

# Notice of Annual General Meeting

NOTICE is hereby given that the Twentieth Annual General Meeting of the Members of Sun Pharmaceutical Industries Limited will be held on Thursday, November 8, 2012, at 2.30 p.m at Sir Sayajirao Nagargruh, Akota, Vadodara - 390 020, Gujarat to transact the following business:

## ORDINARY BUSINESS:

1. \* To consider and adopt the Balance Sheet as at March 31, 2012, the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. \* To confirm payment of interim dividend on Equity Shares as final dividend.
3. To appoint a Director in place of Shri. Keki M. Mistry, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Shri. Sudhir V. Valia, who retires by rotation and being eligible, offers himself for reappointment.
5. To appoint a Director in place of Shri. Ashwin S. Dani, who retires by rotation and being eligible, offers himself for reappointment.
6. To re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai, having ICAI Registration No.117366W, as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

## SPECIAL BUSINESS:

7. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **Ordinary Resolution**:  
"RESOLVED THAT Mr. Makov Israel, who was appointed as an Additional Director of the Company pursuant to Section 260 of the Companies Act, 1956 and holds office upto the date of Annual General Meeting and in respect of whom the Company has received a Notice under Section 257 of the Companies Act, 1956, from a Member in writing, proposing his candidature for the office of Director, be and is hereby appointed as a Director of the Company subject to retirement by rotation under the Articles of Association of the Company."
8. To consider and, if thought fit, to pass with or without modification(s), the following resolution, as a **Special Resolution**:  
"RESOLVED THAT in accordance with the provisions of Sections 198, 269, 309, 310, 311, 314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 and subject to such sanction(s) as may be necessary in law, Shri Dilip S. Shanghvi, be and is hereby re-appointed as the Managing Director of the Company for a further period of five years effective from April 1, 2013 to March 31, 2018, on the terms and conditions (including the remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out in the draft agreement (the main terms and conditions of which are described under Explanatory Statement) submitted for approval to this Meeting and for identification initialled by the Chairman, which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or Agreement, in such manner as may be agreed to between the Board of Directors and Shri Dilip S. Shanghvi within and in accordance with the limits prescribed in Schedule XIII of the Companies Act, 1956 or any amendment thereto and if necessary, as may be agreed to between the Central Government and the Board of Directors and acceptable to Shri Dilip S. Shanghvi;  
**RESOLVED FURTHER THAT** in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), that is, the salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling and the aforesaid draft agreement between the Company and Shri Dilip S. Shanghvi be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required by law;  
**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this Resolution."
9. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a **Special Resolution**:  
**RESOLVED THAT** in conformity with the provisions of Article 142 of the Articles of Association of the Company and pursuant to the provisions of Section 309(4) of the Companies Act, 1956, the authority be and is hereby accorded to the payment of commission to the Non-Executive Directors of the Company (other than the Managing Director and/or Whole-time Directors) to be determined by the Board of Directors for each Non-Executive Director for each financial year over a period of five years from the current financial year ending on 31.03.2013 up to and including financial year of the Company ending on 31.03.2017 to be calculated in accordance with the provisions of Section 349 and 350 of the Company Act, 1956 and distributed between such Directors in such a manner as the Board of Directors may from time to time determine within the maximum limit of 0.10 per cent of net profits of the Company in addition to the sitting fees being paid by the Company for attending the Board/Committee Meetings of the Company."

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

**"RESOLVED THAT** in accordance with the provisions of Sections 81, 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 or any statutory modification or re-enactment thereof for the time being in force and subject to such approvals, permissions and sanctions, consents and /or permissions of the Government of India, Reserve Bank of India, Securities and Exchange Board of India and of such other appropriate authorities, Institutions or Bodies, as the case may be, and subject also to such terms, conditions and modifications as may be prescribed or imposed while granting such approvals, sanctions, permissions and agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this Resolution), the consent, authority and approval of the Company be and is hereby accorded to the Board to issue, offer and allot from time to time in one or more tranches and in consultation with the Lead Managers and/or Underwriters and/or other Advisors, Convertible Bonds, Debentures and/or Securities convertible into Equity Shares at the option of the Company or the holders thereof and/or securities linked to Equity Shares and/or securities with or without detachable warrants with right exercisable by the warrant holder to convert or subscribe to Equity Shares and/or Bonds or Foreign Currency Convertible Bonds or Securities through Global Depository Receipts, American Depository Receipts or Bonds or Financial Derivates (hereinafter collectively referred to as "the Securities") to such Indian or Foreign Institutional Investors/Foreign Mutual Funds/Overseas Corporate Bodies/Foreigners/other Foreign parties/ Indian Financial Institutions/Alternative Investment Funds/Qualified Institutional Buyers/Companies/ individuals/ other persons or investors, whether or not they are members of the Company and/or by any one or more or a combination of the above modes/methods or otherwise by offering the Securities in the international market comprising one or more countries or domestic market or in any other approved manner through Prospectus and/or Offering Letter or Circular and/or on private placement basis as may be deemed appropriate by the Board such offer, issue and allotment to be made at such time or times at such , issue price, face value, premium amount on issue/ conversion of securities/exercise of warrants/redemption of Securities, rate of interest, redemption period, listing on one or more stock exchange in India and/or abroad and in such manner and on such terms and conditions as the Board may think fit, for an aggregate amount (inclusive of such premium as may be fixed on the securities) not exceeding ₹ 80 Billions (Rupees Eighty Billions only) , of incremental funds for the Company with power to the Board to settle details as to the form and terms of issue of the Securities, and all other terms, conditions and matters connected therewith or difficulties arising therefrom.

