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BOARD OF DIRECTORS

Mr. Dilip S. Shanghvi
Chairman & Managing Director

Mr. Sudhir V. Valla
Wholetime Director

Mr. S. Mohanchand Dadha
Wholetime Director

Mr. Suresh T. Desai
Wholetime Director

Mr. Narendra N. Borkar
Director

**VICE PRESIDENT-FINANCE
AND COMPANY SECRETARY**

Mr. R. K. Baheti

AUDITORS

Price Waterhouse & Co.
Chartered Accountants
Mumbai

BANKERS

Bank of Baroda
State Bank of India
ANZ Grindlays Bank
ICICI Bank
Bank of India

**REGISTRARS & SHARE
TRANSFER AGENTS**

Intime Spectrum Registry Pvt.Ltd,
260-A, Shanti Indl. Estate,
Sarojini Naidu Road,
Mulund (West),
MUMBAI-400 080
Tel : 5647731, 5672716, 5684590-91
Fax : 5672693

Additional Collection Centre
201, Daver House,
197/199 Dr. D.N. Road,
MUMBAI-400 001

OFFICES

REGISTERED
Synergy House,
Gorwa Road, Subhanpura,
Vadodara-390 007.

CORPORATE
Acme Plaza,
Andheri Kurla Road,
Andheri (East),
Mumbai-400 059.

CHENNAI
10, Jeypore Nagar,
Chennai-600 086

RESEARCH CENTRES

**Sun Pharma Advanced
Research Centre (SPARC)**
Akota Road,
Vadodara-390 027

Dadha Nagar,
Chennai-600 074

PLANTS**FORMULATIONS**

C1/2710, GIDC, Phase-III,
Vapi-396 195

Plot No.214, Govt. Industrial Area,
Phase-II, Piparia, Silvassa-396 230

Plot No.21/22, Govt. Industrial Area,
Phase-II, Piparia, Silvassa-396 230

BULK DRUGS

Plot No.25, GIDC, Phase-IV,
Panoli-395 116

A-7 & A-8, MIDC Ind. Area,
Ahmednagar-414 111

Dadha Nagar,
Chennai-600 074

Sun Pharmaceutical Industries Ltd.



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Seventh Annual General Meeting of the Members of Sun Pharmaceutical Industries Limited will be held at "Synergy House", Gorwa Road, Subhanpura, Varodara - 390 007 on Wednesday, 29th December 1999, at 11.00 a.m. to transact the following business :

ORDINARY BUSINESS

1. To consider and adopt the Balance Sheet as at 31st March, 1999, the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To declare a dividend on Preference Shares and Equity Shares.
3. To appoint a Director in place of Mr. S. Mohanchand Dadha, who retires by rotation and being eligible, offers himself for reappointment.
4. To appoint a Director in place of Mr. Narendra N. Borkar, who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS

5. To appoint Messrs Price Waterhouse., Chartered Accountants, Mumbai as the Auditors of the Company, in place of retiring Auditors Messrs Price Waterhouse & Co, Chartered Accountants, Mumbai and to authorise the Board of Directors to fix their remuneration.
6. To consider and if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution: "RESOLVED THAT Shri Sailesh T. Desai be and is hereby appointed as a Director of the Company and he shall be liable to retire by rotation."
7. To consider and, if thought fit, to pass, with or without modification(s) the following resolution as a Special Resolution: "RESOLVED THAT pursuant to the provisions of Sections 198,269,309,314 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 and subject to such sanctions as may be necessary in law, Mr. Sudhir V. Valia be and is hereby re-appointed as the Wholtime Director of the Company for a further period of Five years effective from 1st April, 1999 to 31st March 2004, on the terms and conditions (including the remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the draft Agreement submitted for approval to this meeting and for identification signed by the Chairman which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or Agreement, in such manner as may be agreed to between the Board of Directors and Mr. Sudhir V. Valia within and in accordance with the limit prescribed in Schedule XIII of the Companies Act, 1956 or any amendment thereto and, if necessary, as may be agreed to between the Central Government and the Board of Directors and acceptable to Mr. Sudhir V. Valia.

