



SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED

Registered Office: Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara – 390 020, Gujarat, India.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Seventh Annual General Meeting** of the Shareholders of **SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED** will be held at Sir Sayajirao Nagargruh, Akota, Vadodara - 390 020, Gujarat, on Tuesday, 31st July, 2012, at 10.45 a.m., to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2012, the Statement of Profit & Loss 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, having ICAI registration no. 117366W, 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 a Special Resolution:
“RESOLVED THAT pursuant to the provisions of section 31 and other applicable provisions, if any, of the Companies Act 1956, the Article 171A be inserted in the Articles of Association of the Company under the sub heading “Meeting of Directors” which reads as under:
Article 171A “A Director can participate in the Board/Committee Meeting through Video Conferencing or such other mode as may be recommended/permitted by the Government of India from time to time and the Director attending by Video Conferencing shall be counted for the purposes of quorum for any transaction of the business of the Board.”
“RESOLVED FURTHER THAT the Board of directors of the Company be and are hereby authorized to make necessary alterations/modifications in the Articles of Association to give effect to the above resolution, and to execute, sign and file the required forms or such other documents as may be necessary to be filed with the concerned authorities and to do all such acts, deeds and things as may be necessary to give effect to this resolution.”
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a Special Resolution:
“RESOLVED THAT in partial modification of Resolution No.5 passed at the 4th Annual General Meeting of the Company held on September 11, 2009, for the appointment and remuneration of Dr. T. Rajamannar, Wholetime Director of the Company and in accordance with the provisions of Sections 198, 269, 309, 310, 311 and other applicable provisions, if any, of 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, the Company hereby approves, the revision in the remuneration of Dr. T. Rajamannar, Whole-time Director of the Company with effect from April 1, 2012, for the remaining period of his tenure of appointment, to be amended in the terms of appointment as agreed between Dr. T. Rajamannar and the Board of Directors of the Company, (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 the other terms and conditions of his appointment remaining the same, and with the 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,
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. 3,50,00,000/- (Rupees Three Hundred Fifty 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. 75,00,000/- (Rupees Seventy Five Lacs only) per annum: and
However the aggregate of salary and Perquisites shall not be in excess of Rs.3,50,00,000/- (Rupees Three Fifty 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.**“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.”

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

“RESOLVED THAT pursuant to the provisions of Sections 198, 269, 309 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, 2013 to 3rd June 2016, 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. 6,00,00,000/- (Rupees Six 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 and 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. 1,25,00,000/- (Rupees One Hundred Twenty Five Lacs only) per annum: and

However the aggregate of salary and perquisites shall not be in excess of Rs.6,00,00,000/- (Rupees Six 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

Meetal S. Sampat
Company Secretary

Place: Mumbai

Date: 2nd May, 2012

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. In view of need to have Book Closure during the proposed Rights Issue of the Company, the Share Transfer Book are not closed during this Annual General Meeting.
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, 2013, 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, 2013 to 3rd June 2016.

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

1) Mr. Dilip S. Shanghvi

Mr. Dilip S. Shanghvi (56 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 Businessman of the Year, awarded by Business India, Indian of the Year- Business awarded by CNN-IBN for the year 2011, Ernst and Young's Entrepreneur of the Year 2010, India, 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., Sun Petrochemicals Pvt. Ltd., Aditya Thermal Energy Pvt. Ltd, Alfa Infraprop Private Limited, Shantilal Shanghvi Foundation, Caraco Pharmaceutical Laboratories Ltd., Sun Pharma De Mexico SA DE CV, SPIL De Mexico SA DE CV, Taro Research Institute Ltd and MSD-Sun FZ-LLC.

2) Mr. Sudhir V. Valia

Mr. Sudhir V. Valia (55 years), is a Chartered Accountant with around three decades of experience in finance and taxation. He is the Whole-time Director of Sun Pharmaceutical Industries Ltd. He has been a Director of the Company since incorporation.

Mr. Sudhir V. Valia has been awarded the Best Performing CFO in the Pharmaceutical/ Healthcare sector at the CNBC-TV 18 CFO awards 2012 and CFO of the Year for 2006 and 2009, in the pharma sector, by CNBC. Mr. Sudhir Valia, in his capacity as Director of 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 Ltd., Sejraj Financial Services Ltd., Eklavya Securities Ltd., Universal Enterprises (P) Ltd., Suraksha Realty Ltd., Aditya Thermal Energy Pvt. Ltd, Alfa Infraprop Pvt. Ltd., Caraco Pharma Inc., Shantilal Shanghvi Foundation, Krishna Vrundavan Pratishthan. Caraco Pharmaceutical Laboratories Ltd., Sun Pharma Mexico SA DE CV, SPIL De Mexico SA DE CV, Sun Pharmaceuticals Industries Inc., Morley and Company Inc., Aditya Acquisition Company Ltd., Alkalioda Chemical Company Exclusive Group Ltd., Taro Development Corporation, Sun Pharmaceutical Industries (Europe) B.V., Sun Pharmaceuticals (SA) (PTY) Ltd., Sun Global Canada PTY Ltd., Taro Pharmaceutical Industries Ltd, Taro Pharmaceutical North America Inc., Taro Pharmaceutical Inc., Taro Pharmaceutical USA Inc., Taro International Ltd. and Taro Pharmaceuticals Canada Ltd.

