

INFORMATION MEMORANDUM**SUN PHARMA ADVANCED RESEARCH
COMPANY LIMITED**

Registered Office: SPARC, Akota Road, Akota, Vadodara, Gujarat – 390 020
Phone: 0265-2330815 Fax: 0265 - 2354897, Website: www.sunpharma.in*
Contact person: Sunil Ajmera Email: sunil.ajmera@sparcmail.com

(We were incorporated as a Public Limited Company on March 1, 2006 and received the Certificate of Commencement of Business on March 22, 2006)

**INFORMATION MEMORANDUM FOR LISTING OF 194418898 EQUITY SHARES
OF RE. 1/- EACH.****NO EQUITY SHARES ARE PROPOSED TO BE SOLD OR OFFERED PURSUANT
TO THIS INFORMATION MEMORANDUM****GENERAL RISKS**

Investments in equity and equity-related securities involve a degree of risk and investors should not invest in the equity shares of Sun Pharma Advanced Research Company Limited unless they can afford to take the risk of losing their investment.

Investors are advised to read the Risk Factors carefully before taking an investment decision in the shares of Sun Pharma Advanced Research Company Limited. For taking an investment decision, investors must rely on their own examination of the Company including the risks involved.

**ABSOLUTE RESPONSIBILITY OF SUN PHARMA ADVANCED RESEARCH
COMPANY LIMITED**

Sun Pharma Advanced Research Company Limited having made all reasonable inquiries, accepts responsibility for, and confirms that this Information Memorandum contains all information with regard to Sun Pharma Advanced Research Company Limited, which is material, that the information contained in this Information Memorandum is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Information Memorandum as a whole or any of such information or the expression of any such opinions or intentions misleading in any material respect.

***Website under construction.**

LISTING

The Equity Shares of Sun Pharma Advanced Research Company Limited, are proposed to be listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited.

SHARE TRANSFER AGENT

Intime Spectrum Registry Limited

(Unit: Sun Pharma Advanced Research Company Limited)

C- 13, Pannalal Silk Mills Compound,

L.B.S Marg, Bhandup (West), Mumbai – 400 078

Email : sparc@intimespectrum.com

Tel : 022 – 25963838

Fax : 022 – 25946969

Contact Person : Mr. N. Mahadevan Iyer

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DEFINITIONS, ABBREVIATIONS & INDUSTRY RELATED TERMS

Term	Description
“SPARC” or “Company” or “Our Company” or Resulting Company or Sun Pharma Advanced Research Company Limited	Sun Pharma Advanced Research Company Limited, a Public Limited Company incorporated under the Provisions of the Companies Act, 1956
“We” or “us” and “our”	Refers to Sun Pharma Advanced Research Company Limited
Articles/Articles of Association	Articles of Association of Sun Pharma Advanced Research Company Limited
Auditors	The Statutory Auditors of Sun Pharma Advanced Research Company Limited
Board of Directors/Board/Directors	The Board of Directors of Sun Pharma Advanced Research Company Limited
BSE	Bombay Stock Exchange Limited
CDSL	Central Depository Services (India) Limited
Companies Act / Act	The Companies Act, 1956, as amended from time to time
Current Year	April 1, 2006 to March 31, 2007
Demerged Company	Sun Pharmaceutical Industries Limited, a Public Limited Company registered under the Provisions of the Companies Act, 1956
DSE	Designated Stock Exchange
EPS	Earnings per equity share
Equity Shares	Equity shares of the Company of Re.1/- each unless otherwise specified in the context thereof
Financial year/fiscal/FY	The twelve months ended 31 st March , unless otherwise stated
HUF	Hindu Undivided Family
Information Memorandum	This document filed with the Stock Exchanges is known as and referred to as the Information Memorandum
I.T. Act	The Income-tax Act, 1961, as amended from time to time, except as stated otherwise
Innovative R & D	Innovative Research & Development activities and New Drug Delivery Systems
Innovative Research & Development Unit	De-merged Company's Unit, business, activities and operations pertaining to innovative Research & Development comprising all the assets (moveable and immovable) and liabilities which relate thereto or are necessary therefore and including specifically: <ul style="list-style-type: none"> i) All assets of the De-merged Company pertaining to Innovative Research & Development and New Drug Delivery System with approximate net position as on 30th December, 2005 is described in Part 'A' of Schedule I of the Scheme;

Term	Description
	<ul style="list-style-type: none"> ii) All the debts (whether secured or unsecured), liabilities (including contingent liabilities), duties and obligations of the De-merged Company of every kind, nature and description whatsoever and howsoever accruing or arising out of , and all loans and borrowings raised or incurred and utilized for its businesses, activities and operations pertaining to Innovative Research & Development; iii) All agreements, rights, contracts, entitlements, permits, licenses, approvals, consents, engagements, arrangements and all other privileges and benefits of every kind, nature and description whatsoever relating to the De-merged Company's business, activities and operations pertaining to Innovative Research & Development; iv) All intellectual property rights , records, files, papers, data and documents relating to the De-merged Company's business, activities and operations pertaining to Innovative Research & Development including Department of Scientific & Industrial Research approvals; and v) All employees engaged in or relating to the De-merged Company's business, activities and operations pertaining to Innovative Research & Development.
Memorandum/Memorandum of Association	The Memorandum of Association of Sun Pharma Advanced Research Company Limited
NSDL	National Securities Depository Limited
NSE	The National Stock Exchange of India Limited
RBI	Reserve Bank of India
Registered office of our Company	SPARC, Akota Road, Akota, Vadodara – 390 020
ROC	Registrar of Companies, Gujarat, Ahmedabad
Scheme	Scheme of Arrangement under Sections 391 to 394 of the Companies Act, 1956 between Sun Pharmaceutical Industries Limited and Sun Pharma Advanced Research Company Limited and their respective shareholders and creditors sanctioned by the High Court of Judicature at Ahmedabad vide its order dated 1 st March, 2007 issued on 28 th March, 2007 and effective from close of business hours on 28 th February, 2007.
SEBI	The Securities and Exchange Board of India constituted under the Securities and Exchange Board of India Act, 1992
SEBI Act	Securities and Exchange Board of India Act, 1992 as amended from time to time
SEBI Guidelines	Securities and Exchange Board of India (Disclosure and Investor Protection) Guidelines, 2000 issued by Securities and Exchange Board of India effective from January 27, 2000, as amended, including instructions and clarifications issued by

Term	Description
	Securities and Exchange Board of India from time to time
Stock Exchanges	BSE and NSE
SPIL	Sun Pharmaceutical Industries Limited

CERTAIN CONVENTIONS; USE OF MARKET DATA

Unless stated otherwise, the financial data in this Information Memorandum is derived from our financial statements prepared in accordance with Indian GAAP. Our current financial year commenced on 1st April, 2006 and ended on 31st March, 2007. In this Information Memorandum, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off.

For definitions, please see the section titled “Definitions, Abbreviations and Industry Related Terms”.

All references to “India” contained in this Information Memorandum are to the Republic of India. All references to “Rupees” or “Rs.” are to Indian Rupees, the legal currency of the Republic of India.

Unless stated otherwise, industry data used throughout this Information Memorandum has been obtained from industry publications. Industry publications generally state that the information contained in those publications has been obtained from sources believed to be reliable but that their accuracy and completeness are not guaranteed and their reliability cannot be assured. Although we believe that industry data used in this Information Memorandum is reliable, it has not been independently verified.

The Equity shares of Sun Pharma Advanced Research Company Limited are not listed on any Stock Exchange.

FORWARD LOOKING STATEMENTS

We have included statements in this Information Memorandum, that contain words or phrases such as “will”, “aim”, “will likely result”, “believe”, “expect”, “will continue”, “anticipate”, “estimate”, “intend”, “plan”, “contemplate”, “seek to”, “future”, “objective”, “goal”, “project”, “should”, “will pursue” and similar expressions or variations of such expressions that are “forward-looking statements”.

All forward-looking statements are subject to risks, uncertainties and assumptions that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from our expectations include, among others:

- General economic and business conditions in India and other countries;
- Our ability to successfully implement our strategy, our growth and expansion plans and technological changes;
- Changes in the value of the Rupee and other currency changes;
- Changes in Indian or international interest rates;
- Changes in laws and regulations in India;
- Changes in political conditions in India; and
- Changes in the foreign exchange control regulations in India.

For further discussion of factors that could cause our actual results to differ, see the section titled “Risk Factors”. By their nature, certain risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. We do not have any obligation to, and do not intend to, update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

RISK FACTORS

An investment in equity shares involves a high degree of risk, you should carefully consider all of the information in this Information Memorandum, including the risks and uncertainties described below. If any of the following risks actually occur, our business, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline, and you may lose all or part of your investment.

Internal Risk Factors

Research and Development Activities involve high risk as the costs are certain and the result uncertain

The investments in Innovative R & D will have high risk & high return compared to manufacturing & marketing of pharmaceutical products business and research & development based on development of generics. The time frame approaches and resource requirements for process development are relatively certain/known and the outcome is relatively certain. On the other hand, innovative research, both for NCE and NDDS can have varying time frames and risk. Resource requirements also can be difficult to predict. However, given the right resource base and focus, the Innovative R& D offer strong potential. On an average, it takes approximately 10 to 12 years to develop a new product from the laboratory stage to a form ready for consumption by the patient. We have one NCE in the second stage of human clinical trials, and 3 NCEs in the stage of pre clinical trials One NDDS has undergone all three phase human trials and has been approved in India and it shall undergo human trials in USA. Another NDDS is presently under first phase human trials and we expect, other 2 NDDSs will enter human trials shortly. We may or may not be able to take these innovations through the different testing stages without having to re-do the research. Our competitors may commercialise these innovations or similar new products before us. Delays in any part of the process, our inability to obtain necessary regulatory approvals for our products or failure of a product to be successful at any stage and therefore not realised could harm our operating results.

If governmental regulations affecting our business change, we may need to incur additional costs to comply with the governmental regulations.

The cost of complying with government regulation can be substantial. Governmental authorities in the United States, Europe, India and other countries regulate the research, development, testing and safety of pharmaceutical products. The regulations applicable to our existing and future products may change. There can be long delays in obtaining required clearances from regulatory authorities in any country after applications are filed. Our products require extensive clinical trials and other testing and government reviews and approvals before we can market these products. Whether or not a product is approved in India or other jurisdictions, regulatory authorities in many of the markets to which we export products must approve that product before we can licence, sell, assign it in those countries. The time required to obtain approvals may be longer than we anticipate. In addition, although currently we subject our products to stringent regulatory processes and some of our products are under different stages of clinical trial phases, we cannot assure you that our products will

pass clinical trial phases in the future and can be patented and/or commercialised. Any failure or delay in obtaining regulatory approvals or new standards or conditions that have to be met could harm the development/licensing of the products we develop and our financial results.

If we do not successfully licence/commercialise our products under development, or if our licensing/commercialisation is delayed, it will harm our operating results.

Our future results of operations will depend upon our ability to successfully develop and licence innovative pharmaceutical products/drug delivery systems. We must develop, test and manufacture new products, which must meet regulatory standards and receive requisite regulatory approvals. The decisions by regulatory authorities regarding whether and when to approve our drug applications, the speed with which regulatory authorizations, pricing approvals and product launches may be achieved and competitive developments could affect the availability or commercial potential of our products. The development and commercialisation process is both time consuming and costly.

If we fail to comply with environmental, employee, health and safety laws and regulations, laws that regulate research and clinical trials or face litigation related to any of these, our costs may increase and our revenues may decrease.

We may incur substantial costs in order to comply with requirements of environmental laws and regulations. In addition, we may discover currently unknown environmental problems or conditions. We are subject to significant national and state environmental laws and regulations which govern the discharge, emission, storage, handling and disposal of a variety of substances that may be used in or result from our operations. Environmental laws and regulations are not as extensive in India as they are in other countries such as the United States. They have, however, been increasing in stringency and it is possible that they will become significantly more stringent in the future.

We are also subject to laws and regulations governing relationships with employees in such areas as minimum wage and maximum working hours, overtime, working conditions, hiring and terminating of employees, contract labour and work permits. Furthermore, the success of our business is contingent upon, among other things, receipt of all required licences, permits and authorisations, including local land use permits, building and zoning permits and environmental, health and safety permits. Changes or concessions required by regulatory authorities could also involve significant costs and delay or prevent completion of the construction or opening or operations of research centre or could result in the loss of an existing licence.

In case of any injury or loss of limb or life or damage to any limb of any volunteer in case of any clinical trial conducted by us, we may be required to compensate the volunteer for the same. Even when in case of any injury or loss of limb or life or damage to any limb of any volunteer in case of any clinical trial conducted by us due to the fault of the volunteer and not our fault or due to medicine administered, we may be sued for compensation by the volunteer for the same. Even when in case of any injury or loss of limb or life or damage to

any limb of any volunteer in case of any clinical trial conducted by Contract Research Contractor due to the fault of the Contract Research Contractor and not our fault or due to medicine administered, we may be sued for compensation by the volunteer for the same. The insurance taken may not sufficient to cover damages in case loss of life, loss of limb, etc.

If we are unable to comply with the conditions of our licences and approvals, our licences may be cancelled resulting in an adverse affect on our business.