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

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

8. To consider and, if thought fit, to pass, with or without modification(s), the following resolution as an Ordinary Resolution: "RESOLVED THAT pursuant to the provisions of Sections 198,269,309 and other applicable provisions, if any, of the Companies Act, 1956 read with Schedule XIII to the Companies Act, 1956 and subject to such sanctions as may be necessary in law, Mr. Sailesh T. Desai be and is hereby appointed as a Wholtime Director of the Company for a period of Five years effective from 1st April, 1999 to 31st March 2004, on the terms and conditions (including the remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the aforesaid period) set out in the draft Agreement submitted for approval to this meeting and for identification signed by the Chairman which Agreement is hereby specifically sanctioned with liberty to the Board of Directors to alter, vary and modify the terms and conditions of the said appointment and/or Agreement, in such manner as may be agreed to between the Board of Directors and Mr. Sailesh T. Desai within and in accordance with the limit prescribed in Schedule XIII of the Companies Act, 1956 or any amendment thereto and if necessary as may be agreed to between the Central Government and the Board of Directors as may be acceptable to Mr. Sailesh T. Desai.

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

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

9. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
 "RESOLVED THAT subject to the sanction of the Board for Industrial and Financial Reconstruction (BIFR) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA), a draft Rehabilitation Scheme of Amalgamation/Merger of Gujarat Lyka Organics Ltd (GLOL) with the Company as laid before the meeting and initiated by the Chairman for the purpose of identification, be and is hereby approved and the Board of Directors of the Company be and is hereby authorised to accept such alterations and modifications in the scheme as may be stipulated or required by BIFR, Operating Agency, State or Central Government authorities, creditors and employees of GLOL and other concerned persons if any, while sanctioning or participating in the same Rehabilitation Scheme of Amalgamation/Merger and/or granting such approvals, if any required in connection herewith, which the Board of Directors of the Company may deem fit and in the interest of the Company and to do such acts, deeds and things as may be necessary to give effect to the said Scheme of Amalgamation/Merger.

10. To consider and if thought fit, to pass, with or without modification(s), the following resolution as a Special Resolution:
 "RESOLVED THAT in accordance with the provisions of Section 81(1A) and other applicable provisions, if any, of the Companies Act, 1956 and subject to such approvals as may be necessary, consent of the Company be and is hereby accorded to the issue and allotment of such Equity Shares of Rs.10/- each of the Company to the shareholders of Gujarat Lyka Organics Ltd (GLOL) in exchange of shares held by them in GLOL in proportion of 1 (one) Equity Share of Rs.10/- each of the Company for every 64 (Sixty Four) Equity Shares of Rs.10/- each held in GLOL or such number of Equity Shares and in such proportion as may be determined in the Rehabilitation Scheme of Amalgamation/Merger finally sanctioned by the Board for Industrial and Financial Reconstruction (BIFR) and other concerned Authorities. In case of any change, the matter should be placed before Board of Directors as they are being hereby authorised to accept and/or execute such change in accordance with final approval of the Scheme by BIFR.

FURTHER RESOLVED THAT in the event of any shareholder of GLOL becoming entitled to any fraction of the shares of the Company as a result of such issue, no fractional certificates shall be issued by the Company and such fractions shall be consolidated into whole shares and the Board of Directors of the Company will allot such shares to any person or persons as they may, in their absolute discretion, deem fit for the purpose of holding and selling such whole shares at such time or times at such price or prices as may be approved by the Board of Directors of the Company and the aggregate sale proceeds of such whole shares, after defraying all costs, charges and expenses of sale, shall be distributed and divided pro-rata amongst such members of GLOL as would otherwise have been entitled to such fractions of the shares of the Company pursuant to the Scheme.

FURTHER RESOLVED THAT the Equity Shares so allotted shall be subject to the provisions of the Memorandum and Articles of Association of the Company and shall rank pari passu in all respects with the existing Equity Shares of the Company except that the same shall be entitled to dividend, if declared by the Company, only after the Record Date for issuance of shares of the Company pursuant to the approval of the scheme by BIFR.

FURTHER RESOLVED THAT the Board of Directors of the Company be and is hereby empowered to make such changes in the number of shares to be allotted, the ratio of shares to be allotted and such other changes as may be required in the Scheme of Amalgamation/Merger by BIFR, Government and other authorities while granting their approvals and which are acceptable to the Board of Directors of the Company."

