



Sun Pharmaceutical Industries Limited

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

COURT CONVENED MEETING OF SHAREHOLDERS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

Day	:	Friday
Date	:	January 25, 2013
Time	:	10.45 a.m.
Venue	:	Prof. Chandravadan Mehta Auditorium, General Education Centre, Maharaja Sayajirao University of Baroda, Pratapgunj, Vadodara - 390 002, Gujarat.

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IN THE HIGH COURT OF GUJARAT AT AHMEDABAD
ORIGINAL JURISDICTION
COMPANY APPLICATION NO. 373 OF 2012

In the matter of Scheme of Arrangement under Sections 391 to 394 of
the Companies Act, 1956;

And

In the matter of
Sun Pharmaceutical Industries Limited.

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

And

Scheme of Arrangement in the nature of Spin off and Transfer of
Domestic Formulation Undertaking of Sun Pharmaceutical Industries
Limited to Sun Pharma Laboratories Limited

Sun Pharmaceutical Industries Limited.

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

..... Applicant Company

NOTICE OF CONVENING THE MEETING OF THE EQUITY SHAREHOLDERS

To,
The Equity Shareholders of Sun Pharmaceutical Industries Limited.

TAKE NOTICE that by an Order made on the 21st day of December, 2012, the Hon'ble High Court of Gujarat, has directed that a Meeting of the Equity Shareholders of the Applicant Company be convened and held at the Prof. Chandravadan Mehta Auditorium, General Education Centre, Maharaja Sayajirao University of Baroda, Pratapgunj, Vadodara - 390 002, in the state of Gujarat on Friday, 25th January, 2013 at 10.45 a.m. for the purpose of considering, and if thought fit, approving, with or without modification(s), the Scheme of Arrangement in the nature of Spin off and Transfer of the Domestic Formulation Undertaking of Sun Pharmaceutical Industries Limited, the Applicant Company into Sun Pharma Laboratories Limited, the Transferee Company, proposed to be made between Sun Pharmaceutical Industries Limited, Sun Pharma Laboratories Limited and their respective Shareholders.

TAKE FURTHER NOTICE that in pursuance of the said Order, and as directed therein a meeting of the Equity Shareholders of the Applicant Company will be convened and held at the Prof. Chandravadan Mehta Auditorium, General Education Centre, Maharaja Sayajirao University of Baroda, Pratapgunj, Vadodara - 390 002, in the state of Gujarat on Friday, 25th January, 2013 at 10.45 a.m., which you are requested to attend.

TAKE FURTHER NOTICE that you may attend and vote at the said meeting in person or by proxy, provided that the proxy in the prescribed form duly signed by you or by your authorized representative is deposited at the Registered Office of the Applicant Company at Vadodara, not later than 48 (forty-eight) hours before the meeting.

The Hon'ble High Court of Gujarat has appointed Mr. Dilip Shanghvi, Managing Director of the Applicant Company and failing him Mr. Sudhir V. Valia, the Whole -time Director of the Applicant Company, and failing him Mr. Sailesh T. Desai, the Whole -time Director of the Applicant Company, to be the Chairman of the said meeting.

A copy of each of the Scheme of Arrangement, the Explanatory Statement under Section 393 of the Companies Act, 1956, Form of Proxy and Attendance Slip is enclosed.

Dated this 24th Day of December, 2012
Mumbai

Dilip S. Shanghvi
Chairman appointed for the meeting

Registered Office:
SPARC, Tandalja,
Vadodara 390020, Gujarat.

Note:

1. Only registered Equity Shareholders of the Applicant Company may attend and vote (either in person or by proxy) at the Equity Shareholders' meeting. The authorised representative of a body corporate or Foreign Institutional Investor (FII) which is a registered Equity Shareholder of the Applicant Company may attend and vote at the Equity Shareholders meeting provided a certified true copy of the resolution of the Board of Directors or other governing body of the body corporate / FII is deposited at the registered office of the Applicant Company not later than 48 (forty eight) hours before the time of the meeting authorising such representative to attend and vote at the Equity Shareholders meeting. Proxy need not be a member.



Sun Pharmaceutical Industries Limited

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

EXPLANATORY STATEMENT UNDER SECTION 393(1) OF THE COMPANIES ACT, 1956 TO THE SCHEME OF ARRANGEMENT IN THE NATURE OF SPIN OFF AND TRANSFER OF DOMESTIC FORMULATION UNDERTAKING OF SUN PHARMACEUTICAL INDUSTRIES LIMITED TO SUN PHARMA LABORATORIES LIMITED.

1. Pursuant to the Order dated 21st December 2012, passed by the Hon'ble High Court of Gujarat at Ahmedabad, in the Company Application No. 373 of 2012, a meeting of the Equity Shareholders of Sun Pharmaceutical Industries Limited is being convened for the purpose of considering and, if thought fit, approving with or without modification(s), the arrangement embodied in the scheme of Arrangement in the nature of Spin off and Transfer of Domestic Formulation Undertaking of Sun Pharmaceutical Industries Limited to Sun Pharma Laboratories Limited. Notice of the said meeting together with the copy of the Scheme of Arrangement is sent herewith. This statement explaining the terms of the scheme of arrangement is being furnished as required u/s 393 (1) (a) of the Companies Act, 1956.
- 2.1 Sun Pharmaceutical Industries Limited (SPIL), the Applicant Company was incorporated on 1st March, 1993, vide Certificate of Incorporation issued by the Registrar of Companies, Gujarat. The Applicant Company came into existence under Part IX of the Companies Act, by conversion of Partnership firm in the name and style of Sun Pharmaceutical Industries with its running business activities. The Applicant Company acquired several other companies by way of amalgamations, details of the same are given hereinbelow. Vide order dated 19th November 1997 by the High Court of Gujarat, Tamilnadu Dadha Pharmaceuticals Limited was amalgamated with the Applicant. Vide order dated 12th February, 1998 by the High Court of Gujarat, Milmet Laboratories Pvt. Limited was amalgamated with the Applicant Company. Vide order dated 27th March 2000, by the Board for Industrial & Financial Reconstruction, Gujarat Lyka Organics Limited was merged with the Applicant. Vide order dated 16th November 2000 by the High Court of Gujarat, Sun Pharmaceutical Exports Limited was amalgamated with the Applicant Company. Vide order dated 12th July 2001, by the Gujarat High Court, Sun Pharmaceutical Advanced Research Centre Limited was amalgamated with the Applicant. Vide order dated 17th May 2002, by the Board for Industrial & Financial Reconstruction, Bulk Drugs Division of M.J. Pharmaceuticals Limited was merged with the Applicant Company. Vide order dated 14th July 2005 by the Gujarat High Court, three wholly owned subsidiaries viz. Bazley Finvest Limited, Dhaval Finvest Limited and Manish Finvest Limited were amalgamated with the Applicant Company. Vide order dated 28th July 2005, Phlox Pharmaceuticals Limited was amalgamated with the Applicant Company. Further vide order dated 1st September 2006 and 1st March, 2007, by Gujarat High Court Innovative Research and Development Business of the Applicant Company was de-merged and transferred to Sun Pharma Advanced Research Company Limited.
- 2.2 The registered office of the Transferor Company is situated at SPARC, Tandalja, Vadodara- 390 020, in the state of Gujarat, India.
- 2.3 As per the latest Audited Balance Sheet, the share capital of the Applicant Company as on 31st March, 2012 and provisional Balance Sheet as on 30th September, 2012 is as under:

Authorised Share Capital:	(Amount in Rs.)
1,500,000,000 Equity Shares of Re. 1/- each	Rs. 1,500,000,000
Total	Rs. 1,500,000,000
Issued, subscribed and paid up share capital:	(Amount in Rs.)
1,035,581,955 Equity Shares of Re. 1/- each	Rs.1,035,581,955
Total	Rs. 1,035,581,955

The Equity Shares of Sun Pharmaceutical Industries Limited, the Applicant Company are listed on the BSE Limited and the National Stock Exchange of India Limited.

- 3.1 Sun Pharma Laboratories Limited (SPL) was incorporated on 17th January, 1997 with the Registrar of Companies, Gujarat under provisions of the Companies Act, 1956 in the name and style of "Sun Resins and Polymers Private Limited". The same was subsequently converted into a public limited company on 30th August, 2012 and the name was accordingly changed to "Sun Resins and Polymers Limited". The name was further changed to "Sun Pharma Laboratories Limited" pursuant to Fresh certificate of incorporation dated 1st October, 2012 issued by the Registrar of Companies, Gujarat.

- 3.2 The registered office of the Transferee Company is in the process of being shifted from 402, 4th Floor, R K Centre, Fatehgunj Main Road, Baroda, 390 002 in the state of Gujarat to Acme Plaza, Andheri Kurla Road, Andheri(East) Mumbai 400 059 in the State of Maharashtra, for which the approval from the Central Government is awaited.
- 3.3 The Share Capital of the Transferee Company as per the Audited Balance Sheet as on 31st March, 2012 is as under:

Authorised Share Capital:	(Amount in Rs.)
50,000 Equity Shares of Rs.10/- each	Rs. 500,000
100, 12% Redeemable Non – Cumulative Preference Shares of Rs. 100/- each	Rs. 10,000
Total	Rs. 5,10,000
Issued, Subscribed and Paid-up Share Capital: (Amount in Rs.)	
50,000 Equity Shares of Rs.10/- each	Rs. 500,000
100 12% Redeemable Non – Cumulative Preference Shares of Rs. 100/- each	Rs. 10,000
Total	Rs. 5,10,000

The Authorised Capital of the Transferee Company has been raised after the aforesaid date of Balance Sheet, and subsequently the 100 Preference shares also have been redeemed, and as on date, the Authorised Capital and the Issued, Subscribed and Paid-up Share Capital of the Transferee Company stand as under:

Authorised Share Capital:	(Amount in Rs.)
1,00,00,000 Equity Shares of Rs.10/- each	Rs. 100,000,000
40,00,000 Redeemable Preference Shares of Rs. 100/- each	Rs. 400,000,000
Total	Rs. 500,000,000
Issued, Subscribed and Paid-up Share Capital: (Amount in Rs.)	
50,000 Equity Shares of Rs.10/- each	Rs. 500,000
Total	Rs. 500,000

All the shares are held by Sun Pharmaceutical Industries Limited (SPIL) and hence it is the Wholly Owned Subsidiary of the Transferor Company.

