



LETTER OF OFFER

SUN PHARMACEUTICAL INDUSTRIES LIMITED

Registered Office: SPARC, Akota Road, Akota, Vadodara - 390 020
 Corporate Office: Acme Plaza, Andheri Kurla Road, Andheri (East), Mumbai - 400 059.
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This document is important and requires your immediate attention

Offer for 100% Buy-back of outstanding 154,517,050 6% Cumulative Redeemable Preference Shares of face value of Re.1/- each at a price of 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 as amended.

This Letter of Offer is being sent to you as a Preference Shareholder(s) / Beneficial Owner(s) of the Preference Share(s) of the Company on the Specified Date i.e. (May 24, 2004). For any clarification/help on the subject, you are advised to contact your stockbroker or investment consultant or Manager to the Offer namely KJMC Global Market (India) Ltd. or the Compliance Officer of the Company or Registrar to the Offer namely Intime Spectrum Registry Limited.

The Procedure for Tender Offer is set out under heading "PROCEDURE FOR THE TENDER OFFER" of this Letter of Offer. A Tender / Offer Form is enclosed with this Letter of Offer. The envelope superscribing as "Sun Pharmaceutical Industries Limited Buy-back Offer" containing the Tender / Offer Form with relevant enclosures should be despatched / delivered so as to reach before the close of business hours at the Office of the Registrar (which is also the collection centre to the Offer) on or before June 21, 2004, failing which the same will be rejected.



MANAGER TO THE BUYBACK OFFER	REGISTRAR TO THE BUY-BACK OFFER
 <p>KJMC Global Market (India) Ltd. 168, Atlanta, 16th Floor, Nariman Point, Mumbai 400 021. Tel.: 022-2283 2350, 2288 5201 Fax No.: 022-2285 2892 E-mail: purvisampat@kjmc.com Contact Person: Ms. Purvi Sampat</p>	 <p>INTIME SPECTRUM REGISTRY LIMITED C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai- 400 078. Tel.: 022-55555454 Fax No. 022-5555 5353 E-mail: isrl@vsnl.com Contact Person: Mr. N. Mahadevan Iyer</p>
<p>Offer Opens on</p> <p>Offer Closes on</p>	<p>Monday, May 31, 2004</p> <p>Monday, June 21, 2004</p>

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DEFINITIONS / ABBREVIATIONS

BSE	The Stock Exchange, Mumbai
Buy-back Offer/ Offer/ Buy-back	The Offer by Sun Pharmaceutical Industries Limited for 100% Buy-back of outstanding 154,517,050 6% Cumulative Redeemable Preference Shares of face value of Re.1/- each at a price of Rs. 1.03/- per Preference Share through Tender Offer.
CDSL	Central Depository Services (India) Limited
DP	Depository Participant
FII	Foreign Institutional Investors
FMF	Foreign Mutual Fund
Manager to Buy-back Offer	KJMC Global Market (India) Ltd.
NRI	Non Resident Indians
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCBs	Overseas Corporate Bodies
Offer Price/ Buy-back Price	Rs.1.03/- per 6% Cumulative Redeemable Preference Share of Re. 1/- each, payable in cash
Preference Shares	6% Cumulative Redeemable Preference Shares of the Company of face value of Re.1/- each
RBI	Reserve Bank of India
SEBI	Securities & Exchange Board of India
Specified Date	May 24, 2004; the date for the purpose of determining the names of the Preference Shareholders / Beneficial Owner(s) of the Preference Share(s) to whom the Letter of Offer will be sent.
The Act	The Companies Act, 1956, as amended
The Company	Sun Pharmaceutical Industries Limited.
The Regulations	The Securities & Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended

OFFER TIME TABLE

Activity	Day	Date
Public Notice Cum Public Announcement	Friday	April 23, 2004
Specified Date	Monday	May 24, 2004
Opening of the Buy-back Offer	Monday	May 31, 2004
Closure of the Buy-back Offer	Monday	June 21, 2004
Completion of verification, finalization of basis of allocation And intimation of rejection	Tuesday	June 29, 2004
Despatch of consideration warrants for Acceptance and return of Share Certificates for non acceptance/ partial acceptance	Friday	July 02, 2004
Date by which the Preference Shares would be extinguished	Friday	July 09, 2004

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DISCLAIMER CLAUSE

As required, a copy of this Letter of Offer has been submitted to Securities and Exchange Board of India (SEBI). It is to be distinctly understood that submission of Letter of Offer to SEBI should not in any way be deemed or construed that the same has been cleared or approved by SEBI. SEBI does not take any responsibility either for the correctness of the statements made or opinions expressed in the Letter of Offer. The Manager to the Buy-back Offer, KJMC Global Market (India) Ltd., has certified that the disclosures made in the Letter of Offer are generally adequate and are in conformity with SEBI (Buy-back of Securities) Regulations, 1998. This requirement is to facilitate investors to take an informed decision as to the acceptance of Offer.

It should also be clearly understood that while the Company is primarily responsible for the correctness, adequacy and disclosure of all relevant information in the Letter of Offer, the Manager to the Buy-back Offer is expected to exercise Due Diligence to ensure that the Company discharges its responsibility adequately and in this behalf and towards this purpose, the Manager to the Buy-back Offer, KJMC Global Market (India) Ltd., has furnished to SEBI a Due Diligence Certificate dated May 27, 2004 in accordance with SEBI (Buy-back of Securities) Regulations, 1998 which reads as follows:

1. We have examined various documents and other materials more particularly referred to in the enclosed Letter of Offer pertaining to the said Buy-back.
2. On the basis of such examination and the discussions with the Company, its directors and other officers, other agencies, independent verification of the statements concerning the object of the Buy-back Offer, the contents of the documents mentioned in the annexure and other papers furnished by the Company, WE CONFIRM that:
 - i) the Letter of Offer forwarded to the Board is in conformity with the documents, materials and papers relevant to the Buy-back Offer;
 - ii) all the legal requirements connected with the said offer as also the regulations, instructions etc. issued by the Board, the Government and any other competent authority in this behalf have been duly complied with; and
 - iii) the disclosures made in the Letter of Offer are true, fair and adequate to enable the Preference Shareholders of the Company to make a well informed decision in respect of the Buy-back Offer.
- 3) We confirm that besides ourselves, all the intermediaries named in the Letter of Offer are registered with the Board and that till date such registration is valid.

The filing of the Letter of Offer does not, however absolve the Company from any liabilities under Section 77A, Section 77AA and 77B of the Companies Act, 1956 as amended or from the requirement of obtaining such statutory or other clearances as may be required for the purpose of the proposed offer. SEBI further reserves the right to take up, at any point of time, with the Manager to the Buy-back Offer any irregularities or lapses in Letter of Offer.

Promoters/ Directors of the Company declare and confirm that no information / material likely to have a bearing on the decision of Preference Shareholders has been suppressed / withheld and / or incorporated in the manner that would amount to mis-statement / mis-representation and in the event of it transpiring at any point of time that any information / material has been suppressed / withheld and / or amounts to a misstatement / mis-representation, the Promoters / Directors and the Company shall be liable for penalty in terms of the provisions of the Companies Act, 1956 and the SEBI (Buy-back of Securities) Regulations, 1998.

I. DETAILS OF THE OFFER

Sun Pharmaceutical Industries Limited ("the Company") has announced the Offer of the Buy-back of all outstanding Preference Shares of the Company i.e. 15,45,17,050 (Fifteen Crores Forty Five Lacs Seventeen Thousand and Fifty) number of Preference Shares at a price of Rs. 1.03/- (Rupee One and Three paise only) per Preference Share of Re. 1/- each for an aggregate amount not exceeding Rs. 15,91,52,562 (Rupees Fifteen Crores Ninety one Lacs Fifty Two Thousand Five Hundred and Sixty Two Only), being less than 10% of the total paid-up equity capital and free reserves of the Company as on 31st March, 2004, from the existing preference shareholders / beneficial owner(s) of the preference share(s) of the Company through tender offer pursuant to the provisions of Sections 77A and 77B of the Companies Act, 1956 ("the Act") as amended and the SEBI (Buy-back of Securities) Regulations, 1998 ("the Regulations") as amended. The Buy-back represents 2.46% of the total paid-up capital and free reserves of the Company as on 31st March 2004. The break up of total paid up share capital and free reserves is as under:

Equity Share Capital	Rs.4638 Lacs
Preference Share Capital	Rs.1545 Lacs
Total Paid up capital (a)	Rs.6183 Lacs
Free Reserves* (b)	Rs.58631 Lacs
Total (a) + (b)	Rs. 64814 Lacs

Note *: For the purpose of determining the free Reserves, General reserves have been considered. Also refer note in this letter of offer under the head 'Brief Information about the Company'

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The promoters, promoters' group companies and persons acting in concert hold 132,319,480 preference shares, representing 85.63% of the paid up preference share capital of the Company and they intend to tender their preference shares in proposed Buy-back Offer.