**RESOLVED FURTHER THAT** pursuant to the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956, the provisions of SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations") and the provisions of Foreign Exchange Management Act, 2000 & Regulations thereunder, the Board of Directors may at their absolute discretion, issue, offer and allot equity shares and/or Non Convertible Debentures with detachable Warrants for up to the amount of ₹ 80 Billions (Rupees Eighty billions only) inclusive of such premium, as specified above, to Qualified Institutional Buyers (as defined by the SEBI ICDR Regulations) pursuant to a qualified institutional placements, as provided under Chapter XIII A of the SEBI ICDR Regulations".

**RESOLVED FURTHER THAT** in the event that securities convertible into equity shares are issued under SEBI ICDR regulations, the relevant date for the purpose of pricing of securities ,shall be the date of the meeting in which the board (which expression includes any committee thereof constituted or to be constituted) decides to open the issue of the specified securities subsequent to the receipt of shareholders approval in terms of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and other applicable laws, regulations and guidelines in relation to the proposed issue of specified securities through a Qualified Institutional Placement in accordance with the SEBI ICDR Regulations as mentioned above

**RESOLVED FURTHER THAT** in the event that Non Convertible Debentures (NCDs) with or without warrants with a right exercisable by the warrant holder to exchange with Equity Shares of the Company are issued ,the relevant date for determining the price of equity shares of the Company , to be issued upon exchange of the warrants ,shall be the date of the meeting in which the board (which expression includes any committee thereof constituted or to be constituted) decides to open the issue of NCDs in accordance with the SEBI ICDR Regulations as mentioned above.

**RESOLVED FURTHER THAT** the consent of the Company be and is hereby accorded, in terms of Section 293(1)(a) and other applicable provisions, if any, of the Companies Act, 1956 and subject to all other necessary approvals, to the Board to secure, if necessary, all or any of the above mentioned Securities to be issued, by the creation of a mortgage and/or charge on all or any of the Company's immovable and/or moveable assets, both present and future in such form and manner and on such terms as may be deemed fit and appropriate by the Board.

**RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of additional equity shares as may be required in pursuance of the above issue and that the additional equity shares so allotted shall rank in all respects paripassu with the existing equity shares of the Company save that such additional equity shares shall carry the right to receive dividend as may be provided under the terms of the issue/ offer and/or in the offer documents.

**RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolution, the Board or a committee thereof or any of the working Directors of the Company, be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities/parties involved in such issues in India and/or abroad and to do all such acts, deeds, matters and things as they may, in their absolute discretion deem

necessary or desirable including, if necessary, for creation of such mortgage and/or charges in respect of the securities on the whole or in part of the undertaking of the Company under Section 293(1)(a) of the Companies Act, 1956 and to execute such documents or writing as may consider necessary or proper and incidental to this resolution and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Securities as it may deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution including for issue of any related securities as a condition of the issue of the said securities as also for securing the said Securities."

"RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions the Board be and is hereby authorised and empowered to delegate all or any of the powers herein conferred to any Committee of Directors and/or any Whole-time Director(s) and/or any Officer(s) of the Company."

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

"RESOLVED THAT in supersession of all earlier resolutions passed and in terms of Section 293(1)(d) of the Companies Act, 1956 and all other enabling provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow from time to time any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) exceed the aggregate paid up capital of the Company and its free reserve, that is to say reserve not set apart for any specific purpose provided that the total amount so borrowed by the Board shall not at any time exceed the limit of ₹ 300 Billions (Rupees Three Hundred Billions only)."