4. The Applicant Company viz. Sun Pharmaceutical Industries Limited is a listed public limited company and a leading pharmaceutical company in India. It is engaged in the business of development, manufacture, sale, trading, and export of bulk drugs and pharmaceutical formulations. The pharmaceutical products of the Transferor Company are sold in India and various countries of the world. It has two pharmaceutical business activities -one part of the business caters to domestic formulation market i.e. the Domestic Business Undertaking and the Remaining Undertaking consists of international formulation business, bulk drug business and other allied / related / incidental / investment activities. During the financial year ended on 31st March, 2012, the Transferor Company in its stand alone capacity, had the total revenue of Rs. 4358.41 crores and the net profit after tax of Rs. 1927.98 crores. The Company has Reserve and Surplus of more than Rs. 8000 crores. Thus, it is a profit making and dividend paying company with immense scope for future growth.
5. The Transferee Company viz. Sun Pharma Laboratories Limited, is the wholly owned subsidiary of SPIL, the Transferor Company. The objects clause of the Company provide for engaging in the development, manufacture, sale, trading, and export of pharmaceutical formulations. However, no manufacturing business is being currently carried out. During the financial year ended on 31st March, 2012, the Transferee Company had a total revenue of Rs. 9.07 lacs and the net profit after tax of Rs. 5.41 lacs. The Transferee Company has Reserve and Surplus of more than Rs. 10.10 lacs. Thus, it is a profit making company with bright future growth prospects.
6. It has been realised by the management of these companies that both Domestic Formulation and International Formulation businesses are continuously growing both horizontally and vertically. Exploiting this growth momentum is an opportunity as well as a challenge. In order to seize this opportunity by overcoming the related challenges each of these businesses will require focused and strategic attention to the various parts / aspects of both the businesses. In order to sustain the long term growth, profitability, market share, customer service, and face the competitive regulatory environment, risks and policies etc. it requires focused management attention, different skill sets and resources. In light of the same, the

Board of Directors of these companies thought it appropriate to demerge/spin off its Domestic Formulation Undertaking to its wholly owned subsidiary viz. Sun Pharma Laboratories Limited, whereas the Transferor Company shall continue with the Remaining Undertaking. The proposed segregation of the Domestic Formulation Undertaking and the Remaining Undertaking is likely / expected to bring several benefits. Some of them are:

- (i) It shall enhance the value for the shareholders in future and allow a focused strategy in operations of both the Companies, which would be in the best interests of the Applicant Transferor Company, its shareholders and other stakeholders.
- (ii) It shall provide scope for independent collaboration and expansion of each of these Undertakings / businesses without committing the existing organization in its entirety.
- (iii) It shall strengthen the organisation structure for both the Undertakings thereby motivating the employees of each of these Undertakings by providing them with accelerated growth opportunities and greater focus which will provide impetus to corporate performance thereby enhancing overall shareholder value.

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

“1. D. DEFINITIONS:

- (b) “Appointed Date” means 31st day of March, 2012 or such other date as may be approved by the High Court of Gujarat;
- (e) ‘Domestic Formulation Undertaking’s Activities means all activities of the Transferor Company relating to the business of developing, researching, manufacturing, processing, buying, selling, importing, trading, marketing, storing, distribution of pharmaceutical formulations and items related thereto such as packing materials, packaging materials, raw materials, finished goods, inventory, stores, spares, etc. for the Domestic Territory.
- (f) ‘Domestic Formulation Undertaking’ shall mean and include, on close of business hours on 31st March, 2012:
 - I) All the assets, movable, tangible and intangible of the Domestic Formulation Undertaking’s Activities of the Transferor Company other than excluded herein after (hereinafter referred to as ‘the said Assets’);
 - II) the right, title and interests of the Transferor Company as a partner in the Partnership Firms to the extent of 75% of the total profit sharing ratio in each out of the Transferor Company’s share in the profit sharing ratio and including the right to receive 75% of the remuneration receivable by the Transferor Company from the said Partnership Firms as a working partner out of the rights held by the Transferor Company in the said Firms till the time of continuation of the Partnership Firms.
 - III) Without prejudice to the generality of sub-clause (I) and (II) mentioned above, the Domestic Formulation Undertaking of the Transferor Company shall include all Domestic Formulation Undertaking’s business, operations specific to the Domestic Formulation Undertaking’s Activities comprising assets including investments, claims, powers, authorities, allotments, approvals, consents, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights and tenancies, and other intangible rights, hire purchase contracts and assets, lending contracts, employment contracts, distribution contracts, clearing and forwarding agency contracts, benefit of any security arrangements, reversions, permits, quotas, entitlements, registrations, licences (industrial or otherwise), registrations under sales tax / VAT, municipal permissions, systems of any kind whatsoever, rights and benefits of all agreements and other interests including rights and benefits under various schemes of different taxation and other laws as may belong to or be available to or be used by the Domestic Formulation Undertaking or the Domestic Formulation Undertaking’s Activities of the Transferor Company, rights and powers of every kind, nature and description of whatsoever probabilities, liberties, easements, tenancies, advantages, and approval of whatsoever nature and wherever situated, belonging to or in ownership, including but without being limited to trade and services marks, patents, copyrights, brand names, drug licenses, technical know-how, goodwill, benefits and advantages of carrying on the business, availing the manufacturing facilities of the Transferor Company for the Domestic Formulation Undertaking’s Activities on mutually acceptable terms, enterprise resource planning software, accounting and other software, software licenses, permissions and connections, drawings, formulae, artwork secret processes, noting’s,

website/web page and any other intellectual property rights of any nature whatsoever, authorizations, permits, all records, files, papers, computer programs, books of accounts, corporate records, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records in connection with or in relation to the Domestic Formulations Division Activities or undertaking of the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession, or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Domestic Formulation Undertaking's Activities of the Transferor Company;

However, it shall not include the following, as on close of business hours on 31st March, 2012:

1. Manufacturing facilities together with factory land and buildings, plant and machinery and other fixed assets relating to one or more factories at which the manufacturing activity for the Domestic Formulation Undertaking is carried out; and all fixed assets which are being commonly used for the Domestic Formulation Undertaking and the Remaining Undertaking;
 2. Research and development facilities including premises, plant and equipments and other fixed assets together with all approvals, licenses, permits, etc. in relation to the said research and development facilities;
 3. All liabilities whatsoever of the Domestic Formulation Undertaking, including current liabilities;
 4. The balances of the Transferor Company in the capital and / or current account and / or loan accounts in the Partnership Firms;
 5. The unutilized credits relating to Excise duties paid on inputs lying, as well as the unutilized credits relating to Service Tax paid on input services consumed, on account of the Domestic Formulation Undertaking's Activities;
 6. All employment contracts of employees in the manufacturing facilities referred to in 1 above, research and development facilities referred to in 2 above and all other employees who commonly attend to the Domestic Formulation Undertaking and the Remaining Undertaking.
- (g) 'Effective Date' means the last of the dates on which the sanctions / approvals or orders as specified in Clause No.18 of this Scheme has been obtained and / or filed by the Transferor Company and the Transferee Company with the Registrar of Companies.
- (i) 'Partnership Firms' mean the partnership firms named M/s Sun Pharmaceutical Industries and M/s. Sun Pharma Sikkim having their respective principal place of business at Acme Plaza, Andheri Kurla Road, Andheri (East), Mumbai 400 059.
- (j) 'Remaining Undertaking' means the all the businesses and activities of the Transferor Company other than the Domestic Formulation Undertaking.
- (k) 'Scheme' means this Scheme of Arrangement in its present form including any modifications or amendments thereto.

3. TRANSFER OF UNDERTAKING:

- (a) On and with effect from the close of business hours on the Appointed Date and subject to the provisions of this Scheme and pursuant to the provisions of Section 394 and other applicable provisions of the Act and in relation to the mode of transfer and vesting, the Domestic Formulation Undertaking of the Transferor Company shall without any further act, instrument or deed, be and the same shall stand transferred to and / or vested in or be deemed to have been and stand transferred to or vested in the Transferee Company as a going concern so as to become as and from the close of business hours on the Appointed Date, the estate, rights, titles and interests and authorities including accretions and appurtenances thereto such as dividends, or other benefits receivable, that of the Transferee Company.
- (b) All the employees of the Domestic Formulation Undertaking (other than those referred in 1.D.(f).6 above) shall, without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Act, become as and from the close of business hours on the Appointed Date, the employees of the Transferee

Company and further that it shall not be necessary to obtain consent of any person, in order to give effect to the provisions of this Clause.

- (c) Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Domestic Formulation Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.
- (d) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licences, approvals, certificates, clearances, authorities, leases, tenancy, assignments, allotments, powers of attorney given by, claims, powers, authorities, allotments, approvals, consents, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights and tenancies, and other intangible rights, hire purchase contracts and assets, lending contracts, employment contracts, distribution contracts, clearing and forwarding agency contracts, benefit of any security arrangements, reversions, permits, quotas, entitlements, registrations, licences (industrial or otherwise), registrations under sales tax / VAT, municipal permissions, etc. issued to or executed in favour of the Transferor Company shall stand transferred to the extent it relates to and pertains to the Domestic Formulation Undertaking, to the Transferee Company in which the Domestic Formulation Undertaking shall vest by way of the spin off / transfer hereunder, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall make applications to and obtain relevant approvals, etc. from the concerned authorities and / or parties as may be necessary in this behalf and the Transferor Company shall cooperate and provide the required support wherever required.
- (e) It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Domestic Formulation Undertaking, which the Transferor Company owns or to which the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such assets etc. in trust for the benefit of the Transferee Company to which the Domestic Formulation Undertaking is being transferred in terms of this Scheme, in so far as it is permissible so to do, till such time as the transfer is effected and till such time the Transferee Company shall be entitled to utilise, operate, avail the same for the Domestic Formulation Undertaking's Activities without any consideration.
- (f) All loans raised and used and all liabilities and obligations incurred by the Transferor Company only for the operations of Domestic Formulation Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company in which the Domestic Formulation Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the debts, liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- (g) Without prejudice to clause (a) above, it is expressly provided that in respect of such assets belonging to and specific to the Domestic Formulation Undertaking of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company, and shall become the property of the Transferee Company in pursuance of the provisions of Section 394 and other applicable provisions of the said Act.
- (h) The Transferor Company may, if required, give notice in such form as it may deem fit and proper to each party, debtor or depositor as the case may be that pursuant to the High Court of Gujarat and High Court of Bombay sanctioning the Scheme, the said debt, loan, advance, etc. be paid or made good or held on account of the Transferee Company as the person entitled thereto and that the right of the Transferor Company to recover or realise the same stands extinguished.

- (i) The Transferee Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the High Court of Gujarat and High Court of Bombay having sanctioned the Scheme, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Transferee Company to recover or realise the same is in substitution of the right of the Transferor Company.
- (j) With effect from the Appointed Date, the existing securities / charges created over assets of the Domestic Formulation Undertaking by the Transferor Company in favour of consortium of banks shall extinguish and shall cease to have any effect over the said Assets to be transferred to the Transferee Company upon approval of the Scheme of arrangement.
- (k) Without prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, the Transferor Company and the Transferee Company shall execute such instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and / or modification(s) of charge, with the Registrar of Companies, to give formal effect to the above provisions, if required.
- (l) Upon the coming into effect of this Scheme, the Transferor Company alone shall be liable to perform all obligations in respect of the liabilities as on the Appointed Date, which have not been transferred to Transferee Company in terms of the Scheme, and the Transferor Company alone shall have all obligations in respect of such liabilities, and the Transferor Company shall indemnify the Transferee Company in relation to any claim, at any time, against the Transferee Company in respect of the liabilities which have been retained by the Transferor Company.
- (m) Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities from the Appointed Date, which have been incurred by the Transferor Company for and on behalf of the Transferee Company and in relation to the Domestic Formulation Undertaking in terms of the Scheme, and the Transferor Company shall not have any obligation in respect of such liabilities and the Transferee Company shall indemnify the Transferor Company in relation to any claim, at any time, against the Transferor Company in respect of such liabilities.
- (n) Upon the coming into effect of the Scheme, the profit sharing ratios of the Partnership Firms shall be as follows:

Partner	Share in profit from 1-4-12 to 31-7-12	Share in profit from 1-8-12 to 31-8-12
Transferor Company	22.5%	22.5%
Transferee Company	75.5%	76%
Others partners other than the Transferor Company and Transferee Company	2%	1.5%

The share in the loss shall not be modified.

