reclassification, sub-division or consolidation, reorganisation or in any manner which may in any manner affect the Share Exchange Ratio prescribed in Clause 7 except by mutual consent of both the companies.
- (vii) The Transferor Company shall not vary the terms and conditions of the service of its staff, workmen and employees except in the ordinary course of business.

**6. TRANSFEROR COMPANY'S STAFF, WORKMEN AND EMPLOYEES:**

All permanent employees of the Transferor Company who are in the employment of the Transferor Company on the Effective Date in terms of this Scheme shall, as from such date, become the employees of the Transferee Company, on the basis that their services do not stand interrupted by vesting of the undertaking of the Transferor Company in the Transferee Company under this Scheme and the terms and conditions of service applicable to such employees on the Effective Date is in no way less favorable to them than those applicable to them immediately before the transfer date. The Transferee Company, however, shall also have the right to exercise an option if warranted to transfer such number of employees to any other unit of Transferee Company as may be deemed necessary.

**7. ISSUE OF SHARES BY THE TRANSFEE COMPANY:**

Upon the transfer of the undertakings of the Transferor Company, pursuant to Clause 2 hereof and the amalgamation becoming effective in terms of this Scheme, the consideration in respect of such transfer shall be subject to the provisions of this Scheme as follows:

- (i) The Transferee Company shall issue at par and allot to every shareholder holding equity shares of Transferor Company on a date to be fixed by the Board of Directors of the Transferor Company (hereinafter referred to as "Record Date"), one equity share of Rs.5/- (Rupees Five only) each credited as fully paid-up for every 790 equity shares of Rs.10/- each fully paid up or for every 7900 equity shares of Rs.10/- each partly paid-up at Re.1/- per share paid up held by such shareholder in the Transferor Company. The share exchange ratio will be suitably modified in case the Transferee Company issues any shares by way of bonus shares or splits the equity shares between the date of the approval of the Scheme by the Shareholders of both the companies and the date of allotment of the Transferee Company's equity shares to the equity shareholders of the Transferor Company.
- (ii) As a result of the allotment in the manner specified herein above, if any Equity Shareholder of the Transferor Company becomes entitled to any fractional coupon/s of equity shares of the Transferee Company no such fractional coupon/s shall be issued in respect of or representing such equity shares of the Transferor Company but such fractions coupon/s shall be consolidated into whole equity shares and the Board of Directors of the Transferee Company may allot any one or more of such consolidated shares to any nominee(s) as the Board of Directors may in their absolute discretion deem fit for the purpose of holding and selling of such consolidated equity shares. Every such sale of the consolidated equity shares shall be at such price or price as may be the purchase price in respect of such sale (provided the Board of Directors approve the purchaser) the Board of directors shall allot the equity shares to the approved purchaser/s. The total net sale proceeds of such consolidated Equity shares after defraying there from all costs, charges and expenses of sale or sales and distribution shall be distributed and divided among such equity shareholders of the Transferor Company as would otherwise have been entitled to such fraction of the equity shares of the Transferee Company in proportion to their respective interest in such fractions. However, holders of less than 1 equity share in the Transferor Company shall not be entitled to any shares in the Transferee Company, but shall only receive the net sale proceeds in respect of their fractional entitlement as above.

- (iii) 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.
- (iv) On amalgamation, the shares held by the Transferee Company, if any in the Transferor Company would be cancelled and extinguished and no shares of Transferee Company shall be issued in exchange of the shares in the Transferor Company, held by the Transferee Company.
- (v) All members of the Transferor Company whose names appear in the Register of Members of the Transferor Company on the Record Date shall surrender to the Transferee Company for cancellation their share certificates in respect of the equity shares held in the Transferor Company and the Transferee Company shall issue to them certificates for equity shares in the Transferee Company to which they may be entitled in terms of this Scheme and every such shareholder of the Transferor Company shall take all steps to obtain from the Transferee Company to which he is entitled to hereunder. Upon the new equity shares being issued and allotted by the Transferee Company to the members standing on the Register of Members of the Transferor Company on the aforesaid Record Date, share certificates in respect of the shares held by them in the Transferor Company shall be deemed to stand cancelled.
- (vi) For the purpose as aforesaid the Transferee Company shall, if and to the extent required, increase its Authorised Capital after the Scheme has been sanctioned by the High Court but before the issue and allotment of shares. It shall also, if and to the extent required, apply for and obtain the requisite approvals including that of SEBI, Reserve Bank of India and other appropriate authorities concerned for issue and allotment by the Transferee Company to the respective members of the Transferor Company of the Equity Shares in the said re-organised share capital of the Transferee Company in the ratio as aforesaid.
- (vii) The Transferee Company will endeavor that the Equity Shares of the Transferee Company issued in terms of the Clause 7 (i) above be listed and/or admitted to trading on the relevant Stock exchange/s, whether in India or abroad, where the equity shares of the Transferee Company are listed and/or admitted to trading. The Transferee Company shall enter in such arrangement and issue such confirmation and/or undertakings as may be necessary in accordance with the applicable laws or regulations, for the above purpose. But on such formalities being fulfilled all such stock exchanges shall list and/or admit the said new shares also for the purpose of trading. All the statutory and Government authorities shall give necessary approvals and permissions forthwith in this regard.