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

"RESOLVED THAT pursuant to the provisions of Section 372A and any other applicable provision, if any, of the Companies Act, 1956, ('the Act') including any statutory modification or re-enactment thereof for the time being in force, the Board of Directors of the Company be and is hereby authorised to agree to at its discretion to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and to make investments in Shares, Debentures and/or any other Securities of other body corporates, whether Indian or overseas and/or in various schemes of Mutual Funds or such other funds, in their absolute discretion deem beneficial and in the interest of the Company in excess of 60% of the paid up Share Capital and Free Reserves of the Company or 100% of Free Reserves of the Company whichever is more, as prescribed under section 372A of the Companies Act, 1956 from time to time, in one or more tranches, upto maximum amount of ₹ 300 Billions (Rupees Three Hundred Billions only), notwithstanding that investments along with Company's existing loans or guarantee/ security or investments shall be in excess of the limits prescribed under Section 372A aforesaid.

RESOLVED FURTHER THAT the Board be and is hereby authorised to take from time to time all decisions and steps in respect of the above investment including the timing, amount and other terms and conditions of such investment and varying the same through transfer, sale, disinvestments or otherwise either in part or in full as it may deem appropriate, and to do and perform all such acts, deeds, matters and things, as may be necessary or expedient in this regard and to exercise all the rights and powers which would vest in the Company in pursuance of such investment."

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

"RESOLVED THAT pursuant to the provisions of section 31 and other applicable provisions, if any, of the Companies Act 1956, the Article 163A be inserted in the Articles of Association of the Company under the sub heading "Meeting of Directors" which reads as under:

Article 163A: "A Director can participate in the Board/Committee Meeting through Video Conferencing or such other mode as may be permitted by the Government of India from time to time as per any rules, if any framed by the the Government of India or concerned authorities in this respect and any such participation shall be counted for the purposes of quorum for any transaction of the business of the Board / Committee."

\* Please refer to attached Explanatory Statement relating to Item Nos. 1 and 2 of the Notice.

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

Place : Mumbai  
Date : October 5, 2012

Sunil R. Ajmera  
Company Secretary

Registered Office:  
SPARC, Tandajja  
Vadodara - 390 020.

Notes:

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

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

2. Re-appointment of Directors:

At the ensuing Annual General Meeting, Shri Keki M. Mistry, Shri Sudhir V. Valia and Shri Ashwin S. Dani retire by rotation and being eligible offer themselves for re-appointment as Directors liable to retire by rotation. The information or details to be provided for the aforesaid Directors under Corporate Governance Code are as under:

- (a) Shri.Keki M.Mistry (57 years), joined the Board on August 28, 2002. At present, he is the Vice Chairman & Chief Executive Officer of Housing Development Finance Corporation Limited (HDFC). He joined HDFC in October, 1981 and prior to joining HDFC, he worked with the Indian Hotels Co. Ltd.

Mr. Mistry is a fellow member of the Institute of Chartered Accountants of India and a Member of the Michigan Association of Certified Public Accountants, USA. He has rich experience in Finance and worked as a consultant to the Commonwealth Development Corporation in Bangkok, Thailand, Mauritius, Caribbean Islands & Jamaica, Asian Development Bank and Mauritius Housing Company.

Presently, he is the Chairman of Gruh Finance Limited and is on the Board of Housing Development Finance Corporation Limited, HDFC Bank Ltd., HDFC Asset Management Co. Ltd., HDFC Standard Life Insurance Co. Ltd., HDFC ERGO General Insurance Co. Ltd., Infrastructure Leasing & Financial Services Ltd., The Great Eastern Shipping Co. Ltd., Greatship (India) Ltd., Next Gen Publishing Ltd., Shrenuj & Company Ltd., Torrent Power Ltd., BSE Ltd., Griha Investments, Mauritius & India Value Fund Advisors Pvt. Ltd. Besides Member/Chairman of various Committees, he serves as the Chairman of Audit Committee of The Great Eastern Shipping Co. Ltd., Greatship (India) Ltd. & Torrent Power Ltd., and as a Member of Audit Committee of HDFC Standard Life Insurance Co. Ltd., HDFC ERGO General Insurance Co. Ltd., HDFC Asset Management Co. Ltd., Gruh Finance Ltd., Infrastructure Leasing & Financial Services Ltd. & Shrenuj & Company Ltd.

He is presently holding 25,000 Equity Shares of Re.1/- each of the Company (including shares held jointly).

