LETTER OF OFFER
Dated: August 10, 2012
Private and Confidential
For Equity Shareholders of the Company Only

SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED

*Our Company was incorporated on March 01, 2006 as 'Sun Pharma Advanced Research Company Limited' under the Companies Act, 1956 (**"Companies Act"**) having registration number 047837 of 2006 with the Registrar of Companies, Ahmedabad, Gujarat. Our Company has received its Certificate of Commencement of Business on March 22, 2006. The Corporate Identity Number of our Company is L73100GJ2006PLC047837. For further details of changes in the Registered Office, please refer to the chapter titled 'History and Certain Other Corporate Matters' beginning on page 141.*

Registered Office: Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara – 390 020, Gujarat, India
Tel: +91 265 2330 815, **Fax:** +91 265 2354 897
Mumbai Office: 4th and 5th Floor, 17-B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai- 400 093, Maharashtra, India
Tel: +91 22 6645 5645**, Fax:** +91 22 6645 5685
Contact Person: Ms. Meetal Sampat, Company Secretary and Compliance Officer **E-mail:** meetal.sampat@sparcmail.com**, Website:** www.sunpharma.in

PROMOTER: MR. DILIP SHANGHVI

FOR CIRCULATION TO THE EQUITY SHAREHOLDERS OF OUR COMPANY ONLY

LETTER OF OFFER

Issue of 29,588,056 Equity Shares with a face value of ₹ 1.00 each for cash at a price of ₹ 67.00 each for an amount aggregating to ₹ 1,982.40 million by our Company to the Equity Shareholders on rights basis in the ratio of 1 Rights Share for every 7 Equity Shares held on the Entitlement Date, i.e., August 24, 2012. The Issue Price for the Rights Shares is 67 times the face value of the Rights Shares.

	Payment Method[1]		
	Amount payable per Rights Share (₹67)[2]		
	Face Value (₹1)	Premium (₹66)	Total (₹67)
On Application (₹)	0.60	39.40	40.00
Final Call (₹)	0.40	26.60	27.00
Total (₹)	1.00	66.00	67.00

[1]*For details on Payment Method please refer to the chapter titled "Terms of the Issue" beginning on page 274 and for details of related risks please refer to the section titled "Risk Factors" beginning on page 13.*

[2]*Apart from the money paid on application, the Investors shall be required to make the balance payment on Final Call by the due date which shall be separately notified by our Company.*

Note: Our Company has received FIPB approval dated June 01, 2012 permitting our Company to offer, issue and allot partly paid-up Rights Shares to FIIs, NRIs and erstwhile OCBs. Our Company has also received RBI approval dated June 20, 2012 allowing renunciation (i) from a resident Indian Equity Shareholder to a non-resident, or (ii) from a non-resident Equity Shareholder to a resident Indian, or (iii) from a non-resident Equity Shareholder to a non-resident. For further details please refer to the chapter titled "Terms of the Issue" beginning on page 274.

GENERAL RISKS

Investments in equity and equity related securities involve a degree of risk and Investors should not invest any funds in this Issue 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 Issue. For taking an investment decision, Investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by the Securities and Exchange Board of India ("**SEBI**") nor does SEBI guarantee the accuracy or adequacy of this document**. Specific attention of Investors is invited to the section titled "*Risk Factors*" beginning on page 13 before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that the Letter of Offer contains all information with regards to the Issuer and the Issue, which is material in the context of this Issue, that the information contained in the Letter of Offer 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 the Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares of our Company are listed on BSE Limited ("**BSE**") and National Stock Exchange of India Limited ("**NSE**"). Our Company has received in-principle approval from BSE and NSE for listing of the Equity Shares arising from this Issue pursuant to letters dated February 17, 2012 and February 21, 2012 respectively. For purposes of this Issue, BSE shall be the Designated Stock Exchange.

LEAD MANAGER TO THE ISSUE

Ernst & Young Merchant Banking Services Private Limited
14th Floor, The Ruby, 29 Senapati Bapat Marg,
Dadar (West), Mumbai – 400 028, Maharashtra, India.
Tel. No.: +91 22 6192 0000, **Fax No.:** +91 22 6192 1000
Email: sparcrightsissue@in.ey.com
Investor Grievance ID: investorgrievances@in.ey.com
Website: www.ey.com
Contact Person: Ms. Nishita John
SEBI Registration: INM000010700

REGISTRAR TO THE ISSUE

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound, L.B.S. Marg,
Bhandup (West), Mumbai - 400 078
Maharashtra, India
Tel No.: +91 22 2596 7878, **Fax No**.: +91 22 2596 0329
Website: www.linkintime.co.in
Contact Person: Mr. Praveen Kasare
Email: sparc.rights@linkintime.co.in
SEBI Registration: INR000004058

ISSUE PROGRAM

ISSUE OPENS ON	LAST DATE FOR REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
Thursday, September 06, 2012	**Thursday, September 13, 2012**	**Thursday, September 20, 2012**

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SECTION I – GENERAL

NO OFFER IN THE UNITED STATES

The offer of Rights Shares pursuant to this Issue has not been and will not be registered under the United States Securities Act of 1933, as amended (the "**Securities Act**"), or with any securities regulatory authority of any state or other jurisdiction of the United States and the Rights Shares may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof (the "**United States**'' or "**U.S.**") or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the Securities Act (''**Regulation S**''), except in a transaction exempt from the registration requirements of the Securities Act.

The rights referred to in this Letter of Offer are being offered in India, but not in the United States. This Issue to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights for sale in the United States or as a solicitation therein of an offer to buy any shares or rights. Accordingly, this Letter of Offer and enclosed Composite Application Form ("**CAFs**") should not be forwarded to or transmitted in or into the United States at any time.

Neither our Company nor any person acting on behalf of our Company will accept subscriptions or renunciation from any person, or the agent of any person, who appears to be, or who our Company or any person acting on behalf of our Company has reason to believe is, either a "U.S. Person" (as defined in Regulation S) or otherwise in the United States. Envelope containing CAFs should not be postmarked in the United States or otherwise dispatched from the United States or any other jurisdiction where this Issue would be unlawful, and all persons subscribing for the Rights Shares and wishing to hold such Rights Shares in registered form must provide an address for registration of the Rights Shares in India. Our Company is making this Issue on a rights basis to Shareholders of our Company and this Letter of Offer and CAFs will be dispatched to Shareholders who have an Indian address.

Any person who acquires Rights Shares will be deemed to have declared, represented, warranted and agreed that it: (i) is not and that at the time of subscribing for the Rights Shares, will not be, in the United States; (ii) is not a "U.S. Person" (as defined in Regulation S) and does not have its registered address (and is not otherwise located) in the United States; and (iii) is authorised to acquire the Rights Shares in compliance with all applicable laws and regulations.

Our Company reserves the right to treat as invalid any CAF which: (i) does not include the certification set out in the CAFs to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States and is authorised to acquire the Rights Shares in compliance with all applicable laws and regulations; (ii) appears to our Company or its agents to have been dispatched from the United States; (iii) where a registered Indian address is not provided; or (iv) where our Company believes that the CAFs is incomplete or acceptance of such CAFs may infringe applicable legal or regulatory requirements; and in each case our Company shall not be bound to allot or issue any Rights Shares in respect of any such CAFs. Rights may not be transferred / sold or renounced to any U.S. Person.

DEFINITIONS AND ABBREVIATIONS

In the Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded herein below shall have the same meaning as stated in this chapter.

COMPANY RELATED TERMS

Term	Description
"our Company", "the Company", "the Issuer Company", "the Issuer" "SPARC", "we", "us" or "our"	Sun Pharma Advanced Research Company Limited unless defined otherwise
SPIL	Our Group Entity namely Sun Pharmaceutical Industries Limited
Articles / Articles of Association	The Articles of Association of our Company
Auditor(s)	The statutory auditors of our Company, being M/s. Deloitte Haskins & Sells, Chartered Accountants, Mumbai (Firm Registration number: 117366W)
Board of Directors / Board/ Directors	The board of directors of our Company or a duly constituted committee thereof
Innovative R & D business / Innovative Research and Development business	The research and development unit of Sun Pharmaceutical Industries Limited which was acquired by our Company pursuant to the Scheme of Demerger
Mumbai Office	4th and 5th Floor, 17-B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai- 400 093, Maharashtra, India
Group Entity / Group Entities	Companies, limited liability companies, firms, bodies corporate, trusts and HUF promoted by our Promoter, irrespective of whether such entities are covered under section 370(1)(B) of the Companies Act and disclosed in chapter titled "*Group Entities*" beginning on page 202.
Promoter	Mr. Dilip Shanghvi
Promoter Group	Such persons and entities as defined under Regulation 2 (1)(zb) of the SEBI ICDR Regulations, 2009 as amended
Registered Office	Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara – 390 020, Gujarat, India
Memorandum / Memorandum of Association/ MOA	The Memorandum of Association of our Company, unless the context otherwise specified

ISSUE RELATED TERMS

Term	Description
Abridged Letter of Offer	The abridged letter of offer to be sent to the eligible Equity Shareholders of our Company with respect to this Issue, in accordance with the SEBI ICDR Regulations
Allot / Allotment / Allotment of Rights Shares	Unless the context otherwise requires, the allotment of Rights Shares pursuant to the Issue
Allotment Date	The date on which the Allotment of Rights Shares is made
Allottees	Persons to whom Rights Shares of our Company are issued pursuant to the Issue
Applicant(s)	Any Investor applying for Rights Shares offered in the present Issue
Application Money	The amount payable on application in respect of the Rights Shares applied for in this Issue at Issue Price
Application Supported by Blocked Amount / ASBA	An application, whether physical or electronic, used by an ASBA Investor to apply for the Rights Shares in the Issue, together with an authorization to an SCSB to block the Application Money in the specified bank account maintained with such SCSB
ASBA Account	An account maintained with an SCSB and specified in the CAF for blocking the amount mentioned in the CAF
ASBA Investor	Investors who intend to apply through ASBA and (a) are holding Equity Shares in dematerialised form as on the Entitlement Date and have applied for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement, in dematerialised form; (b) have not renounced their Rights Entitlement in full or in part; and (c) are applying through blocking of funds in

	bank accounts maintained with SCSBs.
Banker(s) to the Issue / Collection Bank	Banker to the Issue in this case being Kotak Mahindra Bank Limited having its registered office at 36-38A, Nariman Bhavan, 227, Nariman Point, Mumbai – 400 021
Book Closure Period	Saturday, August 25, 2012 to Monday, August 27, 2012, both days inclusive
Call Notice	The Notice issued by our Company to the holders of partly paid-up Rights Shares for payment of the Final Call.
Call Payment Period	A period as may be fixed by the Board to enable the payment of the Final Call by the holders of partly paid-up Rights Shares.
Call Record Date	A record date fixed by our Company for the purpose of determining the names of the holders of partly paid-up Rights Shares for the purpose of issuing of Call Notice.
Companies Act	Companies Act, 1956, as amended from time to time
Composite Application Form / CAF	The form used by an investor to make an application for allotment of Rights Shares in this Issue
Consolidated Certificate	In case of Shareholders holding Equity Shares in physical form, our Company would issue one certificate for the Rights Shares allotted to one folio
Controlling Branches	Such branches of the SCSBs which coordinate applications under the Issue by the ASBA Investors with the Registrar to the Issue and the Stock Exchanges and a list of which is available at SEBI's website; that is at http://www.sebi.gov.in/
Demographic Details	The demographic details of the Applicants, including address, Equity Shareholder's bank account details, MICR code and occupation derived by the Registrar to the Issue from the PAN, DP ID and Client ID mentioned in the Application Form, or the ASBA Form, as the case may be
Depositories Act	The Depositories Act, 1996, as amended from time to time
Depository / Depositories	A depository registered with SEBI under the Securities and Exchange Board of India (Depositories and Participant) Regulations, 1996, as amended from time to time
Depository Participant or DP	A depository participant as defined under the Depositories Act
Depositories Regulations	The SEBI (Depository and Participant) Regulations, 1996, as amended from time to time
Designated Stock Exchange	BSE is the designated stock exchange for the purpose of this Issue
Draft Letter of Offer/ DLOF	The Draft Letter of Offer dated January 30, 2012 filed with SEBI for its observations
Entitlement Date	The Issue of Rights Shares will be made to those members of our Company holding Equity Shares in physical form and whose names appear on our Company's Register of Members as on close of business hours on August 24, 2012 after effecting the transfer request(s) received on or before August 24, 2012 and as regards members of our Company holding Equity Shares in dematerialized form, on the basis of particulars of beneficial ownership furnished by the Depositories viz., CDSL and NSDL as at the end of business hours on August 24, 2012
Equity Shares	Equity shares of face value of ₹ 1.00 each of Sun Pharma Advanced Research Company Limited
Equity Shareholder(s) / Shareholder(s)	A holder(s) of Equity Shares of our Company as on the Entitlement Date
Final Call	Call made by our Company to the holders of partly paid-up Rights Shares for making the payment towards the balance amount payable under Payment Method in order to make the partly paid-up Rights Shares into fully paid-up Rights Shares.
FII	Foreign Institutional Investor as defined under SEBI (Foreign Institutional Investors) Regulations, 1995 registered with SEBI and as defined under FEMA (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000 and other applicable laws in India
Investor(s)	The Equity Shareholders and Renouncees
Issue	The issue of 29,588,056 Rights Shares with a face value of ₹1.00 each for an amount aggregating to ₹ 1,982.40 million by our Company to the Equity Shareholders on rights basis in the ratio of 1 Rights Share for every 7 Equity Shares
Issue Closing Date	Thursday, September 20, 2012
Issue Opening Date	Thursday, September 06, 2012

Issue Period	The period between the Opening Date and the Closing Date of the Issue, inclusive of both days and during which period Shareholders can submit their application
Issue Price	₹ 67.00 per Rights Share
Issue Proceeds	Proceeds to be raised by our Company through this Issue
Lead Manager / Lead Merchant Banker / Sole Merchant Banker	Ernst & Young Merchant Banking Services Private Limited
Letter of Offer / LOF	The Letter of Offer to be filed with the Stock Exchanges after incorporating SEBI observations in the Draft Letter of Offer
Listing Agreement	The Equity Listing Agreement signed between our Company and the Stock Exchanges
Net Proceeds	Net proceeds of the Issue after deducting the Issue related expenses
OCB	A company, partnership, society or other corporate body owned directly or indirectly to the extent of at least 60% by NRIs, including overseas trust in which not less than 60% of beneficial interest is irrevocably held by NRIs directly or indirectly as defined under Foreign Exchange Management (Deposit) Regulations, 2000. The RBI in its Master Circular dated September 30, 2011 has stated that OCBs are not permitted to subscribe to Equity Shares of Indian companies on rights basis under the automatic route. OCBs shall not be eligible to subscribe to the Rights Shares pursuant to the Letter of Offer unless prior approval of the RBI is obtained in this regard.
Payment Method	Payment method under which amount payable on application is ₹ 40.00 per Rights Share and the balance amount is payable in the Final Call.
Restated Financial Statements	Restated summary statement for March 31, 2008, 2009, 2010, 2011 and 2012
Rights Shares	Issue of partly paid-up equity shares to the Equity Shareholders of our Company issued on rights basis pursuant to this Issue. The partly paid-up equity shares of our Company will become fully paid-up once our Company receives the payment towards the balance amount on Final Call.
Registrar to the Issue or Registrar	Link Intime India Private Limited
Renouncees	Persons who have acquired Rights Entitlements from Equity Shareholders
Rights Entitlement	The number of Rights Shares that an Equity Shareholder is entitled to in proportion to his / her shareholding in our Company as on the Entitlement Date
SAF(s)	Split Application Form(s)
Scheme of Demerger / Scheme of Arrangement	The scheme of arrangement between Sun Pharmaceutical Industries Limited and our Company in the nature of demerger and transfer of the Innovative Research and Development business to our Company, sanctioned by the orders of the High Court of Gujarat at Ahmedabad dated September 01, 2006 and March 01, 2007. The effective date for the Scheme of Arrangement being February 28, 2007.
SEBI Act	The Securities and Exchange Board of India Act, 1992, as amended
SEBI Insider Trading Regulations/ Insider Trading Regulations	Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, as amended, including instructions and clarifications issued by SEBI from time to time
SEBI Regulations / SEBI (ICDR) Regulations 2009/ SEBI ICDR Regulations	The SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, and any amendments thereto
SEBI Takeover Regulations / Takeover Code	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
Securities Act	The United States Securities Act of 1933 as amended
Self-Certified Syndicate Bank or SCSB	The banks which are registered with SEBI under the SEBI (Bankers to an Issue) Regulations, 1994 and offers services of ASBA, including blocking of bank account and a list of which is available on SEBI's website
Stock Exchanges	BSE and NSE

ABBREVIATIONS

Term	Description
Act	The Companies Act, 1956, as amended
AGM	Annual General Meeting

BIFR	Board for Industrial & Financial Reconstruction
AS	Accounting Standard as issued by The Institute of Chartered Accountants of India
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
Calendar Year	The period of twelve months ended December 31 of that particular year, unless specifically otherwise stated
CARO	Companies (Auditors' Report) Order, 2003
CDSL	Central Depository Services (India) Limited
CENVAT	Central Value Added Tax
CIN	Corporate Identity Number
CIT	Commissioner of Income Tax
DIN	Director Identification Number
DTC	Direct Tax Code
ECS	Electronic Clearing Service
EGM	Extra-Ordinary General Meeting
EPS	Earnings per Share
FDI	Foreign Direct Investment
FEMA	Foreign Exchange Management Act, 1999, as amended from time to time, and the rules and regulations framed there under
Financial Year / Fiscal / FY	The period of twelve months ended March 31 of that particular year, unless specifically otherwise stated
FIPB	Foreign Investment Promotion Board
GoI/Government	Government of India
HUF	Hindu Undivided Family
IFRS	International Financial Reporting Standards
ISIN	International Securities Identification Number allotted by the Depository
IT Act / ITA	The Income Tax Act, 1961, as amended
Indian GAAP	Generally Accepted Accounting Principles in India
ITAT	Income Tax Appellate Tribunal
Listing Agreement	Listing Agreement entered into with the Stock Exchanges
LOF	Letter of Offer
LLP	Limited Liability Partnership
LLC	Limited Liability Company
MBBS	Bachelor of Medicine, Bachelor of Surgery
MD	Doctor of medicine
Merchant Banker	Merchant banker as defined under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992
MoEF	Ministry of Environment and Forest
Mutual Fund	Mutual fund as defined under the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996, as amended
N. A.	Not applicable
NECS	National Electronic Clearing Service
NAV	Net asset value being paid up equity share capital plus free reserves (excluding reserves created out of revaluation, preference share capital, preference share premium and share application money) less deferred expenditure not written off (including miscellaneous expenses not written off) and debit balance of 'profit and loss account', divided by number of issued equity shares outstanding at the end of Fiscal
NEFT	National Electronic Fund Transfer
Net Worth	The aggregate of the paid up share capital, share premium account, and reserves and surplus (excluding revaluation reserve) as reduced by the aggregate of miscellaneous expenditure (to the extent not adjusted or written off) and the debit balance of the profit and loss account
No.	Number
NOC	No Objection Certificate
NR	Non-resident or person(s) resident outside India, as defined under the FEMA, including FIIs
NRE Account	Non-Resident External Account
NRI	A "person resident outside India", as defined under FEMA and who is a citizen of

	India or is a person of Indian origin as defined under the Foreign Exchange Management (Deposit) Regulations, 2000, as amended from time to time
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depositories Limited
NSE	National Stock Exchange Limited
OCB(s)	Overseas Corporate Body(ies)
P/E ratio	Price to Earnings Ratio
p.a.	Per Annum
PAN	Permanent Account Number
PAT	Profit after Tax
Patents Act	Patents Act 1970, as amended
R & D	Research and Development
RBI	Reserve Bank of India
RBI Act	The Reserve Bank of India Act, 1934, as amended from time to time
ROC / RoC	Registrar of Companies
SCRR	Securities Contracts (Regulation) Rules, 1957, as amended
SEBI	Securities and Exchange Board of India
SICA	Sick Industrial Companies (Special Provisions) Act, 1985, as amended
STT	Securities Transaction Tax
USA	United States of America
U.S. GAAP	Generally Accepted Accounting Principles in the United States of America
Working Days	All days other than a Sunday or a public holiday (within the meaning of Negotiable Instruments Act, 1881)
Y-o-Y	Year on year

BUSINESS / INDUSTRY RELATED TERMS

Term	Description
AAALAC	Association of Assessment and Accreditation for Laboratory Animal Care
ANDA	Abbreviated New Drug Application
API	Active Pharmaceutical Ingredient
BAK	Benzalkonium Chloride
CARE Research Report	Commissioned report titled "*Indian Pharma R & D Industry*" dated June 01, 2012 issued by CARE Research, a division of Credit Analysis & Research Limited
CMIE	Centre for Monitoring Indian Economy Private Limited
CML	Chronic Myeloid Leukemia
CNS	Central Nervous System
CRAMS	Contract Research and Manufacturing Services
Contract Research Organisation / CRO	A person or an organization (commercial, academic, or other) contracted by the sponsor to perform one or more of a sponsor's trial-related duties and functions
DICN	Docetexel Injection Concentrate for Nanodispersion
DCGI	Drugs Controller General of India
DDPB	Drug Development Promotion Board
DOP	Department of Pharmaceutical
DPI	Dry Powder Inhaler
DSIR	Department of Scientific and Industrial Research
DST	Department of Science and Technology
EMEA	European Medicines Evaluation Agency
ER	Extended Release
FDA	Food and Drug Administration
GABA	Gamma amino butyric acid
GCP	Good Clinical Practices
GFR	Gel Free Reservoir
GRID	Gastro Retentive Innovative Device
GRS	Gastro Retentive System
IM/SC	Intramuscular/ Subcutaneous

IMS Health	IMS Health Inc.
IND	Investigational New Drug
IOP	Intraocular Pressure
IR	Instant Release
Mg	Milli gram
NCE	New Chemical Entity
NDA	New Drug Application
NDDS	Novel Drug Delivery Systems
NSCLC	Non-small-cell lung carcinoma
OD	Once a day
OTC	Over the Counter
PICN	Paclitaxel Injection for Nanodispersion
Prodrug	A Prodrug is a compound that must undergo chemical conversion within the body to change to its active form that has medical effects. Prodrugs are useful when the active drug may be too toxic to administer systemically, the active drug is absorbed poorly by the digestive tract, or the body breaks down the active drug before it reaches its target
QT	An ECG interval indicating ventricular repolarization
SMM	Swollen Micelle Microemulsion
SPA	Special Protocol Assessment
SR	Sustained Release
TQT	Thorough QT
USFDA	United States Food and Drug Administration
XR	Extended Release

PRESENTATION OF FINANCIAL INFORMATION AND USE OF MARKET DATA

Financial Data

Unless stated otherwise, the financial data in the Letter of Offer is derived from our audited financial statements which has been prepared in accordance with Indian GAAP, the Companies Act and restated in accordance with SEBI ICDR Regulations. Our current financial year commenced on April 1 and will end on March 31 of the following year.

In the Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding-off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures.

There are significant differences between Indian GAAP, IFRS and U.S. GAAP. Accordingly, the degree to which the Indian GAAP financial statements included in the Letter of Offer will provide meaningful information is entirely dependent on the reader's level of familiarity with Indian accounting practices. Any reliance by persons not familiar with Indian accounting practices on the financial disclosures presented in the Letter of Offer should accordingly be limited. We have not attempted to explain those differences or quantify their impact on the financial data included herein, and we urge you to consult your own advisors regarding such differences and their impact on our financial data.

Any percentage amounts, as set forth in the section titled "*Risk Factors"* and chapters titled "*Business"* and "*Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on pages 13, 116 and 218 respectively and elsewhere in the Letter of Offer unless otherwise indicated, have been calculated on the basis of our summary restated financial statements included in this LOF.

Currency of presentation

All references to Rupees or Rs. or INR or ₹ are to Indian Rupees, the official currency of the Republic of India. The words "Lakh" or "Lac" mean "100 thousand" and the word "million" means "10 Lakh" and the word "crore" means "10 million" or "100 Lakhs" and the word "billion" means "1,000 million" or "100 crores".

Industry and market data

Unless stated otherwise, industry data used throughout the Letter of Offer has been obtained from industry publications including the CARE Research Report. 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 the Letter of Offer is reliable, it has not been independently verified.

Further, the extent to which the market data presented in the Letter of Offer is meaningful depends on the reader's familiarity with and understanding of the methodologies used in compiling such data. There are no standard data gathering methodologies in the industry in which we conduct our business, and methodologies and assumptions may vary widely among different industry sources. Due to possibly flawed or ineffective collection methods or discrepancies between published information and market practice and other problems, the statistics herein may be inaccurate or may not be comparable to statistics produced elsewhere and should not be unduly relied upon. Further, there is no assurance that they are stated or compiled on the same basis or with the same degree of accuracy as may be the case elsewhere.

The exchange rate for certain Group Entities are as follows:

CURRENCY	EXCHANGE RATE		
	March 31, 2012	**March 31, 2011**	**March 31, 2010**
1 USD	₹ 50.87	₹ 44.52	₹ 44.80

CURRENCY	EXCHANGE RATE		
	December 31, 2011	**December 31, 2010**	**December 31, 2009**
1 MEXICAN PESOS	₹ 3.80	₹ 3.62	₹ 3.75
1 RRU	₹ 1.65	₹ 1.46	₹ 1.63
1. SOLES	₹ 19.66	₹ 15.94	₹ 15.70

Source: www.reuters.com and www.oanda.com

FORWARD LOOKING STATEMENTS

We have included statements in this Letter of Offer which contain words or phrases such as "will", "aim", "is likely to result", "believe", "expect", "will continue", "anticipate", "estimate", "intend", "plan", "seek to", "future", "objective", "goal", "project", "should" and similar expressions or variations of such expressions, that are "forward looking statements".

All forward-looking statements are subject to risks, uncertainties and assumptions about us 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 but are not limited to:

- General economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- Increasing competition in or other factors affecting the industry in which our Company operates;
- Changes in laws and regulations relating to the industries in which we operate;
- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans;
- Our ability to meet our capital expenditure requirements and/or increase in capital expenditure;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to attract and retain qualified personnel;
- Conflicts of interest with affiliated companies, the Group Entities and other related parties;
- Our ability to complete our projects and obtain regulatory approvals for launch of our products in timely manner;
- The outcome of legal or regulatory proceedings that we are or might become involved in;
- Contingent liabilities, environmental problems and uninsured losses;
- Changes in government policies and regulatory actions that apply to or affect our business;
- Changes in IT Act, 1961 under which our Company is eligible for certain deductions;
- Changes in Indian or international interest rates;
- Changes in the value of the Rupee and other currency changes;
- Changes in the foreign exchange control regulations in India;
- Other factors beyond our control;
- Our ability to manage risks that arise from these factors;
- Changes in political and social conditions in India, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices; and
- The performance of the financial markets in India and globally.

For a further discussion of factors that could cause our actual results to differ, please refer to the section titled "*Risk Factors*" and chapters titled "*Business*" and "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 13, 116 and 218 respectively. By their nature, certain market 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. Neither our Company nor the Lead Manager nor any of their respective affiliates have any obligation 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. In accordance with SEBI / Stock Exchanges requirements, our Company and Lead Manager will ensure that Investors in India are informed of material developments until the time of the grant of listing and trading permission by the Stock Exchanges.

SECTION II

RISK FACTORS

An investment in our Equity Shares involves a degree of risk. You should consider all information in the Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. Investors should carefully consider all the information contained in the section titled "Financial Information" beginning on page 170 for the information related to the financial performance of our Company. If any of the following risks or any of the risks and uncertainties discussed in the Letter of Offer 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.

The risk set out in the Letter of Offer may not be exhaustive and additional risk and uncertainties not presently known to us, or which may arise or may become material in the future. Further, some events may have a material impact from a qualitative perspective rather than a quantitative perspective and may be material collectively rather than individually.

Unless specified or quantified in the relevant risk factors below, we are not in a position to quantify the financial or other implication of any of the risks described in this section.

INTERNAL RISK FACTOR

1. ***There are criminal proceedings pending against our Promoter and two Directors. Any adverse outcome in the proceedings of this case could affect our Promoter and two Directors and as a result, it could affect our business, results of operations and financial condition.***

   There are criminal proceedings pending against our Promoter and two Directors. The details of the same are hereunder.

   Mr. D. L. Bhatt and Gujarat Pollution Control Board, Bharuch have filed a criminal complaint against SPIL, Mr. Dilip Shanghvi, Mr. Sudhir Valia and Mr. Mohanchand Dadha in their capacity as directors of SPIL (collectively referred to as "**Respondents**") before the Vagra (F.C.) Judicial Court, Vagra District Bharuch alleging that the Respondents have undertaken certain constructions without obtaining the requisite prior approvals thereby contravening the provisions of Section 3 of the Environment (Protection) Act, 1986 and the provisions of the Notification S.O. 1533 (E) in the 2006 EIS Notification. The criminal complaint has been filed claiming relief as per EIS Notification 2006 under the Environmental Act, 1986.The matter is currently pending.

   Mr. Dilip Shanghvi, SPIL, Mr. Sudhir Valia, Mr. Mohanchand Dadha and others have filed an application for quashing the above criminal complaint, for further details of the same please refer to the heading titled "*Cases filed by Mr. Dilip Shanghvi*" in the chapter titled *"Outstanding Litigations, Material Developments and Other Disclosures"* beginning on page 236.

   Further, there are three (3) criminal proceedings filed against Mr. Dilip Shanghvi and Mr. Sudhir Valia. Out of these 3 criminal proceedings, Mr. Mohanchand Dadha is a party to one (1) suit. The details of the same are hereunder.

   Mr. S.P. Apsingekar, Inspector of the Security Guard Board for Greater Mumbai, has filed two suits against Mr. Dilip Shanghvi and others (one suit simultaneously involves Mr. Sudhir Valia) before the Additional Chief Metropolitan Magistrate's 38th Court for offences committed under clause 42 and for contravention of Clause 13 (1)(C) of the Private Security Guard (Regulation) of Employment & Welfare Scheme, 2005. The amount involved in the matter is ₹ 2,500.The matter is currently pending.

The Vadodara Municipal Corporation has filed a criminal complaint against SPIL, our group entity, Mr. Dilip Shanghvi our promoter, Mr. Sudhir Valia and Mr. S. Mohanchand Dadha, our directors and others before the Vadodara Court for alleged non payment of octroi duty along with the penalty. The amount involved is ₹ 21.84 million. The matter is currently pending.

A complaint has been filed against, Mr. Dilip Shanghvi and Mr. Sudhir Valia before the Chief Metropolitan Magistrate Court at Esplanade alleging the non compliance arising from the failure to obtain the requisite permission from RBI for non payment of outstanding invoice amounts arising from goods exported outside India. The complaint has been filed claiming exemplary costs.The matter is currently pending.

No assurance can be given that this case will be settled in favour of our Promoter and the relevant Directors or that no further liability will arise out of these claims. An adverse outcome in this case could have a material adverse effect on our Promoter and relevant Directors and thereby may affect the reputation of our Promoter, relevant Directors and our Company.

2. ***Our Company has, since incorporation incurred losses and our Net Worth has been eroded as on March 31, 2012. Continuous financial losses may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation and business operations.***

Our Company has, since incorporation, incurred losses. Details of losses incurred and Net Worth as per the restated financials for the Fiscals 2012, 2011 and 2010 are as under:

(₹ in million)

Particulars	Profit / (Loss) after tax in Fiscal		
	2012	2011	2010
Profit/ (loss) after tax	(722.33)	(77.62)	(216.79)
Net Worth	(666.09)	56.24	133.86

Our Company's financial position may accordingly be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation and business operations.

For further details please refer to the section titled "*Financial Information*" beginning on page 170.

3. ***The cost of bringing a new molecule to the market is very high and sufficient risk capital may not be available. In case our Company is unable to obtain additional funding to support our operations as and when required, we may be required to reduce our research and development activities or curtail our operations thereby affecting our business, operating results and financial condition adversely.***

Our Company has expended substantial funds to discover and develop our drug candidates and additional substantial funds will be required for further development, including pre-clinical testing and clinical trials of any product candidates we develop internally. Because the successful development of our products is uncertain, we are unable to precisely estimate the actual funds we will require to develop them. Hence, any lack of such funds required for innovative pharmaceutical research and development may adversely affect our business.

Our ability to obtain additional funding when needed, changes in our operating plans, our existing and anticipated working capital requirements, the acceleration or modification of our planned pharmaceutical research and development activities or expenditures, other expenses or events may increase the need for additional funds in the future which may be required sooner than anticipated thereby affecting our business, operating results and financial condition.

4. ***The clinical trials involving the two (2) NDDS projects for a total clinical trial expenses of ₹ 1,084 million for which Issue Proceeds amounting to ₹ 1,029.82 million will be deployed may not yield successful results and the Issue Proceeds to be invested into these projects will not create any tangible assets.***

All our expenditure on any clinical trial undertaken till demonstration of any probable future economic benefits, is recognized as research expenses and charged off to the Profit and Loss Account, as incurred. All subsequent expenditure incurred upon demonstration of profitability of future economic benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as development expenditure and capitalized as an intangible asset on completion of the project. If the project is abandoned subsequently, the amount classified as development expenditure will be charged off to the Profit and Loss Account. The Issue Proceeds to be invested into the clinical trials involving the two (2) NDDS projects are research expenses and will not create any tangible assets. There is no guarantee that these two NDDS projects in which the Issue Proceeds amounting to ₹ 1,029.82 million will be deployed will be successful.

5. ***There are legal proceedings currently outstanding involving our Company, our Promoter, some of our Directors and some of our Group Entities. Any adverse decision may render us or our Group Entities liable to liabilities/penalties and may adversely affect our business, results of operations and profitability.***

There are legal proceedings currently outstanding involving our Company, our Promoter, some of our Directors and some of our Group Entities. Our Company is involved in certain legal proceedings and claims in relation to certain civil, labour and taxation matters incidental to our business and operations. These legal proceedings are pending at different levels of adjudication before various courts and tribunals. Any adverse decision may render us liable to liabilities/penalties and may adversely affect our business, results of operations and profitability. A summary of these legal and other proceedings involving our Company, our Promoter, some of our Directors and some of our Group Entities is given in the following table:

(₹ in million)

Type of Proceedings	Number of cases	Amount to the extent quantifiable
Cases filed against our Company		
Civil cases	1	Negligible
Criminal cases	1	Negligible
Tax Proceedings	NIL	NIL
Total	**2**	Negligible
Cases filed against our Directors and Promoter		
Civil cases	3	Not quantifiable
Criminal cases	4	21.84
Tax Proceedings	NIL	NIL
Total	**7**	**21.84**
Cases filed against our Group Entities		
Civil cases	192	25.83
Criminal cases	1	Not quantifiable
Tax Proceedings	74	991.41
Total	**267**	**1,017.25**
Cases filed against any other entities which may have a material adverse effect on our Company		
Civil cases	NIL	NIL
Criminal cases	NIL	NIL
Tax Proceedings	NIL	NIL
Total	**NIL**	**NIL**
Potential litigation		
Against our Company	4	Not quantifiable
Against our Directors and Promoter	NIL	NIL
Against our Group Entities	292	471.81
Total	**296**	**471.81**

Note: These litigations may also simultaneously involve one or more of our Directors and/or our Group Entities, although they have been disclosed/ included under one head only for the purposes of clarity.

For further details please refer to the chapter titled *"Outstanding Litigations Material Developments and Other Disclosures"* beginning on page 236.

6. ***There are 2 suits filed by the landlord against SPIL with respect to the premises where our Mumbai Office is situated and from where we conduct some of our pharmaceutical research and development activities. Any adverse outcome in the proceedings of these cases could have a material effect on our business and could adversely affect our business, results of operations and financial condition.***

   There are 2 suits filed by the landlord against SPIL, our Group Entity. These cases have been filed alleging that SPIL has failed to obtain the requisite permission and consent from the landlord before carrying out any work of demolition, construction and development of any structures on the premises where our Mumbai Office is situated, from where we conduct some of our pharmaceutical research and development activities and that SPIL be ordered and decreed to quit, vacate and handover quiet, vacant and peaceful possession of the said premises.

   No assurance can be given that these cases will be settled in favour of SPIL and that our Company may not be in a position to retain the possession of our Mumbai Office. Any adverse outcome in these cases could have a material adverse effect on the business, results of operations and financial condition of our Company.

7. ***There are certain audit observations in the auditors' reports of our Company in the audited financial statements for Fiscals 2012, 2011 and 2010.***

   There are certain audit observations in the auditors' reports of our Company in the audited financial statements for Fiscals 2012, 2011 and 2010. The details of which are as under:

   Audit observations for Fiscal 2012:

   Without qualifying our opinion, we draw attention to Note 27 to the financial statements which indicates that, as at 31st March, 2012, the accumulated deficit of ₹ 1,212,968 thousand in Statement of Profit and Loss has exceeded the aggregate of general reserve and paid up equity share capital, resulting in the net worth being negative at ₹ 666,086 thousand, as represented by shareholders' funds and also that the Company's current liabilities have exceeded its current assets by ₹ 1,267,868 thousand. Notwithstanding the foregoing, the financial statements have been prepared on a going concern basis for the reasons stated in the said Note.

   Note 27 referred to above: The accumulated deficit of ₹1,212,968 Thousand in the Statement of Profit and Loss has exceeded the aggregate of general reserve and paid up equity share capital, resulting in the net worth being negative at ₹ 666.086 Thousand, as represented by shareholders' funds and also that the Company's current liabilities at ₹ 1,450,042 Thousand have exceeded its current assets at ₹ 182,174 Thousand. However, having regard to: (i) the nature of the Company's business; (ii) status of various projects of the Company some of which are at advanced stage of activity, which if successful could generate adequate cash flows; (iii) the Company having obtained shareholders' approval at their meeting held on 8th August, 2011 for issuing additional equity shares on a rights basis to its existing shareholders for an amount aggregating not in excess of ₹ 2,000,000 Thousand, in respect of which the Draft Letter of Offer had been filed with the Securities and Exchange Board of India (SEBI) and SEBI has issued its observation letter to the Company on 25th April, 2012; the Company is in the process of finalising the Letter of Offer and initiating the opening of the Rights Issue; and (iv) in the interim, having procured loans and also received advances against share application money from the promoter group companies, to meet the fund requirements of the Company vis-á-vis the availability of funds with the Company, these financial statements have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

   Audit observations for Fiscal 2011:

   The accumulated losses of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses in the current financial year and in the

immediately preceding financial year.

In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet, we report that, funds raised on short-term basis amounting to ₹ 504,918 Thousand have, prima facie, been used for long-term investment in fixed assets.

Audit observations for Fiscal 2010:

According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that the Company has, prima – facie, used funds raised on short term basis through an increase in net current liabilities and losses aggregating to Rs. 466,606 Thousand, towards long term investment in fixed assets.

Due to the losses incurred by our Company since its incorporation and our Company's inability to raise long term funds either through increase of share capital or otherwise, our Company had to use short term resources in order to meet its long term requirement of funds.

8. 54.01% of our Company's gross revenues for the Fiscal 2012 and 72.23% of our Company's gross revenues for the Fiscal 2011 was from Sun Pharma Global FZE ("Sun Pharma FZE"), our largest customer.

A significant portion of our Company's revenues are generated from our Company's transactions with Sun Pharma FZE which is our largest customer.

Following are the details of the revenues derived from Sun Pharma FZE the , Fiscals 2012, 2011 and 2010 :

Particulars	Fiscal 2012		Fiscal 2011		Fiscal 2010	
	Amount (₹ in million)	%	Amount (₹ in million)	%	Amount (₹ in million)	%
Sales to Sun Pharma FZE	156.51	54.01	421.47	72.23	315.61	92.02
Total income from our operations	289.76	100	583.48	100	342.97	100

The loss of this customer would have a material adverse effect on our financial results. We cannot assure you that we can maintain the historical levels of business from this customer or that we will be able to replace this customer in case we lose it. Our inability to retain this customer or to sustain historical levels of business from this customer may adversely affect our business.

9. Our Company has had negative cash flows in the Fiscals 2012, 2011 and 2010, details of which are given below. Such negative cash flow could impact the growth and business of our Company.

(₹ in million)

Particulars	Fiscal		
	2012	2011	2010
Net cash generated from / (used in) operating activities	(694.49)	22.94	126.36
Net cash used in investing activities	(24.25)	(76.37)	(121.70)
Net cash generated from financing activities	721.05	44.13	2.79

Cash flow is a key indicator to show the extent of cash generated from operations of our Company to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely

affect our business and financial operations. For further details please refer to the section titled "*Financial Information*" and chapter titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations*" beginning on pages 170 and 218 respectively.

10. We have in the past entered into related party transactions and we may continue to do so in the future. In Fiscal 2012 our Company has entered into related party transactions amounting to ₹ 965.96 million.

We have in the past entered into significant transactions with our Whole Time Director / certain of our entities promoted by our Promoter / Group Entities and other related parties. We have, in Fiscal 2012 entered into related party transactions, amounting to ₹ 965.96 million, with certain entities listed below and our Whole Time Director, Dr. Rajamannar Thennati regarding compensation paid to him:

(i) Sun Pharmaceutical Industries Limited;
(ii) Sun Pharma Global FZE;
(iii) M/s. Sun Pharmaceutical Industries;
(iv) Sun Pharmaceutical Industries Inc;
(v) Sun Petrochemicals Private Limited;
(vi) M/s. Sun Pharma Sikkim;
(vii) Sun Pharma Global Inc.;
(viii) Tejaskiran Pharmachem Industries Private Limited;
(ix) Sholapur Organics Private Limited;
(x) Aditya Imaging Information Technologies LLP;
(xi) Quality Investment Private Limited; and
(xii) Viditi Investment Private Limited.

Furthermore, it is likely that we may enter into related party transactions in the future as well. While we believe that all such transactions have been / would be conducted on an arm's length basis, there can be no assurance that we might not have achieved / may not achieve more favourable terms had such transactions not been entered into with related parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, results of operations and financial condition.

For further details regarding the same, please refer to the paragraph titled "*Related Party Transactions*" of the section titled "*Financial Information*" beginning on page 170.

11. Clinical trials might be subject to side effects that may harm the health and safety of the trial volunteers / patients for whom our Company is liable. It may also expose us to certain litigations.

We develop and test drug candidates that are intended for human consumption. There may be unpleasant, serious or even life-threatening adverse events in experimental treatments to clinical trials. In case of any such adverse event, including injury or loss of limb or life or damage to any volunteer's / patient's health in case of any clinical trial conducted by us, we may be required to provide complete medical care to such volunteer / patient and to compensate the volunteer/ patient for the same. Even when in case of any injury or loss of body organs or life or damage to organs of any volunteer/ patient in case of any clinical trial conducted by us due to the fault of the volunteer/ patient and not our fault or due to medicine administered, we may be sued for compensation by the volunteer / patient for the same. Even when in case of any injury or loss of life or damage to any body organ of any volunteer/ patient on account of any clinical trial conducted by the CROs due to the fault of the CROs and not our fault or due to medicine administered, we may be sued for compensation by the volunteer/ patient for the same. The insurance taken may not be sufficient to cover damages in case of loss of life, injury to body organs, etc. We may be required to pay substantial damages or incur legal costs in connection with defending any claims arising out of injury or loss of life or damage to any body organ of any volunteer/ patient on account of any clinical trial conducted by us or our CROs, or we may not receive revenue from expected royalty or milestone payments if the commercialization of a drug is limited or ceases as a result of such claims. This may significantly impact our business and its reputation.

12. The partly paid-up Rights Shares of our Company will not be traded from the Issue of Call Notice as per the rules and regulations of the Stock Exchanges with effect from the Call Record Date fixed for the determination of the Investors liable to pay at the Final Call. The holders of the partly paid-up Rights Shares will not be able to trade in these shares till they are credited to the holders' account as fully paid-up.

The Issue Price of the Rights Shares of our Company is ₹ 67.00 per Rights Share. The Investors have to pay ₹ 40.00 which constitutes 60% of the Issue Price on application and the balance ₹ 27.00 which constitutes 40% of the Issue Price on the Final Call. Till such time the total Issue Price is paid, the Rights Shares shall be considered to be partly paid-up. The partly paid-up Rights Shares offered under the Issue will be traded under a separate ISIN for the period as may be applicable under the rules and regulations prior to the Call Record Date. The ISIN representing partly paid-up Rights Shares will be terminated after the Call Record Date. On payment of the Final Call in respect of the partly paid-up Rights Shares, such partly paid-up Rights Shares would be converted into fully paid-up Rights Shares and shall be listed and identified under the existing ISIN for the Rights Shares. Our Company would fix a Call Record Date for the purpose of determining the list of Allottees to whom the notice for Final Call would be sent. With effect from the Call Record Date, trading in the partly paid-up Rights Shares for which Final Call have been made would be suspended for such period as may be applicable under the rules and regulations. The holders of the partly paid-up Rights Shares will not be able to trade in these shares till they are credited to the holders' account as fully paid-up Rights Shares.

13. We have contingent liabilities in our balance sheet, as stated herein below, as at March 31, 2012, March 31, 2011 and March 31, 2010.

The following are the contingent liabilities in our balance sheet, as at March 31, 2012, March 31, 2011 and March 31, 2010. If any of these actually occur, they may adversely impact our performance and may have an adverse effect on our results of operations and financial condition:

(₹ in million)

Particulars	As at March 31, 2012	As at March 31, 2011	As at March 31, 2010
Guarantees given by the bankers against Advance License Scheme	49.90	43.69	37.87

14. Some of the proceeds from the Issue will be used for repaying the unsecured loans aggregating to ₹ 610.00 million taken from our Group Entities.

Some of the proceeds from the Issue will be used to repay loans taken from our Group Entities, namely Viditi Investment Private Limited, Quality Investment Private Limited, Tejaskiran Pharmachem Industries Private Limited and Sholapur Organics Private Limited. As on the date of this Letter of Offer, we have availed unsecured loans aggregating to ₹ 610.00 million from these Group Entities and we intend to repay this entire amount from the Issue Proceeds. The purposes of these loans were for meeting fund requirements for day to day operations of our Company, clinical trial studies and personnel costs. These loans are interest free unsecured loans repayable on demand. The portion of the Issue Proceeds that will be used for repayment of these loans will not be used for any other purposes.

For further details of the unsecured loans mentioned above please refer to chapter titled *"Financial Indebtedness"* beginning on page 214.

15. The regulatory approvals for the proposed projects pertaining to the Objects of the Issue will be applied for as and when required and any delay or non-receipt of such approvals in future may delay the proposed plans.

As on date of this Letter of Offer, our Company and / or the CROs which will carry out the clinical trials required for our projects have not applied for some of the regulatory approvals in relation to the Objects of the Issue. Our Company and / or the CROs will apply for the same as and when required.

We cannot assure that we would be able to apply for these licenses / approvals / permissions / registrations in a timely manner, or that we would be granted such licenses / approvals / permissions / registrations in a timely manner or at all. Such approval may also be subject to restrictions and/or permissions which may not be acceptable to us, or which may prejudicially affect our operations, and would have a material adverse effect on our business, results of operations and financial condition. For further details pertaining to the licenses / approvals / permissions / registrations availed by our Company, please refer to the chapter titled *"Government and Other Statutory Approvals"* beginning on page 250.