We have obtained licenses from several regulatory authorities for the operations of our business. There are a number of conditions in these licences, which require us to comply with. Any non compliance may result in the cancellation of the relevant licenses which may adversely affect our business.

Our principal shareholders control us and, if they take actions that are not in your best interests, it may harm the value of your investment.

Consequent to demerger, our promoter, Mr. Dilip Shanghvi, together with members of his immediate family and other connected persons as defined under the Companies Act of India, 1956 (or Companies Act) and/or under SEBI Regulations, in the aggregate, beneficially own approximately 68% of our issued shares as on the record date i.e. 30.04.2007. As a result, these people, acting together, have the ability to exercise significant control over most matters requiring approval of our shareholders, including the election and removal of directors and significant corporate transactions. This control by our promoters, together with members of their immediate families, could delay, defer or prevent a change in control of us, impede a merger, consolidation, takeover or other business combination involving us, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of us even if that were in our best interest.

We are dependent on our key personnel. If we are not able to continue to attract and retain qualified employees, our operations could be harmed.

We are dependent on members of our scientific and management staff and our employees for the smooth running of our business. Qualified personnel are difficult to attract and retain. We may not be able to continuously attract qualified personnel or retain such personnel, or retain them on acceptable terms, given the demand for such personnel among pharmaceutical and healthcare companies, universities and non-profit research institutions. If we are not able to attract and retain qualified personnel, our results of operations may be adversely affected.

If there is a change in accounting or tax policies applicable to us, it may affect our reported results of operations. For example, the government of India has taken actions to curtail or eliminate certain tax benefits

New or revised accounting or tax policies promulgated from time to time by relevant United States or Indian authorities may significantly affect our reported results of operations. The principal applicable incentives are tax deductions equal to profits and gains of research and development activities. As a result of these incentives, the majority of our income may not be

subject to Indian tax. Some of these tax incentives may be phased out progressively and may cease to be available to us in near future. Over time, the overall benefits of these tax incentives will decrease with a resulting significant increase in our effective tax rate. We are unable to assess at this time the exact implications of these tax policies. We cannot assure you as to what action the current or future governments of India will take regarding tax incentives.

External Risk Factors

Downturns or disruptions in the securities markets could reduce transaction volumes, and could cause a decline in the business and impact our profitability.

We are affected directly by national and global economic and political conditions, broad trends in business and finance, disruptions to the securities markets and changes in volume and price levels of securities and future transactions.

Future sales by shareholders could cause the price of equity shares to decline.

As there is no lock-in provision on the equity shares after listing except for an insignificant no. of shares, sale of substantial number of equity shares could lead to fall in market prices of the equity shares.

After this listing, the prices of our Company's equity shares may be volatile, or an active trading market for our Company's equity shares may not develop.

There has been no public market for our Company's equity shares till now, and no history of public disclosure of information relating to our Company and/or our operating companies, and the prices of our Company's equity shares may fluctuate after this listing. There can be no assurance that an active trading market for the equity shares will develop or be sustained after this listing. Our Company's share price could be volatile.

A significant change in the Indian Government or its economic liberalization and deregulation policies could disrupt our business.

We are an Indian company and a substantial part of our operations are conducted, and most of our assets are located, in India. The Indian Government has traditionally exercised and continues to exercise a dominant influence over many aspects of the economy. Its economic policies have had and could continue to have a significant effect on private-sector entities, including us, and on market conditions and prices of Indian securities. Since 1996, The Government of India has changed six times. Although the recently elected Congress-led coalition government has to-date continued India's economic liberalization and deregulation policies, it faces resistance from its coalition partners, the left wing parties. We cannot assure you that future governments will continue with the same economic policies or the same pace of change. A significant change in government policies could harm business and economic conditions in India in general as well as our business, our future financial performance and the price of our Shares.

If regional hostilities or terrorist attacks increase, our business could suffer and the price of our shares could go down.

Terrorist attacks, such as the 11 September 2001 attacks in the United States, the attack on the Indian Parliament on 13 December 2001, and more recently, the bomb blasts in Mumbai on 11 July 2006 and such other acts of violence or terrorism may negatively affect the Indian markets where our Shares trade and also adversely affect the worldwide financial markets. India has from time to time experienced social and civil unrest and hostilities with neighbouring countries. During May and July 1999, there were armed conflicts over parts of Kashmir involving the Indian army and infiltrators from Pakistan into Indian Territory. India and Pakistan were in a heightened state of hostilities with significant loss of life and troop conflicts. The hostilities have continued sporadically. The hostilities between India and Pakistan are particularly threatening because both India and Pakistan are nuclear powers. Additionally, Pakistan experienced a military coup in October 1999 and has been under military rule since that time, resulting in further tensions between India and Pakistan. It is difficult to say how long peace could last, and should these hostilities and tensions recur, they could lead to political or economic instability in India and harm our business, our future financial performance and the price of our Shares.

INTRODUCTION

Summary

You should read the following summary together with the risk factors and the more detailed information about us and our financial results included elsewhere in this Information Memorandum.

Industry and Business Overview

Research & Development is the key to the future of pharmaceutical industry. The pharmaceutical advances for considerable 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 strengths to the international R & D community.

Please refer to the section “Risk Factors” and “About Sun Pharma Advanced Research Company Limited” for more details.

GENERAL INFORMATION

Sun Pharma Advanced Research Company Limited (SPARC) (the “Resulting Company”) was incorporated on March 1, 2006, under the Companies Act, 1956 and got the Certificate of Commencement of business on March 22, 2006.

Registered Office of Company

The Company was incorporated with Registered office at SPARC, Tandalja, Vadodara - 390 020, Gujarat. Subsequently with effect from 19th February, 2007, the registered office address of the Company was changed to:

SPARC, Akota Road, Akota,

Vadodara – 390 020

Tel : 0265-5515500/ 5515600

Fax: 0265 - 2354897

Corporate Identity Number: U73100GJ2006PLC47837

Address of Registrar of Companies:

Registrar of Companies, Gujarat, Ahmedabad

ROC Bhavan, Opp. Rupal Park,

Near Ankur Bus Stand, Naranpura,

Ahmedabad – 380 013

BOARD OF DIRECTORS**Board of Directors as on the date of filing of the draft Information Memorandum**

	Name	Category
1.	Mr. Dilip S. Shanghvi	Chairman & Managing Director
2.	Dr. T. Rajamannar	Executive Director
3.	Mr. Sudhir V. Valia	Non Executive Director
4.	Prof. Dr. Andrea Vasella	Non Executive & Independent Director
5.	Prof. Dr. Goverdhan Mehta	Non Executive & Independent Director
6.	Mr. S. Mohanchand Dadha	Non Executive & Independent Director

For further details of the Board of Directors of the Company, please see the section titled “Management”.

Company Secretary and Compliance Officer: Mr.Sunil Ajmera

Email: sunil.ajmera@sparcmail.com

Auditors

Deloitte Haskins & Sells
Chartered Accountants
12, Dr. Annie Besant Road,
Opp. Shiv Sagar Estate,
Worli, Mumbai – 400 018
Telephone: 91-22-66679000
Fax: 91-22-66679100

Share Transfer Agent:

Intime Spectrum Registry Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078.
Telephone: 91-22-25963838
Fax: 91-22-25946969
Email: sparc@intimespectrum.com
Contact Person: Mr. Mahadevan Iyer

CAPITAL STRUCTURE**SHARE CAPITAL**

Upon issue and allotment of shares pursuant to the Scheme, the Share Capital of the Company is as follows:

A.	Authorized Share Capital 26,65,00,000 Equity Shares of Re 1 each	Rs. 26,65,00,000
B.	Paid up Share Capital Issued, Subscribed and Paid Up Capital 197095539 Equity Shares of Re.1/- each	Rs. 19,70,95,539
C.	Share Premium Account Before the Scheme After the Scheme	- -

1) The Authorized share capital of the Company at the time of incorporation was Rs. 5,00,000 (Rupees Five Lacs only) divided in to 5,00,000 (Five Lac) equity shares of Re. 1/- (Rupee One only) each.

2) The authorized share capital of the Company has been increased to Rs. 26,65,00,000/- (Rupees Twenty Six Crore Sixty Five Lac only) divided into 26,65,00,000 (Twenty Six Crore Sixty Five Lac) equity shares of Re. 1/- each in terms of Clause 12(a) of the Scheme.

3) As per Clause 10.1 and 10.2 (a) of the Scheme the Company has issued and allotted on 5th May 2007, 194418898 equity shares to the eligible members of Sun Pharmaceutical Industries Limited on the record date i.e. 30th April, 2007.

4) Pursuant to the Scheme of Arrangement for Demerger, the Company has made further allotment of 518417 Equity Shares on 19th May 2007, on exercise of conversion option by FCCB holders of SPIL.

5) Pursuant to the Scheme of Arrangement for Demerger, the Company has made further allotment of 1139901 Equity Shares on 9th June 2007, on exercise of conversion option by FCCB holders of SPIL.

6) Pursuant to the Scheme of Arrangement for Demerger, the Company has made further allotment of 1018323 Equity Shares on 28th June 2007, on exercise of conversion option by FCCB holders of SPIL.

7) Prior to the allotment of shares as per Scheme of Arrangement the Issued, Subscribed, and Paid up Share Capital of the Company was Rs 5,00,000 divided into 5,00,000 equity shares of Re.1/- each. As per Clause 13.2 (d) of the Scheme the pre-demerger Share Capital of the Company of 5,00,000 equity shares of Re.1/- each of the Company stands cancelled and the Company has allotted 194418898 Equity shares of the Company to the equity shareholders of Sun Pharmaceutical Industries Ltd., holding shares as on the record date i.e. 30th April, 2007.

Notes to Capital Structure

1) Share Capital history of our Company:

Sr. No.	Date of Allotment	Date when Fully Paidup	Consideration	No of Equity Shares	Face Value (Rs.)	Issue Price (Rs.)	% of post Arrangement paid-up Capital	Lock-in period
1.	March 1, 2006	March 1, 2006	Cash	5,00,000	1	1	NIL	NIL
2.	May 5, 2007	May 5, 2007	Issued and allotted pursuant to the Scheme	19,44,18,898	1	N.A	100%	N.A
3.	May 5, 2007	-	Cancellation pursuant to the Scheme	5,00,000	1	1	NIL	N.A
4.	May 19, 2007	May 19, 2007	Issued and allotted pursuant to the Scheme on exercise of conversion option by FCCB holders of SPIL.	5,18,417	1	N.A	0.27%	N.A
5.	June 9, 2007	June 9, 2007	Issued and allotted pursuant to the Scheme on exercise of conversion option by FCCB holders of SPIL.	11,39,901	1	N.A	0.58%	N.A
6.	June 28, 2007	June 28, 2007	Issued and allotted pursuant to the Scheme on exercise of conversion option by FCCB holders of SPIL.	10,18,323	1	N.A	0.52%	N.A

**SHAREHOLDING PATTERN OF THE COMPANY BEFORE AND AFTER
ALLOTMENT OF EQUITY SHARES PURSUANT TO THE SCHEME**

	Category of shareholder	PRE DEMERGER		POST DEMERGER	
		No. of Equity Shares	%	No. of Equity Shares	%
(A)	Shareholding of Promoter and Promoter Group				
(1)	Indian				
(a)	Individuals/ Hindu Undivided Family	0	0	30675157	15.78
(b)	Central Government/ State Government(s)	0	0	0	0
(c)	Bodies Corporate	500000*	100	101302400	52.11
(d)	Financial Institutions/ Banks	0	0	0	0.00
(e)	Any Other (specify) TRUSTS			128020	0.07
	Sub-Total (A)(1)	500000*	100.00	132105577	67.95
(2)	Foreign				0.00
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0
(b)	Bodies Corporate	0	0	0	0
(c)	Institutions	0	0	0	0
(d)	Any Other (specify)	0	0	0	0
	Sub-Total (A)(2)				
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	500000*	100.00	132105577	67.95
(B)	Public share holding[3]				
(1)	Institutions				
(a)	Mutual Funds/ UTI	0	0	5755627	2.96
(b)	Financial Institutions/ Banks	0	0	608164	0.31
(c)	Central Government/ State Government(s)	0	0	0	0
(d)	Venture Capital Funds	0	0	0	0
(e)	Insurance Companies	0	0	1761389	0.91
(f)	Foreign Institutional Investors	0	0	31439854	16.17
(g)	Foreign Venture Capital Investors	0	0	0	0
(h)	Any Other (specify)	0	0	0	0
	1. Foreign Banks	0	0	1160271	0.60
	Sub-Total (B)(1)	0	0	40725305	20.95
(2)	Non-institutions				
(a)	Bodies Corporate			7627921	3.92
(b)	Individuals	0	0		0.00
	i. Individual shareholders holding nominal share capital up to Rs. 1 lakh.	0	0	9363043	4.82
	ii. Individual shareholders holding nominal share capital in excess of Rs. 1 lakh.	0	0	3921504	2.02

(c)	Any Other (specify)	0	0		0.00
	1. N R I	0	0	243030	0.13
	2. Overseas Corporate Bodies	0	0	2400	0.00
	3. Clearing members	0	0	7090	0.00
	4. Foreign Banks	0	0	0	0
	5. Foreign Company	0	0	423028	0.22
	Sub-Total (B)(2)	0	0	21588016	11.10
	Total Public Shareholding (B)= (B)(1)+(B)(2)	0	0	62313321	32.05
	TOTAL (A)+(B)			194418898	100.00
(C)	Shares held by Custodians and against which Depository Receipts have been issued	0	0	0	0
	GRAND TOTAL (A)+(B)+(C)	500000*	100.00	194418898	100.00

*Pursuant to the Demerger, these Shares have been cancelled and the Company has allotted 194418898 equity shares of Re.1/- each of the Company, to the equity shareholders of SPIL as on the record date.