Further the Transferor Company for an on behalf of the Transferee Company and as part of the Domestic Formulation Undertaking shall from the 1st day of April, 2012 be deemed to have performed the obligations as a working partner as provided in the respective deeds of partnership of the Partnership Firms and in lieu of that 75% of the remuneration receivable by the Transferor Company from the Partnership Firms shall with effect from the 1st day of April, 2012 belong and be vested in the Transferee Company and the terms of partnership deed/s of the Partnership Firms shall be and shall be deemed to have been suitably modified to provide for the above and such change shall be effective from the 1st day of April, 2012 pursuant to and as an integral part of the Scheme.

- (o) It is expressly provided that no other term or condition of the liabilities not transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.
- (p) Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the clause 3 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall stand modified and / or superseded by the foregoing provisions with effect from the Appointed Date or such other date as is specified herein above, as the case may be.

5. LEGAL PROCEEDINGS:

- (a) Upon coming into effect of this Scheme, all suits, claims, actions and proceedings by or against the Transferor Company, pertaining to the Domestic Formulation Undertaking of the Transferor Company, arising after the Appointed Date but before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and / or arising by or against the Transferee Company.
- (b) The Transferee Company will undertake to have all legal, judicial or other proceedings initiated and /or to be initiated after the Effective Date by or against the Domestic Formulation Undertaking of the Transferor Company referred to in sub-clause (a) above transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company. The Transferor Company and the Transferee Company shall make relevant applications in that behalf and the Transferor Company and the Transferee Company shall co-operate with each other in respect of any such legal and other proceedings.
- (c) Upon coming into effect of this Scheme, all suits, claims, actions and proceedings by or against the Domestic Formulation Undertaking of the Transferor Company pending on or pertaining to the period prior to the Appointed Date shall be continued and be enforced by or against the Transferor Company as effectually as if the same had been pending and / or arising by or against the Transferor Company.

8. CONSIDERATION BY THE TRANSFEE COMPANY:

The Transferee Company is a wholly owned subsidiary of the Transferor Company. The Scheme is intended to restructure the holding of the Domestic Formulation Undertaking in more efficient and focussed manner in a separate entity consistent with the diverse needs of the business and does not involve any movement of assets to any company outside the group controlled by the Transferor Company. Hence, the Transferee Company shall not be required to issue any shares or pay any consideration to the Transferor Company or to its shareholders. Accordingly, nil consideration shall be payable by the Transferee Company.

9. ACCOUNTING BY TRANSFEROR COMPANY AND THE TRANSFEE COMPANY IN RESPECT OF TRANSFER OF DOMESTIC FORMULATION UNDERTAKING:

(i) Accounting treatment in the books of the Transferor Company:

- (a) The assets of the Domestic Formulation Undertaking of the Transferor Company which are being transferred to the Transferee Company shall be recorded at values appearing in the books of accounts of the Transferor Company as on the Appointed Date.
- (b) An amount equivalent to the book value of assets of the Domestic Formulation Undertaking transferred to the Transferee Company by the Transferor Company in terms of this Scheme, shall be debited to the Statement of Profit and Loss of the Transferor Company

(ii) Accounting treatment in the Books of the Transferee Company:

- (a) Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Transferee Company shall record the assets transferred to and vested in them pursuant to this Scheme, at the estimated fair values of the respective assets as on the Appointed Date. The decision of the Board of Directors of the Transferee Company in this regard shall be final and binding.
- (b) The sum total of assets recorded at fair values shall be credited to Capital Reserve Account in the books of the Transferee Company. The Capital Reserve shall be available for issue of bonus shares or such other application as may be permissible under the law.

11. INTELLECTUAL PROPERTY RIGHTS:

Upon coming into effect of this Scheme:

11.1 All existing trademarks, (except the trade marks "SUN", "SUN" LOGO and related trade marks) adopted and registered or used by the Transferor Company as the owner or licensee, in the Domestic Territory shall be transferred/ assigned (including assignment of the right to use the trademarks as licensee) to the Transferee Company, without any consideration. Upon acquiring the aforesaid trademarks, the Transferee Company shall grant to the Transferor

Company a perpetual and irrevocable license to use the existing and new trade marks (adopted and registered or used as the owner or licensee, in the Domestic Territory) in the Non-Domestic Territory, without any consideration. The Transferor Company shall likewise grant to the Transferee Company a perpetual and irrevocable license to use the trade marks "SUN", "SUN" LOGO and related trade marks for use in the Domestic Territory, without any consideration, but only so long as the Transferee Company is the subsidiary of the Transferor Company.

- 11.2. Transferor Company's copyright in existing and new labels, brochures, pamphlets, marketing and publicity material and like artistic/literary works shall be perpetually transferred to the Transferee Company for the Domestic Territory, without any consideration. The Transferor Company's copyrights in the said works, in so far as the Non-Domestic Territory is concerned are retained by the Transferor Company.
- 11.3. Patents, Technical Know How, Process Know How and all other Intellectual Property Rights in respect of existing and new formulations, processes, methods, molecules, improvements etc. other than trade marks and copyrights owned by the Transferor Company, shall continue to be owned and possessed by the Transferor Company. However, the Transferor Company shall grant to the Transferee Company a perpetual and irrevocable license to use and exploit the said Patents, Technical Know How, Process Know How and all other Intellectual Property Rights in respect of existing/new formulations, processes, methods, molecules, improvements etc. in the Domestic Territory, without any consideration, but only so long as Transferee Company is subsidiary of the Transferor Company.
- 11.4 Notwithstanding anything contained above the Transferor Company shall be entitled to register in its name the existing/new trade marks, used or utilised in the Non-Domestic Territory, for the purpose of export/sale of goods bearing the said trade marks in the Non-Domestic Territory.
- 11.5 In pursuance of the present scheme, the Transferor Company and the Transferee Company shall agree to execute suitable agreements, deeds, affidavits, consent letters, power of attorney, applications and other documents as they may be required for giving effect to this scheme of spin off.
- 11.6 The Transferor Company and the Transferee Company shall extend all the co-operation and give active support to each other as it may request in the ongoing or future disputes, litigations relating to and/or for enforcement of its rights in Trade Marks, Copyrights, Patents, Technical Know How, Process Know How, etc. against the third party or parties."

The features set out above being only the salient features of the Scheme of Arrangement, the members are requested to read the entire text of the Scheme of Arrangement (annexed herewith) to get fully acquainted with the provisions thereof and the rationale and objectives of the proposed scheme of arrangement.

8. Vide the Resolutions passed at the respective Board Meetings dated 10th August, 2012, the Board of Directors of both the companies resolved that subject to such approvals of the Equity Shareholders and Creditors, if so required, of the Transferor Company and approval of the Equity Shareholders of the Transferee Company and subject to such directions and sanctions of the appropriate Court, as may be required in law, and subject to such consents and permissions of the Central Government and other authorities as may be necessary the Scheme of Arrangement be made between the two companies. Pursuant to clause 24 (f) of the Listing Agreement, the No Objection Certificate of the concerned stock exchanges viz. BSE Ltd and National Stock Exchange of India Limited. has been obtained by the Transferor Company.
9. The financial position of the Transferor Company will not be adversely affected by the Scheme of Arrangement. It will continue to remain strong and it will be able to meet and pay its debts as and when they arise. The rights and interests of the members and the creditors of the Transferor Company and the Transferee Company will not be prejudicially affected by the Scheme.
10. No investigation proceedings have been instituted or are pending in relation to the Applicant Company under Sections 235 and 250A of the Act.

11 The Background of the Board of Directors as on 30th September, 2012:

11.1 SUN PHARMACEUTICAL INDUSTRIES LIMITED

Sr. No.	Name of Director	Designation	Age	Educational Qualifications
1	Mr. Israel Makov	Chairman Non Executive Director	73	M.Sc. in Economics
2	Mr. Dilip S. Sanghvi	Managing Director	57	B.Com
3	Mr. Sudhir V. Valia	Non Promoter Executive Director	56	B.Com, CA
4	Mr. Sailesh T. Desai	Non Promoter Executive Director	58	B.Sc
5	Mr. S. Mohanchand Dadha	Non Executive Independent Director	76	I.Sc
6	Mr. Hasmukh S. Shah	Non Executive Independent Director	78	M.A. (Economics)
7	Mr. Keki M. Mistry	Non Executive Independent Director	58	FCA and Member of Michigan Assn. of Certified Public Accountants, USA.
8	Mr. Ashwin S. Dani	Non Executive Independent Director	70	B.Sc (Hons), B.Sc (Tech), MSI Polymer Science and Dip. in Colour Science

11.2 SUN PHARMA LABORATORIES LIMITED

Sr. No.	Name of Director	Designation	Age	Educational Qualifications
1	Mr. Dilip S. Sanghvi	Director	57	B.Com
2	Mr. Sudhir V. Valia	Director	56	B.Com. CA
3	Mr. Sailesh T. Desai	Director	58	B.Sc.

12. The directors of the Transferor Company and the Transferee Company may be deemed to be concerned and/or interested in the Scheme only to the extent of their shareholding in the respective Companies, or to the extent the said directors are common directors in the Companies, or to the extent the said directors are the partners, directors, members of the companies, firms, association of persons, bodies corporate and/or beneficiary of trust that hold shares in any of the companies.

13.1 The respective shareholding (singly or jointly as first holder) of Directors in the Transferor Company and the Transferee Company as on the date of explanatory statement is as under:-

Name of Directors	In SPIL (Transferor Company)	In SPL (Transferee Company)
Mr. Israel Makov	Nil	Nil
Mr. Dilip S. Sanghvi	115570240	1#
Mr. Sudhir V. Valia	7692000	1#
Mr. Sailesh T. Desai	2355910	1#
Mr. S. Mohanchand Dadha	37140	Nil
Mr. Hasmukh S. Shah	Nil	Nil
Mr. Keki M. Mistry	15000	Nil
Mr. Ashwin S. Dani	Nil	Nil

Held for and on belf of SPIL and as Nominee of SPIL.

13.2 The Directors of either the Transferor Company or the Transferee Company have not given any loans to either of the companies.

14. The shareholding pattern for the Transferor Company as on 30th September 2012 is as follows. Since no restructure of capital is envisaged under the scheme, the shareholding pattern is not likely to undergo any change post Scheme and there will be no change in the management and control of the Transferor Company post Scheme.