APPROVALS WHICH ARE YET TO BE APPLIED FOR:

Sr. No.	Project Type	Product Name	Health conditions on whom clinical trial has been conducted	Type of study in which clinical trials are being conducted	Nature of License/ government approval required	Authority before whom application is to be made
1.	NDDS	Baclofen GRS Capsule	Spasticity in multiple sclerosis	Phase 3 Open Label study	Approval from the Institutional Review Board ("IRB") and registration of the clinical trial with the Clinical Trials government for receipt of a NCT number	National Institutes of Health, Food and Drug Administration, USA
2.	NDDS	Baclofen GRS Capsule	Spasticity in multiple sclerosis	Phase 3 Duration of Action study	Approval from the Institutional Review Board ("IRB") and registration of the clinical trial with the Clinical Trials government for receipt of a NCT number	National Institutes of Health, Food and Drug Administration, USA
3.	NDDS	Baclofen GRS Capsule	Alcohol Dependence	Phase 2 clinical study for Alcohol Dependence	Approval from the Institutional Review Board ("IRB") and registration of the clinical trial with the Clinical Trials government for receipt of a NCT number	National Institutes of Health, Food and Drug Administration, USA/

APPROVALS APPLIED FOR BUT NOT RECEIVED AS ON THE DATE OF THIS LETTER OF OFFER:

Sr. No.	Type of license or approval	Date of expiry of license	Date of application	Authority before whom the application is made
Applications pertaining to our Mumbai Office:				
1.	Three (3) applications made with respect to test license for anti hyperlipidemic in therapeutic category	N.A.	August 02, 2012	Joint Commissioner (Head Quarter), Food and Drug Administration
2.	One (1) applications made to respect to test license for anti – spastic in therapeutic category.	N.A.	August 02, 2012	Joint Commissioner (Head Quarter), Food and Drug Administration
3.	Two (2) applications made to the with respect to test license for sedative / hypnotic in therapeutic category.	N.A.	August 02, 2012	Joint Commissioner (Head Quarter), Food and Drug Administration
4.	Six (6) applications made with respect to test license for anti- epileptic + analgesic in		August 02, 2012	Joint Commissioner (Head Quarter), Food and Drug

	therapeutic category			Administration
5.	Four (4) applications made with respect to Test License for anti- coagulant in therapeutic category		August 02, 2012	Joint Commissioner (Head Quarter), Food and Drug Administration
6.	One (1) application made with respect to BE permissions for anti-spastic in therapeutic category.	N.A.	May 11, 2012	Office of Drugs Controller – General (India) functioning under the Directorate General of Health Services
7.	One (1) application made with respect to BE permissions for sedatives / hypnotic in therapeutic category.	N.A.	January 13, 2012	Office of Drugs Controller – General (India) functioning under the Directorate General of Health Services
8.	One (1) application made with respect to Import Licenses for sedatives / hypnotic in therapeutic category.	N.A.	January 13, 2012	Office of Drugs Controller – General (India) functioning under the Directorate General of Health Services
9.	One (1) application made with respect to import licenses for anti – epileptic + analgesic therapeutic category.	N.A.	May 06, 2010	Office of Drugs Controller – General (India) functioning under the Directorate General of Health Services
10.	One (1) application made with respect to import licenses for anti – epileptic + analgesic therapeutic category.		June 16, 2012	Office of Drugs Controller – General (India) functioning under the Directorate General of Health Services
Applications pertaining to Tandalja unit:				
11.	One (1) application made with respect to Import Licenses for Diluent in therapeutic category.	N.A.	January 24, 2012	Office of Drugs Controller General (India) functioning under the Directorate General of Health Services
12.	An application made with respect to Import Licenses for anti - inflammatory and broncodialator in therapeutic category.	N.A.	November 10, 2011	Office of Drugs Controller General (India) functioning under the Directorate General of Health Services
13.	An application made with respect to Import Licenses for parathyroid hormone analogue osteoporosis in therapeutic category.	N.A.	June 23, 2012	Office of Drugs Controller General (India) functioning under the Directorate General of Health Services
14.	One (1) application made with respect to BE permissions for in Anti-inflammatory and anti-psoriatic in therapeutic category.	N.A.	July 16, 2012	Office of Drugs Controller General (India) functioning under the Directorate General of Health Services

16. ***Our Company's Registered Office is taken on leave and license basis from SPIL, our Group Entity, and any termination of the leave and license agreement and/or non renewal of the same could disrupt our corporate affairs.***

Our Registered Office situated at Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara – 390 020, Gujarat, India is taken on leave and license basis from SPIL, our Group Entity, for a period of three (03) years and is due to expire on August 31, 2014. If this leave and license agreement is terminated by SPIL before its term or if we are unable to renew the leave and license agreement on favourable terms or at all, we may suffer a disruption in our corporate affairs and business.

17. ***We are dependent on clinical trials being conducted by CROs, who in turn work with multiple investigators and investigator sites.***

Our Company usually outsources conducting of clinical trials to CROs, who in turn work with multiple investigators and investigator sites i.e. doctors and hospitals. We are highly dependent on these CROs, investigators and investigator sites for conducting trials to evaluate the performance i.e. safety and efficacy of our drugs and the observations obtained from these studies form the basis of our Company's decision to license the same. There is a possibility that the observations from these studies may be inaccurate thereby affecting the decision of our Company to license the same.

18. ***Our drug candidates in both NCEs and NDDS platforms are at early stages of development and we may not successfully develop a drug candidate that becomes a commercially viable drug. If our licensing /commercialisation is delayed this may 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. The drug discovery and development process is highly uncertain and we may not be successful in developing a drug candidate that ultimately leads to a commercially viable drug. Promising results in preclinical development or early clinical trials may not be predictive of results which may be obtained in later clinical trials.

Various projects for which funds are being raised through this Issue are long term and the returns on the investments in these projects are also long term in nature.

Before a drug product is approved by any regulatory authority of any country, for commercial marketing, it is tested for safety and effectiveness in clinical trials that can take several years of time. 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, as also uncertain.

A number of pharmaceutical companies have experienced significant setbacks in advanced clinical trials, even after obtaining promising results in earlier preclinical and clinical trials. At any time the USFDA or any other regulatory authority may place a clinical trial on clinical hold, or temporarily or permanently stop the trial, for a variety of reasons, principally for safety concerns. We may experience numerous unforeseen events during, or as a result of, the clinical development process that could delay or prevent our drug candidates from being approved, including:

- failure to achieve clinical trial results that indicate a candidate is effective in treating a specified condition or illness in humans;
- presence of harmful side effects;
- determination by the FDA or any regulatory authority that the submitted data do not satisfy the criteria for approval;
- lack of commercial viability of the drug;
- failure to acquire, on reasonable terms, intellectual property rights necessary for

commercialization; and

- development of newer therapeutics that are more effective.

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

19. Innovative pharmaceutical research and development activities entails high investment and its results are uncertain, making it a high-risk activity.

Investments in R&D activities is a high risk activity compared to manufacturing & marketing of pharmaceutical products business and R&D based on development of generics. The time frame and resource requirements for process development are relatively certain/known and the outcome for the same is relatively certain. On the other hand, innovative R&D, both for NCE and NDDS can have varying time frames and risk. Resource requirements also can be difficult to predict. Further, there is every likelihood that an investment may have to be impaired / written off if a project is required to be dropped or changed in subsequent stages of research progress if results relating to the project are not satisfactory.

We may or may not be able to take these innovations through the different testing stages without conducting the research again. We may or may not find a technology or licensing partner to work with, in order to bring the product to market. A competing technology or product might limit the potential for our NCEs or NDDS. Our competitors may license these innovations or similar new products before us. Delays in any part of the process of development of these products, 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.

20. Our Company may not receive royalty or milestone revenue unless the commercially viable drug is invented or royalty or milestone revenue generation may not be in consonance with the expenses incurred to develop such drug.

Since pharmaceutical research and development entails a high risk of failure or delay, our Company may not receive sufficient or any royalty or milestone revenue for several years. Further, we may not be successful in entering into licensing agreements on favorable terms, including upfront, milestone, royalty and/or license payments, as a result of factors which may be outside of our control. These factors include:

- our ability to create valuable proprietary drugs targeting potential market opportunities;
- the success or failure, and timing, of pre-clinical and clinical trials for our proprietary programs;

If we are unable to enter into licensing agreements and realize milestone, license and/or upfront fees when anticipated, it may adversely affect our liquidity and we may be forced to curtail or delay development of all or some of our proprietary programs, which in turn may adversely affect our business.

21. Our Company may choose not to commercialize a drug candidate at any time during development, which would reduce or eliminate our potential return on investment for that drug.

Our Company may at any time decide to discontinue the development of a drug candidate or not to commercialize a candidate. In case we terminate a program in which our Company has invested significant resources, we will not be able to receive any return on such investments and we would have missed the opportunity to have allocated those resources to other potential productive uses.

Even if one of our drug candidates receives regulatory approval for marketing, physicians or consumers may not find its effectiveness, ease of use, side effect profile, cost- effectiveness or other factors which make it effective in treating disease or more beneficial than or preferable to other drugs in the market. As a result, our drugs may not be used or may be used only for restricted applications

which could adversely affect our financial condition and profitability.

22. If our drug discovery and development programs do not progress as anticipated, it may adversely affect our revenue, business, operating results and financial condition.

We estimate the timing of a variety of preclinical, clinical, regulatory and other milestones for planning purposes, including when a drug candidate is expected to enter clinical trials, when a clinical trial will be completed, when and if additional clinical trials will commence, or when an application for regulatory approval will be filed. We base our estimates on facts that are currently known to us and on a variety of assumptions that may prove not to be correct, many of which are beyond our control. In addition, in preparing these estimates we rely on the timeliness and accuracy of information and estimates reported or provided to us by our CROs.

Further, delays in the commencement or completion of clinical testing of our products could significantly affect our product development costs and our ability to generate revenue from these products, including programs that we have out-licensed. We do not know whether planned clinical trials will begin on time or be completed on schedule, if at all. The commencement and completion of clinical trials can be delayed for a number of reasons, including delays related to the ability of our Company or our licensors/CROs to do the following:

- obtain regulatory approval to commence a clinical trial;
- reach agreement on acceptable terms with prospective drug manufacturers, Clinical Research Organisations (CROs), and trial sites, the terms of which can be subject to extensive negotiation and may vary significantly among different CROs and trial sites;
- select CROs, trial sites and, where necessary, contract manufacturers that do not encounter any regulatory compliance problems;
- manufacture sufficient quantities of a product candidate for use in clinical trials;
- obtain ethics committee, or Institutional Review Board in USA (for clinical trials in USA IRB), approval to conduct a clinical trial at a prospective site;
- recruit and enroll patients to participate in clinical trials, which can be impacted by many factors outside our or our CRO's control, including competition from other clinical trial programs for the same or similar indications; and
- retain patients who have initiated a clinical trial but may withdraw due to side effects from the therapy, lack of efficacy or personal issues.

Clinical trials may also be delayed as a result of ambiguous or negative interim results. In addition, a clinical trial may be suspended or terminated by us or our CROs, the FDA, the IRB overseeing the clinical trial at issue, any of our clinical trial sites with respect to that site, or other regulatory authorities due to a number of factors, including:

- failure to conduct the clinical trial in accordance with regulatory requirements (including Good Clinical Practices, or GCP) or our clinical protocols;
- inspection of the clinical trial operations, trial sites or manufacturing facility by the FDA or other regulatory authorities resulting in findings of non-compliance and the imposition of a clinical hold;
- unforeseen safety issues or results that do not demonstrate efficacy; and
- lack of adequate funding to continue the clinical trial.

Additionally, changes in regulatory requirements and guidance may occur and we may need to amend clinical trial protocols to reflect these changes. Amendments may require us to resubmit our clinical trial protocols to ethics committee or IRBs for reexamination, which may impact the costs, timing or successful completion of a clinical trial. If we experience delays in completion of, or if we terminate, any of our clinical trials, the commercial prospects for our product candidates may be harmed and our ability to generate product revenues will be delayed and/or reduced. In addition, many of the factors that cause, or lead to, a delay in the commencement or completion of clinical trials may also ultimately

lead to the denial of regulatory approval of a product candidate.

If we or our CROs do not achieve milestones when anticipated, we may not achieve our planned revenue and it may adversely affect our revenue, business, operating results and financial condition. In addition, any delays in obtaining approvals to market and sell drugs may result in the loss of competitive advantages in being on the market sooner than, or in advance of, competing products, which may reduce the value of these products and the potential revenue we receive from the royalties or milestone payments.

23. If we fail to adequately conduct clinical trials, regulatory approvals necessary for the sale of proprietary drug program may not be obtained when anticipated, or at all, which would reduce or eliminate our potential return on that proprietary drug program.

Before any of our drug candidates can be sold commercially, we must conduct clinical trials that demonstrate that the drug is safe and effective for use in humans for the indications sought. The results of these clinical trials are used as the basis to obtain regulatory approval from government authorities such as the USFDA.

Conducting clinical trials is a complex, time-consuming and expensive process that requires an appropriate number of trial sites and patients to support the product label claims being sought. The length of time, number of trial sites and number of patients required for clinical trials vary substantially according to their type, complexity, novelty and the drug candidate's intended use and therefore, we may spend several years completing certain trials.

Further, the time within which we can complete our clinical trials depends in large part on the ability to enroll eligible patients who meet the enrollment criteria and who are in proximity to the trial sites. We and our CROs also face competition with other clinical trials for eligible patients. As a consequence, there may be limited availability of eligible patients, which can result in increased development costs, delays in regulatory approvals and associated delays in drug candidates reaching the market. Patients may also suffer adverse medical events or side effects in the course of our clinical trials that may delay or prohibit regulatory approval of our drug candidates. Even if we or our CROs successfully conduct clinical trials, we or our CROs may not obtain favorable clinical trial results and may not be able to obtain regulatory approval on this basis.

In addition, we are conducting and plan to conduct, further clinical trial activities in territories outside the India through CROs that contract with clinical sites and enroll patients in foreign jurisdictions, including U. S., and Europe, and may do so in new geographic locations where our experience of conducting clinical trials is limited. Some of these foreign jurisdictions may impose requirements on us or our third-party clinical trial service providers or contract manufacturers that are more stringent than those imposed by the DCGI, which may delay the development and approval of our drug candidates.

If we or our CROs fail to adequately manage the increasing number, size and complexity of clinical trials, the clinical trials and corresponding regulatory approvals may be delayed or we or our CROs/licensors may fail to gain approval for our drug candidates altogether. If our lincensors are unable to market and sell our drug candidates or are unable to obtain approvals in the timeframe needed to execute our product strategies, our business and results of operations could be materially adversely affected.

24. Drug candidates that we develop with our CROs or on our own may not receive regulatory approval. Even if our drug candidates obtain regulatory approval, we or our CROs/customers will be subject to ongoing government regulation.

The development and commercialization of drug candidates for our customers / licencors and our own internal drug discovery efforts are subject to regulation. Pharmaceutical products require lengthy and costly testing in animals and humans and regulatory approval by governmental agencies prior to commercialization. It takes several years to complete testing and failure can occur at any stage of the

testing. Results attained in preclinical testing and early clinical trials for any of our drug candidates may not be indicative of results that are obtained in later studies and significant setbacks in advanced clinical trials may arise, even after promising results in earlier studies. Clinical trials may not demonstrate sufficient safety and efficacy to obtain the requisite regulatory approvals or result in marketable products. Furthermore, data obtained from preclinical and clinical studies are susceptible to varying interpretations that may delay, limit or prevent regulatory approval. In addition, the administration of any drug candidate we develop may produce undesirable side effects or safety issues that could result in the interruption, delay or suspension of clinical trials, or the failure to obtain FDA or other regulatory approval for any or all targeted indications. Based on results at any stage of testing, we or our CROs may decide to repeat or redesign a trial or discontinue development of a drug candidate.

Approval of a drug candidate as safe and effective for use in humans is never certain and regulatory agencies may delay or deny approval of drug candidates for commercialization. These agencies may also delay or deny approval based on additional government regulation or administrative action, on changes in regulatory policy during the period of clinical trials in humans and regulatory review or on the availability of alternative treatments. Similar delays and denials may be encountered in foreign countries. If we or our customers cannot obtain this approval, we will not realize milestone or royalty payments based on commercialization goals for these drug candidates. Safety concerns may result in the FDA or other regulatory authorities terminating clinical trials before completion or requiring longer or additional clinical trials that may result in substantial additional expense and a delay or failure in obtaining approval or approval for a more limited indication than originally sought.

Even if regulatory authorities approve any of our drug candidates, the manufacture, labeling, storage, recordkeeping, distribution, marketing and sale of these drugs will be subject to strict and ongoing regulation. Compliance with this regulation may expose us and our CROs/customers to the potential for other adverse circumstances. For example, approval for a drug may be conditioned on costly post-marketing follow-up studies. Based on these studies, if a regulatory authority does not believe that the drug demonstrates a clinical benefit to patients, it could limit the indications for which a drug may be sold or revoke the drug's marketing approval. In addition, identification of certain side effects after a drug is on the market may result in the subsequent withdrawal of approval, reformulation of a drug, additional preclinical and clinical trials, changes in labeling or distribution, or we / our licensees may be required by FDA to develop and implement a risk evaluation and mitigation strategies to ensure the safe use of our proprietary drug program. Any of these events could delay or prevent us from generating revenue from the commercialization of these drugs and cause us to incur significant additional costs.

25. Due to our reliance on CROs, investigators and other third parties to conduct our clinical trials, we are unable to directly control the timing, conduct and expense of our clinical trials.

We rely primarily on third parties to conduct our clinical trials. As a result, we have had and will continue to have less control over the conduct of our clinical trials, the timing and completion of the trials, the required reporting of adverse events and the management of data developed through the trial than would be the case if we were relying entirely upon our own staff. Communicating with outside parties can also be challenging, potentially leading to mistakes as well as difficulties in coordinating activities. Outside parties may have staffing difficulties, may undergo changes in priorities or may become financially distressed, adversely affecting their willingness or ability to conduct our trials. We may experience unexpected cost increases that are beyond our control. Problems with the timeliness or quality of the work of a contract manufacturing or CROs may lead us to seek to terminate the relationship and use an alternative service provider. However, making this change may be costly and may delay our trials and contractual restrictions may make such a change difficult or impossible. Additionally, it may be impossible to find a replacement organization that can conduct our trials in an acceptable manner and at an acceptable cost.

26. Delay in raising funds from the Issue could adversely impact the implementation schedule which could adversely and materially affect our cash flow position, our business, results of operations and

financial condition of our Company.

Our Company's proposed Objects of the Issue are to be funded from the proceeds of this Issue. Any failure or any delay on our Company's part to mobilize the required resources through this Issue or any shortfall in the Issue proceeds may delay the implementation schedule. Our Company therefore, cannot assure that it would be able to execute the proposed plans within the given time frame, or within the costs as originally estimated by our Company. Any time overrun or cost overrun may adversely affect our growth plans and profitability.

27. Agreements we have entered into with our employees, consultants, advisors and CROs may not afford adequate protection for our trade secrets, confidential information and other proprietary information.

In addition to patent protection, we also rely on trademark protection, trade secrets, know-how, continuing technological innovation and licensing opportunities. In an effort to maintain the confidentiality and ownership of our trade secrets and proprietary information, we require our employees, consultants, advisors and CROs to execute confidentiality and proprietary information agreements. However, these agreements may not provide us with adequate protection against improper use or disclosure of confidential information and there may not be adequate remedies in the event of unauthorized use or disclosure. The failure by employees, consultants, advisors or CROs to maintain the secrecy of our confidential information may compromise or prevent our ability to obtain needed or meaningful patent protection. Furthermore, we may from time to time hire scientific personnel formerly employed by other companies involved in one or more areas similar to the activities we conduct. In some situations, our confidentiality and proprietary information agreements may conflict with, or be subject to, the rights of third parties with whom our employees, consultants, CROs or advisors have prior employment or consulting relationships. Although we require our employees and consultants to maintain the confidentiality of all proprietary information of their previous employers, these individuals, or we, may be subject to allegations of trade secret misappropriation or other similar claims as a result of their prior affiliations. Finally, others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets. Our failure or inability to protect our proprietary information and techniques may inhibit or limit our ability to compete effectively, or exclude certain competitors from the market.

28. The drug research and development industry is highly competitive and we compete globally with some companies that offer a broader range of capabilities and have better access to resources than we have.

The pharmaceutical industry is characterized by rapid and continuous technological innovation. We compete with many companies worldwide that are engaged in the research and discovery, licensing, development and commercialization of drug candidates. Some of our competitors have a broader range of capabilities and have greater access to financial, technical, scientific, regulatory, business development, recruiting and other resources than we have. Their access to greater resources may allow them to develop processes or products that are more effective, safer or less costly, or gain greater market acceptance, than products we develop or for which they obtain approval from FDA or other regulatory authorities more rapidly than we do. We could face increased global competition in the future as new companies enter the market and advanced technologies become available.

29. Our success largely depends upon our key managerial personnel and our ability to attract and retain them. Any loss of our key managerial personnel could adversely affect our business, operations and financial condition.

We depend significantly on the expertise, experience and continued efforts of our key managerial personnel. If one or more members of our key managerial personnel are unable or unwilling to continue in his/ her present position, it could be difficult to find a replacement and our business could be adversely affected. Our future success will also depend on our ability to attract highly skilled personnel. Competition for key managerial personnel in our industry is intense and it is possible that

we may not be able to retain our existing key managerial personnel or may fail to attract / retain new employees at equivalent positions in the future. As such, the loss of our key managerial personnel could adversely affect our business, results of operations and financial condition. Further, our Company does not, as on the date of this Letter of Offer, have key man insurance policies and this may have an adverse impact on our Company's business and operations.

For further details on our key managerial personnel, please refer to the chapter titled "*Management*" beginning on page 146.

30. ***If we do not successfully licence/commercialise our products under development, or if our licensing /commercialisation is delayed, it may 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, as also uncertain. If we do not successfully licence/commercialise our products under development, or if our licensing /commercialisation is delayed, it may harm our operating results.

31. ***If our drug candidates do not gain market acceptance, we may be unable to generate significant revenue.***

Even if our drug candidates are approved for sale, they may not be successful in the market. Market acceptance of any of our drug candidates will depend on a number of factors including demonstration of clinical effectiveness and safety, potential advantages of our drug candidates over alternative treatments, ability to offer our drug candidates for sale at competitive prices and effectiveness of marketing and distribution methods for the products.

If our drug candidates do not gain market acceptance among physicians, patients and others in the medical community, our ability to generate meaningful royalties from our drug candidates would be limited.

32. ***Our Company's ability to create a viable drug candidate is dependent on numerous factors. Our research and development capabilities may not produce viable drug candidates resulting in delayed or lost revenue.***

We seek to identify and develop drug candidates for our proprietary programs. It is uncertain whether we will be able to provide drug discovery more efficiently or create high quality drug candidates, which may result in delayed or lost revenue. Our ability to create viable drug candidates for ourselves depends on many factors, including the implementation of appropriate technologies, the development of effective new research tools, the complexity of the chemistry and biology, the lack of predictability in the scientific process and the performance and decision-making capabilities of our scientists. While we believe that our information-driven technology platform allows our scientists to make better decisions we cannot assure you that this may not enable our scientists to make correct decisions or develop viable drug candidates.

33. ***Our application made for registration of the trademark and logo*** 

owned by our Company is still pending with the relevant trademark authorities and has not yet been registered. We may be unable to adequately protect our intellectual property. Furthermore, our Company may be subject to claims alleging breach of third party intellectual property rights.

Our Company has applied for registration of its trademark and logo 

under the provisions of the Trademarks Act, 1999; however, the same has not been registered in the name of our Company. Hence, our Company does not enjoy the statutory protections accorded to a registered trademark. There can be no assurance that we will be able to register the trademark and the logo or that, third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Further, our Company cannot assure that the application for registration of our trademark in the future will be granted by the relevant authorities in a timely manner or at all.

Our Company's efforts to protect our intellectual property may not be adequate and may lead to erosion of our business value and our operations could be adversely affected. This may lead to litigation and any such litigation could be time consuming and costly and the outcome cannot be guaranteed. Our Company may not be able to detect any unauthorized use or take appropriate and timely steps to enforce or protect our intellectual property.

34. ***Some of the unsecured loans taken by our Company, out of total borrowings of our Company amounting to ₹ 840.00 million may be recallable on demand by the lenders at any time. Similarly, some of the secured and unsecured loans taken by our Group Entities, out of the total borrowings of our Group Entities amounting to ₹ 35,381.54 million (which includes inter-se borrowings amongst Group Entities) including interest accrued some of them may be recallable on demand by the lenders at any time, which could adversely and materially affect cash flow position, business, results of operations and financial condition of our Company and / or Group Entities.***

Certain unsecured loans taken by our Company amounting to, ₹ 840.00 million as on August 09, 2012 and certain secured and unsecured loans taken by our Group Entities, amounting to ₹ 35,381.54 million (which includes *inter-se* borrowings amongst Group Entities) including interest accrued as on July 31, 2012 may be subject to repayment on demand by the lenders at any time. Any failure by our Company and / or our Group Entities to service such indebtedness, comply with a requirement to obtain a consent or otherwise perform their obligations under their financing agreements could lead to a termination of one or more of their credit facilities, trigger cross default provisions, pledge and other security arrangements and penalties and acceleration of amounts due under such facilities which may adversely affect our cash flow position, our business, financial condition and results of operations of our Company and / or Group Entities. For further details of unsecured loans availed by our Company see the chapter titled *"Financial Indebtedness"* beginning on page 214.

35. ***Some agreements entered into by our Company with various parties are not stamped and some are not adequately stamped. The said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid and the relevant registration, if required, is done. Further, some of these agreements entered into with various parties across the world contain clauses which provide for dispute resolution outside India, in foreign jurisdictions. This may escalate the cost of litigations, should any arise.***

Some agreements entered into by our Company with various parties are not stamped and some are not adequately stamped. The potential consequence of this could be that the said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid, if required, and the required registration is done. As on the date of this Letter of Offer, our Company has not initiated / been party to any litigation in this regard. Any claim or adverse order / finding in connection with these agreements could adversely affect the operations of our Company. Further, some of these agreements entered into with various parties across the world contain clauses which provide for dispute resolution outside India, in foreign jurisdictions. In case disputes arise in respect of the same which require us to approach judicial or alternative dispute resolution fora, the costs of dispute resolution could be extremely or prohibitively high.

36. ***Our Promoter and one of our Directors is on the board of other companies which are in the same and/ or similar line of business and some of our Group Entities are engaged in businesses /***

industries in which our Company operates and are in a similar line of business or could offer services that are related to the business of our Company. This may be a potential source of conflict of interest for us and which may have an adverse effect on our operations.

Our Group Entities namely SPIL, Caraco Pharmaceutical Laboratories, Ltd. and SPARC Bio-Research Private Limited are engaged in similar businesses / industries similar to that of our Company. These Group Entities are presently engaged *inter alia* in a similar line of business as that of our Company i.e. of R&D, however, none of these are engaged in the same line of business as that of our Company which is innovative pharmaceutical research and development. This may be a potential source of conflict of interest for our Company and may have an adverse effect on our operations. Furthermore, certain of our Group Entities are enabled, by the main objects clause of their memorandum of association, to carry on activities which may be common to the business of our Company. Whilst they are not currently carrying on any business in conflict with our Company, there is no assurance that a conflict of interest may not occur between our business and the business of these Group Entities in the future, or that we will be able to suitably resolve such a conflict without an adverse effect on our business or operations. For further details, please refer to the chapter titled *"Group Entities"* beginning on page 202.

Further, other than on the board of our Group Entities, Our Promoter, Mr. Dilip Shanghvi and two of our Directors namely Mr. Sudhir Valia and Dr. Goverdhan Mehta are on the board of other companies which are in the same and / or in the similar line of business as that of our Company. Our Promoter is on the board of Taro Research Institute Limited, Israel and Caraco Pharmaceutical Laboratories Limited. Mr. Sudhir Valia is on the board of Caraco Pharmaceutical Laboratories Limited, Taro Pharmaceutical Industries Limited, Israel and Taro Pharmaceutical Inc. Canada. Dr. Goverdhan Mehta is on the board of Piramal Enterprises Limited (formerly known as Piramal Healthcare Limited) and Novitas Research Labs Private Limited. This may be a potential source of conflict of interest for us and may have an adverse effect on our operations. For further details, please refer to the chapter titled *"Management"* beginning on page 146.

37. Some of our Group Entities have incurred losses and have had negative Net Worth in the past 3 years. Continuous financial losses by any of our Group Entities may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation.

The following Group Entities have incurred loss in any year(s) during the past 3 years, details of which are as under:

(₹ in million, unless stated otherwise)

	PROFIT / (LOSS)		
NAME OF THE COMPANY	**FISCAL 2012**	**FISCAL 2011**	**FISCAL 2010**
LIMITED COMPANIES			
Green Eco Development Centre Limited	(0.10)	(0.01)	- **
BODIES CORPORATE			
Sun Pharmaceutical Industries, Inc.*	(22.20)	(26.47)	(13.80)
FIRMS			
Sun Pharma Drugs	(0.001)	(0.003)	-**

** USD in million*

*** were incorporated in Fiscal 2011*

	PROFIT / (LOSS)		
NAME OF THE COMPANY	**Calendar Year 2011**	**Calendar Year 2010**	**Calendar Year 2009**
BODIES CORPORATE			
Sun Pharmaceutical Peru Sociedad Anonima Cerrada (Soles in million)	(0.56)	(0.47)	(0.92)
OOO Sun Pharmaceutical Industries Limited (Roubles in million)	(27.94)	(0.62)	3.27

The following Group Entities have had negative Net Worth in any year(s) during the past 3 financial years, details of which are as under

(USD in million)

NET WORTH			
NAME OF THE COMPANY	**FISCAL 2012**	**FISCAL 2011**	**FISCAL 2010**
BODIES CORPORATE			
Sun Pharmaceutical Industries, Inc.	(92.68)	(70.48)	(44.01)

NET WORTH			
NAME OF THE COMPANY	**Calendar Year 2011**	**Calendar Year 2010**	**Calendar Year 2009**
BODIES CORPORATE			
Sun Pharmaceutical Peru Sociedad Anonima Cerrada (Soles in million)	(1.95)	(1.39)	(0.92)

Additionally, negative Net Worth and/or losses incurred by our Group Entities may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation. For further details of our loss making Group Entities and Group Entities having negative Net Worth, please refer to chapter titled *"Group Entities"* beginning on page 202.

38. One of the objects of the Issue i.e. pharmaceutical research and development activities are based on the internal estimates of our management, and have not been appraised by any bank or financial institution. The deployment of funds in the project is entirely at our discretion and as per the details mentioned in the section titled "Objects of the Issue".

Our funding requirements and the deployment of part of the proceeds of the Issue, to be utilised for pharmaceutical research and development activities, are based on management estimates and have not been appraised by any bank or financial institution or any independent agency. We may have to revise our management estimates from time to time and consequently, our funding requirements may also change. Our estimates may exceed the value that would have been determined by third party appraisals and may require us to reschedule our expenditure which may have a bearing on our expected revenues and earnings. Further, the deployment of the funds towards the objects of the Issue is entirely at the discretion of our Board of Directors or the Committee thereof and is not subject to monitoring by external independent agency. For further details of the Objects of the Issue, please refer to the section titled "*Objects of the Issue*" beginning on page 78.

39. Some of our applications made for registration of our patents and trademarks are still pending with the relevant patent and trademark authorities as a result of which we may have lesser recourse to initiate legal proceedings to protect our patents and brands. This may lead to a dilution in the value of our patents and brands.

As on the date of this Letter of Offer our Company has been granted one hundred and six (106) patents and our Company has made three hundred and thirty two (332) patent applications before the relevant authorities in various countries. Further, of the various trademarks under which we presently market our products, six (06) are registered in the name of our Company and our Company has made eighteen (18) applications for registration of certain trademarks with the relevant trademark authorities and the same are still pending with them. The drug research and development industry generally has a history of patent and trademark litigations. Legal proceedings relating to intellectual property would be expensive and take significant time. Because we produce drug candidates for a broad range of therapeutic areas and provide many different capabilities in this industry, we may face potential patent infringement suits by companies that control patents for similar drug candidates or capabilities or other suits alleging infringement of their intellectual property rights. Thus, pending the registration of these patents and trademarks we may have a lesser recourse to initiate legal proceedings to protect our patents and trademarks which may lead to a dilution in the value of our patents and trademarks.

Patent applications relating to or affecting our business may have been filed by a number of pharmaceutical companies and academic institutions. A number of technologies in these applications

or patents may conflict with our technologies, patents or patent applications, which could reduce the scope of patent protection we could otherwise obtain. We could also become involved in interference proceedings in connection with one or more of our patents or patent applications to determine priority of inventions. We cannot be certain that we are the first creator of inventions covered by pending patent applications, or that we were the first to file patent applications for any such inventions.

Our success with our patents and trademarks depends, in part on our ability to protect and defend our current and future intellectual property rights relating to such patents and trademarks. If, we fail to adequately protect our intellectual property, it may have an adverse effect on the goodwill of our patents and trademarks. Any infringement claims which are successful against us could expose us to significant liabilities.

40. Our inability to meet quality standards prescribed by our clients or the customers of our clients in turn could result in substantial business losses, which could impact our financials and our reputation.

Our clients will be required to comply with certain quality standards for the products supplied by them to their customers and in turn, our Company may be required to enable them to meet certain quality requirements prescribed by our clients. Till date, we have been able to provide the technology which enables our clients to meet the quality standards prescribed by them. In case we are unable to provide the technology which enables our clients to meet the quality standards prescribed by them we may not able to retain such clients which could result in substantial business losses adversely affecting our financials as well as our reputation in our industry.

41. Our Company has been sanctioned an unsecured soft loan of ₹ 96.60 million and has availed 63.80 million by the Department of Science& Technology, Government of India. In case our Company is unable to service its existing and future indebtedness obligations, our Company may be in default under this loan agreement with the lender or may be required to reschedule its borrowings / repayments.

Our Company has been sanctioned an unsecured soft loan of ₹ 96.60 million and has availed 63.80 million from the Department of Scientific & Industrial Research, Government of India till the date of this Letter of Offer. In accordance with the terms of this loan, as on the date of this Letter of Offer, the repayment schedule for this loan commences from August, 2012. Any failure to service our indebtedness, comply with a requirement to obtain a consent or otherwise perform our obligations under our financing agreements could lead to a termination of one or more of our credit facilities, reschedulement of any of our facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities which may adversely affect our business, financial condition and results of operations. For further details of loans availed by our Company, please refer the chapter titled "*Financial Indebtedness*" beginning on page 214.

42. Our Promoter and certain of our Promoter Group will continue to retain majority control of our Company after the Issue, which will enable them to influence the outcome of matters submitted to Shareholders for approval and our other Shareholders may not be able to affect the outcome of Shareholder voting. After the completion of the Issue, our Promoter will continue to have certain rights under our Articles of Association.

Upon completion of this Issue, our Promoter and certain of our Promoter Group will continue to beneficially own the majority of our post-Issue equity share capital. As a result, they will have the ability to control various aspects of our business, including matters relating to any sale of all or substantially all of our assets, the timing and distribution of dividends and the election or termination of appointment of our officers and directors subject to the rights of any lenders to which such shares may be pledged. This control could delay, defer or prevent a change in control of our Company, impede a merger, consolidation, takeover or other business combination involving our Company, or discourage a potential acquirer from making a tender offer or otherwise attempting to obtain control of our Company even if it is in our Company's best interest. In addition, for as long as our Promoter and

Promoter Group continue to exercise significant control over our Company, they may influence the material policies of our Company in a manner that could conflict with the interests of our other Shareholders.

Our Promoter and Promoter Group may have interests that are adverse to the interests of our other Shareholders and may take positions with which we or our other Shareholders do not agree.

Under the Articles of Association of our Company, our Promoter shall have the right, by writing and addressed to the Board, to designate one or more members of the Board as Managing Director or Managing Directors of our Company and the Board shall, within 14 days of the date of receipt of such writing, appoint such designate or designates as the Managing Director or Managing Directors of our Company.

43. We have not yet entered into definitive agreements to utilize the Net Proceeds of the Issue for certain projects.

The projects intended to be financed from the Net Proceeds are currently in initial stages of implementation. We have not entered into any definitive contracts or placed any orders for some of the projects. Whilst the quotations obtained by us for certain clinical trials in connection with such projects are described in the section titled "*Objects of the Issue"*, such costs are subject to change in light of various factors beyond our control, including delays or increases in quoted price by identified CROs which may conduct such clinical trials. Our inability to complete the identified projects in accordance with our stated schedules of implementation may lead to cost overruns and impact our future profitability.

Pending utilization of the Net Proceeds for the purposes described above, we intend to temporarily invest the funds in interest bearing liquid instruments including deposits with banks for the necessary duration and investments in money market mutual funds and other financial products and investment grade interest bearing securities as may be approved by the Board or any committee thereof. This deployment may not result in adequate returns for us. For further details on the objects of the Issue please refer to section titled "*Objects of the Issue"* beginning on page 78.

44. Certain types of risks may not be covered under our existing insurance policies, since these may be uninsurable or not economically viable. Our insurance coverage may not be sufficient to fully cover us against an insured risk or loss.

While we believe that we maintain insurance coverage in amounts consistent with industry norms, our insurance policies do not cover all risks and are subject to exclusions and deductibles. There can be no assurance that our insurance policies will be adequate to cover the losses in respect of which the insurance had been availed. If we suffer a significant uninsured loss or if our insurance claim in respect of the subject-matter of insurance is not accepted or any insured loss suffered by us significantly exceeds our insurance coverage, our business, financial condition and results of operations may be materially and adversely affected.

For details on our insurance coverage, please refer chapter titled "*Business"* beginning on page 116.

45. Our Company has made applications for renewal of certain licenses and approvals which are required for our Company's operations and business. Any delay or failure to obtain renewal of these licenses and approvals in a timely manner could adversely affect our business.

We require applicable statutory and regulatory approvals, licenses, registrations and permissions to operate our business, some of which our Company has either received, applied for or is in the process of application. Further, as per the Drugs and Cosmetics Act Schedule Y (Drugs and Cosmetics Rules 122A, 122B, 122D, 122DA, 122DAA and 122E), permission from the DCGI is required to import R & D materials and also to undertake clinical trials. Various requirements like informed consent, independent ethics committee etc. as described in this Schedule Y will need to be fulfilled by our

Company. There can be no assurance that the relevant authorities will issue any of such licenses or approvals in time or at all. Further, these licenses and approvals are subject to several conditions, and our Company cannot assure that it shall be able to continuously meet such conditions or be able to prove compliance with such conditions to statutory authorities, and this may lead to cancellation, revocation or suspension of relevant licenses/ approvals. Failure by our Company to renew, maintain or obtain the required licenses or approvals, or cancellation, suspension or revocation of any of the licenses or approvals may result in the interruption of our Company's operations and may have a material adverse effect on our business.

Also, for the clinical trials carried out in USA and Europe on contract basis on behalf of our Company, permission from USFDA and EMEA respectively is required Such approvals, licenses, registrations and permits may be granted for a fixed period of time. If we fail to obtain some or all of these approvals or licenses, or renewals thereof, in a timely manner or at all, would adversely affect our Company's operations, thereby having a material adverse effect on our business, results of operations and financial condition.

Our Company has made applications for renewal of certain licenses/approvals which are pending before the relevant authorities. For further details of the same, please refer to chapter titled *"Government and Other Statutory Approvals"* beginning on page 250.

46. Changes in technology may render our current technologies obsolete or require us to make substantial capital investments.

Advancements in technology may require us to incur additional capital expenditure for upgrading our facilities and equipment so as to compete with our competitors on a global scale. In the event that we are not able to respond to such technological advancements in a timely manner, we may become less competitive thereby adversely affecting our business, results of operations and financial condition.

47. The Rights Shares will be partly paid-up until the Final Call is made.

The Issue Price of the Rights Shares of our Company is ₹ 67.00 per Rights Share. The Investors have to pay ₹ 40.00 which constitutes 60% of the Issue Price on application and the balance ₹ 27.00 which constitutes 40% of the Issue Price on the Final Call. The price movements of the Rights Shares may be greater in percentage terms than the price movements if the Rights Shares were fully paid-up. Investors in this Issue will be required to pay the money due on Final Call, even if, at that time, the market price of the Equity Shares is less than the Issue Price. If the Investor fails to pay the balance amount due with any interest that may have accrued thereon after notice has been delivered by our Company, then any of the Rights Shares in respect of which such notice has been given may, at any time thereafter, after complying with the required procedures, be forfeited by a resolution of the Board to that effect. Such forfeiture shall include all dividends, if any, declared in respect of such forfeited Rights Shares.

48. Our agreements with various lenders for financial arrangements contain restrictive covenants for certain activities and if we are unable to get their approval, it might restrict our scope of activities and impede our growth plans.

We have entered into agreements for short term and long term borrowings with certain lenders. These borrowings include secured fund based and non-fund based facilities and unsecured loans. These agreements include restrictive covenants which mandate certain restrictions in terms of our business operations such as change in capital structure, declaring dividends, further expansion of business, taking up new business activity or setting up/ investing in subsidiary except in the ordinary course of business and which require our Company to obtain prior approval of the lenders for any of the above activities. We cannot assure you that our lenders will provide us with these approvals in the future. For details of these restrictive covenants, please refer to chapter titled "*Financial Indebtedness*" beginning on page 214.

49. Our Company is exposed to foreign currency fluctuations. In case our hedging arrangements are

not adequate to mitigate the adverse impact of currency fluctuations on the results of our operations this may adversely affect our business.

Our Company incurs significant expenses of the nature of foreign exchange outgo on account of import of R & D materials, professional charges and travel expenses. As on the date of this Letter of Offer, our Company has Nil outstanding forward exchange contracts entered into. While our Company has risk mitigating mechanism in place in respect of the foreign exchange fluctuations the same may not be adequate to mitigate the adverse impact of currency fluctuations on the results of our operations this may adversely affect our business.

50. The R & D materials required for our Company's business activities may not be easily available in the domestic markets and volatility in the prices of the R & D materials required may have an adverse impact on our business and financial operations.

The R & D materials required by our Company may not be easily available in domestic markets. The prices of R & D materials may fluctuate, depending on among other factors, the number of producers / suppliers and their production volumes or prices and changes in demand in the principal drug markets. Our Company does not have any long term agreement with suppliers for the purchase of the R & D materials, among others. We are exposed to and will have to absorb any fluctuations in the prices of these R & D materials, which may adversely affect financials of our Company.

51. In addition to our existing indebtedness for our existing operations, we may require further indebtedness during the course of business. We cannot assure that we would be able to service our existing and/ or additional indebtedness.

As on March 31, 2012, our Company's total indebtedness is ₹ 683.22 million. In addition to the indebtedness for our existing operations we may require further debt including in the form of term loans and working capital loans in the course of our business. Increased borrowings, if any, may adversely affect our debt-equity ratio and our ability to further borrow at competitive rates.

Any failure to service our indebtedness or otherwise perform our obligations under our financing agreements which may be entered into with our lenders could lead to a termination of one or more of our credit facilities, trigger cross default provisions, penalties and acceleration of amounts due under such facilities which may adversely affect our business, financial condition and results of operations. For details of our indebtedness, please refer to the chapter titled "*Financial Indebtedness*" beginning on page 214.

52. Our inability to manage growth could disrupt our business and reduce our profitability. We may not be able to sustain effective implementation of our business and growth strategies.

Our growth strategies are subject to and involve risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the budgeted cost and timelines. Any inability on our part to manage our growth or implement our strategies effectively could have a material adverse effect on our business, results of operations and financial condition. Further, on account of changes in market conditions, industry dynamics, technological improvements, changes in regulatory or trading policies or changes therein and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands.

Additionally, there can be no assurance that debt or equity financing or our internal accruals will be available or sufficient to meet the funding of our growth plans. Our ability to obtain required funds on acceptable terms is subject to various uncertainties, including:

- limitations on our ability to incur additional debt, including as a result of prospective lenders' evaluations of our creditworthiness and pursuant to restrictions on incurrence of debt in our

existing and anticipated credit facilities;

- Investors' and lenders' perception of, and demand for, debt and equity securities of pharma R & D companies, as well as the offerings of competing financing and investment opportunities in India by our competitors;
- limitations on our ability to raise capital in the capital markets and conditions of Indian and any other capital markets in which we may seek to raise funds; and
- our future results of operations, financial condition and cash flows.

Any inability to raise sufficient capital to fund our growth plans could have a material adverse effect on our business and results of operations.

53. Our Company takes advantage of certain tax benefits and other financial incentives, which if withdrawn, may adversely affect its financial condition and results of operations.

Our Company is approved and registered with DSIR as a commercial research and development company and is eligible for deduction under section 80 (IB) (8A) of the IT Act, 1961 of 100% of our profits and gains for ten consecutive assessment years commencing with the initial assessment year, i.e. the year prior to which the approval of DSIR was obtained subject to compliance with conditions specified under the IT Act. It may be noted that such deduction under section 80-IB (8A) is admissible for our Company, only up to Assessment Year 2016-17 (i.e. Fiscal 2016). As per provisions of Section 35 (1) (iv) of the IT Act, our Company is eligible for deduction of expenditure of a capital nature on scientific research related to the business carried on by our Company, subject to the provisions of section 35(2) of the IT Act. If these tax benefits are withdrawn or are unavailable to our Company, this may adversely affect our financial condition and results of operation**.** For further details of the tax benefits of our Company, please refer to the chapter titled *"Statement of Tax Benefits"* beginning on page 88.

54. Our future fund requirements, in the form of further issue of capital or securities and/or loans taken by us, may be prejudicial to the interest of the Shareholders depending upon the terms on which they are eventually raised.

We may require additional capital from time to time depending on our business needs. Any further issue of Equity Shares or convertible securities would dilute the shareholding of the existing Shareholders and such issuance may be done on terms and conditions, which may not be favourable to the then existing Shareholders. If such funds are raised in the form of loans or debt or preference shares, then it may substantially increase our fixed interest/dividend burden and decrease our cash flows, thus adversely affecting our business, results of operations and financial condition.

55. Our ability to pay dividend in the future will depend upon future earnings, financial conditions, cash flows, working capital and capital expenditure requirements.

Our Company has not declared any dividend since incorporation. Our Company cannot give any assurance that dividend will be paid in future. The declaration and payment of any dividend in the future will be recommended by our Board of Directors, at its discretion, and will depend on a number of factors like its earnings, cash generated from operations, capital requirements and overall financial condition.

56. Our Company's business activities require us to hire and utilise the services of trained personnel with expertise in specialised areas. Increase in employee compensation in India may adversely affect our business or operations as it may reduce our Company's profit margins. We can also not assure that we will be able to attract and retain trained personnel in accordance with our requirements at all times and our inability to do so may adversely affect our business.

As on the date of this Letter of Offer, forty six (46) of our Company's employees hold doctoral degrees, one (01) of our Company's employees holds a degree of MD, two (02) of our Company's employees hold a degree of MBBS and one hundred and sixty four (164) of our employees hold

masters degrees. Our Company's expenses towards personnel and employees constituted 29.73% and 37.70% of our total business expenditure in Fiscals 2012 and Fiscal 2011 respectively. Our activities in pharmaceutical research and development require our Company to engage highly qualified employees with specialised training. While we consider our current employee relations to be satisfactory, there can be no assurance that we will be able to attract and retain trained employees or that we will not experience future disruptions to our operations due to disputes with our employees or other problems with employees which may adversely affect our business or operations. In that case, there may be restrictions on the flexibility of our policies which would adversely affect us. Non-availability of requisite employees or increased compensation levels may adversely affect our business, results of operations, profit margins and financial condition.

For details of our employees please refer to the chapter titled "*Business*" beginning on page 116.