II. DETAILS OF PUBLIC NOTICE CUM PUBLIC ANNOUNCEMENT OF THE BUY-BACK OFFER

As per Regulation 8(1) of the Regulations, the Company has made a Public Notice cum Public Announcement in the Financial Express (English), Jansatta (Hindi) & Vadodara Samachar (Regional Language) on April 23, 2004.

III. AUTHORITY FOR THE BUY-BACK OFFER

Pursuant to Section 77A, first proviso to Section 77A(2)(b) and 77B and other applicable provisions of the Act, the Regulations and other relevant provisions of the Articles of Association of the Company, the present Offer for 100% Buy-back of outstanding 154,517,050 6% Cumulative Redeemable Preference Shares of face value of Re.1/- each at a price of Rs. 1.03/- per share through Tender Offer is duly authorised by a resolution passed by the Board of Directors at their meeting held on April 21, 2004.

IV. STATUTORY APPROVALS

The Buy-back of preference shares from Non Resident Preference Shareholders will be subject to approvals, if any, of the appropriate authorities including Reserve Bank of India, as applicable. Further, NRIs/OCBs/FIIs will obtain the approval from RBI / appropriate authority, if any, before offering their preference shares in the said Buy-back Offer.

V. EXTRACT FROM THE RESOLUTION PASSED AT THE BOARD MEETING HELD ON APRIL 21, 2004

“**RESOLVED THAT** in accordance with the provisions contained in the Articles of Association of the Company and in accordance with the provisions of Sections 77A, 77A(2), 77B and all other applicable provisions, if any, of the Companies Act, 1956 (hereinafter referred to as "the Act") and the provisions contained in the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998 (hereinafter referred to as "the Buy-back Regulations") (including any statutory modification(s) or re-enactment of the said Act or Rules framed there under from time to time or Buy-back Regulations, for the time being in force) and subject to such approvals, permissions and sanctions as may be necessary and further subject to such conditions and modifications as may be prescribed or imposed while granting such approvals, permissions and sanctions which may be agreed to by the Board of Directors of the Company (hereinafter referred to as "the Board" which expression shall be deemed to include a Committee thereof), the Board of Directors hereby recommend the proposal to purchase or buy-back its fully paid-up preference shares of the face value of Re.1/- each by the methodology of tender offer not exceeding 15,45,17,050 (Fifteen Crores Forty Five Lacs Seventeen Thousand Fifty) number of preference shares of Re.1/- each for an aggregate amount not exceeding outlay of Rs.15,91,52,262/- (Rupees Fifteen Crores Ninety One Lacs Fifty Two Thousand Two Hundred Sixty Two only), at a price of Rs.1.03 (Rupees One and paise three only) per preference share (hereinafter referred to as "Buy-back").”

VI. NECESSITY FOR BUY-BACK

1. The Company has been receiving the requests from some of the Preference Shareholders of the Company for Buy-back of Preference Shares of the Company.
2. Since the Company had recently opened the redemption window for redemption of Preference Shares of the Company at par, the next period for opening the redemption window will be on or after October 2004, It would be proper for the Company to Buy-back the Preference Share at Rs.1.03/- the price which is higher than the face value of Preference Share. This will also provide the exit opportunity to the Preference shareholders.
3. The Company has sufficient accumulated free reserves and satisfactory liquidity. At present there is no immediate need for these funds.
4. The Buy-back will benefit to the Company by way of reduction in the servicing cost to the preference shareholders.
5. The cost of financing the Buy-back would be off set by saving in payment of dividend on 6% Cumulative Redeemable Preference Shares

It is, therefore, proposed to Buy-back the preference shares of the Company.

VII. BASIS OF OFFER PRICE

The Board of Directors at their meeting held on April 21, 2004 approved the Buy-back price at Rs. 1.03/- after consideration of its face value and Dividend payable to the outstanding Preference Shareholders, if not bought back.

VIII. SOURCES OF FUNDS FOR BUY-BACK OFFER

The maximum amount required for 100% Buy-back of preference shares is Rs.1591.53 Lacs.

The Company has adequate accumulated free reserves as well as favorable liquidity, reflected in the Cash and Bank balances, and other liquid investments of the Company. The same would be utilised for the Buy-back Offer.

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IX. DETAILS OF ESCROW ACCOUNT

The Company has created a charge of Rs.500 Lacs in favor of Manager to the Offer by way of pledging the Approved securities assuming full acceptance by the preference shareholders for 154,517,050 preference shares of Re.1/- each @ Rs. 1.03/- (Rupee one and three paise only) alongwith the appropriate margin thereon. Further, the Company has also deposit with the bank in cash a sum of Rs.16 Lacs which is more than 1% of the total consideration payable i.e. Rs.15,91,526/- for fulfillment of the obligations under the Regulations. The pledge and deposit will remain in effect till all the obligations are completed under the Regulations.

X. BRIEF INFORMATION ABOUT THE COMPANY

The Company was initially promoted as a Partnership Firm in 1982, which was converted into a Limited Liability Company under Part IX of the Companies Act, 1956 and obtained Certificate of Incorporation dated 1st March 1993. The Company made a modest beginning with five products and turnover of Rs. 10 lacs in the year 1982. With a balanced product mix, the Company made progress to reach a turnover of Rs. 30 crores in 1992-93. The Company obtained the Certificate of Commencement of Business on March 18, 1993.

The Company manufactures and markets speciality drugs and active pharmaceutical ingredients for chronic therapy areas, such as cardiology, psychiatry, neurology and women's health. Currently, the Company is ranked 5th among all Indian pharma companies with an about 2.93% Market Share. The Company ranks among the top 5 companies for specialist consultants in therapy areas such as psychiatry, neurology, cardiology, gastroenterology, ophthalmology and orthopedics.

It markets and also exports speciality ranges of high-value branded bulk drugs and formulations in several countries across Asia, Africa and West Asia.

The Company has been rated among the best companies for 2002 worldwide (turnover of less than \$500 million) by business magazine Forbes Global. The Company was featured among 10 companies selected from India, and more than 20000 companies featured globally.

Source of Information: A.C. Nielsen ORG retail chemist audit data March 2001, 2004

The brief audited financial information of the Company for the last three financial years ended on March 31, 2002, March 31, 2003 & March 31, 2004 are detailed below:

(Rs. in Lacs except Key Ratios)

Key Financials	March 31, 2004	March 31, 2003	March 31, 2002
Income from Operations	1,03,531	85,874	74,888
Interest	594	670	456
Other Income	1,409	782	554
Total Income	1,05,534	87,326	75,898
Earnings Before Tax and Depreciation	31,817	27,197	20,466
Depreciation	2,322	1,914	1,738
Tax	1,453	2,142	1,600
Profit after Tax	28,042	23,141	17,128
Exceptional Items	—	—	(264)
Reported Profit after Tax	28,042	23,141	16,864
Dividend ¹	*6,329	5,292	2,488
Equity Share Capital	4,638	4,652	4,677
Preference Share Capital	1,545	1,570	—
Share Capital Suspense	—	—	2
Reserves & Surplus*	84,324	63,400	48,885
Net Worth	90,507	69,622	53,564
Total Debt	20,141	—	17
Key Ratios			
Earnings per Equity Share (Rs.)	30.1	24.7	17.9
Book Value per Equity Share (Rs.) ²	97.3	72.7	57.2
Debt: Equity Ratio ^{3**}	0.22	—	—
Return on Net worth (%) ⁴	30.98	33.2	31.5
% of Equity Dividend	130%	100%	50%

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Notes:

1. Includes Preference dividend and is net of dividend tax
2. Calculated as (Equity Share Capital + Reserves & Surplus) divided by number of Equity Shares Outstanding
3. Calculated as Total Debt divided by Net-Worth
4. Calculated as Reported Profit after Tax divided by Net-Worth

*Subject to approval by equity shareholders at the AGM.