List of the persons/entities comprising Promoter group

Sr. No.	Name of the shareholder	Number of shares	%
1	AALOK DILIP SHANGHVI	288000	0.15
2	DILIP SHANTILAL SHANGHVI	23397048	12.03
3	DIPTI NIRMAL MODI	19200	0.01
4	JAYANT SHANTILAL SANGHVI	1016809	0.52
5	KUMUD SHANTILAL SHANGHVI	328000	0.17
8	VARSHA KIRAN DOSHI	32100	0.02
9	VIBHA DILIP SHANGHVI	578400	0.30
10	ASAWARI INVESTMENT & FINANCE PVT.LTD.	4960	0.00
11	FAMILY INVESTMENT PRIVATE LIMITED	18292744	9.41
12	FLAMBOYAWER FINANCE PRIVATE LIMITED	2092	0.00
13	GUJARAT SUN PHARMACEUTICAL INDUSTRIES PV	1440	0.00
14	JEEVANREKHA INVESTRADE PVT. LTD.	146272	0.08
15	NIRMIT EXPORTS PRIVATE LIMITED	704	0.00
16	PACKAGE INVESTRADE PVT. LTD.	89744	0.05
17	QUALITY INVESTMENT PRIVATE LIMITED	18286864	9.41
18	SANGHVI PROPERTIES PRIVATE LIMITED	1552	0.00
19	SHANGHVI FINANCE PRIVATE LIMITED	28336	0.01
20	SHOLAPUR ORGANICS PRIVATE LIMITED	1603508	0.82
21	TEJASKIRAN PHARMACHEM INDUSTRIES PVT LTD	19534376	10.05
22	VIDITI INVESTMENT PRIVATE LIMITED	20138532	10.36
23	VIRTUOUS FINANCE LIMITED	9710404	4.99
24	VIRTUOUS SHARE INVESTMENTS PVT. LTD.	8397600	4.32
25	KUMUD S. SHANGHVI TRUSTEE OF SHANGHVI FAMILY & FRIENDS BENEFIT TRUST	128020	0.07
26	SUDHIR VRUNDAVANDAS VALIA*	1538400	0.79
27	RAKSHA SUDHIR VALIA*	3477200	1.79
28	ADITYA MEDISALES LIMITED*	4020396	2.07
29	UNIMED TECHNOLOGIES LIMITED*	1042876	0.54
	TOTAL	132105577	67.95

*being persons acting in concert

The list of top 10 shareholders of the Company and the number of Equity Shares held by them

a) Top ten shareholders on the date of filing the Information Memorandum

Sr. No.	Name of Shareholders	No. of Equity Shares
1.	Mr. Dilip S. Shanghvi	23397048
2.	Viditi Investment Pvt. Ltd.	20138532
3.	Tejaskiran Pharmachem Industries Pvt. Ltd.	19534376
4.	Family Investment Pvt. Ltd.	18292744
5.	Quality Investment Pvt. Ltd.	18286864
6.	Virtuous Finance Ltd.	9710404
7.	Virtuous Share Investments Ltd.	8397600
8.	Genesis Indian Investment Company Limited	5547900
9.	Aditya Medisales Ltd.	4020396
10.	Raksha Valia.	3477200

b) Top ten shareholders 10 days prior to the date of the Information Memorandum

Sr. No.	Name of Shareholders	No. of Equity Shares
1.	Mr. Dilip S. Shanghvi	23397048
2.	Viditi Investment Pvt. Ltd.	20138532
3.	Tejaskiran Pharmachem Industries Pvt. Ltd.	19534376
4.	Family Investment Pvt. Ltd.	18292744
5.	Quality Investment Pvt. Ltd.	18286864
6.	Virtuous Finance Ltd.	9710404
7.	Virtuous Share Investments Ltd.	8397600
8.	Genesis Indian Investment Company Limited	5547900
9.	Aditya Medisales Ltd.	4020396
10.	Raksha Valia.	3477200

c) Top ten shareholders of the Company on the date of incorporation.

Sr. No.	Name of Shareholders	No. of Equity Shares on the date of Incorporation of Sun Pharma Advanced Research Company Limited
1.	Sun Pharmaceutical Industries Ltd.*	5,00,000*
	TOTAL	5,00,000*

***Total 500000 equity shares of Re.1/- each of which 499994 shares held by Sun Pharmaceutical Industries Ltd. (SPIL) in its own name and balance held by nominees for and on behalf of SPIL. Pursuant to the scheme of demerger these shares have been cancelled.**

Notes:

- 1) As on the date of this Information Memorandum, there are no outstanding warrants, options or rights to convert debentures, loans or other instruments of the Company into equity shares of the Company, except that pursuant to the scheme of Arrangement for demerger, SPARC shall issue, without any extra payment required by Zero Coupon Foreign Currency Convertible Bonds (FCCB) holder of SPIL, Equity shares of Re.1/- each of SPARC in addition to and equivalent to the entitlement of the equity shares of the SPIL at the time of exercise of the option for conversion by such holders of FCCBs in terms of the Offering Circular of SPIL dated 24 November, 2004 for FCCB, Accordingly, the FCCB holder shall get one equity share of Rs.5/- each of SPIL along with one equity share of Rs.1 each of SPARC. As on 31st March 2007, SPIL has outstanding FCCB to the extent of 222214 bonds of US \$1000 each which are convertible into shares at the option of the bond holders. In terms of the above mentioned Offering Circular of SPIL, the said FCCBs are convertible at the conversion price of Rs.729.30 per equity share of SPIL, with a fixed rate of exchange on conversion of Rs.45.01=US\$1.00.
- 2) The Company, its directors, its promoters have not entered into any buy-back, standby or similar arrangements to purchase equity shares of the Company from any person.
- 3) There will be no further issue of capital by SPARC whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner during the period commencing from the date of approval of the Scheme by the High Courts till listing of the Equity Shares except issue and allotment of Equity shares of Re.1/- each of SPARC, in addition to and equivalent to the entitlement of the equity shares of the SPIL, to the Zero Coupon Foreign Currency Convertible Bonds (FCCB) holder of SPIL, without any extra payment required by such holders, at the time of exercise of the option for conversion by such holders, pursuant to the Scheme of Arrangement for demerger,
- 4) There shall be only one denomination for the Equity Shares of the Company, subject to applicable regulations and Company shall comply with such disclosure and accounting norms specified by SEBI, from time to time.
- 5) The Company has approximately 36000 members as on the date of filing this Information Memorandum.
- 6) None of Equity shares of the Company were under lock-in prior to the Scheme. However on allotment, 1070 shares of SPARC issued in lieu of the locked in shares of SPIL (the transferor Company) are subject to lock-in for the remaining period i.e. upto 30.09.2008.

SCHEME OF ARRANGEMENT**Rationale for demerger as set forth in the Scheme of Arrangement with respect to Innovative Research & Development activities and New Drug Delivery Systems of Sun Pharmaceutical Industries Limited to Sun Pharma Advanced Research Company Ltd.,**

(a) Sun Pharmaceutical Industries Ltd. had been making substantial investments in Research & Development activities including **Innovative Research & Development activities and New Drug Delivery systems** over the years. **Innovative Research & Development activities (including New Drug Delivery systems)** are herein after referred to as “**Innovative R & D** “. The investments in Innovative R & D will have high risk & high return compared to manufacturing & marketing of pharmaceutical products business and research & development based on development of generics. The time frame approaches and resource requirements for process and product development are relatively certain/known and the outcome is relatively certain. On the other hand, innovative research, both for NCE and NDDS can have varying time frames and risk. Resource requirements also can be difficult to predict. However, given the right resource base and focus, the Innovative R& D offer strong potential.

(b)The Innovative R & D business has tremendous growth and long term profitability potential and is at a stage where they require focused management attention. Hence, simultaneously, with the re-organisation and segregation of business, SPIL intends to re-organise both the businesses and undertakings to provide focused management attention required by the businesses which are to be segregated .

(c) It is believed that the proposed segregation will create/unlock value for shareholders and allow a focused strategy in operations, which would be in the best interest of SPIL, its shareholders and all persons connected with SPIL. The demerger proposed by this Scheme of Arrangement will enable the investors to choose whether to hold investments in businesses with different investment characteristics. This may enable them to select investments which best suit their investment strategies and risk profiles.

(d)The nature of risk and return involved in both these businesses is distinct from each other and consequently each business or undertaking/unit is capable of attracting a different set of investors, strategic partners, lenders and other stakeholders. In order to enable distinct set of investors to invest in these separate businesses and to lend greater focus to the operation of each of these diverse businesses, SPIL proposes to re-organize and segregate, by way of a demerger, its business and undertaking/unit engaged in Innovative R & D from remaining business.

(e)The demerger will also provide scope for independent collaboration and expansion without committing the existing organization in its entirety.

(f) The Board of Directors of the Demerged Company are of the opinion that the demerger would benefit the shareholders, employees and other stakeholders of the Demerged Company.

With the aforesaid objectives, it is proposed to demerge SPIL’s Unit comprising of SPIL’s interests in Innovative R&D business.

Clause 10.2(a) of the Scheme reads as under:

10.2 (a) Subject to legal advice, pursuant to the provisions of Clause 10.1 above, the Resulting Company may issue, without any extra payment required by Zero Coupon Foreign Currency Convertible Bonds (FCCB) holder, to the Depository representing the holders of FCCBs of the Demerged Company, equity shares of Re.1/- each of the Resulting Company in addition to and equivalent to the entitlement of the equity shares of the Demerged Company at the time of exercise of the option of the conversion being exercised by such holders of FCCBs in terms of the Offering Circular dated 24 November,2004 for FCCB i.e. at the conversion price of Rs.729.30 per share with a fixed rate of exchange on conversion of Rs.45.01=U.S.\$1.00. Accordingly, the FCCB holder shall get one equity share of Rs.5/- each of the De-merged Company along with one equity share of Rs.1 each of the Resulting Company. However, in all respects, the rights of the FCCB holders to receive the shares of the Resulting Company shall be treated as if he is the shareholder of the Demerged Company in case the right to convert the shares is exercised pursuant to the Offering Circular.

(i) Provided however that , subject to legal advice, the closing price as referred to in Para 8(B) of Terms and Conditions of the Offering Circular shall be construed to be the aggregate of such closing price of both of the companies i.e., Transferor Company and Transferee Company.

(ii) Provided however that , subject to legal advice, for the purposes of determining Extraordinary Dividend as referred to in Para 6C(iv) of Terms and Conditions of the Offering Circular, 3% of the Average Closing Price shall be determined by taking the aggregate of closing price and dividend declared of both the companies i.e., Transferor Company and Transferee Company.

Approvals with respect to the Scheme of Arrangement

The Honorable High Court of Judicature at Ahmedabad, vide Order dated 1st March, 2007 issued on 28th March, 2007, has approved the Scheme of Arrangement between Sun Pharmaceutical Industries Limited (“SPIL”) and Sun Pharma Advanced Research Company Limited (“SPARC”) and their respective shareholders and creditors (the “Scheme”)

In accordance with the said Scheme, the Equity shares of SPARC issued pursuant to the Scheme, subject to applicable regulations shall be listed and admitted to trading on the Bombay Stock Exchange Limited (“BSE”) and the National Stock Exchange of India Limited (“NSE”). Such listing and admission for trading is not automatic and will be subject to such other terms and conditions as may be prescribed by the Stock Exchanges at the time of application by SPARC seeking listing.

The aforesaid Order of the Honorable High Court of Judicature at Ahmedabad was filed by SPIL and SPARC with the Registrar of Companies (“ROC”), on 29th March, 2007. The Effective Date of the Scheme is 28th February, 2007.

Subsequently, SEBI, vide its letter ref. no. CFD/DIL/NB/NB98342/2007 dated 10th July, 2007, has granted relaxation from the strict enforcement of the requirement of Rule 19(2)(b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing of

shares of SPARC subject to the transferee company, viz., SPARC, complying with all the provisions of Clause 8.3.5 of the SEBI (DIP) Guidelines, 2000.

SPARC has submitted its Information Memorandum, containing information about itself, making disclosures in line with the disclosure requirement for public issues, as applicable, to BSE and NSE for making the said Information Memorandum available to public through their websites.

This Information Memorandum is made available on the website of SPARC (www.sunpharma.in), website of BSE (www.bseindia.com) and website of NSE (www.nseindia.com).

SPARC will publish an advertisement in the newspapers containing its details in line with the details required as per clause 8.3.5.4 of SEBI (DIP) Guidelines. The advertisement will draw a specific reference to the availability of this Information Memorandum on the website of SPARC as well as the Stock Exchanges.

SPARC also undertakes that all material information about itself shall be disclosed to stock exchanges on a continuous basis so as to make the same available to public, in addition to the requirements, if any, specified in Listing Agreement for disclosures about the subsidiaries if any.

