



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Fourth Annual General Meeting of the Shareholders of SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED will be held at The Gateway Hotel, Akota Gardens, Akota, Vadodara 390020, Gujarat, on Friday, 11th September, 2009, at 11.45 a.m., to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2009, the Profit & Loss Account for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dilip S. Shanghvi, who retires by rotation and being eligible, offers himself for reappointment.
3. To appoint a Director in place of Mr. Sudhir V. Valia, who retires by rotation and being eligible, offers himself for reappointment.
4. To re-appoint Messrs. Deloitte Haskins & Sells, Chartered Accountants, Mumbai as the Auditors of the Company and to authorise the Board of Directors to fix their remuneration.

SPECIAL BUSINESS

5. To consider and, if thought fit, to pass, with or without modification(s) the following Resolution as an Special 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 the approval of the Central Government and any other such sanction(s) as may be necessary in law, Dr. T. Rajamannar be and is hereby appointed as the Whole-time Director of the Company for a period of three years effective from 4th June, 2010 to 3rd June 2013, on the terms and conditions (including the remuneration to be paid to him in the event of loss or inadequacy of profits in any financial year during the aforesaid period) as set out below 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 remuneration, in such manner as may be agreed to between the Board of Directors and Dr. T. Rajamannar within and in accordance with the provisions prescribed in Schedule XIII of the Companies Act, 1956 or any amendment thereto and, if necessary, as may be prescribed by the Central Government and agreed to between the Board of Directors and as may be acceptable to Dr. T. Rajamannar,

1. Subject to the supervision and control of the Board of Directors, the Whole-time Director will carry out such duties and exercise such powers as may be entrusted to him by the Board of Directors. He is further authorised to do all such acts, deeds, things and matter as he may be required to do, as a Whole Time Director.
2. Remuneration: The Remuneration payable to him shall be determined by the Board of Directors from time to time within however, the maximum limit as set forth below.
 - a) Salary (including Bonus) and perquisites: not exceeding Rs. 3,00,00,000/- (Rupees Three Hundred Lacs only) per annum.
 - 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's maintained car, telephones, such other perquisites and reimbursement of expenses, 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. 60,00,000/- (Rupees Sixty Lacs only) per annum: and

However the aggregate of salary and Perquisites shall not be in excess of Rs. 3,00,00,000/- (Rupees Three Hundred Lacs only) per annum.

- c) Company's contribution to provident fund and superannuation fund or annuity fund, encashment of leave, mediclaim, other reimbursement of expenses, if any, incurred for business exigencies, from time to time, gratuity payment as per Company's rules shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid.

Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year, Dr. T. Rajamannar shall be entitled to receive a total remuneration including perquisites, etc. not exceeding the ceiling limits as approved by Remuneration Committee and by the Central Government, where necessary as minimum remuneration.

3. OTHER TERMS AND CONDITIONS:

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

The appointment of Dr. T. Rajamannar as the Whole time Director of the Company would be subject to the provisions of Section 255 of the Companies Act, 1956, i.e. Dr. T. Rajamannar would be liable to retire by rotation.

The appointment as Whole-time Director will be terminable by giving 3 months notice, by either party as per the terms of employment or upon Dr. T. Rajamannar ceasing to be a Director of the Company.

The Board of Directors may, in their discretion considering relevant aspects/facts, pay to Dr. T. Rajamannar lower remuneration than the maximum remuneration herein above stipulated and within Schedule XIII of the Companies Act, 1956 and revise the same from time to time within maximum limits as stipulated above and/or as per Schedule XIII of the Companies Act, 1956 and/or the ceiling limits as approved by the Members and the Central Government and approved by the Remuneration Committee.”

“RESOLVED FURTHER THAT in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule XIII to the Companies Act, 1956, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), that is, the salary, commission, perquisites, allowances, etc. within such prescribed limit or ceiling and the terms and conditions of the said appointment as agreed to between the Company and the Appointee be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required by law.

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

By order of the Board of Directors
For **Sun Pharma Advanced Research Company Limited,**

Place: Mumbai
Date: 23rd May, 2009

Meetal S. Sampat
Company Secretary

Registered Office:
SPARC, Akota Road,
Akota, Vadodara 390 020.