57. Compliance with, and changes in safety, health and environmental laws and regulations may adversely affect our business, prospects, financial conditions and results of operations

Our Company is subject to safety and health laws and regulations such as the Environment (Protection) Act, 1986, the Water (Prevention and Control of Pollution) Act, 1974, the Air (Prevention and Control of Pollution) Act, 1981, Hazardous Wastes (Management & Handling) Rules, 1989 and the Indian Explosives Act, 1884. These laws and regulations impose controls on our Company's safety standards, and other aspects of its operations. Our Company has incurred and expects to continue to incur, operating costs to comply with such laws and regulations. In addition, our Company has made and expects to continue to make capital expenditures on an on-going basis to comply with the safety and health laws and regulations. Our Company may be liable to the Government of India or the State Governments or Union Territories with respect to its failures to comply with applicable laws and regulations. Further, the adoption of new safety and health laws and regulations, new interpretations of existing laws, increased governmental enforcement of laws or other developments in the future may require that our Company make additional capital expenditures or incur additional operating expenses in order to maintain its current operations or take other actions that could have a material adverse effect on its financial condition, results of operations and cash flow. Safety, health and environmental laws and regulations in India, in particular, have been increasing in stringency and it is possible that they will become significantly more stringent in the future. The costs of complying with these requirements could be significant and may have an impact on our financial condition.

For further details of the same, please refer to chapter titled *"Key Industry Regulations and Policies"* beginning on page 133.

58. Taxes and other levies imposed by the Central or State Governments, as well as other financial policies and regulations, may have an adverse effect on our business, financial condition and results of operations.

We are subject to taxes and other levies imposed by the Central or State Governments in India, including customs duties, excise duties, central sales tax, state sales tax, service tax, income tax, value added tax and other taxes, duties or surcharges introduced on a permanent or temporary basis from time to time.

The central and state tax scheme in India and other countries where our Company carries out clinical trials is extensive and subject to change from time to time. Any adverse changes in any of the taxes levied by the Central or State Governments may adversely affect our competitive position and profitability. Any Changes in the tax structure could adversely affect our financial condition and results of operations.

59. Our profitability may be adversely affected in the event any investments made by our Company, other than in connection with our business, may not yield favourable results.

The total investments made by us for the Fiscals 2012 and 2011 aggregated to approximately Nil and

3.17% respectively of the total assets of our Company. We cannot assure that such investments made by us would yield desired results. Our investment in funds is subject to a number of significant risks that arise from the nature of their businesses.

60. Our operations could be interrupted by damage to our specialized R&D facilities.

Our operations depend on the continued use of our specialized R&D facilities and equipment in catastrophic events, including fires or explosions, could damage our laboratories, equipment, scientific data, work in progress or inventories of chemical compounds and may materially interrupt our business. We employ safety precautions in our laboratory activities in order to reduce the likelihood of the occurrence of these catastrophic events. However, we cannot eliminate the chance that such an event will occur. The rebuilding of our facilities could be time consuming and result in substantial delays in fulfilling our objectives.

61. Reforms in the health care industry and the uncertainty associated with pharmaceutical pricing and related matters could adversely affect the marketing, pricing and demand for products manufactured with the use of our technologies.

Our success will depend in part on the extent to which government and health administration authorities, private health insurers and other third-party payers will pay for our products. Increasing expenditures for health care has been the subject of considerable public attention in almost every jurisdiction where we conduct business. Both private and governmental entities are seeking ways to reduce or contain health care costs by limiting both coverage and the level of reimbursement for new therapeutic products. In many countries in which we currently operate, including India, pharmaceutical prices are subject to regulation. The existence of price controls can limit the revenues we earn royalties/upfront from our licensors/customers from sale of products manufactured with our technologies.

62. Our quarterly operating results could fluctuate significantly, which could cause our stock price to decline.

Our quarterly operating results have fluctuated in the past and may to fluctuate in the future. In addition, we may experience significant fluctuations in quarterly operating results due to factors such as general and industry-specific economic conditions that may affect the research and development expenditures of pharmaceutical companies. Entering into licensing or drug discovery collaborations typically involves significant technical evaluation by our customers/licensors. Accordingly, negotiation can be lengthy and is subject to a number of significant risks, including customers' budgetary constraints and internal acceptance Due to these factors, our operating results could fluctuate significantly from quarter to quarter.

Due to the possibility of fluctuations in our revenue and expenses, we believe that quarter-to-quarter comparisons of our operating results are not a good indication of our future performance. Our operating results in some quarters may not meet the expectations of stock market analysts and Investors. If we do not meet analysts' and / or Investors' expectations, our stock price could decline.

EXTERNAL RISK FACTORS

63. Political instability or changes in the Government of India could adversely affect economic conditions in India generally and our business in particular.

The Government of India has traditionally exercised, and continues to exercise, a significant influence over many aspects of the economy. Our business, and the market price and liquidity of our Equity Shares, may be affected by interest rates, changes in government policy, taxation, social and civil unrest and other political, economic or other developments in or affecting India.

Since 1991, successive Indian governments have pursued policies of economic liberalization and

financial sector reforms. The present government had announced its general intention to continue India's current economic and financial sector liberalization and deregulation policies. However, there can be no assurance that such policies will be continued and a significant change in the Government of India's policies in the future could affect business and economic conditions in India and could also adversely affect our business, prospects, financial condition and results of operations.

64. A slowdown in economic growth in India and instability in Indian financial markets could materially and adversely affect our results of operations and financial condition.

Our performance and the quality and growth of our business are dependent on the health of the overall Indian economy. There have been periods of slowdown in the economic growth of India during the 1990s as well in Fiscal 2009. Any future slowdown in the Indian economy could thus harm our results of operations and financial condition.

The Indian financial market and the Indian economy are influenced by economic and market conditions in other countries, particularly in emerging markets. Financial turmoil in Asia, the United States, Europe and elsewhere in the world in recent years has affected the Indian economy. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss in investor confidence in the financial systems of other emerging markets may cause increased volatility in Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability, including further deterioration of credit conditions in the U.S. and European market, could also have a negative impact on the Indian economy. Financial disruptions may occur again and could harm our results of operations and financial condition.

65. After the Issue, the price of our Equity Shares may become highly volatile, or an active trading market for our Equity Shares may not develop.

The price of our Equity Shares on the Indian Stock Exchanges may fluctuate after the Issue as a result of several factors, including volatility in the Indian and global securities market; our operations and performance; performance of our competitors; the perception in the market with respect to investments in the sectors in which we operate in India; adverse media reports about us or the sectors in which we operate; changes in the estimates of our performance or recommendations by financial analysts; significant developments in India's economic liberalization and deregulation policies; and significant developments in India's fiscal regulations. There can be no assurance that an active trading market for the Equity Shares will be sustained after this Issue, or that the price at which the Equity Shares are being currently traded, or will trade on listing of the Equity Shares pursuant to the Issue, will correspond to the price at which the Equity Shares will trade in the market subsequent to the Issue.

66. You will not be able to immediately sell any of the Rights Shares you purchase in this Issue on the Stock Exchanges. You can start trading in the Rights Shares only after they have been credited to your account and listing and trading permissions are received from the Stock Exchanges.

Under the SEBI Regulations, we are permitted to allot Rights Shares within 15 days of the Issue Closing Date. Consequently, the Rights Shares you purchase in the Issue may not be credited to your dematerialized account with Depository Participants until 15 days of the Issue Closing Date. You can start trading in the Equity Shares only after they have been credited to your dematerialized account and listing and trading permissions are received from the Stock Exchanges in respect of the Rights Shares Allotted pursuant to this Issue.

67. The Issue Price of our Rights Shares may not be indicative of the market price of our Equity Shares after the Issue.

The Issue Price of ₹ 67.00 per Rights Share may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the

Investor will be able to sell their shares at or above the Issue Price. Among the factors that could affect our share price are:

- quarterly variations in the rate of growth of our financial indicators, such as earnings per share, net income and revenues;
- changes in revenue or earnings estimates or publication of research reports by analysts;
- speculation in the press or investment community;
- general market conditions; and
- domestic and international economic, legal and regulatory factors unrelated to our performance.

68. There are restrictions on daily movements in the price of the Equity Shares, which may adversely affect a shareholder's ability to sell, or the price at which it can sell, Equity Shares at a particular point in time. No assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

Our Equity Shares currently are, and will on listing of the Rights Shares being offered in the Issue be, subject to a daily "circuit breaker" imposed by all stock exchanges in India, which does not allow transactions beyond specified increases or decreases in the price of the Equity Shares. This circuit breaker operates independently of the index-based, market-wide circuit breakers generally imposed by SEBI on Indian stock exchanges. The percentage limit on our circuit breakers will be set by the stock exchanges based on the historical volatility in the price and trading volume of the Equity Shares.

The Stock Exchanges will not inform us of the percentage limit of the circuit breaker in effect from time to time and may change it without our knowledge. Circuit breaker will limit the movements in the price of the Equity Shares. As a result of circuit breaker, no assurance can be given regarding your ability to sell your Equity Shares or the price at which you may be able to sell your Equity Shares at any particular time.

69. The Competition Act, 2002, by regulating our Company's business and activities, may materially and adversely affect our Company's results of operations and financial condition.

Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void, and any abuse of dominant position by an enterprise which is in a dominant position, is void and will be subject to substantial penalties. It is unclear how the Competition Act will affect industries in India and our Company's business. Consequently, our Company cannot assure prospective investors that enforcement under the Competition Act will not have a material adverse effect on its results of operations and financial condition.

70. A third party could be prevented from acquiring control of our Company because of the Takeover Regulations under Indian law.

There are provisions in Indian law that may discourage a third party from attempting to take control of our Company, even if it would result in the purchase of our Equity Shares at a premium to the market price or would otherwise be beneficial to our Company's Shareholders. Indian takeover regulations contain certain provisions that may delay, deter or prevent a future takeover or change in control so as to ensure that the interests of shareholders are protected. Any person acquiring either "control" or an interest (either on its own or together with parties acting in concert with it) in 25% or more of our Company's voting Equity Shares must make an open offer to acquire at least another 26% of our Company's outstanding voting Equity Shares. A takeover offer to acquire at least another 26% of our Company's outstanding voting Equity Shares also must be made if a person (either on its own or together with parties acting in concert with it) holding between 25% and 55% of our Company's voting Equity Shares has entered into an agreement to acquire or decided to acquire additional voting Equity Shares in any financial year that exceed 5% of our Company's voting Equity Shares. These and other applicable provisions may discourage or prevent certain types of transactions involving an actual or threatened change in control.

71. Global economic, political and social conditions may harm our ability to do business, increase our costs and negatively affect our stock price.

External factors such as potential terrorist attacks, terror threats, pandemics, acts of war or geopolitical and social turmoil in many parts of the world could prevent or hinder our ability to do business, increase our costs and negatively affect our stock price. For example, increased instability may adversely impact the desire of employees and customers to travel, the reliability and cost of transportation, our ability to obtain adequate insurance at reasonable rates or require us to incur increased costs for security measures for our operations. These uncertainties make it difficult for us and our customers to accurately plan future business activities. More generally, these geopolitical social and economic conditions could result in increased volatility in India and worldwide financial markets and economy.

72. Our ability to freely raise foreign capital may be constrained by Indian law.

As a pharmaceutical research and development company we are classified by the Indian government for government / automatic approval, whichever applicable, of foreign direct equity investment. The need to obtain such regulatory approval could constrain our ability to raise the most cost effective funding, which may adversely affect our future growth. We cannot assure you that any required approvals will be given when needed or at all or that such approvals if given will not have onerous conditions.

Current Indian government policy allows 100% foreign direct investment in Indian companies in the pharmaceutical sector under the government route for brownfield investments and automatic route for greenfield investments, whichever applicable. However, the Indian government may change this policy in the future, and restrict the shareholding of foreign investors. If such changes restrict our ability to issue to foreign Investors and their ability to hold shares above a specified limit, we may be restricted in our ability to raise additional funding from such foreign Investors through equity issuances in the future.

73. A significant change in the central and state governments' economic liberalization and deregulation policies could disrupt our business. A change in taxation laws could also adversely impact our financial condition and results of operations.

India has been following a course of economic liberalization and our business could be significantly influenced by economic policies adopted by the Government. Since 1991, successive Indian Governments have pursued policies of economic liberalization and financial sector reforms. The Government has at various times announced its general intention to continue India's current economic and financial liberalization and deregulation policies. However, protests against privatizations and other factors could slow the pace of liberalization and deregulation. The rate of economic liberalization could change, and specific laws and policies affecting foreign investment, currency exchange rates and other matters affecting investment in India could change as well.

The Government has traditionally exercised and continues to exercise influence over many aspects of the economy. Our business and the market price and liquidity of our Equity Shares may be affected by interest rates, changes in Government policy, taxation, social and civil unrest and political, economic or other developments in or affecting India. Furthermore, the laws applicable to certain critical aspects of our business, such as the conduct of clinical trials, in India and abroad may be amended or modified periodically.

From time to time, tax laws applicable to us may be amended. For example, the Finance Bill, 2012 has announced an increase in the service tax on providing of services in the nature of licensing and sale of Technologies increased to 12.36% from 10.30% and excise duty applicable on formulation pharmaceutical products increased to 6.18% from 5.10% and an increase in the excise duty applicable on bulk drugs (Active Pharmaceutical Ingredients) pharmaceutical products increased to 10.30% from

12.36%. Further, the Direct Tax Code Bill 2010, ("**DTC**"), proposes to replace the existing Income Tax Act, 1961 and other direct tax laws, with a view to simplify and rationalize the tax provisions into one unified code. The DTC which was placed before the Indian parliament for debate and discussion on August 30, 2010 is now proposed to come into effect from April 01, 2013. The various proposals included in the DTC are subject to review by Indian parliament and as such impact if any, is not quantifiable at this stage. It is possible that the Direct Tax Code, once introduced, could significantly alter the taxation regime, including incentives and benefits, applicable to us.

74. Significant differences exist between Indian GAAP used throughout our financial information and other accounting principles, such as U.S. GAAP and IFRS, with which investors may be more familiar.

Our financial statements are prepared in conformity with Indian GAAP. Indian GAAP differs in certain significant respects from IFRS, U.S. GAAP and other accounting principles and standards. If we were to prepare our financial statements in accordance with such other accounting principles, our results of operations, cash flows and financial position may be different. The significant accounting policies applied in the preparation of our Indian GAAP financial statements are set forth in the notes to our financial statements included in this Letter of Offer. Prospective investors should review the accounting policies applied in the preparation of our financial statements, and consult their own professional advisors for an understanding of the differences between these accounting principles and those with which they may be more familiar.

75. Investors may be subject to Indian taxes arising out of capital gains on the sale of the Equity Shares.

Under current Indian tax laws and regulations, capital gains arising from the sale of Equity Shares in an Indian company are generally taxable in India. Any gain realized on the sale of listed Equity Shares on stock exchanges held for more than 12 months will not be subject to capital gains tax in India if Securities Transaction Tax (**STT**) has been paid on the transaction. STT will be levied on and collected by a domestic stock exchange on which the Equity Shares are sold. Any gain realized on the sale of Equity Shares held for more than 12 months to an Indian resident, which are sold other than on a recognized stock exchange and on which no STT has been paid, will be subject to long-term capital gains tax in India. Further, any gain realized on the sale of listed Equity Shares held for a period of 12 months or less will be subject to short-term capital gains tax in India. Capital gains arising from the sale of the Equity Shares will be exempt from taxation in India in cases where the exemption from taxation in India is provided under a treaty between India and the country in which the seller is resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of other countries may be liable for tax in India as well as in their own jurisdiction on a gain upon the sale of the Equity Shares.

PROMINENT NOTES:

1. Investors may contact the Lead Manager for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Manager to the public and Investors at large and no selective or additional information would be made available only to a section of the Investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Rights Shares applied for, Application Money blocked, ASBA account number and the designated branch of the SCSBs where the ASBA form has been submitted by the ASBA Investor. For contact details please refer to the chapter titled "*General Information*" beginning on page 60.

2. Issue of 29,588,056 Rights Shares with a face value of ₹ 1.00 each at a premium of ₹ 66.00 each for an amount aggregating to ₹ 1,982.40 million on rights basis to the existing Equity Shareholders of our Company in the ratio of 1 Rights Share for every 7 Equity Shares held by the Equity Shareholders on the Entitlement Date i.e. August 24, 2012. For more details, please refer to the

chapter titled *"Terms of the Issue"* beginning on page 274.

3. The Net Worth of our Company before the Issue as of March 31, 2012 being the restated financial statements disclosed in this Letter of Offer is ₹ (666.09) million.

4. For details of Group Entities having business interest or other interests in our Company, please refer to the chapter titled *"Group Entities"* beginning on page 202.

5. There are no financing arrangements whereby our Promoter Group, our Directors and their relatives who have financed the purchase made by any other person of our securities during a period of six months immediately preceding the date of filing of this Letter of Offer .

6. As on the date of this Letter of Offer there are no transactions by our Company with Group Entities during one year except as disclosed in the section titled "*Financial Information*" beginning on page 170. A summary of the related party transactions as per restated financial information entered into by our Company in the Fiscal 2012 and preceding year as under:

(₹ in million)

Particulars	Fiscal 2012	Fiscal 2011
Reimbursement of Expenses (net)	33.83	29.19
Purchase of goods	6.36	12.23
Sale / Income	263.34	520.71
Purchase / (sale) of fixed assets (net)	(0.24)	(0.73)
Remuneration to directors	29.09	21.45
Interest free Inter-corporate loan (net)	610	-
Outstanding balance receivable	27.38	1.29
Outstanding balance payable	1,195.60	544.66

7. There has been no change in the name of our Company since its incorporation.

8. The unsecured loans taken by our Company increased from ₹ 21.30 million in Fiscal 2010 to ₹ 65.92 million in Fiscal 2011 to ₹ 683.22 million in Fiscal 2012. The unsecured loan amounting to ₹ 683.22 million comprises of short term borrowings amounting to ₹ 625.80 million and long term borrowings amounting to ₹ 57.42 million. Our Company is making losses since incorporation and our net worth has been eroded. The increase in the short term unsecured loans is due to our Company's inability to raise long term funds either through increase of share capital or otherwise during this period to fund the day to day operations as well as the ongoing projects.

SECTION III- INTRODUCTION

SUMMARY OF INDUSTRY

The information in this section is derived from government publications and other industry sources. Primarily, we have relied on the report prepared by CARE Research, a division of Credit Analysis & Research Limited.

Pharmaceutical Industry: An Overview

Global Pharmaceutical Industry

In spite of difficult market conditions and patent expiry of several blockbuster drugs, the global pharmaceutical markets expanded to a market size of USD 856 billion in 2010. According to IMS Health Incorporated ("IMS Health"), a leading industry body, the global pharmaceutical market is expected to grow at a compound annual growth rate ("CAGR") of 5-8% through 2015 to reach market size of USD 1.1 trillion.

Pharmerging Market

The Pharmerging region (primarily comprising India, China, Brazil and Russia) is expected to emerge as one of the fastest growing pharmaceutical markets globally and also an API production hub, going forward. In recent times, increased research and development activities in this region has propelled the growth in pharmaceutical industry to achieve market size of approximately USD 150 billion in 2010 and is expected to record a CAGR growth of approximately 13-16% during 2011-15 (much higher than global average) according to IMS Health. It is also expected that the emerging markets will grow at a CAGR of 13-16% through 2015 while the developed or matured markets is expected to grow at 1-4% CAGR during the same period.

Indian Pharmaceutical Industry

The Indian Pharmaceutical Industry is amongst the largest in the world and is estimated to have grown to a total market size of Rs 117,860 crore (~USD 23.57 billion) as of Fiscal 2011 backed by robust growth in terms of infrastructure development, technology base and a wide range of products. The industry's total market size includes the domestic market and export-import market.

The Indian Pharmaceutical Industry is now the 3rd largest in the world in terms of volume and 14th largest in terms of value thereby accounting for around 10% of world's production by volume and 2% by value due to lower prices. The industry now produces about 500 bulk drugs (APIs) and almost an entire range of formulations related to all major therapeutic groups including those requiring complex manufacturing technologies.

This is supported by availability of strong scientific and technical manpower backed by pioneering work done in process development. However, the industry is highly fragmented with around 20,000 odd players of which approximately 250 medium to large corporations control about 70% of the total domestic market. In addition there is severe price competition coupled with government price control in many drugs.

Top therapeutic segments

In the domestic Indian pharmaceutical market, anti-infectives remain the most crucial segment and accounts for approximately 18% of the total market revenue. Cardiovascular preparations, cold remedies, pain killers and respiratory solutions have a proportion of approximately 10% each. Chronic therapies like anti-diabetes, cardiovascular ("CVS") and central nervous system ("CNS") have grown at a higher rate compared to other therapy classes indicating a shift in disease profile towards that prevailing in the developed countries. Moreover, the market for treating diseases such as diabetes and obesity, or so-called lifestyle drugs such as anti-depressants, anti-wrinkle drugs etc, form a smaller portion of the market at

present, but are expected to grow in the future given changing demographics pattern.

Pharmaceutical Research and Development Industry

Global Pharmaceutical Research and Development Industry

The global pharmaceutical industry cut its research and development spending for the first time ever in 2010, after decades of persistent increases, and the pace of decline looks set to quicken this year. The overall expenditure on research and development and developing new medicines was estimated at USD 68 billion in 2010 which is approximately 3% year on year decline compared to USD 70 billion spent in both 2008 and 2009. The decline in research and development can be attributed to fall in research productivity over the last few years in terms of both the quantity and quality of new products. CARE Research expects the global pharmaceutical research and development spending to grow at a CAGR of 2.0-2.5% for the next 5 years.

Large pharmaceutical companies are expected to invest heavily in research and development over the next 5 years, albeit at a slower rate compared to historic levels. Large pharmaceutical companies are overhauling their research and development operations lately, including a much greater use of outsourcing especially for clinical trials and also through in-licensing deals with smaller local companies while the importance of spending big on research remain unchanged.

Indian Pharmaceutical Research and Development Industry

The Indian innovative pharmaceutical research and development industry is still in the early stages of evolution. Modest yet serious investments have been made and the initial projects are moving through different phases of research, some have even reached Phase 3; and the initial delivery system based-projects based on India-developed technology have reached the market.

In recent times several large pharmaceutical companies in India have increased their research and development spending. It is estimated that the cost of developing a new molecule in India is likely to be $1/5^{th}$ of the American cost and this may work to the advantage of Indian companies.

The average research and development expenditure by pharmaceutical companies in India is close to 7.5-8% of total sales mostly on generic. Based on the present scenario, it seems that it may be difficult for Indian companies to produce a molecule based on their own research efforts due to lack of funds required to sustain the 10-12 year long period of drug discovery and lack of qualified scientists with the required skills.

According to CMIE Prowess, the total pharmaceutical research and development expenses in India remained constant at Rs 4,285.1 crore in Fiscal 2011 compared to Rs. 4294.15 crore in Fiscal 2010. Research and development expenses as a percentage of total sales have marginally declined to 4.3% in Fiscal 2011 from 4.5% in Fiscal 2010.

In the present scenario, Indian companies may need to master several research areas/skills before successfully discovering a molecule based on their in-house research efforts.

Currently, the financial resources available for funding drug research include in house research and development spends by big pharmaceutical companies, government funding through publicly funded Research and Development institutions and promotional funds set up by the government through Technology Development Board of Department of Science & Technology ("**DST**") as well as a special new drug development fund operated by DST.

CARE Research expects Indian Pharmaceutical Research and Development spending to grow at a CAGR of 13.4% till FY2015. This will be backed by several MNC pharmaceutical companies which are increasingly making India their research and development hub given the vast pool of trained manpower and cost advantages. For further details please refer to the chapter titled *"Industry Overview"* beginning on page 98.

SUMMARY OF BUSINESS

We are an innovative pharmaceutical research and development company focusing on developing new proprietary drugs in two areas namely; NCEs and NDDS. NCE programs are being developed with a focus on improving therapeutic index and addressing limitations of the currently approved and marketed drugs. NDDS based programs are developed using proprietary drug delivery systems for existing drugs to improve patient compliance and drug safety.

We undertake innovative research and technology projects for developing NCEs and NDDS. Our Company's research business comprises of conceptualizing, discovering and developing of an active pipeline of proprietary and patentable programs. These programs are typically "high risk, high reward" by nature which means they require considerably high investments for research, development and registration in global markets but can generate substantial revenues if they reach the market.

Our Company is developing a pipeline of NDDS platforms. We are currently working on products based on seven NDDS platform technologies including oral, injectable and topical dosage forms. Excepting the nano particulate injection platform, we have registered at least one product using each of these 6 platforms in the Indian market. We have currently five compounds in our NCEs portfolio three of which are now under clinical trials.

Strengths

Our Competitive Strengths

We believe that the following are our competitive strengths:

i) Fully integrated research facilities for medicinal chemistry, process research, analytical research, bioanalytical and pharmacokinetics, pharmacology and toxicology and formulation development.

ii) Our Company's pharmaceutical testing facility at Tandalja, Vadodara has been approved by the USFDA. In addition, our Company's toxicology labs have been accredited by the AAALAC.

iii) Competent and experienced team of scientists in the field of medicinal chemistry analytical process development, pre-clinical research and formulation development.

iv) Developed 7 propriety drug delivery platforms across oral, injectable and topical drug delivery systems with established clinical proof of concept and at least one product each registered in India using 6 of these 7 platforms.

v) Generating high quality of research and development data as evidenced by acceptance of IND by USFDA for five programs including one NCE.

vi) Healthy pipeline of products with a balanced mix of near term to long term potential for regulatory approvals in highly regulated markets.

vii) Sun Laboratories FZE and Merck Sharp & Dohme B.V. JV may choose to develop, manufacture, use and commercialise certain NDDS products in the emerging markets excluding India using the technology platforms developed by our Company.

Strategies

Following are some of the key business strategies of our Company.

1. Follows a disciplined and systemic innovation process with balanced allocation of resources to programs with short, medium and long gestation period for development.

2. Focus on programs in niche indications with predictable and sustainable market potential.

3. Develop products and technology platforms for the unmet medical need that could add meaningful value to the existing therapeutic armamentarium.

4. Focus on programs where in an early proof of concept can be established so a quick go/no go decision can be arrived at.

Novel Drug Delivery System

Novel drug delivery systems (NDDS) are a new way of effectively delivering a known or new drug in the body or improvising existing technologies to enhance the safety and patient compliance of the drug.

These drug delivery systems are patient- friendly, as they are less cumbersome, and more convenient for the patient to take as well as the nursing staff to administer. They are also designed to reduce the complications associated with the drug, such as fluctuations in blood levels and sometimes may offer better symptom control.

Our Company is working on several NDDS platform technologies, which are at various stages of development.

NDDS Oral

1. Gastro Retentive Innovative Device (GRID™)

GRID™ is a once-a-day delivery system for drugs that are otherwise absorbed only from the stomach or upper narrow zone of the gastrointestinal tract, or may have a low solubility in intestinal fluid. However, since most drugs would transit the stomach rather quickly, it is difficult to formulate them into long acting or controlled release formulations. Longer retention in stomach improves drug absorption.

The capsules with GRID™ technology are designed to retain the drug in the stomach for longer duration of upto 8 hours. The capsule can be designed to offer a combination of instant and sustained drug release profiles, and since it is once-a-day, it improves patient compliance. Based on GRID™ technology, Baclofen GRS, a once-a-day capsule to treat skeletal muscle spasticity, has been launched in India.

2. Wrap Matrix System™

Wrap Matrix™ oral delivery system is designed to improve patient compliance of a drug administered once-a-day which would otherwise have to be taken several times a day.

Usually, controlled release dosage forms of very high dose and high solubility drugs are either, very large and difficult to swallow, or tend to release its entire drug at the same time ("dose dumping").

A combination of immediate and sustained release is also difficult to achieve in the same tablet. With our Company's proprietary Wrap Matrix™ technology, a multi-layered matrix-based tablet of such drugs offers controlled release with just once-a-day dosing without creating too bulky a tablet for products requiring a large daily dose.

Levetiracetam, an anti-epileptic with high solubility and very large dose has been developed as a 1000 mg and 1500 mg tablet and is bioequivalent to Keppra® SR.

NDDS Injectables

1. Self Dispersing Nanoparticle Technology

Water insoluble anticancer drugs have two issues with their use, first, toxic surfactants often have to be used to solubilise the drug; and secondly, such drugs not only reach the tumor tissues but also reach and penetrate healthy tissues in the body.

Formulations for such anticancer drugs that we have created using our Company's novel self dispersing Nanoparticle technology platform addresses these challenges. Our technology has been crafted to deliver higher concentrations of drug locally to the cancer cells, use lesser excipients, and deliver a higher dose. Our Company using its self dispersing nanoparticle technology has developed Paclitaxel Injection Concentrate for Nanodispersion (PICN) and Docetexel Injection Concentrate for Nanodispersion (DICN).

2. Biodegradable Depot Injections and Implants

Our Company has developed a proprietary Depot Technology with biocompatible and biodegradable micron size polymer particles that contains the drug in its matrix, and offer long term systemic delivery of the drug. In this delivery system, the drug is encapsulated within microspheres from where it is gradually released.

The treatment of serious conditions such as prostate cancer, acromegaly, etc. requires long term maintenance of drug levels in the body, over several months or years. Drugs used for these indications are not suitable for oral use and have very short half life when given by parenteral route thus requiring daily or frequent injections, which is cumbersome for the patient. One solution involves use of a depot or reservoir from which drug is released over a long period.

Our Company has developed Octreotide Depot Inj (1 month) and Octreotide Depot Inj (3 month) which offers rapid onset and prolonged release over months. Since uniform blood levels are reached, there are no peaks and valleys that are seen with frequent daily doses.

NDDS Topical

1. Dry Powder Inhaler (DPI)

Our Company's Salmeterol and Fluticasone DPI (Starhaler™) is a pre-metered, 60 dose, inhalation activated device for administration of combination of inhaled steroids and bronchodilator drugs. The device is small, convenient and easy to carry. It is easy to use across pediatric, geriatric, and adult patient populations. The device delivers uniform dose independent of inspiratory flow rate. The device is also designed to avoid double dosing.

2. Swollen Micelle Microemulsion (SMM) Technology

SMM technology is a platform technology for solubilizing ophthalmic drugs with limited or no water solubility. This technology does not require the use of quaternary ammonium preservative/surfactants like Benzalkonium Chloride (BAK) which may be damaging to the eyes.

Glaucoma is a type of optic neuropathy characterized by progressive injury to the retinal ganglion cells. Elevated intraocular pressure (IOP) is considered the primary cause of the optic nerve damage.

Glaucoma is said to be the second leading cause of blindness globally, and is estimated to have a global incidence: 65 million glaucoma patients. Prostaglandin analogues such as Latanoprost are the first line treatment for glaucoma and form the largest drug class.

The currently marketed Latanoprost product contains the preservative, Benzalkonium Chloride ("BAK"). BAK not only acts as a preservative, but it also solubilizes the drug in its micelle structure and is used in almost double quantity than normally required. The chronic exposure to BAK containing ophthalmic formulation results in serious ocular toxicities viz., loss of tear film stability and damage to corneal and conjuctival surface.

Our Company has developed BAK-free Latanoprost eye drops using SMM Technology. This is a patented formulation of Latanoprost with the same strength and dosing of the market leader Xalatan®. Removal of BAK reduces tearing, burning, itching and hence reduces drainage from the surface of the eye.

3. Gel Free Reservoir (GFR) Technology

Chronic eye ailments like glaucoma typically require drugs to be instilled several times a day. To increase the duration of action of such drugs, and to localize drug action with minimal systemic absorption, also to create a clear and non irritant formulation, our Company has developed Gel Free Reservoir (GFR) technology.

Gel Free Reservoir technology platform consist of a unique polymer ratio that show synergistic increase in viscosity without the loss of clarity and flow property.

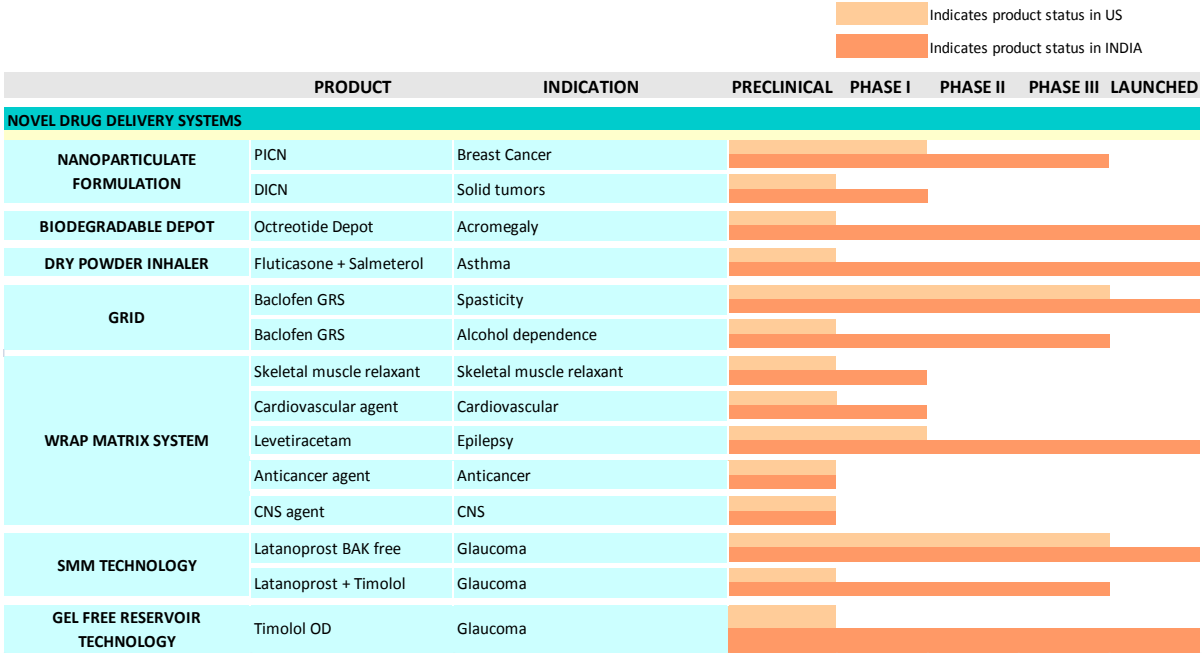
Timolol Maleate once-a-day ophthalmic solution developed by our Company has been launched in India.

Latanoprost and Timolol Once a day Ophthalmic

This product is being developed combining essential features of both SMM Technology and GFR Technology

Latanoprost and Timolol are existing drugs used for the treatment of glaucoma. Typically, these drugs need to be instilled lifelong.

Current Status of NDDS projects of our Company



NCE Programs

New chemical entities, also referred to as new molecular entities, are novel pharmaceutical agents that do not contain active chemical moieties previously approved by the United States Food and Drug Administration (USFDA) or any other regulatory agencies. The discovery and development of these new molecules represents one of the most important areas of research in the pharmaceutical industry in the pursuit of the next generation of therapeutic agents.

There are 2 approaches for developing an NCE, the first approach is based on analogue chemistry where a new molecule in an existing class is discovered and developed and in the second approach a totally new molecule is developed based on an understanding of the underlying biology of the disease.
Our Company is working on the following NCE Programs:

1. SUN 1334H

This anti-allergic antihistamine, the first of our Company's molecules, is being developed for oral and topical (eye drop and nasal) use. Antihistamines are prescribed in conditions like allergic rhinitis, urticaria, hay fever, conjunctivitis and pruritis.

An ophthalmic formulation of Sun 1334H is also being studied for ophthalmic conditions like pink eye or allergic conjunctivitis. In preclinical studies, a 0.3% solution of Sun 1334H eye drop showed a good inhibition of allergen and histamine induced conjunctivitis on once-a-day dosing.

2. SUN 0597

Sun 0597 is a topical glucocorticoid that we have been working on, for allergic rhinitis, inflammation, asthma and other applications. We are currently developing the molecule for administration as a nasal spray, an inhalation product, an ophthalmic product as well as a dermal product.

In preclinical studies, Sun 0597 administered through nasal route had shown good potency in animal models for inflammation, as well in models of asthma and rhinitis. The oral bioavailability as well as plasma half life was very low, and therefore the molecule was expected to show a low likelihood of systemic side effects.

3. SUN 09

Baclofen is the standard of care drug for the treatment of Spasticity. However, it has a narrow absorption window in the intestine, and after absorption, is rapidly cleared from the blood. To offer adequate symptom relief, the drug has to be administered frequently.

Sun 09 is a pro-drug of Baclofen and being developed as "an efficient baclofen". Unlike Baclofen, this NCE would avoid narrow window of absorption, enabling absorption throughout the length of the intestine, thus offering better systemic availability from an equivalent dose.

4. SUN 44

Sun 44, a prodrug of Gabapentin, is being developed as a gabapentin with improved pharmacokinetics. Gabapentin, an analogue of the brain neurotransmitter GABA, is prescribed in the treatment of epilepsy, as also for the treatment of neuropathic pain, restless leg syndrome, mood disorders.

Sun 44 has been designed to address issues related to bioavailability. Once absorbed, Sun 44 is converted to gabapentin. In animal studies, gabapentin shows good efficacy and rapid absorption.

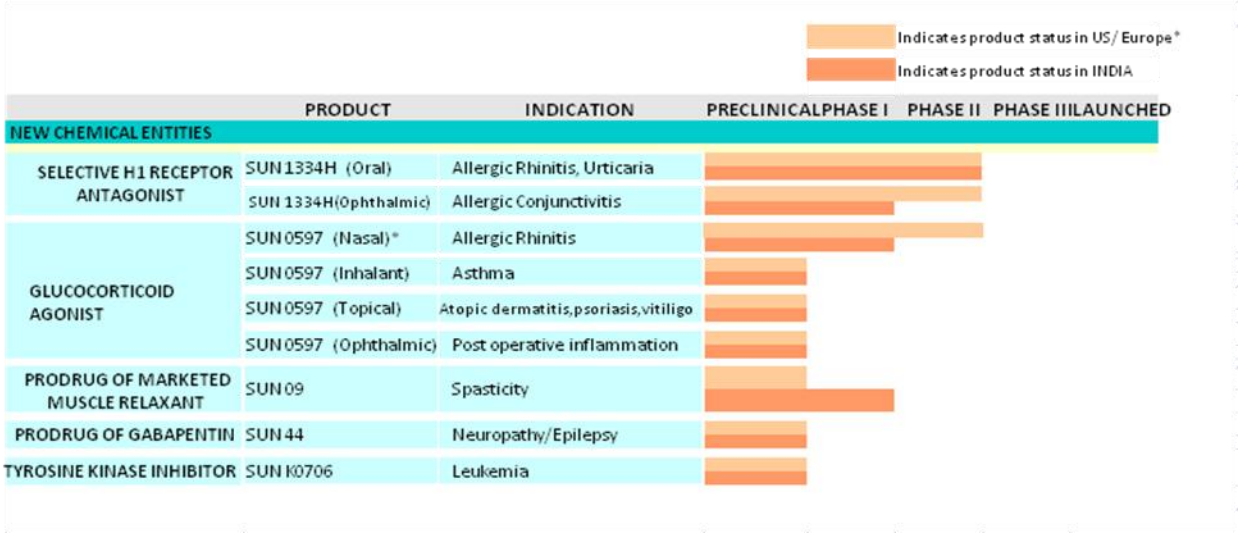
5. SUN K0706

Sun K0706 is a novel tyrosine kinase inhibitor, intended for the treatment of chronic myelogenous leukemia (CML).

While currently available oral drugs like Imatinib (Gleevec®), Nilotinib (Tasigna®) and Dasatinib (Sprycel®) are quite effective chemotherapeutic agents for CML, these drugs are ineffective on the most resistant form of mutation in leukemic cells, viz. the T315I mutation.

NCE Sun K0706 targets this T315I resistance in CML. In vitro studies have demonstrated that Sun K0706 potently inhibits, besides other major mutant forms, the T315I mutant of the Abl kinase.

Current Status of NCE projects of our Company



For further details please refer to the chapter titled "Business" beginning on page 116.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from the restated financial statements of our Company for the Fiscals 2008, 2009, 2010, 2011 and 2012 prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI ICDR Regulations. The restated summary financial information presented below should be read in conjunction with the restated financial information included in this Letter of Offer, the notes thereto and *"Management's Discussion and Analysis of Financial Condition and Results of Operations"* beginning on page 218.

STATEMENT OF ASSETS AND LIABILITIES (AS RESTATED)

(₹ in million)

	Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
A.	**Non-current Assets**					
	Fixed Assets:					
	Tangible Assets	325.65	528.39	608.87	629.31	639.30
	Capital work-in-progress	4.71	41.99	20.04	12.56	11.40
		330.36	570.38	628.91	641.87	650.70
	Long-term Loans and Advances	7.17	12.99	8.71	9.98	18.19
	Other Non-current Assets	0.02	0.02	0.87	0.84	5.20
	Total Non-current Assets	**337.55**	**583.39**	**638.49**	**652.69**	**674.09**
B.	**Current Assets**					
	Current Investments	-	-	-	24.67	-
	Trade Receivables	244.58	0.40	5.04	26.30	42.64
	Cash and Cash Equivalents	1.10	5.21	52.66	51.55	65.05
	Short-term Loans and Advances	33.83	21.96	24.64	21.64	73.40
	Other Current Assets	-	3.83	-	0.80	1.08
	Total Current Assets	**279.51**	**31.40**	**82.34**	**124.96**	**182.17**
C.	**Non-current Liabilities**					
	Long-term Borrowings	-	-	21.30	63.00	57.42
	Deferred Tax Liabilities (Net)	-	-	-	-	-
	Other Long-term Liabilities	-	-	0.43	1.22	2.51
	Long-term Provisions	6.18	7.16	9.07	10.59	12.38
	Total Non-current Liabilities	**6.18**	**7.16**	**30.80**	**74.81**	**72.31**
D.	**Current Liabilities**					
	Short-term Borrowings	4.30	17.19	-	2.92	619.42
	Trade Payables	111.88	106.93	108.91	103.15	162.12
	Other Current Liabilities	8.44	129.61	435.13	531.67	660.64
	Short-term Provisions	5.22	3.25	12.13	8.86	7.86
	Total Current Liabilities	**129.84**	**256.98**	**556.17**	**646.60**	**1,450.04**
E.	**Net Worth (A+B-C-D)**	**481.04**	**350.65**	**133.86**	**56.24**	**(666.09)**
	Represented by:					
	Shareholders' Funds					
F.	**Share Capital**					
	Equity Share Capital	**207.12**	**207.12**	**207.12**	**207.12**	**207.12**
G.	**Reserves and Surplus**					
	General Reserve	339.77	339.77	339.77	339.77	339.77
	Deficit in Statement of Profit and Loss	(65.85)	(196.24)	(413.03)	(490.65)	(1,212.98)
	Total Reserves and Surplus	**273.92**	**143.53**	**(73.26)**	**(150.88)**	**(873.21)**
H.	**Net Worth (F+G)**	**481.04**	**350.65**	**133.86**	**56.24**	**(666.09)**
Contingent Liabilities		**10.70**	**31.19**	**37.87**	**43.69**	**49.90**

Notes:

1. As at 31st March, 2012, the accumulated deficit of ₹ 1,212.98 million in the Statement of Profit and Loss has exceeded the aggregate of General Reserve and Paid Up Equity Share Capital, resulting in the Net Worth being negative at ₹ 666.09 million as represented by Shareholders' Funds and also that the Company's Current Liabilities at ₹ 1,450.04 million have exceeded its Current Assets at ₹ 182.17 million. However, having regard to: (i) the nature of the Company's business; (ii) status of various projects of the Company some of which are at advanced stage of activity, which if successful could generate adequate cash flows; (iii) the proposed rights issue of equity shares to its shareholders for an amount aggregating not in excess of ₹ 2,000 million, in respect of which Securities and Exchange Board of India (SEBI) hadissued its observation letter to the Company on the Draft Letter of Offer filed with SEBI and the Company is in the process of finalising the Letter of Offer and initiating the opening of the Rights Issue; and (iv) in the interim, having procured loans and also received advances against share application money from the promoter group companies, to meet the fund requirements of the Company vis-à-vis the availability of funds with the Company, these Restated Summary Statements for the year ended 31st March, 2012 have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.
2. The Net Worth has not been adjusted for issue expenses for the proposed rights issue including ₹ 5.43 million incurred as at 31st March, 2012 which will be amortised over a period of 5 years from the year of issue of shares.
3. The above statement should be read with Significant Accounting Policies as appearing in Annexure IV.

STATEMENT OF PROFIT AND LOSS (AS RESTATED)

Particulars	Year ended 31st March, 2008	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2011	(₹ in million) Year ended 31st March, 2012
Revenue:					
Sale of Products - Technology / Know-how	354.85	323.01	315.61	484.24	182.94
Sale of Services - License Fees / Royalty on Technology	19.56	27.45	27.36	99.24	106.82
Revenue from Operations	374.41	350.46	342.97	583.48	289.76
Other Income	0.78	1.29	3.34	12.39	11.46
Total Revenue	**375.19**	**351.75**	**346.31**	**595.87**	**301.22**
Expenses:					
Cost of Materials Consumed	65.45	75.60	67.62	76.82	74.15
Employee Benefits Expense	133.33	164.40	220.85	256.72	304.28
Finance Costs	0.14	2.43	1.75	1.28	2.75
Depreciation Expense	12.67	18.36	25.99	29.86	31.62
Other Expenses	209.30	215.97	245.61	316.27	610.75
Total Expenses	**420.89**	**476.76**	**561.82**	**680.95**	**1,023.55**
Loss Before Tax	**(45.70)**	**(125.01)**	**(215.51)**	**(85.08)**	**(722.33)**
Tax Expense / (Credit):					
-Fringe Benefit Tax	0.50	0.52	0.02	(0.07)	-
-Deferred Tax Expense / (Credit)	2.64	(34.13)	-	-	-
Total	**3.14**	**(33.61)**	**0.02**	**(0.07)**	**-**
Loss for the Year (before adjustments)	**(48.84)**	**(91.40)**	**(215.53)**	**(85.01)**	**(722.33)**
Adjustments for:					
-Post Retirement Benefits - Gratuity (See Note 1 below)	(1.53)	(2.80)	-	-	-
-(Shortfall) / excess Fringe Benefit Tax arising out of assessments, adjusted in the respective years	0.06	0.01	0.02	(0.07)	-
-Deferred Tax (See Note 2 below)	2.64	(34.13)	-	-	-
-Leave Travel Allowance (See Note 3 below)	(1.38)	(2.07)	(1.28)	7.46	-
Total of Adjustments	(0.21)	(38.99)	(1.26)	7.39	-
Loss for the Year (as restated)	**(49.05)**	**(130.39)**	**(216.79)**	**(77.62)**	**(722.33)**

Notes:

1. Post Retirement Benefits - Gratuity:
   The Company's contribution to Life Insurance Corporation of India for group gratuity policy was charged to the statement of profit and loss and the excess of fair value of plan assets over defined benefit obligations (surplus asset), determined on actuarial basis by an independent valuer, was not recognised as an asset up to the year ended 31st March, 2008. With effect from the financial year ended 31st March, 2009, the Company recognised such surplus asset as per the requirements of Accounting Standard 15, Employee Benefits. Accordingly, for the purpose of preparation of these restated summary statements, such unrecognised surplus asset of ₹ 4.33 million as at 31st March, 2007 has been recognised as an asset with corresponding effect to the Reserves and Surplus as at that date. Similarly, such surplus asset as at 31st March, 2008 has been recognised with consequential effect to the statement of profit and loss for the years ended 31st March, 2008 and 31st March, 2009.
2. Deferred Tax:

With effect from financial year ended 31st March, 2009, the Company adopted a policy of recognising deferred tax asset in respect of unabsorbed business losses / capital expenditure to the extent of deferred tax liability recognised at the balance sheet date; up to the financial year ended 31st March, 2008, deferred tax asset on unabsorbed business losses / capital expenditure was not being recognised. Accordingly, for the purpose of preparation of these restated summary statements, such deferred tax asset of ₹ 31.49 million as at 31st March 2007 has been recognised as an asset with corresponding effect to the Reserves and Surplus as at that date. Similarly, such deferred tax asset as at 31st March, 2008 has been recognised with consequential effect to the Statement of Profit and Loss for the years ended 31st March, 2008 and 31st March, 2009.