STATEMENT OF TAX BENEFITS

The statement of tax benefits has been certified by our internal auditors M/s.Valia and Timbadia, Chartered Accountants vide their letter dated 07.06.2007.

As per the present provisions of Income-tax Act, 1961 (hereinafter referred to as “the I.T. Act”) and other laws as applicable for the time being in force in India, the following tax benefits are available to the Company and to the shareholders of the Company, subject to fulfillment of prescribed conditions:

A. To the Company under the Income Tax Act, 1961 (‘the I. T. Act’)

1. Under Section 32 of the I.T. Act, the Company is entitled to claim depreciation allowance at the prescribed rates on all its tangible and intangible assets acquired and put to use for its business.
2. Under Section 10(34) of the Act, dividend income (whether interim or final) received by the Company from any other domestic company (in which the company has invested) is exempt from tax in the hands of the Company.
3. The Company has been approved as the Commercial R.&D. Company under section 80-IB(8A) of the Income Tax Act, 1961 and therefore hundred percent of the profits and gains of such Commercial R.&D. shall be exempt for the period of ten consecutive assessment years beginning from the initial assessment year.
4. The income received by the Company from distribution made by any mutual fund specified under Section 10(23D) of the I.T.Act or from the Administrator of the specified undertaking or from the specified companies referred to in Section 10(35) of the I.T. Act is exempt from tax in the hands of the Company under Section 10(35) of the Act.
5. Under Section 10(38) of the Act, the Long-term Capital Gains arising from transfer of equity shares in any other company or units of equity oriented mutual funds, which are chargeable to Securities Transaction Tax, are exempt from tax in the hands of the Company. However, the said exemption will not be allowable as deduction from Book Profits under section 115JB of the Act.
6. As per the provisions of Section 112(1)(b) of the Act, other Long-term Capital Gains arising to the Company are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per the Proviso to that section, the long-term capital gains resulting from transfer of listed securities or units or zero coupon bonds are subject to tax at the rate of 20% worked out after considering indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% worked out without considering indexation benefit (plus applicable surcharge and education cess).
7. As per the provisions of Section 111A of the Act, Short-term Capital Gains arising to the Company from transfer of Equity Shares in any other company or of units of any equity oriented fund (as defined in Section 10(38) of the Act), are subject to tax @ 10% (plus applicable surcharge and education cess), if such a transaction is subjected to Securities Transaction Tax.

8. In accordance with and subject to the conditions specified in Section 54EC of the Act, the Company would be entitled to exemption from tax on Long-term Capital Gain if such capital gain is invested maximum investment permitted is Rupees Fifty Lakhs, in any of the long-term specified assets (hereinafter referred to as the “new asset”) to the extent and in the manner prescribed in the said section. However if the new asset is transferred or converted into money or takes any loan or advance on the security of such specified assets at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier, would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

9. As per the provisions of Section 88E of the Act, where the business income of the Company includes profits and gains from sale of securities liable to Securities Transaction Tax, a rebate is allowable from the amount of income tax on such business income, to the extent of Securities Transaction Tax paid on such transaction. The amount of rebate shall, however, be limited to the amount of income tax arrived at by applying the average rate of income tax on such business income.

B. To the Shareholders of the Company

I Resident Shareholders

1. Under Section 10(34) of the Act, dividend (whether interim or final) received from a domestic company is exempt from tax in the hands of the shareholders of the Company.

2. Under Section 10(38) of the Act, the Long-term Capital Gain arising from transfer of equity shares in the company which is chargeable to Securities Transaction Tax, is exempt from tax in the hands of the shareholders.

3. As per the provisions of Section 112(1)(a) of the Act, other Long-term Capital Gains arising to the resident shareholders are subject to tax at the rate of 20% (plus applicable surcharge and education cess). However, as per Proviso to that section, the long-term capital gains arising from transfer of listed securities are subject to tax at the rate of 20% after considering the indexation benefit (plus applicable surcharge and education cess), which would be restricted to 10% of long term capital gains without considering the indexation benefit (plus applicable surcharge and education cess).

4. As per the provisions of Section 111A of the Act, Short-term Capital Gains arising to the shareholders from the transfer of Equity Shares in a company defined in Section 10(38) of the act, are subject to tax @ 10% (plus applicable surcharge and education cess) if such a transaction is subjected to Securities Transaction Tax.

5. As per the provisions of Section 88E of the Act, where the business income of an assessee includes profits and gains from sale of securities liable to Securities Transaction Tax, a rebate is allowable from the amount of income tax on such business income, to the extent of Securities Transaction Tax paid on such transactions. The amount of rebate shall, however, be limited to the amount of income tax arrived at by applying the average rate of income tax on such business income.

6. In accordance with and subject to the conditions specified in Section 54EC of the Act, the shareholders would be entitled to exemption from tax on Long-term Capital Gains if such capital gains are invested maximum investment permitted is Rupees Fifty lakhs, in any of the long-term specified assets (hereinafter referred to as the “new asset”) to the extent and in the manner prescribed in the said sections. If the new asset is transferred or converted into money or takes loan or advance on the security of such specified assets at any time within a period of three years from the date of its acquisition, the amount of capital gains for which exemption is availed earlier, would become chargeable to tax as long term capital gains in the year in which such new asset is transferred or converted into money.

7. In case of a shareholder being an individual or a Hindu Undivided Family, in accordance with and subject to the conditions and to the extent provided in Section 54F of the Act, the shareholder is entitled to exemption from Long-term Capital Gains arising from the transfer of any long term capital asset, not being on residential house if the net consideration is invested for purchase or construction of a residential house. If part of the net consideration is invested within the prescribed period in a residential house, such gains would not be chargeable to tax on a proportionate basis. If, however, such new residential house in which the investment has been made is transferred within a period of three years from the date of its purchase or construction, the amount of capital gains for which the exemption was availed earlier would be taxed as long-term capital gains in the year in which such residential house is transferred.

II Mutual Funds

In case of a shareholder being a Mutual fund, as per the provisions of Section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India are exempt from income-tax, subject to the conditions notified by Central Government in this regard.

III Venture Capital Companies /Funds

In case of a shareholder being a Venture Capital Company / Fund, any income of Venture Capital Companies / Funds registered with the Securities and Exchange Board of India, are exempt from income-tax, subject to the conditions specified in Section 10(23FB) of the Act.

IV Non-Resident / Non-Resident Indian Member

1. Dividend (both interim and final) income, if any, received by the non-resident/non-resident Indian shareholders from the domestic company shall be exempt under Section 10(34) of the Act.

2. Benefits outlined in Paragraph B(I) above are also available to a non-resident/non-resident Indian shareholder except that under first proviso to Section 48 of the Act, the capital gains arising on transfer of capital assets being shares of an Indian Company need to be computed by converting the cost of acquisition, expenditure in connection with such transfer and full

value of the consideration received or accruing as a result of the transfer into the same foreign currency in which the shares were originally purchased. The resultant gains thereafter need to be reconverted into Indian currency. The conversion needs to be at the prescribed rates prevailing on dates stipulated. Further, the benefit of indexation is not available to non-resident shareholders.

3. Benefits outlined in Paragraph A(8) above are also applicable to the non-resident/non-resident Indian shareholder.

4. As per Section 90(2) of the Act, the provisions of the I.T. Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident/non-resident Indian shareholder. Thus, a non resident/ non-resident Indian shareholder can opt to be governed by the beneficial provisions of an applicable tax treaty.

5. Capital gains tax – Options available to a non-resident Indian under the Act:

a) Non- resident Indian: As per Section 115C(e) of the Act, a ‘non-resident Indian’ means an individual, being a citizen of India or a person of Indian origin who is not a ‘resident’. As per the Explanation to the said clause, a person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.

b) Where shares have been subscribed in convertible foreign exchange, the non-resident Indians [as defined in Section 115C(e) of the Act], being shareholders of an Indian company, have the option of being governed by the provisions of Chapter XII-A of the Act, which, *inter alia*, entitles them to the following benefits in respect of income from shares of an Indian company acquired, purchased or subscribed to in convertible foreign exchange:

- As per the provisions of Section 115D read with Section 115E of the I.T. Act and subject to the conditions specified therein, long term capital gains (in cases not covered under Section 10(38) of the Act) arising on transfer of an Indian company’s shares, will be subject to tax at the rate of 10 percent (plus applicable surcharge on tax and education cess on tax and surcharge), without indexation benefit.
- As per the provisions of Section 115F of the I.T. Act and subject to the conditions specified therein, gains arising on transfer of a long term capital asset (in cases not covered under Section 10(38) of the Act) being shares in an Indian company shall not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in Section 10(4B) of the Act, then such gains would not be chargeable to tax on a proportionate basis. For this purpose, net consideration means full value of the consideration received or accrued as a result of the transfer of the capital asset (being shares in the Indian Company) as reduced by any expenditure incurred wholly and exclusively in connection with such transfer.
- Further, if the specified asset or savings certificates in which the investment has been made, is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier, would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.
- As per the provisions of Section 115G of the Act, non-resident Indians are not obliged

to file a return of income under Section 139(1) of the Act, if their only source of income is income from investments or long term capital gains earned on transfer of such investments or both, provided, tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.

- Under Section 115H of the Act, where the non-resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under Section 139 of the I.T. Act to the effect that the provisions of the Chapter XII-A shall continue to apply to him in relation to such investment income derived from the specified assets for that year and subsequent assessment years until such assets are converted into money.
- As per the provisions of Section 115I of the Act, a non-resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing his return of income for that assessment year under Section 139 of the Act, declaring therein that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.

V Foreign Institutional Investors (FIIs)

1. Dividend (both interim and final) income, if any, received by the shareholder from the domestic company shall be exempt under Section 10(34) of the Act.

2. Capital gains

Under Section 115AD, income (other than income by way of dividends referred in Section 115-O) received in respect of securities (other than units referred to in Section 115AB) shall be taxable at the rate of 20% (plus applicable surcharge on tax and education cess on tax and surcharge).

Under Section 115AD, capital gains arising from transfer of securities (other than units referred to in Section 115AB) which are not exempt under Section 10(38), shall be taxable as follows:

Securities which are held for the period of upto or less than twelve months and where such transaction is chargeable to Securities Transaction Tax, capital gain shall be taxable at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge). Securities other than those held for the period of upto or less than twelve months and where such transaction is not chargeable to Securities Transaction Tax, capital gain shall be taxable at the rate of 30% (plus applicable surcharge on tax and education cess on tax and surcharge);

Securities which are held for the period of more than twelve months shall be taxable at the rate of 10% (plus applicable surcharge on tax and education cess on tax and surcharge). Such capital gains would be computed without giving effect of first proviso and without indexation as provided in the second proviso to Section 48.

3. Long-term capital gains arising on transfer of equity shares in the Company, which is held for the period of more than twelve months and where such transaction is chargeable to Securities Transaction Tax, shall be exempt from tax under Section 10(38) of the Act.

4. Benefit of exemption under Section 54EC shall be available as outlined in Paragraph B(I)(6) above.

5. Benefit as outlined in Paragraph A(8) above are also available to FIIs.

6. As per Section 90(2) of the Act, the provisions of the I.T. Act would prevail over the provisions of the tax treaty to the extent they are more beneficial to the non-resident. Thus, a non-resident can opt to be governed by the beneficial provisions of an applicable tax treaty.

Note: There is a legal uncertainty over whether a FII can elect to be governed by the normal provisions of the Act, instead of the provisions of Section 115AD. Investors are advised to consult their tax advisors in this regard.

C. Benefits available under the Wealth Tax Act, 1957

‘Asset’ as defined under Section 2(ea) of the Wealth Tax Act, 1957, does not include share in companies. Hence, the shares in companies are not liable to Wealth Tax.

D. Benefits available under the Gift Tax Act, 1958

Gift tax is not leviable in respect of any gifts made on or after October 1, 1998. Therefore, any gift of shares will not attract gift tax. However they may be taxed as the income of the recipient of the Gift under section 56 (2) (v) of the Act.

Notes:

1. All the above benefits are as per the current tax law. Shareholder is advised to consider in his/her/its own case, the tax implications of any new enactments which may change / modify the law.

2. In view of the nature of tax consequences, being based on all the facts, in totality, of the investors, each investor is advised to consult his/her/its own tax advisor with respect to specific tax consequences.

ABOUT SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED**OVERVIEW OF PHARMA RESEARCH INDUSTRY**

Research & Development is the key to the future of pharmaceutical industry. The pharmaceutical advances for considerable 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. India can offer several strengths to the international R & D community. These strengths relate to availability of excellent scientific talents who can develop combinatorial chemistry, new synthetic molecules and plant derived candidate drugs. In addition to strong skills in the medicinal chemistry, Indian companies have established understanding of drug delivery systems across dosage forms.

R & D in the pharmaceutical industry in India is critical to find answers for finding solutions for unmet medical needs. Industrial R & D groups can carry out limited primary screening to identify lead molecules or even candidate drugs for further in vivo screening, pre-clinical pharmacology, toxicology, animal and human pharmacokinetics and metabolic studies before taking them up for human trials. In such collaborations, harmonized standards of screening can be assured following established good laboratory practices.