Notes:

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

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

2. An Explanatory Statement pursuant to section 173 of the Companies Act, 1956, relating to the Special Business to be transacted at the Meeting is annexed hereto.
3. The Register of Members and Share Transfer Books of the Company will be closed from Tuesday, 25th August, 2009 to Saturday, 5th September, 2009 (both days inclusive).
4. Members/proxies should bring the attendance slip duly filled in for attending the Meeting.
5. Particulars required for Appointment / Re-appointment of directors pursuant to Clause 49 of the Listing Agreement.

At the ensuing Annual General Meeting, Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia, retire by rotation and being eligible offer themselves for re-appointment as Directors liable to retire by rotation. The term of office of Dr. T. Rajamannar, Whole-time Director expires on 3rd June, 2010, and it is proposed to re-appoint him as the Whole-time Director of the Company for a further period of three years effective from 4th June, 2010 to 3rd June 2013.

The information or details for the aforesaid Directors are as under:

1) Mr. Dilip S. Shanghvi

Mr. Dilip S. Shanghvi (53 years), is a graduate in commerce from Kolkata University. He is the Chairman and Managing Director of the Company. He is also the Chairman & Managing Director of Sun Pharmaceutical Industries Limited and founded that Company in 1982. He has extensive experience in the pharmaceutical industry. Under the leadership of Mr. Dilip S. Shanghvi, Sun Pharmaceutical Industries Ltd. has recorded an all-round growth in business. Mr. Dilip Shanghvi is actively involved in international pharmaceutical markets, business strategy, business development and research and development functions in our company. He has been a Director of the Company since incorporation.

Mr. Dilip S. Shanghvi has been awarded various awards including the The Economic Times Entrepreneur of the Year award in 2008, Business Standard "CEO of the Year", the 'First Generation Entrepreneur of the Year' awarded at the CNBC- TV 18 India Business Leader Awards 2007, 'Entrepreneur of the Year' awarded by Ernst & Young, and 'Lifetime Honor' by the Indian Merchants Chamber at the Juran Quality Medal for 2008.

Presently, he is on the Board of Directors of Sun Pharmaceutical Industries Ltd., Caraco

Pharmaceutical Laboratories Ltd., Sun Fastfin Services Pvt. Ltd., Sun Petrochemicals Pvt. Ltd., Sun Pharma De Mexico SA DE CV, SPIL De Mexico SA DE CV and Shantilal Shanghvi Foundation

2) Mr. Sudhir V. Valia

Mr. Sudhir V. Valia (52 years), is a Chartered Accountant with more than two decades of experience in finance and taxation. He is the Wholetime Director of Sun Pharmaceutical Industries Ltd. He has been a Director of the Company since incorporation.

Mr. Sudhir V. Valia has been awarded the “CFO of the Year” for 2006, in the pharma sector, by CNBC. Mr. Sudhir Valia, in the capacity of Chairman, Shantilal Shanghvi Foundation has been awarded “ADIVASI SEVAK PURASKAR 2008-2009” by the Maharashtra Government for his valuable contribution towards the welfare of Tribal's, especially in the field of Education.

He is also a Director in the following Companies:

Sun Pharmaceutical Industries Ltd., Sun Petrochemicals Pvt. Ltd., Karad Chemicals and Allied Products Pvt. Ltd., Lakshadeep Investment & Finance Pvt. Ltd., Minaxi Fiscal Services Pvt. Ltd., Nisha Capital Services Pvt. Ltd., Sejraj Financial Services Pvt. Ltd., Eklavya Securities Pvt. Ltd., Universal Enterprises (P) Ltd., Suraksha Realty Ltd., Shantilal Shanghvi Foundation, Caraco Pharmaceutical Laboratories Pvt. Ltd., Sun Pharma Mexico SA DE CV, SPIL De Mexico SA DE CV Aditya Acquisition Company Ltd., Alkalioda Chemical Company Exclusive Group Ltd., Sun Development Corporation I. Sun Pharmaceutical Industries (Europe) B.V., Sun Pharmaceuticals (SA) (PTY) Ltd., Chattem Chemicals Ltd.