** Net Worth (instead of Equity) is considered for calculating the Debt-Equity Ratio as Reserves & Surplus are a part of the shareholders' funds.

The break up of Reserves & Surplus of the Company as on 31st March, 2004 is as under:

Reserves and Surplus	(Rs. In Lacs)
Capital Reserve	67
Share Premium	Nil
Capital Redemption Reserve	3472
Share Capital Buy back Reserve	41
General Reserve	58631
Profit & Loss Account	22113
TOTAL	84324

Note: For Calculating the free Reserves as required for the purposes of the Buy-back, only General Reserves have been calculated as free Reserves which amounts to Rs.58631 Lacs as shown above.

Consequent to the Buy Back of preference shares, the salient financial parameters of the Company would be as under:

Parameter	Value (pre Buy-back) on audited results for the year ended March 31, 2004	Value (post Buy-back) on audited results for the year ended March 31, 2004
Net-worth (Rs. Lakhs)	90507	88962
Return on Equity Capital (%)	6.0	6.0
Earnings per Share (EPS) (Rs.)	30.1	30.2
Book Value or NAV per Equity Share (Rs.)	95.9	95.9
P/E (Based on Closing Price as on 31.03.2004 on NSE Rs.651.50/- per Equity share)	21.6	21.5

The Board of Directors of the Company as on 27th May, 2004 is as follows:

Sr. No.	Name, Qualification and Address	Designation	Date of Appointment	Other Directorship
1	Mr. Dilip S. Shanghvi B.Com 8th Floor, Abhay Building, 9th Cross Road, Juhu, Mumbai 400049	Chairman and Managing Director	01-03-93	<ol style="list-style-type: none"> 1. Sun Speciality Chemicals Pvt. Ltd 2. Sun Resins & Polymers Pvt. Ltd 3. Sun Fastfin Services Pvt. Ltd 4. Sun Petrochemicals Pvt. Ltd 5. Caraco Pharmaceutical Laboratories Ltd 6. Sun Pharma Global Inc. 7. SPARC Bio-Research Pvt. Ltd. 8. Sun Pharma De Mexico SA DE CV 9. SPIL De Mexico SA DE CV 10. Shantilal Shanghvi Foundation.

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Sr. No.	Name, Qualification and Address	Designation	Date of Appointment	Other Directorship
2	Mr. Sudhir V. Valia F.C.A. 801, Alaap Building, 8 th Floor, 173 Sir Balchandra Road, Dadar (East), Mumbai 400 014.	Non Promoter Executive Director	31-01-94	<ol style="list-style-type: none"> 1. Virtuous Finance Ltd. 2. Khyati Financial Services Pvt. Ltd 3. Virtuous Share Investments Ltd 4. Virtuous Securities & Broking Ltd 5. SPARC Bio-Research Pvt. Ltd 6. Caraco Pharmaceutical Laboratories Ltd 7. Sun Pharma Global Inc. 8. Sun Petrochemicals Pvt. Ltd 9. Lakshadeep Investments & Finance Pvt. Ltd. 10. Karad Chemicals & Allied Products Pvt. Ltd. 11. Khyati Realtors Pvt Ltd. 12. Minaxi Fiscal Services Pvt. Ltd. 13. Nisha Capital services Pvt. Ltd. 14. Sejraj Financial Services Pvt. Ltd. 15. Marchon textile Industries Pvt. Ltd. 16. State Street Securities Pvt. Ltd. 17. Suraksha Developers Pvt Ltd. 18. Sun Pharma De Mexico SA DE CV 19. SPIL De Mexico SA DE CV 20. Shantilal Shanghvi Foundation.
3	Mr. S. Mohanchand Dadha B.Sc. 268, Lloyds Road, Royapettah, Chennai- 600 014.	Non Executive and Independent director	29-05-97	<ol style="list-style-type: none"> 1. Dadha Pharma Pvt. Ltd 2. Sarang Havelis Pvt. Ltd. 3. Wardex Pharmaceuticals Ltd.
4	Mr. Sailesh T. Desai B.Sc. B-402, 4th Floor, "Avishkar" Old Padra Road, Baroda- 390 015.	Non Promoter Executive Independent Director	25-03-99	<ol style="list-style-type: none"> 1. Milmet Pharma Ltd 2. Sun Speciality Chemicals Pvt. Ltd 3. Sun Resins & Polymers Pvt. Ltd 4. Sun Fastfin Services Pvt. Ltd 5. Caraco Pharmaceutical Laboratories Ltd 6. Sun Pharmaceutical (Bangladesh) Ltd. 7. SPIL De Mexico SA DE CV
5	Mr. Hasmukh S. Shah M.A (Economics) 15, Dhanushya Society, Sama Road, Vadodara- 390 008	Non Executive and Independent director	22-03-01	<ol style="list-style-type: none"> 1. Shaily Engineering Plastics Ltd. 2. Gujarat Gas Company Ltd. 3. Supreme Petrochem Ltd. 4. Feedback First Urban Infrastructure Fund Ltd. 5. Atul Limited 6. Hindustan Oil Exploration Co. Ltd. 7. Micro Inks Ltd. 8. Oswal Multimedia K.I.D. Ltd. 9. Deepak Nitrite Ltd. 10. Cosmo Films Ltd.

Sr. No.	Name, Qualification and Address	Designation	Date of Appointment	Other Directorship
6	Mr. Keki Mino Mistry FC.A, C.P.A 17-B, Belvedere Court, Sane Guruji Marg, Mahalaxmi, Mumbai- 400 011.	Non Executive and Independent director	28-08-02	<ol style="list-style-type: none"> 1. Housing Development Finance Corpn. Ltd. 2. HDFC Developers Ltd. 3. HDFC Bank Ltd. 4. HDFC Trustee Company Ltd. 5. HDFC Standard Life Insurance Co. Ltd. 6. HDFC Chubb General Insurance Co. Ltd. 7. Gruh Finance Ltd. - Chairman 8. Credit Information Bureau (India) Ltd. 9. Infrastructure Leasing & Financial Services Ltd. 10. The Great Eastern Shipping Co. Ltd. 11. Mahindra Holidays & Resorts India Ltd. 12. Intelenet Global Services Ltd. 13. GW Capital Pvt. Ltd. 14. Association of Leasing & Financial services Cos.
7	Mr. Ashwin Dani B.Sc. Home Villa, 48, Krishna Sanghi Path Gamdevi, Mumbai- 400 007.	Non Executive and Independent director	28-01-04	<ol style="list-style-type: none"> 1. Asian Paints (I) Ltd. 2. Gujarat Organics Ltd. 3. Hi-Tech Plast Container (India) Ltd. 4. Resins & Plastics Ltd. 5. Asian PPG Industries Ltd. 6. Asian Paints Industrial Coatings Ltd. 7. Asian Paints (Queensland) Pvt. Ltd. 8. SBI Funds Management Pvt. Ltd. 9. Central Board of Trustee (EPF) 10. National Productivity Council

Changes in the Board of Directors in the last 3 years, from April 1, 2001

Name	Date of change	Reason
Mr.Keki M. Mistry	28-08-02	Appointed as Additional Director to broad base the Board.
Mr.Ashwin Dani	28-01-04	Appointed as Additional Director to broad base the Board.
Mr Narendra N. Borkar	15-01-04	Resigned

There is no expected benefit to directors/promoters/people in control of the Company/group companies by way of this buy back offer, except that they intend to offer the Preference Shares held by them under this Buy back offer.

Promoter's Background:

Mr. Dilip S. Shanghvi (48 years), is a commerce graduate from Calcutta University and launched Sun Pharmaceutical Industries as a partnership firm in 1982 which was subsequently converted in to Public Limited Company. He carries wide extensive industrial experience in the Pharma industry and at present he is the Chairman and Managing Director of the Company.