3) Dr. T. Rajamannar

Dr. T. Rajamannar (50 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 more than two decades of experience in pharmaceutical research, drug discovery, project identification and research management. Dr. T. Rajamannar had been an employee of Sun Pharmaceutical Industries Ltd., since 1993 and was transferred to SPARC pursuant to the Scheme of Demerger. At present he is the Whole Time Director of the Company, managing research activities. He has 17 research publications in international journals and over 200 patent applications 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. Also, he is a member of the Programme Advisory Committee on Organic Chemistry, Science and Engineering Research Board, A statutory body under Department of Science and Technology. He is a member of ICH EWG [Expert Working Group] for Q11, representing IGPA. He is a Ph.D guide and M.Sc. curriculum expert member at the Faculty of Science and Technology, M. S. University of Baroda. He was 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, 6 and 7 of the accompanying Notice set out hereinabove is as under:

ITEM NO. 5 :

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

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

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

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

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

The Board of Directors recommends the passing of the resolutions at Item No. 5 of the Notice convening the meeting, for the approval of members.

ITEM NO 6 & 7:

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

At the Fourth Annual General Meeting of the Company held on 11th September, 2009, the shareholders had approved the re-appointment of Dr. T. Rajamannar as Wholetime Director of the Company for a further period of three years, effective from 4th June, 2010 to 3rd June, 2013, and had approved the maximum upper limit of remuneration of Rs. 3,00,00,000/- (Rupees Three Hundred Lacs only) per annum, including perquisites, allowances etc. The aforesaid re-appointment and remuneration of Dr. T. Rajamannar was also approved by the Central Government.

Dr. T. Rajamannar is highly experienced and qualified in the field of Research & Development. Since the main object of the Company is Pharmaceutical Research & Development and in view of the fact that Dr. T. Rajamannar has the requisite qualification and experience for R&D, the Board of Directors & the Remuneration Committee of the Company are of the opinion that, due to competitive market conditions and in order to attract and retain talent, the proposed remuneration is appropriate. Under the leadership of Dr. T. Rajamannar the company is developing various new molecules for New Chemical Entity (NCE) and Novel Drug Delivery System (NDDS).

The existing remuneration payable to Dr. T. Rajamannar has almost reached the maximum upper limit approved by the shareholders, the Board of Directors therefore propose to revise the upper remuneration limit of Dr. T. Rajamannar as provided in the resolution at Item no. 6 of this Notice, with effect from 1st April 2012, for the remaining period of his tenure of appointment.

The Board of Directors and the Remuneration Committee at their meeting held on 2nd May, 2012 have approved the revision in the upper remuneration limit of Dr. T. Rajamannar with effect from 1st April 2012, for the remaining period of his tenure of appointment.

Your Directors recommend the approval of the increase in upper remuneration limit of Dr. T. Rajamannar to be effective from April 1, 2012 for the remaining period of his present term of office upto 3rd June, 2013.

Further the present term of office of Dr. T. Rajamannar expires on 3rd June 2013. The Board of Directors and the Remuneration Committee at their meeting held on 2nd May, 2012 re-appointed Dr. T. Rajamannar as Whole-time Director Executive Vice President-R&D of the Company for a further period of three years with effect from 4th June, 2013, 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 at Item no. 7 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 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 the Board, the Remuneration Committee, the Members and by the Central Government, where necessary as minimum remuneration.

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 terms and conditions of Dr. T. Rajamannar's appointment as set out above may also be treated as an abstract of the terms his appointment between Dr. T. Rajamannar and the Company under Section 302 of the Companies Act, 1956.

The relevant complete resolutions passed by the Board of Directors and the Remuneration Committee of the Company for increase of remuneration & for his re-appointment 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.

The Board of Directors recommends the passing of the special resolutions at Item No. 6 & 7 of the Notice convening the meeting, for the approval of members.

Dr. T. Rajamannar is deemed to be concerned or interested in the resolution at Item No.6 & 7 of the Notice. No other Director is concerned or interested in the passing of these resolutions.

