



DABUR PHARMA LIMITED
Regd. Office: 3, Factory Road,
Adjacent Safdarjung Hospital,
New Delhi-110029 INDIA

Notice

NOTICE IS HEREBY GIVEN THAT THE SECOND ANNUAL GENERAL MEETING OF THE MEMBERS OF DABUR PHARMA LIMITED will be held at Air Force Auditorium, Subroto Park, New Delhi - 110 010 on Tuesday, 26th July, 2005, at 11.00 A.M. to transact the following business:-

ORDINARY BUSINESS

1. To receive, consider and adopt the Balance Sheet as at 31st March, 2005 and the Profit and Loss Account for the year ended on that date together with the reports of the Auditors' and Directors' thereon.
2. To consider declaration of dividend.
3. To appoint a Director in place of Dr. Anand C. Burman, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Mr. Amit Burman, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint Auditors and fix their remuneration.

SPECIAL BUSINESS

6. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-
"RESOLVED THAT Dr. Naresh Trehan, retiring at this Annual General Meeting, having been appointed as an Additional Director, and being eligible and offering himself for the appointment and in respect of whom the Company having received notice in writing under Section 257 of the Companies Act, 1956 from a member proposing his candidature, be and is hereby appointed a Director of the Company."
7. To consider and if thought fit, to pass with or without modification(s), the following resolution as an Ordinary Resolution:-
"RESOLVED THAT M/s HLBVA Audit plc., London, a firm of auditors qualified to be appointed as the branch auditors as per laws

of England, be and are hereby re-appointed as the Branch Auditors of the London Branch of the Company, to hold office from the conclusion of this Annual General Meeting, until the conclusion of the next Annual General Meeting, to carry out the audit of the accounts of the London Branch of the Company for the financial year 2005-06, on such remuneration as may be determined by the Board of Directors or any Committee thereof."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution in relation to amendment(s) / modification(s) of the Articles of Association of the Company:-

"RESOLVED THAT, pursuant to provisions of Section 31 and other applicable provisions, if any, of the Companies Act, 1956, the existing Articles of Association of the Company be and are hereby amended / modified in the manner hereunder mentioned:

- (a) **The figure 15 appearing in line 12 of Clause (a) of Article 13 of the Articles of Association of the Company be deleted and substituted by the figure 30 and further the following para be added as a new para at the end of clause (a) of Article 13:**

"The offer aforesaid shall be deemed to include a right exercisable by the person concerned to renounce the shares offered to them in favour of any other person and notice of 30 days referred above shall contain a statement of this right. Provided that the Directors may decline, without assigning any reason to allot any shares to any person in whose favour any member may renounce the shares offered to him. Nothing in this clause however shall be deemed to extend the time within which the offer should be accepted or to authorise

any person to exercise the right of renunciation for a second time on the ground that the person in whose favour the renunciation was first made has declined to take the shares comprised in the renunciation.”

- (b) **Article 63 of the Articles of Association of the Company be deleted and substituted by the following new Article 63 in its place:**

“No fee shall be charged for registration of transfer, transmission, probate, succession certificate and letters of administration, certificate of death or marriage, Power of Attorney or similar other document.”

- (c) **Article 144 of the Articles of Association be amended by addition of following at its end:**

“Such Notice will be given at least 7 (seven) days in advance of the Board Meeting, unless waived in writing by atleast half of the total number of Directors (and where half of the total number of Directors is a fraction, the next whole number).”

- (d) **Existing Articles of Association of the Company, after aforesaid amendments be amended as follows:**

“The existing provisions of the Articles of Association of the Company, comprising of Articles 1 to 192 (as amended) be classified as Part I of the Articles of Association of the Company.”

- (e) **The following may be added as Part II of the Articles of Association of the Company, comprising of new Articles 193 to 198, after part I of the Articles of Association of the Company comprising of Articles 1 to 192:**

PART II

193.Overriding Effect and Interpretation

Subject to the requirements of applicable law, in the event of any conflict between the provisions of Part I and this Part II, the provisions of this Part II shall apply.

Unless the context otherwise requires, words or expressions contained in this Part II shall have the meanings as provided below. Provided that any terms and expressions used but not defined specifically in this Part II shall have the same meaning as ascribed to them in Part I or in the Act or any statutory modification thereof. Other terms may be defined elsewhere in the text of these Articles and, unless otherwise indicated, shall have such meaning throughout these Articles.

194. Definitions

“**Affiliate**” shall mean any Person directly or indirectly controlling, controlled by or under common control with, any other Person (for purposes of this definition, “control” means the power to direct the management or policies of a Person, directly or indirectly, whether through the ownership of shares or other securities, by contract or otherwise);

Without limiting the foregoing, the direct or indirect ownership of more than 50% of the voting or equity interest of a Person is deemed to constitute control of that Person, and “controlling” and “controlled” have corresponding meanings; and, with respect to any natural Person (in addition to the foregoing), such Person’s brother, sister, parent, grandparent, child, or a spouse, widow, heir, legatee and successor of any of the foregoing (or any trust or similar arrangement of which any such Persons or a combination thereof are the sole beneficiaries) or the executor, administrator or personal representative of any such Person who is deceased or legally incompetent;

“**Assets**” assets, properties and rights (including intellectual property and associated rights) of a Person, whether tangible or intangible, real or personal, on-balance sheet or off-balance sheet or actual or contingent;

“**Audit Committee**” shall mean the audit committee of the Board of Directors;

“**Auditors**” shall mean the statutory auditors of the Company and/or the statutory auditors of Dabur Oncology (as applicable), or such other firm that the Company or any Key Subsidiary appoints from time to time as its statutory auditors;

“**Authority**” shall mean any national, supranational, regional or local government or governmental, administrative, fiscal, judicial, quasi-judicial, or government-owned body, department, commission, authority, tribunal, agency or entity, or central bank (or any Person, whether or not government-owned and howsoever constituted or called, that exercises the functions of a central bank) or any securities exchange or depository;

“**Authorization**” shall mean any consent, permission, registration, filing, agreement, notarization, certificate, license, approval, permit, authority or exemption from, by or with any Authority, whether given by express action or deemed given by failure to act within any specified time period;

“**Board of Directors**” shall mean the board of directors of the Company;

“**Bombay Stock Exchange**” and “**BSE**” shall mean the Stock Exchange, Mumbai;

“**Burman Group**” shall mean each of Dr. Anand Burman, his father, mother, wife, son and grandsons and their Affiliates (other than natural Persons), and such other Persons that become a Shareholder pursuant to Article 197 (b) ;

“**Business**” shall mean the business of the Company and its Subsidiaries, being the manufacture and distribution of pharmaceutical products;

“**Business Day**” a day when banks are open for business in New York, New York and Delhi, India;

“**Change of Control Transaction**” shall mean with respect to any entity, any merger, consolidation, amalgamation, restructuring or other transaction or agreement pursuant to which:

- (a) any Person acquires or otherwise obtains (other than solely as a result of a Transfer of shares from the Company, an Existing Shareholder or Promoter conducted as may be agreed between the Shareholders): (i) a majority in interest of the voting equity of such existing entity or a surviving entity, as the case may be or (ii) the right to nominate or elect a majority of the directors of such existing entity or surviving entity (unless such Person at the time of such transaction already directly or indirectly owns a majority in interest of the voting equity of such existing entity or surviving entity or already has the right to nominate or elect a majority of the directors of such existing entity or surviving entity);
- (b) such entity is to be dissolved or liquidated; or
- (c) with respect to the Company, any Person other than the Company would be entitled to terminate a Material Agreement;

“**Charter**” shall mean with respect to any Person, its certificate of incorporation, memorandum and articles of association or other constitutive document;

“**Customary FCCB Terms**” shall mean the customary terms and conditions applicable to FCCBs offered and sold pursuant to a broadly distributed Market Sale arranged by an internationally recognized lead arranger, which terms and conditions addressing principal and interest payments, maturity, events of default, security, conversion and other customary procedural and technical matters (and, for clarity, which shall not include terms and conditions which resemble a shareholder or other equity interest holder arrangement in any material way);

“**Dabur India Limited**” or “**DIL**” shall mean a company organized and existing under the laws of India;

“**Dabur Oncology**” shall mean Dabur Oncology plc, a private limited company organized and existing under the laws of England, and a wholly owned Subsidiary of the Company;