- (b) Shri. Sudhir V. Valia (56 years) is a Chartered Accountant with more than two decades of experience in Finance and Taxation, representing the Board since January 31, 1994 and at present, he is the Wholetime Director of the Company. He is also a Director in the following companies:

Sun Pharma Advanced Research Company Ltd., Caraco Pharmaceutical Laboratories Ltd., Sun Petrochemicals Pvt. Ltd., Shantilal Shanghvi Foundation, Sun Pharma De Mexico SA DE CV, SPIL De Mexico SA DE CV, Lakshadeep Investments & Finance Pvt. Ltd., Karad Chemicals & Allied Products Pvt. Ltd., Minaxi Fiscal Services Pvt. Ltd., Nisha Capital Services Ltd., Sejraj Financial Services Ltd., Universal Enterprises (P) Ltd., Eklavya Securities Ltd., Alkaloida Chemical Company Exclusive Group Ltd., Aditya Acquisition Company Ltd., Taro Development Corporation , Sun Pharma Industries Europe BV, Suraksha Realty Ltd., Sun Pharmaceuticals (SA) (PTY) Ltd., Chattem Chemicals Inc., Sun Global Canada Pty. Ltd., Sun Pharma Drugs Pvt. Ltd., Sun Pharma Medication Pvt. Ltd., Aditya Thermal Energy Pvt. Ltd., Alfa Infraprop Pvt. Ltd., Caraco Pharma Inc., Taro Pharmaceutical Industries Ltd., Taro Pharmaceutical North America Inc., Taro Pharmaceutical Inc., Canada, Taro Pharmaceutical USA Inc., Taro International Ltd. & Krishna Vrundavan Pratishtan.

- (c) Shri Ashwin S. Dani (69 years), joined the Board on January 28, 2004. Shri Ashwin Dani is a B.Sc. (Hons) from the Institute of Science, University of Mumbai and B.Sc. (Tech.) (Pigments & Varnishes) from U.D.C.T. University of Mumbai. He also holds a Master Degree in Polymer Science from University of Akron, Ohio, USA and Diploma in Colour Science from Rensellaer Polytechnic, Troy, New York.

At present, he is a Director in the following companies:

Asian Paints Ltd., Gujarat Organics Ltd., Hitech Plast Ltd., Resins & Plastics Ltd., Rangudyen Insurance Broking Services Ltd., ACC Limited & Geetanjali Trading & Investments Pvt. Ltd.

He is a Member of the National Productivity Council.

He does not hold any shares in the Company.

3. The Register of Members and Share Transfer Books of the Company will be closed from Friday, November 02, 2012 to Thursday, November 08, 2012 (both days inclusive) for the purpose of the Twentieth Annual General Meeting of the Company.
4. The Board of Directors at their Meeting held on August 10, 2012, declared an Interim Dividend @ ₹ 4.25 per Equity Share on Equity Shares of Re.1/- each of the Company for the year ended March 31, 2012 in lieu of earlier recommended dividend @ ₹ 4.25 per Equity Share of Re.1/- each for the year ended March 31, 2012 in view of the likely delay in adoption of accounts by the Members for the year ended March 31, 2012 due to required approval from the Hon'ble High Court of Gujarat at Ahmedabad for spin off of Domestic Formulation Business of the Company into Sun Pharma Laboratories Ltd., a wholly owned subsidiary of our Company with effect from March 31, 2012 and consequent likely delay in payment of final dividend for the year ended March 31, 2012.

The Interim Dividend on Equity Shares of the Company as declared by the Board of Directors was paid on August 22, 2012 to the Company's Equity Shareholders whose name stand on the Register of Members as beneficial owners at the close of business as on Thursday, August 16, 2012 as per the list provided by NSDL & CDSL in respect of shares held in electronic form and as Members in the Register of Members of the Company after given effect to valid transfers in physical form lodged with the Company on or before Thursday, August 16, 2012.

5. Pursuant to Section 205A and Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund (IEP Fund). The Company will be transferring the unclaimed dividends during the financial years ending March 31, 2013 to March 31, 2015 as given below:

Dividend for Financial Year Ended	Date of Declaration of Dividend entitled	Rate of Dividend	Last date for claiming unpaid Dividend	Due Date for transfer to IEP Fund
2004-05	30.09.2005	75% Equity/ 6%Preference	29.09.2012	28.10.2012
2005-06	20.09.2006	110% Equity/ 6%Preference	19.09.2013	18.10.2013
2006-07	05.09.2007	135% Equity/ 6%Preference	04.09.2014	03.10.2014

Members who have not encashed their dividend warrants, for the financial year ended March 31, 2005 and onwards may approach the Company's Registrar & Transfer Agents, M/s Link Intime India Pvt. Ltd., C-13, Kantilal Maganlal Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078 for revalidating the warrants or for obtaining duplicate warrants. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim can be made by the respective shareholders for the same.