3. Leave Travel Allowance:
   With effect from financial year ended 31st March, 2011, provision for leave travel allowance was made on accrual basis which was earlier accounted for on cash basis. Accordingly, for the purpose of preparation of these restated summary statements, provision for leave travel allowance has been recomputed on accrual basis for each preceding year and such unrecognised leave travel allowance liability of ₹ 2.73 million as at 31st March, 2007 has been recognised as a liability with corresponding effect to the Reserves and Surplus as at that date. Similarly, leave travel allowance liability as at 31st March, 2008, 31st March, 2009 and 31st March, 2010 has been restated with consequential effect to the statement of profit and loss for the years ended 31st March, 2008, 31st March, 2009, 31st March, 2010 and 31st March, 2011.
4. The Company has not declared any dividend (whether interim or final) during the five financial years ended 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March, 2012 and hence the disclosure of information regarding rates of dividend in respect of each class of shares is not applicable.
5. The above statement should be read with Significant Accounting Policies as appearing in Annexure IV.

STATEMENT OF CASH FLOWS (AS RESTATED)

(₹ in million)

	Particulars	Year ended 31st March, 2008	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2011	Year ended 31st March, 2012
A.	**Cash Flow From Operating Activities**					
	Loss before Tax (as restated)	(48.61)	(129.88)	(216.79)	(77.62)	(722.33)
	Adjustments for:					
	Depreciation Expense	12.67	18.36	25.99	29.86	31.62
	Loss on Sale of Fixed Assets (Net)	0.11	2.35	0.35	0.03	0.25
	Finance Costs	0.14	2.43	1.75	1.28	2.75
	Interest Income	(0.75)	(0.73)	(0.71)	(3.46)	(5.77)
	Net Gain on Sale of Current Investments	-	-	-	(0.22)	(0.37)
	Sundry Balances Written Off / (Written Back) (Net)	-	-	0.01	(0.46)	0.38
	Net Unrealised Exchange (Gain) / Loss	(1.09)	1.07	(0.09)	(0.07)	(0.23)
	Operating Loss before Working Capital Changes	**(37.53)**	**(106.40)**	**(189.49)**	**(50.66)**	**(693.70)**
	Changes in Working Capital:					
	Adjustments for (Increase) / Decrease in Operating Assets:					
	Long-term Loans and Advances	(4.16)	(1.71)	1.10	0.90	2.05
	Trade Receivables	(243.16)	242.74	(4.63)	(21.26)	(16.34)
	Short-term Loans and Advances	(21.70)	11.87	(2.69)	3.00	(52.17)
	Other Current Assets	-	(3.82)	3.82	-	-
	Adjustments for Increase / (Decrease) in Operating Liabilities:					
	Long-term Provisions	6.18	0.98	1.91	1.52	1.79
	Trade Payables	94.68	(4.58)	2.02	(5.29)	58.92
	Other Current Liabilities	4.40	120.06	304.30	98.33	13.87
	Short-term Provisions	(2.24)	(1.97)	8.88	(3.27)	(1.00)
		(166.00)	**363.57**	**314.71**	**73.93**	**7.12**
	Cash (used in) / generated from Operations	**(203.53)**	**257.17**	**125.22**	**23.27**	**(686.58)**
	Refund of Income Tax	-	-	1.23	3.83	0.08
	Taxes paid	(1.98)	(3.73)	(0.09)	(4.16)	(7.99)
	Net Cash Flow (used in) / from Operating Activities	**(205.51)**	**253.44**	**126.36**	**22.94**	**(694.49)**
B.	**Cash Flow From Investing Activities**					
	Amount received pursuant to Scheme of Demerger	244.93	-	-	-	-
	Interest received on Bank Deposits and Others	0.75	0.73	0.60	3.12	5.77
	Capital Expenditure on Fixed Assets, including Capital Advances	(43.52)	(261.24)	(81.74)	(47.34)	(45.12)
	Proceeds from Sale of Fixed Assets	0.17	0.72	0.29	0.46	1.21
	Current Investments not considered as Cash and Cash Equivalents					
	-Purchased	-	-	-	(111.00)	(280.50)
	-Proceeds from sale	-	-	-	86.55	305.54
	Bank Balances not considered as Cash and Cash Equivalents					
	-Margin Money Deposits placed	(0.02)	-	(40.85)	(8.19)	(59.67)
	-Margin Money Deposits matured	-	-	-	0.03	48.52
	Net Cash Flow generated from / (used in) Investing Activities	**202.31**	**(259.79)**	**(121.70)**	**(76.37)**	**(24.25)**

C.	**Cash Flow From Financing Activities:**					
	Finance Costs	(0.14)	(2.43)	(1.32)	(0.49)	(0.83)
	Net Increase / (Decrease) in Working Capital Borrowings from Banks	4.30	12.89	(17.19)	2.92	6.50
	Proceeds from Long-term Borrowings	-	-	21.30	41.70	0.80
	Proceeds from Short-term Borrowings from Other than Banks	-	-	-	-	621.50
	Repayment of Short-term Borrowings from Other than Banks	-	-	-	-	(11.50)
	Advances against Share Application Money for Proposed Rights Issue	-	-	-	-	110.00
	Expenses towards Proposed Rights Issue	-	-	-	-	(5.42)
	Net Cash Flow from Financing Activities	**4.16**	**10.46**	**2.79**	**44.13**	**721.05**
D.	**Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)**	**0.96**	**4.11**	**7.45**	**(9.30)**	**2.31**
E.	**Cash and Cash Equivalents at the beginning of the year**	**0.14**	**1.10**	**5.21**	**12.66**	**3.36**
F.	Effect of Exchange Differences on Restatement of Foreign Currency Cash and Cash Equivalents	**-**	**-**	**-**	**-**	**0.06**
G.	**Cash and Cash Equivalents at the end of the year (D+E+F)**	**1.10**	**5.21**	**12.66**	**3.36**	**5.73**
	Add: Margin Money Deposits with maturity > than 3 months	**-**	**-**	**40.00**	**48.19**	**59.32**
	Cash and Cash Equivalents, as restated	**1.10**	**5.21**	**52.66**	**51.55**	**65.05**

Note:

The above statement should be read with Significant Accounting Policies as appearing in Annexure IV.

ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the chapter titled "*Terms of the Issue*" beginning on page 274.

Equity Shares proposed to be issued by our Company	29,588,056 Rights Shares for an amount aggregating to ₹ 1,982.40 million
Rights Entitlement for Equity Shares	1 Rights Share for every 7 Equity Share held on the Entitlement Date
Entitlement Date	August 24, 2012
Book Closure Period	Saturday, August 25, 2012 to Monday, August 27, 2012, both days inclusive
Issue Price per Rights Share	₹ 67.00
Face Value per Rights Share	₹ 1.00
Call Record Date	A record date fixed by the Board for the purpose of determining the names of the holders of partly paid-up Rights Shares for issue of Call Notice.
Call Payment Period	A period as may be fixed by the Board to enable the payment of the Final Call by the holders of partly paid-up Rights Shares.
Equity Shares outstanding prior the Issue	207,116,391 Equity Shares
Equity Shares outstanding after the Issue	236,704,447 Equity Shares*
Use of Issue Proceeds	For information, please refer to the chapter titled "*Objects of the Issue*" beginning on page 78.

**Assuming that the Rights Shares being offered through this Issue are fully subscribed*

TERMS OF PAYMENT

The payment terms available to the Investors are as follows:

	Payment Method[1]		
	Amount payable per Rights Share (₹67)[2]		
	Face Value (₹1)	**Premium (₹66)**	**Total (₹67)**
On Application (₹)	0.60	39.40	40.00
Final Call (₹)	0.40	26.60	27.00
Total (₹)	**1.00**	**66.00**	**67.00**

[1]For details on Payment Method please refer to the chapter titled *"Terms of the Issue"* beginning on page 274 and for details of related risks please refer to the section titled *"Risk Factors"* beginning on page 13.

[2]Apart from the money paid on application, the Investors shall be required to make the balance payment on Final Call by the due date which shall be separately notified by our Company.

Note: Our Company has received FIPB approval dated June 01, 2012 permitting our Company to offer, issue and allot partly paid-up Rights Shares to FIIs, NRIs and erstwhile OCBs. Our Company has also received RBI approval dated June 20, 2012 allowing renunciation (i) from a resident Indian Equity Shareholder to a non-resident, or (ii) from a non-resident Equity Shareholder to a resident Indian, or (iii) from a non-resident Equity Shareholder to a non-resident. For further details please refer to chapter titled "Terms of the Issue" beginning on page 274.

The Issue Price of the Rights Shares of our Company is ₹ 67.00 per Rights Share. The Investors have to pay ₹ 40.00 which constitutes 60% of the Issue Price on application and the balance ₹ 27.00 which constitutes 40% of the Issue Price on the Final Call. While making an application, the Investor shall make a payment of ₹ 40.00 per Rights Share. Out of the amount of ₹ 40.00 paid on application, ₹ 0.60 would be adjusted towards the face value of the Rights Share and ₹ 39.40 shall be adjusted towards the share premium account. Out of the amount of ₹ 27.00 paid on the Final Call, ₹ 0.40 would be adjusted towards

the face value of the Rights Share and ₹ 26.60 shall be adjusted towards the share premium account. Notices for the payment of call money for the Final Call shall be sent by our Company to the Equity Shareholders of the partly paid-up Rights Shares on the record date fixed for the Final Call.

As on August 07, 2012 our Promoter Group has brought in a sum of ₹ 260.00 million as an advances against share Application Money. This amount will be adjusted against the Application Money payable by the Promoter Group towards their Rights Entitlement. Further, our Promoter and Promoter Group may bring in additional amount as advance Call Money before the final call is made by the Company and such amount would be adjusted against the Call Money payable by them towards their Rights Shares allotted. The amount so brought in our Promoter and Promoter Group as advances against share Application Money and advance Call Money will be treated as interest free advance till such amount is adjusted against the Application Money/Call Money. In case the Issue fails or is withdrawn due to any reason, the advances against share Application Money will be treated as interest free unsecured loans/advances repayable on demand.

Rights Shares in respect of which the balance amount payable remains unpaid may be forfeited by our Company, at any time after the due date for payment of the balance amount due after giving a prior notice of at least fourteen (14) days, as provided under Article 25 of the Articles of Association of our Company and after complying with the required procedures. The Board may, from time to time at its discretion, extend the time fixed for the payments of the Final Call.

For further details, please refer to chapter titled *"Terms of the Issue"* beginning on page 274.

GENERAL INFORMATION

Dear Equity Shareholders,

Pursuant to the resolution passed by the Funds Mobilising Committee on July 14, 2011 and special resolution under section 81 (1) of the Act passed by the members at the Annual General Meeting dated August 08, 2011, it has been decided to make the following offer to the Equity Shareholders of our Company, with a right to renounce:

The Issue of 29,588,056 Rights Shares with a face value of ₹ 1.00 each for cash at a price of ₹ 67.00 each for an amount aggregating to ₹ 1,982.40 million by our Company to the Equity Shareholders on rights basis in the ratio of 1 Rights Share for every 7 Equity Shares held on the Entitlement Date, i.e., August 24, 2012. The Issue Price for the Rights Shares is 67 times the face value of the Equity Shares. For further details, please refer to chapter titled *"Terms of the Issue"* beginning on page 274.

Further, our Board of Directors (through the Funds Mobilising Committee) has on August 10, 2012, decided to make the Issue at an Issue Price of ₹ 67.00 per Rights Share (including a premium of ₹ 66.00 per Rights Share).

Registered Office of our Company

Sun Pharma Advanced Research Centre
Akota Road,
Akota,
Vadodara – 390 020
Gujarat, India.
Tel No.: +91 265 2330815
Fax No.: +91 265 2354897
Email: secretarial@sparcmail.com

Mumbai Office of our Company

4th and 5th Floor, 17/B, Mahal Industrial Estate,
Mahakali Caves Road,
Andheri (East), Mumbai – 400 093
Maharashtra, India.
Tel No.: +91 22 6645 5645
Fax No.: +91 22 6645 5685
Email: secretarial@sparcmail.com
Website: www.sunpharma.in
Company Registration No.: 047837
Corporate Identity No.: L73100GJ2006PLC047837

For details of the changes to the registered office address, please refer to the chapter titled *"History and Certain Other Corporate Matters"* beginning on page 141.

Address of the Registrar of Companies

Registrar of Companies, Gujarat
ROC Bhavan,
Opposite Rupal Park,
Near Ankur Bus Stand,
Naranpura,
Ahmedabad – 380 013
Gujarat, India

The Equity Shares of our Company are listed on NSE and BSE.

Board of Directors

The Board of Directors of our Company as on the date of this Letter of Offer is as follows:

Name, Designation and DIN	Age	Address
Mr. Dilip Shanghvi **Designation**: Chairman & Managing Director **DIN**: 00005588	56 years	"Tirth" Plot number 17, New India Society, 12th Road, Juhu Vile Parle Scheme, Mumbai – 400 049 Maharashtra, India
Dr. Rajamannar Thennati **Designation**: Whole Time Director **DIN**: 01415412	50 years	G-114, Avishkar Complex, Old Padra Road, Vadodara- 390 015, Gujarat, India
Mr. Sudhir Valia **Designation:** Non Executive Director **DIN:** 00005561	55 years	801, Alaap Building, 8th Floor, 173, S. K. Balchandra Road, opposite Hindu Society, Road number 2, Dadar (East), Mumbai- 400 014, Maharashtra, India
Prof. Dr. Goverdhan Mehta **Designation**: Independent Director **DIN**: 00350615	68 years	National Research Professor and Lilly-Jubilant Chair, University of Hyderabad, P.O. Central University, Hyderabad – 500 046 Andhra Pradesh, India
Mr. Mohanchand Dadha **Designation**: Independent Director **DIN**: 00087414	75 years	New 250 (268), Lloyds Road, Chennai- 600 014, Tamil Nadu, India
Prof. Dr. Andrea Vasella **Designation**: Independent Director **DIN**: 01653058	69 years	Wolfgang, Paulistrasse 14, PF 245, CH 8093, Zurich, Switzerland

For further details of the Directors, please refer to chapter titled "*Management*" beginning on page 146.

Company Secretary and Compliance Officer

Ms. Meetal Sampat
17B, Mahal Industrial Estate,
Mahakali Road,
Andheri (East),
Mumbai – 400 093
Maharashtra, India.

Tel No.: +91 22 6645 5645
Fax No.: +91 22 6645 5685
Email: secretarial@sparcmail.com

Note: *Investors are advised to contact the Registrar to the Issue or the Compliance Officer in case of any pre- Issue or post-Issue related problems such as non-receipt of Letter of Offer, letter of Allotment, split application forms, share certificate(s) or Refund Orders. All grievances related to ASBA process may be addressed to the Registrar to the Issue with a copy to the SCSB, giving full details such as name, address of the applicant, ASBA Account number and the designated branch of the SCSBs where the CAF, or the plain paper application, as the case may be, was submitted by ASBA Investors.*

Bankers to our Company

Our Company has currently accounts with the following banks:

ICICI Bank Limited
CIBD, MIDC Branch
1st Floor,
Transtrade Centre,
Near Flora Deck Plaza,
SEEPZ,
Andheri (East)
Mumbai- 400 093
Maharashtra, India
Tel No.: +91 22 2653 7528/ 2653 6591/ 2653 1414
Fax No.: +91 22 2653 1122
Email:srikrishna.mohanta@icicibank.com / lakshmi.menon@icicibank.com
Website: www.icicibank.com
Contact Person: Mr. Srikrishna Mohanta / Ms. Lakshmi Menon

IndusInd Bank Limited
World Business House,
M.G. Road,
Near Parimal Garden,
Ellisbridge,
Ahmedabad- 380 006,
Gujarat, India
Tel No.: +91 79 2656 4290
Fax No.: +91 79 2656 4292
Email: shetal.mehta@indusind.com
Website: www.indusind.com
Contact Person: Mr. Shetal Mehta

Kotak Mahindra Bank Limited
5th floor,
Dani Corporate Park,
158 CST Road,
Kalina, Santacruz (E),
Mumbai- 400 098,
Maharashtra, India
Tel No.: +91 22 6759 5559
Fax No.: +91 22 6759 5374/ 6759 5324
Email: sumit.sachdeva@kotak.com
Website: www.kotak.com
Contact Person: Mr. Sumit Sachdeva

Issue Management Team

Lead Manager to the Issue

Ernst & Young Merchant Banking Services Private Limited
14th Floor, The Ruby,
29 Senapati Bapat Marg,
Dadar (West),
Mumbai – 400 028
Maharashtra, India
Tel. No.: +91 22 6192 0000
Fax No.: +91 22 6192 1000
Email: sparcrightsissue@in.ey.com

Investor Grievance ID: investorgrievances@in.ey.com
Website: www.ey.com
Contact Person: Ms. Nishita John
SEBI Registration: INM000010700

For all the Issue related queries and for redressal of complaints, Investors may also write to the Lead Manager.

Legal Advisor to the Issue

M/s. Crawford Bayley & Co.
Advocates and Solicitors
State Bank Buildings, 4th floor
N.G.N Vaidya Marg,
Fort, Mumbai – 400 023
Maharashtra, India.
Tel No.: +91 22 2266 8000
Fax No.: +91 22 2266 3978
Email: sanjay.asher@crawfordbayley.com

Legal Advisor to our Company

M/s. P. H. Bathiya & Associates
2, Tardeo AC Market,
4th Floor, Tardeo Road,
Mumbai – 400034,
Maharashtra, India.
Tel No.: +91 22 4355 8000
Fax No.: +91 22 4355 8080
Email: phb@phbathiya.com

Statutory Auditor of our Company

M/s. Deloitte Haskins & Sells
Chartered Accountants
12, Dr. Annie Besant Road,
Opp. Shiv Sagar Estate,
Worli, Mumbai – 400 018
Maharashtra, India.
Tel No.: +91 22 6667 9000
Fax No.: +91 22 6667 9300
Email: rajhiranandani@deloitte.com
Firm Registration No: 117366W

The Auditors hold the Peer Review Certificate dated April 15, 2010, issued by Peer Review Board, the Institute of Chartered Accountants of India, New Delhi.

Registrar to the Issue

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (West), Mumbai - 400 078
Maharashtra, India
Tel No.: +91 22 2596 7878

Fax No.: +91 22 2596 0329
Contact Person: Mr. Pravin Kasare
Email: sparc.rights@linkintime.co.in
SEBI Registration: INR000004058

Collection Bank

Kotak Mahindra Bank Limited
5th floor, Dani Corporate Park,
158, CST Road,
Kalina, Santacruz (East),
Mumbai – 400 098
Maharashtra, India
Tel No.: +91 22 6759 5335/ 88 7963 9117
Fax No.: +91 22 6759 5374
Email: pallavi.bhaskar@kotak.com
Website: www.kotak.com
Contact Person: Ms. Pallavi Bhaskar
SEBI Registration: INBI00000927
Investor Grievance ID: cmsipo@kotak.com

Self-Certified Syndicate Banks

All Equity Shareholders who hold Equity Shares in dematerialized form may apply in this Issue through the ASBA process. The Equity Shareholders are required to fill the CAF and submit the same to their Self Certified Syndicate Banks ("**SCSB**") which in turn will block the amount as per the authority contained in the CAF and undertake other tasks as per the specified procedure. On allotment, the amount would be unblocked and the account would be debited only to the extent required to pay for the Rights Shares allotted.

The lists of banks notified by SEBI to act as SCSBs are provided at http://www.sebi.gov.in/pmd/scsb.pdf. For details on designated branches of SCSBs collecting the ASBA form, please refer the above mentioned SEBI link.

Monitoring Agency

This being an Issue of Equity Shares for less than ₹ 5,000 million, appointment of monitoring agency in terms of sub-regulation (1) of Regulation 16 of the SEBI ICDR Regulations is not required. Our Board will monitor the use of proceeds of this Issue as per clause 49 of the Listing Agreement.

Appraising Entity

The present projects and the proposed fund requirement are not being appraised by any appraising agency. The objects of this Issue and means of finance therefore are based on internal estimates of our Company.

Statement of responsibilities of the Lead Manager

Ernst & Young Merchant Banking Services Private Limited is the sole Lead Manager to the Issue and all the responsibilities relating to coordination and other activities in relation to the Issue shall be performed by it. The various responsibilities have been set forth below:

Sr. No.	Activities
1.	Capital structuring with relative components and formalities such as type of instruments, etc.
2.	Drafting and Design of the Letter of Offer and of advertisement /publicity material including newspaper advertisements and brochure / memorandum containing salient features of the Letter of Offer.
3.	Marketing of the Issue which will cover, *inter alia*, formulating marketing strategies, preparation of publicity

	budget, arrangements for selection of (i) ad-media and (ii) banker to the issue.
4.	Selection of various agencies connected with the issue, namely Registrars to the Issue, printers, and advertising agency.
5.	The post-issue activities will involve essential follow-up steps, which must include finalization of basis of allotment / weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as registrars to the issue, banker to the issue, and bank handling refund business. Even if many of these post-issue activities would be handled by other intermediaries, the Lead Merchant Banker shall be responsible for ensuring that these agencies fulfil their functions and enable him to discharge this responsibility through suitable agreements with the issuer company.
6.	Ensuring compliance with the SEBI ICDR Regulations and other requirements and formalities specified by SEBI and the recognized stock exchanges where specified securities being offered are proposed to be listed.

Credit Rating

As this is an Issue of Rights Shares and no convertible or debt instruments are being issued, a credit rating is not required.

Debenture Trustee

As this is not a debenture issue, appointment of debenture trustee is not required.

Issue Schedule

Issue Opening Date	**Thursday, September 06, 2012**
Last date for receiving requests for split forms	**Thursday, September 13, 2012**
Issue Closing Date	**Thursday, September 20, 2012**

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue including participation by the Promoter and Promoter Group of the unsubscribed portion of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned, unpaid or withdrawal of applications, our Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the such amount (i.e. 15 days after the Issue Closing Date), our Company and every Director of our Company who is an officer in default shall be jointly and severally liable to repay the money with interest for the delayed period, as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

Declaration by Board on creation of separate account

Our Board of Directors declare that funds received against this Issue will be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Act.

Underwriting

This issue is not underwritten and our Company has not entered into any underwriting arrangement.

Issue Grading

As the Issue is a rights offering, grading of this Issue is not required.

Expert

Except for the auditors' report under the section titled "*Financial Information*" beginning on page 170 and the *"Statement of Tax Benefits"* beginning on page 88, our Company has not obtained any expert opinions. The Auditors are named as 'Expert' under Section 58 of the Act.

Subscription to the Issue by the Promoter and Promoter Group

The Promoter has confirmed that he along with the shareholders of our Company which form a part of the Promoter Group entities as on the Entitlement Date intend to subscribe to full extent of their Rights Entitlement in the Issue and any additional Equity Shares forming a part of the unsubscribed portion in the Issue. As a result of such additional subscription, our Promoter along with the Promoter Group entities may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoter and the Promoter Group entities above the current shareholding along with the Rights Entitlement. The Allotment of such additional Equity Shares to be made to the Promoter and Promoter Group entities will be in accordance with Regulation 10(4)(b) of the Takeover Code and other applicable provisions of law.

Principal Terms of Loans

For details of the principal terms of loans taken by our Company, please refer to the chapter titled "*Financial Indebtedness*" beginning on page 214.

CAPITAL STRUCTURE

The Capital Structure of our Company and related information as on date of this Letter of Offer is set forth below:

(in ₹)

Particulars	Aggregate nominal value	Aggregate value at Issue Price
A. Authorized Share Capital		
266,500,000 Equity Shares of face value ₹ 1.00 each	266,500,000	
B. Issued, Subscribed and Paid up		
207,116,391 Equity Shares of face value ₹ 1.00 each fully paid – up	207,116,391	
C. Present Issue being offered to the Equity Shareholders through this Letter of Offer		
29,588,056 Rights Shares of face value ₹ 1.00 each at a premium of ₹ 66.00 i.e. at an Issue Price of ₹ 67.00	29,588,056	1,982,399,752
D. Issued, subscribed and paid up capital after the Issue		
236,704,447 Equity Shares of face value ₹ 1.00 each fully paid - up	236,704,447	
E. Securities premium account		
Existing securities premium account	Nil	
Securities premium account after the Issue*	1,952,811,696	

**The above table has been prepared assuming the Issue is fully subscribed and the balance amount on the partly paid-up Rights Shares is received.*

Notes to the Capital Structure

1. **Details in the increase/changes in the Authorized Share Capital since incorporation**

Date	Authorized Capital Increased from	Authorized Capital Increased to
March 01, 2006 i.e. at incorporation	-	500,000 Equity Shares of face value ₹ 1.00 each
With effect from February 28, 2007 pursuant to Scheme of Demerger	500,000 Equity Shares of face value ₹ 1.00 each	266,500,000 Equity Shares of face value ₹ 1.00 each

For details of the Scheme of Demerger, please see the section titled "*History and Certain Corporate Matters*".

2. **Equity Share Capital history of our Company**

Date of Allotment/ Fully Paid up	Number of Equity Shares allotted	Face Value (₹)	Issue Price / Amount to be treated as paid-up (₹)	Consideration	Remarks	Cumulative No. of Equity Shares	Cumulative Paid up Share Capital (₹)	Cumulative Share Premium (₹)
March 1, 2006	500,000	1.00	1.00	Cash	Subscription at incorporation	500,000	500,000	0
May 5, 2007	194,418,898	1.00	1.00	Other than cash	Pursuant to Scheme of Demerger[#]	194,918,898	194,918,898	0

May 5, 2007	(500,000)	1.00	-	-	Cancellation of Equity Shares issued on March 01, 2006 pursuant to Scheme of Demerger[#]		194,418,898	194,418,898	0
May 19, 2007	518,417	1.00	1.00	Other than cash			194,937,315	194,937,315	0
June 9, 2007	1,139,901	1.00	1.00	Other than cash			196,077,216	196,077,216	0
June 28, 2007	1,018,323	1.00	1.00	Other than cash			197,095,539	197,095,539	0
July 21, 2007	842,830	1.00	1.00	Other than cash			197,937,969	197,937,969	0
August 11, 2007	1,247,972	1.00	1.00	Other than cash			199,185,941	199,185,941	0
October 14, 2007	339,441	1.00	1.00	Other than cash			199,525,382	199,525,382	0
October 20, 2007	864,034	1.00	1.00	Other than cash	As per the Scheme of Arrangement*		200,389,416	200,389,416	0
November 3, 2007	509,161	1.00	1.00	Other than cash			200,898,577	200,898,577	0
December 1, 2007	208,599	1.00	1.00	Other than cash			201,107,176	201,107,176	0
December 29, 2007	339,439	1.00	1.00	Other than cash			201,446,615	201,446,615	0
January 25, 2008	30,858	1.00	1.00	Other than cash			201,477,473	201,477,473	0
March 1, 2008	3,120,084	1.00	1.00	Other than cash			204,597,557	204,597,557	0
March 20, 2008	2,518,834	1.00	1.00	Other than cash			207,116,391	207,116,391	0

[#]*Allotments made to the shareholders of SPIL, pursuant to the Scheme of Demerger, in the proportion of 1 Equity Share of face value ₹1.00 each of our Company for every 1 equity share of ₹5 each, held by them in SPIL as on the record date, i.e. April 30, 2007. For further details of the Scheme of Demerger please refer to the chapter titled "History and Certain Other Corporate Matters" beginning on page 141.*

**Allotments made to holders of FCCBs issued by SPIL prior to the effective date of the Scheme of Demerger, entitled to 1 Equity Share of face value ₹1.00 each of our Company for every equity share of ₹5 each of SPIL which would be allotted to them on exercise of conversion option of the FCCBs of USD 1,000 each held by them. The same is in terms of the Scheme of Arrangement relating to the demerger of our Company from SPIL. For details thereof, please refer to the chapter titled "History and Certain Corporate Matters" beginning on page 141.*

Note: As on the date of this letter of Offer 22,790 Equity Shares of the Company are in abeyance.

3. The current shareholding pattern of our Company as on June 30, 2012 is as follows:

Category code (I)	**PN**	**Number of shareholders (III)**	**Total number of shares (IV)**	**Number of shares held in dematerialized form (V)**	**Total shareholding as a percentage of total number of shares**		**Shares pledged or otherwise encumbered**	
					As a percentage of (A+B)[1] (VI)	**As a percentage of (A+B+C) (VII)**	**No. of shares (VIII)**	**As a percentage (IX)=(VIII)/(IV)*100**
(A)	**Promoter and Promoter Group**							
(1)	**Indian**							
(a)	Individuals / Hindu Undivided Family	10	30,673,345	30,673,345	14.81	14.81	675,000	2.20
(b)	Central Government / State Governmen	0	0	0	0.00	0.00	0	0.00

Category code (I)	PN	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)[1] (VI)	As a percentage of (A+B+C) (VII)	No. of shares (VIII)	As a percentage (IX)=(VIII)/(IV) *100
	t(s)							
(c)	Bodies Corporate	17	106,283,510	106,283,510	51.32	51.32	0	0.00
(d)	Financial Institutions / Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Trusts	1	127,420	127,420	0.06	0.06		
	Sub-Total (A)(1)	**28**	**137,084,275**	**137,084,275**	**66.19**	**66.19**	**675,000**	**0.49**
(2)	**Foreign**							
(a)	Individuals (Non-Resident Individuals / Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investors	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**28**	**137,084,275**	**137,084,275**	**66.19**	**66.19**	**675,000**	**0.49**
(B)	**Public shareholding**							
(1)	**Institutions**							
(a)	Mutual Funds / UTI	14	10,421,975	10,172,731	5.03	5.03	-	-
(b)	Financial Institutions / Banks	10	69,101	68,817	0.03	0.03	-	-
(c)	Central Government / State Governmen	0	0	0	0.00	0.00	-	-

Category code (I)	PN	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)[1] (VI)	As a percentage of (A+B+C) (VII)	No. of shares (VIII)	As a percentage (IX)=(VIII)/(IV) *100
	t(s)							
(d)	Venture Capital Funds	0	0	0	0.00	0.00	-	-
(e)	Insurance Companies	2	583,126	583,126	0.28	0.28	-	-
(f)	Foreign Institutional Investors	35	6,923,213	6,922,013	3.34	3.34	-	-
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	-	-
(h)	Qualified Foreign Investors	0	0	0	0.00	0.00	-	-
(i)	Any Other (specify)	0	0	0	0.00	0.00	-	-
	Sub-Total (B)(1)	**61**	**17,997,415**	**17,746,687**	**8.69**	**8.69**		
(2)	**Non-institutions**				**0.00**	**0.00**		
(a)	Bodies Corporate	898	10,885,776	10,867,257	5.26	5.26	-	-
(b) (i)	Individual - shareholders holding nominal share capital up to ₹ 1 Lakh.	57,526	25,450,905	24,154,690	12.29	12.29	-	-
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh.	24	14,248,349	14,248,349	6.88	6.88	-	-
(c)	Qualified Foreign Investors	0	0	0	0.00	0.00	-	-
(d)	**Any Other**							
i	Non Resident Indians (Repat)	738	804,277	789,339	0.39	0.39	-	-
ii	Non Resident Indians (Non Repat)	208	289,568	289,568	0.14	0.14	-	-

Category code (I)	PN	Number of shareholders (III)	Total number of shares (IV)	Number of shares held in dematerialized form (V)	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					As a percentage of (A+B)[1] (VI)	As a percentage of (A+B+C) (VII)	No. of shares (VIII)	As a percentage (IX)=(VIII)/(IV) *100
iii	Foreign Companies	0	0	0	0.00	0.00	-	-
Iv	Clearing Member	186	351,333	351,333	0.17	0.17	-	-
v	Directors / Relatives	0	0	0	0.00	0.00	-	-
vi	Trusts	6	4,493	4,493	0.00	0.00	-	-
	Sub-Total (B)(2)	**59,586**	**52,034,701**	**50,705,029**	**25.12**	**25.12**	**-**	**-**
	Total Public Shareholding Public Group (B)= (B)(1)+(B)(2)	**59,647**	**70,032,116**	**68,451,716**	**33.81**	**33.81**	**NA**	**NA**
	TOTAL (A)+(B)	**59,675**	**207,116,391**	**205,535,991**	**100.00**	**100.00**	**675,000**	**0.33**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**							
i	**Promoter and Promoter Group**	0	0	0	0.00	0.00	0	0.00
ii	**Public**	0	0	0	0.00	0.00	0	0.00
	Sub-Total (C)	0	0	0	0.00	0.00	0	0.00
	GRAND TOTAL (A)+(B)+(C)	**59,675**	**207,116,391**	**205,535,991**	**100.00**	**100.00**	**675,000**	**0.33**

4. **Shareholding of our Promoter and Promoter Group in our Company**

Category of Shareholder	Total number of shares Pre-Issue	Total shareholding as a percentage of the total number of shares	Total number of shares Post-Issue**	Total shareholding as a percentage of total number of shares
Promoter				
Mr. Dilip Shanghvi	23,114,048	11.16	26,416,055	11.16
Sub-Total	**23,114,048**	**11.16**	**26,416,055**	**11.16**

Category of Shareholder		Total number of shares Pre-Issue	Total shareholding as a percentage of the total number of shares	Total number of shares Post-Issue**	Total shareholding as a percentage of total number of shares
Promoter Group					
1.	Viditi Investment Private Limited	20,308,626	9.81	23,209,858	9.81
2.	Tejaskiran Pharmachem Industries Private Limited	19,935,430	9.63	22,783,349	9.63
3.	Family Investment Private Limited	19,466,624	9.40	22,247,570	9.40
4.	Quality Investment Private Limited	19,602,119	9.46	22,402,422	9.46
5.	Virtuous Finance Limited	9,710,404	4.69	11,097,605	4.69
6.	Virtuous Share Investment Limited[#]	10,318,427	4.98	11,792,488	4.98
7.	Aditya Medisales Limited*	4,020,396	1.94	4,594,738	1.94
8.	Ms. Raksha Valia*	3,477,200	1.68	3,973,943	1.68
9.	Sholapur Organics Private Limited	1,603,508	0.77	1,832,581	0.77
10.	Mr. Sudhir Valia*	1,538,400	0.74	1,758,171	0.74
11.	Unimed Investments Limited*	1,042,876	0.50	1,191,858	0.50
12.	Mr. Jayant Sanghvi	1,016,809	0.49	1,162,067	0.49
13.	Ms. Vibha Shanghvi	578,400	0.28	661,029	0.28
14.	Mr. Kumud Shanghvi	328,000	0.16	374,857	0.16
15.	Mr. Aalok Shanghvi	288,000	0.14	329,143	0.14
16.	Ms. Vidhi Shanghvi	283,000	0.14	323,429	0.14
17.	Jeevanrekha Investrade Private Limited	146,272	0.07	167,168	0.07
18.	Mr. Kumud Shanghvi, Trustee of Shanghvi Family & Friends Benefit Trust	127,420	0.06	145,623	0.06
19.	Package Investrade Private Limited	89,744	0.04	102,565	0.04
20.	Ms. Varsha Doshi	25,100	0.01	28,686	0.01
21.	Shanghvi Finance Private Limited	28,336	0.01	32,384	0.01
22.	Ms. Dipti Modi	24,388	0.01	27,872	0.01
23.	Asawari Investment & Finance Private Limited	4,960	0.00	5,669	0.00
24.	Flamboyawer Finance Private Limited	2,092	0.00	2,391	0.00
25.	Sanghvi Properties Private Limited	1,552	0.00	1,774	0.00
26.	Gujarat Sun Pharmaceutical Industries Private Limited	1,440	0.00	1,646	0.00
27.	Nirmit Exports Private Limited	704	0.00	805	0.00
Sub-Total		**113,970,227**	**55.03**	**130,251,691**	**55.03**
Total holding of Promoter and Promoter Group		**137,084,275**	**66.19**	**156,667,746**	**66.19**

**These individuals / entities are considered "Persons acting in concert" in terms of the SEBI Takeover Code.*

[#] There is one litigation relating to the shareholding of this entity in our Company.

*** Assuming that the Rights Shares being offered through this Issue are fully subscribed*

5. Equity Shareholding Build - up of our Promoter in our Company

Mr. Dilip Shanghvi

Date of Allotment/ Transfer	Number of Equity Shares allotted/transferred	Face Value (₹)	Issue Price (₹)*	Cumulative number of shares	Consideration	% to Pre-Issue Capital	Reasons for allotment / transfer
March 01, 2006	1	1.00	1	1	Cash	Negligible	Subscription at incorporation[#]

May 05, 2007	23,397,048	1.00	1	23,397,049	Other than cash	11.30	As per the Scheme of Demerger**
May 05, 2007	(1)	1.00	-	23,397,048	-	Negligible	Cancellation of Equity Share allotted on March 01, 2006 pursuant to the terms of the Scheme of Demerger**[#]
June 30, 2009	(283,000)	1.00	Nil	23,114,048	NA	(0.14)	Gift to Ms. Vidhi Shanghvi
Cumulative number of shares as on date				**23,114,048**		**11.16**	

[#] *This Equity Share was held by Mr. Shanghvi as a nominee of SPIL in accordance with section 49(3) of the Companies Act*

**All Equity Shares allotted were fully paid – up on allotment*

***For details of the Scheme of Demerger, please refer to the chapter titled "History and Certain Other Corporate Matters" beginning on page 141.*

Our Promoter, Mr. Dilip Shanghvi has not pledged any shares held in our Company. None of the Equity Shares held by Mr. Dilip Shanghvi are under lock in.

Allotment of shares for consideration other than cash:

There has not been any allotment of shares for consideration other than cash other than as given in the table below:

Date of Allotment/ Fully Paid up	Number of Equity Shares allotted	Face Value (₹)	Issue Price / Amount to be treated as paid - up (₹)	Allottees	Reasons for allotment	Benefit to our Company
May 5, 2007	194,418,898	1.00	1	Allotments made to the shareholders of SPIL, pursuant to the Scheme of Demerger, in the proportion of 1 Equity Share of face value ₹ 1 each of our Company for every 1 equity share of ₹ 5 each, held by them in SPIL as on the record date, i.e. April 30, 2007	Pursuant to Scheme of Demerger*	Allotment of shares were made as a consideration for acquisition of assets and liabilities of the demerged entity pursuant to the Scheme of Demerger
May 19, 2007	518,417	1.00	1	Allotments made to holders of FCCBs issued by SPIL prior to the	As per the Scheme of Arrangement*	

June 9, 2007	1,139,901	1.00	1	effective date of the Scheme of Demerger, entitled to 1 Equity Share of face value ₹ 1 each of our Company for every equity share of ₹ 5 each of SPIL which would be allotted to them on exercise of conversion option of the FCCBs of USD 1,000 each held by them
June 28, 2007	1,018,323	1.00	1	
July 21, 2007	842,430	1.00	1	
August 11, 2007	1,247,972	1.00	1	
October 14, 2007	339,441	1.00	1	
October 20, 2007	864,034	1.00	1	
November 3, 2007	509,161	1.00	1	
December 1, 2007	208,599	1.00	1	
December 29, 2007	339,439	1.00	1	
January 25, 2008	30,858	1.00	1	
March 1, 2008	3,120,084	1.00	1	
March 20, 2008	2,518,834	1.00	1	

** For details thereof, please refer to the chapter titled "History and Certain Other Corporate Matters" beginning on page 141.*

6. Details regarding the top ten Shareholders

A. As on date of filing of this Letter of Offer: *

Sr. No	Name of Shareholder	Number of Shares**	% holding
1.	Mr. Dilip Shantilal Shanghvi	23,114,048	11.16
2.	Viditi Investment Private Limited	20,308,626	9.81
3.	Tejaskiran Pharmachem Industries Private Limited	19,935,430	9.63
4.	Quality Investment Private Limited	19,602,119	9.46
5.	Family Investment Private Limited	19,466,624	9.40
6.	Virtuous Share Investments Private Limited	10,318,427	4.98
7.	Virtuous Finance Limited	9,710,404	4.69
8.	Sun Pharmaceutical Industries Key Employees Benefit Trust	8,612,214	4.16
9.	Aditya Medisales Limited	4,020,396	1.94
10.	Mrs. Raksha Sudhir Valia	3,477,200	1.68
	Total	**138,565,488**	**66.91**

**As of the beneficial position as on August 03, 2012*
*** Equity Shares of face value of ₹1 each.*

10 days prior to the filing of this Letter of Offer: *

Sr. No	Name of Shareholder	Number of Shares**	% holding
1.	Mr. Dilip Shantilal Shanghvi	23,114,048	11.16
2.	Viditi Investment Private Limited	20,308,626	9.81
3.	Tejaskiran Pharmachem Industries Private Limited	19,935,430	9.63
4.	Quality Investment Private Limited	19,602,119	9.46
5.	Family Investment Private Limited	19,466,624	9.40
6.	Virtuous Share Investments Private Limited	10,318,427	4.98
7.	Virtuous Finance Limited	9,710,404	4.69
8.	Sun Pharmaceutical Industries Key Employees Benefit Trust	8,612,214	4.16
9.	Aditya Medisales Limited	4,020,396	1.94
10.	Mrs. Raksha Sudhir Valia	3,477,200	1.68
	Total	**138,565,488**	**66.91**

**As of the beneficial position as on August 03, 2012*
*** Equity Shares of face value of ₹1 each.*

B. 2 years prior to the filing of this Letter of Offer: *

Sr. No	Name of Shareholder	Number of Shares**	% holding
1.	Mr. Dilip Shantilal Shanghvi	23,114,048	11.16
2.	Viditi Investment Private Limited	20,308,626	9.81
3.	Tejaskiran Pharmachem Industries Private Limited	19,935,430	9.63
4.	Quality Investment Private Limited	19,602,119	9.46
5.	Family Investment Private Limited	19,466,624	9.40
6.	Virtuous Share Investments Private Limited	10,318,427	4.98
7.	Virtuous Finance Limited	9,710,404	4.69
8.	Sun Pharmaceutical Industries Key Employees Benefit Trust	8,612,214	4.16
9.	Aditya Medisales Limited	4,020,396	1.94
10.	Mrs. Raksha Sudhir Valia	3,477,200	1.68
	Total	**138,565,488**	**66.91**

**As of the beneficial position as on August 03, 2010*
*** Equity Shares of face value of ₹1 each.*

C. The shareholding of persons (in public category) holding more than 1% of the total number of Equity Shares of our Company as on August 03, 2012*

Sr. No	Name of Shareholder	Number of Shares	% holding
1.	Sun Pharmaceutical Industries Key Employees Benefit Trust	8,612,214	4.16
2.	Reliance Capital Trustee Company Limited A/c Reliance pharma Fund	4,811,410	2.32
3.	Lakshadeep Investments & Finance Private Limited	3,422,600	1.65
4.	JF India Fund	2,859,122	1.38
5.	HDFC Trustee Company Ltd.- HDFC Equity Fund	3,405,675	1.64
	TOTAL	**23,111,021**	**11.15**

**As of the beneficial position as on August 03, 2012*

7. None of our Promoter, Promoter Group, our Directors and their immediate relatives have purchased or sold any Equity Shares of our Company within 6 months immediately preceding the date of filing of this Letter of Offer .

8. There are no financing arrangements whereby our Promoter Group, our Directors and their relatives have financed the purchase by any other person of the Equity Shares of our Company during the period of 6 months immediately preceding the date of filing of this Letter of Offer .

9. The present Issue being a rights issue as per Regulation 34 (c) of the SEBI ICDR Regulations, the requirement of Promoter's contribution and lock – in is not applicable.

10. There has been no revaluation of assets in the history of our Company.

11. Our Company has not made any issue of bonus shares out of revaluation reserves.

12. No further issue of capital whether by way of issue of bonus shares, preferential allotment, rights issue or in any other manner is intended to be made by our Company during the period commencing from submission of this Letter of Offer with SEBI till the securities referred to in this Letter of Offer have been listed, or Application Money is refunded on account of failure of the Issue, except that if we enter into acquisition(s) or joint venture(s), we may consider additional capital to fund such activities or to use Equity Shares as a currency for such acquisition(s) or participation in such joint ventures(s).

13. This Issue has been approved by our Funds Mobilising Committee on July 14, 2011. The members of our Company have in the Annual General Meeting held on August 08, 2011, passed a special resolution under Section 81 (1) of the Act, accordingly consent and approval of our Company to the Board to issue securities in the form of Equity Shares and authorizing the Board to issue these securities to Investors by way of rights issue or qualified institutions placements or a combination thereof for an issue for

value not exceeding ₹ 2,000.00 million inclusive of premium at such times and at such prices and in such tranches as the Board may deem fit.

14. Other than as given in note 13 above, our Company presently does not have any intention or proposal and is not in negotiations to alter its capital structure by way of split or consolidation of the denomination of the shares, or issue of bonus shares within a period of six months from the date of opening the Issue.

15. Our Company does not have any Employee Stock Option Plan / Employee Stock Option Scheme as on date.

16. If our Company does not receive the minimum subscription of 90% of the Issue including participation by the Promoter and Promoter Group of the unsubscribed portion of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned, unpaid or withdrawal of applications, our Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the such amount (i.e. 15 days after the Issue Closing Date), our Company and every Director of our Company who is an officer in default shall be jointly and severally liable to repay the money with interest for the delayed period, as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

    The Promoter has confirmed that he along with the shareholders of our Company which form a part of the Promoter Group entities as on the Entitlement Date intend to subscribe to full extent of their Rights Entitlement in the Issue and any additional Equity Shares forming a part of the unsubscribed portion in the Issue. As a result of such additional subscription, our Promoter along with the Promoter Group entities may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoter and the Promoter Group entities above the current shareholding along with the Rights Entitlement. The Allotment of such additional Equity Shares to be made to the Promoter and Promoter Group entities will be in accordance with Regulation 10(4)(b) of the Takeover Code and other applicable provisions of law.

    As such, other than meeting the requirements indicated in the section titled "*Objects of the Issue*" beginning on page 78, there is no other intention or purpose for the Issue, including any intention to delist our Company, even if, as a result of any allotment in the Issue to the Promoter and/or members of the Promoter Group, the shareholding of the Promoter and/or Promoter Group in our Company exceeds the current shareholding.

    Presently our Company is complying with clause 40A of the Listing Agreement and the minimum public shareholding required to be maintained for continuous listing is 25% of the total paid up equity capital.

    The Promoter and/or members of the Promoter Group intend to subscribe for any undersubscribed portion as per the provisions of applicable law. Allotment to the Promoter and/or members of the Promoter Group of any undersubscribed portion, over and above their Rights Entitlement, shall be completed in compliance with clause 40A of the Listing Agreements and other applicable laws prevailing at that time relating to continuous listing requirements and the minimum public shareholding of 25% of the total paid up equity capital required to be maintained for continuous listing shall be maintained. For further details of undersubscription and allotment to the Promoter and Promoter Group, please refer to "*Basis of Allotment*" below under the chapter titled "*Terms of the Issue*" beginning on page 296.