“**Debt to Equity Ratio**” shall mean as of the relevant date for calculation, the result obtained by dividing Financial Debt by Net Worth;

“**Deed of Adherence**” shall mean the deed of adherence in the form agreed to between the Shareholders;

“**Deed of Assignment**” shall mean the deed of assignment dated March 31, 2003 between DIL and the Foundation in respect of the intellectual property described therein, certain of which has now been assigned to the Company in accordance with the Scheme of Arrangement;

“**Depository Shares**” shall mean Global Depository Shares or American Depository Shares, each representing a fixed ratio of Shares and issued pursuant to a deposit agreement(s) and in accordance with applicable law;

“**Director**” shall mean a member of the Board of Directors;

“**Dollars**” and “**\$**” shall mean the lawful currency of the United States of America;

“**ESOP**” shall mean (i) any employee stock option plan or stock purchase plan of the Company approved by the ESOP Committee providing for the issuance of Shares to or for the benefit of, employees of the Company and/or its Subsidiaries; and (ii) any issuance of Shares to or for the benefit of the employees of the Foundation who are engaged in the development of intellectual property relevant to the Business, in each case, approved by the Board of Directors;

“**ESOP Committee**” shall mean the employee stock option plan committee of the Board of Directors described in Article 196 (2) (g);

“**Exempted Issuance**” shall mean one or more issuances of Shares having an aggregate price of not more than \$15,000,000 within 18 months of the Subscription Date, provided that:

- (a) the price per Share of such issuance, in Rupees, is not lower than the price per Share, in Rupees, paid by IFC for the Initial IFC Shares ;
- (b) all Persons or groups of Persons acquiring such Shares do not have the right to nominate, collectively, more than one Director on the Board of Directors;
- (c) no Person acquiring such Shares would have any rights under any shareholder or like arrangement

entered into between the Company and such Person(s), and/or among any of the Promoters and such Person(s):

- (i) which conflict with (or, upon exercise, might reasonably be anticipated to conflict with) the terms of any agreement between the Shareholders in any material respect; or
- (ii) following the date on which such Person ceases to hold such number of Shares that constitute at least 4% of the Shares of the Company (excluding (1) Shares or Share Equivalents issued without preemptive rights exercisable by such Person at the time of issuance and (2) Shares issued pursuant to the ESOP); or
- (iii) upon the Promoters and the Existing Shareholders together holding 25% or less of the Shares of the Company;

except (in the case of (b) and (c)) Customary FCCB Terms may continue to apply in respect of unexercised FCCBs that have been issued in a broadly distributed Market Sale of FCCBs by the Company;
- (iv) tag-along or similar rights provided to Person(s) acquiring such Shares are not on terms more favorable to such Person(s) than the tag-along rights provided to IFC under any agreement between the Shareholders.

For purposes of this definition, "Shares" shall include any Share Equivalents and the price per Share shall be determined on an equity share equivalent basis, in Rupees, assuming payment of amounts due upon conversion or exercise of the security or instrument in question, if applicable.

"**Existing Shareholder**" shall mean such shareholders of the Company as are identified by an agreement between the Company, the Investor, the Promoters and the Existing Shareholders and shall include any Person acquiring Shares from such shareholders under Article 195;

"**Facility Agreement**" shall mean: i) Name User Agreement dated April 1, 2005 between Dabur India Limited and the Company governing the use of the name "Dabur"; ii) IT Sharing Agreement dated April 1, 2005 between Dabur India Limited and the Company regarding provision of information technology services by Dabur India Limited in the areas of hardware and software maintenance/support; iii) Manufacturing Contract dated September 22, 2003 between Dabur India Limited and

the Company pursuant to which Dabur India Limited manufactures bulk drugs and formulations for the Company on job work basis; and iv) Manufacturing Contract dated March 1, 2004 between Dabur India Limited and the Company pursuant to which Dabur India Limited manufactures formulations for the Company;

"**FCCBs**" shall mean foreign currency convertible bonds, as defined under the guidelines issued by the [Government of India/Reserve Bank of India];

"**Financial Debt**" shall mean any indebtedness of the Company (calculated on a consolidated basis) for or in respect of:

- (a) borrowed money;
- (b) the outstanding principal amount of any bonds, debentures, notes, loan stock, commercial paper, acceptance credits, bills or promissory notes drawn, accepted, endorsed or issued by the Company;
- (c) the deferred purchase price of assets or services (except trade accounts that are payable in the ordinary course of business) and credit offered by the supplier of such assets or services where such credit exceeds 120 days;
- (d) non-contingent obligations of the Company to reimburse any other person for amounts paid by that person under a letter of credit or similar instrument (excluding any letter of credit or similar instrument issued for the benefit of the Company with respect to trade accounts that are payable in the ordinary course of business);
- (e) the amount of any liability in respect of any financial lease;
- (f) amounts raised under any other transaction having the financial effect of a borrowing and which would be classified as a borrowing (and not as an off-balance sheet financing) under the Accounting Principles;
- (g) the amount of the Company's obligations under derivative transactions entered into in connection with the protection against or benefit from fluctuation in any rate or price (but only the net amount owing by the Company after marking the relevant derivative transactions to market);
- (h) the outstanding principal amount of any Quasi-Equity (including accrued and unpaid dividends);
- (i) any premium payable on a mandatory redemption or replacement of any of the foregoing items; and

- (j) the amount of any liability in respect of any guarantee or indemnity for any of the foregoing items incurred by any other Person.

It is understood that the calculation shall avoid double counting of transactions amongst entities which are being consolidated;

“**Financial Year**” shall mean the accounting year of the Company commencing each year on April 1 and ending on the following March 31, or such other period as the Company, from time to time designates as its accounting year;

“**Foundation**” shall mean Dabur Research Foundation, a company limited by guaranty registered under Section 25 of the Companies Act, 1956 and organized and existing under the laws of India;

“**IFC**” shall mean International Finance Corporation, an international organization established by Articles of Agreement among its member countries, including India;

“**IFC Proportionate Amount**” shall mean the product of (x) all Shares to be Transferred or issued (as the case may be) and (y) a fraction (i) the numerator of which shall be the number of IFC Shares then owned by IFC, and (ii) the denominator of which shall be the aggregate number of all the then outstanding Shares;

“**IFC Shares**” shall mean the Initial IFC Shares and such other Shares from time to time owned by IFC as a result of IFC’s exercise of preemptive rights or issuances to IFC in connection with a stock dividend, stock split, bonus issue, combination of shares, recapitalization, merger, consolidation or other reorganization in respect of the IFC Shares. For avoidance of doubt, it is clarified that any other Shares acquired by IFC from shareholders of the Company shall not be considered as part of IFC Shares;

“**Independent Director**” shall mean any Director who:

- (a) has not been employed by the Company, the Foundation or their Related Parties in the past three years;
- (b) is not, and is not affiliated with, a company that is an advisor or consultant to the Company, the Foundation or their Related Parties;
- (c) is not affiliated with a significant customer or supplier of the Company, the Foundation or their Related Parties;
- (d) has no personal service contracts with the Foundation, Company, their Related Parties, or its senior management;
- (e) is not affiliated with a non-profit organization that

receives significant funding from the Company or its Related Parties;

- (f) is not on the board of directors of any Related Party;
- (g) is not employed as an executive of another company where any of the Company’s executives serve on that company’s board of directors;
- (h) is not a member of the immediate family of an individual who is, or has been during the past three years, employed by the Company or its Related Parties as an executive officer;
- (i) is not, nor in the past three years has been, affiliated with or employed by a present or former auditor of the Company, the Foundation or of their Related Parties; or
- (j) is not a controlling person of the Company (or member of a group of individuals and/or entities that collectively exercise control over the Company) or such person’s brother, sister, parent, grandparent, child, or a spouse, widow, heir, legatee and successor of any of the foregoing (or any trust or similar arrangement of which any such persons or a combination thereof are the sole beneficiaries) or the executor, administrator or personal representative of any Person described in this sub-paragraph who is deceased or legally incompetent, and for the purposes of this definition, a person shall be deemed to be “affiliated” with a party if such person (i) is an Affiliate of; or (ii) is employed by such party;