3) Dr. T. Rajamannar

Dr. T. Rajamannar (47 years), is a M. Sc. from University of Chennai, Ph.D in Organic Chemistry from IIT Chennai and holds Post Doctoral qualification from University of Zurich, Switzerland. He has around 26 years of experience in pharmaceutical research, drug discovery, identification project and research management. Dr. T. Rajamannar has been an employee of Sun Pharmaceutical Industries Ltd., since 1993 and has been transferred to SPARC pursuant to the Scheme of Arrangement for Demerger sanctioned by the Honourable High Court of Gujarat at Ahmedabad, and at present he is the Whole Time Director of the Company, managing research activities of the Company. He has 16 research publications in international journals and over 200 patent applications filed, to his credit. He is the recipient of CSIR Award from 1983 to 1988. He is a Council Member of Chemical Research Society of India and National Organic Symposium Trust. He is Ph. D guide and M.Sc. Curriculum expert member at Faculty of Science and Technology, M. S. University of Baroda. He is also a faculty member at National Chemical Laboratory, Pune. Presently, he is also a Director of SPARC Bio-Research Pvt. Ltd.

EXPLANATORY STATEMENT UNDER SECTION 173(2) OF THE COMPANIES ACT, 1956

The Explanatory Statement for item No.5 of the accompanying Notice set out hereinabove is as under:

Item No. 5 :

Dr. T. Rajamannar was initially appointed as the Whole-Time Director of the Company by the Shareholders at the Second Annual General Meeting of the Company held on 5th September, 2007 for a period of three years from 4th June, 2007.

He is the Whole-time Director and Executive Vice President-R&D of the Company, managing research activities of the Company. The Board of Directors and the Remuneration Committee at their meeting held on 23rd May, 2009 have re-appointed Dr. T. Rajamannar as Whole-time Director and Executive Vice President-R&D of the Company for a further period of three years with effect from 4th June, 2010, and have approved the remuneration payable to Dr. T. Rajamannar, pursuant to Sections 269, 198, 309 read with Schedule XIII and other applicable provisions, if any, of the Companies Act, 1956 including minimum remuneration and other terms and conditions as given in the resolution above, within the overall limits specified in the resolution, subject to shareholders approval in the General Meeting and subject to Central Government approval, if required. the approval of members is sought for his appointment and remuneration, at the ensuing Annual General Meeting.

The main terms and conditions of Dr. T. Rajamannar's appointment are stated in the resolution above.

The Board shall have the discretion and authority to modify the forgoing terms and remuneration within, however, the overall limit approved by the Members and as approved by the Remuneration Committee and/or the Central Government approval, as may be necessary, under Schedule XIII of the Companies Act, 1956.

In compliance with the provisions of Section 198, 309 and other applicable provisions, if any, of the Companies Act, 1956, the details of remuneration payable to Dr. T. Rajamannar are placed before the members, in general meeting, for their approval by way of special resolution as required.

The given particulars of his appointment and remuneration as stated in the resolution and explanatory statement above, may be treated as an abstract pursuant to Section 302 of the Act.

The relevant complete resolutions passed by the Board of Directors and the Remuneration Committee of the Company and the letter of appointment with related correspondence, are available for inspection by the Members at the Registered office of the Company on any working day (except Sundays and Public Holidays) between 11 a.m. and 1.00 p.m. upto the date of the

Annual General Meeting and at the venue of the Annual General Meeting on the date of the Meeting and during Meeting hours.

The information as required under part (C)(iv) of Section II in Part II of Schedule XIII of the Companies Act, 1956 is annexed separately.

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

Dr. T. Rajamannar, is deemed to be concerned or interested in the resolution at Item No.5 of the Notice. No other Director is concerned or interested in the passing of this resolution.

Annexure forming part of the Explanatory Statement as required to be given pursuant to Part II of Schedule XIII of the Companies Act, 1956, for payment of Remuneration to Whole Time Director in excess of limits specified in case of inadequate profits.

I. General Information

a) Nature of Industry

The Company operates in the Pharmaceutical Research and Development industry. Research & Development in the areas of new molecules and novel drug delivery systems that can earn intellectual property, development of these through clinical studies, and introduction to global markets is the key to future growth of the pharmaceutical industry. Pharmaceutical advances towards significant improvement in life expectancy and health all over the world are the result of a steadily increasing investment in research. There is considerable scope for collaborative R&D in India, since it can offer several complementary strengths to the international R&D community, both on account of expertise in process research, and significantly lower costs. R&D in the pharmaceutical industry in India is critical for finding solutions for unmet medical needs. Besides limited primary screening for the identification of lead molecules, currently the R & D groups in India are involved in further in vivo screening, pre-clinical pharmacology, toxicology, animal and human pharmacokinetics and metabolic studies of candidate drugs that are required for undertaking human trials. India has the required technical basis to address, learn and apply the skillsets for combinatorial chemistry, new synthetic molecules and plant derived candidate drugs.