17. As on August 07, 2012 our Promoter Group has brought in a sum of ₹ 260.00 million as advances against share Application Money. This amount will be adjusted against the Application Money payable by the Promoter Group towards their Rights Entitlement. Further, our Promoter and Promoter Group may bring in additional amount as advance Call Money before the final call is made by the Company and such amount would be adjusted against the Call Money payable by them towards their Rights

Shares allotted. The amount so brought in our Promoter and Promoter Group as advances against share Application Money and advance Call Money will be treated as interest free advance till such amount is adjusted against the Application Money/Call Money. In case the Issue fails or is withdrawn due to any reason, the advances against share Application Money will be treated as interest free unsecured loans/advances repayable on demand.

18. Our Promoter has not purchased or acquired any Equity Shares, directly or indirectly, during a period of 6 months preceding the date on which this Letter of Offer is filed with SEBI.

19. Our Company has not alloted any Equity Shares at a price lower than the Issue Price within the last 12 months from the date of this Letter of Offer.

20. All Rights Shares offered through this Issue shall be made fully paid-up or may be forfeited for non-payment of calls within twelve months from the date of Allotment of Rights Shares.

21. Our Company shall comply with such disclosure and accounting norms as may be specified by SEBI from time to time in relation to this Issue.

22. The total number of members of our Company as on August 03, 2012, was 59,386.

23. Our Company has not availed of "bridge loans" to be repaid from the proceeds of the Issue for incurring expenditure on the Objects of the Issue.

24. The terms of the Issue to the non-resident Applicants have been presented under the chapter titled *"Terms of the Issue"* beginning on page 274.

25. At any given time, there shall be only one denomination of face value of the Equity Shares of our Company.

26. Our Company, the Directors of our Company or Lead Manager to the Issue have not entered into any buy–back, stand by, safety net facility or similar arrangements for any securities being issued through this Letter of Offer.

27. The Lead Manager to this Issue does not hold any securities in our Company as on the date of this Letter of Offer.

28. This is an Issue of partly paid-up securities. For details please refer to chapter titled *"Issue"* beginning on page 58.

29. All the existing Equity Shares of our Company are fully paid -up.

30. No payment, direct or indirect in the nature of discount, commission and allowance or otherwise shall be made either by us or our Promoter who receive allotments, if any, in the Issue.

31. The Issue will remain open for minimum 15 days. However, the Board will have the right to extend the Issue period as it may determine from time to time but not exceeding 30 days from the Issue Opening Date.

SECTION IV- OBJECTS OF THE ISSUE

Our Company proposes to raise funds through the Rights Issue for the following objects:

- Funding the pharmaceutical research and development activities - clinical trials;
- Repayment of identified loan facilities availed from Group Entities;
- General Corporate purposes

This Rights Issue would also enable our Company to make its Net Worth positive. The main objects clause and the objects incidental or ancillary to the main objects clause of the Memorandum of Association of our Company enable us to undertake the existing activities and the activities for which the funds are being raised through this Issue.

The details of the proceeds of this Issue are summarised in the table below:

(₹ in million)

Particulars	Amount
Gross proceeds	1,982.40
Issue related expenses	17.00
Net Proceeds	1,965.40

The Net proceeds of this Issue after deducting the issue management fees and other expenses associated with this Issue, are estimated to be approximately ₹ 1,965.40 million (the "**Net Proceeds**"). The Issue Proceeds when received will be adjusted against expenses so incurred to the extent that such adjustment is permissible by applicable laws and regulations. The Net Proceeds of this Issue would be used to meet the uses of funds described below.

Requirement of Funds and Means of Finance

The fund requirements and the intended use of the Net Proceeds of this Issue as described herein are based on management estimates and our current business plan and have not been independently appraised by any bank or financial institution or any independent organization. In view of the particular nature of the pharmaceutical research and development business, we may have to revise our expenditure and funding requirements as a result of variations in the cost structure, changes in estimates and external factors, which may not be within the control of our management and subject to requirements of applicable laws. This may entail rescheduling, revising or cancelling the planned expenditure and fund requirements and increasing or decreasing the expenditure for a particular pharmaceutical research and development project from its planned expenditure at the discretion of our management. In addition, the estimated schedule of completion of projects as described herein are based on management's current expectations and are subject to change due to various factors, some of which may not be in our control

In case of any variations in the actual utilization of funds earmarked for any particular pharmaceutical research and development project or in case of increased fund requirements for a particular project, the shortfall, if any, may be financed by internal accruals and/or working capital loans that may be availed from the banks/financial institutions and/or debt including loans from Group Entities, to the extent of such shortfall. Any surplus from the Net Proceeds of this Issue after meeting the primary objects mentioned above, if any, will be used for our general corporate purposes as described hereinafter in this Chapter.

Requirement of funds

(₹ in million)

Sr. No.	Fund Requirements	Amount
	Pharmaceutical research and development activities - clinical trials	1,029.82
	Repayment of identified loans availed from Group Entities	610.00
	General corporate purposes	325.58
	Issue expenses	17.00
TOTAL		**1,982.40***

** As on August 07, 2012 our Promoter Group has brought in a sum of ₹ 260.00 million as advances against share Application Money. This amount will be adjusted against the Application Money payable by the Promoter Group towards their Rights Entitlement. Further, our Promoter and Promoter Group may bring in additional amount as advance Call Money before the final call is made by the Company and such amount would be adjusted against the Call Money payable by them towards their Rights Shares allotted. The amount so brought in our Promoter and Promoter Group as advances against share Application Money and advance Call Money will be treated as interest free advance till such amount is adjusted against the Application Money/Call Money. In case the Issue fails or is withdrawn due to any reason, the advances against share Application Money will be treated as interest free unsecured loans/advances repayable on demand.*

Means of finance

We propose to meet our expenditure towards the objects of the Issue through the Net Proceeds of this Issue. Accordingly, we confirm that firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed issue have been complied with. The shortfall, if any, may be financed by internal accruals and/or working capital loans that may be availed from the banks/financial institutions and/or debt including loans from Group Entities.

Details of Objects of this Issue

1. Pharmaceutical research and development activities - clinical trials

Our Company is developing a pipeline of technology platforms for NDDS including oral, injectables and topical and new compounds in our NCEs portfolio.

The funding through the Net Proceeds of the Issue is for conducting clinical trials involving two (2) NDDS projects.

Clinical trial:

A clinical trial is an investigation in human subjects with the object of ascertaining an investigational product's safety and/or efficacy. The clinical trial intends to:

- discover or verify the clinical, pharmacological and/or other pharmacodynamic effects,
- identify any adverse reactions,
- study absorption, distribution, metabolism, and excretion of drugs

The clinical trial process involves 3 phases:

- ***Phase 1:*** In Phase 1 trials the candidate drug is tested in humans for the first time. These studies are usually conducted with about 20 to 100 healthy volunteers or patients. The main goal of a Phase 1 trial is to discover if the drug is safe in humans. These closely monitored trials are designed to help researchers determine what the safe dosing range is and if it should move on to further development.

- ***Phase 2:*** In Phase 2 trials researchers evaluate the candidate drug's effectiveness in about 50 to 500 patients with the disease or condition for which the candidate drug was developed, and also examine the possible short-term side effects (adverse events) and risks associated with the drug.

- ***Phase 3:*** In Phase 3 trials researchers study the drug candidate in a larger number (about 200 - 5,000) of patients to generate statistically significant data about safety, efficacy and the overall benefit-risk relationship of the drug. This phase of research is key in determining whether the drug is safe and effective. It also provides the basis for labeling instructions to help ensure proper use of the drug (e.g., information on potential interactions with other medicines). Phase 3 trials are both costly and are of a longer duration. Hundreds of sites around the world participate in the study to get a large and diverse group of patients. Phase 3 also involves coordinating with all the sites and the collection and analysis and interpretation of data coming from them.

The three phases entail different timelines as well as charges including investigator charges, patient monitoring charges, drug sample costs, analytical costs, travelling charges, data analysis, report preparation, CRO ("Contract Research Organization") fees etc.

The timeframe for completing a clinical trial will differ for each project based on the regulator's requirement and complexity of the project.

Clinical trial projects mainly consist of the following costs:

a) Investigator Fees: Clinical trials are conducted at hospitals under the supervision of qualified doctors (investigators and sub-investigators) and their teams comprising research coordinators, and other technical staff. They are paid by the sponsor for performing trial specific activities as mentioned in protocol approved by the ethics committee and regulatory authorities. These amounts are known as investigator fees.

b) Ethics Committee Fees: A clinical trial project can be started only after approval from ethics committees and regulatory authorities such as Drugs Controller General of India (the "DCGI") in India and Food and Drug Administration (the "FDA") in USA. The protocol, forms, patient information and informed consent documents, and dossiers containing information on the drug to be tested are reviewed and an approval letter is released to the investigator (by ethics committee) and sponsor (by regulatory authority). The fees charged for this activity and associated expense is shown as ethics committee fees.

c) Study Conduct and Monitoring Costs: The act of overseeing the progress of a clinical trial, and of ensuring that it is conducted, recorded, and reported in accordance with the protocol, standard operating procedures, good clinical practice, and the applicable regulatory requirements. There are at times, specific tests and investigations to be conducted to evaluate safety and efficacy of the drug in question. The costs associated with these activities are study conduct and monitoring costs.

d) Project Management Costs: To manage and plan activities with the groups involved viz. investigator team, monitoring team, data management and biostatistics team, safety and pharmacovigilance team, report writing team, logistics to ensure timely project completion. Costs associated with these activities are project management costs.

e) Data Management and Biostatistics Costs: All protocol required information is recorded on forms known as case record forms (the "CRFs**"**), these are retrieved and the data is entered into a validated database. Once data from all CRFs is entered, the database is locked and statistics applied to obtain efficacy/safety tables and output analysis. The cost associated with these activities is data management and biostatistics cost.

f) Study Report Costs: A written description of a trial conducted in which the clinical and statistical discussion, presentations, and analyses are fully integrated into a single report. This is generated after the output from statistical analysis is obtained at the end of the study. The report is submitted to the investigators, ethics committees and the regulatory authorities. This serves as a decision for future plans for clinical development/ marketing approval of the drug. The costs associated with these activities are termed as study report costs.

g) Pass through costs: This includes travel, training, supplies, communication, record archival and storage costs associated with the project. The costs associated with these activities are termed as Pass through costs.

Costs of clinical trials for 2 NDDS projects

The total cost of conducting clinical trials for the 2 NDDS projects is estimated at ₹ 1,084 million. The break-up of the total cost is set forth in the following table:

(₹ in million)

Sr. No.	Project Type	Product Name	Study	Location	USD	Amount *
1.	NDDS	Baclofen GRS Capsule	Phase 3 Efficacy clinical study	USA	7,664,730	383.24
			Phase 3 Open Label clinical study	USA	5,162,022	258.10
			Phase 3 Duration of Action clinical study	USA	2,502,884	202.50
			Phase 2 clinical study for Alcohol Dependence	USA	3,754,326	187.72
2.	NDDS	PICN	Phase 1 Weekly protocol	USA	1,048,879	52.44
Total					**20,132,841**	**1,084.00**

**Converted into ₹ using the exchange rate 1USD = ₹ 50. The cost may undergo a change due to exchange rate fluctuations.*

Out of the total estimated cost of ₹ 1,084.00 million to be spent on these 2 NDDS projects from the Net Proceeds of the Issue, our Company has already incurred an amount of ₹ 54.18 million as on June 30, 2012.

i. Baclofen GRS Capsule - Phase 3 Efficacy clinical study in USA

The purpose of the Baclofen GRS Phase 3 Efficacy clinical study is to assess whether Baclofen GRS capsules demonstrate efficacy and safety in the treatment of spasticity in patients with multiple sclerosis. Our Company has executed a work order on July 18, 2011 pursuant to a Master Clinical Services Agreement dated August 17, 2009 with a CRO for conducting a Phase 3 Efficacy clinical study for Baclofen GRS Capsule in the USA for a total sum of USD 7,664,730 (₹ 383.24 million).

ii. Baclofen GRS Capsule - Phase 3 Open Label clinical study in USA

The purpose of the Baclofen GRS Phase 3 Open Label clinical study is to evaluate safety of Baclofen GRS capsules when administered on a long-term basis in the treatment of spasticity in patients with multiple sclerosis. This study will be conducted as a follow-on to the phase 3 efficacy study mentioned above. The total cost for conducting the Phase 3 Open Label clinical study in USA is USD 5,162,021.75 (₹258.10 million). This estimate is based on the Individual Project Agreement dated March 30, 2012 and an Estimated Budget dated July 29, 2011.

iii. Baclofen GRS Capsule - Phase 3 Duration of Action clinical study in USA

The purpose of the Baclofen GRS Phase 3 Duration of Action clinical study is to evaluate once daily efficacy of Baclofen GRS capsules at end-of-dosing interval in the treatment of spasticity in patients with multiple sclerosis. This study will be conducted concurrently with the phase 3 efficacy study. The total cost for conducting the Phase 3 Duration of Action clinical study in USA as estimated by our management is USD 4,050,000 (₹ 202.50 million). The estimate is based on the work order dated July 18, 2011 pursuant to the Master Clinical Services Agreement dated August 17, 2009 with a CRO for conducting a Phase 3 Efficacy clinical study in the USA.

iv. Baclofen GRS Capsule - Phase 2 clinical study for treatment of Alcohol Dependence in USA

The purpose of the Baclofen GRS Phase 2 study is to find the dose at which Baclofen GRS should be given for treatment of alcohol dependence. The total cost for conducting the Phase 2 clinical study for treatment of alcohol dependence in USA as estimated by our management is USD 3,754,326.03 (₹ 187.72 million). The estimate is based on a draft proposal dated April 26, 2012 received from a CRO.

v. PICN - Phase1 Weekly Protocol in USA

The phase I study of PICN weekly administration, will use a '3+3' dose escalation design to determine the MTD and recommend phase II dose of PICN weekly. PICN will be administered over 30 minute infusion once a week for 3 weeks, followed by 1 week of rest. This will comprise one cycle of PICN administration. The pharmacokinetic profile of PICN will be evaluated over 6 dose levels for one cycle in each dose level.

The cost estimate of USD 1,048,879 (₹ 52.44 million) for the product, PICN - Phase1 clinical Studies in USA is based on the following agreement/work order/quotation with 3 different CROs:

- Clinical Study Services Agreement dated April 26, 2011;
- Work order executed on May 10, 2011 - pursuant to the Master Clinical Services Agreement dated August 17, 2009; and
- Clinical Trial Agreement executed on June 1, 2011.

2. For repayment of identified loan facilities availed from Group Entities

Our Company has entered into financing arrangements with four Group Entities namely Sholapur Organics Private Limited, Tejaskiran Pharmachem Industries Private Limited, Quality Investment Private Limited and Viditi Investment Private Limited pursuant to the letter agreements dated August 02, 2011, July 05, 2011, October 01, 2011 and January 03, 2012 respectively signed between our Company and the Group Entities for meeting fund requirements for the day to day operations of our Company, clinical trial studies and personnel costs. We have raised ₹ 610.00 million as interest free unsecured loans as on January 23, 2012, repayable on demand as certified by M/s. Valia & Timbadia, Chartered Accountants *vide* their certificate dated January 24, 2012.

The details of the repayment of loans to Group Entities are provided below:

A. Sholapur Organics Private Limited

(₹ in million)

Date of sanction /availing the loan	Amount availed	Amount outstanding	Repayment from the Net Proceeds of the Issue
August 17, 2011	15.00	62.50	62.50
October 05, 2011	27.50		
October 13, 2011	10.00		
October 17, 2011	10.00		

B. Tejaskiran Pharmachem Industries Private Limited

(₹ in million)

Date of sanction /availing the loan	Amount availed	Amount outstanding	Repayment from the Net Proceeds of the Issue
July 19, 2011	30.00	341.00	341.00
July 21, 2011	25.00		
August 03, 2011	25.00		
August 11, 2011	7.50		
August 17, 2011	5.00		
August 30, 2011	30.00		
August 31, 2011	3.5		
September 05, 2011	15.00		
September 07, 2011	35.00		
September 14, 2011	20.00		
September 16, 2011	37.50		
September 26, 2011	42.50		
November 18, 2011	20.00		
December 05, 2011	20.00		
December 13, 2011	10.00		
December 26, 2011	15.00		

C. Quality Investment Private Limited

(₹ in million)

Date of sanction /availing the loan	Amount availed	Amount outstanding	Repayment from the Net Proceeds of the Issue
October 10, 2011	35.00	146.50	146.50
November 01, 2011	35.00		
November 03, 2011	25.00		
November 11, 2011	10.00		
November 15, 2011	10.00		
January 03, 2012	11.50		
January 19, 2012	20.00		

D. Viditi Investment Private Limited

(₹ in million)

Date of sanction /availing the loan	Amount availed	Amount outstanding	Repayment from the Net Proceeds of the Issue
January 05, 2012	50.00	60.00	60.00
January 12 2012	10.00		
Total repayment of loans to Group Entities (A+B+C+D)			**610.00**

Utilization of Unsecured Loans

The unsecured loans from Group Entities have been utilized by the Company towards clinical trial studies, personnel cost and day to day operations of the Company as certified by M/s. Valia & Timbadia, Chartered Accountants *vide* their certificate dated July 24, 2012, as per the details mentioned below.

(₹ in million)

Purpose	Amount
Clinical trial studies	10.76
Personnel Cost	152.48
Day to day operations	446.76
Total	**610.00**

Our Company intends to utilize ₹ 610.00 million from the Net Proceeds of the Issue for the repayment of the unsecured loans to the Group Entities. The interest free unsecured loans will be repaid at mutually agreed upon terms without any prepayment penalty.

Estimated schedule of completion:

The proposed completion schedule for each of the projects is given below:

Project Type	Name of the Product	Study	Expected Time-Frame (years)	Commencement (Fiscal)	Expected Completion (Fiscal)
NDDS	Baclofen GRS Capsule	Phase 3 Efficacy clinical study	4	2012	2015
		Phase 3 Open Label clinical study	4	2013	2016
		Phase 3 Duration of Action clinical study	3	2013	2015
		Phase 2 clinical study for Alcohol Dependence	2	2013	2014
NDDS	PICN	Phase 1 Weekly Protocol (USA)	3	2012	2014
Repayment of unsecured loans to Group Entities			1	2013	2013

3. General Corporate Purposes

In accordance with the policies set up by the Board, our Company proposes to retain flexibility in using the remaining Net Proceeds for general corporate purposes including but not restricted to strategic initiatives; meeting exigencies which our Company may face in the ordinary course of business or any other purposes as may be approved by our Board subject to compliance with the necessary provisions of the Companies Act.

4. Issue Expenses

The total expenses are estimated to be approximately ₹ 17.00 million which is 0.86% of the Issue size. The details of the expenses are as given below:

Activity	Amount (In ₹ million)	% of Issue Expenses	% of the Total Issue Size
Fees to Lead Manager, Registrar to the Issue, Legal Advisor etc.	06.56	38.59	0.33
Advertising and Marketing expenses	0.15	0.88	0.01
Printing, stationery and distribution expenses	04.45	26.18	0.22
Others (including but not limited to Auditors' Fee, SCSB commission, Regulatory Fees including filing fees paid to SEBI and Stock Exchanges)	05.84	34.35	0.29
Total Issue Expenses	**17.00**	**100.00**	**0.86**

Amount Deployed in the Projects

We have already incurred a sum of ₹ 54.18 million for the clinical trials on these 2 NDDS projects till June 30, 2012 as certified by M/s. Valia & Timbadia, Chartered Accountants *vide* his certificate dated July 25, 2012. The said amount has been financed through internal accruals/ unsecured loans from the Promoter Group companies. The details of the funds deployed on the projects are as given below:

(₹ in million)

Project Type	Product Name	Study	Amount spent till June 30, 2012
NDDS	Baclofen GRS Capsule	Phase 3 Efficacy clinical study	53.1
		Phase 3 Open Label clinical study	-
		Phase 3 Duration of Action clinical study	-
		Phase 2 clinical study for Alcohol Dependence	-
NDDS	PICN	Phase1 Weekly Protocol (USA)	1.08
Total			**54.18**

Proposed Deployment of Funds:

Year-wise proposed utilization of funds

The details of our proposed utilization of Net Proceeds of this Issue for the purpose of funding the clinical trials and repayment of unsecured loans to Group Entities are as follows:

(₹ in million)

Sr. No.	Product Name	Study	Amount to be spent			Total Amount to be deployed
			Fiscal 2013	Fiscal 2014	Fiscal 2015	Fiscal 2016	
A.	**Research and development activities – clinical trials**						

1.	Baclofen GRS Capsule	Phase 3 Efficacy clinical study	131.00	159.31	39.83		**330.14**
		Phase 3 Open Label clinical study	51.62	51.62	77.43	77.43	**258.10**
		Phase 3 Duration of Action clinical study	81.00	121.5	-	-	**202.50**
		Phase 2 clinical study for Alcohol Dependence	-	93.86	93.86	-	**187.72**
2.	PICN	Phase1 Weekly Protocol (USA)	26.71	24.65	-	-	**51.36**
	Total		**290.33**	**450.94**	**211.12**	**77.43**	**1,029.82**
B.	**Repayment of unsecured loans to Group Entities**		**610.00**	**-**	**-**	**-**	**610.00**
Total							**1,639.82**

Interim use of Issue Proceeds

We, in accordance with the policies formulated by the Board from time to time, will have flexibility in deploying the Net Proceeds of this Issue. Pending utilization of the Net Proceeds for the purposes described above, we intend to temporarily invest the funds in interest bearing liquid instruments including deposits with banks for the necessary duration and investments in money market mutual funds and other financial products and investment grade interest bearing securities as may be approved by the Board or the Funds Mobilising Committee. Such transactions would be at the prevailing commercial rates at the time of investment. In case our Company utilizes the funds raised or a portion thereof, for meeting short-term working capital requirements, pending its utilization for stated objects, our Company undertakes that these funds would eventually be directed towards the Objects of the Issue mentioned herein. We confirm that pending utilization of the Issue proceeds we shall not use the funds for any investments in the equity markets.

Monitoring of Utilization of Funds

As this is an Issue for less than ₹ 5,000 million, there is no requirement for the appointment of a monitoring agency.

Our Board of Directors will monitor the utilization of the Issue Proceeds. We will disclose the details of the utilization of the Issue Proceeds, including interim use, under a separate head in our financial statements for Fiscal 2012, 2013, 2014, 2015, 2016 specifying the purpose for which such proceeds have been utilized or otherwise disclose as per the disclosure requirements of our listing agreements with the Stock Exchanges and in particular Clause 49 of the Listing Agreement. No part of the Net Proceeds of the Issue will be paid by us as consideration to our Promoter and Promoter Group, our Directors and Group Entities or key managerial personnel, except as disclosed in this chapter and in the normal course of our business.

BASIS FOR ISSUE PRICE

The Issue price of ₹ 67.00 has been determined by our Company in consultation with the Lead Manager, on the basis of market conditions and on the basis of the following quantitative and qualitative factors. The information presented in this section for Fiscal 2010, 2011 and 2012 is derivedfrom our Company's restated financial statements, prepared in accordance with Indian GAAP and the Companies Act and restated in accordance with the SEBI (ICDR) Regulations. Investors should also refer to the sections titled "Risk factors" beginning on page 13 and "Auditors' Report" forming part of "Financial Information" beginning on page 170 to get a more informed view before making the investment decision.

Qualitative Factors

1. A pharmaceutical based research & development company with a strong focus on niche indications with a predictable and sustainable market.

2. Developing products and technologies which solve unresolved problems.

3. Strong research and development capabilities to develop innovative products.

4. Experienced Promoters and Management and qualified workforce.

For details on our qualitative factors, please refer to the section titled "Our Strengths" in the chapter titled "*Business*" beginning on page 116.

Quantitative Factors

1. Earnings per share ("EPS")

Financial Period	Weight	EPS (in ₹)
Fiscal 2010	1	(1.05)
Fiscal 2011	2	(0.37)
Fiscal 2012	3	(3.49)
Weighted Average		(2.04)

a. Earnings per share calculations are in accordance with Accounting Standard – 20 'Earnings per Share' as notified by Companies (Accounting Standards) Rules, 2006.

b. The earnings per share (₹) are calculated by dividing the net profit/loss, as restated, for the period attributable to Equity Shareholders by the weighted average number of Equity Shares outstanding during the period.

c. As there are no dilutive securities for Fiscal 2010, Fiscal 2011, Fiscal 2012, the basic and diluted earnings per share are the same.

2. Price Earnings Ratio ('P/E Ratio') in relation to the Issue Price of ₹ 67.00 per share of ₹1.00 each.

Particulars	P/E Ratio *
Based on weighted average EPS	N.A.
Based on EPS as on Fiscal 2011	N.A.

** Not applicable on account of negative EPS*

3. Return on Net Worth ('RoNW')

Financial Period	Weight	RoNW (%)
Fiscal 2010	1	(161.95)
Fiscal 2011	2	(138.02)

Fiscal 2012	3	N.A.*
Weighted Average		N.A.*

** Not applicable on account of negative Net Worth*

Note: *The RoNW has been computed by dividing net profit/loss after extraordinary items for the period by net worth excluding revaluation reserve and excluding advances against share Application Money, if any, at the end of the year.*

4. Minimum Return on Increased Net Worth required to maintain Pre-Issue EPS for the Fiscal 2012 - Not applicable on account of negative EPS for the Fiscal 2012.

Note: *Net Worth means Equity Share Capital + Reserves and Surplus – Revaluation reserve, if any - miscellaneous expenditure not written off or adjusted.*

5. Net Asset Value (NAV) - per equity share

NAV (pre-issue) as on Fiscal 2012 (₹)	(3.22)
After Issue (₹)	05.56
Issue price (₹)	67.00

NAV per Equity Share for the years ended Fiscal 2010, 2011 and 2012 is as follows:

Financial Period	**Weight**	**Net Asset Value per Equity Share (₹)**
Fiscal 2010	1	0.65
Fiscal 2011	2	0.27
Fiscal 2012	3	(3.22)
Weighted Average		(1.41)

Note: *The NAV per share has been computed by dividing net worth excluding revaluation reserve, if any, at the end of the year excluding miscellaneous expenditure not written off or adjusted by number of equity shares outstanding at the end of the year.*

6. Comparison with other listed companies

There are no comparable listed companies with the same business that our Company is in.

7. The face value of our Equity Shares is ₹1.00 each and the Issue is to be made at a price of ₹ 67.00 per share.

The Issue Price is 67 times of the face value.

Based on the above mentioned qualitative, quantitative factors and market price of the Equity Shares of our Company, we and the Lead Manager to the Issue, are of the opinion that the issue price of ₹ 67.00 per Rights Share is reasonable and justified.

STATEMENT OF TAX BENEFITS

To,
The Board of Directors
Sun Pharma Advanced Research Company Limited (SPARC),
Akota Road,
Akota,
Vadodara - 390 020.

Dear Sirs,

Sub: Certification of statement of Possible Tax Benefits in connection with Rights Issue by Sun Pharma Advanced Research Company Limited ("the Company") under Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 ("the Regulations")

We, the statutory auditors of the Company have been requested by the management of the Company having its registered office at the above mentioned address to certify the statement of tax benefits available to the Company and its shareholders under the provisions of the Income-tax Act, 1961 and Wealth Tax Act, 1957 presently in force in India as of date in connection with the proposed Rights Issue of the Company.

The Direct Tax Code (which consolidates the prevalent direct tax laws) is proposed to come into effect from April 1, 2013. At the moment, it is unclear what the effect the proposed Direct Tax Code would have on the Company and the investors.

- After the recommendation of the Standing Parliamentary Committee on Finance the Direct Taxes Code will have to be approved by both the Houses of the Indian Parliament viz., the Lok Sabha and the Rajya Sabha.
- After approval of both the Houses the Direct Taxes Code will be placed for the President's assent.
- After it receives the President's assent it will stand enacted as a law and will become effective either from such date as may be mentioned or the date on which it receives the assent of the President.

The benefits discussed in the enclosed statement are neither exhaustive nor conclusive. The contents stated in the Annexure are based on the information, explanations and representations obtained from the Company. This statement is only intended to provide general information to guide the investors and is neither designed nor intended to be a substitute for professional tax advice. A shareholder is advised to consult his/ her/ their own tax consultant with respect to the tax implications of an investment in the equity shares particularly in view of the fact that certain recently enacted legislations may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail. We do not express any opinion or provide any assurance as to whether:

- the Company or its Shareholders will continue to obtain these benefits in future;
- the conditions prescribed for availing the benefits have been / would be met with; or
- the revenue authorities/ courts will concur with the views expressed herein.

Our views are based on the existing provisions of law and its interpretations, which are subject to change from time to time. We do not assume responsibility to up-date the views of such changes.

This statement is intended solely for your information and for inclusion in the Letter of Offer in connection with the proposed Rights Issue of the Company and is not to be used, referred to or distributed for any other purpose without our prior written consent.

Mumbai: 10 August, 2012

For Deloitte Haskins & Sells
Chartered Accountants
(ICAI Registration No. 117366W)

Rajesh K Hiranandani
Partner
Membership No. 36920

ANNEXURE

Statement of Special Tax Benefits available to the Company & its Shareholders under the Income-tax Act, 1961 ("IT Act") and other Direct Tax Laws presently in force in India:

I. **Benefits available to the Company**

1. Deduction under Section 80 (IB) (8A) of IT Act

The Company is approved and registered with Minister of Science and technology, Department of Scientific and Industrial Research (DSIR) as a commercial Research and Development company and is eligible for deduction under section 80 (IB) (8A) of the IT Act, 1961 of one hundred per cent of such profits and gains for ten consecutive assessment years commencing with the initial assessment year (i.e. Assessment Year 2007-08 year in which approval of DISR has been obtained), subject to compliance with conditions specified under the IT Act. It may be noted that such deduction under section 80-IB (8A) is admissible to the Company, only up to Assessment Year 2016-17 (i.e. year ending on March 31, 2016).

2. Deduction under Section 35 of IT Act

As per provisions of Section 35 (1) (iv) of the IT Act, the Company is eligible for deduction of expenditure of a capital nature on scientific research related to the business carried on by the Company subject to the provisions of section 35(2) of the IT Act.

II. **Benefits available to the Shareholders**

NIL

Statement of General Tax Benefits available to the Company & its Shareholders under the IT Act and other Direct Tax Laws presently in force in India:

I. Benefits available to the Company

1. Dividends

As per Section 10(34) of the IT Act, any income by way of dividends referred to in Section 115 - O (i.e. dividends declared, distributed or paid on or after 1st April, 2003 by domestic companies) received on the shares of any company is exempt from tax, however such income will be subject to the provision of section 14A and section 94 sub-section 7 and 8 of the IT Act.

As per Section 10(35) of the IT Act, the following income will be exempt in the hands of the Company;

(a) Income received in respect of the units of a Mutual Fund specified under clause (23D) of Section 10; or
(b) Income received in respect of units from the Administrator of the specified undertaking; or

(c) Income received in respect of units from the specified company.

However, this exemption does not apply to any income arising from transfer of units of the Administrator of the specified undertaking or of the specified Company or of a mutual fund, as the case may be however such income will be subject to the provision of section 14A of the IT Act.

2. <u>Capital Gains</u>

- As per section 2(42A) of the Act, shares held in a company or any other security listed in a recognized stock exchange in India or unit of the Unit Trust of India or a unit of a mutual fund specified under section 10(23D) or a zero coupon bonds will be considered as short term capital asset if the period of holding of such security is 12 months or less. If the period of holding is more than 12 months, it will be considered as long term capital assets. In respect of other assets the determinative period of holding is 36 months as against 12 months mentioned above. Further, gain / loss arising from short term capital asset and long term capital asset is regarded as short term capital gain and long term capital gain respectively.

- As per Section 10(38) of the IT Act, long term capital gains arising to the company from the transfer of long term capital asset being an equity share in a company or a unit of an equity oriented fund where such transaction is chargeable to securities transaction tax will be exempt in the hands of the Company. However such income shall be taken into account in computing Minimum Alternative Tax on book profit under section 115JB of the IT Act.

  For this purpose, "Equity Oriented Fund" means a fund –

i. where the investible funds are invested by way of equity shares in domestic companies to the extent of more than sixty five percent of the total proceeds of such funds; and
ii. which has been set up under a scheme of a Mutual Fund specified under Section 10(23D) of the ITA.

- As per Section 54EC of the IT Act, capital gains up to ₹ 50 Lacs per annum, arising from the transfer of a long term capital asset are exempt from capital gains tax provided such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by National Highways Authority of India and Rural Electrification Corporation Ltd.

- As per Section 111A of the IT Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).

- As per Section 112 of the IT Act, long term capital gains which are not exempt in terms of the provisions of section 10(38) of the IT Act is liable to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% (plus applicable surcharge and education cess) of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the company.

- As per Section 70 read with Section 74 of the IT Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising

during subsequent 8 assessment years in terms of the provisions of section 74 of the IT Act.

- Long term capital loss arising during a year is allowed to be set-off only against long term capital gains in terms of section 70 of the IT Act. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years in terms of the provisions of section 74 of the IT Act. Long term capital loss arising on sale of share or units of equity oriented fund subject to STT may not be carried forward for set off.

3. ***Minimum Alternate Tax*** ("**MAT**")

Under Section 115JAA(1A) of the IT Act, credit is allowed in respect of any tax paid under Section 115JB of the IT Act for any assessment year commencing on or after April 1, 2006. Tax credit eligible to be carried forward will be the difference between MAT paid and the tax computed as per the normal provisions of the IT Act for that assessment year. Such MAT credit is allowed to be carried forward for set off purposes for up to 10 Assessment Years immediately succeeding the Assessment Year in which the MAT credit is allowable. MAT credit can be set off in a year when tax is payable under the normal provisions of the IT Act. Tax credit to be allowed shall be the excess between MAT payable and the tax computed as per the normal provisions of the IT Act for that assessment year.

4. ***Business Losses***

Business losses (other than speculative loss), if any, arising during a year can be set off against the income under any other head of income, other than income under the head 'salaries', in terms of the provisions of section 71 of the ITA. Balance business loss can be carried forward and set off against business profits for 8 subsequent years in terms of the provisions of section 72 of the IT Act. Unabsorbed depreciation, if any, under section 32(2) of the IT Act and losses on account of capital expenditure under section 35 (1) (iv) of the IT Act for an assessment year can be carried forward and set off against any source of income in subsequent years as per provisions of the IT Act.

5. ***Amortisation of Expenses for the Rights Issue***

The company will be entitled to amortize preliminary expenses being the expenditure incurred on rights issue of shares, under Section 35D of the IT Act, subject to the limits specified in Section 35D(3) and fulfillment of conditions prescribed under section 35D of the IT Act.

6. ***Depreciation***

The Company is entitled to claim depreciation on specified tangible and intangible assets owned and used by it for the purpose of its business as per provisions of Section 32 of the IT Act except for capital assets deduction whereof has been claimed under section 35 (1) (iv) of the IT Act.

7. ***Securities Transaction Tax***

Under Section 36(1)(xv) of the IT Act, STT paid in respect of the taxable securities transactions entered into in the course of the business is allowed as a deduction if the income arising from such taxable securities transactions is included in the income computed under the head 'Profit and gains of business or profession'. Where such deduction is claimed, no further deduction in respect of the said amount is allowed while determining the income chargeable to tax as capital gains.

8. **Section 115-O**

Tax on distributed profits of domestic companies. The tax rate is 15% (plus applicable surcharge and education cess) Per sub-section (1A) to section 115O, the domestic company will be allowed to set-off the dividend received from its subsidiary company during the financial year against the dividend distributed by it, while computing the Dividend Distribution Tax (DDT) if:

- the dividend is received from its subsidiary;
- the subsidiary has paid the DDT which is payable on the dividend distributed;

Provided that the same amount of dividend shall not be taken into account for reduction more than once. For the purpose of this sub-section, a company shall be a subsidiary of another company, if such other company holds more than half in nominal value of the equity share capital of the company. Further dividend paid to any person for the New Pension System Trust referred to in clause (44) of section 10 of the IT Act will be reduced from the distributed profits of the domestic company.

II. Tax Benefits available to shareholders of the Company under the IT Act

A. Resident shareholders

1. Dividends

Under Section 10(34) of the IT Act, dividends (both interim and final), if any, received by the resident members / shareholders from the Company is exempt from tax. However such income will be subject to the provision of section 14A and section 94 sub-section 7 and 8 of the IT Act.

2. Minor Children

Under Section 10(32) of the IT Act, any income of minor child who is a shareholder of the Company is clubbed in the total income of the parent under Section 64(1A) of the IT Act, will be exempt from tax to the extent of Rs. 1,500 per minor child whose income is so included in the income of the parent.

3. Capital Gains

- The long-term capital gains (under section 2(29B) of the IT Act) accruing to the shareholders of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to Securities Transaction Tax ("STT"), is exempt from tax as per provisions of Section 10(38) of the IT Act.

- As per Section 111A of the IT Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).

- As per Section 112 of the IT Act, LTCG not exempt under Section 10(38) of the IT Act are subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, if such tax payable on transfer of listed securities or units or zero coupon bonds exceed 10% (plus applicable surcharge and education cess) of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.

- As per Section 54EC of the Act, capital gains up to ₹ 50 Lacs, per annum arising from the transfer of a long term capital asset are exempt from capital gains tax provided such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein.

- Shareholders that are individuals or Hindu undivided families can avail of an exemption under Section 54F of the IT Act, by utilization of the net consideration arising from the transfer of the Company's share held for a period of more than 12 months (which is not exempt under Section 10(38)), for purchase / construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.

- As per Section 70 read with Section 74 of the IT Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years. Long term capital loss arising on sale of share or units of equity oriented fund subject to STT may not be carried forward for set off.

- As per provisions of Section 56(2)(vii) of the Act and subject to exception provided in second proviso therein, where an individual or HUF receives shares and securities without consideration or for a consideration which is less than the aggregate fair market value of the shares and securities by an amount exceeding fifty thousand rupees, the excess of fair market value of such shares and securities over the said consideration is chargeable to tax under the head 'income from other sources'.

B. Tax Treaty Benefits

As per provisions of Section 90(2) of the Act, non-resident shareholders can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the non-resident shareholder (including Non-Resident Indian) or the Act, whichever is more beneficial.

Any person wanting to claim benefits under any such Tax Treaty will not be able to claim any benefits unless a certificate, containing such particulars as may be prescribed of his being a resident in any country outside India or a territory outside India, is obtained by him from the Government of that country or specified territory.

C. Non-resident shareholders – other than Foreign Institutional Investors

a. Non-resident Indian

- As per provisions of Section 115E of the IT Act, LTCG arising to a NRI from transfer of specified foreign exchange assets is taxable at the rate of 10% (plus applicable surcharge and education cess).
- Also, the income (other than dividend which is exempt under Section 10(34)) from investments and LTCG (other than gain exempt under Section 10(38)) from assets (other than specified foreign exchange assets) arising to a NRI is taxable at the rate of 20% (plus applicable surcharge and education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the IT Act.

- As per Section 115F of the IT Act, LTCG arising to a NRI on transfer of a foreign exchange asset is exempt from tax if the net consideration from such transfer is invested

in the specified assets or savings certificates within six months from the date of such transfer, subject to the extent and conditions specified in that section.

- As per provisions of Section 115G of the IT Act, where the total income of a NRI consists only of income / LTCG from such foreign exchange asset / specified asset and tax thereon has been deducted at source in accordance with the Act, the NRI is not required to file a return of income.

- As per provisions of Section 115H of the IT Act, where a person who is a NRI in any previous year, becomes assessable as a resident in India in respect of the total income of any subsequent year, he / she may furnish a declaration in writing to the assessing officer, along with his / her return of income under Section 139 of the IT Act for the assessment year in which he / she is first assessable as a resident, to the effect that the provisions of the Chapter XII-A shall continue to apply to him / her in relation to investment income derived from the specified assets for that year and subsequent years until such assets are transferred or converted into money.

- As per provisions of Section 115I of the IT Act, a NRI can opt not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing return of income for that assessment year under Section 139 of the IT Act, declaring therein that the provisions of the chapter shall not apply for that assessment year. In such a situation, the other provisions of the IT Act shall be applicable while determining the taxable income and tax liability arising thereon.

- In accordance with proviso to section 48 of the IT Act, capital gains arising out of transfer of capital assets being shares in the company acquired in foreign currency, shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.

- Under Section 10(34) of the IT Act, dividends (both interim and final), if any, received by the resident members / shareholders from the Company is exempt from tax. However such income will be subject to the provision of section 14A of the IT Act.

- As per Section 111A of the IT Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).

- As per Section 112 of the IT Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, LTCG arising from the transfer of unlisted securities are subject to tax at the rate of 10% (Plus applicable surcharge and education cess) without indexation benefits and the adjustment with respect to foreign exchange rate fluctuations. Further, if such tax payable on transfer of listed securities or units or zero coupon bonds (where no security transaction tax is paid) exceed 10% (plus applicable surcharge and education cess) of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.

- As per Section 54EC of the IT Act, capital gains arising up to ₹ 50 Lacs per annum from the transfer of a long term capital asset are exempt from capital gains tax. Such capital gains are invested within a period of 6 months after the date of such transfer in specified bonds issued by NHAI and REC and subject to the conditions specified therein.

- Shareholders that are individuals or Hindu undivided families can avail of an exemption under Section 54F of the IT Act, by utilization of the net consideration arising from the transfer of the Company's share held for a period of more than 12 months (which is not exempt under Section 10(38)), for purchase / construction of a residential house within the specified time period and subject to the fulfillment of the conditions specified therein.

- As per Section 71 read with Section 74 of the IT Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years. Long term capital loss arising on sale of share or units of equity oriented fund subject to STT may not be carried forward for set off.

b. Non – Resident

- Under Section 10(34) of the IT Act, dividends (both interim and final), if any, received by the resident members / shareholders from the Company is exempt from tax. However such income will be subject to the provision of section 14A of the IT Act.

- In accordance with proviso to section 48, capital gains arising out of transfer of capital assets being shares in the company acquired in foreign currency, shall be computed by converting the cost of acquisition, expenditure in connection with such transfer and the full value of the consideration received or accruing as a result of the transfer into the same foreign currency as was initially utilised in the purchase of the shares and the capital gains computed in such foreign currency shall be reconverted into Indian currency, such that the aforesaid manner of computation of capital gains shall be applicable in respect of capital gains accruing/arising from every reinvestment thereafter and sale of shares or debentures of an Indian company including the Company.

- As per Section 111A of the IT Act, short term capital gains arising to the Company from the sale of equity share or a unit of an equity oriented fund transacted through a recognized stock exchange in India, where such transaction is chargeable to securities transaction tax, will be taxable at the rate of 15% (plus applicable surcharge and education cess).

- As per Section 112 of the IT Act, LTCG not exempt under Section 10(38) of the Act are subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, LTCG arising from the transfer of unlisted securities are subject to tax at the rate of 10% (Plus applicable surcharge and education cess) without indexation benefits and the adjustment with respect to foreign exchange rate fluctuations. Further, if such tax payable on transfer of listed securities or units or zero coupon bonds(where no security transaction tax is paid) exceed 10% (plus applicable surcharge and education cess) of the LTCG (without indexation benefit), the excess tax shall be ignored for the purpose of computing the tax payable by the assessee.

- As per Section 54EC of the IT Act, capital gains not exceeding ₹ 50 Lacs per annum arising from the transfer of a long term capital asset are exempt from capital gains tax. Such capital gains are invested within a period of 6 months after the date of such transfer

in specified bonds issued by NHAI and REC and subject to the conditions specified therein.

- As per Section 70 read with Section 74 of the IT Act, short term capital loss arising during a year is allowed to be set-off against short term as well as long term capital gains. Balance loss, if any, shall be carried forward and set-off against any capital gains arising during subsequent 8 assessment years. Long term capital loss arising during a year is allowed to be set-off only against long term capital gains. Balance loss, if any, shall be carried forward and set-off against long term capital gains arising during subsequent 8 assessment years. Long term capital loss arising on sale of share or units of equity oriented fund subject to STT may not be carried forward for set off.

D. Non-resident shareholders – Foreign Institutional Investors

1. Dividend

1. As per provisions of Section 10(34) of the Act, dividend (both interim and final), if any, received by a shareholder from a domestic Company is exempt from tax. However such income will be subject to the provision of section 14A of the IT Act.

2. Capital gains

- As per provisions of Section 115AD of the Act, income (other than income by way of dividends referred to Section 115-O) received in respect of securities (other than units referred to in Section 115AB) is taxable at the rate of 20% (plus applicable surcharge and education cess and secondary & higher education cess). No deduction is allowed from such income in respect of any expenditure or allowance or deductions under Chapter VI-A of the Act.

- The long-term capital gains accruing to the shareholders of the Company on sale of the Company's shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, is exempt from tax as per provisions of Section 10(38).

- The short-term capital gains accruing / arising to the members of the Company on sale of the Company's equity shares in a transaction carried out through a recognized stock exchange in India, and where such transaction is chargeable to STT, tax will be chargeable at 15% (plus applicable surcharge and education cess) as per provisions of Section 111A. In other case, i.e. where the transaction is not subjected to STT, as per the provisions of Section 115AD of the Act, the short term capital gains would be chargeable to tax at 30% plus applicable surcharge and education cess.

- As per the provisions of Section 115AD of the Act, long term gains accruing to the shareholders of the Company from the transfer of shares of the Company being listed in recognized stock exchanges and purchased in foreign currency, are chargeable to tax at 10% (plus applicable surcharge and education cess). The benefit of indexation and the adjustment with respect to fluctuation in foreign exchange rate would not be allowed to such shareholders. Long term capital gains arising from sale of shares or units of equity oriented fund which has been subjected to security transaction tax are exempt u/s. 10(38) even in the hands of FII.

- The benefit of exemption under Section 54EC of the Act mentioned above in case of the Company is also available to FIIs.

- As per section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.

3. Tax Treaty

As per provisions of Section 90(2) of the Act, FIIs can opt to be taxed in India as per the provisions of the Act or the double taxation avoidance agreement entered into by the Government of India with the country of residence of the FII, whichever is more beneficial.

Any person wanting to claim benefits under any such Tax Treaty will not be able to claim any benefits unless a certificate, containing such particulars as may be prescribed of his being a resident in any country outside India or a territory outside India, is obtained by him from the Government of that country or specified territory.

III. Tax Benefits available to the shareholders under the Wealth Tax Act, 1957

Equity Shares of company held by the shareholder will not be treated as an asset within the meaning of Section 2(ea) of Wealth Tax Act, 1957. Hence no Wealth Tax will be payable on the market value of shares of the Company held by the shareholder of the Company.

IV. Benefits available to Mutual Funds

As per the provisions of Section 10(23D) of the IT Act, any income of Mutual Funds registered under the SEBI Act, 1992 or regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions or Mutual Funds authorised by RBI would be exempt from income tax, subject to the conditions as the Central Government may by notification in the Official Gazette specify in this behalf.

V. Venture Capital Companies / Funds

In accordance with section 10(23FB) any income of a venture capital company or venture capital fund (registered under the Securities and Exchange Board of India Act, 1992 and regulations made there under and notified in this behalf) from investment in a venture capital undertaking will be exempt from income tax.