“**Initial IFC Shares**” shall mean the Shares issued to IFC as a result of IFC’s subscription pursuant to the approval of the shareholders in the Extra-Ordinary Meeting held on 30 May, 2005;

“**Key Subsidiary**” shall mean Dabur Oncology and any other Subsidiary of the Company whose Assets, turnover or expenditure represents 15% or more of the Company’s consolidated Assets, turnover or expenditure, as the case may be, on a consolidated basis; such calculation to be made by reference to the Company’s audited consolidated financial statements for the Financial Year most recently completed;

“**Lien**” shall mean any mortgage, pledge, charge, assignment, hypothecation, security interest, title retention, preferential right, trust arrangement, right of set-off, counterclaim or banker’s lien, privilege or priority of any kind having the effect of security;

“**Market Sale**” shall mean the bona fide issuance or

sale of Shares through the BSE, NSE (or any other recognized securities exchange on which the Shares are listed) in ordinary brokerage transactions made on an arm's-length basis, excluding (for clarity) any block sale, matching or similar transaction which has been privately negotiated;

"Material Agreement" shall mean any of the Hospira Agreement, the Facility Agreement, the Scheme of Arrangement, the Deed of Assignment and the 1994 Agreement;

"Material Venture" shall mean any subsidiary, joint venture, partnership or other royalty or profit sharing arrangement, whose estimated Assets, turnover or expenditures represents 15% or more of the Company's estimated Assets, turnover or expenditures on a consolidated basis (as determined below);

The determination above shall be made by the Board of Directors on the basis of projections (in respect of the Company and such Material Venture) determined by the Board of Directors to have been prepared on a reasonable basis and in good faith for the fourth and fifth year following commencement of commercial operations of such Material Venture;

"Minimum Ownership Percentage" shall mean 50% plus one Share of the total issued and outstanding Shares of the Company;

"Minority Rights Period" shall mean the period commencing on the date of the issuance of the Initial IFC Shares and expiring on the date on which IFC ceases to hold such number of IFC Shares that constitute at least 4% of the Shares of the Company (excluding (i) Shares or Share Equivalents issued without preemptive rights exercisable by IFC immediately prior to or concurrently with the issuance (it being understood that if the Company has offered IFC the full opportunity to exercise its preemptive rights in accordance with any agreement between the Shareholders and the Company's Charter and IFC shall have elected not to exercise such preemptive rights, such Shares or Share Equivalents shall be included in such calculation) and (ii) Shares issued pursuant to the ESOP);

"National Stock Exchange" or **"NSE"** shall mean the National Stock Exchange of India Limited at Mumbai;

"Permitted Liens" shall mean each of the following: (i) Liens for Taxes not yet due and payable, and Liens for Taxes which are being disputed in good faith the non-payment of which during such dispute does not and could not reasonably be expected to have a material adverse effect on the Person or property subject to such

Lien; (ii) Liens arising or incurred in the ordinary course of business (including mechanics', carriers', workers' and other similar Liens), in each case that individually or in the aggregate, do not and could not reasonably be expected to have a material adverse effect on the Person or property subject to such Lien; and (iii) Liens in respect of Debt that exists or is incurred in accordance with Article 196 (3) (b) (ix);

"Permitted Shareholder Lien" shall mean to the extent allowed under Article 197 (d), any Lien on Shares otherwise subject to restrictions under Article 197 granted to secure financing. Any such financing (a) shall be obtained from a reputable and independent commercial lender, in an arm's-length transaction on commercial terms (b) shall not allow the lender any recourse, contingent or otherwise, to the Assets or Business of the Company or any Subsidiary (unless the Company or a Subsidiary has agreed to provide such recourse in connection with financing provided by that lender to the Company or any Subsidiary), and (c) shall allow the grantor to (i) exercise his or her voting rights without restriction until the occurrence of an event of default thereunder and (ii) otherwise comply with and fulfill his or her obligations under any agreement between the Shareholders;

"Person" shall mean any natural person, corporation, company, partnership, firm, voluntary association, joint venture, trust, unincorporated organization, Authority or any other entity whether acting in an individual, fiduciary or other capacity;

Each promoter of the Company, and any Person acquiring Shares from such Person under condition of a Deed of Adherence;

"Promoter" shall mean such Persons that are identified as promoters by any agreement between IFC, the Company, the Promoters and the Existing Shareholders and shall include any Person acquiring Shares from such shareholders under Article 195;

"Promoter Obligation Period" shall mean the period commencing on the date of the issuance of the Initial IFC Shares and expiring on the date on which the Promoters and Existing Shareholders, in the aggregate, hold such number of Shares that constitute fewer than 25% of the Shares of the Company;

"Proposed Transferee" shall mean any Person to whom a Shareholder proposes to Transfer Shares;

"Quasi-Equity" shall mean Preference Shares of the Company which (a) pay a fixed rate of dividend and/or fixed redemption premium, (b) at the time of redemption, would return no more than the issue price and fixed redemption premium to the extent such premium is in accordance with market practice applicable to such

instrument issued on an arm's-length basis on commercial terms, (c) carry no voting or consent rights of any kind, and (d) are not convertible into, exercisable for, or otherwise exchangeable for Shares or Share Equivalents at any time;

“**Related Party**” shall mean with respect to any Person, (a) any Affiliate of that Person or (b) any other Person:

- (a) over 20% of whose capital is owned by that Person, or which owns over 20% of that Person's capital, or which is under common ownership of a third Person to that extent, in each case, directly or indirectly; or
- (b) for which that Person may nominate or appoint a majority of the members of the board of directors or such other body performing similar functions, or which may nominate a majority of the members of the board of directors or similar body of that Person, or as to which a third Person may nominate a majority of the members of the board of directors of both the Related Party and that Person;

“**SEBI**” shall mean the Securities and Exchange Board of India;

“**Share Equivalents**” shall mean any option, right or other security or instrument (including convertible loans) convertible or exercisable into Shares, including depository receipts or similar instruments representing Shares;

“**Shareholder**” shall mean each of the following:

- (a) each Existing Shareholder;
- (b) IFC; and
- (c) each other Person acquiring Shares and required to execute a deed of adherence pursuant to any agreement between the Company, the Investor, the Existing Shareholders and the Promoters;

“**Shares**” shall mean equity shares of the Company and any other shares of the Company other than Quasi-Equity;

“**Subscription Date**” shall mean **June 7, 2005**

“**Subsidiary**” shall mean with respect to another legal Person (the “Parent”), any legal Person:

- (a) the composition of whose Board of Directors is controlled by the Parent; or
- (b) more than half whose equity share capital (in nominal value) is held by the Parent;

“**Transfer**” shall mean any direct or indirect transfer, sale, assignment, transfer of a beneficial interest in, or other disposition of shares or Assets, as applicable;

“**Wholly Owned Subsidiary**” shall mean in relation to any entity, any Subsidiary of such entity which has no other shareholders or holders of equity interests except (a) such entity or Wholly Owned Subsidiaries of such entity, (b) holders of equity shares issued pursuant to an employee stock option plan approved by such Subsidiary's board of directors or relevant committee thereof, representing not more than 5% of such Subsidiary's share capital and carrying no special voting, management or consent rights and (c) holders together holding a *de minimis* amount of shares for the sole purpose of satisfying legally imposed requirements regarding minimum number of shareholders.

195. Transfer Restrictions

1. Rights of First Offer.

- (a) IFC shall have the right, in its sole discretion, to Transfer any of its Shares to any Person at any time.
- (b) (i) If IFC proposes to Transfer any IFC Shares (the “**IFC Disposition Shares**”) to a competitor or, to the knowledge of IFC an Affiliate of a competitor, then at least 30 days prior to such sale IFC shall deliver in writing a notice (the “**IFC Offer Notice**”) to the Promoters and the Company stating its intention to Transfer the IFC Disposition Shares and setting forth the price and material terms of such proposed sale, including the details of the identity of the competitor and, in the event that the IFC Disposition Shares constitute more than 4% of the then outstanding share capital of the Company, IFC shall deliver evidence of an offer from such competitor to purchase the IFC Disposition Shares. The Promoters shall have the right, by delivery of a written notice (the “**ROFO Acceptance Notice**”) within 30 days of the IFC Offer Notice to notify IFC of its desire to purchase (or, subject to Article 195 (1) (b) (iii) below, cause a third Person to purchase) all, but not less than all, of the IFC Disposition Shares on the same terms and conditions as set forth in the IFC Offer Notice. IFC and the Promoters shall use their commercially reasonable efforts to consummate the Transfer of the IFC Disposition Shares within 30 days (or 120 days if such Transfer requires any material Authorization as a condition to its consummation) from the date of any ROFO Acceptance Notice. In the event that the Promoters do not deliver a ROFO

Acceptance Notice within 30 days of the IFC Offer Notice, or fail to consummate the Transfer of all of the IFC Disposition Shares within 30 days (or 120 days, if applicable) from the date of the ROFO Acceptance Notice, as the case may be, IFC shall have the right for an additional period of 180 days to Transfer any or all of the IFC Disposition Shares to the competitor in question on price and terms not less favorable to IFC than those specified in the IFC Offer Notice. Thereafter, any sale of IFC Shares shall again be subject to the provisions of this Article 195 (1) (b).