Mumbai, 19th November, 1999

By order of the Board of Directors

Registered Office:
 Synergy House,
 Gorwa Road, Subhanpura,
 Vadodara – 390 007.

R.K. BAHETI
 Vice President-Finance & Company Secretary

Notes :

1. The relative Explanatory Statement pursuant to section 173 of the Companies Act, 1956 in respect of the business under item No.5 to 10 set out above is annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
 The Proxy form duly completed must reach the Registered office of the Company not later than forty eight hours before the time appointed for holding the meeting.
3. **Listing of Equity Shares**
 The shares of the Company continue to be listed at the Stock Exchanges at Vadodara, Mumbai, Delhi, Calcutta, Ahmedabad, Chennai and the National Stock Exchange and the listing fee has been paid to each of the Exchanges within the stipulated time.
4. The Register of Members and Share Transfer Books of the Company will be closed from 16th December, 1999 to 29th December 1999, both days inclusive.

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5. The final dividend, if declared at the Annual General Meeting, will be paid on or after 29th December 1999 to those shareholders whose names appear in the Company's Register of Members on 29th December 1999.
6. Unclaimed Dividends declared upto the financial year ended on 31st March, 1995 of the Company and of the erstwhile Tamilnadu Dadha Pharmaceuticals Limited which has been merged with the Company with effect from 1st April, 1997 have been transferred to the General Revenue Account of the Central Government and the same can be claimed by such Members from the Registrar of Companies, Gujarat, CGO Complex, Opp. Rupal Park, Naranpura, Ahmedabad – 380 013, Gujarat.

Consequent upon amendment in Section 205A of the Companies Act, 1956 and introduction of Section 205C, by The Companies Amendment Act, 1999, now the amount of dividend remaining unclaimed for a period of seven years shall be transferred to the Investor Education and Protection Fund.

Members who have not encashed their dividend warrants, for the financial year ended 31st March 1996 and onwards may approach the Company's Registrar & Transfer Agents, Messrs. Intime Spectrum Registry Pvt. Ltd., 260, Shanti Industrial Estate, Sarojini Naidu Road, Mulund (West), Mumbai – 400 080 for revalidating the warrants or for obtaining duplicate warrants.

7. The Members of erstwhile Tamilnadu Dadha Pharmaceuticals Limited, who have yet not sent their share certificates of erstwhile Tamilnadu Dadha Pharmaceuticals Limited for exchange with the share certificates of Sun Pharmaceutical Industries Limited are requested to do so at the earliest, since share certificates of the erstwhile Tamilnadu Dadha Pharmaceuticals Limited held by them are no longer tradable.
8. Those shareholders who have opened a depository account with participants of NSDL or CDSL are requested to note the following.
You may have given your bank account details, which will be used by your Company for printing on dividend warrants. This ensures that the dividend warrants, even if lost or stolen, cannot be used for any purpose other than for depositing the money in the account specified on the dividend warrant. This ensures safety for investors. However, you may want to receive dividend in an account other than the one specified, while opening the depository account. If so, you may change/correct bank account details with your depository participant. We also request you to kindly give MICR code of your bank to your depository participant.
9. Please note that as per the Notification of SEBI, Sun Pharmaceutical Industries Ltd's shares will be under Compulsory Demat trading with effect from 29th November, 1999 for all the investors. You may, therefore, demat your equity share holdings to avoid any inconvenience.
10. Members/proxies should bring the attendance slip duly filled in for attending the meeting.

EXPLANATORY STATEMENT

As required by Section 173(2) of the Companies Act, 1956, the following Explanatory Statement sets out material facts relating to the business under item 5 to 10 of the accompanying Notice dated 19th November, 1999.

ITEM No. 5

It is proposed to appoint Messrs Price Waterhouse, Chartered Accountants, Mumbai, in place of retiring auditors Messrs Price Waterhouse & Co., Chartered Accountants, Mumbai, as the statutory auditors of the Company. As required, special notices in terms of the provisions of the Companies Act, 1956, have been received from some members for the same.

None of the Directors of the Company is concerned or interested in this item of the accompanying notice.