SECTION- V ABOUT US

INDUSTRY OVERVIEW

The information in this section is derived from government publications and other industry sources. Primarily, we have relied on the report prepared by CARE Research, a division of Credit Analysis & Research Limited. Neither we, nor any other person connected with this Issue has verified this information. Industry sources and publications generally state that the information contained therein has been obtained from sources generally believed to be reliable, but their accuracy, completeness and underlying assumptions are not guaranteed and their reliability cannot be assured and accordingly, investment decisions should not be based on such information. As regards information cited from the CARE Research Report on the Indian Pharma R&D Industry dated June 01, 2012, CARE Research has taken utmost care to ensure accuracy and objectivity while developing this report based on information available in public domain. Information has been obtained by CARE Research from sources which it considers reliable. However, CARE Research does not guarantee the accuracy or completeness of the information. No part of this report may be published / reproduced in any form without CARE Research's prior written approval. CARE Research is not liable for investment decisions which may be based on the views expressed in this report.

INTRODUCTION TO THE PHARMACEUTICAL INDUSTRY

Industry Value Chain

The pharmaceutical value chain can be widely broken down into 3 distinct parts:

- Intermediates
- Active Pharmaceutical Ingredients also known as Bulk Dugs
- Formulations

Active Pharmaceutical Ingredient ("API") or Bulk Drug means any substance that is represented for use in a drug and that, when used in the manufacturing, processing, or packaging of a drug, becomes an active ingredient of the drug e.g. Paracetamol in 'Crocin', Erythromycin in 'Althrocin', Ibuprofen in 'Combiflam'.

The starting or intermediate raw material for an API is a raw material called "Intermediate". Intermediate is a chemical substance that is produced during API processing that undergoes further molecular change or purification before it becomes the API.

Formulations are the final medicinal product that includes an API and excipients which is made available for consumption

Organization Types

The pharmaceutical industry is a complex matrix of various organizations specializing in different sections of the Pharmaceutical Value Chain, namely Intermediates or APIs or Formulations. There are companies that undertake a mix of all these activities and are typically known as "integrated" pharmaceutical companies.

Pharmaceutical companies can be classified into 2 broad types:

a) Innovators – involved in drug discovery, development, manufacturing and marketing of branded (patented) drugs usually found in developed countries like US and Europe, and

b) Generic Companies – involved in manufacturing and marketing of off-patent drugs (branded as well as unbranded);

Then there are pure play Research and Development companies engaged only in drug discovery and delivery technology development and such companies typically seek out licensing partners to take the product to specific or global markets.

The outsourcing phenomenon has given rise to a host of companies that undertake research and development and manufacturing services on a contract basis. These are typically known as CRAMS ("Contract Research and Manufacturing Services") companies.

Markets

The global pharmaceuticals market can be classified into 2 categories: a) regulated and b) unregulated/semi-regulated. The regulated markets such as US and EU are markets with more stringent quality and manufacturing controls, environmental protection, developed marketing channels and relatively more sophisticated regulatory systems and patent laws. As a result, regulated markets have greater stability for both volumes and prices of a drug till the time the product enjoys intellectual property protection. On the other hand, unregulated/semi-regulated markets have lower entry barriers in terms of manufacturing, regulatory, quality and safety requirements; hence they are highly competitive, with industry players primarily competing on the basis of price and brand value. However, even semi-regulated markets are becoming more and more stringent and leading to increasing entry barriers.

Drug Types

Patented Drugs and Generic Equivalents

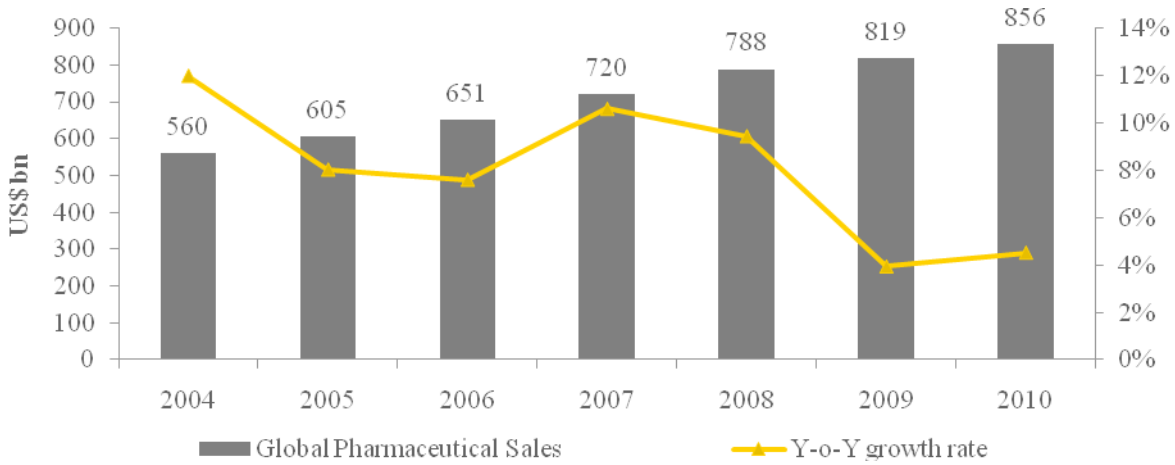
When a pharmaceutical company develops a new medication typically known as a New Chemical Entity ("NCE"), it obtains a patent or a family of patents for it. If the company is successful in getting an approval for this NCE as a drug, then it has exclusive rights to market the medicine under its own Brand for the licensed uses for a certain period of time, usually about 15 to 20 years from the time the patent is filed. This enables the pharmaceutical company, the "Innovator", to recoup the research and development costs of the NCE before other drug companies are allowed to produce and market it.
Typically, when the patent/s of a NCE expires, other drug companies are allowed to produce and sell the "generic version" of the drug. The generic version of a drug must use the same API(s) as the branded drug and it must meet the same efficacy, quality and safety standards.

Prescription Drugs and OTC Drugs

Prescription drugs are medicines that can be sold only against a prescription from a doctor, while over the counter ("OTC") drugs are medicines that may be sold directly to a consumer without any prescription.
In a nutshell, the global pharmaceutical industry consists of businesses that are primarily engaged in discovery, development, manufacturing and processing medicinal substances into finished pharmaceuticals products for human and veterinary use. Ethical brand name drugs, generic products and non-prescription or over-the-counter medication constitutes the pharmaceutical industry sub-sector. Pharmaceutical markets worldwide can be classified as Regulated (such as USA and EU) and Semi-Regulated/Non- Regulated markets (certain African, Asian and Latin American countries and rest of the world).

OVERVIEW OF THE GLOBAL PHARMACEUTICAL INDUSTRY

In spite of difficult market conditions and patent expiry of several blockbuster drugs, the global pharmaceutical markets expanded to a market size of USD 856 billion in 2010. According to IMS Health Incorporated ("IMS Health"), a leading industry body, the global pharmaceutical market is expected to grow at a compound annual growth rate ("CAGR") of 5-8% through 2015 to reach market size of USD 1.1 trillion. This is backed by robust growth expected in 17 emerging markets led by China with increasing government support in these countries to make more medical facilities available to their citizens. This growth will be despite significant worldwide patent losses and fewer blockbuster drugs reaching the markets. The United States pharmaceutical market is expected to retain its top position, however, the growth rate would be lower at 3-5%.

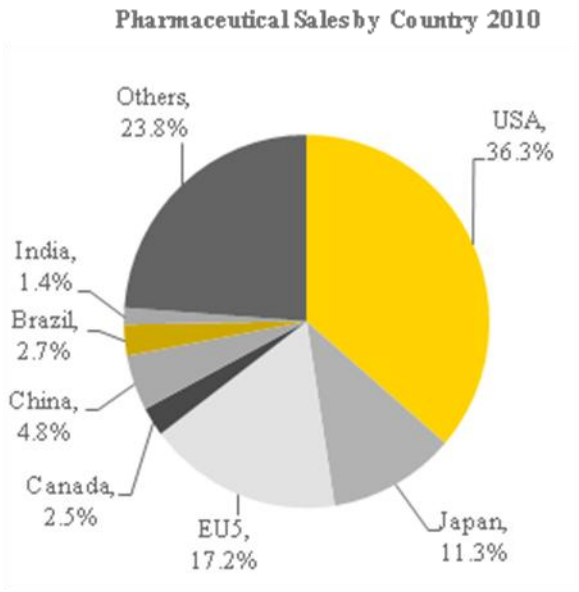


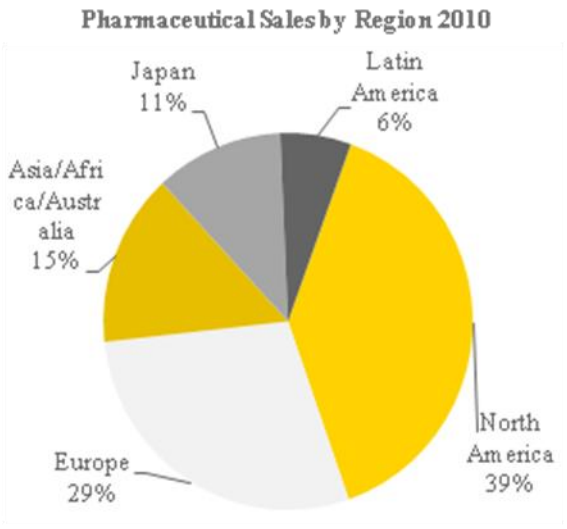
Source: IMS Health May 2011 Update

Pharmerging Markets

The Pharmerging region (primarily comprising India, China, Brazil and Russia) is expected to emerge as one of the fastest growing pharmaceutical markets globally and also an API production hub, going forward. In recent times, increased research and development activities in this region has propelled the growth in pharmaceutical industry to achieve market size of approximately USD 150 billion in 2010 and is expected to record a CAGR growth of approximately 13-16% during 2011-15 (much higher than global average) according to IMS Health. Some of the factors that can be attributed for high growth in this region are lower manufacturing costs, favourable regulatory environment and huge demand from domestic market on account of rise in average disposable income and greater availability of health insurance products. Moreover, this region has reported important developments in the area of CRAMS, especially in generics drugs and API market

According to IMS Health, it is also expected that the emerging markets will grow at a CAGR of 13-16% through 2015 while the developed or matured markets is expected to grow at 1-4% CAGR during the same period. Next few years are expected to record high growth in pharmerging markets despite patent expiry of number of innovative drugs with the entry of several low-cost generic drugs. Overall, the pharmerging market share is expected to grow from 18% in 2010 to about 28% in 2015 according to IMS Health.





Source: IMS Health | EU5: Germany France, Italy, Spain & UK

The Patent Cliff

The imminent onset of the "patent cliff" for innovators has been lingering in the pharmaceutical industry for years, and the expiries have started. Significant numbers of patents are set to expire by 2015 in one or more of the developed markets for 11 of the top 20, (5 of the top 10) which includes current blockbuster leading drugs including Plavix®, Lexapro®, Singulair®, Actos® and Seroquel®. Between 2010 and 2012, drugs that make up ~40% of Pfizer's pharmaceutical revenue will lose patent protection. Once drugs lose patent protection the prices for the same fall considerably and hence consumers benefit from these lower prices. In 2010, about 133 blockbuster drugs accounted for USD 295 billion of total sales (accounting ~34%) of the market and of these blockbusters, 13 are set to lose patent protection by 2013.

Leading global pharmaceutical companies

Pfizer remains the world's leading pharmaceutical company by global sales in 2011. Pfizer's strategy over the years has been constant introduction of new drugs through research & development. In 2009, Pfizer possessed the largest number of blockbuster drugs in its product portfolio totaling14 which includes five inherited through the acquisition of Wyeth and majority of its sales come from the US market. Having blockbuster drugs in their portfolio has assisted the growth of many leading pharmaceutical companies. Five out of the top-10 companies are based in the United States, the largest pharmaceutical market. Majority of the top-10 pharmaceutical companies are innovator companies with strong research and development capabilities such as, Merck & Co, Sanofi-Aventis and AstraZeneca.

Top 15 Global Pharmaceutical Companies Sales (Pharmaceutical Segment) in 2011

Company	Rank	Global Sales (USD billion)
Pfizer	1	57.7
Novartis	2	53.9
Merck & Co.	3	41.3
Sanofi-Aventis	4	36.1
Roche	5	34.9

GlaxoSmithKline	6	34.3
AstraZeneca	7	33.6
Johnson & Johnson	8	24.4
Eli Lilly & Co	9	24.3
Abbott Labs	10	22.4
Bristol-Myers Sqb	11	21.2
Teva Pharma	12	18.3
Boehringer Ingelheim	13	15.8
Amgen	14	15.3
Bayer	15	12.9

Source: Company Annual Reports & CARE Research

Top therapeutic segments

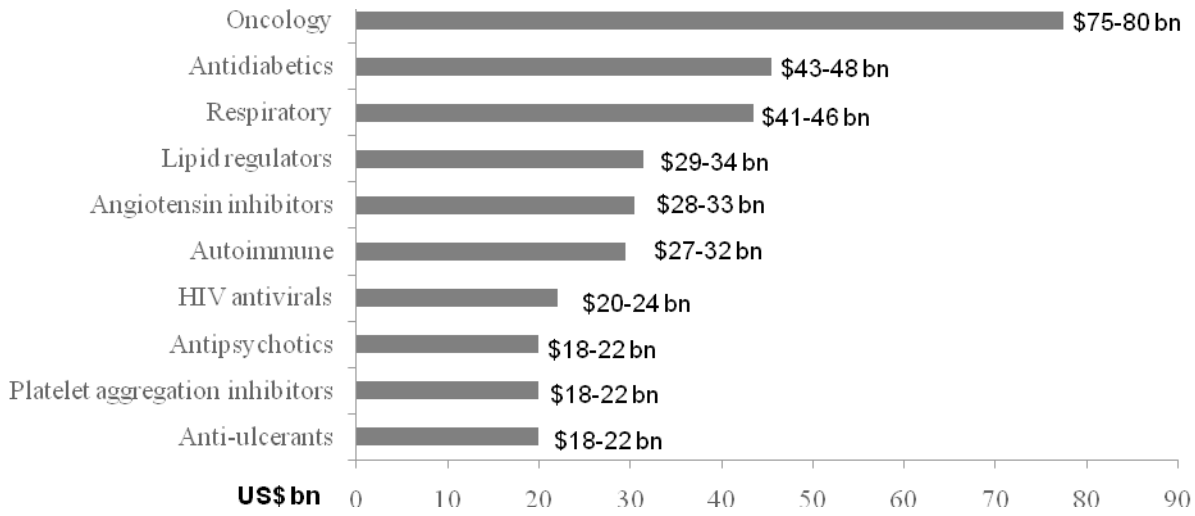
Oncology has remained the largest therapeutic segment globally in the last few years and is expected to grow to market size of USD 75-80 billion by 2015 growing at a CAGR of 5-8% which is considerably slower compared to its growth in the last few years. Major demand drivers for oncology segment are potential in pharmerging markets, novel mechanisms, research and development breakthroughs and demand for recently launched conventional drugs.

Top 15 therapeutic segments globally by Sales in 2010

Therapeutic Segment/Drug Class	Rank	Global Sales (USD billions)	Y-o-Y Growth
Oncologics	1	56.0	6.7%
Lipid Regulators	2	36.4	2.0%
Respiratory Agents	3	35.9	7.0%
Anti-diabetics	4	34.4	12.2%
Anti-ulcerants	5	28.0	(6.5%)
Angiotensin-II Antagonists	6	26.6	4.5%
Antipsychotics	7	25.4	9.0%
Autoimmune Agents	8	20.7	14.7%
Antidepressants	9	20.2	3.4%
HIV Antivirals	10	15.4	13.2%
Platelet Aggr. Inhibitors	11	15.2	1.8%
Vitamins & minerals	12	12.9	6.1%
Anti-epileptics	13	12.5	(3.3%)
Narcotic analgesics	14	12.0	6.4%
Cephalosporins & combs	15	11.5	6.1%

Source: CARE Research Pharmaceutical Industry Report, December 2011

Top 10 therapeutic segments globally by 2015



Source: CARE Research Pharmaceutical Industry Report, December 2011

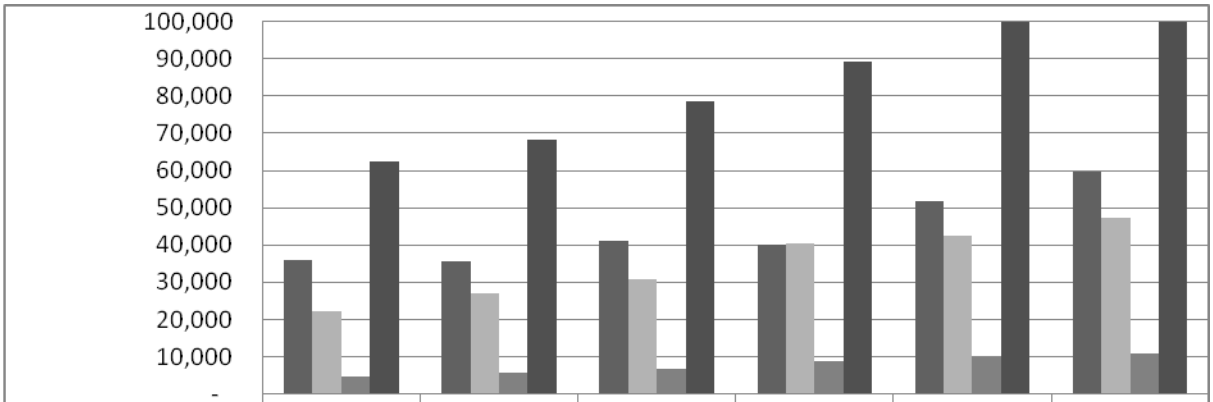
OVERVIEW OF THE INDIAN PHARMACEUTICAL INDUSTRY

The Indian Pharmaceutical Industry is amongst the largest in the world and is estimated to have grown to a total market size of Rs 117,860 crore (~USD 23.57 billion) as of Fiscal 2011 backed by robust growth in terms of infrastructure development, technology base and a wide range of products. The industry's total market size includes the domestic market and export-import market.

The Indian Pharmaceutical Industry is now the 3rd largest in the world in terms of volume and 14th largest in terms of value thereby accounting for around 10% of world's production by volume and 2% by value due to lower prices. The industry now produces about 500 bulk drugs (APIs) and almost an entire range of formulations related to all major therapeutic groups including those requiring complex manufacturing technologies.

This is supported by availability of strong scientific and technical manpower backed by pioneering work done in process development. However, the industry is highly fragmented with around 20,000 odd players of which approximately 250 medium to large corporations control about 70% of the total domestic market. In addition there is severe price competition coupled with government price control in many drugs.

Indian Pharmaceutical Industry: Market Size (Rs crore)

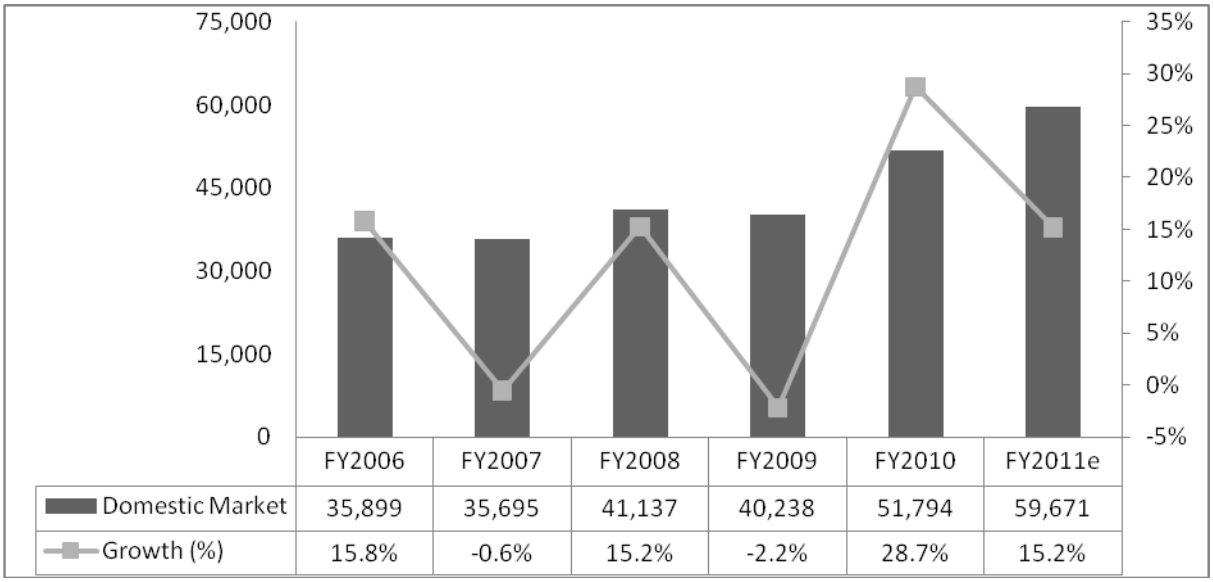


	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011E
Domestic Market	35,899	35,695	41,137	40,238	51,794	59,671
Export	22,116	26,895	30,760	40,422	42,456	47,363
Imports	4,551	5,852	6,713	8,675	9,959	10,826
Total Market Size	62,566	68,442	78,610	89,335	104,209	117,860

Source: CMIE & CARE Research Pharmaceutical Industry Report, December 2011

The industry has been growing at a healthy rate of 11-12% y-o-y over the last few years with growth in exports outstripping steady growth in the domestic market. Export market which constitutes 40% of the total industry sales in Fiscal 2011e has shown a robust growth rate of approximately 16% y-o-y over the six year period ending Fiscal 2011e. Approximately 58% of the total exports constitute of formulations and the other 42% comprises of API/ bulk drugs. Indian pharmaceutical exports are destined to more than 200 countries around the globe including highly regulated markets like the US (21% export share), Europe (24% export share), Japan and Australia. This can be attributed to increasing genericization of drugs in the regulated markets and growing trend in outsourcing of pharmaceutical production (including APIs) by global pharmaceutical companies to low cost destinations like India.

Domestic Pharmaceutical Industry: Market Size (Rs crore) & Y-o-Y Growth Rate



	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011e
Domestic Market	35,899	35,695	41,137	40,238	51,794	59,671
Growth (%)	15.8%	-0.6%	15.2%	-2.2%	28.7%	15.2%

Source: CMIE & CARE Research Pharmaceutical Industry Report, December 2011

The global API market is largely driven by Asian giants like China and India. India has a strong grip on the API market largely because of its credibility and recognition of being a high quality producer of generic formulations worldwide backed by the presence of several reputed domestic pharmaceutical companies. Also, maximum US FDA approved sites outside US are held by Indian companies.

Furthermore, the growing share of generics in the developed markets coupled with opportunity from CRAMS (Contract Research and Manufacturing Services) have been the primary drivers for exports, while changing demographics and growth in chronic therapies have been the major factors contributing to the domestic market growth.

The search for innovative drug molecules and better technologies by large pharmaceutical MNCs is expected to offer a windfall for the smaller research-oriented Indian firms. The drugs and pharmaceuticals sector has attracted FDI worth USD 9.195 billion between April 2000 and March 2012 (Source: Department of Industrial Policy and Promotion).

Indian participation in the international pharmaceutical market has increased substantially in the past decade. Given the fact that more products are going generic in developed market, Indian formulations and bulk drug exporters has had the opportunity to grow significantly. Also, increasing cost pressures on innovators has resulted in significant growth in contract research business.

The key drivers for the industry's growth would be the large generic opportunity including that arising out of significant patent expiries in the regulated markets (drugs worth ~USD 250 billion in sales are expected to go off-patent by 2015), opportunity presented by biosimilars and opportunities in other emerging markets for branded generics.

Leading Indian pharmaceutical companies

Top 10 Indian Pharmaceutical Companies by Sales in Fiscal 2011

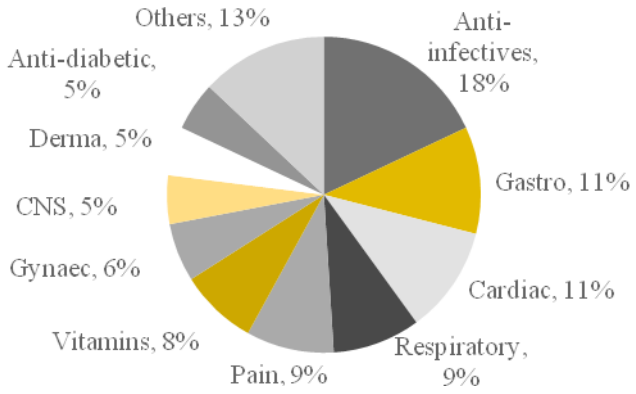
Company	Rank	Consolidated Sales (Rs Crore)	5-Yr CAGR (2006-2011)
Ranbaxy Laboratories*	1	8,712.0	13.3%
Dr. Reddy's Lab	2	7,922.1	33.1%
Cipla	3	6,373.0	19.7%
Lupin Labs.	4	5,828.4	34.0%
Sun Pharmaceuticals	5	5,825.4	35.3%
Cadila Healthcare	6	4,677.1	32.0%
Aurobindo Pharma	7	4,481.0	27.4%
Wockhardt Ltd	8	3,755.2	28.5%
Glenmark Pharmaceuticals	9	2,949.1	40.4%
Biocon Ltd	10	2,871.4	36.5%

Source: CMIE, Company Annual Reports, CARE Research Pharmaceutical Industry Report, December 2011
**December ending*

Top therapeutic segments

In the domestic Indian pharmaceutical market, anti-infectives remain the most crucial segment and accounts for approximately 18% of the total market revenue. Cardiovascular preparations, cold remedies, pain killers and respiratory solutions have a proportion of approximately 10% each. Chronic therapies like anti-diabetes, cardiovascular ("CVS") and central nervous system ("CNS") have grown at a higher rate compared to other therapy classes indicating a shift in disease profile towards that prevailing in the developed countries. Moreover, the market for treating diseases such as diabetes and obesity, or so-called lifestyle drugs such as anti-depressants, anti-wrinkle drugs etc, form a smaller portion of the market at present, but are expected to grow in the future given changing demographics pattern.

Top 10 Therapeutic Segments in India



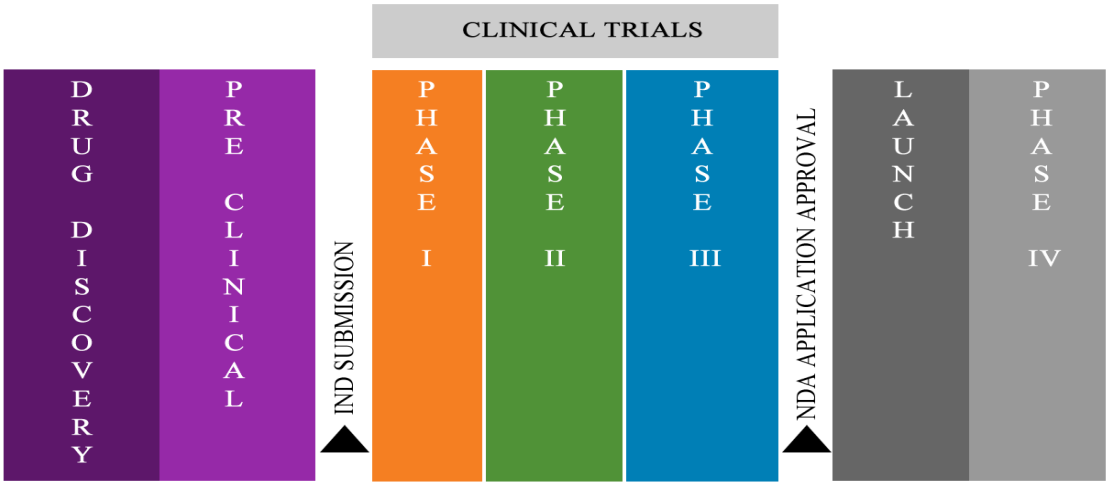
Source: CARE Research Pharmaceutical Industry Report, December 2011

DRUG DISCOVERY AND DEVELOPMENT PROCESS

The "process" of drug development is generally divided into two stages: new lead discovery (preclinical research) and new product development (clinical development) and time-lines and expenses of these stages are drastically different. It includes drug discovery/product development, pre-clinical research (microorganisms/animals) and clinical trials (on humans).

In a drug discovery and development process, researchers work to:

- Understanding the underlying cause of a disease, selecting a target, for a potential medicine. A target is generally a single molecule, such as a gene or protein, which is involved in a particular disease,
- Validate these targets, i.e. testing the target and confirming its role in the disease,
- Discovering the right molecule i.e. a potential drug, to interact with the target chosen,
- Testing the new compound in the lab and clinic for safety and efficacy, and
- Gaining approval for the new drug.



The steps involved in the drug discovery and development process are:

- **Drug Discovery:** The process begins with discovery research with finding new compounds and assuring that they are safe enough to be tested in humans
- **Preclinical Testing:** In the preclinical stage researchers carry out in vitro and in vivo tests. In vitro tests are experiments conducted in the laboratory, usually carried out in test tubes and beakers and in vivo studies are those in living cell cultures and animal models. Researchers try to understand how the drug works and what its safety profile looks like. The USFDA requires extremely thorough testing before the candidate drug can be studied in humans.
- **IND Application:** Before any clinical trial can begin, the researchers must file an Investigational New Drug ("IND") application with the regulatory agency. The application includes the results of the preclinical work, the candidate drug's chemical structure and how it is thought to work in the body, a listing of any side effects and manufacturing information. The IND also provides a detailed clinical trial plan that outlines how, where and by whom the studies will be performed.

- **Clinical Trials:** A clinical trial is an investigation in human subjects with the object of ascertaining an investigational product's safety and/or efficacy. The clinical trial intends to:

    - discover or verify the clinical, pharmacological and/or other pharmacodynamic effects,
    - identify any adverse reactions,
    - study absorption, distribution, metabolism, and excretion of drugs

The Clinical trial process involves 3 phases:

- ***Phase I:*** In Phase 1 trials the candidate drug is tested in humans for the first time. These studies are usually conducted with about 20 to 100 healthy volunteers or patients. The main goal of a Phase 1 trial is to discover if the drug is safe in humans. These closely monitored trials are designed to help researchers determine what the safe dosing range is and if it should move on to further development.

- ***Phase II:*** In Phase II trials researchers evaluate the candidate drug's effectiveness in about 50 to 500 patients with the disease or condition for which the candidate drug was developed, and also examine the possible short-term side effects (adverse events) and risks associated with the drug.

- ***Phase III:*** In Phase III trials researchers study the drug candidate in a larger number (about 200 - 5,000) of patients to generate statistically significant data about safety, efficacy and the overall benefit-risk relationship of the drug. This phase of research is key in determining whether the drug is safe and effective. It also provides the basis for labeling instructions to help ensure proper use of the drug (e.g., information on potential interactions with other medicines). Phase III trials are both the costliest and longest trials. Hundreds of sites around the world participate in the study to get a large and diverse group of patients. Phase 3 also involves coordinating all the sites and the collection and analysis and interpretation of data coming from them.

- **New Drug Application and Approval:** Once all three phases of the clinical trials are complete, the R & D Company sponsoring the research analyzes all of the data. If the findings demonstrate that the experimental medicine is both safe and effective, the company files a New Drug Application (NDA) with the appropriate regulatory agency requesting approval to market the drug.

Specific only in the US, a research company may opt for the following:

(a) ***A full NDA application*** contains full reports of investigations of safety and effectiveness. Data found in a full NDA must be from studies conducted by or for the R & D Company, or must be obtained through a "right of reference." Review of an NDA may include an evaluation by an advisory committee, an independent panel of USFDA-appointed experts who consider data presented by company representatives and USFDA reviewers. Committees then vote on whether the USFDA should approve an application, and under what conditions. The USFDA is not required to follow the recommendations of the advisory committees.

(b) ***An abbreviated NDA ("ANDA") application*** is for a proposed drug that is identical to a reference listed drug and must demonstrate its bioequivalence. ANDA is an application containing information to demonstrate that the proposed product is identical to a previously approved product.

(c) ***The 505(b)(2) application*** is a rapid approval route of new drug application ("NDA"), and it is a pathway to approval that can potentially save pharmaceutical research company both time and money. Section 505(b)(2) helps in avoiding unnecessary duplication of preclinical and certain human studies. An 505(b)(2) application can be thought of as a hybrid that contains more data than an ANDA, but less data than an NDA. It proposes a limited change to a previously approved product, but demonstrates the required safety and efficacy of the change

- **Launch and Manufacturing:** On approval the Research and Development Company begins the large scale manufacturing of the drug. In many cases, companies must build a new manufacturing facility or reconstruct an old one because the manufacturing process is different from drug to drug. Each facility must meet strict guidelines for Good Manufacturing Practices ("GMP"). Making a high-quality drug compound on a large scale takes great care.

- **Ongoing studies and Phase IV Trails:** Research on a new medicine continues even after approval. As a much larger number of patients begin to use the drug, companies must continue to monitor it carefully and submit periodic reports, including cases of adverse events, to the regulator. In addition, the regulator sometimes requires a company to conduct additional studies on an approved drug in Phase IV studies. These trials can be set up to evaluate long-term safety or how the new medicine affects a specific subgroup of patients.

It is in the interest of pharmaceutical companies to invest in new drug discovery which will boost profitability in future through discovery of newer NCEs by extensive in-house research and development. Despite their limited prior experience, several Indian pharmaceutical companies are trying to leverage resource and skills to develop molecules/technologies for worldwide markets.

GLOBAL PHARMACEUTICAL RESEARCH AND DEVELOPMENT INDUSTRY

The global pharmaceutical industry cut its research and development spending for the first time ever in 2010, after decades of persistent increases, and the pace of decline looks set to quicken this year. The overall expenditure on research and development and developing new medicines was estimated at USD 68 billion in 2010 which is approximately 3% year on year decline compared to USD 70 billion spent in both 2008 and 2009. The decline in research and development can be attributed to fall in research productivity over the last few years in terms of both the quantity and quality of new products. Going forward, CARE Research expects the global pharmaceutical research and development spending to grow at a CAGR of 2.0-2.5% for the next 5 years.

The FDA has approved 30 new drugs in 2011. In 2010, 21 new molecular entities ("NME") were launched in the global market, down from 26 in 2009, while only a third of those were from major drug-makers with annual research budgets of at least USD 2 billion.

The pharmaceutical industry is of the view that it is more cost effective to acquire compounds (in-licensing) directly from small upcoming biotech/pharmaceutical companies as compared to in-house research and development. The industry is faced with exclusivity loss of more than 110 (including 14 blockbusters) products between 2012 and 2014 putting considerable risk to their revenue stream.

Research and Development spending by Top Global Companies

	2011			2010		
Top Global Companies (USD billion)	**Sales**	**R&D spending**	**%R&D spending on sales**	**Sales**	**R&D spending**	**%R&D spending on sales**
Pfizer*	**57.7**	**9.1**	**15.8%**	**58.5**	**9.4**	**16.1%**
Novartis*	**53.9**	**9.3**	**17.2%**	**44.4**	**8.5**	**20.1%**
Merck & Co.*	**41.3**	**7.9**	**19.1%**	**39.8**	**8.6**	**21.6%**
Abbott Labs	**38.9**	**4.1**	**10.6%**	**35.2**	**3.7**	**18.7%**
Sanofi-Aventis*	**36.1**	**5.3**	**14.7%**	**36.1**	**5.3**	**14.6%**
Roche*	**34.9**	**7.9**	**22.6%**	**35.6**	**7.8**	**22.0%**
GlaxoSmithKline*	**34.3**	**5.8**	**16.9%**	**36.0**	**5.9**	**16.3%**
AstraZeneca	**33.6**	**5.2**	**15.6%**	**33.3**	**4.9**	**14.6%**
Johnson & Johnson*	**24.4**	**5.1**	**21.1%**	**22.4**	**4.4**	**19.8%**
Eli Lilly & Co*	**24.3**	**5.0**	**20.7%**	**23.1**	**4.9**	**21.1%**

Bristol-Myers Sqb*	**21.2**	**3.8**	**18.1%**	**19.5**	**3.6**	**18.3%**
Teva Pharma*	**18.3**	**1.1**	**6.0%**	**16.1**	**0.9**	**5.8%**
Boehringer Ingelheim	**17.1**	**3.3**	**19.1%**	**16.7**	**3.3**	**21.0%**
Amgen	**15.6**	**3.2**	**20.3%**	**15.1**	**2.9**	**19.2%**
Bayer*	**12.9**	**2.0**	**15.6%**	**14.9**	**2.4**	**15.9%**

Source: Company Annual Reports & CARE Research
**pharma sales & R&D considered*

There are several global companies specializing in pharmaceutical research and development mainly biopharmaceutical companies like Nektar Therapeutics, Skye Pharma, XenoPort, ARIAD Pharmaceuticals and Cubist Pharmaceuticals which are into drug research, discovery, development and commercialization of pharmaceutical products.

For instance, Nektar's drug candidates are designed to improve the pharmacokinetic, metabolism or distribution of drugs and improve the overall benefit. Skye Pharma is a drug delivery company developing oral and inhalation products. The principal activities of Skye include research and development, manufacture and sale of prescription pharmaceutical products. XenoPort, Inc. is a biopharmaceutical company focused on developing and commercializing a portfolio of internally discovered product candidates.

Of the top 15 global pharmaceutical companies that we have illustrated in the table above the average research and development expenses hover around 17.7% of sales in CY2010 and 16.8% in CY2011. In absolute terms, Pfizer Inc spends the highest on research and development related expenses at USD 9.4 billion in CY2010 following its acquisition of Wyeth, In CY2011, Novartis tops the list with USD 9.3 bn spend on R&D. Roche again leads the pack with 22.6% research and development expenses as a percentage of sales for the year 2011.

Large pharmaceutical companies are expected to invest heavily in research and development over the next 5 years, albeit at a slower rate compared to historic levels. Large pharmaceutical companies are overhauling their research and development operations lately, including a much greater use of outsourcing especially for clinical trials and also through in-licensing deals with smaller local companies while the importance of spending big on research remain unchanged.

INDIAN PHARMACEUTICAL RESEARCH & DEVELOPMENT INDUSTRY

The Indian innovative pharmaceutical Research and Development industry is still in the early stages of evolution. Modest yet serious investments have been made and the initial projects are moving through different phases of research, some have even reached Phase III; and the initial delivery system based-projects based on India-developed technology have reached the market.

In recent times several large pharmaceutical companies in India have increased their research and development spending. It is estimated that the cost of developing a new molecule in India is likely to be $1/5^{th}$ of the American cost and this may work to the advantage of Indian companies.

The average research and development expenditure by top pharmaceutical companies in India is close to 5.0-5.5% of total sales mostly on generic research. Based on the present scenario, it seems that it may be difficult for Indian companies to produce a molecule based on their own research efforts due to lack of funds required to sustain the 10-12 year long period of drug discovery and lack of qualified scientists with the required skills.

Earlier, Ranbaxy (now a subsidiary of Daiichi-Sankyo, Japan) used to top the research and development spending among Indian companies by spending almost Rs 497 crore in Fiscal 2011 (includes non-innovative/generic research and development spend) while now various other companies such as Lupin and Dr. Reddy's have substantially increased their research and development spending.

According to CMIE Prowess, the total pharmaceutical research and development expenses in India

remained constant at Rs 4,285.1 crore in Fiscal 2011 compared to Rs. 4294.15 crore in Fiscal 2010. Research and development expenses as a percentage of total sales have marginally declined to 4.3% in Fiscal 2011 from 4.5% in Fiscal 2010.

India has a major cost advantage benefit compared to developed countries. In India production costs are only 50% of the cost in developed countries while research and development cost is only 12.5% and clinical trial cost are only 10% when compared to developed countries cost.

Relative comparison of major cost advantage in India (%)	
Costs in developed countries	**100%**
Production cost in India	50%
Research and Development costs in India	**12.5%**
Clinical Trial Costs in India	10%

Source: Pharmaceuticals Export Promotion Council (Pharmexil)

Leading Indian pharmaceutical companies such as Dr Reddy's and Lupin are increasing their research and development expenditure. Dr. Reddy's topped the research and development spending among Indian companies, by spending almost Rs 587 crore in Fiscal 2011. The average research and development expenditure by pharmaceutical companies in India is close to 5.0-5.5%. Lupin spends almost 10% of its total sales on research and development and some of the prominent companies like Sun Pharma, Cadila, Cipla invest approximately 5% of their respective sales revenue. The research and development expenditures of Indian pharmaceutical companies are still a fraction of what their American and European counterparts spend.

Although Indian companies are benefiting from the Contract Research Outsourcing ("CRO") opportunity, innovation of new drugs is the only way to carve niche in pharmaceutical industry. In the present scenario, Indian companies may need to master several research areas/skills before successfully discovering a molecule based on their in-house research efforts.

Government Initiatives

Currently, the financial resources available for funding drug research include in house research and development spends by big pharmaceutical companies, government funding through publicly funded Research and Development institutions and promotional funds set up by the government through Technology Development Board of Department of Science & Technology ("DST") as well as a special new drug development fund operated by DST. However, the total support available through all these financing routes is not adequate to meet the needs of the ambitious programmes that need to be initiated.

In addition, under section 35(2AB) of the Income Tax Act, 1961, expenditure on scientific research on in-house research and development facilities as approved by the prescribed authority is eligible for a weighted tax deduction of 200% of the expenditure incurred.

One of the major objectives of Department of Pharmaceutical ("DoP") of Government of India is to promote research and development in the pharmaceutical sector. This department is planning to increase the capacity building in the area of pharmaceutical sector. The government has planned Rs 3,000 crore joint venture capital fund to support the Indian pharmaceutical industry and drug discovery.

Under Section 80 (IB) (8A) of Income Tax Act, 100% exemption of profit and gains of scientific research companies for a period of 10 years is allowed provided the companies were established before 31st March 2007. The pharmaceutical industry is further lobbying the government to extend the date by a further 5 years to 31st March 2012. Such initiatives are expected to increase research and development investments in India and can catapult India as a global Research and Development hub.

In January 2004, Government of India established Drug Development Promotion Board ("DDPB") under

the administrative control of DST for supporting research and development projects jointly proposed by industry and academic institutions/ laboratories and to extend soft loan for research and development to pharmaceutical industry under the following terms:

- Loan amount up to 70% of the project cost.
- Unsecured loan carrying a simple interest of 3% on reducing amount.
- Repayment of the loan will be in 10 annual equal installments after the project period.
- Interest during the implementation period will be amortized and will be payable in maximum of 5 installments after the project period along with the installment of principal amount.

Top 10 Indian Pharmaceutical Companies by Sales & their research and development expenses (Fiscal 2011)

Company	Consolidated Total Sales (in Rs Crore)	Rank	R&D Expenses (in Rs Crore)	R&D as a % of Total Sales
Ranbaxy Laboratories*	8,712.0	1	497.9	5.7%
Dr. Reddy's Lab	7,922.1	2	586.7	7.4%
Cipla	6,373.0	3	284.9	4.5%
Lupin Labs.	5,828.4	4	547.6	9.4%
Sun Pharmaceuticals	5,825.4	5	309.6	5.3%
Cadila Healthcare	4,677.1	6	297.6	6.4%
Aurobindo Pharma	4,481.0	7	173.2	3.9%
Wockhardt Ltd	3,755.2	8	132.1	3.5%
Glenmark Pharmaceuticals	2,949.1	9	56.9	1.9%
Biocon Ltd	2,871.4	10	55.7	1.9%

Source: CMIE-Prowess, Company Annual Reports
**December Year-ending*

Historic Trend in research and development spending of Indian companies

	Fiscal 2010			Fiscal 2009			Fiscal 2008		
Company	Sales	R&D	%R&D	Sales	R&D	%R&D	Sales	R&D	%R&D
Ranbaxy Laboratories*	7,467.6	494.38	**6.6%**	7,427.7	487.22	**6.6%**	6,776.3	460.51	**6.8%**
Dr. Reddy's Lab	7,400.4	398.5	**5.4%**	7,233.9	445.8	**6.2%**	5,213.0	437.2	**8.4%**
Cipla	5,678.6	262.7	**4.6%**	5,309.1	251.5	**4.7%**	4,307.7	234	**5.4%**
Lupin Labs.	4,866.0	425.1	**8.7%**	3,898.7	266.9	**6.8%**	2,824.8	193.4	**6.8%**
Sun Pharmaceuticals	4,100.7	224.21	**5.5%**	4,375.1	332	**7.6%**	3,460.6	285.9	**8.3%**
Cadila Healthcare	3,728.1	207.5	**5.6%**	2,962.6	187.7	**6.3%**	2,404.8	161.8	**6.7%**
Aurobindo Pharma	3,651.3	101.48	**2.8%**	3,167.7	103.23	**3.3%**	2,556.9	117.51	**4.6%**
Wockhardt Ltd	4,505.9	162.24	**3.6%**	3,598.4	142.08	**3.9%**	2,527.4	151.57	**6.0%**
Glenmark Pharma	2,524.4	77.28	**3.1%**	2,145.7	98.72	**4.6%**	2,013.5	91.11	**4.5%**
Biocon Ltd	2,432.7	31.84	**1.3%**	1,659.7	88.94	**5.4%**	1,081.9	64.65	**6.0%**

Source: CMIE-Prowess, Company Annual Reports
**December Year-ending*

Many Indian pharmaceutical companies have set up independent drug discovery companies as part of their business strategy. In addition to that, there are several independent Pharmaceutical Research and

Development companies like Aurigene, Advinus, Reliance Life Sciences, GVK Bio etc. all of which have their own drug discovery process (NCE R&D) division coupled with CRO services proving end to end solutions for global pharmaceutical/biotech giants.

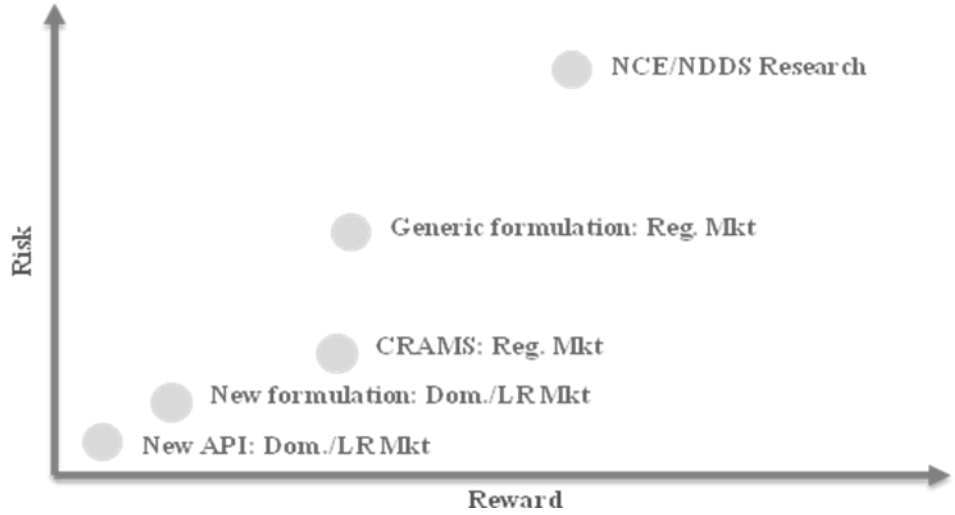
Industry Trends and Forecast

CARE Research expects Indian Pharmaceutical Research and Development spending to grow at a CAGR of 13.4% till FY 2015. This will be backed by several MNC pharmaceutical companies which are increasingly making India their research and development hub given the vast pool of trained manpower and cost advantages. India already has the largest number of USFDA approved plants outside the US and is expected to be among the world's top innovative hubs going forward.

Industry experts now believe that Indian companies will still take 6-8 years to launch a new molecule by their own in-house research and development. Indian companies also collaborate with multinationals companies through licensing deals for NCEs and for clinical trials to overcome the high risks of drug development.

India already has an edge when it comes to API related research and development and outsourcing job work but the NCE and NDDS research is where Indian companies can derive maximum profitability and become recognized as legitimate competitor in the global scenario.