6. The Members of erstwhile Tamilnadu Dadha Pharmaceuticals Limited, erstwhile Gujarat Lyka Organics Limited and erstwhile Phlox Pharmaceuticals Limited, who have yet not sent their share certificates of erstwhile Tamilnadu Dadha Pharmaceuticals Limited, Chennai, Gujarat Lyka Organics Limited and Phlox Pharmaceuticals Limited respectively for exchange with the share certificates of Sun Pharmaceutical Industries Limited are requested to do so at the earliest, since share certificates of the erstwhile Tamilnadu Dadha Pharmaceuticals Limited, Gujarat Lyka Organics Limited and Phlox Pharmaceuticals Limited held by them are no longer tradable/ valid.
7. The Members may be aware that the Equity Shares of the Company had been subdivided from equity share of ₹ 5/- each to 5 equity shares of Re.1/- each on November 29, 2010 based on the Record Date of November 26, 2010 in terms of the Resolutions passed by the Shareholders of the Company by way of postal ballot conducted during November, 2010, the results of which were announced on November 12, 2010. The Members who have yet not sent their share certificates of ₹ 5/- each of the Company for exchange with new equity shares of Re.1/- each shall send the same to the Company's Registrar & Transfer Agents, M/s. Link Intime India Pvt. Ltd since the old share certificates of ₹ 5/- each are no longer tradable.
8. Please note that as per the Notification of SEBI, Sun Pharmaceutical Industries Limited's shares are under compulsory Demat trading with effect from 29th November, 1999 for all the investors. You may, therefore, demat your equity share holdings if not already dematted, to avoid any inconvenience.
9. The Company has implemented the "Green Initiative" as per Circular Nos.17/ 2011 & 18/2011 dated April 21, 2011 & April 29, 2011 respectively issued by the Ministry of Corporate Affairs (MCA), to enable electronic delivery of Notices/Documents and Annual Reports to shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) Accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered email address for serving Notices/Documents including those covered under Section 219 of the Companies Act, 1956. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrars & Shares Transfer Agent, Messrs. Link Intime India Pvt. Ltd., Mumbai.
10. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.

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

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under Item Nos.1,2, 7 to 13 of the accompanying Notice dated October 5, 2012

### ITEM Nos.1 & 2:

- I. The Board of Directors at their Meeting held on August 10, 2012 approved the Scheme of Arrangement in the nature of spin off of Domestic Formulation Business of Sun Pharmaceutical Industries Ltd., into Sun Pharma Laboratories Limited (previously known as Sun Resins & Polymers Ltd.), a wholly owned subsidiary of our Company, effective from March 31, 2012, subject to approval by the shareholders and the Hon'ble High Court of Gujarat at Ahmedabad and/or other concerned authorities.
- II. To give a true and fair position of the Company in its Annual Accounts for the year ended March 31, 2012, it would be necessary to incorporate therein the effect of the said Scheme of Arrangement in the form of spin off of Domestic Formulation Business of the Company into Sun Pharma Laboratories Limited, a wholly owned subsidiary of our Company which would be operative from March 31, 2012. Giving effect to the said Scheme will exclude accounts of Domestic Formulation Business of the Company from the accounts of the Company with effect from March 31, 2012, comprising of transfer of all assets pertaining to domestic formulation business of the Company including intellectual properties rights of the Company without any consideration and without transfer of any liability.

Accordingly, the Balance Sheet of the Company as on March 31, 2012 and the Profit and Loss Account for the year ended on March 31, 2012, the Directors' Report & Corporate Governance can not be finalised till the said Scheme of Arrangement in the form of spin off is finally approved by the Hon'ble High Court of Gujarat at Ahmedabad and other concerned authorities and for that reason the Annual Accounts of the Company for the year ended March 31, 2012, excluding the effect of the spin off of Domestic Formulation Business of the Company into Sun Pharma Laboratories Limited, a wholly owned subsidiary of the Company with effect from March 31, 2012, Directors' Report and Auditors' Report thereon are not circulated with this notice.

However, the Board of Directors at their Meeting held on May 29, 2012 had approved the stand alone audited accounts of the Company and the consolidated accounts of the Company for year ended March 31, 2012. The said accounts are now subject to revision on receipt of approval of the Members and the Hon'ble High Court of Gujarat at Ahmedabad and other concerned authorities and as such the effect, if any, of such spin off has not been considered in the above said accounts. A copy of the said financial statements of the Company as on March 31, 2012 along with the Auditors' Report and the said consolidated financial statements as on March 31, 2012 along with the Auditors' Report are enclosed for your ready reference only. These above said accounts are for reference and information purpose only and not for approval of the Shareholders at ensuing AGM.