b) Date or expected date of Commercial Production

The Company has commenced activities, with an active pipeline of projects, a strong research team, advanced equipment and research infrastructure. However Innovative Research and Development activities, by virtue are associated with high expenditure and

unpredictable results. Innovative R&D requires extensive preclinical profiling, taking the product through different stages of clinical trials, government/regulatory authority reviews and approvals before the products can finally be marketed. One cannot say with certainty if a product will eventually reach market, or as to when it would reach market.

c) In case of New Companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus.

N. A.

d) Financial performance based on given indicators

	<u>For the year ended</u>	
	<u>31.03.2009</u>	<u>31.03.2008</u>
Loss After Tax (Rs. in Thousands)	124,913	48,827
EPS (in Rupees)	-0.44	-0.25
Net Worth (Rs. in Thousands)	356,776	448,181

e) Export performance and net foreign exchange outgo

	<u>Rs. in Thousands</u>
Exports for the year ended 31st March, 2009	323,014

Income/Expenditure in Foreign Currency for the year ended 31.03.2009 is as follows:

	<u>Rs. in Thousands</u>
Income:	
Sales / Income from Operations	<u>323,014</u>
Expenditure:	
Material (CIF Basis)	31,911
Capital Goods (CIF Basis)	123,243
Spares & Components (CIF Basis)	11,028
Professional Charges	95,126
Overseas Travel	1,252
Others	1,388
Total	<u><u>2,63,948</u></u>

f) Foreign investments or collaborations

The Company has no Foreign Direct Investment or Collaborations in the Company so far.

II. Information about the appointee

1. Background Details

Dr. T. Rajamannar (47 years) has completed M. Sc. from University of Chennai, Ph. D in Organic Chemistry from IIT Chennai and Post Doctoral from University of Zurich, Switzerland. He has around 26 years of experience in pharmaceutical research, drug discovery, identification project and research management. He has extensive experience in the pharmaceutical industry and his areas of research interest include Carbohydrate Chemistry, Natural Products, Asymmetric Synthesis, Process Chemistry and Medicinal Chemistry.

He has been an employee of Sun Pharmaceutical Industries Ltd., since 1993, most recently as Senior VP with responsibility for the entire research center spanning both innovative and generic development. He has been transferred to Sun Pharma Advanced Research Company Ltd., pursuant to the Scheme of Arrangement for Demerger sanctioned by the Honourable High Court of Gujarat at Ahmedabad with effect from 01.03.2007. He is Executive Vice President R & D of the Company and Whole time Director of the Company managing research activities in the Company.

2. Past Remuneration

The remuneration of Dr. T. Rajamannar, drawn by him as on 31.03.2009 is as follows:

1. Salary (Basic, HRA & Allowances) – Rs. 10,330,248 per annum
2. Bonus (p.a.) as per the policy of the Company
3. Leave Travel concession, encashment of leave, gratuity etc., Perquisites and reimbursement of expenses in accordance with the Company's practice, rules and regulation in force time to time. Contribution to provident fund, Leave Travel Concession, encashment of leave, mediclaim, other reimbursement of expenses, if any, incurred for business exigencies, from time to time, superannuation fund or annuity fund to the extent these either singly or put together are not taxable under the Income-tax Act, 1961, and gratuity payable at a rate not exceeding half a month's salary for each completed year of service.

3. Recognition or awards

Dr. T. Rajamannar has 16 research publications in international journals and over 200 patent applications filed, to his credit. He is the recipient of CSIR Award from 1983 to 1988. He is a Council Member of Chemical Research Society of India and National Organic Symposium Trust. He is Ph. D guide and M. Sc. curriculum expert member at Faculty of Science and

Technology, M. S. University of Baroda. He is also a faculty member at National Chemical Laboratory, Pune.

4. Job profile and his suitability

Dr. T. Rajamannar as Executive Vice President R&D, is involved in pharmaceutical research, identification project and research management, and Drug Discovery in various areas including Allergy, Inflammation and Immunology and in Processes relating to Novel synthetic routes, Polymorphs and Processes for about 150 Active Pharmaceutical Ingredients.

5. Remuneration proposed

As provided in the resolution.