Pharmaceutical Research and Development Business Risk



Source: CARE Research

Capabilities essential for drug discovery and non clinical development are being learnt by the pharmaceutical research and development industry as it evolves. There is significant shortage of manpower in the industry with the requisite skills in advanced areas of biological sciences such as molecular biology, pharmacology, toxicology, clinical pharmacology. Another key reason due to which the industry has not grown is funding. There isn't enough risk capital available. While skills are mobile, Indian pharmaceutical companies that derive revenues mainly from the branded generic/ generic markets lack the size to invest in high risk research and development. The cost of bringing a new molecule to market is estimated at USD 800 million. Industry experts estimate that on an average, out of 10,000 molecules being developed; only one or two are likely to reach market. Indian companies at this point, have limited capacity to take this risk. However, this should change once the first few completely indigenously developed products reach market. Any demonstration of success will attract investment and interest.

One way that companies have begun to bridge this resource gap is through co-development tie-ups,

partnering with a much larger multinational in order to focus on specific areas, or with a smaller company that has the requisite technical expertise.

With an industry history of a little over a decade, innovative Pharmaceutical Research and Development in the Indian industry is still in the early stages of evolution. A strong lineage of expertise in chemistry, large pool of professionals and availability of patients' ideal for clinical research, are factors that have worked to India's advantage in pharmaceutical research and development. However, as the industry evolves, the right mix of skills and a large scientific knowledge pool in the area of biological sciences - molecular biology, pharmacology, toxicology and clinical pharmacology should help the sector move to the next stage of development.

Today India is an research and development partner of choice because of it's formulation development capabilities, process chemistry expertise, state-of-the-art tertiary healthcare facilities, skilled workforce and cheaper costs. In fact, India also offers an edge in costs over other low cost countries such as China. Quoting from a paper by an industry expert - global research and development spend is about USD 60 billion, with a split of 1:2 in the non-clinical to clinical spend. Current data indicates that fully loaded cost of non-clinical operations in India is just a fraction of costs in US and Western Europe and even lower for clinical operations.

India's patent laws are now at par with the level of intellectual property protection in developed nations. This has been both the stimulus and the reason for investments in innovation. It has forced Indian pharmaceutical companies to take a hard look at innovation, as access to new molecules is curtailed, unless these are licensed in or developed in-house. At the same time, companies also recognize the value they can potentially generate as participants in the research process.

Investments in innovative pharmaceutical research and development have relatively higher risk and higher return compared to manufacturing and marketing of generic pharmaceuticals. The time frame, approach, resource requirements and outcome for generic pharmaceuticals are relatively certain.

On the other hand, innovative research, both for NCE and NDDS can have varying and very long time frames and risk. Resource requirements also can be difficult to predict.

On an average, it takes approximately 10 to 12 years to develop a new product from the laboratory stage to form ready for consumption by patient.

BACKGROUND AND TRENDS OF NCE AND NDDS

The overall cost of bringing a new molecule to the market, after adjusting for the cost of all product failures in the research phase, is approximately between USD 800 mn and USD 1 billion or even more. Traditionally, the Indian pharmaceutical companies on an average spend very little on research and development. In the early 1990s, its research and development expenditure was approximately 1.5% of sales while larger companies spent only 2 to 3% of their sales on research and development in that period. Market scenario has changed drastically since then and from year 2000 there has been a substantial increase in research spending in the industry. The objectives of research and development conducted by Indian companies are:

- Development of NDDS given its lower investment and risk
- Development of NCEs
- Alterations to existing chemical entities to develop new formulations, compositions, combinations (incrementally modified drugs)
- Development of generics (reengineering API and formulations that would meet regulatory requirement) and reach the market after patent expiry

The dynamics of NCE research and development business are different and investment in NCE research calls for sharper research focus, longer time horizon, higher risk appetite and acceptance of intellectual property. Hence, development of NCEs is not yet a significant part of the research and development

activities of Indian companies constituting less than a quarter of the total research and development expenditure by the major companies.

In India, many large pharmaceutical companies with strong balance sheet have invested substantial amount in research and development activities especially in NCEs while some companies have hived off their specialized Research and Development units into separate companies. Standalone research companies have inherent benefits of focus on Research and Development, flexibility in their business model and de-risk their primary business. Indian companies have also collaborated with multinationals companies through licensing deals for NCEs and for clinical trials development to overcome the high risks of drug development. One major hindrance for the growth of research and development in India is price control by the government which will inhibit growth of research and development as companies are not willing to invest more without certainty over higher returns. However, Indian pharmaceutical companies could focus their NCE sales towards developed markets such as the US and the EU where there would be no implications of government price control.

BUSINESS

Unless stated otherwise, the financial data in this section is as per our financial statements prepared in accordance with Indian GAAP set forth elsewhere in the Letter of Offer. In this section only, any reference to "we", "us" or "our" refers to Sun Pharma Advanced Research Company Limited. The following information should be read together with the more detailed financial and other information included in this Letter of Offer, including the information contained in the chapter titled "Risk Factors", beginning on page 13.

Overview

We are an innovative pharmaceutical research and development company focusing on developing new proprietary drugs in two areas namely; NCEs and NDDS. NCE programs are being developed with a focus on improving therapeutic index and addressing limitations of the currently approved and marketed drugs. NDDS based programs are developed using proprietary drug delivery systems for existing drugs to improve patient compliance and drug safety.

We undertake innovative research and technology projects for developing NCEs and NDDS. Our Company's research business comprises of conceptualizing, discovering and developing of an active pipeline of proprietary and patentable programs. These programs are typically "high risk, high reward" by nature which means they require considerably high investments for research, development and registration in global markets but can generate substantial revenues if they reach the market.

Our Company adopts a disciplined and systematic innovation process with a focus on developing new drugs with a predictable and sustainable market potential. Our Company aims to develop products and technologies which solve unresolved problems and add meaningful value to the current therapeutic armamentarium. Our Company uses a balanced approach for resource allocation to projects of medium and long gestation periods.

Our Company was incorporated as a wholly owned subsidiary of SPIL. Pursuant to the Scheme of Demerger, SPIL's Innovative research and development business was transferred to our Company. For further details please refer to Chapter titled *"History and Certain other Corporate Matters"* beginning on page 141.

Our Company is developing a pipeline of NDDS platforms. We are currently working on products based on seven NDDS platform technologies including oral, injectable and topical dosage forms. Excepting the nano particulate injection platform, we have registered at least one product using each of these six platforms in the Indian market. We have currently five compounds in our NCEs portfolio, three of them are now under clinical trials.

Our Company has been approved by the DSIR, Ministry of Science & Technology, Government of India as a research and development company under section 80-IB (8A) of the Income Tax Act, 1961.

Strengths

We believe that the following are our competitive strengths:

i) Fully integrated research facilities for medicinal chemistry, process research, analytical research, bioanalytical and pharmacokinetics, pharmacology and toxicology, novel drug delivery research and formulation development.

ii) Our Company's pharmaceutical testing facility at Tandalja, Vadodara has been approved by the USFDA.

iii) Competent and experienced team of scientists in the field of medicinal chemistry analytical process development, pre-clinical research and formulation development.

iv) Developed 7 propriety drug delivery platforms across oral, injectable and topical drug delivery systems with established clinical proof of concept and at least one product each registered in India using 6 of these 7 platforms.

v) Generating high quality of research and development data as evidenced by acceptance of IND by USFDA for five programs including one NCE.

vi) Sun Laboratories FZE and Merck Sharp & Dohme B.V. JV may choose to develop, manufacture, use and commercialise certain NDDS products in the emerging markets excluding India using the technology platforms developed by our Company.

Strategies

Following are some of the key business strategies of our Company.

1. Follows a disciplined and systemic innovation process with balanced allocation of resources to programs with short, medium and long gestation period for development.

2. Focus on programs in niche indications with predictable and sustainable market potential.

3. Develop products and technology platforms for the unmet medical need that could add meaningful value to the existing therapeutic armamentarium.

4. Focus on programs where in an early proof of concept can be established so a quick go/no go decision can be arrived at.

Our Business

Our Company is broadly working with the following two approaches to research and development of a new drug:

1. NDDS
2. NCEs

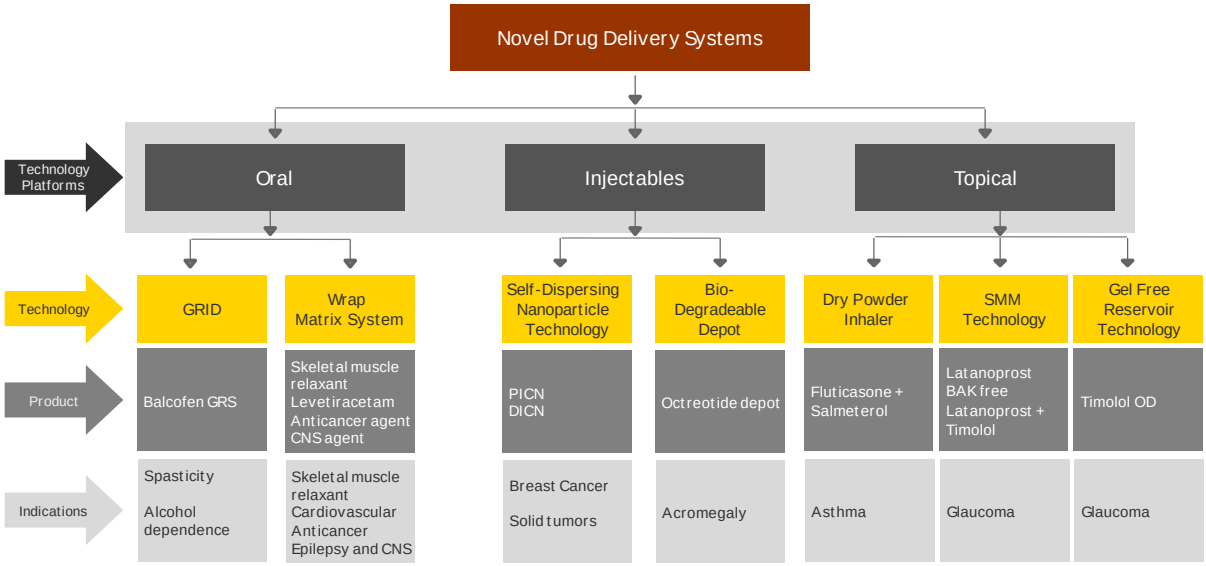
Novel Drug Delivery System

Novel drug delivery systems (NDDS) are a new way of effectively delivering a known or new drug in the body or improvising existing technologies to enhance the safety and patient compliance of the drug.

These drug delivery systems are patient- friendly, as they are less cumbersome, and more convenient for the patient to take as well as the nursing staff to administer. They are also designed to reduce the complications associated with the drug, such as fluctuations in blood levels and sometimes may offer better symptom control.

Our Company is working on several NDDS platform technologies, which are at various stages of development.

Some of these technologies have moved far beyond the proof of concept, and products using these approaches have reached the Indian market.



NDDS Oral

1. Gastro Retentive Innovative Device (GRID™)

GRID™ is a once-a-day delivery system for drugs that are otherwise absorbed only from the stomach or upper narrow zone of the gastrointestinal tract, or may have a low solubility in intestinal fluid. However, since most drugs would transit the stomach rather quickly, it is difficult to formulate them into long acting or controlled release formulations. Longer retention in stomach improves drug absorption.

The capsules with GRID™ technology are designed to retain the drug in the stomach for longer duration of up to 8 hours. The capsule can be designed to offer a combination of instant and sustained drug release profiles, and since it is once-a-day, it improves patient compliance. Based on GRID™ technology, Baclofen GRS, a once-a-day capsule to treat skeletal muscle spasticity, has been launched in India.

Baclofen GRS

Baclofen GRS uses a proprietary GRID™ technology which ensures longer retention in the stomach, thus increasing bioavailability of the drug. Baclofen GRS eliminates frequent day and night time dosing, and reduces the adverse effects from the peak concentrations, especially sedative effects.

Spasticity is a condition in which there is increased stiffness or tightness in skeletal muscles, which often adversely affects movement. Generally, spasticity is associated with neurological disorders like multiple sclerosis, stroke, cerebral palsy and spinal cord injury. Baclofen is one of the approved drugs for this indication.

After extensive clinical trials, Baclofen GRS capsules in six strengths are being marketed in India.

Baclofen GRS is also being studied for alcohol dependence, and regulatory approval for clinical trials in India has been received.

Salient Features of Baclofen GRS:

- Improves bioavailability of baclofen, a drug with narrow zone of absorption in gastrointestinal tract
- Floats instantaneously, Swells up to 8 times its initial volume
- Maintains physical integrity

- Flexible and soft
- Different types of release profiles possible (Immediate Release and Sustained Release)
- Once – a day dosing improves patient compliance

Current Status:

- The lead product - Baclofen GRS (for muscle spasticity) has been launched in India
- In the US 505(b)(2) route for regulatory approval has been adopted and the special protocol assessment (SPA) agreement with USFDA has been received. Patient enrollment for phase 3 study is expected to begin in the 2nd Quarter of Fiscal 2013. This study will be followed by an open-label extension study for evaluating the safety and tolerability of Baclofen GRS on long-term administration. A duration of action clinical study to evaluate once daily efficacy of Baclofen GRS capsules at end-of-dosing interval will be conducted concurrently with the phase 3 efficacy study.
- Baclofen GRS (for alcohol dependence) – Regulatory approval for phase 3 clinical trial in India has been received, and the clinical trial is ongoing. A phase 2 trial in US/ Europe is planned to evaluate the effective dose in treatment of alcohol dependence.

2. Wrap Matrix™ Technology

Wrap Matrix™ oral delivery system is designed to improve patient compliance of a drug administered once-a-day which would otherwise have to be taken several times a day.

Usually, controlled release dosage forms of very high dose and high solubility drugs are either, very large and difficult to swallow, or tend to release its entire drug at the same time ("dose dumping").

A combination of immediate and sustained release is also difficult to achieve in the same tablet. With our Company's proprietary Wrap Matrix™ technology, a multi-layered matrix-based tablet of such drugs offers controlled release with just once-a-day dosing without creating too bulky a tablet for products requiring a large daily dose.

Products with a very high dose can be formulated into a simple-to-swallow tablet using this technology. Since the release profile with this technology is not very easy to copy, the risk of generics is limited.

Levetiracetam, an anti-epileptic with high solubility and very large dose has been developed as a 1000 mg and 1500 mg tablet and is bioequivalent to Keppra® SR.

There are several other products under development using the Wrap Matrix™ technology. A skeletal muscle relaxant with an ultra short half life that has been designed to offer equivalent therapeutic action upon single dose over the currently marketed repeat dose immediate release product. A controlled release formulation has been developed for a cardiovascular agent with high dose and high solubility. Combinations with various drugs with complementary mechanisms of action are under development. An anticancer combination and two CNS agents are also being worked on.

Eight controlled release products based on this technology have already been launched in India by the licensees. They include molecules like Metoprolol (antihypertensive) & its combinations, Ropinirole, Pramipexole & Bupropion.

Venlafaxine ER (antidepressant), has been developed based on our Company's Wrap Matrix™ technology, the drug has already been approved by EU & USFDA for the licensee.

Salient Features of our Company's proprietary Wrap Matrix™ Technology:

- Once-a-day dosing
- Ability to handle products with larger daily dose
- Suitable for drugs with very high solubility

- No residual drug in dosage form on evacuation
- Minimal food effect
- Difficult to reproduce bioequivalence using any other formulation technology
- Low risk of generics

Current Status:

Our Company is working on developing following products using the Wrap Matrix™ Technology:

- Levetiracetam - an antiepileptic drug (has beenfiled under 505(b)(2) in the US in the first quarter of Fiscal 2013). Pharmacokinetics studies are completed.
- A Cardiovascular agent (high dose/high solubility): Pharmacokinetics studies and formulation development studies of its combination with various drugs with complementary mechanisms of actions are under development.
- A skeletal muscle relaxant (ultra short half-life) : Phase 1 study has been completed in India
- Anticancer agent combination with beneficial agent: Phase 1 studies are planned.
- CNS agent (new indication): Proof of concept studies planned.
- CNS agent (with very high solubility): Pharmacokinetics studies are ongoing
- Venlafaxine ER (An antidepressant): Approved by EMEA and USFDA for the licensee.

NDDS Injectables

1. Self Dispersing Nanoparticle Technology

Water insoluble anticancer drugs have two issues with their use, first, toxic surfactants often have to be used to solubilise the drug; and secondly, such drugs not only reach the tumor tissues but also reach and penetrate healthy tissues in the body.

Formulations for such anticancer drugs that we have created using our Company's novel self dispersing Nanoparticle technology platform addresses these challenges. Our technology has been crafted to deliver higher concentrations of drug locally to the cancer cells, use lesser excipients, and deliver a higher dose.

Taxanes are among the most successful drug classes for tumors, and molecules like Paclitaxel and Docetaxel were blockbusters owing to their significantly higher efficacy and survival advantages in a wide range of solid tumors. These drugs are water insoluble and therefore our Company's Self Dispersing Nano Particle Technology is used to improve the formulation and delivery of these drugs

Paclitaxel Injection Concentrate for Nanodispersion (PICN)

Paclitaxel, the water insoluble taxane, is the established standard of care for several advanced solid organ cancers such as those of the breast, lung, ovary, cervix, esophagus and stomach, urinary tract and bladder, as well as cancers of the head & neck region.

Despite its success, Paclitaxel has some limitations. There is a very high incidence and severity of toxicities associated with its use, especially hypersensitivity reactions, neutropenia and peripheral neuropathies. There is also a high incidence of hypersensitivity reactions because of the use of excipients used to dissolve the anticancer drug.

Salient Features of PICN using our Company's self dispersing Nanoparticle Formulation:

- Achieves higher drug concentrations in tumor tissues compared to conventional Paclitaxel inj.
- Quick and easy "one step" dilution and infusion preparation
- Shorter infusion time ; no need of in-line filters and special infusion sets

- Superior safety profile; no need to give high dose steroids and antihistamine drugs as pre medicaction
- Superior safety profile in phase 1 study in India at a significantly higher dose

Current Status:

- For India - the phase II/III comparative study in metastatic breast cancer conducted in India demonstrated efficacy in both PICN and Abraxane® arms, however, the pre-defined criteria for therapeutic equivalence were not met based on investigator assessment. Imaging data is now being sent to an independent reviewer for assessement. Furtehr development of PICN in 3 weekly regimen in metastatic breast cancer will be evaluated based on the outcome of the independent review
- For US - IND filing under 505(b)(2) route completed and phase 1 study of a combination chemotherapy of PICN with Carboplatin was initiated in 3rd quarter of Fiscal 2012. Globally, treatment regimen for metastatic breast cancer is moving from a 3-weekly to weekly paclitaxel administration which is considered more effective and better tolerated. Therefore, we are evaluating development of PICN in a weekly regimen for MBC and at the same time evaluating the possibility of developing PICN in other indications.

Docetexel Injection Concentrate for Nanodispersion (DICN)

We have developed a novel self dispersing nanoparticle formulation of Docetaxel which avoids toxic solvents that are used in the conventional docetaxel formulation.

For DICN also, the patient does not need premedication with steroids and antihistamines. No inline filters and special infusion sets are required. The extension of our nanoparticle technology platform to this product is a validation that the platform technology works across several water- insoluble molecules.

Salient Features of our Company's Self Dispersing Nanoparticle Formulation of Docetexel:

- Uses very safe excipients with no added toxicities
- Drug molecule remains the same; not covalently bound or altered.
- Low excipients to drug ratio.
- Delivers higher dose without increased adverse event profile.
- Eliminates the need of pre-medication with steroids and antihistamine drugs,

Current Status:

- For India phase 1 study in solid tumor patients completed and phase 1b study in NSCLC patients is initiated in the 2nd quarter of Fiscal 2013.
- For US – Product is to be filed under 505(b)(2)

2. Biodegradable Depot Injections and Implants

Our Company has developed a proprietary Depot Technology with biocompatible and biodegradable micron size polymer particles that contains the drug in its matrix, and offer long term systemic delivery of the drug. In this delivery system, the drug is encapsulated within microspheres from where it is gradually released.

The treatment of serious conditions such as prostate cancer, acromegaly, etc. requires long term maintenance of drug levels in the body, over several months or years. Drugs used for these indications are not suitable for oral use and have very short half life when given by parenteral route thus requiring daily or frequent injections, which is cumbersome for the patient. One solution involves use of a depot or reservoir from which drug is released over a long period.

Our delivery system offers rapid onset and prolonged release over months. Since uniform blood levels are reached, there are no peaks and valleys that are seen with frequent daily doses.

Based on this technology, Octreotide depot injections for one month and three month release have been developed. Octreotide is used to treat acromegaly and growth hormone dependent cancers. Since octreotide has a short half life, it needs to be injected 2-3 times per day. Our scientists have created a 1 month long single injection that offers tailored release of the drug. Our process of manufacturing microspheres is cleaner compared to the other products available which use class 2 solvents in large quantities.

Salient Features of our Company's technology of biocompatible and biodegradable micron-sized polymer particles:

- Simple injections by IM/SC route; requires no specialized training for administration
- Fine needles, low injectable volume, better patient acceptance.
- Rapid onset and prolonged release (for months after a single injection)
- Uniform drug plasma concentration
- No peaks and valleys associated with daily and multiple doses - less toxic/adverse events
- Improves treatment adherence

Current Status:

There are 2 products under development:

- Octreotide Depot Inj (1 month) for acromegaly patients - launched in India, IND filing in US expected in Fiscal 2013
- Octreotide Depot Inj (3 month) - is under development

NDDS TOPICAL

1. Dry Powder Inhaler (DPI)

Our Company's Salmeterol and Fluticasone DPI (Starhaler™) is a pre-metered, 60 dose, inhalation activated device for administration of combination of inhaled steroids and bronchodilator drugs. The device is small, convenient and easy to carry. It is easy to use across pediatric, geriatric, and adult patient populations. The device delivers uniform dose independent of inspiratory flow rate. The device is also designed to avoid double dosing.

Salient Features of our Company's Salmeterol and Fluticasone Dry Powder Inhaler (Starhaler™):

- Uniform dose delivery independent of inspiratory flow rate
- Consistently delivers higher amount of drug to lungs
- Eliminates double dosing and dose wastage
- Provides visual, audible and tactile feedback upon dose administration
- Glow-in-the-dark feature for easy night-time use
- Offers equal efficacy at half the dose
- Feature for assisting visually impaired, as reminder to refill device, when 8 doses remain
- Small and convenient for easy to carry.
- Compliant to the stringent USFDA and European requirements.

Current Status:

- Salmeterol and Fluticasone Dry Powder Inhaler (*(Starhaler™)* was launched in India in the third quarter of Fiscal 2012
- For USA, we are pursuing the 505 b(2) route. We have recently completed pre-IND meeting with USFDA to understand regulatory path for approval. An IND is likely to be filed in Fiscal 2013.

2. Swollen Micelle Microemulsion (SMM) Technology

SMM technology is a platform technology for solubilizing ophthalmic drugs with limited or no water solubility. This technology does not require the use of quaternary ammonium preservative/surfactants like Benzalkonium Chloride (BAK) which may be damaging to the eyes.

Glaucoma is a type of optic neuropathy characterized by progressive injury to the retinal ganglion cells. Elevated intraocular pressure (IOP) is considered the primary cause of the optic nerve damage.

Glaucoma is said to be the second leading cause of blindness globally, and is estimated to have a global incidence: 65 million glaucoma patients. Prostaglandin analogues such as Latanoprost are the first line treatment for glaucoma and form the largest drug class.

The currently marketed Latanoprost product contains the preservative, Benzalkonium Chloride ("BAK"). BAK not only acts as a preservative, but it also solubilizes the drug in its micelle structure and is used in almost double quantity than normally required. The chronic exposure to BAK containing ophthalmic formulation results in serious ocular toxicities viz., loss of tear film stability and damage to corneal and conjuctival surface.

We have developed BAK-free Latanoprost eye drops using SMM Technology. This is a patented formulation of Latanoprost with the same strength and dosing of the market leader Xalatan®. Removal of BAK reduces tearing, burning, itching and hence reduces drainage from the surface of the eye.

Salient Features of our Company's Swollen Micelle Microemulsion Technology:

- Clear, colorless, BAK-free ophthalmic solution
- Non-infringing formulation to the market leader Xalatan® (Pfizer) with similar strength, dosing, administration and pack size
- Reduced risk of ocular surface damage on chronic use
- Stable at room temperature and does not require refrigeration upon storage or transport
- Demonstrated improved safety profile and eye comfort characteristics in a phase 3, randomized, active controlled clinical study in India

Current Status:

- Latanoprost "BAK Free" Ophthalmic Solution has been launched in India,
- In the USA - under 505(b)(2) route, IND approved by USFDA. FDA requires one Phase 3 study for approval. Patient enrollment for Phase 3 was completed in the third quarter of Fiscal 2012. SPARC's BAK-free Latanoprost eye drops could meet the non-inferiority criteria of 1.5 mm Hg at all time-points. The IOP lowering efficacy was similar to the comparator Xalatan®; however, the second non-inferiority criteria of 1 mm Hg could be met at 4 time points instead of the required 7. We are planning to have pre-NDA meeting with FDA to discuss the results in Fiscal 2013.

3. Gel Free Reservoir (GFR) Technology

Chronic eye ailments like glaucoma typically require drugs to be instilled several times a day. To increase the duration of action of such drugs, and to localize drug action with minimal systemic absorption, also to create a clear and non irritant formulation, our Company has developed Gel Free Reservoir (GFR) technology

Gel Free Reservoir technology platform consist of a unique polymer ratio that show synergistic increase in viscosity without the loss of clarity and flow property.

Salient Features of our Company's GFR Technology:

- Stabilizes tear film and remain active for prolonged periods

- Product with characteristics similar to natural tears, very safe and gentle to eyes
- Can be successfully applied to many products ; Timolol OD ophthalmic solution, NCE and other products are in development
- Once a day dosing

Current Status:

- Timolol maleate once-a-day ophthalmic solution developed by our Company has been launched in India.

Latanoprost and Timolol Once a day Ophthalmic

This product is being developed combining essential features of both SMM Technology and GFR Technology

Latanoprost and Timolol are existing drugs used for the treatment of glaucoma. Typically, these drugs need to be instilled lifelong.

Both these drugs- Latanoprost and Timolol, have different mechanisms of action. In over 40% of patients with glaucoma, a combination of these drugs is required to be given. However, if these drugs are given singly and one after the other, there is a high likelihood of the drug that is administered first, being washed out.

Our product contains BAK-free Latanosprost for improved ocular retention. Removal of BAK reduces tearing, burning, itching, and hence reduces drainage from the surface of the eye. Another advantage is that our product contains latanoprost in an unbound form, which also enables its partition across eye tissues.

The second active ingredient in our formulation is Timolol. Timolol is typically instilled into the eye 2-3 times a day. Our Company's unique Timolol OD formulation traps the drug in a viscous matrix. However this unique polymer mix has been created with similar properties as natural tears, so there is no change in visibility for the patient. Timolol is released gradually from this matrix during the course of the day. This Timolol OD has clinically been proven to be equal to twice-a-day Timolol.

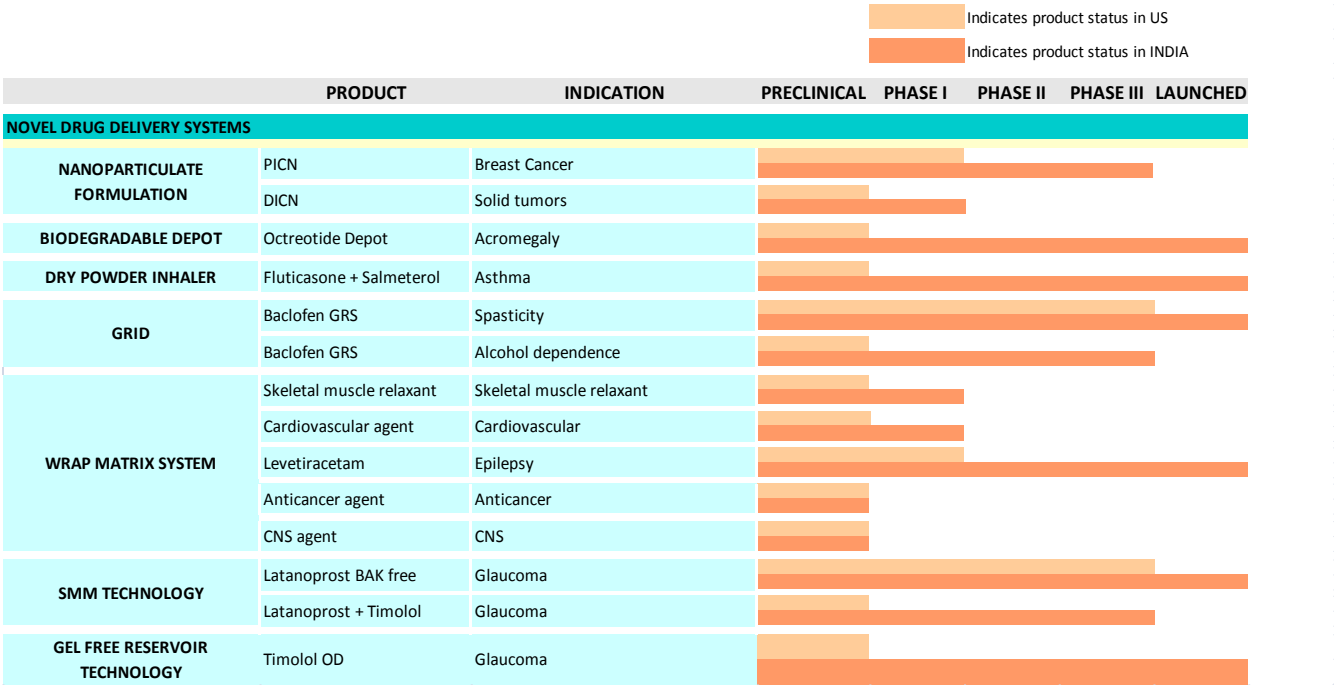
Salient Features of Latanoprost +Timolol Ophthalmic solution:

- Contains BAK-free Latanosprost for improved ocular retention
- Reduces tearing, burning, itching, and hence reduces drainage from the surface of the eye
- Latanoprost in an unbound form enables its partition across eye tissues
- No change in visibility for the patient
- Once a day dosing.

Current Status:

- The Phase 3 efficacy and safety study of this product is ongoing in India. The study is completed and the data is under analysis.
- Our Company is pursuing the 505(b)(2) route for development of this product in USA.

Current Status of NDDS projects of our Company

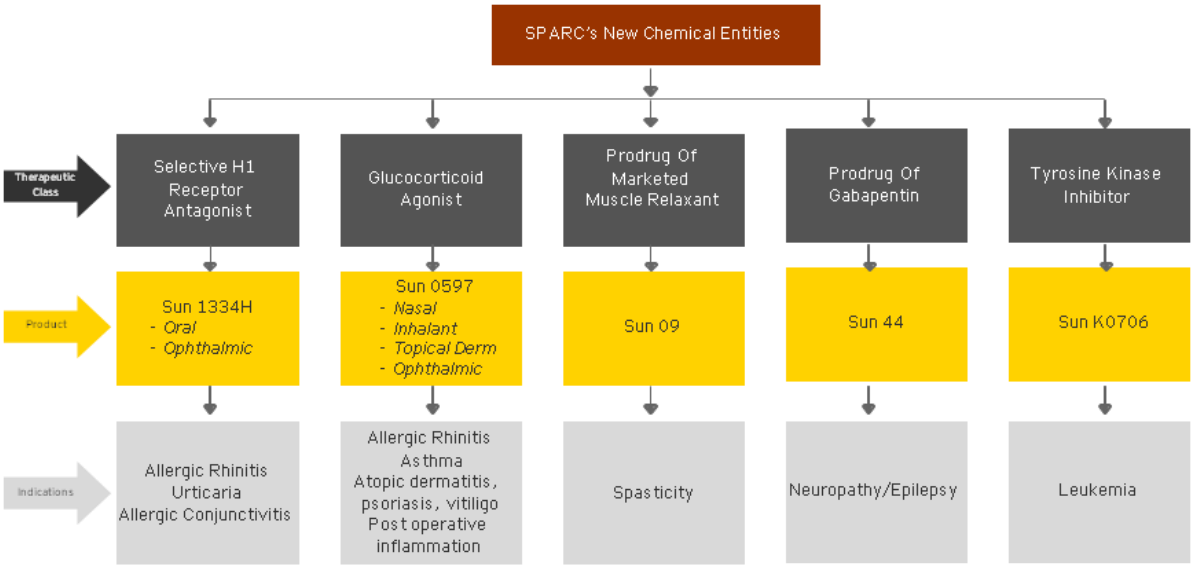


	PRODUCT	INDICATION	PRECLINICAL	PHASE I	PHASE II	PHASE III	LAUNCHED
NOVEL DRUG DELIVERY SYSTEMS							
NANOPARTICULATE FORMULATION	PICN	Breast Cancer					
	DICN	Solid tumors					
BIODEGRADABLE DEPOT	Octreotide Depot	Acromegaly					
DRY POWDER INHALER	Fluticasone + Salmeterol	Asthma					
GRID	Baclofen GRS	Spasticity					
	Baclofen GRS	Alcohol dependence					
WRAP MATRIX SYSTEM	Skeletal muscle relaxant	Skeletal muscle relaxant					
	Cardiovascular agent	Cardiovascular					
	Levetiracetam	Epilepsy					
	Anticancer agent	Anticancer					
	CNS agent	CNS					
SMM TECHNOLOGY	Latanoprost BAK free	Glaucoma					
	Latanoprost + Timolol	Glaucoma					
GEL FREE RESERVOIR TECHNOLOGY	Timolol OD	Glaucoma					

NCE (NEW CHEMICAL ENTITY) PROGRAMS

New chemical entities, also referred to as new molecular entities, are novel pharmaceutical agents that do not contain active chemical moieties previously approved by the United States Food and Drug Administration (USFDA) or any other regulatory agencies. The discovery and development of these new molecules represents one of the most important areas of research in the pharmaceutical industry in the pursuit of the next generation of therapeutic agents.

There are 2 approaches for developing an NCE, the first approach is based on analogue chemistry where a new molecule in an existing class is discovered and developed and in the second approach a totally new molecule is developed based on an understanding of the underlying biology of the disease.



1. SUN 1334H

This anti-allergic antihistamine, the first of our Company's molecules, is being developed for oral and topical (eye drop and nasal) use. Antihistamines are prescribed in conditions like allergic rhinitis, urticaria, hay fever, conjunctivitis and pruritis.

In preclinical studies, Sun 1334H showed efficacy as a potent antihistamine and selective H1 blocker with fast onset and longer duration of action.

Two year long carcinogenicity studies in animal models, with the oral formulation of Sun 1334H, as a part of chronic toxicity studies, are ongoing.

On account of the cardiac toxicity seen with oral antihistamines, the USFDA requires submission of safety data on thorough QT studies (TQT studies) at very high doses. The pilot TQT studies with the oral Sun 1334H formulation are ongoing.

Phase 3 studies of the oral Sun1334H will commence once the data from the TQT studies is completely analyzed and found acceptable.

An ophthalmic formulation of Sun 1334H is also being studied for ophthalmic conditions like pink eye or allergic conjunctivitis. In preclinical studies, a 0.3% solution of Sun 1334H eye drop showed a good inhibition of allergen and histamine induced conjunctivitis on once-a-day dosing. In a Phase 1 study conducted in India with the eye-drops, it was found to be well tolerated by healthy volunteers.

Current Status:

- Oral - chronic toxicity studies are ongoing; pilot cardiac safety studies are ongoing and expected to be completed by 3rd quarter of Fiscal 2013; renal safety study in human volunteers is planned.
- Ophthalmic - Phase 2 study to assess efficacy of 1334H ophthalmic formulation in allergic conjunctivitis in Conjunctival Allergen Challenge model has been completed in the USA. 1334H was shown to be safe and well tolerated. Highest dose, 0.45% 1334H showed clinically effective prevention of ocular itching with onset of action at the 15-minute, however the study did not meet pre-defined efficacy criteria for development of newer ophthalmic antihistamines.

2. SUN 0597

Sun 0597 is a topical glucocorticoid that we have been working on, for allergic rhinitis, inflammation, asthma and other applications. We are currently developing the molecule for administration as a nasal spray, an inhalation product, an ophthalmic product as well as a dermal product.

Non-systemic glucocorticoids are used to treat inflammations of the airway, skin, eye, and gastrointestinal tract. However, long term use of glucocorticoids in chronic inflammatory disorders can result in hypothalamus- pituitary- adrenal axis suppression, osteoporosis, lowered immunity, growth suppression, behavioral changes and lipid metabolism changes.

Sun 0597 appears to be a novel, safe, non systemic glucocorticoid with promising therapeutic index.

In preclinical studies, Sun 0597 administered through nasal route had shown good potency in animal models for inflammation, as well in models of asthma and rhinitis. The oral bioavailability as well as plasma half life was very low, and therefore the molecule was expected to show a low likelihood of systemic side effects.
Sun 0597 had also demonstrated in preclinical screens a high therapeutic index compared to the currently marketed corticosteroids.

Subsequent to the regulatory permission which was received last year, we have commenced Phase 1 studies for the nasal formulation. Interim report for the first-in-man Phase 1 safety and tolerability study has been submitted to the Drug Controller General of India. In addition, multiple dose safety study is completed and data is being analyzed.

Current Status:

- Nasal form - Phase 1 clinical trials were completed in the 3rd quarter of Fiscal 2012. The drug was safe on repeated dosing to healthy subjects. Phase 2 study in patients with seasonal allergic rhinitis is ongoing in Germany and is expected to complete in the 4th quarter of Fiscal 2013.
- Inhalation form - preclinical toxicity study is ongoing and expected to be completed by 2nd quarter of Fiscal 2013, IND filing in India is targeted by 4th quarter of Fiscal 2013.
- Topical cream - preclinical studies are ongoing, formulation optimization to be completed by 4th quarter of Fiscal 2013 and IND filing in India is targeted by 4th quarter of Fiscal 2013.
- Ophthalmic - preclinical studies for the selection of appropriate strength and formulation are ongoing. Formulation development is expected to be completed by the 3rd quarter of Fiscal 2013. IND filing in India is likely by 1st quarter of Fiscal 2014.

3. SUN 09

Baclofen is the standard of care drug for the treatment of Spasticity. However, it has a narrow absorption window in the intestine, and after absorption, is rapidly cleared from the blood. To offer adequate symptom relief, the drug has to be administered frequently.

Sun 09 is a pro-drug of Baclofen and being developed as "an efficient baclofen". Unlike Baclofen, this NCE would avoid narrow window of absorption, enabling absorption throughout the length of the intestine, thus offering better systemic availability from an equivalent dose.

Current Status:

- Phase 1 clinical study for immediate release completed in India. Phase 1 clinical study for slow release has been competed in the 1st quarter of Fiscal 2013 and the results are undergoing analysis.

4. SUN 44

Sun 44, a prodrug of Gabapentin, is being developed as a gabapentin with improved pharmacokinetics. Gabapentin, an analogue of the brain neurotransmitter GABA, is prescribed in the treatment of epilepsy, as also for the treatment of neuropathic pain, restless leg syndrome, mood disorders.

Gabapentin has a non-linear dose dependant bioavailability, as the dose is increased, the percentage of absorption decreases. This is because the transport mechanism in the intestine gets saturated at a higher dose level. Also, the expression of the transporter that links with the molecule and carries it across the gastrointestinal tract tissues, may vary from patient to patient. The molecule is also excreted relatively rapidly, hence there is a great deal of variation in patient responses to the drug.

Sun 44 has been designed to address this bioavailability issue. Once absorbed, Sun 44 is converted to gabapentin. In animal studies, gabapentin shows good efficacy and rapid absorption.

Also, Sun 44 does not raise any additional safety concerns on account of its molecule structure. Organ toxicities related to acetaldehyde, such as liver, brain, and cardiac toxicities have not been observed.

Current Status:

- IND is approved in India and phase 1 is planned in Fiscal 2013.

5. SUN K0706

Sun K0706 is a novel tyrosine kinase inhibitor, intended for the treatment of chronic myelogenous leukemia (CML).

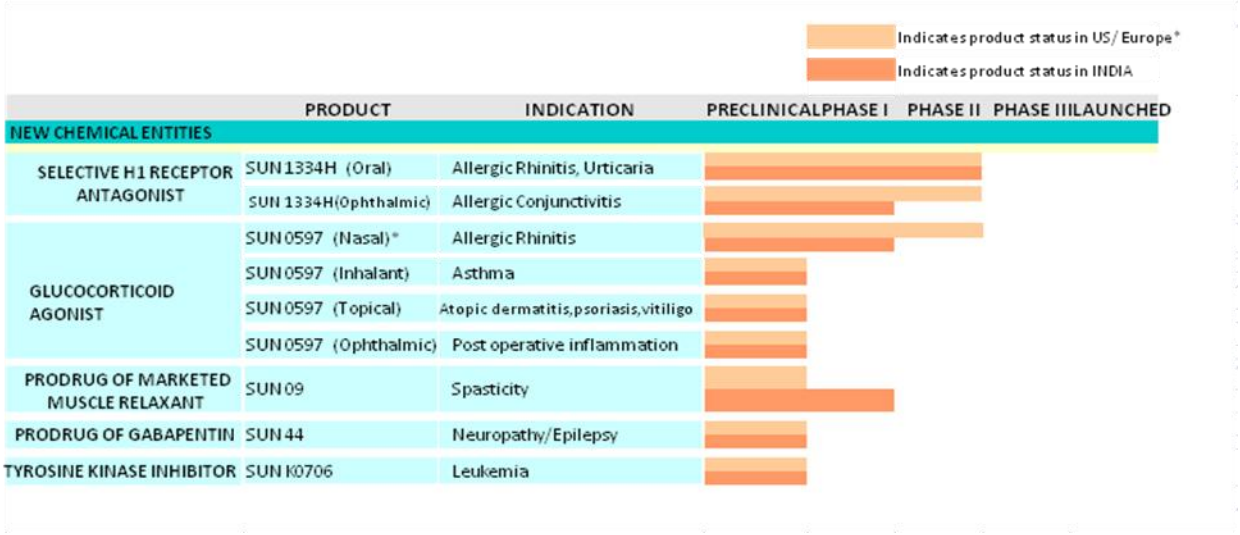
While currently available oral drugs like Imatinib (Gleevec®), Nilotinib (Tasigna®) and Dasatinib (Sprycel®) are quite effective chemotherapeutic agents for CML, these drugs are ineffective on the most resistant form of mutation in leukemic cells, viz. the T315I mutation. In fact, currently there is no approved drug for the patients who become resistant to therapy and are diagnosed with the T315I mutation. Besides, the current therapeutic agents are also known to cause cardiac side effects, myelosupression, liver toxicity, bleeding, electrolyte imbalance and fluid retention.

NCE Sun K0706 targets this T315I resistance in CML. In vitro studies have demonstrated that Sun K0706 potently inhibits, besides other major mutant forms, the T315I mutant of the Abl kinase.

Current Status:

- Toxicity studies for IND are expected to be completed by the 4th quarter of Fiscal 2013and IND filing in India will be in the 1st quarter of Fiscal 2014.

Current Status of NCE projects of our Company



Competition

The pharmaceutical and biotechnology industries are intensely competitive. Any product candidate developed by us would compete with existing drugs and therapies. There are many pharmaceutical companies, biotechnology companies, public and private universities, government agencies and research organizations actively engaged in pharmaceutical research and development of products targeting the same markets as our product candidates. Many of these organizations have substantially greater financial, technical, manufacturing and marketing resources than we have. Several of them have developed or are developing therapies that could be used for treatment of the same diseases that we are targeting. In addition, many of these competitors have significantly greater commercial infrastructures than we have. Our ability to compete successfully will depend largely on our ability to leverage our experience in drug development to:

- develop products that are superior to other products in the market;
- attract and retain qualified scientific, product development and commercial personnel;
- obtain patent and/or other proprietary protection for our products and technologies;
- obtain required regulatory approvals; and
- successfully collaborate with pharmaceutical companies in the development and commercialization of new products.

We expect to compete on, among other things, product efficacy and safety, time to market, price, extent of adverse side effects experienced and convenience of treatment procedures. In order to compete successfully, we will need to develop and exploit these pharmaceutical products commercially before others are able to develop competitive products.

In addition, our ability to compete may be affected if insurers and other third-party payors seek to encourage the use of generic products, making branded products less attractive to buyers from a cost perspective.

We believe that our product development programs will be subject to significant competition from companies utilizing alternative technologies. In addition, as the principles of our technologies become more widely known and appreciated based on patent and scientific publications and regulatory filings, we expect the field to become highly competitive. Pharmaceutical companies, biotechnology companies and academic and research institutions may succeed in developing products based upon the principles underlying our proprietary technologies earlier than us, obtaining approvals for such products from the global regulatory agencies more rapidly than us or developing products that are safer, more effective and/or more cost

effective than those under development or proposed to be developed by us.

Our objective is to discover, develop and license to commercialize new medicines with superior efficacy, convenience, tolerability and/or safety. To the extent that we are able to develop medicines, they are likely to compete with existing drugs that have long histories of effective and safe use and with new therapeutic agents. We expect that any medicines that we commercialize with our collaborative partners or licensees will compete with existing, market-leading medicines.

Research and development infrastructure facilities

Our Company has fully integrated research facilities for medicinal chemistry, process research, analytical research, bioanalytical and pharmacokinetics, pharmacology and toxicology, novel drug delivery research and formulation development.

Our Company's pharmaceutical testing facility at Tandalja, Vadodara has been approved by the USFDA. In addition, our Company's toxicology labs have been accredited by the AAALAC.

Human Resources

Research and development is integral to our business and we devote significant resources towards research and development. We recognize the importance of maintaining a workforce of highly qualified employees.

Our Company is committed to do quality research work, and as on August 09, 2012, we have a dedicated team of 249 employees of which 213 are highly qualified and experienced scientists. Most of our scientists are based out of our Baroda Office.

We summarize our fulltime employees based on qualification as follows:

Category – Qualification	Number of employees
Ph.D	46
MBBS	2
MD	1
Masters	164
Bachelors	35
Others	1
Total	**249**

Our Properties

Leasehold Properties

Sr. No.	Details of Deed / Agreement	Nature of right granted	Particulars of the property, Description	Area (in square meters)	Consideration / license fee / rent (in ₹)	Tenure / Term	Existing Usage
1.	Leave and license agreement dated September 01, 2011 entered into between Sun Pharmaceutical Industries Limited and Sun Pharma Advanced Research Company Limited	License	Plot number 907/4 at Makarpur, GIDC, Vadodara	1289.61	Monthly License fee of ₹ 1,00,000.00	11 months with effect from September 01, 2011	Business purposes.
2.	Lease Agreement	Lease	On Ground	13.208	Monthly	03 years	Registered

	dated October 17, 2011 between Sun Pharmaceutical Industries Limited and Sun Pharma Advanced Research Company Limited	floor of the office premises situated at Sun Pharma Advanced Research Centre, Survey Number 33, Baroda City Survey Number 748, Village Akota Road, Akota, Vadodara-390020.	License fee of ₹ 1000.00	with effect Office from September 01, 2011	

Pursuant to the demerger with SPIL, certain immoveable properties have been transferred to our Company. For further details in this regard, please see the sections titled *"History and Other Corporate Matters"* and *"Capital Structure"* on pages 141 and 67 respectively. Details to the properties as referred to herein are as under:

Freehold Properties

Sr. No.	Details of Deed/Agreement	Name of the transferee	Name of the transferor	Consideration (₹ in million)	Area (in square meters)	Particulars of the property/description	Usage
1.	Scheme of Arrangement No Objection Letter dated April 01, 2011	Sun Pharma Advanced Research Company Limited	Sun Pharmaceutical Industries Limited	NA as the same has been transferred to our Company pursuant to the Scheme of Arrangement	Premises admeasuring 9,601.82 acquired pursuant to the Scheme of Arrangement Additional premises admeasuring 3,108.39 constructed by our Company in the main building	Part of the main building and ground and first floor of the Dog House Building at Sun Pharma Advanced Research Centre, Tandalja, Vadodara – 390 020.	Business purposes
2.	Scheme of Arrangement	Sun Pharma Advanced Research Company Limited	Sun Pharmaceutical Industries Limited	NA as the same has been transferred to our Company pursuant to the Scheme of Arrangement	Premises admeasuring 1041.29	4th & 5th Floor of the Building at 17-B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (E), Mumbai-400093	Business purposes

Utilities

We have arrangements for regular power and water supply at all our locations.