XI. CAPITAL STRUCTURE OF THE COMPANY

The Share Capital of the Company as on March 31, 2004 is as follows: -

Share Capital	As at 31 st March 2004 (Rs. In Lacs)
Authorized	
20,00,00,000 (Previous year 20,00,00,000) equity shares of Rs.5 (Previous year Rs.5) each	10000
30,00,00,000 (Previous Year 30,00,00,000) preference shares of Re. 1 (Previous year Re.1) each	3000
Issued and Subscribed	
9,27,55,678 (Previous year 9,30,48,478) equity shares of Rs. 5 (Previous year Rs.5/-) each	4638
15,45,17,050 (Previous year 15,70,46,848) 6% Cumulative Redeemable Preference Shares of Re.1 (Previous year Re. 1) each	1545

Notes:

- 3,44,37,166 Equity Shares of Rs.10 each were allotted as fully paid Bonus Shares (35,92,500 during the year 1993-94 and 3,08,44,666 during the year 2000-01) by capitalisation of Share Premium Account, Profit and Loss Account and Amalgamation Reserve
- 4,13,633 (in the year 1997-98); 2,08,000 (in the year 1998-99); 4,77,581 (in the year 1999-2000); 11,438 (in the year 2000-2001); 18,519 (in the year 2001-02) 19,771 (in the year 2002-03) Equity Shares of Rs.10 each fully paid, were allotted to the shareholders of erstwhile Tamilnadu Dadha Pharmaceuticals Ltd., Milmet Laboratories Pvt. Ltd., Gujarat Lyka Organics Ltd., Sun Pharmaceuticals Exports Ltd., Pradeep Drug Company Ltd, and M.J. Pharmaceuticals Ltd respectively, pursuant to Schemes of Amalgamations, without payment being received in cash.
- 18,71,77,232 6% Cumulative Preference Shares of Re.1 each were allotted as fully paid bonus shares, to the equity shareholders, by capitalisation of Capital Redemption Reserve. Out of this 25,29,798 (in the year 2003-04) and 301,30,384 (in the year 2002-03) shares were redeemed at par during the year.
- One equity share of Rs.10 each fully paid up was split into two equity shares of Rs.5 each fully paid up, as on record date 21st January 2003, thereby increasing number of equity shares from 467,94,308 to 935,88,616 during the year 2002-03.
- During the year ended 31st March, 2004 Company has bought 292,800 (Previous year 5,40,138) equity shares of Rs.5 each, under the buy back scheme, through open market route.

Details about the previous Buy back of Equity shares of the Company :

Pursuant to the approval of the Equity Shareholders of the Company by way of Postal ballot (the results for which was declared on 20th Dec,2002) for buy back of the equity shares of Rs. 5 each of the Company upto 40 lacs equity shares of Rs.5 each at price not exceeding Rs. 375 per equity share of Rs.5 each, the Company bought back , through the stock exchange route, the 5,40,138 & 2,92,800 equity shares of the Company for the year ended 31stMarch, 2003 & 31st March,2004 respectively. The average price at which these equity shares were bought back is Rs. 274.71 per equity share. The buy back offer was closed at the end of the working hours on October 6,2003.

POST BUY-BACK SHARE CAPITAL AFTER THE TENDER OFFER

(Assuming full response to the offer)

Share Capital	(Rs. in Lacs)
Authorized	
20,00,00,000 (Previous year 20,00,00,000) equity shares of Rs.5 (Previous year Rs.5) each	10000
30,00,00,000 (Previous Year 30,00,00,000) preference shares of Re. 1 (Previous year Re.1) each	3000
Issued and Subscribed	
927,55,678 (Previous year 930,48,478) equity shares of Rs.5 (Previous year Rs.5/-) each	4638

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Since it is 100% Buy-back of preference shares there may be no outstanding preference shares after Buy-back. The Post Buy-back position is based on the assumption of receiving full response to the offer from all the preference shareholders of the Company.

XII. AGGREGATE SHAREHOLDING PATTERN OF PREFERENCE SHARES OF THE COMPANY AS ON 31ST MARCH 2004:

	Category	No. of Preference Shares held	Percentage of Shareholding
A.	Promoters' Shareholding		
1	Promoters		
	— Indian Promoters	121,724,592.00	78.78
	— Foreign Promoters	NIL	NIL
2	Persons Acting in Concert	10,594,888.00	6.86
	Sub-Total	132,319,480.00	85.63
B.	Non-Promoters' Shareholding		
3	Institutional Investors		
a.	Mutual Funds and UTI	795,896.00	0.52
b.	Banks, Financial Institutions, Insurance Companies (Central/State Govt. Institutions/ Non-government Institutions)	430,640.00	0.28
c.	FIs and Foreign Mutual Funds	2,277,660.00	1.47
	Sub-Total	3,504,196.00	2.27
4	Others		
a.	Private Corporate Bodies	4,916,861.00	3.18
b.	Indian Public	13,662,576.00	8.84
c.	NRIs/OCBs	107,960.00	0.07
d.	Any Other Clearing Members	5,977.00	0.00
	Sub-Total	18,693,374.00	12.10
	GRAND TOTAL	154,517,050.00	100.00

*As per the download available from NSDL, these are the in-transit positions for trades executed for preference shares.

The Persons Acting in concert to the Company pursuant to 2 (1) (e) (1) of the SEBI (Substantial Acquisition of Shares and Takeovers) Regulations, 1997.

Are as under:

Name	No. of Preference shares held As on 31st March, 2004.
Mr. Sudhir V. Valia	1538400
Mrs. Raksha S. Valia	3757200
Unimed Technologies Ltd.	1042876
Aditya Medisales Ltd.	4020396
Package Investrade Pvt. Ltd.	89744
Jeevanrekha Investrade Pvt. Ltd.	146272

Except for the below mentioned, none of the members of Promoters' Group / Directors/ persons acting in concert of the Company have sold or purchased any preference shares during a period of Twelve Months preceding the date of the Public Announcement:

Sun Pharmaceutical Industries Ltd.



Name of the Transferor	Period of Transaction	Nature of Transaction	No. of Preference Shares	Transaction Value
Mr. Sailesh T. Desai (Non promoter executive Independent Director)	March 2004	Sale	444,000	Rs.4,44,000/-

XIII. LISTING DETAILS AND STOCK MARKET DATA

The Preference shares of the Company are listed on BSE, NSE and The Vadodara Stock Exchange Ltd. The Company has already applied for de-listing of Preference Shares from The Vadodara Stock Exchange Ltd. and is awaiting approval for the same. Preference Shares were listed on BSE in December 2002 and on NSE on January 2003 only.

The high and low market prices and the corresponding volumes, for the year 2002 & 2003 and six months preceding the date of Letter of Offer, on BSE are as follows:

Period	Date of High	High (Rs.)	No. of Preference Shares traded on date of High	Date of Low	Low (Rs.)	No. of Preference Shares traded on date of Low	Total Volume Traded in the period (No. of Preference Shares)
Year 2002	30.12.02	50.20	107067	31.12.02	1.05	518742	625809
Year 2003	16.09.03	3.71	1070	02.01.03	0.90	122982	1220461
November, 2003	18.11.03	1.40	1000	06.11.03	1.01	600	101048
December, 2003	12.12.03	1.40	100	22.12.03	1.11	4000	66808
January, 2004	01.01.04	1.25	1080	30.01.04	1.00	400	146114
February, 2004	13.02.04	1.10	250	09.02.04	0.98	180	22988
March, 2004	01.03.04	1.15	1000	05.03.04	1.00	344	19182
April, 2004	27.04.04	1.25	1960	30.04.04	1.10	5000	52626

Note: Average Prices of the Preference Shares have not been provided by BSE.

(Source: Data collected from BSE)

The high, low & average market prices and the corresponding volumes, for the year 2003 and six months preceding the date of Letter of Offer, on NSE are as follows:

Period	Date of High	High (Rs.)	No. of Preference Shares traded on date of High	Date of Low	Low (Rs.)	No. of Preference Shares traded on date of Low	Average Price (Rs.)	Total Volume Traded in the period (No. of Preference Shares)
Year 2003	14.07.03	2.90	1	17.01.03	0.80	200	1.41	816
November, 2003	No trading							
December, 2003	No trading							
January, 2004	No trading							
February, 2004	06.02.04 & 11.02.04	2.80	1200 1200	06.02.04 & 11.02.04	2.80	1200 1200	2.80	2400
March, 2004	No trading							
April, 2004	No trading							

(Source: Data received from NSE)

There was no trading of preference shares of the Company immediately after the resolution was approved on April 21, 2004 by the Board of Directors of the Company for Buy-back of Preference Shares.