Sr. No.	Category of shareholder	No. of Shares	(%)
(I)	(II)	(III)	(IV)
(A)	Promoter and Promoter Group		
1	Indian		
(a)	Individuals/Hindu Undivided Family	152376100	14.71
(b)	Central Government/State Government(s)	0	0.00
(c)	Bodies Corporate	506512000	48.91
(d)	Financial Institutions / Banks	0	0.00
(e)	Any Other (specify)	0	0.00
	Trusts	640100	0.06
	Sub Total (A)(1)	659528200	63.69
2	Foreign		
(a)	Individuals (Non-Resident Individuals/Foreign Individuals)	0	0.00
(b)	Bodies Corporate	0	0.00
(c)	Institutions	0	0.00
(d)	Qualified Foreign Investors	0	0.00
(e)	Any Other (specify)	0	0.00
	Sub Total (A)(2)	0	0.00
	Total Shareholding of Promoter and Promoter Group (A) = (A)(1) + (A)(2)	659528200	63.69
(B)	Public shareholding		
1	Institutions		
(a)	Mutual Funds/UTI	18312676	1.77
(b)	Financial Institutions / Banks	35163588	3.40
(c)	Central Government/State Government(s)	203765	0.02
(d)	Venture Capital Funds	0	0.00
(e)	Insurance Companies	0	0.00
(f)	Foreign Institutional Investors	211691100	20.44
(g)	Foreign Venture Capital Investors	0	0.00
(h)	Qualified Foreign Investors	0	0.00
(I)	Any Other (specify)	0	0.00
	Sub Total (B) (1)	265371129	25.63
2	Non-institutions		
(a)	Bodies Corporate	54300818	5.24
(b) (i)	Individuals - shareholders holding nominal share capital up to Rs 1 Lakh	37470456	3.62
(ii)	Individual shareholders holding nominal share capital in excess of Rs. 1 Lakh	16214200	1.57
(c)	Qualified Foreign Investors	0	0.00

Sr. No.	Category of shareholder	No. of Shares	(%)
(I)	(II)	(III)	(IV)
(d)	Any Other		
i	Non Resident Indians (Repat)	440725	0.04
ii	Non Resident Indians (Non Repat)	327645	0.03
iii	Foreign Companies	646450	0.06
iv	Clearing Member	692648	0.07
v	Directors / Relatives	0	0.00
vi	Trusts	589684	0.06
	Sub Total (B)(2)	110682626	10.69
	Total Public Shareholding Public Group (B) = (B)(1) + (B)(2)	376053755	36.31
	Total (A) + (B)	1035581955	100.00
(C)	Shares held by custodians and against which Depository Receipts have been issued		
i	Promoter and Promoter group	0	0.00
ii	Public	0	0.00
	Sub Total (C)	0	0
	GRAND TOTAL (A) + (B) + (C)	1035581955	100.00

15. The abridged financial statements of the Transferor Company for last two years are annexed herewith as **Annexure-1**.
16. The following documents will be open for inspection by the Shareholders at the Registered Office of SPIL situated at SPARC Tandalja, Vadodara - 390020 in the State of Gujarat on all working days except Saturdays and Sundays between 11:00 a.m. and 1:00 p.m. up to the date of the ensuing Meeting.
- Copy of the Order passed by the Hon'ble High Court of Gujarat dated 21st December 2012 directing convening the meeting of Equity Shareholders passed in Company Application No. 373 of 2012.
 - Copies of the Memorandum of Association and Articles of Association of the SPIL and SPL;
 - Copy of Audited Annual Accounts and provisional accounts of the SPIL for the year ended on 31.03.2012 and 30.09.2012 respectively;
 - Copy of Audited Annual Accounts and provisional accounts of the SPL for the year ended on 31.03.2012 and 30.09.2012 respectively;
 - Scheme of Arrangement for Spin off.
 - No objection letter to the Scheme received from the BSE Limited.
 - No objection letter to the Scheme received from the National Stock Exchange of India Limited.

A copy of the Scheme, Explanatory Statement and Form of Proxy may be obtained from the Registered Office of the Company and / or at the office of the Advocate Mrs. Swati Soparkar, 301, Shivalik 10, Opp. SBI Zonal Office, Near Excise Chowky, S.M. Road, Ahmedabad 380 015.

Dated this 24th December, 2012.
Mumbai

Dilip S. Shanghvi
Chairman appointed for the meeting

Registered Office:
SPARC, Tandalja,
Vadodara - 390020, Gujarat.

Encl: As above

ABRIDGED AUDITED BALANCE SHEET AS AT 31ST MARCH, 2012

	As at 31st March, 2012*		As at 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	1,035.6		1,035.6	
Reserves and Surplus	<u>80,050.5</u>	<u>81,086.1</u>	<u>65,769.7</u>	66,805.3
Non-current Liabilities				
Deferred Tax Liabilities (Net)	1,423.4		1,285.1	
Other Long-term Liabilities	20.3		21.9	
Long-term Provisions	<u>986.2</u>	<u>2,429.9</u>	<u>86.8</u>	1,393.8
Current Liabilities				
Short-term Borrowings	403.0		505.3	
Trade Payables	4,001.9		2,696.6	
Other Current Liabilities	625.4		420.8	
Short-term Provisions	<u>5,154.9</u>	<u>10,185.2</u>	<u>4,244.2</u>	7,866.9
TOTAL		<u><u>93,701.2</u></u>		<u><u>76,066.0</u></u>
ASSETS				
Non-current Assets				
Fixed Assets				
Tangible Assets	9,797.4		7,831.8	
Intangible Assets	235.6		112.1	
Capital Work-in-Progress	<u>2,488.7</u>		<u>1,956.5</u>	
	<u>12,521.7</u>		<u>9,900.4</u>	
Non-current Investments	32,122.3		17,785.9	
Long-term Loans and Advances	6,595.3		1,438.9	
Other Non-current Assets	<u>28.3</u>	<u>51,267.6</u>	<u>1.9</u>	29,127.1
Current Assets				
Current Investments	8,449.8		18,228.3	
Inventories	7,861.5		6,182.6	
Trade Receivables	8,373.2		5,426.2	
Cash and Cash Equivalents	13,277.1		12,509.1	
Short-term Loans and Advances	3,931.9		4,183.5	
Other Current Assets	<u>540.1</u>	<u>42,433.6</u>	<u>409.2</u>	46,938.9
TOTAL		<u><u>93,701.2</u></u>		<u><u>76,066.0</u></u>

ABRIDGED AUDITED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2012

	Year ended 31st March, 2012*		Year ended 31st March, 2011	
	₹ in Million	₹ in Million	₹ in Million	₹ in Million
Revenue from Operations	40,804.9		31,602.3	
Less: Excise Duty	649.3		526.6	
	<u>40,155.6</u>		<u>31,075.7</u>	
Other Income	3,428.5		1,941.3	
Total Revenue		43,584.1		33,017.0
Expenses				
Cost of Materials Consumed	9,406.4		7,131.3	
Purchases of Stock-in-Trade	1,874.8		1,766.8	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	(706.6)		71.2	
Employee Benefits Expense	3,165.6		2,610.9	
Depreciation and Amortisation Expense	757.2		642.3	
Other Expenses	8,829.2		6,254.7	
Total Expenses		23,326.6		18,477.2
Profit Before Tax		20,257.5		14,539.8
Tax Expense:				
Current Tax	839.4		570.0	
Deferred Tax	138.3	977.7	131.8	701.8
Profit for the Year		19,279.8		13,838.0

* Subject to revision for giving effect to the proposed scheme of arrangement effective from 31st March, 2012 if and once all the necessary approvals are received for the same.

**SCHEME OF ARRANGEMENT
BETWEEN
SUN PHARMACEUTICAL INDUSTRIES LIMITED - TRANSFEROR COMPANY
AND
SUN PHARMA LABORATORIES LIMITED - TRANSFEREE COMPANY
AND THEIR RESPECTIVE MEMBERS UNDER SECTIONS 391 TO 394
OF THE COMPANIES ACT, 1956**

This Scheme of Arrangement provides for spin off / transfer of the Domestic Formulation Undertaking (as defined hereinafter) of Sun Pharmaceutical Industries Limited, (Company Registration No. 04-19050 having CIN L24230GJ1993PLC019050), a company incorporated under the Companies Act, 1956 on 1st March,1993, (hereinafter referred to as the “Transferor Company”) as a going concern to Sun Pharma Laboratories Limited (Company Registration No. 31527 having CIN U25200GJ1997PLC031527), a company incorporated under the Companies Act, 1956 on 17th January,1997 being a wholly owned subsidiary of the Transferor Company pursuant to Sections 391 to 394 and other relevant provisions of the Companies Act, 1956. The Transferee Company incorporated under the name of Sun Resins and Polymers Limited was converted into a public limited company on 30th August, 2012 and its name was further changed to Sun Pharma Laboratories Limited pursuant to Fresh certificate of incorporation dated 1st October, 2012 issued by the Registrar of Companies, Gujarat (hereinafter referred to as the “Transferee Company”).

I. PREAMBLE

A. Description of Companies:

- (a) The Transferor Company
 - a. Is a leading listed pharmaceutical company engaged in the business of development, manufacture, sale, trading, and export of bulk drugs and pharmaceutical formulations. The pharmaceutical products of the Transferor Company are sold in India and various countries of the world.
 - b. Has two pharmaceutical business activities -one part of the business caters to domestic formulation market i.e. the Domestic Business Undertaking and the Remaining Undertaking consists of international formulation business, bulk drug business and other allied / related / incidental / investment activities.
- (b) The Transferee Company was incorporated on 17th January, 1997 as Sun Resins and Polymers Private Limited. The name of the Transferee Company was changed to Sun Resins and Polymers Limited and further changed to Sun Pharma Laboratories Limited. The Transferee Company’s main objects clause include development, manufacture, sale, trading, and export of pharmaceutical formulations, and is currently a wholly owned subsidiary company of the Transferor Company. However no manufacturing business is being currently carried out. The registered office of the Transferee Company is in the process of being shifted from the state of Gujarat to the state of Maharashtra

B. Rationale for the Scheme of Arrangement:

- (a) The Transferor Company’s business of Domestic Formulation Undertaking and the Remaining Undertaking are continuously growing both horizontally and vertically. Maintaining this growth momentum is an opportunity as well as a challenge. In order to seize this opportunity by overcoming the related challenges each of these businesses will require focused and strategic attention to the various parts / aspects of both the businesses.

The Domestic Formulation Undertaking (as defined hereinafter) of the Transferor Company has shown good growth and is growing constantly. In order to sustain the long term growth, profitability, market share, customer service, and face the competitive regulatory environment, risks and policies etc. it requires focused management attention, different skill sets and resources. Similarly, the Remaining Undertaking (as defined hereinafter) of the Transferor Company has different profile and requires different kind of focus, attention to meet the ever expanding market / geography and growth opportunities, newer market, varied regulatory requirements, risks, litigation etc., as compared to the Domestic Formulation Undertaking of the Transferor Company. The Domestic Formulation Undertaking is India centric business and is different in nature from the Remaining Undertaking.