ITEM No. 6

Mr. Sailesh T. Desai was appointed as an additional Director of the Company w.e.f. 25-03-1999 and vacates his office at this Annual General Meeting, pursuant to Section 260 of the Companies Act, 1956 and Articles of Association of the Company.

Notice under Section 257 of the said Act has been received from a member signifying his intention to propose the name of Mr. Sailesh T. Desai for appointment as a Director of the Company. Mr. Sailesh T. Desai has already filed his consent, to act as a Director, with the Company. Mr. Sailesh T. Desai is a successful entrepreneur with 24 years of wide industrial experience out of which 14 years in Pharma Industry. He was on the Board of Milmet Laboratories Pvt. Ltd which has been merged with the Company w.e.f. 1st April, 1998. Hence, your Directors recommend the passing of Resolution in item No.6 of the notice.

None of the Directors of the Company except Mr. Sailesh T. Desai is concerned or interested in the proposed resolution.

ITEM No. 7

At the Second Annual General Meeting of the Company held on 28th May, 1994, shareholders had approved the appointment of Mr. Sudhir V. Valia as Wholtime Director of the Company for a period of 5 years from 1st April, 1994. Mr. Sudhir V. Valia has provided dedicated and meritorious services towards the growth of the Company. The terms of Mr. Sudhir V. Valia as Wholtime Director expired on 31st March, 1999.

The Board of Directors of the Company at its meeting held on 16th March, 1999, pursuant to provisions of Sections 198, 269, 309, 314 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof, have with the consent of Mr. Sudhir V. Valia and subject to approval of the Members at the next general meeting of the Company and other approvals as may be required, re-appointed Mr. Sudhir V. Valia as a Wholtime

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Director for a further period of five years with effect from 1st April, 1999. The main terms and conditions of Mr. Sudhir V. Valia's appointment are as under:

- i. Mr. Sudhir V. Valia to perform such duties and exercise such powers as are entrusted to him by the Board/Managing Director.
- ii. Mr. Sudhir V. Valia to work for the Company and discharge his duties to the best of his abilities.

iii. REMUNERATION

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

- a. Salary (including bonus) upto Rs.2,00,000/- (Rupees Two Lacs) per month.
- b. Commission

Subject to availability of profit and at the rate of not more than ½% of the net profit for the year, the Board of Directors will determine the commission payable within the overall ceiling laid down in Sections 198 and 309 of the Companies Act, 1956 and Schedule XIII as may be applicable from time to time.

- c. Perquisites :

He will be entitled to furnished/non furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-tax Rules, 1962 being restricted to Rs.4,00,000 (Rupees Four Lacs) per annum; and

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

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

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

The appointment will be for a period of 5 years, which may be terminated by either party by giving to the other party 30 days' notice in writing or upon Mr. Sudhir V. Valia's ceasing to be a Director of the Company.

In compliance with the provisions of Section 309, 314 and other applicable provisions if any, of the Companies Act, 1956, the details of remuneration payable to Mr. Sudhir V. Valia are placed before the members, in general meeting, for their approval by way of special resolution.

The terms and conditions of Mr. Sudhir V. Valia's appointment as set out above have been already circulated to the members by the Company under Section 302 of the Companies Act, 1956.

Mr. Sudhir V. Valia, himself and Mr. Dilip S. Shanghvi, the Chairman and Managing Director of the Company being his relative are concerned or interested in the above appointment. (resolution at item No.7 of the Notice).

The draft of the Agreement to be entered into with Mr. Sudhir V. Valia is available for inspection by any member of the Company at the Registered Office of the Company between 2.00 p.m. and 4.00 p.m. on any working day of the Company upto the date of the Annual General Meeting.

ITEM No. 8

The Board of Directors of the Company appointed Mr. Sailesh T. Desai as an Additional Director of the Company in its Board Meeting held on 25th March, 1999.