Annexure forming part of the Explanatory Statement for Item no. 6 & 7 of the Notice, 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

Sun Pharma Advanced Research Company Ltd., (SPARC) operates in the Pharmaceutical Research and Development industry, which is as yet at a nascent stage in India. 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 research based pharmaceutical industry. Pharmaceutical advances on account of ongoing research have contributed to a improved quality of life for patients over the world. There is considerable scope both for independent R&D at smaller R&D labs or firms, as well as for collaborative R&D in India. India can offer expertise in process research, and significantly lower costs. R&D in the pharmaceutical industry in India is critical because it can seek solutions for unmet medical needs, particularly those that are specific to developing countries like India. Besides primary screening for the identification of lead molecules, currently the R & D groups in India have the expertise 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 understanding to address, learn and apply skillsets for combinatorial chemistry, new synthetic molecules and plant-derived candidate drugs.

b) Date or expected date of Commercial Production

As you know, your 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 uncertain results. Since this research is being done for the first time in the world, innovative R&D requires extensive preclinical work including animal studies, taking the product through different stages of clinical trials, government/regulatory authority reviews and approvals before the products can finally be marketed. At times the regulatory authority may ask for additional tests, or require tests to be re-done. One cannot say with any certainty if a product will eventually reach market, or 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

	For the year ended	
	31.03.2012	31.03.2011
Loss After Tax (Rs. in Thousands)	7,22,321	85,007
Net Worth (Rs. in Thousands)	(6,66,086)	56,235
EPS (in Rupees)	(3.49)	(0.41)

e) Export performance and net foreign exchange outgo

Rs. in Thousands

Exports for the year ended 31 st March, 2012	1,60,444
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Income/Expenditure in Foreign Currency for the year ended 31.03.2012 is as follows:

Rs. in Thousands

Income:	
Sales / Income from Operations	1,60,444
Expenditure:	
Material (CIF Basis)	21,349
Capital Goods (CIF Basis)	26,724
Spares & Components (CIF Basis)	7,808
Professional Charges	4,28,001
Overseas Travel	3,563
Others	4,618
Total	(3,31,619)

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 (50 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 more than two decades of experience in pharmaceutical research, drug discovery, project identification 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 is Executive Vice President R & D of the Company and Whole time Director of the Company managing research activities in the Company. He had been an employee of Sun Pharmaceutical Industries Ltd., since 1993, 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 has 17 research publications in international journals and over 200 patent applications 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. Also, a member of the Programme Advisory Committee on Organic Chemistry, Science and Engineering Research Board, a statutory body under Department of Science and Technology. He is a member of ICH EWG [Expert Working Group] for Q11, representing IGPA. He is a Ph.D guide and M.Sc. curriculum expert member at the Faculty of Science and Technology, M. S. University of Baroda. He was also a faculty member at National Chemical Laboratory, Pune.

2. Past Remuneration

The remuneration of Dr. T. Rajamannar, drawn by him for the year 31.03.2012 is as follows:

1. Salary (Basic, HRA & Allowances) – Rs. 23,183,616 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.

The total amount of remuneration drawn by Dr. T. Rajamannar for the year 31.03.2012, including contribution to provident fund, was Rs. 29,089,914/-

3. Recognition or awards

Dr. T. Rajamannar has 17 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 a member of ICH EWG [Expert Working Group] for Q11, representing IGPA. 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, of the Company is involved in drug discovery, research management; key research areas including Allergy, Inflammation, Oncology and Immunology. Processes research relating to novel synthetic routes, polymorphs and so far involved in the development of processes for more than 150 Active Pharmaceutical Ingredients.

Dr. T. Rajamannar is highly experienced and qualified in the field of Research & Development. Since the main object of the Company is Pharmaceutical Research & Development and in view of the fact that Dr. T. Rajamannar has the requisite qualification and experience for R&D, the Board of Directors & the Remuneration Committee of the Company are of the opinion that, due to competitive market conditions and in order to attract and retain talent, the proposed remuneration is appropriate. Under the leadership of Dr. T. Rajamannar the company is developing various new molecules for New Chemical Entity (NCE) and Novel Drug Delivery System (NDDS).

5. Remuneration proposed

As provided in the resolutions.

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

The extent of information about R&D talent and R&D companies in India is rather limited. Hence comparison is difficult. Your company is as yet 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.