There is no Change in the Capital Structure of the Company as per Clause 14(d) of Schedule III of SEBI (Buy Back of Securities) Regulations, 1998.

XIV. MANAGEMENT DISCUSSIONS AND ANALYSIS ON THE LIKELY IMPACT OF BUY-BACK ON THE COMPANY

1. The Buy-back is not likely to cause any material impact on the profitability of the Company except the loss of income, if any, on account of cash to be utilized for the Buy-back.
2. As required under the Act, the ratio of the debt owed by the Company would not be more than twice the share capital and free reserves after the Buy-back. The Debt Equity Ratio as at March 31, 2004 is 0.22: 1 (Debt Equity is calculated as Debt/Net worth)
3. Directors are concerned and/or interested in this Buy-back programme to the extent of their Preference Share holding in the Company and/or the Preference Share holding of their relatives and/or the Preference Share holding of the companies/entities, in which they are directors/members/ beneficiaries, which they may surrender for Buy-back to the Company.
4. The promoter, promoters' group companies and persons acting in concert intend to offer 132,319,480 no. of Preference Shares held by them under the Buy-back. The Buy-back of Preference Shares will not result in a change in control or otherwise affect the existing management structure.
5. The Company will not issue fresh Preference Shares from the date of the Public Announcement till a period of 6 months after the completion of the Buy-back.
6. The Company shall not issue bonus preference shares from the date of the Public Announcement till the date of the completion of the Buy-back.
7. There will be no change in the Management structure of the Company consequent to the Buy-back.

Sun Pharmaceutical Industries Ltd.



XV. PROCEDURE FOR THE TENDER OFFER

General Instructions

The Offer is open to all Preference Shareholders / Beneficial Owner(s) of the Preference Share(s), both registered and unregistered, including Promoters and/or persons acting in concert of the Company. The Tender/Offer Form is attached with this Offer Document and is being mailed to all the preference shareholders of the Company whose names appear on the Register of Members of the Company and who are beneficial owner(s) of preference share(s) as per the records made available to the Company by NSDL/CDSL as on May 24, 2004, being the Specified date. The Company will not accept any Preference Shares for Buy-back, in case of court restraints on transfer/sale of shares or any caveat noted on the preference shares.

The Company will consider all the shares tendered for Buy-back by Preference Shareholders, for acceptance under the Buy-back Offer, irrespective of whether the shareholder is registered with the Company as on the Specified Date or has obtained delivery after the Specified Date or he holds the shares in street name. In case the tenderer is an unregistered shareholder, he should submit the transfer deed complete in all respects, along with the share certificate(s) and an Application on Plain Paper.

NRIs/OCBs/FIIs can tender their Preference Shares in the Buy-back. However, NRIs/OCBs/FIIs should enclose a copy of the approval obtained from RBI at the time of their respective investment. The Tender / Offer Form without the said approval form is liable to be rejected. Further, NRIs/OCBs/FIIs will obtain the approval from RBI / appropriate authority, if any, before offering their preference shares in the said Buy-back Offer.

The Company does not have any Preference Shares subject to lock-in provisions or which are non-transferable. Hence, the question of the Company not buying back such Preference Shares as per Regulation 19(5) does not arise.

Consideration warrants (value exceeding Rs.1500/-), rejected share certificates and other documents related to Buy-back will be despatched by the Company at the address of the Preference Shareholders / Beneficial Owner(s) of the Preference Share(s) by Registered Post at the sole risk of the Preference Shareholders. Consideration warrants of value less than Rs.1500/- will be despatched under Certificate of Posting at the applicants' sole risk at his address.

Multiple applications by tenderers and multiple tenders from the same depository account are liable to be rejected.

1. For shareholders holding Preference Shares in physical form

- a) Preference Shareholders to whom this Offer is made are free to tender/offer their shareholding to the Company in whole or in part.
- b) Preference Shareholders of the Company who wish to tender/offer their Preference Shares in response to this Buy-back Offer should deliver the following documents.
 - i. The relevant Tender/ Offer Form duly signed (by all Preference Shareholders in case the Preference Shares are in joint names) in the same order in which they hold the Preference Shares, as per the specimen signature(s) recorded with the Company.
 - ii. Original share certificates, in respect of Preference Shares offered for Buy-back.
- c) Unregistered Preference Shareholders who wish to tender/offer their Preference Shares in response to the Buy-back Offer should send the application in writing on plain paper signed by all Preference Shareholders, stating acceptance of the offer and mentioning therein folio number, name, address, number of Preference Shares held, share certificate number, distinctive numbers, number of Preference Shares tendered for Buy-back, Bank account details together with the original share certificates & duly executed transfer deed and original contract note issued by the Broker, through whom they acquired Preference Shares and other relevant documents as mentioned in 'd' below.
- d) Preference Shareholders should also provide all relevant documents in addition to the above documents. Such may include (but not limited to):
 - Duly attested Power of Attorney if any person other than the shareholder has signed the relevant Tender/Offer Form.
 - Attested death certificate/succession certificate in case any shareholder has expired.
 - Necessary corporate authorisations, such as Board Resolutions, etc., in case of companies.
- e) Preference Shareholders are requested to send the tender/offer form to Registrar to the Offer as per detailed instructions incorporated in the tender/offer form superscribing the envelope as "Sun Pharmaceutical Industries Limited Buy-back Offer". The tender/offer form should reach the Registrar before 4.30 PM on June 21, 2004 failing which the same will be rejected.

RESPONSES SHOULD NOT BE SENT TO THE COMPANY OR MANAGER TO THE OFFER

- f) Consideration will be paid by crossed account payee demand draft/pay order/warrant to those Preference Shareholders whose offer has been accepted by the Company. The demand draft/ pay order/ warrant will be drawn in the name of the first named person in case of joint Preference Shareholders. The intimation regarding acceptance or non-acceptance of the

Sun Pharmaceutical Industries Ltd.

Preference Shares and the corresponding payment for the accepted Preference Shares (for value exceeding Rs.1500/-) and/or share certificates for the rejected Preference Shares will be despatched to Preference Shareholders by Registered Post and consideration value less than Rs. 1500/- will be despatched to Preference Shareholders under Certificate of Posting by 2nd July, 2004.

- g) It is mandatory for Preference Shareholders to indicate the bank account details to which the consideration would be payable at the appropriate place in the Tender/Offer Form.
- h) Non-receipt of this Letter of Offer by or accidental omission to despatch the Letter of Offer to any person who is eligible to receive this Offer, shall not invalidate the Offer in any way. In case of non-receipt of this Letter of Offer, Preference Shareholders may send their application on plain paper signed by all Preference Shareholders, stating folio number, name, address, number of Preference Shares held, share certificate number, distinctive numbers, number of Preference Shares tendered for Buy-back, bank account details together with the original share certificates and other relevant documents (as mentioned in b & d above) to the Registrars to the Offer so as to reach them before 4.30 PM on June 21, 2004.
- i) All documents/ remittances sent by or to Preference Shareholders will be at their own risk. Preference Shareholders of the Company are advised to adequately safeguard their interests in this regard.
- j) Preference Shareholders should tender one form irrespective of the number of folios he holds.

2. For Preference Shareholders holding Preference Shares in dematerialized form

Preference Shareholders to whom this Offer is made are free to tender/offer their shareholding to the Company in whole or in part.