- III. In the aforesaid circumstances, the Board of Directors propose that consideration of Item Nos.1 and 2 of the accompanying notice may be deferred for the time being and Twentieth Annual General Meeting of the Company be adjourned sine die for consideration of the said items of the agenda at the reconvened adjourned meeting which may be fixed after the Scheme of Arrangement is finally approved. Members may note that once all the legal formalities for the implementation of the aforesaid Scheme are completed, adjourned Twentieth Annual General Meeting of the Company will be convened for approval of the Annual Accounts of the Company for the year ended March 31, 2012 and for confirmation of payment of dividend. It would, therefore, be necessary to authorise the Board of Directors of the Company to reconvene the adjourned meeting after the aforesaid Scheme of Arrangement in the form of spin off is finally approved and audited Annual Accounts of the Company incorporating the effect of the aforesaid Scheme are ready.

In view of the above, authority be given to the Board of Directors of the Company to reconvene the adjourned meeting to consider the approval of the revised accounts and for confirmation of payment of dividend on equity shares. The Directors recommend the following resolution be approved as an Ordinary Resolution at the Twentieth Annual General Meeting of the Company to be held on November 8, 2012.

**"RESOLVED THAT** this Twentieth Annual General Meeting of the Company being held today be adjourned (after consideration of business item Nos. 3 to 13 of the Notice) sine die for consideration of item Nos.1 and 2 of the agenda of the Notice which could not be taken up today and the adjourned meeting be reconvened after the Annual Accounts of the Company for the year ended March 31, 2012 are revised/ finalized, giving effect to the spin off of Domestic Formulation Business of the Company into Sun Pharma Laboratories Ltd, a wholly owned subsidiary of the Company and audited, on such day, date, time and place as may be fixed by the Board of Directors of the Company by giving appropriate written Notice in that regard to the members of the Company along with all documents required to be circulated with such notice."

**ITEM No.7:**

Mr. Makov Israel was appointed as an Additional Director of the Company with effect from May 29, 2012 and holds the office upto the date of Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and the Articles of Association of the Company.

Notice under Section 257 of the said Act, has been received from a Member along with the deposit of ₹ 500/- signifying his intention to propose the name of Mr. Makov Israel , for appointment as a Director of the Company. Mr. Makov Israel has already filed his consent to act as a Director with the Company.

Mr. Makov Israel is Director & Chairman of Given Imaging Ltd., Israel, Bio Light Israeli Life Sciences Investments Ltd., Israel, Micromedic Technologies Ltd., Israel, Eltav Wireless Monitoring Ltd., Israel, Makov Associates Ltd., Israel, Chairman of Friends of Gesher Theatre, Israel, Director of Israel National Nanotechnology Initiative, Israel & APT Holding Worldwide Inc., Israel.

He is the President of Friends of Schneider Children's Medical Center, Israel, Chairman of the Board of Institute for Policy and Strategy at the Interdisciplinary Center of Herzliya, Israel, Board of Governors of Technion-Israel Institute of Technology, Israel & Executive Board Member of Weizmann Institute of Science, Israel.

The resolution as set out in Item No.7 of the Notice will be placed before the Meeting for the approval of the Members.

Yours Directors recommend the approval of the proposed resolution by Members.

He does not hold any shares in the Company.

None of the Directors of the Company except Mr.Makov Israel is interested in the resolution.

**ITEM No.8:**

At the Fifteenth Annual General Meeting of the Company held on September 5, 2007, the shareholders had approved the re-appointment of Shri Dilip S. Shanghvi as Chairman & Managing Director of the Company for a further period of five years, effective from April 1, 2008 to March 31, 2013. He is also the Chairman & Managing Director of Sun Pharma Advanced Research Company Ltd. (SPARC), Vadodara, a group company since March 1, 2007 and he is not drawing any remuneration from SPARC. Under the leadership of Shri Dilip S. Shanghvi, the Company has recorded all round growth in its business. The term of Shri Dilip S. Shanghvi as the Managing Director shall expire on March 31, 2013.

The main terms and conditions of Shri Dilip S. Shanghvi's re-appointment shall be as under:

- I. Subject to the control and supervision of the Board of Directors and subject to the provisions of the Companies Act, 1956, the Managing Director shall have the general conduct and management of the affairs of the Company and he shall be entitled to exercise all such powers and to do all such acts and things the Company is authorised to exercise and all such powers, acts or things which are directed or required by the Companies Act, 1956 or any other Act or by the Memorandum or Articles of Association of the Company or otherwise to be exercised or done by the Company in general meeting or by the Board of Directors at their meeting only.