- (ii) The right of first offer described in this Article 195 (1) shall terminate upon expiration of the Minority Rights Period or the Promoter Obligation Period, whichever is the first to occur.
- (iii) In lieu of a Promoter purchasing IFC Disposition Shares pursuant to this Article 195 (1), such Promoter may cause one (but not more than one) third Person to purchase such IFC Disposition Shares (and such Promoter shall therefore not be permitted to purchase such IFC Disposition Shares) in accordance with the other provisions of this Article 195 (1); provided, that, for the purposes of this Article 195 (1), the Promoters and any such third Person shall: (A) be jointly and severally liable for all obligations to IFC in respect of the purchase of such IFC Disposition Shares, (B) together designate a single Person to receive communications from IFC in respect of this Article 195 (1) (b) (iii) in respect of all Promoters (or third Persons designated by them) purchasing such IFC Disposition Shares, (C) cause the purchase of the IFC Disposition Shares to occur concurrently at a single closing with all other purchases of IFC Disposition Shares and (D) not cause or allow any other substantive burden, delay or cost to be incurred by IFC as a result of such Promoter causing a third Person to purchase such IFC Disposition Shares.

2. Tag-Along Rights.

- (a) IFC Rights. Without limiting Article 197, in the event of any proposed Transfer of Shares by an Existing Shareholder or a Promoter during the Minority Rights Period, IFC shall have the tag-

along rights described in this Article:

- (i) Subject as provided herein, if an Existing Shareholder or Promoter proposes a Transfer of any of its Shares (the “**Promoter Disposition Shares**”), then IFC shall have the right to participate in such Transfer by selling to the Proposed Transferee, at IFC’s election, and as a condition to such Transfer, a number of IFC Shares equal to the product of (A) the aggregate number of IFC Shares owned by IFC and (B) a fraction, the numerator of which is the number of Promoter Disposition Shares proposed to be Transferred and the denominator of which is the aggregate number of Shares owned on such date by the Promoters, Existing Shareholders and IFC in aggregate.
- (ii) If IFC’s exercise of its tag-along rights described in Article 195 (2) (a) (i) with respect to any proposed Transfer of Shares by an Existing Shareholder or Promoter would cause the expiration of (A) the Minority Rights Period, or (B) taking into account any Shares IFC would be entitled to Transfer under Article 195 (2) (a) (i), the Promoter Obligation Period, then IFC shall be entitled to participate in such Transfer by selling to the Proposed Transferee, at IFC’s election, and as a condition to such Transfer, any or all of the IFC Shares.
- (iii) IFC’s tag-along rights described in this Article 195 (2) shall terminate upon expiration of the Minority Rights Period or the Promoter Obligation Period, whichever is the first to occur. However, the Promoters and the Existing Shareholders shall not undertake any Transfer that would cause expiration of the Promoter Obligation Period except pursuant to a transaction to which IFC’s tag-along rights described in this Article 195 (2) would apply.
- (iv) IFC’s tag-along rights described in this Article 195 (2) shall not apply in any event to (A) Market Sales, (B) Transfers by any Existing Shareholder or Promoter in each calendar year totaling up to an aggregate of 10% (including any Market Sales) of the Existing Shareholders’ and Promoters’ aggregate shareholding in the Company; (C) Transfers between the Promoters inter-se or (D) Transfers by a Promoter and/or an

- Existing Shareholder to an Affiliate who is a natural Person or which is wholly owned by the Promoters, Existing Shareholders and/or their respective Affiliates, provided that such Transferee shall sign the Deed of Adherence as a new Promoter or Existing Shareholder (as the case may be).
- (v) The Promoters and Existing Shareholders will ensure that the price at which the Promoter Disposition Shares are to be sold to any Proposed Transferee (and therefore the price at which IFC may elect to exercise its tag-along rights pursuant to this Article 195 (2)) shall reflect the total consideration to be paid to the Promoters and Existing Shareholders (as applicable); and the form of consideration to be paid by such Proposed Transferee to IFC shall (unless otherwise agreed by IFC) be in the same form as the consideration paid to any Promoter or Existing Shareholder (and in Dollars).
- (b) Tag-Along Procedures.
- (i) At least 30 days before any Existing Shareholder or Promoter proposes to make or permit a Transfer of Promoter Disposition Shares to a Proposed Transferee which would entitle IFC to exercise its tag along rights under Article 195 (2) (a), such Existing Shareholder or Promoter shall (A) deliver notice to IFC setting forth the total consideration to be paid by the Proposed Transferee to such Existing Shareholder or Promoter, including consideration to be paid in exchange for such Promoter Disposition Shares and all other consideration, if any, and (B) obtain from such Proposed Transferee and deliver to IFC an offer in writing from such Proposed Transferee to IFC (such offer to be irrevocable for 30 days and to state the price as well as all other terms and conditions for the proposed purchase) for the purchase by such Proposed Transferee from IFC of IFC Shares in accordance with Article 195 (2) (a) (the “**Tag-Along Purchase Offer**”). Each Tag-Along Purchase Offer shall in all respects be on the same purchase and sale terms and conditions as the Proposed Transferee has offered to purchase the Promoter Disposition Shares and shall specify the date for the Transfer of the relevant IFC Shares.
- (ii) IFC shall have the right, for a period of 30 days from the receipt of the Tag-Along Purchase Offer (the “**Tag-Along Acceptance Period**”), to deliver written notice to the Proposed Transferee and such Existing Shareholder or Promoter of IFC’s intention to accept the Tag-Along Purchase Offer and indicating the number of IFC Shares to be Transferred by IFC (“**IFC Tag Along Shares**”) in accordance with Article 195 (2) (a). If IFC timely delivers such notice of its intention to accept the Tag-Along Purchase Offer, then, subject as provided in Article 195 (2) (b) (iv), the Proposed Transferee shall be obligated to purchase the IFC Tag Along Shares as a condition to its purchase of any Promoter Disposition Shares.
- (iii) In the event that IFC does not deliver an acceptance notice pursuant to Article 195 (2) (b) (ii) within the Tag-Along Acceptance Period, such Existing Shareholder or Promoter shall then be entitled for a subsequent period of 30 days (or 90 days if such Transfer requires any material Authorization as a condition to its consummation) to Transfer the Promoter Disposition Shares to the Proposed Transferee; provided, however, that such Transfer from such Existing Shareholder or Promoter to the Proposed Transferee must be on terms and conditions not more favorable to the Promoter or Existing Shareholder as those described in the Tag-Along Purchase Offer delivered to IFC. Thereafter, any Transfer of Promoter Disposition Shares shall again be subject to the provisions of this Article 195 (2).
- (iv) (A) If IFC’s exercise of its tag-along rights as described in Article 195 (2) (a) (ii) requires any material Authorization which has not been obtained prior to the expiry of the Tag-Along Acceptance Period, then (1) the participating Promoters and/or the Existing Shareholders shall delay or cancel the Transfer of the Promoter Disposition Shares until such time as IFC consents in writing to such Transfer or until the date that is 30 days after the receipt of such Authorization (provided such Authorization does not impose any unreasonable burden, restriction, undertaking or expense on IFC), (2) IFC

may elect at its option to exercise its tag-along rights at a price and on terms not requiring such Authorization(s) (but not more favorable than those offered to such Promoters and/or Existing Shareholders), (3) IFC shall in no event be required to make any representations or warranties in connection with its exercise of its tag-along rights or Transfer of IFC Shares (other than customary representations in respect of IFC's title to such IFC Shares and IFC's authority to enter into such Transfer) and (4) IFC shall not be required to provide any guarantee, loan, price adjustment or any other undertaking in favor of the Proposed Transferee, the Company, the Promoters or Existing Shareholders in connection with such Transfer of IFC Shares;

(B) If IFC's exercise of its tag-along rights as described in this Article 195 (2) (other than pursuant to Article 195 (2) (a) (ii) requires any material Authorization as a condition to its consummation, then IFC may elect in its discretion to (1) require the participating Promoters and/or the Existing Shareholders to delay the Transfer of the Promoter Disposition Shares by an additional period of 90 days (in addition to the Tag-Along Acceptance Period) to enable IFC to obtain such Authorization(s) or (2) exercise its tag-along rights at a price and on terms not requiring such Authorization(s) (but not more favorable than those offered to such Promoters and/or Existing Shareholders); and

(C) The Company, the Promoters and the Existing Shareholders shall use their best efforts to assist and cooperate with IFC in obtaining any Authorization required to give effect to IFC's tag-along rights hereunder.