For the purpose of Buy-back the Company has opened an account with Asian Markets Securities Pvt. Ltd. as detailed below:

DP ID Number	14000
DP Name.	Asian Markets Securities Pvt Ltd
Beneficiary Client ID Number	120140000002956
Client Account Name	Sun Pharma Buy-back of Preference Shares

Preference Shareholders of the Company who wish to tender/offer their Preference Shares in response to this Buy-back Offer should deliver the following documents:

- i) The relevant Tender/Offer Form duly signed (by all Preference Shareholders in case the Preference Shares are in joint names) in the same order in which they hold the Preference Shares.
- ii) Preference Shareholders should also provide all relevant documents in addition to the above documents. Such may include (but not limited to):
 - Duly attested Power of Attorney. If any person other than the shareholder has signed the relevant Tender/Offer Form.
 - Duly attested death certificate/succession certificate in case any shareholder has expired.
 - Necessary corporate authorisations, such as Board Resolutions, etc., in case of Companies.
- iii) Non-receipt of this Letter of Offer by or accidental omission to despatch the Letter of Offer to any person who is eligible to receive this Offer, shall not invalidate the Offer in any way. In case of non-receipt of this Letter of Offer, Preference Shareholders may send their application on plain paper signed by all Preference Shareholders, stating name, address, number of Preference Shares held, Client ID number, DP name, DP ID number, Bank account details together with the copy of delivery instructions issued to the DP (duly endorsed by the DP) and other relevant documents as mentioned earlier (as mentioned in i & ii above) to the Registrar to the Offer so as to reach them before 4.30 PM on June 21, 2004.

XVI. METHOD OF SETTLEMENT

The Company will pay the consideration to the Preference Shareholders by Demand Draft/cheques.

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

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

XVII. DOCUMENTS FOR INSPECTION

Copies of the following documents will be available for inspection at the Registered Office of the Company between 11.00 A.M. and 4.00 P.M. on all working days (Monday to Friday) during the Offer period:

Sun Pharmaceutical Industries Ltd.



1. Memorandum & Articles of Association of the Company.
2. Annual Reports for the years 2000-01, 2001-02 and 2002-03.
3. Audited financial Statement for the year ended on 31st March 2004.
4. A resolution approving Buy-back of Preference Shares passed by Board of Directors of the Company at their meeting held on April 21, 2004.
5. Auditors' Certificate dated April 21, 2004 as prescribed in Schedule I under Regulation 5(1) of the Regulations.
6. Copy of Public Notice cum Public Announcement dated April 21, 2004 made by the Company as per Regulation 8(1) of the Regulations.
7. Corrigendum Advertisement of Public Notice cum Public Announcement dated April 30, 2004 Made by the Company.
8. Declaration by Two Whole Time Directors as prescribed under Schedule III of the Regulations.
9. Declaration of Solvency and an affidavit dated April 30, 2004 verifying the same as per Form 4A of the Companies (Central Government's) General Rules and Forms, 1956.
10. Auditors' Report dated April 29, 2004 as prescribed in Schedule III of the Regulations.
11. Engagement letter of Managers to the Offer, namely, KJMC Global Market (India) Ltd.

XVIII. DECLARATION BY TWO WHOLE TIME DIRECTORS AS PRESCRIBED UNDER SCHEDULE III OF THE SEBI (BUY-BACK OF SECURITIES) REGULATIONS, 1998

As required under Clause 23 of Schedule III to the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, we hereby declare that:

1. The Board of Directors confirms that there are no defaults subsisting in repayment of deposits, redemption of debentures or preference shares or repayment of term loans to any financial institutions or banks.
2. The Board of Directors confirm that based on a full enquiry conducted into the affairs and prospects of the Company and taking into account all the liabilities including prospective and contingent liabilities payable as if the Company were being wound up under the Companies Act, 1956, the Board of Directors have formed an opinion that: -
 - a) As regards its prospects for the year immediately following the date of the Letter of Offer that, having regard to their intentions with respect to the management of the Company's business during the said year and to the amount and character of the financial resources which will be available to the Company during the said year, the Company will be able to meet its liabilities as and when they fall due and will not be rendered insolvent within a period of one year from the date of Board of Directors approval.
 - b) Immediately following the date of the Letter of Offer, there are no grounds on which the Company could be found unable to pay its debts.

This declaration is made and issued under the authority of the Board of Directors in terms of the resolution passed at the meeting held on April 21, 2004.

For and on behalf of the Board of Directors of
Sun Pharmaceutical Industries Limited

Sd/-

Dilip S. Shanghvi,
Chairman and Managing Director

Sd/-

Sudhir V. Valia,
Whole time Director

Date: 27th May, 2004
Place: Mumbai

Sun Pharmaceutical Industries Ltd.

XIX. AUDITORS' REPORT

The text of the Report dated April 29, 2004 received from M/s Price Waterhouse, Chartered Accountants, Mumbai, addressed to the Board of Directors is reproduced below:

The Board of Directors
Sun Pharmaceutical Industries Limited
Acme Plaza, Andheri Kurla Road,
Andheri (East),
Mumbai 400 059.

Dear Sirs,

In connection with the proposal of the Sun Pharmaceutical Industries Ltd. (the "Company") to Buy-back its shares and in pursuance of the provisions of Section 77A and 77B of the Companies Act, 1956 and the Securities and Exchange Board of India (Buy-back of Securities) Regulations, 1998, as amended, we have examined the audited financial statement of the Company for the year ended 31st March, 2004 as approved by the Board of Directors of the Company at the Meeting held on 21st April, 2004 and which is subject to the approval of the Shareholders in the ensuing Annual General Meeting. We have also examined other relevant records and based on such examination and the information and explanations given to us, report that:-

1. We have inquired into the Company's state of affairs.
2. In our opinion, the amount of maximum permissible capital payment, being Rs.632.69 Million (as per the Board of Directors resolution dated 21st April, 2004) which is 10.00% of the total paid up capital and free reserves of the Company as at March 31, 2004, for the shares to be bought back, is properly determined in accordance with Section 77A(2)(c) of the Companies Act, 1956 as ascertained below:

		Amount (in Rs. Million) as at March 31, 2004
Paid up Equity share capital	(A)	463.78
Add: Free Reserves - General Reserves	(B)	<u>5863.10</u>
Total	(A + B)	6326.88

The maximum permissible amount of capital payment for buy back as per Section 77A(2)(C) of the Companies Act, 1956 of India is Rs.632.69 Million.

3. Further, we are not aware of anything to indicate that the opinion expressed by the Directors in the declaration as to any of the matters mentioned in the declaration is unreasonable in all the circumstances and have formed our opinion as specified in clause 24 of Schedule III of Securities and Exchange Board of India (Buy-back of Securities) Regulation, 1998, on reasonable ground and that the Company will not having regard to its state of affairs, be rendered insolvent within a period of one year from the date of the said Board meeting on April 21, 2004.

Mumbai
April 29, 2004

Sd/-
Partha Ghosh
For and on behalf of
Price Waterhouse
Chartered Accountants

XX. COLLECTION CENTRE

All response to this Buy-back Offer should be sent to the Registrar to the Offer at the following address:

Intime Spectrum Registry Limited
[Unit: Sun Pharmaceutical Industries Limited]
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West), Mumbai- 400 078.
Tel.: 022-5555454 Fax No. 022-5555 5353
E-mail: isrl@vsnl.com
Contact Person: Mr. N. Mahadevan Iyer

Sun Pharmaceutical Industries Ltd.



XXI. COMPLIANCE OFFICERS

Compliance Officers:

Mr. Kamlesh Shah,

Company Secretary,
Sun Pharmaceutical Industries Limited,
Acme Plaza, Andheri Kurla Road,
Andheri (East), Mumbai - 400 059.
Tel.: 022-5696 9696/ 28212128
Fax:022-28212010
E-mail: kamlesh_shah@sunpharma.com

and/or

Mr. Ashok Bhuta,

Sr. Manager - Accounts,
Sun Pharmaceutical Industries Limited,
Acme Plaza, Andheri Kurla Road,
Andheri (East), Mumbai - 400 059.
Tel.: 022-5696 9696/ 28212128
Fax:022-28212010
E-mail: ashok_bhuta@sunpharma.com

XXII. INVESTORS SERVICE CENTER

In case of any queries, the Preference Shareholders may contact Registrar and Share Transfer Agent of the Company at the following address on any working day (except Saturday, Sunday & Public Holidays) between 10 a.m. and 1 p.m. or 2 p.m. and 4 p.m.:

Intime Spectrum Registry Limited

[Unit: Sun Pharmaceutical Industries Limited]

C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.