The Transferor Company intends to reorganise the Domestic Formulation Undertaking and Remaining Undertaking to provide focused management attention, skills and resources and risk management required respectively by both the undertakings / businesses and hence it is proposed to segregate the Transferor Company's business into two different Companies by way of transfer of the Domestic Formulation Undertaking to the Transferee Company, being its wholly owned subsidiary Company.

- (b) The proposed segregation of the Domestic Formulation Undertaking of the Transferor Company and the Remaining Undertaking is likely / expected to enhance the value for the shareholders in future and allow a focused strategy in operations of both the Companies, which would be in the best interests of the Transferor Company its shareholders and other stakeholders.
- (c) The nature of profile involved in businesses of both the Undertakings of the Transferor Company is distinct from each other. In order to lend greater focus to the operations of each of these Undertakings, the Transferor Company proposes to reorganise the businesses by spinning off / segregating the Domestic Formulation Undertaking into a separate company viz. Transferee Company
- (d) The transfer / spin off may also provide scope for independent collaboration and expansion of each of these Undertakings / businesses of the Transferor Company without committing the existing organization in its entirety.
- (e) The Board of Directors of the Transferor Company is of the opinion that the spin off / transfer would benefit the shareholders, employees and other stakeholders of the Transferor Company.
- (f) The Board of Directors of the Transferor Company is of the opinion that the spin off / transfer would also strengthen the organisation structure for the Domestic Formulation Undertaking and the Remaining Undertaking thereby motivating the employees of each of these Undertakings by providing them with accelerated growth opportunities and greater focus which will provide impetus to corporate performance thereby enhancing overall shareholder value.
- (g) It is believed that the proposed segregation of the Domestic Formulation Undertaking will allow better activity in operations, which would be in the best interest of the Transferor Company, its shareholders and other stakeholders.

With the aforesaid objectives, it is proposed to spin off / transfer the Domestic Formulation Undertaking of the Transferor Company to the Transferee Company.

C. Purpose of the Scheme:

- (a) It is, therefore, proposed that certain assets but excluding all liabilities of the Transferor Company's Domestic Formulation Undertaking be segregated and transferred / spun off as a going concern pursuant to a Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 to the Transferee Company being a wholly owned subsidiary company. This is considered necessary for accelerating the sustained long term growth, profitability, market share and customer service and to better face the competitive regulatory environment, risks and policies through independent focus and attention to each of these businesses. The Transferor Company will continue its interests in the Remaining Undertaking as is presently being carried out but with greater focus, attention to the ever expanding market / geographies, growth opportunities, and the regulatory requirements, risks, litigation etc. specific to this business,
- (b) With the aforesaid objective and to give effect to the terms of this Scheme of Arrangement, the Transferee Company, which is a wholly-owned subsidiary of the Transferor Company, has been selected to be the Transferee Company.
- (c) In furtherance of the aforesaid, this Scheme of Arrangement provides for:
 - (i) The spin off / transfer of the Domestic Formulation Undertaking of the Transferor Company to the Transferee Company;
 - (ii) Various other matters consequential or otherwise integrally connected therewith.

D. DEFINITIONS:

In this Scheme, unless inconsistent with the subject or context, the following expressions shall have the meaning given hereunder: -

- (a) **'Act'** means the Companies Act, 1956 including any statutory modifications, re-enactments or amendments thereof.
- (b) **'Appointed Date'** means 31st March, 2012 or such other date as may be approved by the High Court.
- (c) **'Court'** or **'High Court'**, means Hon'ble High Court of Judicature of Gujarat at Ahmedabad, and High Court of Judicature of Bombay at Mumbai, as applicable, and shall include the National Company Law Tribunal, if applicable.
- (d) **'Domestic Territory'** means the territory of whole of India.
- (e) **'Domestic Formulation Undertaking's Activities'** means all activities of the Transferor Company relating to the business of developing, researching, manufacturing, processing, buying, selling, importing, trading, marketing, storing, distribution of pharmaceutical formulations and items related thereto such as packing materials, packaging materials, raw materials, finished goods, inventory, stores, spares, etc. for the Domestic Territory.
- (f) **'Domestic Formulation Undertaking'** shall mean and include on close of business hours on 31st March, 2012:
 - I) All the assets, movable, tangible and intangible of the Domestic Formulation Undertaking's Activities of the Transferor Company other than excluded herein after (hereinafter referred to as 'the said Assets');
 - II) the right, title and interests of the Transferor Company as a partner in the Partnership Firms to the extent of 75% of the total profit sharing ratio in each out of the Transferor Company's share in the profit sharing ratio and including the right to receive 75% of the remuneration receivable by the Transferor Company from the said Partnership Firms as a working partner out of the rights held by the Transferor Company in the said Firms till the time of continuation of the Partnership Firms.
 - III) Without prejudice to the generality of sub-clause (I) and (II) mentioned above, the Domestic Formulation Undertaking of the Transferor Company shall include all Domestic Formulation Undertaking's business, operations specific to the Domestic Formulation Undertaking's Activities comprising assets including investments, claims, powers, authorities, allotments, approvals, consents, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights and tenancies, and other intangible rights, hire purchase contracts and assets, lending contracts, employment contracts, distribution contracts, clearing and forwarding agency contracts, benefit of any security arrangements, reversions, permits, quotas, entitlements, registrations, licences (industrial or otherwise), registrations under sales tax / VAT, municipal permissions, systems of any kind whatsoever, rights and benefits of all agreements and other interests including rights and benefits under various schemes of different taxation and other laws as may belong to or be available to or be used by the Domestic Formulation Undertaking or the Domestic Formulation Undertaking's Activities of the Transferor Company, rights and powers of every kind, nature and description of whatsoever probabilities, liberties, easements, tenancies, advantages, and approval of whatsoever nature and wherever situated, belonging to or in ownership, including but without being limited to trade and services marks, patents, copyrights, brand names, drug licenses, technical know-how, goodwill, benefits and advantages of carrying on the business, availing the manufacturing facilities of the Transferor Company for the Domestic Formulation Undertaking's Activities on mutually acceptable terms, enterprise resource planning software, accounting and other software, software licenses, permissions and connections, drawings, formulae, artwork secret processes, noting's, website/web page and any other intellectual property rights of any nature whatsoever, authorizations, permits, all records, files, papers, computer programs, books of accounts, corporate records, manuals, data, catalogues, sales and advertising materials, lists and other details of present and former customers and suppliers, customer credit information, customer and supplier pricing information and other records

in connection with or in relation to the Domestic Formulations Division Activities or undertaking of the Transferor Company and all other interests of whatsoever nature belonging to or in the ownership, power, possession, or the control of or vested in or granted in favour of or held for the benefit of or enjoyed by the Domestic Formulation Undertaking's Activities of the Transferor Company;

However, it shall not include the following as on close of business hours on 31st March, 2012:

1. Manufacturing facilities together with factory land and buildings, plant and machinery and other fixed assets relating to one or more factories at which the manufacturing activity for the Domestic Formulation Undertaking is carried out and all fixed assets which are being commonly used for the Domestic Formulation Undertaking and the Remaining Undertaking
 2. Research and development facilities including premises, plant and equipments and other fixed assets together with all approvals, licenses, permits, etc. in relation to the said research and development facilities;
 3. All liabilities whatsoever of the Domestic Formulation Undertaking, including current liabilities;
 4. The balances of the Transferor Company in the capital and / or current account and / or loan accounts in the Partnership Firms;
 5. The unutilized credits relating to Excise duties paid on inputs lying, as well as the unutilized credits relating to Service Tax paid on input services consumed, on account of the Domestic Formulation Undertaking's Activities;
 6. All employment contracts of employees in the manufacturing facilities referred to in 1 above, research and development facilities referred to in 2 above and all other employees who commonly attend to the Domestic Formulation Undertaking and the Remaining Undertaking.
- (g) **'Effective Date'** means the last of the dates on which the sanctions / approvals or orders as specified in Clause No.18 of this Scheme has been obtained and / or filed by the Transferor Company and the Transferee Company with the Registrar of Companies.
- (h) **'Non-Domestic Territory'** - means territory other than the Domestic Territory.
- (i) **'Partnership Firms'** mean the partnership firms named M/s Sun Pharmaceutical Industries and M/s. Sun Pharma Sikkim having their respective principal place of business at Acme Plaza, Andheri Kurla Road, Andheri (East), Mumbai 400 059.
- (j) **'Remaining Undertaking'** means the all the businesses and activities of the Transferor Company other than the Domestic Formulation Undertaking.
- (k) **'Scheme'** means this Scheme of Arrangement in its present form including any modifications or amendments thereto.
- (l) **'Transferee Company'** means Sun Pharma Laboratories Limited a public limited company incorporated under the Companies Act, 1956 and having its Registered Office at 402, 4th Floor, R K Centre, Fatehgunj Main Road, Baroda, Gujarat- 390 002 and which is in the process of shifting it to Mumbai at Acme Plaza, Andheri Kurla Road, Andheri (east), Mumbai 400059.
- (m) **'Transferor Company'** means Sun Pharmaceutical Industries Limited, a public limited company incorporated under the Companies Act, 1956 and having its Registered Office at SPARC, Tandalja, Vadodara Gujarat 390020.

All terms and words not defined in this Scheme shall, unless repugnant or contrary to the context or meaning thereof, have the same meaning ascribed to them under the Companies Act, 1956, and other applicable laws, rules, regulations, bye-laws as the case may be or any statutory modifications or re-enactment thereof from time to time.

2. SHARE CAPITAL

- A. The Share Capital of the Transferor Company as per the Balance Sheet as on 31st March, 2012 and provisional Balance Sheet as on 31st August, 2012 is as under:

Authorised Share Capital:	
1,500,000,000 Equity Shares of Re. 1/- each	Rs. 1,500,000,000
Total	Rs. 1,500,000,000
Issued, subscribed and paid up share capital:	
1,035,581,955 Equity Shares of Re. 1/- each	Rs. 1,035,581,955
Total	Rs. 1,035,581,955

The Equity Shares of Sun Pharmaceutical Industries Limited, the Transferor Company, are at present listed on the BSE Limited and the National Stock Exchange of India Limited.

There is no change in the Share Capital of the Transferor Company as on the date of this Application.

- B. The Share Capital of the Transferee Company as per the Audited Balance Sheet as on 31st March, 2012 and the provisional Balance Sheet as on 31st July, 2012 is as under:

Authorised Share Capital:	
50,000 Equity Shares of Rs.10 each	Rs. 500,000
100, 12% Redeemable Non – Cumulative Preference Shares of Rs. 100 each	Rs. 10,000
Total	Rs. 5,10,000
Issued, Subscribed and Paid-up Share Capital:	
50,000 Equity Shares of Rs.10 each	Rs. 500,000
100 12% Redeemable Non – Cumulative Preference Shares of Rs. 100 each	Rs. 10,000
Total	Rs. 5,10,000

As on 30th September, 2012 the details of Share Capital are as under:

Authorised Share Capital:	
1,00,00,000 Equity Shares of Rs.10 each	Rs. 10,00,00,000
40,00,000 Redeemable Preference Shares of Rs. 100 each	Rs. 40,00,00,000
Total	Rs. 50,00,00,000
Issued, Subscribed and Paid-up Share Capital:	
50,000 Equity Shares of Rs.10 each	Rs. 500,000
100 12% Redeemable Preference Shares of Rs. 100 each	Rs. 10,000
Total	Rs. 5,10,000

The Transferee Company viz. Sun Pharma Laboratories Limited was incorporated on 17th January, 1997. It is a wholly-owned subsidiary of the Transferor Company.