- (c) No Transfer of Shares by a Promoter or an Existing Shareholder to a Related Party to which IFC's tag-along rights described in this Article 195 (2) apply shall be effected unless IFC is offered an amount of consideration which, subject to the applicable pricing norms prescribed by law, is the higher of (i) the Fair Market Value (as calculated below) of the IFC Shares proposed to be sold by IFC in exercise of its tag along rights and (ii) the price stated in the Tag Along Purchase Offer.

For the purposes of this Article 195 (2) (c), the Fair

Market Value of each IFC Share shall be the highest of:

- (i) the average of the weekly high and low of the closing prices of the Shares quoted on the exchange where the Shares are most frequently traded during the twenty-six weeks preceding the date of the Tag Along Purchase Offer;
- (ii) the average of the weekly high and low of the closing prices of the Shares quoted on the exchange where the Shares are most frequently traded during the two weeks preceding the date of the Tag Along Purchase Offer; and
- (iii) the price paid by the Company during the twenty-six weeks preceding the date of the Tag-Along Purchase Offer.

If the Shares are infrequently traded on every exchange on which they are listed, or are no longer listed, the Fair Market Value shall be determined by a merchant banker of national or international reputation reasonably acceptable to IFC, taking into account the price based on earnings per share linked to the price earnings multiple, or a price based on the net asset value linked to book value multiple, whichever is higher.

For purposes of this Article 195 (2) (c), Shares shall be deemed to be infrequently traded on any exchange if on that exchange, the annualized trading turnover in that share during the preceding six calendar months preceding the date of the Tag-Along Purchase Offer, is less than 2% (by number Shares) of the listed Shares.

3. Preemptive Rights.

- (a) At any time during the Minority Rights Period, except as described in Article 195 (3) (c), the Company shall not offer, issue or sell, or enter into any agreement or commitment to issue or sell, any Shares or Share Equivalents (collectively, the "Preemptive Shares"), unless the Company shall first offer in writing to sell to IFC, on the same terms and conditions and at the same equivalent price, the number of Shares (or Share Equivalents, as the case may be) equal to the IFC Proportionate Amount. Such offer shall remain outstanding for at least 30 days from the date of such written notice and IFC may exercise these preemptive rights by serving written notice to the Company within such 30-day period. Following such 30-day period, the

Company may, for a period of 90 days, issue or sell any Preemptive Shares that IFC has elected not to purchase, on the same terms and conditions offered to IFC. Thereafter, any offer, sale or issuance of Preemptive Shares shall again be subject to the provisions of this Article 195 (3).

(b) Without limiting Article 195 (3) (a) (other than in respect of the time periods set forth herein and therein), in the event that the offering of Preemptive Shares is an offering of underwritten or placed FCCBs or Depositary Shares:

- (i) the Company shall deliver at least 30 days' prior notice to IFC of the proposed offering and cause the underwriters or arrangers of such offering to be reasonably available for consultations with IFC in respect of such offering during the offering period;
- (ii) the Company's offer to IFC shall be required to include an indicative price range or price certain, if available or determined;
- (iii) the Company shall cause to be delivered to IFC all information and materials provided to other offerees and buyers of such securities, as and when provided to such Persons;
- (iv) the Company shall cause the arranger of such offering to offer such securities to IFC on terms no less favorable as offered to other offerees and buyers of such securities;
- (v) the price of such securities shall be notified to IFC concurrently with notification to any other offerees and buyers of such securities, but in no event later than three Business Days prior to the closing date of subscription for such securities; and
- (vi) the Company shall use its best efforts to allocate to IFC the number of securities that IFC has elected to purchase in accordance with its preemptive rights hereunder and in accordance with the offering procedures; it being understood that, subject to the foregoing, if IFC is not allocated such securities, the FCCBs or Depositary Shares (as the case may be) shall be deemed to have been issued without preemptive rights exercisable by IFC for purposes of the definition of the "Minority Rights Period" in Article 194.

(c) The following issuances shall not be subject to IFC's preemptive rights described in Article 195 (3) (a):

- (i) any issuance of Shares pursuant to the ESOP up to an aggregate (together with all outstanding Shares previously issued pursuant to the ESOP) of five percent (5%) of the Company's outstanding share capital immediately prior to such issuances; provided that none of the Promoters nor their Related Parties (other than the Company and the Foundation) shall be entitled to participate in such ESOP;
- (ii) any Market Sale by the Company which is prohibited by applicable law from being subject to preemptive rights; provided, that, the Company has used its best efforts to offer the number of Shares equal to the IFC Proportionate Amount (relative to the Shares to be offered in such Market Sale) by way of firm allotment or otherwise immediately prior to or concurrently with such Market Sale on the same terms (including with respect to price and seniority); and
- (iii) Exempted Issuances.

4. New Shareholders.

Notwithstanding anything herein to the contrary, during the Minority Rights Period:

- (a) as a condition precedent to any Transfer of Shares (other than Market Sales) by any Promoter or Existing Shareholder to any other Promoter or Existing Shareholder, or any Affiliate thereof, such Promoter or Existing Shareholder shall cause the transferee to execute a deed of adherence as a new Promoter or Existing Shareholder (as the case may be) in the form agreed to between the Company, Existing Shareholder, Promoters and IFC, and
- (b) as a condition precedent to any Transfer of Shares (other than Market Sales) by any Promoter or Existing Shareholder to any other Person (not being a Promoter or Existing Shareholder, or any Affiliate thereof) who, following consummation of such Transfer and any related Transfers, to the best of the knowledge of such Promoter or Existing Shareholder, would together with any Affiliates of such Person would own or control more than 25% of the Share capital of the Company, such Promoter or Existing Shareholder shall cause the Transferee to deliver a confirmation to IFC in the form agreed between the Company, Existing Shareholder, Promoters and IFC.

5. Recognition of Transfers.

The Company shall not recognize any purported direct or indirect Transfer of Shares in violation of any agreement between the Shareholders and the Company shall notify IFC promptly upon receipt of any request to register or record any such direct or indirect Transfer of Shares in violation of any agreement between the Shareholders.

196. Undertakings Relating to the Company

1. Management of the Company.

The Company, the Promoters and the Shareholders will ensure that the business and corporate affairs of the Company and its Subsidiaries shall be managed in accordance with the provisions of their respective Charters, any agreement between the Shareholders and applicable law.

2. Composition of the Board of Directors.

- (a) The Company, the Promoters and the Shareholders will ensure that, during the Minority Rights Period, one (1) of the Directors and his/her alternate shall, if IFC so requests, be the nominee of IFC (the “**IFC Nominee Director**”) provided that IFC will ensure that the IFC Nominee Director shall not be a person who (to IFC’s knowledge) is a Related Party, employee, officer or director of a competitor. If IFC elects in its discretion not to nominate a Director pursuant to the foregoing sentence, an Independent Director shall be selected by the Company and approved by IFC, such approval not to be unreasonably withheld. For such purposes, each such Promoter and Shareholder will vote all of the Shares it holds or controls or may come to hold or control in the Company at the general shareholders’ meetings of the Company and will take all other actions otherwise necessary to ensure the election of the Persons IFC may propose to nominate or approve. Each such Promoter and Shareholder will refrain from voting the Shares it holds or controls or comes to hold or control in support of any resolution for the substitution, removal and/or dismissal of the Director that IFC nominates or approves pursuant to this subsection, unless instructed to do so by IFC in writing. The provisions of this Article 196 (2) shall in no way limit IFC’s rights as a shareholder of the Company with respect to the nomination or election of Directors pursuant to the Charter of the Company.
- (b) In IFC’s discretion, the IFC Nominee Director or Independent Director approved by IFC pursuant

to Article 196 (2) shall be entitled to serve as a member of the Audit Committee.