6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and the person

There is not much comparison available in the market in terms of the industry. The Company being pharmaceutical innovation company, is the first pure research company listed on an Indian stock exchange.

7. Pecuniary relationship directly or indirectly with the Company or relationship with the managerial personnel

Dr. T. Rajamannar is the Whole-time Director and Executive Vice President R&D of the Company.

Dr. T. Rajamannar is not related to any of the Managerial personnel of the Company.

III. Other Information

1. Reasons for loss/inadequacy of profit.

The investments in innovative R & D have high risk, uncertain time frames but potentially high returns when compared to manufacturing & marketing, business and research & development that is based on development of generics. The time frame approaches and resource requirements for process development are comparatively certain/ known, and the outcome is relatively predictable. On the other hand innovative research, in both NCE and NDDS can have varying time frames and risk. Resource requirements can also be difficult to predict. However, given the right resource base and focus, innovative R&D offers a strong earning potential. Invariably the time periods involved to develop a new product from the laboratory stage to a form ready for consumption by the patient are very extensive.

2. Steps taken or proposed to be taken for improvement

The Company's research business comprises of an active pipeline of programs besides the scientists, equipment and resources that are required to take these projects to completion. The research projects shared so far span both the new molecule and novel drug delivery programs.

The Company has one NCE in the second stage of human clinical trials, and 3 NCEs at the stage of preclinical development. One NDDS has undergone all the three phases of human trials and has been approved in India. This would subsequently undergo human trials in the USA. A second NDDS is presently in the first phase of human trials, besides it 2 other NDDSs are expected to enter human trials shortly.

The other new molecule projects currently in the preclinical stage are for therapies based on allergy / inflammation, and prodrugs of currently marketed drugs. The current drug delivery system projects are in the areas of dry powder inhalers, gastric retention systems, biodegradable implants and targeted drug delivery.

These programs have typically high investment-high risk profile but with good potential in global markets. An investment of approximately \$50-60 million would be needed for these programs spanning over the next three years.

3. Expected increase in productivity and profits in measurable terms

The investments in innovative R&D have high risk & high return when compared to manufacturing & marketing, business and research & development that is based on development of generics. Innovative research, both for NCE's and NDDS can have varying time frames and risk. In most cases, revenues will likely begin once a NCE/ NDDS is licensed out, or actual marketing of a product that is registered. Resource requirements can also be very difficult to predict.

However, given the right resource base and focus, the innovative R&D offers strong earning potential. The innovative R&D business offers tremendous growth potential on a long term perspective.

Brief on Programs undertaken by SPARC:

Programs: NCE Research

In order to better manage this associated risk, projects in therapeutic analogues or bioavailability modification have been chosen.

The first of SPARC Ltd's leads, SUN 1334 H has completed phase II studies in US for allergic rhinitis and urticaria. Further clinical trials are planned for other disorders in India. This is an antihistamine with considerable advantages over similar available therapies.

Other NCE Programs include the following:

SUN 461, an anti-inflammatory for asthma and COPD has completed advanced preclinical efficacy and safety studies.

SUN 44, a prodrug of gabapentin for the treatment of neuropathy and seizures has completed preclinical efficacy and toxicity studies.

SUN 09, a prodrug of a currently marketed drug used as a skeletal muscle relaxant for treatment of spasm related disorders is at preclinical development stage, some nonclinical toxicology and safety pharmacological studies have been completed.

SUN 44, 09 and 461 are all at preclinical stages.

Programs: NDDS Research

NDDS programs include :

Dry Power Inhaler (DPI), Gastro Retentive Innovative Device (GRID), Baclofen GRS, Wrap matrix, Depot Technology, and Nanoemulsion based delivery systems (nanotectons).

One combination product based on DPI technology is likely to reach the Indian market by the end of the next year.

IV. Disclosures

The Corporate Governance report which forms a part of the Directors' Report contains details of remuneration being paid to Dr. T. Rajamannar. Further, he shall also be entitled to increment with effect from 1st April, 2009 after approval of the Remuneration Committee and the Board within the limits as approved by the Members and the Central Government

By order of the Board of Directors
For Sun Pharma Advanced Research Company Limited,

Place: Mumbai
Date: 23rd May, 2009

Meetal S. Sampat
Company Secretary

Registered Office:
SPARC, Akota Road,
Akota, Vadodara – 390 020.