3. TRANSFER OF UNDERTAKING:

- (a) On and with effect from the close of business hours on the Appointed Date and subject to the provisions of this Scheme and pursuant to the provisions of Section 394 and other applicable provisions of the Act and in relation to the mode of transfer and vesting, the Domestic Formulation Undertaking of the Transferor Company shall without any further act, instrument or deed, be and the same shall stand transferred to and / or vested in or be deemed to have been and stand transferred to or vested in the Transferee Company as a going concern so as to become as and from the close of business hours on the Appointed Date, the estate, rights, titles and interests and authorities including accretions and appurtenances thereto such as dividends, or other benefits receivable, that of the Transferee Company.

- (b) All the employees of the Domestic Formulation Undertaking (other than those referred in 1.D.(f).6 above) shall, without any further act, instrument or deed of the Transferee Company, pursuant to the provisions of Section 394 of the Act, become as and from the close of business hours on the Appointed Date, the employees of the Transferee Company and further that it shall not be necessary to obtain consent of any person, in order to give effect to the provisions of this Clause.

Without prejudice to the other provisions of this Scheme and notwithstanding the fact that vesting of the Domestic Formulation Undertaking occurs by virtue of this Scheme itself, the Transferee Company may, at any time after the coming into effect of this Scheme in accordance with the provisions hereof, if so required under any law or otherwise, take such actions and execute such deeds (including deeds of adherence), confirmations or other writings or tripartite arrangements with any party to any contract or arrangement to which the Transferor Company is a party or any writings as may be necessary in order to give formal effect to the provisions of this Scheme. The Transferee Company shall be deemed to be authorised to execute any such writings on behalf of the Transferor Company and to carry out or perform all such formalities or compliances referred to above on the part of the Transferor Company to be carried out or performed.

- (d) For the avoidance of doubt and without prejudice to the generality of the foregoing, it is clarified that upon the coming into effect of this Scheme, all consents, permissions, licences, approvals, certificates, clearances, authorities, leases, tenancy, assignments, allotments, powers of attorney given by, claims, powers, authorities, allotments, approvals, consents, contracts, enactments, arrangements, rights, titles, interests, benefits, advantages, lease-hold rights and tenancies, and other intangible rights, hire purchase contracts and assets, lending contracts, employment contracts, distribution contracts, clearing and forwarding agency contracts, benefit of any security arrangements, reversions, permits, quotas, entitlements, registrations, licences (industrial or otherwise), registrations under sales tax / VAT, municipal permissions, etc. issued to or executed in favour of the Transferor Company shall stand transferred to the extent it relates to and pertains to the Domestic Formulation Undertaking, to the Transferee Company in which the Domestic Formulation Undertaking shall vest by way of the spin off / transfer hereunder, as if the same were originally given by, issued to or executed in favour of the Transferee Company, and the Transferee Company shall be bound by the terms thereof, the obligations and duties there under, and the rights and benefits under the same shall be available to the Transferee Company. The Transferee Company shall make applications to and obtain relevant approvals, etc. from the concerned authorities and / or parties as may be necessary in this behalf and the Transferor Company shall cooperate and provide the required support wherever required.
- (e) It is clarified that if any assets (estate, claims, rights, title, interest in or authorities relating to such assets) or any contract, deeds, bonds, agreements, schemes, arrangements or other instruments of whatsoever nature in relation to the Domestic Formulation Undertaking, which the Transferor Company owns or to which the Transferor Company is a party and which cannot be transferred to the Transferee Company for any reason whatsoever, the Transferor Company shall hold such assets etc. in trust for the benefit of the Transferee Company to which the Domestic Formulation Undertaking is being transferred in terms of this Scheme, in so far as it is permissible so to do, till such time as the transfer is effected and till such time the Transferee Company shall be entitled to utilise, operate, avail the same for the Domestic Formulation Undertaking's Activities without any consideration.
- (f) All loans raised and used and all liabilities and obligations incurred by the Transferor Company only for the operations of Domestic Formulation Undertaking after the Appointed Date and prior to the Effective Date, shall, subject to the terms of this Scheme, be deemed to have been raised, used or incurred for and on behalf of the Transferee Company in which the Domestic Formulation Undertaking shall vest in terms of this Scheme and to the extent they are outstanding on the Effective Date, shall also without any further act or deed be and stand transferred to and be deemed to be transferred to the Transferee Company and shall become the debts, liabilities, duties and obligations of the Transferee Company which shall meet, discharge and satisfy the same.
- (g) Without prejudice to clause (a) above, it is expressly provided that in respect of such assets belonging to and specific to the Domestic Formulation Undertaking of the Transferor Company as are movable in nature or are otherwise capable of transfer by manual delivery or by endorsement and delivery, the same shall be so transferred by the Transferor Company, and shall become the property of the Transferee Company in pursuance of the provisions of Section 394 and other applicable provisions of the said Act.

- (h) The Transferor Company may, if required, give notice in such form as it may deem fit and proper to each party, debtor or depositor as the case may be that pursuant to the High Court of Gujarat and High Court of Bombay sanctioning the Scheme, the said debt, loan, advance, etc. be paid or made good or held on account of the Transferee Company as the person entitled thereto and that the right of the Transferor Company to recover or realise the same stands extinguished.
- (i) The Transferee Company may, if required, give notice in such form as it may deem fit and proper to each person, debtor or depositor that pursuant to the High Court of Gujarat and High Court of Bombay having sanctioned the Scheme, the said person, debtor or depositor should pay the debt, loan or advance or make good the same or hold the same to its account and that the right of the Transferee Company to recover or realise the same is in substitution of the right of the Transferor Company.
- (j) With effect from the Appointed Date, the existing securities / charges created over assets of the Domestic Formulation Undertaking by the Transferor Company in favour of consortium of banks shall extinguish and shall cease to have any effect over the said Assets to be transferred to the Transferee Company upon approval of the Scheme of arrangement.
- (k) Without prejudice to the provisions of the foregoing clauses and upon the effectiveness of this Scheme, the Transferor Company and the Transferee Company shall execute such instruments or documents or do all the acts and deeds as may be required, including the filing of necessary particulars and / or modification(s) of charge, with the Registrar of Companies, to give formal effect to the above provisions, if required.
- (l) Upon the coming into effect of this Scheme, the Transferor Company alone shall be liable to perform all obligations in respect of the liabilities as on the Appointed Date, which have not been transferred to Transferee Company in terms of the Scheme, and the Transferor Company alone shall have all obligations in respect of such liabilities, and the Transferor Company shall indemnify the Transferee Company in relation to any claim, at any time, against the Transferee Company in respect of the liabilities which have been retained by the Transferor Company.
- (m) Upon the coming into effect of this Scheme, the Transferee Company alone shall be liable to perform all obligations in respect of the liabilities from the Appointed Date, which have been incurred by the Transferor Company for and on behalf of the Transferee Company and in relation to the Domestic Formulation Undertaking in terms of the Scheme, and the Transferor Company shall not have any obligation in respect of such liabilities and the Transferee Company shall indemnify the Transferor Company in relation to any claim, at any time, against the Transferor Company in respect of such liabilities.
- (n) Upon the coming into effect of the Scheme, the profit sharing ratios of the Partnership Firms shall be as follows:

Partner	Share in profit from 1-4-12 to 31-7-12	Share in profit from 1-8-12 to 31-8-12
Transferor Company	22.5%	22.5%
Transferee Company	75.5%	76%
Others partners other than the Transferor Company and Transferee Company	2%	1.5%

The share in the loss shall not be modified.

Further the Transferor Company for an on behalf of the Transferee Company and as part of the Domestic Formulation Undertaking shall from the 1st day of April, 2012 be deemed to have performed the obligations as a working partner as provided in the respective deeds of partnership of the Partnership Firms and in lieu of that 75% of the remuneration receivable by the Transferor Company from the Partnership Firms shall with effect from the 1st day of April, 2012 belong and be vested in the Transferee Company and the terms of partnership deed/s of the Partnership Firms shall be and shall be deemed to have been suitably modified to provide for the above and such change shall be effective from the 1st day of April, 2012 pursuant to and as an integral part of the Scheme.

- (o) It is expressly provided that no other term or condition of the liabilities not transferred to the Transferee Company is modified by virtue of this Scheme except to the extent that such amendment is required by necessary implication.

- (p) Subject to the necessary consents being obtained in accordance with the terms of this Scheme, the provisions of the clause 3 shall operate, notwithstanding anything to the contrary contained in any instrument, deed or writing or the terms of sanction or issue or any security document; all of which instruments, deeds or writings shall stand modified and / or superseded by the foregoing provisions with effect from the Appointed Date or such other date as is specified herein above, as the case may be.

4. CONTRACTS, DEEDS AND OTHER INSTRUMENTS:

Subject to the provisions of this Scheme, all contracts, deeds, bonds, agreements, arrangements and other instruments of whatsoever nature to which the Domestic Formulation Undertaking of the Transferor Company is a party or to the benefit of which Domestic Formulation Undertaking of the Transferor Company may be eligible, and which are subsisting or having effect immediately before the Effective Date, shall continue in full force and effect against or in favour of the Transferee Company as the case may be and may be enforced as fully and effectively as if, instead of the Transferor Company, the Transferee Company had been a party or beneficiary thereto. The Transferee Company shall enter into and/or issue and/or execute deeds, writings or confirmations or enter into a tripartite arrangement, confirmation or novation to which the Transferor Company will, if necessary, also be a party in order to give formal effect to this clause, if so required or become necessary.

5. LEGAL PROCEEDINGS:

- (a) Upon coming into effect of this Scheme, all suits, claims, actions and proceedings by or against the Transferor Company, pertaining to the Domestic Formulation Undertaking of the Transferor Company, arising after the Appointed Date but before the Effective Date shall be continued and be enforced by or against the Transferee Company as effectually as if the same had been pending and / or arising by or against the Transferee Company.
- (b) The Transferee Company will undertake to have all legal, judicial or other proceedings initiated and /or to be initiated after the Effective Date by or against the Domestic Formulation Undertaking of the Transferor Company referred to in sub-clause (a) above transferred to its name and to have the same continued, prosecuted and enforced by or against the Transferee Company. The Transferor Company and the Transferee Company shall make relevant applications in that behalf and the Transferor Company and the Transferee Company shall co-operate with each other in respect of any such legal and other proceedings.
- (c) Upon coming into effect of this Scheme, all suits, claims, actions and proceedings by or against the Domestic Formulation Undertaking of the Transferor Company pending on or pertaining to the period prior to the Appointed Date shall be continued and be enforced by or against the Transferor Company as effectually as if the same had been pending and / or arising by or against the Transferor Company.