**8. ACCOUNTING TREATMENT OF ASSETS, LIABILITIES AND RESERVES OF THE TRANSFEROR COMPANY:**

- (i) As on the appointed date, and subject to any corrections and adjustments as may, in the opinion of the Board of Directors of the Transferee Company be required, the reserves of the Transferor Company will be merged with those of the Transferee Company in the same form as they appear in the financial statements of the Transferor Company.
- (ii) Further, in case of any difference in accounting policy between the Transferor Company and the Transferee Company, the impact of the same till the amalgamation will be quantified and adjusted in the Profit and Loss account and/or Revenue Reserve(s) as mentioned earlier, at the discretion of the Transferee Company to ensure that the financial statement of the Transferee Company reflects the financial position on the basis of consistency in the accounting policy.
- (iii) An amount equal to the balance lying to the debit of Profit and Loss as on the appointed date in the books of Transferor Company shall be adjusted by the Transferee Company; at the discretion of the Transferee Company, against the credit of the Profit and Loss Account and/or Reserve & Surplus Account as on the Appointed Date in the books of Transferor Company.
- (iv) In case of any differences between the amount recorded as liability including in respect of Preference Shares, if any, held by Transferee Company in the books of the Transferor Company and corresponding amount of assets/receivables including investment in Preference Shares, if any of the Transferor Company in the books of the Transferee Company, the same difference shall be transferred to or adjusted to General Reserves or Goodwill as the case may be in the books of the Transferee Company.  
The differences between the amount recorded as fresh equity share capital issued by the Transferee Company on amalgamation and the amount of the equity share capital of the Transferor Company will be reflected in the General Reserve of the Transferee Company.
- (v) The Amalgamation Reserve created, if any, out of transfer of assets and liabilities to the books of Transferee Company shall be treated as Revenue Reserve for all practical purposes.
- (vi) An amount equal to the excess of liabilities over the assets being Goodwill of the Transferor Company, if any, which would be vested in the Transferee Company shall be treated as Goodwill and shall be carried forward accordingly in the books of the Transferee Company. Such goodwill carried in the Transferee Company shall be amortized over a period of 1 year to 3 years, out of its Profit and Loss Account and/or General reserve at the discretion of the Transferee Company.

**9. GENERAL CONDITIONS:**

- (i) Approval to the issue and allotment of the equity shares in the Transferee Company to equity shareholders of the Transferor Company, shall be deemed to be approved pursuant to Section 81(IA) of the Companies Act, 1956 on approval of this Scheme by a Resolution of equity shareholders of the Transferee Company.
- (ii) The issue and allotment of shares under the provisions of this Scheme to the non-resident shareholders will be made subject to the approval of the Reserve Bank of India if required, under the Foreign Exchange Management Act, 1999 and on such terms and conditions as the Reserve Bank of India may impose.

**10. DISSOLUTION OF TRANSFEROR COMPANY:**

Upon this Scheme being sanctioned as aforesaid the Transferor Company shall stand dissolved without winding up on such Effective Date.

**11. AMENDMENTS IN MEMORANDUM & ARTICLES OF ASSOCIATION OF THE TRANSFEE COMPANY:**

Upon the coming in to effect this Scheme :

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 and 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 :

“Authorised Capital and it should read as “The Authorised Share Capital of the Company is Rs.1,766,000,000/- (Rupees One Thousand Seven Hundred and Sixty Six Millions Only) divided into 307,900,000 (Three Hundred and Seven Millions and Nine Hundred Thousands) Equity Shares of Rs. 5/- (Rupees Five Only) each, 25,000,000 (Twenty Five Millions) Preference Share of Re. 1/- (Rupee One Only) each and 2,015,000 (Two Millions and Fifteen Thousands) Preference Shares of Rs.100/- (Rupees One Hundred 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.