Tel. No. 022-5555 5454

Fax No. 022- 5555 5353

E-mail: isrl@vsnl.com

Contact Person: Mr. N. Mahadevan Iyer

XXIII. REMEDIES AVAILABLE TO THE INVESTORS

If the Company makes any default in complying with the provisions of Section 77 A of the Act or any rules made there under, or any regulation made under clause (f) of sub-section (2) of Section 77A, the Company or any officer of the Company who is in default shall be punishable with imprisonment for a term which may extend to two years or with a fine which may extend to Rs. 50,000 or both. The address of the concerned office of the Registrar of Companies is The Registrar of Companies, ROC Bhavan, Opp. Rupal Park, Near Ankur bus stop, Naranpur, Ahmedabad- 380 061. As per Regulation 19(1)(a) of the Regulations, the Directors of the Company accept full responsibility for the information contained in the Letter of Offer. This Letter of Offer is issued under the authority of the Board of Directors in terms of the resolution passed by the Board on April 21, 2004.

Signed by the Directors

Shri Dilip S. Shanghvi

Shri Sudhir V. Valia (By his power of attorney hold Shri Dilip S. Shanghvi)

Shri Sailesh T. Desai

Shri Hasmukh S. Shah

Shri Keki M. Mistry

Shri Ashwin S. Dani

Shri S. Mohanchand Dadha

Place: Mumbai

Date: 27th May, 2004

Sun Pharmaceutical Industries Ltd.



**TENDER / OFFER FORM
(FOR SHAREHOLDERS HOLDING SHARES IN PHYSICAL FORM)**

DATE: -----

To
The Board of Directors
Sun Pharmaceutical Industries Ltd.,
Acme Plaza, Andheri Kurla Road, Opp. Sangam Cinema,
Andheri (East), Mumbai- 400 059.
Phone No: (91-22) 56969696/9600
Fax No.: (91-22) 2821 2010

For registrars use		
Inward Number	Date	Stamp

Dear Sirs,

Ref: Letter of Offer dated 27th May, 2004 to buy back of preference shares of Sun Pharmaceutical Industries Limited

1. I / We (having read and understood the Letter of Offer dated 27th May, 2004) hereby tender / offer my/our shares in response to the Buy-back Offer on the terms and conditions set out below and in the Letter of Offer. 2 I / We authorise the Company to buy back the shares offered and as a consequence to extinguish the share certificates. 3 I / We hereby warrant that the shares comprised in this tender / offer are offered for Buy-back by me / us free from all liens, equitable interest, charges and encumbrance. 4 I / We declare that there are no restraints / injunctions or other order of any nature which limits / restricts in any manner my / our right to tender shares for Buy-back and that I / we am / are legally entitled to tender the shares for Buy-back. 5 I / We agree that the Company is not obliged to accept any shares offered for Buyback where loss of share certificates has been notified to the Company. 6 I / We agree that the Company will pay the Offer Price only after due verification of the validity of the documents and signatures and that the consideration may be paid to the first named shareholder. 7 I / We undertake to return to the Company any Buy-back consideration that may be wrongfully received by me/us. 8 I / We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my / our tender / offer and agree to abide by any decision that may be taken by the Company to effect the Buyback in accordance with the Act and the Regulations. 9 I / We authorize the company to split the share certificate and issue new consolidated certificate for the unaccepted shares in case the shares accepted by the company are less than the shares tendered in the buy back due to over subscription. 10 Details of shares held and offered for Buy-back:

	In Figures	In Words
Number of Shares held		
Number of shares offered for Buy- Back		

11. Details of Share Certificate(s) enclosed: Total No. of Certificates submitted

Sl. No.	Folio No.	Share Certificate number	Distinctive No(s)		No. Of Shares
			From	To	
1					
2					
3					
4					
5					
Total					

In case the number of folios and share certificates enclosed exceed 5 nos., please attach a separate sheet giving details in the same format as above.

12. Details of Other Documents (please tick appropriately), if any, enclosed:

Corporate Authorisations Death Certificate succession Certificate Power of Attorney Any Other, please specify

13. Details of Bank Account of the Sole / First Shareholder to be incorporated in the consideration warrant (to be mandatorily filled)

Name of the Bank	Branch and City	Account Number (Indicate type of account)

14. Shareholder(s) details (Signature(s) as per specimen recorded with the Company):

	Sole / First Shareholder	Second holder (if any)	Third holder (if any)
Name in Full			
Signature			
Address of the Sole/First Shareholder			
Telephone No.		E Mail	

-----Acknowledgement slip-----

(Sun Pharmaceutical Industries Limited) BUY-BACK OFFER-ACKNOWLEDGEMENT
(To be filled by the shareholder)

Folio Number		In figures	In words
Received from	Number of shares tendered		
Mr/Ms. _____	Number of Share certificates Submitted		
_____	Collection Centre Stamp & Date		

Please quote folio no. for future correspondence

Sun Pharmaceutical Industries Ltd.

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INSTRUCTIONS

- 1 This Offer will open on May 31, 2004 and close on June 21, 2004
- 2 This Tender / Offer Form has to be read along with the Letter of Offer and is subject to the terms and conditions mentioned in the Letter of Offer and this Tender / Offer Form.
- 3 Shareholders who wish to tender / offer their shares in response to this Buy-back Offer should deliver the following documents by Courier/Registered Post/Hand Delivery to Intime Spectrum Industry Limited (Unit: Sun Pharmaceutical Industries Limited Preference Shares Buy Back) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078. so as to reach before the close of business hours by 4.30 PM on or before June 21, 2004.
 - a) The relevant Tender / Offer Form duly signed (by all shareholders in case shares are in joint names) in the same order in which they hold the shares.
 - B) Original share certificates.
- 4 Shareholders should also provide all relevant documents in addition to the above documents. Such may include (but not limited to):
 - a) Duly attested Power of Attorney if any person other than the shareholder has signed the relevant Tender / Offer Form.
 - b) Duly attested death certificate/succession certificate in case any shareholder has expired.
 - c) Necessary corporate authorisations, such as Board Resolutions, etc., in case of companies.
- 5 Shareholders to whom this Offer is made are free to tender /offer their shareholding to the Company in whole or in part.
- 6 In case of non-receipt of this Letter of Offer, shareholders may send their application in plain paper in writing signed by all shareholders, stating folio number, name, address, number of shares held, share certificate number, distinctive numbers, number of shares tendered for Buy-back, bank account details together with the original share certificates and other relevant documents to the Registrar to the Buy-back Offer, to Intime Spectrum Industry Limited (Unit: Sun Pharmaceutical Industries Limited Preference Shares Buy Back) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 so as to reach before the close of business hours by 4.30 PM on or before June 21, 2004.
- 7 It is mandatory for shareholders to indicate the bank account details to which the consideration would be payable at the appropriate place in the Tender / Offer Form.
- 8 All documents / remittances sent by or to shareholders will be at their own risk. Shareholders of the Company are advised to safeguard adequately their interests in this regard.
- 9 Tender/Offer form incomplete in any respect is liable to be rejected including in the following cases:
 - a) if the signature of the shareholder(s) in the tender/offer form differs from the specimen signature
 - b) Tender/Offer form is not signed by the sole or all or any of the joint shareholders.
 - c) Tender/Offer form is signed by Power of Attorney holder and the POA is not registered with the Company.
 - d) Tender/Offer Form is signed by any authorised signatory whose signature is not registered with the Company.
 - e) If the tender/offer form is received after the closure date of the offer.
 - f) If bank account details are not mentioned.
- 10 Note: Any shareholder should tender only one form, irrespective of the number of folios he holds. Multiple applications tendered by any shareholder shall be liable to be rejected. Also, multiple tenders from the same depository account or same registered folio shall also be liable to be rejected

ALL FUTURE CORRESPONDENCE IN CONNECTION WITH THIS BUY-BACK OFFER SHOULD BE ADDRESSED TO THE REGISTRAR TO THE BUY-BACK OFFER (TO INTIME SPECTRUM INDUSTRY LIMITED (UNIT: SUN PHARMACEUTICAL INDUSTRIES LIMITED PREFERENCE SHARES BUY BACK) C-13, PANNALAL SILK MILLS COMPOUND, L.B.S. MARG, BHANDUP (WEST), MUMBAI - 400 078) QUOTING YOUR FOLIO NUMBER.

Sun Pharmaceutical Industries Ltd.