- (c) IFC shall have the right to appoint one nominee director to the board of directors of Dabur Oncology.
- (d) The Company shall reimburse IFC for all reasonable travel and other out-of-pocket expenses incurred by the IFC Nominee Director or the independent director approved by IFC pursuant to Article 196 (2) (a) in attending the meetings of the Board of Directors and/or the audit committee of the Company; and IFC shall bear the costs and expenses of any director nominated by IFC on the board of directors of Dabur Oncology.
- (e) Without prejudice to the other provisions of this Article 196 (2), the Company, the Promoters and the Shareholders will ensure that (commencing no later than July 31, 2005) at least one-third (rounding up) and not fewer than two (2) of the Directors (including the Independent Director approved by IFC, if applicable) and his/her alternates shall be Independent Directors. (By way of example only, if the Board of Directors consists of seven (7) Directors, the Board shall include a minimum of three (3) Independent Directors. If IFC elects not to nominate a Director under Article 196 (2) (a), one (1) such Independent Director shall be approved by IFC as provided therein.) For such purposes, each such Promoter and Shareholder will vote all of the Shares it holds or controls or may come to hold or control in the Company at the general shareholders’ meetings of the Company and will take all other actions otherwise necessary to ensure the election of such Independent Directors.
- (f) The Company, the Promoters and the Shareholders will ensure that (commencing no later than July 31, 2005) the Board of Directors shall maintain the Audit Committee, comprised of a majority of Independent Directors, which shall be responsible for (i) reviewing and approving the planned scope and results of the Company’s audits, (ii) approving the non-audit services provided by the Company’s external auditors, (iii) reviewing the Company’s internal controls and financial reporting process and (iv) performing any other related functions set forth in the Company’s Charter or determined by the Board of Directors from time to time.
- (g) The Company, the Promoters and the Shareholders

will ensure that (commencing no later than July 31, 2005) the Board of Directors shall maintain the ESOP Committee, comprised of a majority of Independent Directors, which shall be responsible for (i) developing and implementing an employee stock option plan for the Company and (ii) performing any other related functions set forth in the Company's Charter or determined by the Board from time to time.

- (h) The Company, the Promoters and the Shareholders will ensure that the hiring, firing and compensation of any Key Executive of the Company or any Key Subsidiary shall be discussed and approved at meetings of the Board of Directors or the board of directors of the respective Key Subsidiary, as the case may be.

3. Major Decisions.

- (a) The Company, the Promoters and the Shareholders will ensure that during the Minority Rights Period, none of the following matters shall be approved or effected without the affirmative vote or prior consent of IFC:

- (i) reclassification of any Shares or any amendment of any rights or obligations regarding the IFC Shares or any other Shares, or of the Charter, to the extent such amendment would adversely affect IFC's rights with respect to the IFC Shares, the Company, or any agreement between the Shareholders;
- (ii) de-listing, or any other action which could reasonably be expected to result in de-listing, of Shares from the NSE or any other major exchange where Shares are listed or any other exchange where Shares are listed and actively traded after the date hereof (other than the BSE), unless the Company or a Promoter purchases all of the IFC Shares from IFC for a price not less than the price per Share determined in accordance with SEBI (Delisting of Securities) Guidelines 2003 (and in any event not less than the minimum price required thereby) and any other regulations or requirements issued by the concerned exchange(s); provided, that if the Shares are infrequently traded (as described in the final paragraph of Article 195 (2) (c)) on every exchange on which they are listed, the price shall be not less than the Fair Market Value of the Shares determined in accordance with

the final two paragraphs of Article 195 (2) (c) hereof;

- (iii) creation or issuance by the Company, within 18 months from the Subscription Date, of any Shares or Share Equivalents other than Exempted Issuances and issuances pursuant to an ESOP as described in Article 195 (3) (c) (i); or creation or issuance by the Company of any Shares or Share Equivalents which carry more or less than one vote per Share or Share Equivalent;
- (iv) entry into any line of business (directly or indirectly) other than businesses substantially similar or related to the pharmaceuticals business;
- (v) entry into any Change of Control Transaction with respect to the Company or Dabur Oncology;
- (vi) any Transfer of all or substantially all of the Assets of the Company; and
- (vii) creation of any Lien other than Permitted Liens over any Assets of the Company.

- (b) Without prejudice to Article 196 (3) (a), the Company, the Promoters and the Shareholders will ensure, during the Minority Rights Period, that none of the following matters shall be approved or effected without the affirmative assent of the IFC Nominee Director (or, if IFC elects not to nominate a Director under Article 196 (2) (a), the Independent Director who shall be approved by IFC as provided therein) at a meeting of the Board of Directors duly convened and held (or, if no meeting of the Board of Directors is held in respect of such matter, the written consent of such IFC Nominee Director or Independent Director approved by IFC):

- (i) issuance by any Key Subsidiary of any shares or other equity interests (including options, securities or debt instruments convertible into or exchangeable for shares) if the percentage ownership or equity interest held by the Company and its Subsidiaries would be reduced pursuant to such issuance; provided that any issuance by such Key Subsidiary pursuant to its employee stock option plan or stock purchase plan up to an aggregate (together with all outstanding shares or other equity interests previously issued pursuant to such plans) of five percent (5%) of the Key Subsidiary's outstanding share capital

- immediately prior to such issuance shall not be subject to this Article 196 (3) (b) (i);
- (ii) creation by the Company or any Subsidiary of any direct or indirect Subsidiary, joint venture, partnership or other royalty or profit-sharing arrangement if such Subsidiary, joint venture, partnership or other royalty or profit-sharing arrangement (A) involves any Promoter, Existing Shareholder, Dabur India Limited, the Foundation or any Related Party thereof, (B) has not been undertaken on an arm's-length commercial basis, or (C) is not primarily related to and in furtherance of the Business; it being understood that creation of any such direct or indirect Subsidiary, joint venture, partnership or other royalty or profit-sharing arrangement shall not be deemed to involve a Related Party of a Promoter or Existing Shareholder if the only interest or involvement of the Promoter or Existing Shareholder, as the case may be, is indirectly, as a shareholder of the Company;
- (iii) change of Auditors and/or internal auditors of the Company, or initial appointment or change of Auditors and/or internal auditors of any Key Subsidiary, if the new Auditor and/or internal auditors are not affiliated with, or a successor of, the internationally recognized accounting firms of Deloitte Touche Tohmatsu, Ernst & Young, PricewaterhouseCoopers or KPMG; it being understood that no Key Subsidiary shall be required to appoint any such internationally recognized accounting firm and, in the case of the appointment of the Auditors and/or internal auditors of any Key Subsidiary only, the approval of such IFC Nominee Director or Independent Director (as the case may be) shall not be unreasonably withheld;
- (iv) entry into any Change of Control Transaction with respect to any Key Subsidiary;
- (v) Transfer of Assets of the Company or any Subsidiary exceeding (i) \$5,000,000 in any single transaction or series of related transactions or (ii) \$20,000,000 in any Financial Year, other than Transfers of any such Assets to a Wholly Owned Subsidiary of the Company;
- (vi) Transfer of any interest in any Key Subsidiary, if the percentage ownership or equity interest held by the Company and its Subsidiaries would be reduced pursuant to such Transfer;
- (vii) Transfer of all or substantially all of the Assets of any Key Subsidiary unless such Transfer is to the Company or a Wholly Owned Subsidiary of the Company;
- (viii) creation of any Lien other than Permitted Liens over any Assets of any Key Subsidiary;
- (ix) incurrence of Debt if such Debt would cause the Company's consolidated Debt to Equity Ratio to exceed 1.5; and
- (x) termination, amendment or Transfer of any Material Agreement, other than:
- (A) Transfers of any such Material Agreement to the Company or a Wholly Owned Subsidiary of the Company for bona fide purposes related to the Business;
- (B) Termination of the Facility Agreement if the Company has established or obtained replacement facilities or services whose use, by determination of the Board of Directors at a meeting duly convened and held, is in the best interests of the Company; or
- (C) Amendment of any Material Agreement where the aggregate incremental annual payments that would become due from the Company in respect of all amendments made to each such Material Agreement during the Financial Year in question would not exceed \$2,000,000 as compared to the Financial Year immediately preceding the date when such amendments are made.
- (c) Each of the Company, the Promoters and the Existing Shareholders will deliver notice to IFC at least 10 Business Days in advance of any meeting of the Board of Directors where any of the matters set forth in Article 196 (3) (a) or Article 196 (3) (b) are expected to be, or would reasonably be expected to be, recommended or proposed.
- (d) In the event that IFC (in respect of Article 196 (3) (a)) or the IFC Nominee Director or Independent Director approved by IFC (in respect of Article 196 (3) (b)) does not inform the Company of its decision in writing within 15 Business Days of a written request by the Company for consent from IFC or the IFC Nominee Director or Independent Director approved by IFC in relation to a matter described in Article 196 (3) (a) or Article 196 (3) (b), as