6. OPERATIVE DATE OF THE SCHEME:

This Scheme though effective from the Appointed Date shall be operative from the Effective Date.

7. CONDUCT OF BUSINESS BY TRANSFEROR COMPANY AND TRANSFEREE COMPANY TILL EFFECTIVE DATE:

With effect from the Appointed Date, and upto the Effective Date:

- (i) The Transferor Company shall carry on and shall be deemed to have carried on all the business and activities of the Domestic Formulation Undertaking as hitherto and shall be deemed to have held and stood possessed of the undertaking on account of, and for the benefit of and in trust for the Transferee Company.
- (ii) The Transferor Company as part of the Domestic Formulation Undertaking shall be deemed to have performed duties as partner / working partner in the Partnership Firms also for and on behalf of the Transferee Company and 75% of the right, title and interests including the share of profits in the Partnership Firms distributable to and 75% of the remuneration receivable by the Transferor Company from the Partnership Firms shall for all purposes be treated and be deemed to be accrued as the profits or remuneration of the Transferee Company, as the case may be . All the profits or income accruing or arising to the Domestic Formulation Undertaking of the Transferor Company or expenditure or losses arising or incurred (including the effect of taxes, if any, thereon) by the Domestic Formulation Undertaking of the Transferor Company shall, for all purposes be treated and be deemed to be accrued as the profits or income or expenditure or losses or taxes of the Transferee Company, as the case may be.

- (iii) The Transferor Company shall carry on the business and activities of the Domestic Formulation Undertaking with reasonable diligence, business prudence and shall not, undertake any additional financial commitments of any nature whatsoever, borrow any amounts or incur any liabilities or expenditure, issue any additional guarantee, indemnities, letter of comfort or commitments either for itself or on behalf of any third party, or sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with the said Undertaking or any part thereof except in the ordinary course of business or if the same is expressly permitted by this Scheme or pursuant to any pre-existing obligation undertaken by the Domestic Formulation Undertaking of the Transferor Company prior to the Appointed Date, except with prior written consent of the Transferee Company.

Provided that as far as the obligations referred as above are concerned, the restrictions thereunder shall be applicable from the date of the acceptance of the present Scheme by the respective Board of Directors of the Transferor Company and the Transferee Company even if the same are prior to the Appointed Date.

- (iv) The Transferor Company shall not vary the terms and conditions and employment of permanent employees of the Domestic Formulation Undertaking except in the ordinary course of business or with prior written approval of the Transferee Company.
- (v) The Transferor Company shall not, without prior written consent of the Transferee Company, take any major policy decisions in respect of management of the Domestic Formulation Undertaking except in the ordinary course of business.
- (vi) The Transferee Company shall carry on its business and activities with reasonable diligence and business prudence and shall not, undertake any additional financial commitments of any nature whatsoever, borrow any amounts nor incur any liabilities or expenditure, issue any additional guarantees, indemnities, letter of comfort or commitments either for itself or on behalf of its subsidiaries or group companies or any third party, or sell, transfer, alienate, charge, mortgage, encumber or otherwise deal with any of its properties or any part thereof except in the ordinary course of business or if the same is expressly permitted by this Scheme or pursuant to any pre-existing obligation undertaken by the Transferee Company prior to the Appointed Date, except with prior written consent of the Transferor Company.

Provided that as far as the obligations referred as above are concerned, the restrictions there under shall be applicable from the date of the acceptance of the present Scheme by the respective Board of Directors of the Transferor Company and the Transferee Company even if the same are prior to the Appointed date.

The Transferee Company shall not make any change in their capital structure either by any increase (whether by issue of equity shares on a right basis, bonus shares, share warrants, convertible debentures or otherwise) decrease, reduction, reclassification, sub-division or consolidation, reorganisation, or in any other manner except by the mutual consent of the Transferor Company and the Transferee Company or except as may be expressly permitted or envisaged under this Scheme.

- (vii) The Transferor Company and the Transferee Company shall co-operate with each other for smooth transfer of the Domestic Formulation Undertaking from the Transferor Company to the Transferee Company and any whole time director of the Transferor Company and any director of the Transferee Company shall be empowered to give effect to the scheme in all aspects as may be necessary or expedient including settling any question or difficulties arising in relation to the Scheme in such manner as they deem fit to attain the objectives of this Scheme and their decision in this regard shall be final and binding.

It is hereby agreed and clarified that whenever under this Scheme , the approval of the Transferor Company. is required to be obtained , it shall be the approval of any one of the Whole time Directors of the Transferor Company and whenever under this Scheme , the approval of the Transferee Company. is required to be obtained, it shall be the approval of any one of the Directors of the Transferee Company.

8. CONSIDERATION BY THE TRANSFEREE COMPANY:

The Transferee Company is a wholly owned subsidiary of the Transferor Company. The Scheme is intended to restructure the holding of the Domestic Formulation Undertaking in more efficient and focussed manner in a separate entity consistent with the diverse needs of the business and does not involve any movement of assets to any company outside the group controlled by the Transferor Company. Hence, the Transferee Company shall not be required to issue any shares or pay any consideration to the Transferor Company or to its shareholders. Accordingly, nil consideration shall be payable by the Transferee Company.

9. ACCOUNTING BY TRANSFEROR COMPANY AND THE TRANSFEREE COMPANY IN RESPECT OF TRANSFER OF DOMESTIC FORMULATION UNDERTAKING:

(i) Accounting treatment in the books of the Transferor Company:

- (a) The assets of the Domestic Formulation Undertaking of the Transferor Company which are being transferred to the Transferee Company shall be recorded at values appearing in the books of accounts of the Transferor Company as on the Appointed Date.
- (b) An amount equivalent to the book value of assets of the Domestic Formulation Undertaking transferred to the Transferee Company by the Transferor Company in terms of this Scheme, shall be debited to the Statement of Profit and Loss of the Transferor Company.

(ii) Accounting treatment in the Books of the Transferee Company:

- (a) Upon coming into effect of this Scheme and upon the arrangement becoming operative, the Transferee Company shall record the assets transferred to and vested in them pursuant to this Scheme, at the estimated fair values of the respective assets as on the Appointed Date. The decision of the Board of Directors of the Transferee Company in this regard shall be final and binding.
- (b) The sum total of assets recorded at fair values shall be credited to Capital Reserve Account in the books of the Transferee Company. The Capital Reserve shall be available for issue of bonus shares or such other application as may be permissible under the law.

10. DIVIDEND AND CHANGES IN THE CAPITAL STRUCTURE OF THE TRANSFEREE COMPANY:

At any time upto the Effective Date:-

- (a) The Transferee Company shall not declare or pay dividends which are interim or final relating to any period commencing on or after the Appointed Date unless agreed to by the Board of Directors of both the Companies.
- (b) The Transferee Company, except mentioned otherwise in this Scheme, shall not issue or allot any right shares, or Bonus Shares or any other security converting into Equity or other Share Capital or obtain any other financial assistance converting into Equity or other Share Capital, unless agreed to by any whole time director of the Transferor Company.

11. INTELLECTUAL PROPERTY RIGHTS:

Upon coming into effect of this Scheme:

- 11.1 All existing trade marks, (except the trade marks "SUN", "SUN" LOGO and related trade marks) adopted and registered or used by the Transferor Company as the owner or licensee, in the Domestic Territory shall be transferred/ assigned (including assignment of the right to use the trade marks as licensee) to the Transferee Company, without any consideration. Upon acquiring the aforesaid trade marks, the Transferee Company shall grant to the Transferor Company a perpetual and irrevocable license to use the existing and new trade marks (adopted and registered or used as the owner or licensee, in the Domestic Territory) in the Non-Domestic Territory, without any consideration. The Transferor Company shall likewise grant to the Transferee Company a perpetual and irrevocable license to use the trade marks "SUN", "SUN" LOGO and related trade marks for use in the Domestic Territory, without any consideration, but only so long as the Transferee Company is the subsidiary of the Transferor Company.
- 11.2. Transferor Company's copyright in existing and new labels, brochures, pamphlets, marketing and publicity material and like artistic/literary works shall be perpetually transferred to the Transferee Company for the Domestic Territory, without any consideration. The Transferor Company's copyrights in the said works, in so far as the Non-Domestic Territory is concerned are retained by the Transferor Company.
- 11.3. Patents, Technical Know How, Process Know How and all other Intellectual Property Rights in respect of existing and new formulations, processes, methods, molecules, improvements etc. other than trade marks and copyrights owned by the Transferor Company, shall continue to be owned and possessed by the Transferor Company. However, the Transferor Company shall grant to the Transferee Company a perpetual and irrevocable license to use and exploit the said Patents, Technical Know How, Process Know How and all other Intellectual Property Rights in respect of

existing/new formulations, processes, methods, molecules, improvements etc. in the Domestic Territory, without any consideration, but only so long as Transferee Company is subsidiary of the Transferor Company.

11.4. Notwithstanding anything contained above the Transferor Company shall be entitled to register in its name the existing/new trade marks, used or utilised in the Non-Domestic Territory, for the purpose of export/sale of goods bearing the said trade marks in the Non-Domestic Territory.

11.5 In pursuance of the present scheme, the Transferor Company and the Transferee Company shall agree to execute suitable agreements, deeds, affidavits, consent letters, power of attorney, applications and other documents as they may be required for giving effect to this scheme of spin off.

11.6 The Transferor Company and the Transferee Company shall extend all the co-operation and give active support to each other as it may request in the ongoing or future disputes, litigations relating to and/or for enforcement of its rights in Trade Marks, Copyrights, Patents, Technical Know How, Process Know How, etc. against the third party or parties.

12. TRANSFEROR COMPANY'S EMPLOYEES:

On the Scheme taking effect as aforesaid, all officers and employees of the Transferor Company, engaged in the Domestic Formulation Undertaking's Activities as identified by the Transferor Company and in employment on the Effective Date, shall become the officers and employees of the Transferee Company on such date as if they were in continuous service without any break or interruption in service and on the terms and conditions as to remuneration not less favourable than those subsisting with reference to the Transferor Company as on the said date.