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**TENDER / OFFER FORM
(FOR SHAREHOLDERS HOLDING SHARES IN DEMATERIALIZED FORM)**

DATE: -----

To
The Board of Directors
Sun Pharmaceutical Industries Ltd.,
Acme Plaza, Andheri Kurla Road, Opp. Sangam Cinema,
Andheri (East), Mumbai- 400 059.
Phone No: (91-22) 56969696/9600
Fax No.: (91-22) 2821 2010

For registrars use		
Inward Number	Date	Stamp

Dear Sirs,

Ref: Letter of Offer dated 27th May, 2004 to buy back of preference shares of Sun Pharmaceutical Industries Limited

1. I / We (having read and understood the Letter of Offer dated 27th May, 2004 hereby tender / offer my/our shares in response to the Buy-back Offer on the terms and conditions set out below and in the Letter of Offer. 2 I / We authorise the Company to buy back the shares offered (as mentioned below) and to issue instruction to Intime Spectrum Registry Limited. (Unit: Sun Pharmaceutical Industries Limited Preference Shares Buy Back) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 to extinguish the shares through an off market transfer. 3 I / We hereby warrant that the shares comprised in this tender / offer are offered for Buy-back by me / us free from all liens, equitable interest, charges and encumbrance. 4 I / We declare that there are no restraints / injunctions or other order of any nature which limits / restricts in any manner my / our right to tender shares for Buy-back and that I / we am / are legally entitled to tender the shares for Buy-back. 5 I / we agree that the Company will pay the Offer Price only after due verification of the validity of the documents and that the consideration may be paid to the first named shareholder. 6 I / We undertake to return to the Company any Buy-back consideration that may be wrongfully received by me/us. 7 I / We undertake to execute any further documents and give any further assurances that may be required or expedient to give effect to my / our tender / offer and agree to abide by any decision that may be taken by the Company to effect the Buyback in accordance with the Act and the Regulations.

8. Details of shares held and offered for Buy-back:

	In Figures	In Words
Number of preference Shares held		
Number of preference shares offered for Buy- Back		

9. Details of account with Depository Participant

Name of the Depository (tick whichever is applicable)	NSDL _____ CDSL _____
Name of the Depository Participant	
DP ID	
Client ID with the DP	

10. I / We hereby declare that we have instructed the above-mentioned DP, with whom, I / we hold an account to transfer the number of shares as mentioned under serial number 8 above to **Sun Pharma Buy-back of Preference Shares Account (Client Id No. 120140000002956) held with Asian Markets Securities Pvt Ltd (DP ID. No. 14000). A copy of delivery instruction issued to the DP, duly endorsed by the DP is enclosed.**

11. Details of Other Documents (please tick appropriately), if any, enclosed:

Corporate Authorisations Death Certificate succession Certificate Power of Attorney Any Other, please specify

12. Details of Bank Account of the Sole / First Shareholder to be incorporated in the consideration warrant. (to be mandatorily filled)

Name of the Bank	Branch and City	Account Number (Indicate type of account)

13. Shareholder(s) details: (Signature(s) as per specimen recorded with the Company):

	Sole / First Shareholder	Second holder (if any)	Third holder (if any)
Name in Full			
Signature			
Address of the Sole/First Shareholder			
Telephone No.			E Mail

-----Acknowledgement slip-----

(Sun Pharmaceutical Industries Limited)BUY-BACK OFFER-ACKNOWLEDGEMENT
(To be filled by the shareholder)

Received from Mr./Ms. _____ _____	DP ID. Number	In figures	In words
	Client Id. No.		
	Number Of Pref Share s offered for Buy-back		
	Collection Centre Stamp & Date		

Please quote Client Id. no. & DP Id. no. for future correspondence

Sun Pharmaceutical Industries Ltd.

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INSTRUCTIONS

- 1 This Offer will open on May 31, 2004 and close on June 21, 2004
- 2 This Tender / Offer Form has to be read along with the Letter of Offer and is subject to the terms and conditions mentioned in the Letter of Offer.
- 3 For the purpose of Buy-back, the Company has opened an account with a Depository

DP ID Number	14000
DP Name.	Asian Markets Securities Pvt Ltd
Beneficiary Client ID Number	120140000002956
Client Account Name	Sun Pharma Buy-back of Preference Shares

4. Preference Shareholders who wish to tender / offer their shares in response to this Buy-back Offer should deliver the following documents to Intime Spectrum Industry Limited (Unit: Sun Pharmaceutical Industries Limited Preference Shares Buy Back) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078. so as to reach before the close of business hours 4.30 PM on or before June 21, 2004.

The relevant Tender / Offer Form duly signed (by all shareholders in case the shares are in joint names) in the same order in which they hold the shares.

Copy of delivery instruction issued by shareholders to their DP for transferring the shares tendered for Buy-back, to the Company's DP account with Asian Markets Securities Pvt Ltd. Copy of the delivery instruction should be duly endorsed by the DP of shareholder, to whom the original delivery instruction should be handed over.

- 5 In the delivery instruction please use the "For Off-Market Trades (Receiver Details)" box. Fill in "Asian Markets Securities Pvt Ltd" against DP Name. "14000" against the DP ID and "120140000002956" against Client ID. The date of execution entered in the delivery instruction should be after the date of opening of the offer and on or before the last date of submission of the Tender / Offer Form to the Registrar to the Offer or on or before the date of mailing of the Tender / Offer Form to the Registrar to the Offer, as the case may be, but not in any case later than the date of Closure of the Offer.

- 6 In case of non-receipt of this Letter of Offer, Beneficial Owners may send the acceptance of the Offer in writing to the Registrar to the Offer, Intime Spectrum Industry Limited (Unit: Sun Pharmaceutical Industries Limited Preference Shares Buy Back) C-13, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (West), Mumbai - 400 078 on plain paper in writing signed by Preference Shareholders, stating, name, address, number of shares held, client Id number, DP name, DP Id number, number of shares tendered for Buy-back, bank account details together with a photocopy of counterfoil of the delivery instruction in "Offer Market" mode, duly acknowledged by the beneficial owners depository participant, in favour of the Special Depository Account, the details of which are mentioned

Shareholders, having their beneficial account with National Securities Depository Limited, have to use inter-depository delivery instruction slip for the purpose of crediting their Preference Shares in favour of the Special Depository Account with CDSL.

No indemnity is required which sending the acceptance of the Offer on plain paper.

- 7 Shareholders should also provide all relevant documents in addition to the above documents. Such may include (but not limited to):

Duly attested Power of Attorney, if any person other than the shareholder has signed the relevant Tender / Offer Form.

Duly attested death certificate / succession certificate in case any shareholder has expired.

Necessary corporate authorizations, such as Board Resolutions, etc., in case of companies.

- 8 Shareholders to whom this Offer is made are free to tender / offer their shareholding to the Company in whole or in part.
- 9 It is mandatory for shareholders to indicate the bank account details to which the consideration would be payable at the appropriate place in the Tender / Offer Form.
- 10 All documents / remittances sent by or to shareholders will be at their own risk. Shareholders of the Company are advised to safeguard adequately their interests in this regard.

11. Tender/Offer form incomplete in any respect is liable to be rejected including in the following cases:

- g) if the signature of the shareholder(s) in the tender/offer form differs from the specimen signature
- h) Tender/Offer form is not signed by the sole or all or any of the joint shareholders.
- i) Tender/Offer form is signed by Power of Attorney holder and the POA is not registered with the Company.
- j) Tender/Offer Form is signed by any authorised signatory whose signature is not registered with the Company.
- k) If the tender/offer form is received after the closure date of the offer.
- l) If bank account details are not mentioned.

12. Note: Any shareholder should tender only one form, irrespective of the number of folios he holds. Multiple applications tendered by any shareholder shall be liable to be rejected. Also, multiple tenders from the same depository account or same registered folio shall also be liable to be rejected

ALL FUTURE CORRESPONDENCE IN CONNECTION WITH THIS BUY-BACK OFFER SHOULD BE ADDRESSED TO THE REGISTRAR TO THE BUY-BACK OFFER, QUOTING YOUR CLIENT ID & DP ID NUMBER.

Sun Pharmaceutical Industries Ltd.

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Book Post

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