The R & D expenditure by the Indian pharmaceutical industry is around 1.9% of the industry's turnover. This obviously, is very low when compared to the investment on R & D by foreign research-based pharma companies. They spend 10 - 16% of the turnover on R & D. However, now that India is entering into the Patent protection area, many companies are spending relatively more on R & D.

Indian Pharmaceutical Industry, with its rich scientific talents, provides a platform for cost-effective research. It has an excellent record of development of improved, cost-beneficial chemical syntheses for various drug molecules and delivery systems.

BUSINESS

SPARC's research business comprises of an active pipeline of programs, scientists, equipment and resources required to take these projects to completion. The research projects shared so far span both the new molecule and novel drug delivery programs. These programs are typically high investment- high risk profile projects that have good potential in global markets if they come to market. Investment of approximately \$60-70 million will be needed in these programs over the next few years.

The Company has one NCE in the second stage of human clinical trials, and 3 NCEs in the stage of pre clinical trials One NDDS has undergone all three phase human trials and has been approved in India and it shall undergo human trials in USA. Another NDDS is presently under first phase human trials and we expect, other 2 NDDSs will enter human trials shortly.

Pursuant to the scheme, the Innovative Research & Development Unit stands vested in the Company. The Innovative Research & Development Unit (including New Drug Delivery System) comprises, inter alia, certain fixed assets aggregating to Rs. 340.9 Millions at gross level and Rs.300.7 millions at net level.

Brief on Programs undertaken by SPARC:Programs: NCE

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

The first of SPARC Ltd's leads, **SUN 1334 H** is in phase II studies in US. This is an antihistamine with considerable advantages over available therapy.

SUN 461, an anti-inflammatory for asthma and COPD, is being developed as an inhalation drug. This soft corticosteroid is a glucocorticoid receptor agonist, with similar activity but significantly lower side effects when compared to other marketed steroids.

SUN 44, a prodrug of gabapentin for the treatment of neuropathy and seizures, uses molecular modifications in the structure for better absorption. In preliminary animal studies, this molecule was found to be far better absorbed and safer than existing products. Its profile indicates higher blood availability, a once-a-day formulation and higher safety.

SUN 09 is a prodrug of a currently marketed drug used as a skeletal muscle relaxant for spasm related disorders. This molecule's physicochemical and structural features have been modified for better absorption, and it seems to be easy to formulate as an injectable and once-a-day dosage form. Preclinical and acute toxicity studies on this molecule are ongoing.

SUN 44, 09 and 461 are at preclinical stages. IND filing and Phase I for these projects may begin in 2008.

Programs: NDDS

Four delivery system based platforms and the projects have been shared.

Dry Power Inhaler (DPI): The novel DPI for asthma and COPD delivers a uniform dose over a range of patient effort and can be used both with existing steroid and bronchodilator combinations, as well as NCE steroid molecules. It can also be modified for systemic delivery of drugs to lungs. This easy to operate inhaler— just 3 steps of open, inhale and close - will comply with US FDA and European regulatory requirements. A product based on this novel DPI is likely to be launched in semi-regulated markets by 2009, and an NDA will be filed for regulated markets by 2011.

Controlled-release drug delivery systems

The **Gastro Retentive Innovative Device (GRID)** is designed to retain and release a drug over an eight hour span, ideal for an once- a - day system. The release profile can be tailored to give a combination of instant and sustained release profiles.

Baclofen GRS, a once-a-day formulation as compared to twice or thrice daily administration of the competing product, is being developed to treat muscle spasticity. For India, clinical trials have been completed successfully after which the product was approved. For the US, IND filing is likely in 2007.

Wrap matrix: This multi-layered matrix based tablet is designed to offer a controlled release of high dose and high solubility products. This design has an advantage over competing technologies, where it is difficult to reproduce bioavailability. Metoprolol XL with a once-a-day advantage, has been launched in India. A few ANDAs using this technology have been filed with the USFDA.

Tobramycin + Dexamethasone ophthalmic solution: Unlike the competing product which is a suspension causing gritty feeling in the eye, our product is being developed as a clear solution

for use in the prophylaxis of infections after cataract surgery. A pre-IND meeting with the FDA has been completed, with likely IND filing for 2007.

Depot Technology that uses long-acting injectable microparticles for slow/sustained drug release over a month to several months using biocompatible and biodegradable polymers. Our product uses a conventional needle, unlike the competing product where tiny rods are implanted, thus reducing patient trauma and pain. A GnRH analogue is in preclinical trials, with clinical studies slated for 2008. A somatostatin analogue is in clinical studies in India.

Nanoemulsion based products that offer higher drug localization to the cancer cells and fewer side effects. Our product uses a unique encapsulation process to achieve more than 98% encapsulation of bioactive substance, unlike competing products. Two cytotoxic products are being developed with this.

HISTORY

Sun Pharma Advanced Research Company Limited (the “Resulting Company”) was originally incorporated on March 1, 2006, under the Companies Act, 1956 and had received the Certificate of Commencement of business on March 22, 2006

Main Object of the SPARC as set out in Memorandum of Association of the Company are as under :

To undertake and carry on all types of scientific and technical research, experiments, process development, product development, toxicity studies, clinical trials, efficacy trials, bio equivalency studies, analytical methods study, developing New Chemical Entities (NCE's) and Novel Drug Delivery Systems (NDDS), and test/study /trial of all kinds including such work for others, to conduct and carry on research on NCE's to find a lead molecule, optimization, biological assay systems, animal disease models, toxicology studies, to conduct and carry on research on NDDS to have new product with potential advantages, to conduct study and/or develop methods ,technologies, systems for delivery devices, instruments, softwares and any other matters/mediums and to sell, licence, lease and otherwise transfer studies and research both scientific and technical investigations, process and product development and invention including innovative in pharmaceutical formulations, bulk drugs, drug delivery systems to pharmaceutical and other companies and other persons and to establish, provide, maintain, licence and conduct or otherwise subsidize research and development laboratories or facilities and experimental workshops for scientific and technical research.

Changes in Memorandum of Association since the Company’s incorporation

Date	Particulars
09.03.2007	Alteration of Main Object Clause, Objects incidental or ancillary to the attainment of the main objects and Other objects, to exclude/alter certain clauses not relevant and not pertaining to Research & Development, and insertion of certain clauses and adoption of new set of Memorandum of Association.
23.03.2007	Alteration of Main Object Clause, Objects incidental or ancillary to the attainment of the main objects and Other objects, to exclude/alter certain clauses not relevant and not pertaining to Research & Development, and insertion of certain clauses and insertion of certain clauses and adoption of new set of Memorandum of Association.
28.03.2007	Substitution of Clause V relating to Authorised Capital, pursuant to the Scheme.

Subsidiaries

The Company does not have any Subsidiaries.

MANAGEMENT

Board of Directors

As per the Articles of Association of the Company, the Company shall not have less than 3 and unless otherwise determined by the Company in General Meeting not more than twelve directors.

Mr. Dilip S. Shanghvi is the Chairman & Managing Director of the Company.

The Board of Directors of the Company is as follows:

	Name	Category
1.	Mr. Dilip S. Shanghvi	Chairman & Managing Director
2.	Dr. T. Rajamannar	Executive Director
3.	Mr. Sudhir V. Valia	Non Executive Director
4.	Prof. Dr. Andrea Vasella	Non Executive & Independent Director
5.	Prof. Dr. Goverdhan Mehta	Non Executive & Independent Director
6.	Mr. S. Mohanchand Dadha	Non Executive & Independent Director

Details regarding Board of Directors of the Company are given below:

Sr. No.	Name, Age, Designation, Fathers' Name, Address, Occupation	Other Directorships
1.	Mr. Dilip S. Shanghvi Age : 51 years Designation : Chairman & Managing Director S/o Late Mr. Shantilal N. Shanghvi Address : Abhay Building, 8 th Floor, NS, 9 th Road, Juhu, Mumbai – 400 049 Occupation : Industrialist	Sun Pharmaceutical Industries Ltd. Caraco Pharmaceutical Laboratories Ltd. Sun Fastfin Services Pvt. Ltd. Sun Petrochemicals Pvt. Ltd. Sun Pharma Global Inc. Sun Resins & Polymers Pvt. Ltd. Sun Speciality Chemicals Pvt. Ltd. Sun Pharma De Mexico SA DE CV SPIL De Mexico SA DE CV Shantilal Shanghvi Foundation
2.	Mr. Sudhir V. Valia Age : 50 years Designation : Director S/o Late Mr. Vrundavandas Valia Address : 801, Aalap Building, 8 th Floor,	Sun Pharmaceutical Industries Ltd. Caraco Pharmaceutical Laboratories Ltd. Karad Chemicals & Allied Products Pvt. Ltd. Lakshdeep Investments & Finance Pvt. Ltd. Sun Petrochemicals Pvt. Ltd.

Sr. No.	Name, Age, Designation, Fathers' Name, Address, Occupation	Other Directorships
	173, Sir Balchandra Road, Dadar (E), Mumbai – 400 014 Occupation : Company Director	Sun Pharma Global Inc. Shantilal Shanghvi Foundation Minaxi Fiscal Services Pvt. Ltd. Nisha Capital Services Pvt. Ltd. Sejraj Financial Services Pvt. Ltd. Eklavya Securities Pvt. Ltd. Sun Pharma De Mexico SA DE CV SPIL De Mexico SA DE CV Universal Enterprises (P) Ltd. Aditya Acquisition Company Ltd. Sun Development Corporation I. Alkaloida Chemical Company Exclusive Group Ltd.
3.	Dr. T. Rajamannar Age : 45 years S/o Late Shri Munirathnam Thennati Designation : Director & Executive Vice President R&D, Address : G-114, Avishkar Complex, Old Padra Road, Vadodara Occupation : Service	SPARC Bio-Research Pvt. Ltd.
4.	Prof. Dr. Goverdhan Mehta Age : 64 years S/o (late) Mr. K. M. Mehta Designation : Director Address : CSIR Bhatnagar Fellow Department of Organic Chemistry Indian Institute of Science Bangalore 560012 Occupation : Professor/Research	Bharat Electronics Limited (a PSU)
5.	Prof. Dr. Andrea Vasella Age : 64 years S/o Designation : Director Address : Langackerstrasse 7, CH-8057 Zurich Occupation : Professor	Helvetica Chimica Acta
6.	Mr. S. Mohanchand Dadha Age : 70 years S/o Late Sobhagmal Dadha Designation : Director Address : 268, Lloyds Road, Chennai - 600014 Occupation : Company Director	Sun Pharmaceutical Industries Ltd. Wardex Pharmaceuticals Ltd. Dadha Pharma Pvt. Ltd. Santec Solutions Pvt. Ltd. Planet Pharma Warehouse Pvt. Ltd. Kerala Chemists and Distributors Alliance Ltd.

Brief Biography of the Directors**Mr. Dilip S. Shanghvi – Chairman and Managing Director**

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

Dr. T. Rajamannar – Director and Executive Vice President R &D

Dr. T. Rajamannar has completed M. Sc. from University of Madras, Ph.D in Organic Chemistry from IIT Madras and Post Doctoral from University of Zurich, Switzerland. He is Executive Vice President R & D of the Company and has been appointed as a Director of the Company. He has been an employee of Sun Pharmaceutical Industries Ltd., since 1993 and has been transferred to SPARC pursuant to the demerger. He has extensive experience in the pharmaceutical industry. He has 15 research publications in International Journals and over 100 patents 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.

Mr. Sudhir V. Valia – Director

Mr. Sudhir V. Valia is a fellow Member of Institute of Chartered Accountants of India and carries more than two decades of taxation and finance experience. In addition to being on the board of directors of a number of companies, he is also on the Board of Directors of Sun Pharmaceutical Industries Limited. Mr. Valia joined Sun Pharmaceutical Industries Limited in 1994, prior to which he was in private taxation practice.

Prof. Dr. Andrea Vasella – Director

Prof. Vasella has received Ph.D. in 1971 from the ETH Zurich and presently is a Full Professor at Laboratory of Organic Chemistry, ETH Zurich. As a postdoctoral fellow, he was associated with J. E. Baldwin at Kings College, London, and with R. B. Woodward at Harvard University. He returned in 1974 to the ETH Zuerich as Oberassistent, joined the University of Fribourg in 1977 as assistant professor, became associate professor at the University of Zurich in 1981, and full professor in 1987. Since 1993 he is at the ETH Zuerich. He is President of the Board of Directors-Helvetica Chimica Acta, Member of the Board of Trustees-Janggen Pöhn Foundation and is Consultant / Member of Scientific Advisory Board of leading National & International Companies. He has around 300 research publications and a patent application, to his credit. He is the recipient of the Kern Medal (ETH), the Werner Award of the Swiss Chemical Society and the Roy L. Whistler Award of

the International Carbohydrate Organisation.

Professor Vasella is a Honorary Fellow of the Chemical Research Society of India (CRSI).

Prof. Dr. Goverdhan Mehta – Director

Prof. Dr. Goverdhan Mehta, M.Sc. (1963), Ph.D. (1966), D.Sc. (*Honoris Causa*) is Honorary Professor of Organic Chemistry and Bhatnagar Fellow at the Indian Institute of Science, Bangalore. In the past, he has held important positions as Vice-Chancellor-University of Hyderabad, Ramanujam Research Professor of the Indian National Science Academy, Director -Indian Institute of Science, Bangalore and visiting professorships in over a dozen universities all over the world. He has published over 400 research papers in leading international journals and delivered over 300 invited lectures in different parts of the world.