The Board of Directors of the Company at its meeting held on 25th March, 1999, pursuant to provisions of Sections 198, 269, 309, read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956, or any amendment or modification thereof, have with the consent of Mr. Sailesh T. Desai and subject to approval of the Members at the next general meeting of the Company, appointed Mr. Sailesh T. Desai as Wholetime Director for a period of five years with effect from 1st April, 1999. The main terms and conditions of Mr. Sailesh T. Desai's appointment are as under:

- i. Mr. Sailesh T. Desai to perform such duties and exercise such powers as are entrusted to him by the Board/Managing Director.
- ii. Mr. Sailesh T. Desai to work for the Company and discharge his duties to the best of his abilities.

iii. REMUNERATION

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

- a. Salary (including bonus) upto Rs.1,50,000/- (Rupees One Lac Fifty Thousand) per month.
- b. Perquisites:

He will be entitled to furnished/non furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company maintained

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car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-tax Rules, 1962 being restricted to Rs.3,00,000 (Rupees Three Lacs) per annum; and

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

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

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

The appointment will be for a period of 5 years, which may be terminated by either party by giving to the other party 30 days notice in writing or upon Mr. Sailesh T. Desai ceasing to be a Director of the Company.

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

The terms and conditions of Mr. Sailesh T. Desai's appointment as set out above have been already circulated to the Members by the Company under Section 302 of the Companies Act, 1956.

No Director of the Company except Mr. Sailesh T. Desai is concerned or interested in the above appointment.

The draft of the Agreement to be entered into with Mr. Sailesh T. Desai is available for inspection by any member of the Company at the Registered Office of the Company between 2.00 p.m. and 4.00 p.m. on any working day of the Company, upto the date of the Annual General Meeting.

ITEM No. 9

The Company had invested in the Equity Share Capital of Gujarat Lyka Organics Ltd (GLOL) in 1996-97 and in 1997-98. Presently the Company holds 56,69,560 Equity Shares of Rs.10/- each in GLOL out of total share capital of 1,59,00,000 Equity Shares of Rs.10/- each in GLOL representing 35.66% of Equity Share capital of GLOL. GLOL became a Sick Industrial Company and therefore, a reference was made to the Board for Industrial and Financial Reconstruction (BIFR) under the provisions of Sick Industrial Companies (Special Provisions) Act, 1985 (SICA) and GLOL was declared a Sick Industrial Company under the provisions of SICA and ICICI Limited was appointed by BIFR as the Operating Agency for submission of a report on GLOL rehabilitation. As per BIFR directives, the Operating Agency prepared a draft Scheme of Rehabilitation which recommends GLOL's merger with Sun Pharmaceutical Industries Ltd. (SPIL). ICICI Limited appointed M/s. Price Waterhouse, Chartered Accountants, Mumbai, for ascertaining share exchange ratio. The draft rehabilitation scheme has been circulated by ICICI Ltd. to all the concerned authorities/persons. The salient features of the draft Scheme are as under :

1. The undertaking of GLOL shall, with effect from the Transfer date i.e. April 1, 1999 and without any further act or deed be deemed to have been transferred to and vested in SPIL pursuant to an order to that effect by the BIFR for all the estates and interests of GLOL but subject nevertheless to all charges, if any, then affecting the same or any part thereof and as on the Transfer date, GLOL shall be deemed to have been amalgamated with SPIL.
2. If any suit or appeal or other proceedings of whatsoever nature (hereinafter called the proceedings) by or against GLOL be pending, the same shall not abate, be discontinued or be in any way prejudicially affected by reason of the transfer of the undertaking of GLOL to SPIL or of anything contained in the scheme but the proceedings may be continued, prosecuted and enforced by or against SPIL in the same manner and to the same extent as if this scheme has not been made.
3. Upon the transfer of the undertakings of GLOL, pursuant to Clause 1 as above and the amalgamation becoming effective in terms of the scheme, the consideration in respect of such transfer shall be subject to the provisions of the scheme be settled by SPIL as follows:-

SPIL shall issue and allot, at par, Equity Shares of SPIL to the shareholders of GLOL in the proportion of 1 Equity Share of the face value of Rs.10/- each for every 64 (Sixty Four) Equity Shares of face value of Rs.10/- each to the shareholders of GLOL or any other ratio as may be finally determined by BIFR and other concerned authorities.

The share exchange ratio will be suitably modified in case SPIL issues any shares by way of bonus issue or right issue between the Transfer date i.e. 1st April, 1999 and date of allotment of SPIL's shares to the shareholders of GLOL.