applicable, then IFC or such IFC Nominee Director or Independent Director approved by IFC, as the case may be, shall be deemed to have given its consent to such matter.

4. Governance Measures

Without prejudice to the provisions of Article 196 (3), the Company shall not, and shall cause that any Subsidiary of the Company does not, create any Subsidiary or enter into any joint venture, partnership or other royalty or profit-sharing arrangement if such Subsidiary, joint venture, partnership or other royalty or profit-sharing arrangement amounts to a Material Venture unless such Material Venture has received the approval of the Board of Directors of the Company at a meeting duly convened and held.

197. Promoter Retention

- (a) Each of the Promoters and the Existing Shareholders will ensure that, until the fifth anniversary of the Subscription Date, unless IFC otherwise agrees in writing:
- (i) it shall not Transfer or create any Lien over (other than Permitted Shareholder Liens) any Shares which it now holds or controls or which it may hold or control in the future, by purchase, subscription or otherwise, or take any other action if, as a result thereof, the Promoters and the Existing Shareholders would cease to directly own in the aggregate less than the Minimum Ownership Percentage, provided that except as provided in Article 197 (b), the restrictions contained in this Article 197 (a) (i) shall not apply to any Transfers by any Existing Shareholder or Promoter to another Existing Shareholder or Promoter or any Affiliate of a Promoter or Existing Shareholder; and, provided further, that the Transferee shall execute a deed of adherence as a new Promoter or Existing Shareholder (as the case may be) in the form agreed to between the Company, Existing Shareholder, Promoters and IFC;
 - (ii) it shall vote against any proposal to modify the outstanding share capital or capital structure of the Company, and/or shall exercise any preemptive or similar rights to acquire such additional Shares, and shall otherwise take all steps, as shall be necessary for it to remain in compliance with the share retention obligation in

Article 197 (a) (i) above, provided that the Promoter and the Existing Shareholder shall not be construed to be in breach of the share retention obligation described in this Article 197 (a) if: (A) the Promoters and Existing Shareholders cease to hold in aggregate the Minimum Ownership Percentage solely by reason of a bona fide public issue of Shares or Share Equivalents in accordance with applicable law, without any Transfer of Shares by the Promoters or Existing Shareholders in connection therewith; and (B) the aggregate shareholding of the Promoters and Existing Shareholders subsequent to such public issue does not fall below 40% of all Shares;

- (iii) it shall vote against any proposal to amend the Charter of the Company in any manner which could preclude the owner or owners of the Minimum Ownership Percentage, from having the right to appoint a majority of the Board of Directors, or otherwise exercise substantial powers of management over the Company and its business; and
 - (iv) it shall not enter into any transaction or agreement that would entitle a party other than the Company to terminate a Material Agreement, including by reason of a change of ownership (or other indicia of control) of the Company or any Subsidiary.
- (b) Without limiting the foregoing, the members of the Burman Group will ensure that they shall not Transfer, or create any Lien over (other than Permitted Shareholder Liens), Shares in an aggregate amount representing more than 10% of the Shares held by the Burman Group as of the Subscription Date, until the fifth anniversary of the Subscription Date, provided that, the restrictions contained in this Article 197 (b) shall not apply to any Transfers by any member of the Burman Group to any other member of the Burman Group or to any wholly owned Affiliate of the Burman Group, provided further that the Transferee shall execute a deed of adherence as a new Promoter in the form agreed to between the Company, Existing Shareholder, Promoters and IFC.
- (c) Notwithstanding Articles 197 (a) or 197 (b):
- (i) in the event that the Minority Rights Period expires prior to the fifth anniversary of the Subscription Date, then the Promoters and

Existing Shareholders may Transfer or create any Permitted Shareholder Lien over any Shares which they then hold or control, unless, as a result thereof, the Promoters and the Existing Shareholders would cease to directly own in the aggregate more than 25% of the Shares, provided that except as contemplated by Articles 197 (b) or 197 (c) (ii), the restrictions contained in this Article 197 (c) (i) shall not apply to any Transfers by any Promoter or Existing Shareholder to another Promoter or Existing Shareholder or an Affiliate of a Promoter or Existing Shareholder, and provided further that the Transferee shall execute a Deed of Adherence as a new Promoter or Existing Shareholder (as the case may be); and

- (ii) in the event that the Minority Rights Period expires prior to the fifth anniversary of the Subscription Date, then each of the members of the Burman Group may Transfer or create any Permitted Shareholder Lien over any Shares which it then holds or controls in accordance with Article 197 (c) (i), unless, as a result thereof, the Burman Group would cease to directly own in the aggregate more than 9.5% of the Shares; provided that, the restrictions contained in this Article 197 (c) (ii) shall not apply to any Transfers by any member of the Burman Group to any other member of the Burman Group or to any wholly owned Affiliate of the Burman Group in accordance with Article 197 (b);
- (d) Subject to Article 197 (b), the Promoters and the Existing Shareholders may create Permitted Shareholder Liens on their Shares, excluding Shares then held by them representing at least 25%, plus one Share, of the Shares.
- (e) From and after the third anniversary of the Subscription Date until the fifth anniversary thereof, for purposes of determining whether the Promoters then hold the requisite Minimum Ownership Percentage, or other minimum required ownership percentage of the Shares, in each case, for purposes of Article 197 (a) hereof only, the number of IFC Shares held by IFC on the third anniversary of the Subscription Date shall be included.
- (f) The provisions of this Article 197 other than Article 197 (c) shall cease to have any effect upon expiration of the Minority Rights Period.

198. Expiry of provisions of Part II

The provisions of this Part shall expire and cease to have any effect:

- i) Upon the termination by mutual consent of a shareholders agreement between IFC, the Company, the Promoters and the Existing Shareholder having provisions similar to those in this Part II;
- ii) Upon the expiry of the Minority Rights Period or the Promoter Obligation Period;
- iii) in relation to any Promoter or Existing Shareholder, if such Person shall cease to hold any Shares in accordance with the terms of these Articles, and such Person otherwise possesses no authority or ability to direct or control the Company or its management.

By Order of the Board

New Delhi
20th June, 2005

Pankaj Kapdeo
Company Secretary

IMPORTANT NOTES:

1. The Register of Members of the Company will remain closed from Tuesday, 12th July, 2005 to Monday, 18th July, 2005, both days inclusive, for the purpose of Annual Closing and determination of the members who shall be entitled for the final dividend.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND ON A POLL ONLY TO VOTE INSTEAD OF HIM. SUCH PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXIES IN ORDER TO BE EFFECTIVE MUST BE RECEIVED BY THE COMPANY NOT LESS THAN 48 HOURS BEFORE THE MEETING.**
3. Members are advised to avail of the facility for receipt of dividends through Electronic Clearing Service (ECS). The ECS facility is available at the specified locations and covers all major cities. Members are requested to contact their respective Depository Participants (DPs) for availing ECS facility. Members holding shares in physical form and desirous of availing ECS facility are requested to write to the Company for details.
4. For protection against fraudulent encashment of dividend warrants in respect of members holding shares in physical form, the Company shall endeavour to provide facility

for incorporation of Bank Details on the dividend warrants.