He is a Fellow of leading Science Academies like the Indian National Science Academy (FNA), Royal Society, London (FRS), Russian Academy of Sciences, Third World Academy of Sciences (FTWAS) and Indian Academy of Sciences (FASc). He has received over 40 awards nationally and internationally and the most notable among them is the Trieste Science Prize (2007) awarded by TWAS. He has been President of the Chemical Research Society of India (CRSI) and the Indian National Science Academy (INSA) and conferred 'Chevalier de la Legion d'Honneur' and PadmaShri by the Governments of France and India, respectively.

Mr. S. Mohanchand Dadha – Director

Mr. S. Mohanchand Dadha was Managing Director and Promoter of erstwhile Tamilnadu Dadha Pharmaceuticals Ltd, which was subsequently merged with Sun Pharmaceutical Industries Limited w.e.f. 1st April, 1997. Mr. Dadha is a successful entrepreneur with 52 years of wide experience in Pharma Industry. He is also trustee of many Charitable Trusts. He was the Member of Tamilnadu Government constituted Drug Committees, namely The Drug Advisory Committee and the Committee for the development of Drug Industries in Tamilnadu.

Compensation of managing directors/ whole time directors

No remuneration is paid to the Managing Director of the Company.

Dr. T Rajamannar is Executive Vice President-R&D and has been appointed on the Board of the Company. Subject to the approval of the Shareholders in a General Meeting and subject to other approvals from any other authority, as may be necessary, the present remuneration of Dr. T. Rajamannar is Rs.658253 per month (Remuneration includes Salary, Bonus, Allowances, L.T.A., Medical Reimbursement and taxable value of perquisites but excluding Contribution to P.F.).

CORPORATE GOVERNANCE

The provisions of the listing agreement to be entered into with the Stock Exchanges with respect to corporate governance will be applicable to the Company immediately upon the listing of its Equity Shares on the Stock Exchanges. The Company is fully compliant with the provisions of Clause 49 of the Listing Agreement.

Presently Shri Dilip S. Shanghvi is the executive Chairman of the Board. The Board of Directors of the Company comprises of 6 Directors including 3 Independent Directors. The Board has also constituted the Audit Committee and Shareholders/Investors' Grievance Committee as required under Clause 49 of the Listing Agreement as under:

Audit Committee

Director	Category	Member / Chairman of the Audit Committee
1. Mr. S. Mohanchand Dadha	Non Executive & Independent Director	Chairman
2. Prof. Dr. Goverdhan Mehta	Non Executive & Independent Director	Member
3. Prof. Dr. Andrea Vasella	Non Executive & Independent Director	Member

SHAREHOLDERS/INVESTORS GREVIANCE COMMITTEE

Director	Category	Member / Chairman of the Shareholders/Investors Grievance Committee
1. Mr. Sudhir V. Valia	Non Executive Director	Chairman
2. Mr. Dilip S. Shanghvi	Chairman & Managing Director	Member
2. Mr. S. Mohanchand Dadha	Non Executive & Independent Director	Member
3. Dr. T. Rajamannar	Executive Director	Member

The role, powers, scope of functions and duties of the Audit Committee and Shareholders/Investors' Grievance Committee of the Board are as per the applicable provisions of the Companies Act, 1956 and Clause 49 of the Listing Agreement.

Since, the Company was not listed, the Clause 49 of the listing Agreement was not applicable to the Company. However the same is complied with & will be complied with continuously, with effect from the date of this Memorandum

The Directors have no interest in the transactions of the Company, otherwise than as directors of the Company and of those companies in which they are Directors.

Change in Board of Directors since the Company's inception

At the time of inception the Board of Directors of the Company consisted of three Directors Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia, and Mr. Sailesh T. Desai. Further, the Board of

Directors at the Meeting held on 4th June, 2007 have appointed Dr. T. Rajamannar, Prof. Dr. Andrea Vasella, Prof. Dr. Goverdhan Mehta and Mr. S. Mohanchand Dadha and as Additional Directors of the Company with effect from that date. Mr. Sailesh Desai resigned from the directorship of the Company with effect from 4th June, 2007.

Date of expiration of current term of office of Directors

Shri Dilip S. Shanghvi and Shri Sudhir V. Valia were appointed as the First Directors of the Company in terms of Article 143 of the Articles of Association of the Company and were subsequently appointed as Directors liable to retire by rotation at the First Annual General Meeting of the Shareholders of the Company held on 12.08.2006.

Mr. Dilip Shanghvi has been appointed as the Managing Director of the Company with effect from 1st March, 2007 without any remuneration, for a period of 5 years, at the Extra-Ordinary General Meeting of the members of the Company held on 19th February, 2007.

Dr. T. Rajamannar, Prof. Dr. Andrea Vasella, Prof. Dr. Goverdhan Mehta and Mr. S. Mohanchand Dadha have been appointed as Additional Directors of the Company with effect from 4th June, 2007 upto the date of ensuing Annual General Meeting of the Company.

Shareholding of Directors

Name of Director	No. of Shares held
Shri Dilip S. Shanghvi	2,33,97,048
Shri Sudhir V. Valia	15,38,400
Shri S. Mohanchand Dadha	28,428
Dr. T. Rajamannar	11,200

Key managerial personnel

The Company is managed, controlled, and directed by the Board of Directors. The Board has appointed Shri Sunil Ajmera as the Company Secretary and Compliance Officer of the Company. Sunil Ajmera is a Science and Law graduate, and a fellow member of the Institute of Company Secretaries of India and Institute of Chartered Accountants of India. Prior to his appointment as Company Secretary of the Company, Sunil Ajmera was associated with Sun Pharmaceutical Industries Ltd.

Employees:

(a) Upon the coming into effect of this Scheme, all employees, consultants and advisors other than those specifically referred to in sub-clause (d) below, of the Demerged Company engaged in or in relation to the respective Demerged Unit and who are in such employment as on the Effective Date shall become the employees, consultants or advisors, as the case may be, of the Resulting Company, and, subject to the provisions of this Scheme, on terms and conditions not less favourable than those on which they are engaged by the Demerged

Company and without any interruption of or break in service as a result of the transfer of the Demerged Unit.

(b) In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts, retirement fund or benefits and any other funds or benefits created by the Demerged Company for the employees of the Demerged Unit are concerned (collectively referred to as the "Funds"), the Funds and such of the investments made by the Funds which are referable to the employees of Demerged Unit being transferred to the Resulting Company in terms of sub clause (a) above shall be transferred to the Resulting Company and shall be held for their benefit pursuant to this Scheme in the manner provided hereinafter. The Funds shall, subject to the necessary approvals and permissions and at the discretion of the Resulting Company, either be continued as separate funds of the Resulting Company for the benefit of the employees of the Demerged Unit or be transferred to and merged with other similar funds of the Resulting Company. In the event Resulting Company does not have its own funds in respect of any of the above, Resulting Company may, subject to necessary approvals and permissions, continue to contribute to the relevant Funds of the Demerged Company, until such time that the Resulting Company creates its own fund, at which time the Funds and the investments and contributions pertaining to the employees of the Demerged Unit shall be transferred to the funds created by Resulting Company.

(c) In so far as the existing provident fund, gratuity fund and pension and/or superannuation fund, trusts created by the Demerged Company for the employees of the Remaining Undertaking are concerned, the same shall continue and the Demerged Company shall continue to contribute to such funds and trusts in accordance with the provisions thereof, and such funds and trusts, if any, shall be held for the benefit of the employees of the Remaining Business.

(d) All employees, consultants and advisors employed or engaged on part time basis by the Demerged Company in relation to the businesses of the Demerged Unit shall, at the option of the Resulting Company, be made available to the Resulting Company in relation to the respective Demerged Unit, at no additional cost for a period of 12 (twelve) months from the Effective Date or such earlier date as the Resulting Company may deem proper or necessary, to provide the same services and advice as they were rendering to the Demerged Company.

PROMOTERS

Before the Scheme becoming effective, the Company was a wholly owned subsidiary of SPIL. Pursuant to the Scheme becoming effective, the Company has allotted equity shares to the shareholders of SPIL. Further, in terms of Clause 13.2(d) of the Scheme of Arrangement, consequent to the allotment made on 5th May, 2007, the shareholding of SPIL in the Company has been cancelled. Shri Dilip S. Shanghvi is presently the Promoter of the Company.

Details of Promoters**Shri Dilip S. Shanghvi**

Mr. Dilip S. Shanghvi (50), the Chairman & Managing Director of the Company is a graduate from Calcutta University and had launched Sun Pharma in 1982 and carries wide extensive industrial experience in the Pharmaceutical industry and at present he is the Chairman and Managing Director of Sun Pharmaceutical Industries Limited. Under the leadership of Mr. Dilip S. Shanghvi, Sun Pharmaceutical Industries Ltd. has recorded an all-round growth in the business. He is a Director on the Board of following companies: Caraco Pharmaceutical Laboratories Ltd., Detroit, USA, Sun Speciality Chemicals Pvt. Ltd., Sun Resins & Polymers Pvt. Ltd., Sun Fastfin Services Pvt. Ltd., Sun Petrochemicals Private Limited, SPARC Bio-Research Private Limited, Sun Pharma Global Inc., British Virgin Island, Sun Pharma De Mexico SA DE CV, SPIL De Mexico SA DE CV and Shantilal Shanghvi Foundation.

By virtue of Shri Dilip S. Shanghvi being the Promoter of the Company, the following are derived as promoters of the Company in terms of SEBI (Substantial Acquisition of Shares & Takeover) Regulations, 1997:

1. Vibha D. Shanghvi
2. Kumud S. Shanghvi
3. Jayant S. Shanghvi
4. Aalok D. Shanghvi
5. Varsha Kiran Doshi
6. Dipti Nirmal Modi
7. Viditi Investment Pvt. Ltd.
8. Tejaskiran Pharmachem Industries Pvt. Ltd.
9. Family Investment Pvt. Ltd.
10. Quality Investment Pvt. Ltd.
11. Virtuous Finance Ltd.
12. Virtuous Share Investments Pvt. Ltd.
13. Sholapur Organics Pvt. Ltd.
14. Shanghvi Finance Pvt. Ltd.
15. Asawari Investment & Finance Pvt. Ltd.
16. Flamboyawer Finance Pvt. Ltd.
17. Sanghvi Properties Pvt. Ltd.
18. Gujarat Sun Pharmaceutical Industries Pvt. Ltd.
19. Nirmat Exports Pvt. Ltd.
20. Sudhir V. Valia*
21. Raksha Valia*
22. Aditya Medisales Ltd.*
23. Unimed Technologies Ltd.*

*being persons acting in concert

CURRENCY OF PRESENTATION

In this Information Memorandum all references to 'Rupees' and 'Rs' are to Indian Rupees, the legal currency of India.

DIVIDEND POLICY

There is no set dividend payment policy. Dividend is intended to be declared based on the quantum and availability of future profits and will be disbursed based on shareholder approval based on the recommendation of the Board of Directors.

We have not paid any dividend in the past.

FINANCIAL INFORMATION

The audited financial statements of the Company for the year ended 31st March 2007, are stated below:

SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2007

Rs in Thousands

As at 31st March, 2007

As at 31st March, 2006

SOURCES OF FUNDS**Shareholders' Funds**

Share Capital	-		500	
Share Capital Suspense	193,402		-	-
Reserves and Surplus	353,481	546,883	-	500

Deferred Tax Liability (Net)

31,489

-

TOTAL578,372500**APPLICATION OF FUNDS****Fixed Assets**

Gross Block	340,923		-	
Less: Depreciation	41,209		-	
Net Block	299,714	299,714	-	-

Current Assets, Loans and Advances

Cash and Bank Balances	137		500	
Loans and Advances	252,727		-	
	252,864		500	

Less: Current Liabilities and Provisions

Current Liabilities	16,608		33	
Provisions	7,472		-	
	24,080		33	

Net Current Assets

228,784

467

Profit and Loss account (Debit Balance)

49,874

33

TOTAL578,372500

SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED
PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

Rs in Thousands

	Year ended 31st March, 2007		For the Period from 1st March, 2006 to 31st March, 2006	
INCOME				
Other Income	<u>41</u>	<u>41</u>	<u>-</u>	<u>-</u>
EXPENDITURE				
Materials consumed	3,101		-	
Personnel Cost	9,182		-	
Operating and Other Expenses	5,097		33	
Depreciation	<u>1,004</u>	<u>18,384</u>	<u>-</u>	<u>33</u>
LOSS BEFORE TAXATION		<u>(18,343)</u>		<u>(33)</u>
Provision for Taxation - Current Tax		-		-
- Deferred Tax		31,489		-
- Fringe Benefit Tax		9		-
LOSS AFTER TAX		<u>(49,841)</u>		<u>(33)</u>
BALANCE OF LOSS BROUGHT FORWARD		(33)		
BALANCE OF LOSS CARRIED TO BALANCE SHEET		<u>(49,874)</u>		<u>(33)</u>
EARNING PER SHARE (Refer Note 8 of Schedule 12)				
Basic (Rs.)		(2.97)		(0.78)
Diluted (Rs.)		(2.97)		(0.78)
face value per share Re 1				

SUN PHARMA ADVANCED RESEARCH COMPANY LTD. INFORMATION MEMORANDUM
SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2007

Particulars	Year ended 31st March, 2007	For the Period from 1st March, 2006 to 31st March, 2006
	Rs. In Thousand	Rs. In Thousand
Cash Flow From Operating Activities:		
Loss before Tax	(18,343)	(33)
Adjustments for:		-
Depreciation	1,004	
Interest Income	(40)	
Provision for Leave encashment	1,492	
Operating Loss Before Working Capital changes	(15,887)	(33)
Adjustments for changes in Working Capital:		
Increase in Trade payable and Other Liabilities	10,242	33
Decrease in Other Receivables	5,233	
Net Cash Used In Operating Activities	(412)	-
Net Cash Flow from Investing Activities		
Interest received	40	-
Net Cash Generated from Investing Activities	40	-
Cash Flow From Financing Activities:		
Issue of Equity Shares	-	500
Net Cash Flow Generated from Financing Activities	-	500
Net (Decrease) / Increase in Cash or Cash Equivalents	(372)	500
Cash and Cash equivalents at the beginning of the year	500	-
Cash and Cash equivalents at the close of the year	128	500

NOTES TO CASH FLOW STATEMENT

Cash and Cash equivalents included in cash flow statement comprise of the following:

Cash on hand and balances with Bank (Refer Schedule 5)	137	500
Less:		
Temporary Overdrawn bank balance as per books (Refer Schedule 7)	9	-
Cash and Cash equivalents as restated	128	500

The above cash flow statement excludes assets/liabilities acquired on demerger of Innovative Research & Development business including Novel Drug Delivery System (NDDS) division of Sun Pharmaceutical Industries Ltd. (SPIL), as it is Non Cash Transaction (Refer Note No. 2 of Schedule 12).