4. All the permanent employees of GLOL shall become the employees of SPIL from the effective date of amalgamation/merger at such terms and conditions of services applicable which shall not in any way be less favourable to them than those applicable immediately before the transfer date.
5. The scheme is subject to approval and declaration under Section 72A(1) of Income Tax Act, 1961 by BIFR for carry forward and set off of the accumulated losses and unabsorbed depreciation of GLOL by SPIL. As a result of such declaration, the Income Tax benefits under Section 72A of Income Tax Act, 1961 shall be approximately Rs.1054 Lacs.
6. Financial Institutions \ Banks

To agree to reduce the interest rate on the loan amount to Prime Lending Rates of the respective institution/bank with effect from the appointed date of amalgamation of GLOL with SPIL i.e. April 1, 1999 for the balance maturity of the loan(s).

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Annual Report 1998-99**7. Government of Gujarat**

To provide from time to time such relief and concessions as may be admissible under the standard package of relief and concessions of Government of Gujarat admissible to sick units for expeditious revival of the unit like re-scheduling of Sales Tax Deferment amount, exemption from payment of electricity duty on electricity purchased and self generated, exemption from power cuts etc.

8. Central Government

To approve the scheme and issue declaration under the Section 72A of the Income Tax Act, 1961 by BIFR specified authority for the carry forward and set off of the accumulated losses and unabsorbed depreciation of GLOL in the hands of SPIL.

9. The cost of Scheme and Means of Financing as envisaged are as under:-

	(Rs. in Lacs)
a) COST OF THE SCHEME	
1) Capital expenditure	731
2) Margin money for working capital	443
3) Repayment of debts	750
Total	<u>1,924</u>
b) MEANS OF FINANCE	
1. Unsecured Loan from SPIL	870
2. Income Tax Benefits under section 72A of the Income Tax Act, 1961.	1,054
Total	<u>1,924</u>

The members may note that the above terms may undergo modifications if the same are suggested by the concerned authorities/ parties and accepted by BIFR while granting its final approval. And therefore the Board of Directors have taken power in the resolution to accept such alterations and modifications.

Pursuant to the terms of the Scheme, the approval of the Scheme is required by way of a Special Resolution from the shareholders of SPIL in accordance with the provisions of Sec. 18 (3) (b) of SICA.

The copy of the Draft Rehabilitation Scheme as prepared by ICICI Ltd. is available for inspection by any member of the Company at the Registered Office of the Company between 2.00 p.m. and 4.00 p.m. on any working day of the Company, upto the date of the Annual General Meeting.

Mr. Sudhir V. Valia, Director who is on the Board of Directors of GLOL may be deemed to be concerned or interested in the resolution. The Directors of the Company may also be deemed to be concerned or interested in the resolution to the extent of their shareholding in GLOL, if any and to the extent of the Equity Shares of SPIL which may be allotted to them or to any concern(s) our bodies corporate in which they may be interested as Directors / Shareholders.

ITEM No.10

The proposed Scheme of Amalgamation/Merger of GLOL with SPIL envisages issue and allotment of the shares of the Company to the shareholders of GLOL in exchange of the shares held by them in GLOL. Pursuant, to the provisions of section 81 (1A) and other applicable provisions, if any, of the Companies Act, 1956 for issue and allotment of shares of the Company to the persons other than shareholders of the Company, sanction of the Company in General Meeting by a Special Resolution is required. The Board recommends the above resolution to the members for their approval.

The issue of new equity shares will be as per the terms and conditions set out in the said resolutions read with explanatory statement of item No.9 of the notice and subject to the consent of BIFR and other concerned authorities and subject to such other approvals as may be necessary or required in law.

None of the Directors of the Company, is in anyway concerned or interested in the resolution except the Directors of the Company who may be deemed to be concerned or interested in the resolution to the extent of their shareholding in GLOL, if any and to the extent of the Equity Shares of SPIL which may be allotted to them or to any concern(s)/bodies corporate in which they may be interested as Directors / Shareholders.

Mumbai, 19th November, 1999

Registered Office:
Synergy House,
Gorwa Road, Subhanpura,
Vadodara – 390 007.

By order of the Board of Directors

R.K. BAHETI
Vice President-Finance & Company Secretary

Sun Pharmaceutical Industries Ltd.