Several innovative research programs of SPARC have reached clinical development stage which is more elaborate and expensive stage of innovative product development. SPARC has limited source of income from royalties and up front payments for some of the NDDS products licensed in India which is inadequate to meet the costs of expensive clinical trials. The innovative research programs in both NCE and NDDS can have varying time frame to reach the market ranging from 5 to 10 years and also is unpredictable and with high risk of failure. None of the innovative research programs are yet commercialized or are licensed out in developed markets. Depending on research progress, new projects may be added or older ones removed should the results and risk-benefit no longer work in favor of the company.

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 the new molecule and novel drug delivery programs. SPARC has taken several steps including of obtaining expert opinion from key opinion leaders, interacting with regulatory agencies like USFDA to have early understanding on the regulatory requirements for the product approval, focusing on select programs with high probability of success, designing clinical programs for studying additional indications of approved drugs, developing in house capabilities of studying complex and expensive toxicology studies which are otherwise very cost intensive if out sourced.

We are also in the process of raising funds through rights issue for conducting clinical trials.

3. Expected increase in productivity and profits in measurable terms

Innovative research, both for NCE's and NDDS can have varying and long gestation period for development and commercialization These programs are resource and capital intensive and there is also a high degree of uncertainty for the success. In most cases, revenues will likely begin once a NCE/ NDDS is licensed out, or actual marketing commences for a product.

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 status of the Programs undertaken by SPARC:

New Chemical Entities (NCE's)

Allergy –SUN-1334H

- Pilot TQT studies with the oral Sun 1334H formulation are ongoing
- For ophthalmic formulation, a Phase II study to assess efficacy of 1334H in allergic conjunctivitis in conjunctival allergen challenge (CAC) model has been completed in the USA.
Chronic toxicity studies are ongoing.

Inflammation – SUN-0597

- Completed phase I clinical studies by intranasal route
- IND application for Phase II studies in patients with allergic rhinitis has been filed in Germany and has been approved in Q2 FY13, For the inhalation product, preclinical toxicity studies are in progress.
- For the dermal product, preclinical studies are ongoing. Formulation development is likely to be completed by Q4 FY13.
- For the ophthalmic formulation of Sun 0597, preclinical studies for the selection of appropriate strength and formulation are ongoing.

Pro-drug – SUN-44

IND has been approved by the regulatory authority in India. Phase I trials are to be initiated in FY13.

Pro-drug – SUN-09

Phase I studies of the slow release formulation of Sun-09 have been completed in Q1 FY13.

Sun K706

Preclinical studies to demonstrate its safety and efficacy are underway. Toxicity studies are expected to be completed by Q4 FY13. IND filing is expected to be done in Q1 FY14.

Novel Drug Delivery Systems (NDDS)

ORAL CONTROLLED RELEASE SYSTEMS

Gastro retentive innovative device (GRID)

Baclofen GRS has already been launched in India. The product will now enter Phase III in the US. Study in alcohol dependence is ongoing.

Wrap matrix system

One ANDA based on this technology (Venlafaxine ER) has been approved by USFDA and launched in the US. Two more ANDAs are filed and awaiting approval. Levitiracetam will be filed as a 505b2 in the US. An anticancer agent, a cardiovascular drug and a CNS drug are under development.

INJECTABLE TARGETED DRUG DELIVERY

Nanoemulsion

PICN- Phase II/III study in metastatic breast cancer has completed enrolment.

DICN- Phase I in patients with solid tumors has been completed in India. Phase I in NSCLC is planned in FY2013.

BIODEGRADABLE INJECTIONS / IMPLANTS

Phase III in acromegaly patients has been completed with satisfactory results, IND is expected to be filed in the US in FY13.

DRY POWDER INHALER

Product launched in India. Pre IND meeting completed for the US, IND likely to be filed in FY13.

SMM TECHNOLOGY FOR OPHTHALMIC FORMULATIONS

Latanoprost eye drops have been launched in India. Phase III study for the US has completed enrollment. NDA filing is likely in FY13.

GFR TECHNOLOGY FOR ONCE A DAY OPHTHALMIC FORMULATIONS

Timolol Maleate based on this technology is marketed in India. An NCE is also under development.

One combination product (Latanoprost and Timolol) based on this technology is under development. Phase III efficacy and safety study is ongoing in India, Pre IND meeting is planned for FY13.

IV. Disclosures

1. Remuneration package including all elements of the package, incentives, service contracts and stock option details.

The Corporate Governance report which forms a part of the Directors' Report contains the details of remuneration being paid to Dr. T. Rajamannar. Further, he shall also be entitled to increment with effect from 1st April, 2012, as approved by the Remuneration Committee and the Board, within the limits approved by the Members and the Central Government.

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

Meetal S. Sampat
Company Secretary

Place: Mumbai

Date: 2nd May, 2012

Registered Office:

SPARC, Akota Road, Akota

Vadodara – 390 020.