As the current accounting year of the company comprises of a period of 12 months ended 31st March, 2007 and as the previous accounting period was from 1st March, 2006 to 31st March, 2006 the figures in respect of current accounting year are not comparable with those of the previous accounting period.

As per our report of even date attached

For and on behalf of the Board

DILIP S. SHANGHVI
Chairman & Managing Director

SUDHIR V. VALIA
Director

For **Deloitte Haskins & Sells**
Chartered Accountants

N.P.SARDA
Partner
Mumbai, 18th May, 2007

SUNIL R. AJMERA
Company Secretary

SAILESH T. DESAI
Director
Mumbai, 18th May, 2007

SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED
SCHEDULES TO THE FINANCIAL STATEMENTS

	As at 31st March, 2007 Rs in Thousand	As at 31st March, 2006 Rs in Thousand
SCHEDULE 1 : SHARE CAPITAL		
Authorised		
266,500,000 (Previous period 500,000) Equity Shares of Re. 1 each (Refer Note No. 2 of Schedule 12)	<u>266,500</u>	<u>500</u>
Issued, Subscribed and Paid Up		
Nil (Previous Period 500,000) Equity Shares of Re. 1 each, fully paid up (All the above shares were held by Sun Pharmaceutical Industries Limited - the erstwhile Holding Company and its nominees) (Refer Note No.2 of Schedule 12)	-	500
	<u>-</u>	<u>500</u>
SCHEDULE 1A : SHARE CAPITAL SUSPENSE		
192,260,055 (*) (Previous Year Nil)Equity Shares of Re. 1 each fully paid up to be issued to Shareholders of Sun Pharmaceutical Industries Limited Pursuant to scheme of demerger. (Refer Note No. 2 of Schedule 12)	192,260	-
1,142,065 (*) (Previous Year Nil)Equity Shares of Re. 1 each fully paid up to be issued to holders of Zero Coupon Foreign Currency Convertible Bonds of Sun Pharmaceutical Industries Limited upon exercise of conversion option. (Refer Note No. 3 of Schedule 12)	1,142	-
(*) (Since allotted on 05th May, 2007 for consideration other than cash)	<u>193,402</u>	<u>-</u>
SCHEDULE 2 : RESERVES AND SURPLUS		
General Reserve		
Balance as per last Balance Sheet	-	-
Add : Transferred pursuant to scheme of demerger (Refer Note No. 2 of Schedule 12)	354,623	-
Less : Utilised for issuance of share capital to the holders of Zero Coupon Foreign Currency Convertible Bonds of Sun Pharmaceutical Industries Limited (Refer Note No. 3 of Schedule 12)	1,142	-
	<u>353,481</u>	<u>-</u>
SCHEDULE 3 : DEFERRED TAX LIABILITY (NET)		
Deferred Tax Assets	-	-
Deferred Tax Liability	-	-
Depreciation on Fixed Assets	31,489	-
	<u>31,489</u>	<u>-</u>
SCHEDULE 5 : CASH AND BANK BALANCES		
Cash	137	-
Balances with Schedules Banks in Current Accounts	-	500
	<u>137</u>	<u>500</u>
SCHEDULE 6 : LOANS AND ADVANCES		
(Unsecured-Considered Good, unless stated otherwise)		
Loans to Employees	7,779	-
Advances Recoverable in cash or in kind or for value to be received Considered Good	244,948	-
	<u>252,727</u>	<u>-</u>

SUN PHARMA ADVANCED RESEARCH COMPANY LTD.

INFORMATION MEMORANDUM

**SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED
SCHEDULES TO THE FINANCIAL STATEMENTS**

Year ended 31st March, 2007
Rs in Thousand Rs in Thousand

For the Period from 1st March,
2006 to 31st March, 2006
Rs in Thousand Rs in Thousand

SCHEDULE 7 : CURRENT LIABILITIES AND PROVISIONS

Current Liabilities

Sundry Creditors (Refer Note No. 6 of Schedule 12)	2,169		33	
Temporary Overdrawn bank balance as per books	9		-	
Security Deposits	124		-	
Other Liabilities	<u>14,306</u>	<u>16,608</u>	<u>-</u>	33

Provisions

Provision for Fringe Benefit Tax (Net of Advance FBT Rs. Nil (Previous year Nil))	9		-	
Provision for Earned Leave	<u>7,463</u>	<u>7,472</u>	<u>-</u>	-

SCHEDULE 8 : OTHER INCOME

Interest from Banks & Other Advances / Deposits		40		-
TDS Rs.Nil (Previous Period Rs. Nil)				
Miscellaneous Income		<u>1</u>		-
		<u>41</u>		<u>-</u>

SCHEDULE 9 : MATERIALS CONSUMED

R&D Material consumed		<u>3,101</u>		-
		<u>3,101</u>		<u>-</u>

SCHEDULE 10 : PERSONNEL COST

Salaries, Wages, Bonus and Benefits		6,867		-
Contribution to Provident and Other Funds		372		-
Staff Welfare Expenses		<u>1,943</u>		-
		<u>9,182</u>		<u>-</u>

SCHEDULE 11 : OPERATING AND OTHER EXPENSES

Power and Fuel		1,724		-
Rates and Taxes		14		-
Insurance		60		-
Repairs to Plant & Machinery		281		-
Printing and Stationery		43		-
Travelling and Conveyance		272		-
Testing		1,541		-
Communication		112		-
Customer Entertainment		129		-
Registration Charges		141		-
Labour Charges		399		-
Maintenance Charges		41		-
Membership Fees and Subscription		6		-
Professional Charges		196		-
Auditors' Remuneration (net of service tax)				
Audit Fees	100		10	
Other Services	<u>10</u>	<u>110</u>	<u>-</u>	10
Miscellaneous Expenses		<u>28</u>		<u>23</u>
		<u>5,097</u>		<u>33</u>

SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED
SCHEDULES TO THE FINANCIAL STATEMENTS
SCHEDULE 4 : FIXED ASSETS

Rs in Thousand

Particulars	Gross Block (At Cost)			Depreciation / Amortisation				Net Block	
	As At 01.04.06	Acquired during the year *	As at 31.03.07	As at 01.04.06	Acquired during the year *	For year 2006-07	As at 31.03.07	As at 31.03.07	As at 31.03.06
TANGIBLE ASSETS									
Buildings	-	157,915	157,915	-	7,393	219	7,612	150,303	-
Plant and Machinery	-	177,399	177,399	-	31,026	744	31,770	145,629	-
Vehicles	-	4,696	4,696	-	1,354	38	1,392	3,304	-
Furniture and Fixtures	-	913	913	-	432	3	435	478	-
TOTAL	-	340,923	340,923	-	40,205	1,004	41,209	299,714	-
Previous Period	-	-	-	-	-	-	-	-	-

* Transferred from Sun Pharmaceutical Industries Limited pursuant to scheme of demerger (Refer Note No. 2 of Schedule 12)

SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED**SIGNIFICANT ACCOUNTING POLICIES AND
NOTES TO FINANCIAL STATEMENTS****A Significant Accounting Policies****I Basis of Accounting**

The financial statements have been prepared under historical cost convention on an accrual basis and comply with the Accounting Standards referred to in Section 211(3C) of The Companies Act, 1956.

II Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

III Fixed Assets and Depreciation

Fixed Assets are stated at historical cost less accumulated depreciation/amortisation thereon and impairment losses, if any. Depreciation is provided on Straight Line Method at the rates specified in Schedule XIV to The Companies Act, 1956.

IV Research and Development

Revenue expenditure related to Research and Development are charged to the respective heads in the Profit and Loss Account.

V Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rates prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. The exchange differences arising on settlement / translation are recognised in the revenue accounts, except those pertaining to the fixed assets acquired from outside India, which are adjusted to the cost of such fixed assets.

VI Taxes on Income

Provision for Taxation comprises of Current Tax and Deferred Tax. Current tax Provision is provided on the basis of relief and deductions available under the Income Tax Act, 1961. Deferred Tax is recognised for all the timing differences, subject to consideration of prudence, applying the tax rates that has been enacted / substantially enacted at the Balance Sheet date. The Fringe Benefits tax has been calculated and accounted for in accordance with the provisions of the Income Tax Act, 1961.

VII Terminal Benefits

- (a) The Company's contribution in respect of provident fund is charged to Profit and Loss Account each year.
- (b) The Company's contribution to Life Insurance Corporation of India (LIC) for group gratuity policy is charged to Profit and Loss Account each year. The contribution for Group Gratuity Policy is based on values as actuarially determined and demanded by LIC at the year end.
- (c) Liability for accumulated earned leave of employees is ascertained on actuarial valuation basis and provided for as per company rules.

VIII Provisions,Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made . Contingent Assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

B Notes to accounts

- 1 The Company was incorporated on March 1, 2006 as a innovative Research and Development company.
- 2 The Board of Directors of Sun Pharmaceutical Industries Ltd.(SPIL) at their meeting held on February 9, 2006 approved the scheme of demerger (Scheme) between SPIL(Demerged Company) and SPARC (Resulting Company) and their respective Shareholders' and Creditors u/s 391 -394 of the Companies Act, 1956 which was sanctioned by the Hon'ble High Court of Judicature at Ahmedabad, Gujarat on March 28, 2007. On giving effect of the Scheme, with effect from the appointed date of February 28,2007 all the assets and liabilities of the Innovative Research & Development business including Novel Drug Delivery System (NDDS) division of SPIL's Research & Development undertaking stands transferred and vested in the company with effect from the appointed date.The scheme has been given effect to in these financial statements and accordingly, the authorised share capital of TRs. 266,000 and net assets of TRs.546,383 (comprising assets of TRs.558,678 and liabilities of TRs. 12,295) so transferred by SPIL to the Company has been added/credited to the authorised capital and General Reserve of the company respectively, pursuant to the said Court Order. The existing share capital of the company was cancelled and credited to General Reserve.

3 As per the terms of the issue of Zero Coupon Foreign Currency Convertible Bonds(FCCBs) issued by Sun Pharmaceutical Industries Ltd.(SPIL), the holders of such bonds having a face value of US\$ 1000 and aggregating to TUS\$ 350,000 have an option to convert FCCBs into Equity Share of SPIL at an initial conversion rate of Rs. 729.30 per equity share at a fixed exchange rate conversion of Rs. 45.01=US\$ 1 from December 26, 2004 to November 16, 2009. As per the Scheme of demerger referred in 2 above the FCCB holders opting for conversion into the equity shares of SPIL are also entitled to 1 equity share of the company for each equity share of SPIL. For the period from February 28, 2007 to March 31, 2007, the holders of TUS\$ 18,505 have exercised conversion option and consequently, the Company has allotted 1,142,065 Equity Shares at par amounting to TRs 1,142 on 05th May, 2007. As at the year end TRs 9,577,423 (TUS\$ 222,214) worth of FCCB's are still outstanding.

	Year ended 31st March, 2007 Rs in Thousand	Year ended 31 st March, 2006 Rs in Thousand
4 a) Contingent Liability with respect to Guarantee for payment to FCCB Holders of Sun Pharmaceutical Industries Ltd (SPIL) in case such obligation arises as per the terms of Issue and SPIL fails to make the payment.	9,577,423	-
b) Estimated amount of contracts remaining to be executed on capital account [net of advances].	424	-

5 INCOME/EXPENDITURE IN FOREIGN CURRENCY

Expenditure		
Raw Materials (CIF basis)	425	-
Overseas Travel	79	-

6 There are no dues to Small-Scale Industrial undertakings as at the year end. This has been determined on the basis of information available with the company and relied upon by auditors. The company has not received any intimation from their suppliers regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 and therefore no such disclosure under the said Act is considered necessary.