All costs, charges and expenses of the Transferor Company and the Transferee Company respectively in relation to or in connection with the negotiation leading to or in connection with the negotiation leading up to this Scheme of carrying out and completing the terms and provisions of this Scheme and/or incidental to the completion of the amalgamation of the Transferor Company in pursuance of this Scheme shall be borne and paid by the Transferee Company.

**12. MODIFICATION / AMENDMENT TO THE SCHEME:**

For the purpose of giving effect to this Scheme the Board of Directors of the Transferee Company are authorized to give such directions as may be necessary or desirable and to settle, as they may deem fit, any questions, doubts or difficulty that may arise in connection with or in the working of the Scheme including with regard to issue and allotment of shares under Clause 7 hereof of the members of the Transferor Company and deeds and things necessary for carrying into effect this scheme.

**13. APPLICATIONS TO HIGH COURT:**

The Transferor Company and the Transferee Company shall with all reasonable dispatch make applications under Sections 391 and 394 and other applicable provisions of the Act to the High Court of Gujarat/ National Company Law Tribunal for sanctioning this Scheme and for dissolution of the Transferor Company without winding up. Further, a copy of the order of the High Court pursuant to section 391 and 394 of the Companies Act, 1956, sanctioning the Scheme of Amalgamation shall be filed with the Registrar of Companies, Gujarat within one month from the date of the order sanctioning the Scheme is received by the Transferee Company.

**14. SCHEME CONDITIONAL ON APPROVAL / SANCTIONS:**

The Scheme is conditional on and subject to:

- (a) the sanction of the High Court of Gujarat at Ahmedabad/ National Company Law Tribunal , under Sections 391 and 394 of the Act, in favour of the Transferor Company and the Transferee Company and to the necessary Orders under Section 394 of the Act, being obtained.
- (b) filing of the order obtained from the High Court of Gujarat at Ahmedabad/ National Company Law Tribunal, under Sections 391 and 394 of the Companies Act, 1956 with the Registrar of Companies, Gujarat State.
- (c) any other sanction or approval of any concerned authorities, as may be considered necessary and appropriate by the respective Board of Directors of the Transferor Company and the Transferee Company, being obtained and granted in respect of any of the matters for which such sanction or approval is required.

**IN THE HIGH COURT OF GUJARAT AT AHMEDABAD**

**ORIGINAL JURISDICTION**

**COMPANY APPLICATION No. 81 OF 2005**

IN THE MATTER OF SEC. 391 TO 394 OF THE COMPANIES ACT, 1956;

AND

IN THE MATTER OF

**SUN PHARMACEUTICAL INDUSTRIES LIMITED**

A Company registered under the Companies Act, 1956

and having its registered office at SPARC, Tandalja

Vadodara - 390 020 in the State of Gujarat.

AND

IN THE MATTER OF THE SCHEME OF AMALGAMATION  
BETWEEN PHLOX PHARMACEUTICALS LIMITED AND  
SUN PHARMACEUTICAL INDUSTRIES LIMITED

**SUN PHARMACEUTICAL INDUSTRIES LTD.** }  
(A Company registered under the provisions of the Companies } **APPLICANT**  
Act, 1956 and having its Registered Office at SPARC, Tandalja }  
Vadodara – 390 020 in the State of Gujarat.) }

**FORM OF PROXY**

I/We, \_\_\_\_\_ the undersigned Preference Shareholder holding \_\_\_\_\_ Preference Shares of the applicant company hereby appoint  
Shri \_\_\_\_\_ of \_\_\_\_\_ and failing him Shri \_\_\_\_\_ of \_\_\_\_\_ and failing him Shri  
\_\_\_\_\_ of \_\_\_\_\_ as my/our proxy to act for me/us at the meeting of the Preference Shareholders of the Applicant Company to be held on Monday, 4<sup>th</sup> April, 2005 at 10.45 a.m. at  
Conference Hall, Hotel Taj Residency, Akota Gardens, Akota, Vadodara – 390 020, Gujarat, for the purpose of considering and if thought fit, approving, with or without modification(s) the arrangement embodied in the  
Scheme of Amalgamation of PHLOX PHARMACEUTICALS LIMITED with SUN PHARMACEUTICAL INDUSTRIES LIMITED and at such meeting and at any adjournment thereof to vote, for me/us and in my/  
our name/s \_\_\_\_\_ (here, 'if for', insert 'for'; 'if against', insert 'against' and in the latter case strike words below after 'Amalgamation') the said Arrangement embodied in the Scheme of Amalgamation with or  
without modification(s) as my/our proxy may approve.

(Strike out what is not necessary)

Dated this day of \_\_\_\_\_, 2005