AUDITORS' REPORT

TO THE MEMBERS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

1. We report that we have audited the Balance Sheet of Sun Pharmaceutical Industries Limited (the Company) as at 31st March 1999 and the relative Profit and Loss Account for the year ended on that date, both of which we have signed under reference to this report.
2. In our opinion and to the best of our information and according to the explanations given to us, the Balance Sheet and Profit and Loss Account, together with the notes thereon and attached thereto, give in the prescribed manner, read in particular with Note 18 on Schedule 18 regarding non-availability of information as to the status of registration of suppliers as small scale industrial undertakings, the information required by the Indian Companies Act, 1956, and also give respectively, read in particular with Note 14 on Schedule 18 regarding other intangible assets and subject to paragraph 2.1 below and the related note on the accounts referred to therein, with consequential effects on the Company's profit for the year and the relevant items of the Balance Sheet, a true and fair view of the state of the Company's affairs as at 31st March 1999 and its profit for the year ended on that date.
2.1 Note 15 (l) on Schedule 18 regarding non-provision for possible diminution in the value of investments in and advances given to an associate company carried at cost of Rs. 2,886.37 lacs and Rs. 326.42 lacs respectively.
3. In our opinion and to the best of our information, except for non-provision of possible diminution in the carrying costs of investments in and advances given to an associate company as referred to in paragraph 2.1 above, the Balance Sheet and Profit and Loss Account comply with the accounting standards referred to in Section 211 (3C) of the Indian Companies Act, 1956.
4. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for our audit except as stated in paragraph 7(i) below regarding the updation of the fixed assets register. In our opinion, proper books of account have been kept as required by law so far as appears from our examination of the books and the above mentioned accounts are in agreement therewith except as stated in paragraph 7(i) below.
5. We draw attention to Note 19 on Schedule 18 to the accounts. It may be noted in this connection that our audit is not intended, designed nor performed to provide and accordingly does not provide any assurance that the Company's internal systems or those of its external dependencies are/or will be Year 2000 compliant and we are, therefore, unable to comment on the Management's opinion in this regard.
6. The financial statements of the Company for the year ended 31st March 1998 were audited by other independent accountants whose report dated 29th April 1998 expressed an unqualified opinion on those statements. Balances as on 1st April 1998 has been considered as opening balances for the purpose of these accounts.
7. As required by the Manufacturing and Other Companies (Auditors' Report) Order, 1988, dated 7th September 1988 and issued by the Central Government of India and on the basis of such checks as we considered appropriate and according to the information and explanations given to us, we further report that:
 - (i) (a) The Company is in the process of updating its records to show full particulars including quantitative details and situation of its fixed assets.
(b) As explained to us, the fixed assets of the Company have been physically verified during the year by the Management and no material discrepancies between the physical inventory and the book records were revealed. However, we are unable to comment on the discrepancies between the book records and physical inventory in absence of an updated fixed assets register.
 - (ii) The fixed assets of the Company have not been revalued during the year.
 - (iii) The stocks of finished goods, stores, spare parts and raw and packing materials of the Company at all the locations, except certain items lying with third parties in respect of which confirmations have been generally obtained, have been physically verified by the Management during the year/ at the year end.
 - (iv) In our opinion, the procedures of physical verification of stocks, followed by the Management are reasonable and adequate in relation to the size of the Company and nature of its business.
 - (v) The discrepancies between the physical stocks and the book stocks, which have been properly dealt with in the books of account, were not material.
 - (vi) In our opinion, the valuation of stocks of finished goods, stores, spare parts and raw and packing materials has been fair and proper in accordance with the normally accepted accounting principles, and, is on the same basis as in the earlier years. (Refer Note 13 on Schedule 18).
 - (vii) We are informed that the Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the register maintained under Section 301 of the Indian Companies Act, 1956, and/or from companies under the same management as defined under sub-section (1B) of Section 370 of the Indian Companies Act, 1956, as applicable.
 - (viii) The Company has granted loans or advances in the nature of loans (terms and conditions being silent in some cases), secured and unsecured, to companies, firms or other parties listed in the register maintained under Section 301 of the Indian Companies Act, 1956 and/or to companies under the same management as defined under sub-section (1B) of

Sun Pharmaceutical Industries Ltd.