It is expressly provided that as far as Provident Fund, Gratuity Fund, Pension Fund and/or Superannuation Fund or Trusts in so far as it pertains to or relates to the employees of the Domestic Formulation Undertaking of the Transferor Company or any other special funds / Scheme(s) created or existing for the benefit of the officers and employees of the Domestic Formulation Undertaking are concerned, upon the Scheme becoming officially effective, the Transferee Company to that extent shall stand substituted for the Transferor Company for all purposes whatsoever related to the administration or operation of such Scheme(s)/Fund(s) or in relation to the obligation to make contribution to the said Schemes/Funds in accordance with the provisions of such Schemes/Funds as per the terms provided in the respective Trust Deeds. It is the end intent that all the rights, duties, powers and obligations of the Domestic Formulation Undertaking of the Transferor Company in relation to such fund shall become those of the Transferee Company. It is clarified that the services of the officers and employees of the Domestic Formulation undertaking of the Transferor Company will be treated as having been continuous without any break or interruption for the purpose of aforesaid Schemes/Funds. It is however, clarified that the Transferee Company shall be eligible and entitled to effect the transfer of the officers and employees of the Domestic Formulation Undertaking of the Transferor Company in ordinary and usual course of business and as per business prudence, the Transferee Company shall be eligible to re-assess and to re-allocate any of the activity undertaken by the employees of the Domestic Formulation Undertaking of the Transferor Company. Upon the Scheme taking effect, the Domestic Formulation Undertaking of the Transferor Company shall stand substituted by Sun Pharma Laboratories Limited (The Transferee Company) for all purposes whatsoever in relation to the administration of or obligations, right, duties (including under the respective Deeds pertaining thereto) and liabilities under or in respect of or pertaining to the Provident Fund, Gratuity Fund, Superannuation Fund, pension scheme or any other scheme or trust or fund created or existing for the benefit of the employees or officers of the business and undertaking of Domestic Formulation Undertaking of the Transferor Company.

13. REMAINING UNDERTAKING:-

The Remaining Undertaking of the Transferor Company and all the assets, liabilities and obligations pertaining thereto shall continue to belong to and be vested in and be managed by the Transferor Company.

14. SAVING OF CONCLUDED TRANSACTIONS:-

The transfer of assets above and the continuance of proceedings by or against Transferee Company above shall not affect any transaction or proceedings already concluded in Transferor Company, in relation to the Domestic Formulation Undertaking on or after the Appointed Date till the Effective Date, to the end and intent that the Transferee Company accept and adopt all acts, deeds and things done and executed by Transferor Company, in relation to the respective the Domestic Formulation Undertaking in respect thereto as done and executed on their behalf.

15. TAX CREDIT/DUTIES/CESS ETC.

The Transferee Company will be successor of the Transferor Company vis-à-vis the Domestic Formulation Undertaking. The unutilized credits relating to Excise duties paid on inputs lying to the account of the Domestic Formulation Undertaking of Transferor Company as well as the unutilized credits relating to Service Tax paid on input services consumed by the Transferor Company shall be retained by the Transferor Company to be utilized while discharging its service tax liability or any Excise duty/ Service Tax payable by it, including but not limited to in connection with output service rendered by it.

If the Transferor Company is entitled to any benefits under Incentive Schemes and Policies relating to the Domestic Formulation Undertaking, it is declared that the benefits under all such Incentive Schemes and Policies shall be transferred to and vested in the Transferee Company.

Upon this Scheme being effective, both the Transferee Company and Transferor Company, if required, are expressly permitted to revise and file their respective income tax returns and other statutory returns, including tax deducted / collected at source returns, service tax returns, excise tax returns, sales tax / VAT returns, as may be applicable and has expressly reserved the right to make such provision in its returns and to claim refunds or credits etc. if any. Such returns may be revised and filed notwithstanding that the statutory period for such revision and filing may have expired.

16. APPLICATION TO THE HIGH COURT:

The Transferor Company and the Transferee Company shall make all applications/petitions under Sections 391 to 394 and other applicable provisions of the Act to the Hon'ble High Court of Gujarat at Ahmadabad and Hon'ble High Court of Bombay at Mumbai, as applicable, for sanctioning of this Scheme of Arrangement for carrying this Scheme into effect and obtain all approvals as may be required under law.

17. MODIFICATIONS, AMENDMENTS TO THE SCHEME:

The Transferor Company (by their Directors) and the Transferee Company (by their Directors) may in its full and absolute discretion assent from time to time on behalf of all persons concerned to any modifications or amendments or addition to this Scheme or to any conditions or limitations which the Hon'ble High Court of Gujarat at Ahmadabad or Hon'ble High Court of Bombay at Mumbai or any authorities under the Law may deem fit to approve of or impose and / or to resolve any doubt or difficulties that may arise for carrying out this Scheme and to do and execute all such acts, deeds, matters and things as may be necessary, desirable or proper for carrying the Scheme into effect.

For the purpose of giving effect of this Scheme or to any modifications or amendments, thereof, any of the Directors of the Transferor Company and any of the Directors of the Transferee Company may give and are authorised to give all such directions that are necessary or are desirable including directions for settling any doubts or difficulties that may arise.

Further any of the Directors of the Transferor Company and any of the Directors of the Transferee Company shall be entitled to modify any of the terms of this Scheme in future to settle any of the difficulties or to implement the provisions of this Scheme smoothly and hassle free manner, if such need arises and for all purposes the Effective Date for such subsequent modified scheme shall be the same as specified in this Scheme.

18. SEVERABILITY

If any part of this Scheme is found to be unworkable for any reason whatsoever, the same shall not, subject to the mutual agreement of the Transferor Company and the Transferee Company, affect the validity or implementation of the other parts and/or provisions of this Scheme.

19. SCHEME CONDITIONAL UPON APPROVALS/SANCTIONS:

This Scheme is specifically conditional upon and subject to:

- (a) The approval of and agreement to the Scheme by the requisite majorities of such classes of persons of the Transferor Company and the Transferee Company as may be directed by the Hon'ble High Court of Gujarat at Ahmadabad and Hon'ble High Court of Bombay at Mumbai on the applications made for directions under Section 391 of the said Act for calling meetings or otherwise and necessary resolutions being passed / consents obtained under the Act for the purpose.

- (b) The sanctions of the Hon'ble High Court of Gujarat at Ahmadabad and Hon'ble High Court of Bombay at Mumbai being obtained under Sections 391 to 394 and other applicable provisions of the Act, if so required on behalf of the Transferor Company and the Transferee Company.
- (c) The certified copies of the High Court orders referred to in this Scheme being filed with the Registrar of Companies, Gujarat and Maharashtra, as applicable.

20. EFFECTIVE DATE OF THE SCHEME:

This Scheme although to come into operation from the Appointed Date shall not come into effect until the last date viz.:

- (a) The date on which the last of all the consents, approvals, permissions resolutions sanctions and/or orders as are hereinabove referred to have been obtained or passed; and
- (b) The date on which all necessary certified copies of the order under sections 391 and 394 of the Act are duly filed with the Registrar of Companies, Gujarat and Maharashtra as applicable, and such date shall be referred to as Effective Date for the purpose of the Scheme.

However the Effective Date shall not be affected by any of the modifications that might be required to be made as provided under clause 16 and the Effective Date for such modified scheme shall be the same as mentioned in the above paragraphs.

21. EFFECT OF NON-RECEIPT OF APPROVAL/SANCTION:

In the event of any of the said sanctions and/or approvals referred to in the preceding Clause No. 18 above not being obtained and/or the Scheme not being sanctioned by the Hon'ble High Courts and/or the Order(s) not being passed as aforesaid before 31st December, 2013 or within such further period(s) as may be agreed upon from time to time by the Transferor Company (by its Directors) and the Transferee company (by its Directors), and the Board of the Directors of the Transferor Company and the Transferee company are hereby empowered and authorised to agree to and extend the aforesaid period from time to time without any limitations in exercise of their power through and by its delegates, this Scheme shall stand revoked, cancelled and be of no effect save and except in respect of any act or deed done prior thereto as is contemplated hereunder or as to any right, obligation and/or liabilities which might have arisen or accrued pursuant thereto and which shall be governed and be preserved or worked out as is specifically provided in this Scheme and or otherwise arise as per Law.

22. EXPENSES CONNECTED WITH THE SCHEME:

All costs, charges and expenses, including any taxes and duties of the Transferor Company and the Transferee Company respectively in relation to or in connection with or incidental to this Scheme and of carrying out and completing the terms of this Scheme shall be borne and paid by the Transferor Company.



Sun Pharmaceutical Industries Limited

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

IN THE HIGH COURT OF GUJARAT AT AHMEDABAD

ORIGINAL JURISDICTION

COMPANY APPLICATION NO. 373 OF 2012

In the matter of Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956;

And

In the matter of Sun Pharmaceutical Industries Limited.

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

And

Scheme of Arrangement in the nature of Spin off and Transfer of Domestic Formulation Undertaking of Sun Pharmaceutical Industries Limited to Sun Pharma Laboratories Limited.

Sun Pharmaceutical Industries Limited.

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

..... Applicant Company

FORM OF PROXY

I, the undersigned, the Equity Shareholder of Sun Pharmaceutical Industries Limited, do hereby appoint Mr./Ms. _____ of _____ and failing him/her _____ of _____ as my Proxy to act for me at the Court convened meeting of the Equity Shareholders of the Applicant Company to be held on Friday, the 25th day of January 2013 at 10:45 a.m., at the Prof. Chandravadan Mehta Auditorium, General Education Centre, Maharaja Sayajirao University of Baroda, Pratapgunj, Vadodara - 390 002, in the State of Gujarat, for the purpose of considering, and, if thought fit, approving, with or without modification(s), the arrangement embodied in the Scheme of Arrangement in the nature of Spin off and transfer of the Domestic Formulation Undertaking of Sun Pharmaceutical Industries Limited to Sun Pharma Laboratories Limited, (the "Scheme of Arrangement"), and at such meeting and any adjournment/adjournments thereof, to vote, for me and in my name _____ (here, if for insert "for", if against insert "against" and in the latter case, strike out the words below after "Scheme") the said Scheme either with or without modification(s) as my proxy may approve.

Dated this day of 2013

Affix Re. 1
Revenue Stamp

Signature

Name : _____

Address : _____

Notes :

1. The Form of Proxy must be deposited at the Registered Office of the Company at SPARC, Tandalja, Vadodara, Gujarat – 390020 not less than 48(forty eight) hours before the time of holding the aforesaid meeting.
2. If you are a body corporate, as the shareholder, a copy of the Resolution of the Board of Directors or the governing body authorizing such person to act as its representative/proxy at the meeting and certified to be a true copy by a Director, the manager, the secretary or any other authorised officer of such body corporate be lodged with the Applicant Company at its registered office not later than 48 (forty eight) hours before the meeting.
3. A proxy need not be a shareholder of Sun Pharmaceutical Industries Limited.
4. All alterations made in the Form of Proxy should be initialled.
5. In case of multiple proxies, the proxy later in time shall be accepted.

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Sun Pharmaceutical Industries Limited

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

ATTENDANCE SLIP

Name	:	
Address	:	
Folio No./D.P. ID No.	:	
Client I.D. No .	:	
No. of Equity shares held	:	

I /We hereby record my presence at the at the Court convened meeting, pursuant to the Order dated 21st December, 2012, Hon'ble High Court of Gujarat, of the Equity Shareholders of the Company at Prof. Chandravadan Mehta Auditorium, General Education Centre, Maharaja Sayajirao University of Baroda, Pratapgunj, Vadodara - 390 002, in the state of Gujarat on Friday, 25th January, 2013 at 10.45 a.m.

SIGNATURE OF THE ATTENDING MEMBER/PROXY : _____

NOTES :

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

BOOK - POST

If undelivered please return to:

Sun Pharmaceutical Industries Limited

17/B, Mahal Industrial Estate, Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.

Tel. : (022) 6645 5645