7 Other information required under para 3 and information with regard to matters specified in paragraph 4 of Part II to Schedule VI of the Companies Act, 1956 is stated to the extent applicable to the Company.

8 Accounting Standard (AS-20) on Earnings Per Share

	Year ended 31st March, 2007	For the period from 1st March, 2006 to 31st March, 2006
	Rs in Thousand	Rs in Thousand
Loss used as Numerator for calculating Earnings per share	(49,841)	(33)
Weighted Average number of Shares used in computing basic earnings per share	16,806,339	42,466
Nominal Value Per Share (in Rs.)	1	1
Basic Earnings Per Share (in Rs.)	(2.97)	(0.78)
Diluted Earnings Per Share (in Rs.)	Refer Note below	-

Note:

As at 31st March, 2007, the dilution in earnings per share on account of further issue of 13,714,360 equity shares to holders of Zero Coupon Foreign Currency Convertible Bonds has not been considered, as they are anti-dilutive.

- 9** As per the best estimate of the management, no provision is required to be made as per Accounting Standard (AS-29) issued by the Institute of Chartered Accountants of India, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.
- 10** The company operates in only one segment i.e. Pharmaceutical Research & Development. During the year, the company operated only in one geographical segment viz. 'Within India'.
- 11** Disclosure with respect to Accounting Standard (AS-18) on related party disclosure, issued by the Institute of Chartered Accountants of India, is as per Annexure- "A" annexed.
- 12** As the current accounting year of the company comprises of a period of 12 months ended 31st March, 2007 and as the previous accounting period was from 1st March, 2006 to 31st March, 2006 the figures in respect of current accounting year are not comparable with those of the previous accounting period.

GROUP COMPANIES

The details of other listed company in the Group are as under:

1. Sun Pharmaceutical Industries Limited (SPIL)**Date of Incorporation:**

SPIL was incorporated on March 1, 1993.

Principal Business:

SPIL is engaged in the business of manufacturing, marketing, and dealing in drugs and pharmaceuticals.

Shareholding Pattern of SPIL as on 31st March, 2007:

	Category	No. of shares held	% of Shareholding
A	Promoter Holding	132105577	68.31
B	Public Holding	61296543	31.69
	Total	193402120	100.00

Capital Structure of SPIL:

(Amount Rs. In Millions)

	As on 31 st March 2007
Authorised Share Capital	
254,700,000 Equity Shares of Rs. 5 each	1,273.5
25,000,000 Preference Shares of Re.1 each	25.0
2,015,000 Preference Shares of Rs.100 each	201.5
Total	1,500.0
Issued, Subscribed & Paid Up Share Capital	
193,402,120 Equity Shares of Rs. 5 each	967.0
13,740,030 6% Cumulative Redeemable Preference Shares of Re.1each	13.7
Total	980.7

Board of Directors of SPIL:

Name of the Director	Particulars
Mr. Dilip S. Shanghvi	Chairman and Managing Director
Mr. Sudhir V. Valia	Whole time Director
Mr. Sailesh T. Desai	Whole time Director
Mr. S. Mohanchand Dadha	Director
Mr. Hasmukh S. Shah	Director
Mr. Keki M. Mistry	Director
Mr. Ashwin Dani	Director

Financial Performance of SPIL

Rs. in Millions (except EPS & Book Value)

Particulars	2003-04	2004-05	2005-06	2006-07
Sales & Other Income	9597.50	12468.40	18069.50	24040.2
PAT	2406.00	3057.10	4612.90	6289.3
Equity Capital	463.80	927.60	928.70	967.0
Reserves	7977.30	10112.80	13706.70	23514.1
EPS (Rs.)	25.80	16.50	24.90	33.5
Book Value(Rs.)	93*	60	79	127

* Book value prior to Bonus issue of shares in the ratio of 1:1

Details of listing and Highest & Lowest market price during the preceding six months:

Equity Shares of SPIL are listed at the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. FCCBs of SPIL are listed at Singapore Exchange Securities Trading Limited, Singapore .

Monthly High & Low price of the Equity Shares of SPIL at NSE & BSE

Month	NSE		BSE	
	High Rs.	Low Rs.	High Rs.	Low Rs.
January 2007	1080.80	962.00	1027.75	965.00
February 2007	1069.80	900.00	927.55	911.00
March, 2007	1064.50	899.05	1054.00	898.05
April 2007	1196.00	988.00	1200.00	985.00
May 2007	1116.00	968.15	1135.00	910.05
June, 2007	1132.00	1008.00	1129.00	1002.00

High, Low and Average prices of the shares of the SPIL at NSE & BSE during the preceding 3 years.

Year	NSE			BSE		
	High Rs.	Low Rs.	Average Rs.	High Rs.	Low Rs.	Average Rs.
Year 2004	837.4	332.0	584.7	820.0	333.5	576.5
Year 2005	724.7	374.9	549.8	763.0	434.0	598.5
Year 2006	1064.0	635.0	849.5	1065.0	639.9	852.4

KEY INVESTMENTS

Business

Pursuant to the scheme, the Innovative R & D Unit of SPIL stands vested in the Company. The Innovative R & D Unit also comprises, inter alia, certain fixed assets aggregating to Rs. 340.9 Millions at gross level and Rs.300.7 Millions at net level.

OUTSTANDING LITIGATIONS AND MATERIAL DEVELOPMENTS

In relation to the Company, persons named as Promoters, Directors, and the companies/firms promoted by the Promoters, to the best of knowledge of the Company, there are no outstanding material litigations against or any material disputes for tax liabilities, non payment of statutory dues, overdues to banks / financial institutions, defaults against banks / financial institutions, defaults in dues towards instrument holders like debenture holders, fixed deposits and arrears on cumulative preference shares issued by the Company, defaults in creation of full security as per terms of issue/ other liabilities, proceedings initiated for economic/ civil/ any other offences (including past cases where penalties may or may not have been awarded and irrespective of whether they are specified under paragraph (i) of part 1 of Schedule XIII to the Companies Act, 1956), no disciplinary action has been taken by SEBI / Stock Exchanges against the Company, its Directors, its promoters, and the companies/firms promoted by the Promoters.

GOVERNMENT APPROVALS

The Company has received all the necessary permissions and approvals from the Government and various Government agencies for the existing activities.

No further approvals from any Government authority/Reserve Bank of India (RBI) are required by the Company to undertake the existing activities, save and except those approvals, which may be required to be taken in the normal course of business from time to time.

REGULATORY AND STATUTORY DISCLOSURES

Authority for the Scheme

The Honorable High Court of Judicature at Ahmedabad, by its Order dated 1st March, 2007 issued on 28th March, 2007 has approved the Scheme of Arrangement between Sun Pharmaceutical Industries Limited (“SPIL”) and Sun Pharma Advanced Research Company Limited (SPARC) and their respective shareholders and creditors (the “Scheme”).

Prohibition by SEBI

The Company, its directors, its promoters, other companies promoted by the promoters and companies with which the Company’s directors are associated as directors have not been prohibited from accessing the capital markets under any order or direction passed by SEBI.

Caution

The Company accepts no responsibility for statements made otherwise than in the Information Memorandum or in the advertisements to be published in terms of Clause 8.3.5.4 of SEBI (DIP) Guidelines, 2000 or any other material issued by or at the instance of the Company and anyone placing reliance on any other source of information would be doing so at his or her own risk. All information shall be made available by the Company to the public and investors at large and no selective or additional information would be available for a section of the investors in any manner.

Disclaimer Clause of the BSE

As required, a copy of this Information Memorandum has been submitted to BSE. The BSE has vide its letter dated April 10, 2006 has approved the said Scheme under Clause 24(f) of the Listing Agreement and by virtue of that approval the BSE's name in this Information Memorandum has been incorporated as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

The BSE does not in any manner:

- warrant, certify or endorse the correctness or completeness of any of the contents of this Information Memorandum; or
- warrant that this Company's securities will be listed or will continue to be listed on the BSE; or
- take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

and it should not for any reason be deemed or construed to mean that this Information Memorandum has been cleared or approved by the BSE. Every person who desires to acquire any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the BSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.

Disclaimer Clause of the NSE

As required, a copy of this Information Memorandum has been submitted to NSE. The NSE has vide its letter dated March 31, 2006, has approved the said Scheme under Clause 24(f) of the Listing Agreement and by virtue of that approval the NSE's name in this Information Memorandum has been incorporated as one of the Stock Exchanges on which the Company's securities are proposed to be listed.

As required, a copy of the Information Memorandum has been submitted to NSE. It is to be distinctly understood that it should not in any way be deemed or construed that this Information Memorandum has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the Information Memorandum; nor does it warrant that our securities will be listed or will continue to be listed on the NSE; nor does it take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company.

Every Person who desires to acquire any of our securities may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against NSE whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with

such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever.

Filing

Copies of this Information Memorandum have been filed with BSE and NSE.

Listing

Application will be made to BSE and NSE for permission to deal in and for an official quotation of the Equity Shares of the Company. The Company has nominated NSE as the Designated Stock Exchange for the aforesaid listing of the shares.

The Company shall ensure that all steps for the completion of necessary formalities for listing and commencement of trading at all the Stock Exchanges mentioned above.

Demat Credit

The Company has executed Agreements with NSDL and CDSL for admitting its securities in demat form. On 5th May, 2007 the Company made allotment of the equity shares and such shares were credited in demat form by NSDL on 12th May, 2007 and by CDSL on 14th May 2007, to the respective demat account of those shareholders who have provided necessary details to the Company and/or who were holding their shares in SPIL in demat form and/or of those shareholders who have opted to receive the shares in demat form, as on the Record Date.

Despatch of Share Certificates

Upon allotment of Shares to eligible shareholders pursuant to the Scheme on 5th May, 2007, the Company despatched share certificates on 15th May 2007, to those shareholders who were holding shares in SPIL in physical form and have not opted to receive shares in demat form, as on the Record Date.

Expert Opinions

Save as stated elsewhere in this Information Memorandum, we have not obtained any expert opinions.

Previous rights and public issues

The Company has not made any public or rights issue since incorporation.

Commission and brokerage on previous issues

Since the Company has not issued shares to the public in the past, no sum has been paid or has been payable as commission or brokerage for subscribing to or procuring or agreeing to procure subscription for any of the Equity Shares since its inception.

Companies under the Same Management

Save and except SPIL there is no other listed company under the same management within the meaning of erstwhile Section 370 (1B) of the Companies Act.

Promise vis-à-vis performance

This is for the first time the Company is being listed on the Stock Exchange.

Disposal of Investor Grievances

Intime Spectrum Registry Limited (Intime) are the Registrars and Transfer Agents of the Company. Documents/Letters are also received from the Investors directly at Mumbai by courier/post.

All documents are received at the inward department, where the same are classified based on the nature of the queries/actions to be taken and coded accordingly. The documents are then electronically captured before forwarding to the respective processing units.

The Company has appointed Sunil Ajmera, Company Secretary as the Compliance Officer and he may be contacted in case of any queries. He can be contacted at the following address:

Mr. Sunil Ajmera, Company Secretary - Email address : sunil.ajmera@sparcmail.com

Sun Pharma Advanced Research Company Limited,

17/B, Mahal Industrial Estate,
Mahakali Caves Road, Andheri (E),
Mumbai - 400 093
Telephone : 022- 6645 5645
Fax: 022- 22812010

ARTICLES OF ASSOCIATION

Articles of Association comply with the requirements of the Companies Act, 1956, other relevant laws and the requirements of the Listing agreement.

OTHER INFORMATION**Documents available for inspection during business hours at the Registered office and Mumbai office of Company:**

1. Memorandum and Articles of Association, as amended till date.
2. Certification of incorporation dated March 1, 2006 and Certificate of Commencement of Business dated March 22, 2006.
3. Scheme of Arrangement sanctioned by the Hon'ble High Court of Judicature of Ahmedabad vide its order dated 1st March, 2007 issued on 28th March, 2007 between Sun Pharmaceutical Industries Limited and Sun Pharma Advanced Research Company Limited.
4. Order dated 1st March, 2007 of the Honorable High Court of Judicature at Ahmedabad approving the Scheme of Arrangement.
5. Letters dated April 10, 2006 of BSE and March 31, 2006 of NSE approving the Scheme.
 6. Tripartite Agreement with NSDL dated 27th April, 2007 and with CDSL dated 11th May, 2007.

7. Certificate from M/s.Valia and Timbadia, Chartered Accountants regarding Statement of Tax Benefits, dated 07.06.2007.
8. SEBI letter ref. no. CFD/DIL/NB/NB98342/2007 dated 10th July, 2007, granting relaxation from the strict enforcement of the requirement of Rule 19(2)(b) of the Securities Contract Regulation (Rules), 1957 (SCRR) for the purpose of listing of shares of SPARC.

DECLARATION:

To the best of knowledge and belief of the Board of Directors of the Company, all statements made in this Information Memorandum are true and correct.

**BY ORDER OF THE BOARD OF DIRECTORS
FOR SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED**

**DILIP S. SHANGHVI
CHAIRMAN & MANAGING DIRECTOR**

**July 12, 2007
Mumbai,**