5. Explanatory Statement under Section 173(2) of the Companies Act, 1956 relating to Special Business to be transacted at the meeting, is annexed hereto.
6. Details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking appointment/ re-appointment at the Annual General Meeting, is contained in the Explanatory Statement for item of Special Business and is separately annexed hereto for item of Ordinary Business.

I. EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956.

Item No. 6

The Board of Directors of the Company had appointed Dr. Naresh Trehan, at its meeting held on 29th July, 2004, as an Additional Director, liable to retire by rotation. Under Section 262 of the Companies Act, 1956 read with the Articles of Association of the Company, Dr. Trehan holds office only till the date of the forthcoming Annual General Meeting.

Notice has been received from a member as required under Section 257 of the Companies Act, 1956 proposing Dr. Trehan as candidate for the office of Director.

Dr. Trehan may be deemed to be concerned or interested in the resolution concerning his appointment.

Item No. 7

The shareholders of the Company, at the last Annual general Meeting held on 28th July, 2004, had appointed M/s HLB AV Audit plc., London, a firm of professionals, qualified for their appointment as the Branch Auditors of the London Branch of the Company, as per the Laws of England. Their term of appointment expires on the conclusion of this Annual General Meeting.

Consequent upon the recommendation of the Audit Committee, the Board of Directors at its meeting held on 30th May, 2005 has proposed the re-appointment of M/s HLB AV Audit plc., London as the Branch Auditors of the Company to carry out the audit of the accounts relating to London branch of the Company for the financial year 2005-06.

The Board of Directors commends the said resolution for your approval.

None of the Directors of the Company is deemed to be concerned or interested in the resolution proposed at item No. 7 of the accompanying Notice.

Item No. 8

The existing Clause (a) of Article 13 of the Article of Association of the Company provided a period of 15 days for declining the offer made to a shareholder by the Company for investing in further shares that may be issued by the Company from time to time on rights basis. The said period was considered short by the Directors. Moreover the Stock Exchange, Mumbai (BSE) whilst granting its permission for listing of its shares had stipulated that such period of 15 days should be increased to 30 days. Moreover the said existing clause did not contain anything about the right to shareholders to renounce the offer in favour of any other person. The amendment seeks to provide the changes as are desired by BSE and are considered by the Company to be in the best interests of the shareholders.

Further the existing Article 63 of the Articles of Association of the Company provided for charging fees for transfer of shares etc. The said provision was considered not to be in the interests of shareholders of the Company. Moreover the Stock Exchange, Mumbai (BSE) whilst granting its permission for listing of its shares had stipulated for change in the said clause providing for no fee to be levied by the Company for transfer of shares etc. The amendment seeks to provide the changes as are desired by BSE and are considered by the Company to be in the best interests of the shareholders.

Further Article 144 of the Articles of Association of the Company governs the provisions relating to notice for convening the meetings of Board of Directors. The amendment seeks to provide a notice of minimum seven (7) days for convening such meetings, unless waived in writing by atleast half of the Directors (and where number of Directors is a fraction, the next whole number) from the view point of better corporate governance.

Further it is thought desirable by the Board of Directors to classify the provisions in Articles 1 to 192 as part I of the Articles of Association of the Company.

Further the Company has issued and allotted equity shares to International Finance Corporation (IFC) on preferential basis who have desired certain changes in the Articles of Association of the Company by inclusion of new clauses 193 to 198 as part II of the Articles of Association of the Company. The new clauses basically deal with IFCs rights as shareholders, governance in the Company, decision-making process concerning major decisions, retention of shareholdings by the promoters of the Company etc.

The amendments by way of inclusion of new clauses 193 to 198 as part II of the Articles of Association are in consonance with the provisions of law and are not in any way derogatory of the rights of other shareholders. The Board deems such amendments to the Articles to be in the overall interests of the Company and its shareholders.

It is in the above circumstances that this Special Resolution is commended by the Directors of the Company for approval by the members.

None of the Directors of the Company is deemed to be concerned or interested in the resolution proposed at item No. 8 of the accompanying Notice.

By Order of the Board

New Delhi
20th June, 2005

Pankaj Kapdeo
Company Secretary

II. DETAILS OF DIRECTORS SEEKING APPOINTMENT / RE-APPOINTMENT AT THE ANNUAL GENERAL MEETING CONVENED ON 26TH JULY, 2005

Name of Director	Dr. Anand C. Burman	Mr. Amit Burman	Dr. Naresh Trehan
Date of Appointment	07.07.2003	07.07.2003	29.07.2004
Qualifications	M.Sc., Ph.D., USA	MBA, England	MBBS, Diplomate American Board of Surgery, USA and Diplomate American Board of Cardio-thoracic Surgery, USA
Expertise in functional area	Dr. Burman joined the Dabur Group in 1980. He set up the pharmaceutical division of Dabur India Limited (which is now demerged into Dabur Pharma Limited) and is the driving force behind Dabur Pharma's Business.	Mr. Amit Burman has varied experience of operations, sales & distribution. He joined the Dabur Group in 1995.	Dr. Trehan is a well known Surgeon and specializes in the field of Cardiology.
List of other Limited Companies in which Directorships held	Dabur India Limited, Dabur Pharmaceuticals Ltd., Dabur Overseas Ltd., and Hindustan Motors Ltd.	Dabur India Ltd., Dabur Foods Ltd., Apollo health Street Ltd., Emedlife.com Ltd., Pasadensa Foods Ltd., QH Talbros Limited, Radico Khaitan Limited and Burman Finvest Limited.	Bistro Hospitality Limited, Shrumps Real Estate Limited, Punj Lloyd Limited, Escorts Heart and Super specialty Limited and Jubilant Organosys Limited.
Chairmanship / Membership of other Board Committees	—	QH Talbros Limited, <i>Member – Remuneration Committee</i> , Dabur Foods Limited, <i>Member – Audit Committee</i> , Pasadensa Foods Limited, <i>Chairman – Audit Committee</i> .	Punj Lloyd Limited, <i>Chairman – Audit Committee</i> , Bistro Hospitality Limited, <i>Member – Audit Committee</i> .

Note: - The directorships above do not include directorships in Private Companies.



DABUR PHARMA LIMITED

Regd. Office: 3, Factory Road, Adj. Safdarjung Hospital, New Delhi - 110 029

Attendance Slip

Folio/DP and Client ID No. _____

I/we certify that I/we am/are member(s)/ proxy for the member(s) of the company.

I/we hereby record my/our presence at the **2nd Annual General Meeting** of the Company at Air Force Auditorium, Subroto Park, New Delhi - 110 010 on Tuesday, the 26th day of July 2005 at 11.00 AM.

First Holder/Proxy _____
1st Jointholder _____
2nd Jointholder _____
(Name in block letters) *(Signature)*

NOTES :

- 1. Please fill and sign this attendance slip and hand it over at the Attendance verification Counter at the MEETING VENUE.
- 2. THIS ATTENDANCE SLIP IS VALID ONLY IN CASE SHARES ARE HELD ON THE DATE OF MEETING.



DABUR PHARMA LIMITED

Regd. Office: 3, Factory Road, Adj. Safdarjung Hospital, New Delhi - 110 029

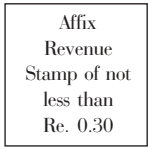
Proxy Form

I/We _____ of _____
(write full address)
being a member/members of DABUR PHARMA LIMITED hereby appoint _____
of _____
(write full address)
or failing him _____ of _____
(write full address)

as my/our proxy to attend and to vote for me/us on my/our behalf at the **2nd Annual General Meeting** of the Company to be held on Tuesday, the 26th day of July 2005 at 11.00 AM. at Air Force Auditorium, Subroto Park, New Delhi - 110 010 and at any adjournment thereof.

AS WITNESS my/our hand(s) this _____ day of _____, 2005.

Signed by the said.....



L.F. No./DP ID No. and Client ID No. _____ No. of shares _____

NOTES :

- 1. The proxy need NOT be a member.
- 2. The proxy form signed across revenue stamp should reach company's registered office at least 48 hours before the scheduled time of meeting.
- 3. Company reserves the right to ask for identification of the proxy.
- 4. Proxy cannot speak at the meeting or vote on a show of hands.



Attendance Slip inside

Proxy Form inside