Shri Dilip S. Shanghvi to perform such duties and exercise such powers as are additionally entrusted to him by the Board.

**II. REMUNERATION:**

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

- a. Salary (including bonus) up to ₹ 33,50,000/- (Rupees Thirty Three Lacs Fifty Thousand only) per month.
- b. Commission:

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

- c. Perquisites:

He will be entitled to furnished/non furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-Tax Rules, 1962 being restricted to ₹ 6,000,000/- (Rupees Six Million only) per annum;



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

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

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

The appointment will be for a period of five years which may be terminated by either party giving to the other thirty days notice in writing or upon Shri Dilip S. Shanghvi's ceasing to be a Director of the Company.

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

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

Shri Dilip S. Shanghvi himself and Shri Sudhir V. Valia being his relative are concerned or interested in the resolution at Item No.8 of the Notice.

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

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

#### **ITEM No. 9:**

Pursuant to sub-section (4) of Section 309 of the Companies Act, 1956, the Shareholders by way of a special resolution, approved the payment of commission to Non-Executive Directors of the Company (other than the Managing Director and/or Whole-time Directors) within the maximum limit of quarter per cent of net profits of the Company to be determined by the Board of Directors for each Non-Executive Director for each financial year over a period of five years from the financial year ended March 31, 2008 up to March 31, 2012. Considering the contributions of the independent Directors to the growth of the Company, the Board of Directors have decided to further continue to make payment of Commission to Non-Executive Directors of the Company (other than the Managing Director and/or Whole-time Directors) within the maximum limit of 0.10 per cent of net profits of the Company to be determined by the Board of Directors for each Non-Executive Director for each financial year over a period of five years from the financial year ended March 31, 2013 up to and including financial year of the Company ending as on March 31, 2017. Apart from the Commission on the net profits as aforesaid, each Non-Executive Director of the Company is entitled to a fee of ₹ 5,000/- per meeting of the Board/Committee attended by them.

The resolution at Item No.9 of the Notice seeks the approval of the Members by way of a special resolution.

The Board of Directors recommends the passing of the resolution at Item No.9 of the Notice convening the Meeting for the approval of the Members.

All the Directors of the Company, save and except Shri Dilip S. Shanghvi, Managing Director, Shri Sudhir V. Valia, Shri Sailesh T. Desai, Whole-time Directors of the Company are concerned or interested in this resolution.

#### **ITEM NO. 10:**

The Company in order to enhance its presence in global markets as also to expand existing business lines in drugs, pharmaceuticals and/or to take over any potential target so as to capture emerging business opportunities for growth, has to strengthen its financial position and net worth by augmenting long term resources from time to time.

Taking into account the significant liquidity, low interest rates, consistent performance of your Company, positive outlook for the Pharmaceutical Industry and particularly, for your Company, the Board recommends raising of resources from domestic and/or international capital markets in one or more



tranches, by issue of appropriate instruments as stated in the Special Resolution. The issue of securities will be in accordance with the appropriate guidelines for the same and the price of the securities shall be fixed at the time of actual offer depending upon the then prevailing market conditions in consultations with the Lead Managers/Advisors and other such intermediaries and as per the applicable regulations.

Section 81(1A) of the Companies Act, 1956 provides inter alia that the Company in the first instance should offer all Convertible Bonds, Debentures and/or Securities convertible into Equity Shares and/or Securities with or without detachable warrants with right exercisable by the warrant holder to convert or subscribe to Equity Shares and/or Bonds or Foreign Currency Convertible Bonds or Securities through Global Depository Receipts, American Depository Receipts or Bonds or Financial Derivates to be issued by the Company for subscription, pro-rata to the existing Equity Shareholders unless decided otherwise in a General Meeting by a Special Resolution and accordingly consent of the shareholders is being sought pursuant to provisions of the said section to issue and allot the said securities, to the members or other persons as may be decided by the Board of Directors.

Accordingly the required consent of the shareholders is being sought pursuant to the provisions of Section 81 and all other applicable provisions of the Companies Act, 1956 and also in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges at BSE Ltd.(BSE), Mumbai and National Stock Exchange of India Ltd. (NSE), Mumbai where the Company's Securities are presently listed.

The said securities may secured by way of first mortgage/hypothecation of the Company's assets in favour of the security holders. As the documents to be executed between the security holders and the Company may contain, as per normal practice, the power to take over the management of the Company in certain events' of default, it is necessary for the Company to obtain shareholders' approval through a resolution under Section 293(1)(a) of the Act, before creation of the said mortgage or charge.

The proposed Special Resolution is intended to give authority to the Board of Directors for the issue of such securities in terms of the Resolution.

Your Directors recommend the passing of the Resolution in item No.10 of the Notice as a Special Resolution.

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

**ITEM NO.11:**

Pursuant to the provisions of clause (d) of Sub-section (1) of Section 293 of the Companies Act, 1956, approval of Members by way of an Ordinary Resolution is required for borrowings by a Company in excess of paid up capital and free reserves of the Company. At the Extraordinary General Meeting of the Company held on July 28, 2007 approval of the Members authorising the Board of Directors to borrow upto a maximum of ₹ 50,000 Million (Rupees Fifty Thousand Million only) was obtained. In view of the continuous expansion and growth of the business of the Company, and proposal to issue the Securities which includes Debentures/Bonds as per Item No. 10 above, the Borrowings of the Company may exceed the paid up capital and free reserves of your Company. Therefore your Directors place before you the resolution to increase the maximum borrowing limit upto ₹ 300 Billions (Rupees Three Hundred Billions only).

The Resolution as set out in item No.11 of the Notice will be placed before the Meeting for the approval of the Members.

Your Directors recommend the approval of the proposed resolution by the Members.

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

**ITEM NO. 12:**

To achieve substantial inorganic growth and to capture emerging business opportunities for growth, the Company is actively contemplating to acquire at an opportune time Overseas Corporate/bodies engaged in the pharmaceutical business which necessitates financial flexibility as to investment in the area of business besides best utilisation of surplus funds available with the Company from time to time, it is proposed to authorise the Board of Directors of the Company to invest into securities of any body corporate and/or make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made upto ₹ 300 Billions (Rupees Three Hundred Billions only).

The Members at the Extraordinary General Meeting held on July 28, 2007, by way of a special resolution authorised the Board of Directors to make investment in shares, debentures, securities of other body corporates and/or various schemes of mutual funds and/or other funds in excess of 60% of the paid up Share Capital and Free Reserves of the Company or 100% of Free Reserves of the Company whichever is more as prescribed under Section 372A of the Companies Act, 1956, from time to time in one or more tranches upto a maximum amount of ₹ 50000 Million notwithstanding that investments along with company's existing loans or guarantee(s)/security(ies) or investments shall be in excess of the limits prescribed under Section 372A aforesaid.

In case investments in shares and securities of other body corporates along with loans to any other body corporate or guarantee or security, in connection with a loan made by any other person to or to any other person by, any body corporate together with existing investments, loans provided or guarantees given is expected to exceed the limit fixed pursuant to Section 372A of the Companies Act, 1956, of 60% of the paid-up share capital and free reserves of the Company or 100% of free reserves of the Company whichever is more, at any point of time, the Company needs to obtain the approval of the Members by way of a special resolution.

The Resolution as set out in item No.12 of the Notice will be placed before the Meeting for the approval of the Members.

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

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

**ITEM No. 13:**

The Ministry of Corporate Affairs vide its General Circular No: 28/2011 dated May 20, 2011 has now permitted the participation of Directors in the Meetings of Board/Committee of Directors under the Companies Act, 1956 through Video Conferencing, keeping this in view the Board of Directors thought it fit to insert/alter the necessary clauses in the Articles of Association enabling the Directors to participate in the Board/ Committee Meetings of the Company by way of video conferencing. Director(s) who are present through Video Conferencing shall also form part of the necessary quorum for transaction of any business of the Board.

With a view to implement the green initiative in the Company and in order to ensure maximum participation of Directors in the Board Meetings, the Board of Directors of the Company has decided to make enabling provisions in the Articles of Association of the Company for adopting electronic modes like video conferencing and other modern electronic systems in conducting Board Meetings of the Company.

Since any alteration or amendment in the Articles of Association requires the approval of the shareholders in General Meeting, the Board recommends the above resolution to the Members for their approval at the ensuing Annual General Meeting of the Company.

The Articles of Association as on date along with the proposed amendments are available for inspection at the Registered Office of the Company between 11.00 am and 1.00 pm on any working day (except Sundays and Public Holidays) prior to date of the Meeting and at the venue of the Annual General Meeting on the date of the Meeting during the Meeting hours.

None of the Directors of the Company is, in any way, concerned or interested in the resolution.

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

Place : Mumbai  
Date : October 5, 2012

Sunil R. Ajmera  
Company Secretary

**Registered Office:**

SPARC, Tandalja  
Vadodara - 390 020.