Environment, Health and Safety

We are committed to the safety and health of our employees, visitors and prevention of accidents and health hazards at all our facilities. Our Company ensures that all the activities are carried out and products are developed considering appropriate environmental, health and safety risk aspects and are in conformance with the relevant legal requirements.

Intellectual Property

As on the date of this Letter of Offer we have been granted 106 patents and 332 patent applications have been made by our Company in various countries.

Further, our Company has filed 18 applications for the registration of the Logo 

of our Company under different classes of the Trademarks Act, 1999. We have been granted registration certificates for 6 trademarks by the Trade Marks Registry, Mumbai.

Insurance

Our Company has insurance coverage which we consider reasonably sufficient to cover all normal risks associated with our operations and which we believe is in accordance with the industry standards.

We have taken insurance policies from various insurance companies covering certain risks in relation to our assets and personnel. We have taken group gratuity benefits, group personal accident and corporate guard-directors and officer's liability insurance for the benefit of our employees covering risks against body injuries**.** We have also taken standard fire and special perils insurance to cover against risks of damage to our property. Further, we have availed auto secure package policy and private car package policy to cover against risks of damage to the cars purchased for our officers during the course of their employment.

Our Company has not availed product liability insurance, business interruption insurance or marine transit insurance, workmen's compensation insurance and group medical insurance policies, public liability insurance and fidelity guarantee insurance cover.

Regulations - Indian and Abroad – A summary of regulations that are applicable

For details of key statutes, regulations and policies applicable to our Company and business in India, please see the chapter titled "*Government and Other Statutory Approvals*" on page 250.

KEY INDUSTRY REGULATIONS AND POLICIES

The following description is a summary of certain laws applicable to the Pharmaceutical Industry in India as well as certain other Indian laws, which are applicable to our Company and our business. The information below has been obtained from sources available in the public domain. The summary of laws, regulations and policies set forth below is not exhaustive and is only intended to provide general overview to you and is neither designed nor intended to substitute for professional legal advice.

Regulations affecting Pharma Sector in India

Ministry of Health and Family Welfare, GoI (the "**MoHFW**") oversees the Indian drugs and formulations industry. It issues notifications under the regulations given below and also mandates the requirement of licenses for manufacture or sale or distribution of the drugs and formulations in India. The MoHFW appoints the central license approving authority, the Drugs Controller General of India.

The Department of Science and Technology, under the Ministry of Science and Technology, GoI (the "**MoST**"), promotes new areas of science and technology with special emphasis on research and development, and our Company comes under its scanner since one of the major initiatives of our Company is to focus on research and development strategies.

Drugs and Cosmetics Act, 1940 (the "DCA")

DCA is to regulate the import, manufacture, distribution and sale of drugs including drug formulations, biologicals and APIs, and cosmetics. DCA also regulates the labeling, packing, testing and licensing of the items mentioned above. DCA lays down the Standards of quality to be met by the drugs and cosmetics. It prohibits imports, manufacture and sale of certain drugs or cosmetics except of small quantities for the purposes of examination, testing or analysis and violation of these regulations is an offence which invites penal action.

DCA requires a company *inter alia* engaged in import, manufacture, distribution and sale of drugs including drug formulations, biologicals and APIs, and cosmetics to obtain licenses for the manufacture, sale, distribution, and import of drugs, as the case may be, from the Drugs Controller General of India (the "**DCGI**"), an authority constituted under the DCA and to maintain records of the same. In order to obtain a License for a particular drug, the approval of the Central Drugs Laboratory, an authority constituted under the DCA, certifying the standards of quality is required for which the product is subjected to series of tests involving different stages and procedures. The Central Drugs Standard Control Organization (the "**CDSCO**") has been constituted for the purpose of testing and approving APIs and formulations in consultation with the DCGI.

In the case of APIs, the DCGI issues, subject to passing of the series of tests and on fulfilling certain additional requirements like building specifications, product containers, in-process controls, provision of utilities and services etc. that need to be mandatorily complied with, a manufacturing and marketing license which is submitted by the company seeking to produce the drug to the drug control administration of the state which clears the drug for manufacturing and marketing.

As per Drugs and Cosmetics Act Schedule Y (Drugs and Cosmetics Rules 122A, 122B, 122D, 122DA, 122DAA and 122E), permission from DCGI is required to import or manufacture new drugs for sale or to undertake clinical trials. Various requirements like informed consent, independent ethics committee etc. as described in this Schedule Y is being fulfilled by our Company.

Drugs and Cosmetics Rules, 1945 (the "DCR")

DCR has been framed under the Drugs and Cosmetics Act, 1940. These Rules, *inter alia*, provide that for the purpose of importing drugs import license and registration certificate is required from the Licensing Authority. The DCR lays down the provisions for the manufacture, sale, packing and labeling of medicines,

both homeopathic and non-homeopathic, drugs and cosmetics, and the licenses thereto. The functions of the Central Drugs Laboratory, instituted under the DCA, which include analysis and testing in respect of certain drugs, as well as of the Central Licence Approving Authority (the "**CLAA**"), are laid down. The CLAA may, after giving the licensee an opportunity to show cause why such an order should not be passed, cancel a license issued or suspend it for such period as he thinks fit, either wholly or in respect of some of the substances to which it relates, if in his opinion, the licensee has failed to comply with any of the conditions of the licence or with any provisions of the Act or Rules thereunder. DCR contains various forms and applications for grants of licences as well as test and analysis reports. The authorization by a manufacturer to his agent in India is documented by a Power of Attorney executed and authenticated in India before a 1st class Magistrate or in the country of origin before such equivalent authority. DCR also provides for the approval of the Technical staff as per the Drugs and Cosmetics Act and rules framed under the legislation abiding by the World Health Organization inspection norms.

Laws applicable to the Creation and Protection of Intellectual Property Rights

Indian Patent Regulation

The Patents Act, 1970 ("**Patents Act**") governs the patent regime in India. India is a signatory to the Trade Related Agreement on Intellectual Property Rights ("**TRIPS**"); India recognizes both products as well as process patents. The new regime provides for:

- Recognition of product patents in respect of food, medicine and drugs;
- Patent protection period of 20 years;
- Patent protections allowed on imported products; and
- Under certain circumstances, the burden of proof in case of infringement of process patents may be transferred by a court to the alleged infringer.

The Patents Act provides for compulsory licensing for manufacture and export of patented pharmaceutical products to a country having insufficient or no manufacturing capacity for the concerned product to address public health issues. Such country must have either granted compulsory license or allowed import of the products from India. The Patents Act states that in the case of a patent in respect of any medicine or drug, it may be imported by the Government for its own use or for distribution to any hospital or other medical institution which the Central Government may specify. Compliance with Section 47 may be used as a defence in a suit for infringement.

The Patents (Amendment) Act, 2005 passed by Indian Parliament on March 17, 2005, has made certain changes to the Patents Act. What are not inventions under the Patent Act was expanded to include the mere discovery of a new form of a known substance which does not result in the enhancement of the known efficacy of that substance or the mere discovery of any new property or new use for a known substance or of the mere use of a known process, unless such known process results in a new product or employs at least one new reactant.

The proviso to section 11A (7) has been introduced in the Patents Act to provide protection to those Indian enterprises which have made significant investment and have been producing and marketing a product prior to January 1, 2005, for which a patent has been granted through an application made under section 5(2) of the Patents Act and have continued to manufacture the product covered by the patent on the date of grant of the patent. In such a case, the patent-holder shall only be entitled to receive reasonable royalty from such enterprises and cannot institute infringement proceedings against such enterprises. Explanation to section 3(d) of the Act also clarifies that salts, esters, ethers, polymorphs, metabolites, pure form, particle size, isomers, mixtures of isomers, complexes, combinations, and other derivatives of known substance shall be considered the same substance, unless they differ significantly in properties with regard to efficacy. Hence, this explanation will ensure that derivatives, isomers, metabolites of known substances are not easily patentable without the establishment of significant improvements in properties.

The Trade Marks Act, 1999 (the "Trademark Act")

The Trademarks Act governs the statutory protection of trademarks in India. In India, trademarks enjoy protection under both statutory and common law. Indian trademark law permits the registration of trademarks for goods and services. Certification marks and collective marks can also be registered under the Trademark Act. An application for trademark registration may be made by individual or joint Applicants and can be made on the basis of either use or intention to use a trademark in the future. However, the registration of a trademark that is not inherently distinctive on the basis of intent to use may be difficult to obtain.

Applications for a trademark registration may be made for in one or more international classes. Once granted, trademark registration is valid for ten years unless cancelled. If not renewed after ten years, the mark lapses and the registration have to be restored. The average timeline for the completion of the entire registration process is three to four years. However, it is likely that this timeline may be reduced in the near future due to initiatives which have been recently undertaken to expedite trademark filings.

Labour related laws

India has stringent labour related legislation. We are required to comply with certain labour and industrial laws, which includes the Industries (Development and Regulation) Act, 1951, Industrial Disputes Act 1947, the Employees' Provident Funds and Miscellaneous Provisions Act 1952, the Maternity Benefits Act, 1961, the Payment of Bonus Act 1965, Workmen Compensation Act, 1923, the Bombay Labour Welfare Fund Act, 1953 and the Payment of Gratuity Act, 1972, amongst others.

The Employees State Insurance Act, 1948

The Employees State Insurance Act 1948, ("**ESI Act**") provides for certain benefits to employees in case of sickness, maternity and employment injury. The ESI Act extends to the whole of India. It applies to all factories (including government factories but excluding seasonal factories) employing ten or more persons and carrying on a manufacturing process with the aid of power or employing 20 or more persons and carrying on a manufacturing process without the aid of power and such other establishments as the Government may specify.

A factory or other establishment, to which the ESI Act applies, shall continue to be governed by its provisions even if the number of workers employed therein falls below the specified limit or the manufacturing process therein ceases to be carried on with the aid of power, subsequently.

The ESI Act does not apply to the following:

i. Factories working with the aid of power wherein less than 10 persons are employed;
ii. Factories working without the aid of power wherein less than 20 persons are employed;
iii. Seasonal factories engaged exclusively in any of the following activities viz. Cotton ginning, cotton or jute pressing, decortications of groundnuts, the manufacture of coffee, indigo, lacs, rubber, sugar (including gur) or tea or any manufacturing process incidental to or connected with any of the aforesaid activities, and including factories engaged for a period not exceeding seven months in a year in blending, packing or repackaging of tea or coffee, or in such other process as may be specified by the Central Government;
iv. A factory which was exempted from the provisions of the Act as being a seasonal factory will not lose the benefit of the exemption on account of the amendment of the definition of seasonal factory;
v. Mines subject to the Mines Act, 1952;
vi. Railway running sheds;
vii. Government factories or establishments, whose employees are in receipt of benefits similar or superior to the benefits provided under the Act and Indian naval, military or air forces.

The appropriate Government may exempt any factory or establishments or class of factories or establishments or any employee or class of employees from the provisions of the ESI Act. Every employee (including casual and temporary employees), whether employed directly or through a contractor, who is in

receipt of wages upto ₹ 15,000 per month is entitled to be insured under the ESI Act. However, apprentices engaged under the Apprentices Act are not entitled to the ESI benefits. Coverage of part time employees under the ESI Act will depend on whether they have contract of service or contract for service with the employer. The former is covered whereas the latter are not covered under the ESI Act.

Payment of Gratuity Act, 1972

Under the Payment of Gratuity Act, 1972 (the "**Gratuity Act**"), an employee in a factory is deemed to be in 'continuous service' for a period of at least 240 days in a period of 12 months or 120 days in a period of six months immediately preceding the date of reckoning, whether or not such service has been interrupted during such period by sickness, accident, leave, absence without leave, lay-off, strike, lock-out or cessation of work not due to the fault of the employee.

An employee who has been in continuous service for a period of five years will eligible for gratuity upon his retirement, superannuation, death or disablement. The maximum amount of gratuity payable shall not exceed ₹ 1,000,000.

Payment of Bonus Act, 1965

Under the Payment of Bonus Act, 1965 (the "**Payment of Bonus Act**") an employee in a factory who has worked for at least 30 Working Days in a year is eligible to be paid bonus. 'Allocable surplus' is defined as 67% of the available surplus in the financial year, before making arrangements for the payment of dividend out of profit of our Company.

The minimum bonus to be paid to each employee is 8.33% of the salary or wage or ₹ 100, whichever is higher, and must be paid irrespective of the existence of any allocable surplus. If the allocable surplus exceeds minimum bonus payable, then the employer must pay bonus proportionate to the salary or wage earned during that period, subject to a maximum of 20% of such salary or wage. Contravention of the Act by a company will be punishable by proceedings for imprisonment up to six months or a fine up to ₹ 1,000 or both against those individuals in charge at the time of contravention of the Payment of Bonus Act.

Workmen's Compensation Act, 1923

If personal injury is caused to a workman by accident during employment, his employer would be liable to pay him compensation. However, no compensation is required to be paid if the injury did not disable the workman for three days or the workman was at the time of injury under the influence of drugs or alcohol, or the workman willfully disobeyed safety rules. Where death results from the injury the workman is liable to be paid the higher of 50% of the monthly wages multiplied by the prescribed relevant factor (which bears an inverse ratio to the age of the affected workman, the maximum of which is ₹ 228.54 for a worker aged 16 years) or ₹ 80,000. Where permanent total disablement results from injury the workman is to be paid the higher of 60% of the monthly wages multiplied by the prescribed relevant factor or ₹ 90,000. The maximum wage which is considered for the purposes of reckoning the compensation is ₹ 4,000. On December 1, 2009, the Indian Parliament passed the Workmen's Compensation Amendment Bill, 2009, which broadens the scope of the Workmen's Compensation Act to include clerical staff, raising the monetary compensation payable in the event of death or permanent disability, and introducing reimbursement for treatment of injuries sustained in course of employment. The restriction of the application of this law to companies with at least 20 employees has been done away with, and it would now be obligatory for compensation commissioners to decide on a claim within three months of an application being filed. Under the Workmen's Compensation Act, it obligatory for the employers brought within the ambit of the Act to furnish, to the State Governments/Union Territory Administrations, annual returns containing statistics relating to the average number of workers covered under the Act, number of compensated accidents and the amount of compensation paid. This Act is applicable wherein ESIC Act is not applicable.

Employees (Provident Fund and Miscellaneous Provisions) Act, 1952 (the "EPF Act")

The EPF Act applies to factories employing more than 20 employees and such other establishments and industrial undertakings as notified by the government from time to time. It requires all such establishments to be registered with the relevant state provident fund commissioner. Also, such employers are required to contribute to the employees' provident fund the prescribed percentage of the basic wages, dearness allowances and remaining allowance payable to employees. Employees are also required to make equal contribution to the fund. A monthly return is required to be submitted to the relevant state provident fund commissioner in addition to the maintenance of registers by employers.

The Contract Labour (Regulation and Abolition) Act, 1970 (the "CLRA")

The CRLA regulates the employment, and protects the interests, of workers hired on the basis of individual contracts in certain establishments. In the event any activity is outsourced, and is carried out by labourers hired on contractual basis, compliance with the CLRA including registration will be necessary and the principal employer will be held liable in the event of default by the contractor to make requisite payments towards provident fund. The CRLA regulates the employment of contract labour in certain establishments provides for its abolition in certain circumstances. It applies:

- to every establishment which does not carry on intermittent/ casual work in which 20 or more workmen are/ were employed on any day of the preceding 12 months as contract labour ("**Establishment**");
- To every contractor who employs, or who employed on any day of the preceding 12 months, 20 or more workmen.

Every Establishment must, within the specified period, apply to the registering officer for registration of the Establishment and obtain a certificate of registration containing such particulars as may be prescribed.

Further, a contractor can only undertake or execute any work through contract labour under and in accordance with a licence issued in that behalf by the licensing officer. The license may contain conditions including, in particular, conditions as to hours or work, fixation of wages and other essential amenities in respect of contract labour. The license will be valid for the period specified therein.

Every contractor is duty-bound to provide and maintain supply of drinking water, canteens, rest-rooms latrines and urinals, washing facilities, first- aid box in the prescribed manner for contract labour employed in connection with the work of an Establishment to which the Act applies. If such amenities are not provided by the contractor within the prescribed time, such amenities shall be provided by the principal employer of the Establishment. Contractor shall be responsible for payment of wages to each worker employed by him as contract labour within the prescribed period and in case he fails to do so, the principal employer of the Establishment will be so responsible. Every principal employer and contractor is required to maintain the prescribed records in respect of the contract labour employed.

The Contract Labour (Regulation and Abolition) Central Rules, 1971

The rules were formulated to carry out the purposes of the Contract Labour (Regulation and Abolition) Act, 1970 ("Act") has not been captured. As per the Rules, the application for registration of establishments to which the Act applies shall be made in Form I in triplicate and shall be accompanied by a treasury receipt showing payment of fees. A certificate of registration in Form II containing particulars of the name of the establishment, type of work carried on therein, number of contract labourers employed and other particulars is then issued. Any change in these particulars must be intimated by the principal employer at the establishment within 30 days of such change along with details of such change. Every application for license by the Contractor, made in Form IV, shall be accompanied by a certificate by the principal employer in Form V to the effect that the applicant has been employed by him as a contractor in relation to his establishment. Security as prescribed must also be deposited. Every license granted to the contractor in Form VI is non- transferable and shall contain particulars such as the maximum number of contract labourers employed.

Shops and Establishments legislations in various states

The provisions of various Shops and Establishments legislations, as applicable, regulate the conditions of work and employment in shops and commercial establishments and generally prescribe obligations in respect of *inter alia* registration, opening and closing hours, daily and weekly working hours, holidays, leave, health and safety measures and wages for overtime work. Accordingly, the provisions of the Bombay Shops and Establishments Act, 1948 are applicable to our Company.

Environmental Laws

Manufacturing projects must also ensure compliance with environmental legislation such as the Water (Prevention and Control of Pollution) Act 1974 ("**WPA**"), the Air (Prevention and Control of Pollution) Act, 1981 ("**APA**") and the Environment Protection Act, 1986 ("**EPA**").

The WPA aims to prevent and control water pollution. This legislation provides for the constitution of a Central Pollution Control Board and State Pollution Control Boards. The functions of the Central Board include coordination of activities of the State Boards, collecting data relating to water pollution and the measures for the prevention and control of water pollution and prescription of standards for streams or wells. The State Pollution Control Boards are responsible for the planning for programmes for prevention and control of pollution of streams and wells, collecting and disseminating information relating to water pollution and its prevention and control; inspection of sewage or trade effluents, works and plants for their treatment and to review the specifications and data relating to plants set up for treatment and purification of water; laying down or annulling the effluent standards for trade effluents and for the quality of the receiving waters; and laying down standards for treatment of trade effluents to be discharged. This legislation debars any person from establishing any industry, operation or process or any treatment and disposal system, which is likely to discharge trade effluent into a stream, well or sewer without taking prior consent of the State Pollution Control Board.

The Central and State Pollution Control Boards constituted under the WPA are also to perform functions as per the APA for the prevention and control of air pollution. The APA aims for the prevention, control and abatement of air pollution. It is mandated under this Act that no person can, without the previous consent of the State Board, establish or operate any industrial plant in an air pollution control area.

EPA has been enacted for the protection and improvement of the environment. EPA provides for the constitution of Boards to regulate pollution levels and protect the environment, the formulation of rules with regard to environmental standards and imposes certain obligations. It stipulates that no person carrying on any industry, operation or process shall discharge or emit or permit to be discharged or emitted any environmental pollutant in excess of such standards as may be prescribed. Further, no person shall handle or cause to be handled any hazardous substance except in accordance with such procedure and after complying with such safeguards as may be prescribed. EPA empowers the Central Government to take measures to protect and improve the environment such as by laying down standards for emission or discharge of pollutants, providing for restrictions regarding areas where industries may operate and so on. The Central Government may make rules for regulating environmental pollution.

The issue of management, storage, and disposal of hazardous waste is regulated by the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 (the "**HWM Rules**") made under the EPA Act. The Rules become applicable in case of an industrial activity in which a hazardous chemical which satisfies certain criteria as listed in the schedule thereto, and to an industrial activity in which there is involved a threshold quantity of hazardous chemicals as specified in the schedule thereto. The occupier of a facility where such industrial activity is undertaken has to provide evidence to the prescribed authorities that he has identified the major accident hazards and that he has taken steps to prevent the occurrence of such accident and to provide to the persons working on the site with the information, training and equipment including antidotes necessary to ensure their safety. Under the HWM Rules, the PCBs are empowered to grant authorization for collection, treatment, storage and disposal of hazardous waste, either to the occupier or the operator of the facility. A similar regulatory framework is also established with respect to bio-medical waste under the Bio-Medical Waste (Management and Handling) Rules, 1998.

Where a major accident occurs on a site or in a pipe line, the occupier shall forthwith notify the concerned authority and submit reports of the accident to the said authority.

Furthermore, an occupier shall not undertake any industrial activity unless he has submitted a written report to the concerned authority containing the particulars specified in the schedule to the Rules at least 3 months before commencing that activity or before such shorter time as the concerned authority may agree.

In addition, the Ministry of Environment and Forests, GoI (the "**MoEF**") looks into environment impact assessment ("**EIA**"). The MoEF receives proposals for expansion, modernization and setting up of projects, and the impact such projects would have on the environment is assessed by the MoEF before granting clearances for the proposed projects. Furthermore, the Manufacture, Storage and Import of Hazardous Chemicals Rules, 1989 (the "**Hazardous Chemicals Rules**") stipulate that an occupier in control of an industrial activity has to provide evidence for having identified the major accidental hazards and taking adequate steps to prevent major accidents and to limit their consequences to persons and the environment. The persons working on site have to be provided with information, training and equipments including antidotes necessary to ensure their safety.

The Public Liability Insurance Act, 1991 (the "**PLIA**") imposes liability on the owner or controller of hazardous substances for any damage arising out of an accident involving such hazardous substances. A list of hazardous substances covered by the legislation has been enumerated way of a notification. The owner or handler is also required to take out an insurance policy insuring against liability under the legislation. The rules made under the PLIA mandate that the employer has to contribute towards the environment relief fund, a sum equal to the premium paid on the insurance policies. The amount is payable to the insurer. Where death or injury to any person (other than a workman) or damage to any property has resulted from an accident (being caused during the handing of any hazardous substance resulting in continuous or intermittent or repeated exposure to death of, or injury to, any person or damage to any property), the person who owns, or has control over handling, such hazardous substance at the time of the Accident shall be liable to give such relief as is specified in the Schedule to the Act for such death, injury or damage.)

Bio-Medical Waste (Management and Handling) Rules, 1998 ("BMW Rules")

The BMW Rules apply to all persons who generate, transport, treat, dispose or handle bio-medical waste in any form and regulate the mode of treatment and disposal of bio-medical waste. The BMW Rules mandate every occupier of an institution generating, collecting, transporting, treating, disposing and/or handling bio-medical waste to take steps to ensure that such waste is handled without any adverse effect to human health and environment and to apply to the prescribed authority for grant of authorisation. The BMW Rules further require such person to submit an annual report to the prescribed authority and also to maintain records related to the generation, collection, storage, transportation, treatment, disposal, and/or any form of handling of bio-medical waste in accordance with rules and guidelines issued.

Tax Laws

The Customs Act, 1962 ("Customs Act")

The Customs Act, 1962 has been enacted to consolidate and amend the laws related to customs. The Custom Act provides that all importers must file a bill of entry or a cargo declaration, containing the prescribed particulars for a customs clearance. Additionally, a series of other documents relating to the cargo are to be filed with the appropriate authority. After registration of the bill of entry, it is forwarded to the concerned appraising group in the custom house. This is followed by an assessment by the assessing officer in order to determine the duty liability which is on the basis of statement made in the entry relating thereto and the documents produced and information furnished by the importer or exporter. Further, all imported goods are examined for verification of correctness of description given in the bill of entry. Post-assessment, the importer may seek delivery of the goods from the custodians.

Central Excise

Excise duty imposes a liability on a manufacturer to pay excise duty on production or manufacture of goods in India. The Central Excise Act, 1944 is the principal legislation in this respect, which provides for the levy and collection of excise and also prescribes procedures for clearances from factory once the goods have been manufactured etc. Additionally, the Central Excise Tariff Act, 1985 prescribes the rates of excise duties for various goods.

Service Tax

The provisions relating to service tax were brought into force with effect from 1st July 1994. Service tax is tax on services and levied on specified services and the responsibility of payment of the tax is generally cast on the service provider but for few exceptions. Under Section 67 of the Finance Act, 1994, Service Tax is levied on the gross or aggregate amount charged by the service provider on the receiver.

Value Added Tax ("VAT")

Value Added Tax is a system of multi-point levy on each of the entities in the supply chain with the facility of set-off input tax whereby tax is paid at the stage of purchase of goods by a trader and on purchase of raw materials by a manufacturer. Only the value addition in the hands of each of the entities is subject to tax. VAT is based on the value addition of goods, and the related VAT liability of the dealer is calculated by deducting input tax credit for tax collected on the sales during a particular period. VAT is essentially a consumption tax applicable to all commercial activities involving the production and distribution of goods, and each State that has introduced VAT has its own VAT Act, under which, persons liable to pay VAT must register themselves and obtain a registration number.

Sales Tax Act ("STA")

The tax on sale of movable goods within India is governed by the provisions of the Central Sales Tax Act, 1956 or relevant state law depending upon the movement of goods pursuant to the relevant sale. If the goods move inter-state pursuant to a sale arrangement, then the taxability of such sale is determined by the Central Sales Tax Act, 1956. On the other hand, when the taxability of an arrangement of sale of movable goods which does not contemplate movement of goods outside the state where the sale is taking place is determined as per the local sales tax/VAT legislations in place within such state.

Miscellaneous laws applicable to us:

The Narcotic Drugs and Psychotropic Substances Act, 1985 (the "NDPS" Act)

The NDPS Act makes stringent provisions for the control and regulation of operations relating to narcotic drugs and psychotropic substances, to provide for the forfeiture of property derived from, or used in, illicit traffic in narcotic drugs and psychotropic substances, to implement the provisions of the International Convention on Narcotic Drugs and Psychotropic Substances and for matters connected therewith. The Act authorizes the Central Government to take all such measures as it deems necessary or expedient for the purpose of preventing and combating abuse of narcotic drugs and psychotropic substances. The NDPS Act prohibits the production, manufacture, possess, sell, purchase, transport, warehouse, use, consume, import inter-State, export inter-State, import into India, export from India or transport any narcotic drug or psychotropic substance, except for medical or scientific purposes as provided.

Moreover, the provisions of the Standard of Weights and Measures Act are also applicable to our Company.

HISTORY AND CERTAIN OTHER CORPORATE MATTERS

Brief Corporate Profile of our Company

Our Company was incorporated as 'Sun Pharma Advanced Research Company Limited' on March 01, 2006, a public limited company in Gujarat, and registered *vide* registration number 47837 of 2006 issued by Assistant Registrar of Companies, Gujarat, Ahmedabad under the Companies Act. Our Company received its certificate of commencement of business on March 22, 2006, issued by Registrar of Companies, Gujarat. There have been no changes in the name of our Company. Our Company's CIN is L73100GJ2006PLC047837.

The Promoter of our Company is Mr. Dilip Shanghvi. Our Company was incorporated as a wholly owned subsidiary of SPIL, our Group Entity. Pursuant to the Scheme of Demerger (details of which are set forth herein below on page 143), as sanctioned by the High Court of Gujarat at Ahmedabad *vide* orders dated September 01, 2006 and March 01, 2007, the transfer of SPIL's Innovative Research and Development business to our Company was approved. Consequently, 1 Equity Share of our Company of face value ₹ 1.00 each was issued to each of the shareholders of SPIL for every 1 equity share of face value ₹ 5 each, held by them in SPIL as on the record date, i.e. April 30, 2007. Further, in terms of the Scheme of Arrangement, consequent to the allotment made to the shareholders of SPIL on May 05, 2007, the shareholding of SPIL in our Company was cancelled. As a result, our Company ceased to be a wholly owned subsidiary of SPIL. For details of changes in the capital structure of our Company, please refer to the chapter titled "*Capital Structure*" beginning on page 67. Thereafter, the Equity Shares of our Company were listed on the BSE and NSE with effect from July 18, 2007 pursuant to the relaxation from the requirements of Rule 19(2)(b) of the SCRR granted by SEBI by their letter no. CFD/DIL/NB/NB98342/2007 dated July 10, 2007.

As on August 03, 2012 the total number of holders of Equity Shares of our Company was 59,386.

Our Company's activities

For details of our business and projects in which our Company is presently involved in, please refer to the chapter titled "*Business*" beginning on page 116.

Our turnover and profitability (as per restated financial statements) for the and past 3 Fiscals have been as follows:

(*₹ in million*)

Particulars	Fiscal 2012	Fiscal 2011	Fiscal 2010
Total Income	301.22	595.87	346.31
Profit/ (loss) before depreciation interest and tax	(687.96)	(53.86)	(187.69)
Profit/ (loss) after Tax as restated	(722.33)	(77.62)	(216.79)

Change in our Registered Office

Our Company's Registered Office was located at Sun Pharma Advanced Research Centre, Tandalja, Vadodara – 390 020 Gujarat, India at the time of incorporation. Details of change in address of our Registered Office are as under:

Sr. No.	Effective date	Address of the Registered Office	Reason
1.	February 19, 2007	Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara – 390 020 Gujarat, India	Administrative convenience

Main Objects of our Company

The main objects of our Company as contained in our MOA are:

1. 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 Incorporation

The following table sets forth the changes made to our Company's MOA since incorporation:

Sr. No.	Particulars of Change	Date of Shareholders' Meeting	AGM/EGM
1.	**Alteration to Objects Clause** Alteration to exclude certain clauses which were deemed irrelevant to the research and development business of our Company and insertion of certain clauses	March 09, 2007	EGM
2.	**Adoption of the new set of Memorandum of Association** Adoption of new set of Memorandum of Association with altered Main Objects 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 and development and insertion of certain clauses.	March 23, 2007	EGM
3.	**Increase in the Authorised Share Capital** Pursuant to the Scheme of Demerger, the Authorised Capital Clause was altered and amended to state as under*: *"The authorised share capital of the Company is Rs.26,65,00,000/- (Rupees Twenty Six Crores Sixty Five Lacs only) divided into 26,65,00,000 (Twenty Six Crores Sixty Five Lacs) Equity Shares of Re. 1/- (Rupee one only) each with power to classify or reclassify, increase or reduce the capital from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power to divided the share capital for the time being into several classes and to attach thereto respectively any preferential, qualified or special rights, privileges or condition including as to voting and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with these present and the Articles of Association"*	*	*

**Pursuant to the Scheme of Demerger. The increase in authorised share capital was communicated by our Company to the RoC vide letter dated April 14, 2007*

Major Events

The following table sets forth the major events in the history of our Company, since incorporation:

Year	Event

Year	Event
2006	Our Company was incorporated as "*Sun Pharma Advanced Research Company Limited*", as a wholly owned subsidiary company of SPIL
2007	Pursuant to the Scheme of Arrangement approved by the High Court of Gujarat at Ahmedabad, the Innovative Research and Development business of SPIL was transferred to our Company and our Company ceased to be a wholly owned subsidiary of SPIL
	The Equity Shares of our Company were listed on BSE and NSE with effect from July 18, 2007
2009	Setting up of R & D facility at Makarpur
2011	Letter Agreement dated April 11, 2011 entered into by and between our Company, Sun Laboratories FZE and Merck Sharp & Dohme B.V. regarding rights and obligations under Master Collaboration Agreement between Merck Sharp & B.V. and Sun Laboratories FZE pertaining to grant of rights and obligations to Sun Laboratories FZE by our Company to develop, manufacture, use and commercialise certain specific products.

Awards and Achievements

Our Company has been awarded "Achievement of Accreditation" dated May 27, 2009 issued by Association of Assessment and Accreditation for Laboratory Animal Care.

Mergers and acquisitions in the history of our Company

Demerger of the Innovative R & D business of SPIL into our Company:

The Scheme of Arrangement between Sun Pharmaceutical Industries Limited and Sun Pharma Advanced Research Company Limited in the nature of demerger and transfer of the Innovative Research and Development business to our Company, sanctioned by the orders of the High Court of Gujarat at Ahmedabad ("High Court") dated September 01, 2006 and March 01, 2007 passed in Company Petition no. 88 of 2006 connected with Company applications 189 of 2006 and 71 of 2007.

Pursuant to the Scheme of Demerger, SPIL's Innovative Research and Development business was demerged and transferred to SPARC towards *inter alia* achieving independent focus of SPARC in the areas of innovative research and development. The Scheme of Demerger was made in compliance with Sections 391 – 394 of the Companies Act and in furtherance thereof, the Scheme of Arrangement provided for various other matters interconnected with the said demerger, including reorganisation of the share capital of SPIL and SPARC. SPARC acquired all the assets and liabilities held by SPIL's Innovative R & D business immediately prior to the demerger at book value. Further, all employees, consultants and advisors of SPIL's demerged business immediately prior to the demerger became employees, consultants and advisors of SPARC, as the case may be.

Further, in terms of the Scheme of Arrangement, 1 Equity Share of SPARC of face value ₹ 1.00 each was issued to each of the shareholders of SPIL for every 1 equity share of ₹ 5 each, held by them in SPIL as on the record date, i.e. April 30, 2007. As a result, SPARC ceased to be a wholly owned subsidiary of SPIL and the shareholders of SPIL also became the Shareholders of SPARC. SPIL's Innovative Research and Development business was transferred to SPARC on a going concern basis. For further details of Equity Shares allotted by our Company in compliance with this provision of the Scheme of Arrangement, please refer to the chapter titled "*Capital Structure*" beginning on page 67. In accordance with the Scheme of Arrangement, SPARC was also required to issue, subject to any legal advise it may obtain, Equity Shares to certain holders of foreign currency convertible bonds issued by SPIL. For further details of Equity Shares issued and allotted by our Company to holders of such foreign currency convertible bonds issued by SPIL, please refer to the chapter titled "*Capital Structure*" beginning on page 67.

The Scheme of Arrangement also provided that SPARC would have the right to use the "Sun" brand and logo and that suitable agreements may be entered into between SPARC and SPIL in this regard.

The effective date for the above Scheme of Arrangement was February 28, 2007. Thereafter, SEBI *vide* its letter bearing no. CFD/DIL/NB/NB98342/2007 dated July 10, 2007 granted relaxation from the requirements of Rule 19(2)(b) of the SCRR, for the purpose of listing of the Equity Shares of our Company

on BSE and NSE. Consequently, the Equity Shares of SPARC were listed on BSE and NSE with effect from July 18, 2007.

For details of our Company's business, including details of our Company's R & D business, our competition and strengths, etc., please refer to the chapter titled "*Business*" beginning on page 116. For details of our management including our Key Managerial Personnel, please refer to the chapter titled "*Management*" beginning on page 146.

Raising of capital in the form of equity or debt

Other than as disclosed under chapters titled "*Capital Structure*" and "*Financial Indebtedness*" beginning on pages 67 and 214 respectively, our Company has not raised any capital either in the form of equity or debt.

Revaluation of assets

There has been no revaluation of assets in the history of our Company.

Changes in the activities of our Company having a material effect

There have been no changes in the activities of our Company in the past 5 years, which may have had a material effect on our profits or loss, including discontinuance of our lines of business, loss of agencies or markets and similar factors. For details of our Company's activities, please refer to the chapter titled "*Business*" beginning on page 116.

Injunctions or Restraining Orders

Our Company is not operating under any injunction or restraining order.

Time and cost overruns

There have been no time and cost overruns in any projects undertaken by our Company since incorporation.

Defaults and rescheduling of borrowings

None of the loans / facilities which have been availed by our Company has been rescheduled. Further our Company has not defaulted on any loans availed by it since incorporation.

Strikes and lock- outs

Our Company has, since incorporation, not been involved in any labour disputes or disturbances including strikes and lock- outs. As on the date of this Letter of Offer, our employees are not unionized.

Our Subsidiaries

Our Company does not have any subsidiaries as on the date of this Letter of Offer.

Agreements entered into with certain Shareholders in our Company

There are no agreements entered into by / between the Shareholders of our Company as on the date of this Letter of Offer.

Other material contracts

Except for agreements entered into between our Company and SPIL with respect to properties, there are no other agreements entered into which are not in the ordinary course of business. For details of the same, please refer to the section titled "*Property*" in the chapter titled "*Business*" beginning on page 116.

Strategic Partners

Our Company does not have any strategic partners as on the date of this Letter of Offer.

Financial Partners

Our Company does not have any financial partners as on the date of this Letter of Offer.

MANAGEMENT

Under our Articles of Association, our Company is required to have not less than 3 Directors and unless otherwise determined by our Company in a General Meeting not more than twelve (12) Directors, subject to Section 252 of the Companies Act. Currently, our Company has 6 Directors out of which 3 are Independent Directors. The composition of the Board of Directors is governed by the provisions of the Companies Act and the Listing Agreements entered into by our Company with the Stock Exchanges and the norms of the code of corporate governance as applicable to listed companies in India.

Board of Directors

As on the date of this Letter of Offer, our Board comprises of:

Sr. No.	Name, Designation, Father's name, Address, Nationality, Occupation and DIN	Age	Date of Appointment as Director and Term	Details of other Directorships / partnerships / co-operative societies
1.	**Mr. Dilip Shanghvi** ***Designation and Status of Directorship:*** Chairman & Managing Director, Executive and Promoter Director ***Father's name:*** Mr. Shantilal Shanghvi ***Residential Address:*** "Tirth", Plot number 17, New India Society, 12th Road, Juhu Vile Parle Scheme, Mumbai- 400 049, Maharashtra, India ***Nationality:*** Indian ***Occupation:*** Industrialist ***DIN:*** 00005588	56 years	*Date of appointment as Director:* at incorporation *Chairman & Managing Director Since:* March 1, 2007 *Term:* Commencing from March 01, 2012 to February 28, 2017 or till such date when he becomes liable to retire by rotation.	***Public limited companies*** 1. Sun Pharmaceutical Industries Limited; ***Private limited companies*** 2. Sun Petrochemicals Private Limited; 3. Aditya Thermal Energy Private Limited; 4. Alfa Infraprop Private Limited; ***Bodies corporate*** 5. Caraco Pharmaceutical Laboratories Limited; 6. Sun Pharma de Mexico SA de CV; 7. SPIL de Mexico SA de CV; 8. Taro Research Institute Limited, Israel; 9. MSD-Sun, FZ-LLC ***Section 25 company*** 10. Shantilal Shanghvi Foundation
2.	**Dr. Rajamannar Thennati** ***Designation and Status of Directorship:*** Whole Time Director and Executive Vice President – R & D, Executive and Non Independent Director ***Father's name:*** Mr. Munirathnam Thennati ***Residential Address*:** G-114, Avishkar Complex, Old Padra Road, Vadodara-390 015, Gujarat, India	50 years	*Date of appointment as Director:* June 04, 2007 *Whole Time Director since:* June 04, 2007 *Term as Whole Time Director:* Commencing from June 04, 2010 to June 03, 2013 or till such date when he becomes liable to retire by rotation	***Private limited companies*** 1. SPARC Bio-Research Private Limited

Sr. No.	Name, Designation, Father's name, Address, Nationality, Occupation and DIN	Age	Date of Appointment as Director and Term	Details of other Directorships / partnerships / co-operative societies
	Nationality: Indian ***Occupation:*** Service ***DIN:*** 01415412			
3.	**Mr. Sudhir Valia** ***Designation and Status of Directorship:*** Non Executive Director and Non Independent Director ***Father's name:*** Mr. Vrundavandas Valia ***Residential Address*:** 801, Alaap Building, 8th Floor, 173, S. K. Balchandra Road, opposite Hindu Society, Road number 2, Dadar (East), Mumbai- 400 014, Maharashtra, India ***Nationality:*** Indian ***Occupation:*** Business ***DIN:*** 00005561	55 years	*Date of appointment as Director:* at incorporation *Term:* liable to retire by rotation	***Public limited companies*** 1. Sun Pharmaceutical Industries Limited; 2. Suraksha Realty Limited; 3. Nisha Capital Services Limited; 4. Sejraj Financial Services Limited; 5. Eklavya Securities Limited; ***Private limited companies*** 6. Aditya Thermal Energy Private Limited; 7. Alfa Infraprop Private Limited; 8. Universal Enterprises Private Limited; 9. Karad Chemicals & Allied Products Private Limited; 10. Lakshdeep Investments & Finance Private Limited; 11. Sun Petrochemicals Private Limited; 12. Minaxi Fiscal Services Private Limited; ***Bodies corporate*** 13. Caraco Pharma Inc.; 14. Caraco Pharmaceutical Laboratories Limited; 15. Taro Pharmaceutical Industries Limited, Israel; 16. Taro Development Corporation; 17. Taro Pharmaceutical North America Inc.; 18. Taro Pharmaceutical Inc. Canada; 19. Taro Pharmaceutical Canada Ltd. 20. Taro Pharmaceutical USA, Inc.; 21. Taro International Limited, Israel; 22. Sun Pharmaceuticals (SA) (PTY) Limited; 23. Sun Pharmaceutical Industries (Europe) B.V; 24. Sun Global Canada PTY Limited; 25. Sun Pharmaceutical

Sr. No.	Name, Designation, Father's name, Address, Nationality, Occupation and DIN	Age	Date of Appointment as Director and Term	Details of other Directorships / partnerships / co-operative societies
				Industries Inc; 26. Sun Pharma de Mexico SA de CV; 27. SPIL de Mexico SA de CV; 28. Alkaloida Chemical Company Exclusive Group Limited; 29. Aditya Acquisitions Company Limited; 30. Morley and Company Inc. ***Section 25 Company*** 31. Shantilal Shanghvi Foundation. 32. Krishna Vrundavan Pratishthan ***Limited liability partnerships*** 33. Thirdwave Multitrade, LLP 34. Silverstreet Developers, LLP 35. Neostar Developers, LLP
4.	**Prof. Dr. Goverdhan Mehta** ***Designation and Status of Directorship:*** Independent Director ***Father's name:*** Mr. Kishen Mal Mehta ***Residential Address:*** National Research Professor and Lilly-Jubilant Chair, University of Hyderabad, P.O. Central University, Hyderabad - 500046 Andhra Pradesh, India ***Nationality:*** Indian ***Occupation:*** Professional ***DIN:*** 00350615	68 years	*Date of appointment as Director:* June 04, 2007 *Term:* liable to retire by rotation	***Public limited companies*** 1. Novitas Research Labs Private Limited; 2. Piramal Enterprises Limited (formerly known as Piramal Healthcare Limited)
5.	**Mr. Mohanchand Dadha** ***Designation and Status of Directorship:*** Independent Director ***Father's name:*** Mr. Sobhagmal Dadha ***Residential Address:*** New 250 (268), Lloyds	75 years	*Date of appointment as Director:* June 04, 2007 *Term:* liable to retire by rotation	***Public limited companies*** 1. Sun Pharmaceutical Industries Limited; 2. RX Distribution India Limited; ***Private limited companies*** 3. Dadha Pharma Private Limited; 4. Abhaya Education Private Limited

Sr. No.	Name, Designation, Father's name, Address, Nationality, Occupation and DIN	Age	Date of Appointment as Director and Term	Details of other Directorships / partnerships / co-operative societies
	Road, Chennai- 600 014, Tamil Nadu, India ***Nationality:*** Indian ***Occupation:*** Business ***DIN:*** 00087414			5. Wardex Pharmaceuticals Private Limited; ***Sole proprietorship*** 6. M/s. Pradeep Dadha Agencies; 7. M/s. Dadha Heritage
6.	**Prof. Dr. Andrea Thaddaus Vasella** ***Designation and Status of Directorship:*** Independent Director ***Father's name:*** Mr. Oscar Emil Vasella ***Residential Address:*** Wolfgang, Paulistrasse 14, PF 245, CH 8093, Zurich, Switzerland ***Nationality:*** Swiss ***Occupation:*** Professional ***DIN:*** 01653058	69 years	*Date of appointment as Director:* June 04, 2007 *Term:* liable to retire by rotation	***Bodies corporate*** 1. Helvetica Chimica Acta

Note: None of the above mentioned Directors are on the RBI List of wilful defaulters as on the date of the Letter of Offer.

Further, neither our Company nor our Promoter, persons forming part of our Promoter Group, Directors or persons in control of our Company are debarred from accessing the capital market by SEBI.

None of our Promoter, Directors or persons in control of our Company, has been or is involved as a promoter, director or person in control of any other company, which is debarred from accessing the capital market under any order or directions made by the SEBI.

The companies, with which any of our Promoter, Directors or persons in control of our Company are or were associated as promoters, directors or persons in control, have not been prohibited from accessing or operating in capital markets under any order or direction passed by SEBI or the RBI or any other regulatory or governmental authority.

Further, none of our Directors were directors of any company when the shares of the said company were suspended from trading by Stock Exchange(s) for more than 3 months during last 5 years or delisted.

Brief Biography of the Directors

Mr. Dilip Shanghvi, aged 56 years, is the Chairman & Managing Director of our Company. He has been a Director of our Company since incorporation. He was appointed as the Chairman & Managing Director of our Company on March 01, 2007. He has been re-appointed for a further period of five years with effect from March 01, 2012. Mr. Shanghvi holds a Bachelor's degree in commerce from Kolkata University. Mr. Shanghvi was the founding partner of M/s. Sun Pharmaceutical Industries, a partnership firm which was later converted into Sun Pharmaceutical Industries Limited in 1993. He is also the current Managing Director of Sun Pharmaceutical Industries Limited. He has extensive experience in the pharmaceutical industry. He is actively involved in international pharmaceutical markets, business strategy, business development and research and development functions in our Company. He has been awarded various awards including the 'Businessman of the Year' awarded by Business India for the year 2011, 'Indian of the Year- Business' awarded by CNN-IBN for the year 2011,'Entrepreneur of the Year' awarded by Ernst & Young for the year 2010, Economic Times Entrepreneur of the Year award in 2008, Business Standard "CEO of the Year" in 2008, the 'First Generation Entrepreneur of the Year' awarded at the CNBC-TV 18 India Business Leader Awards 2007, , 'Entrepreneur of the Year' in the Healthcare and Life Sciences category awarded by Ernst & Young for the year 2005 and IMC Juran Quality Medal presented by the Indian Merchants Chamber for 2008.

Dr. Rajamannar Thennati, aged 50 years, is a Whole Time Director & Executive Vice President- R & D of our Company. He was appointed as a Whole Time Director of our Company with effect from June 04, 2007 for a period of three years. He has been re-appointed for a further period of three years with effect from June 04, 2010. Dr. Rajamannar holds a Masters degree in Science from University of Chennai, a Doctorate in Organic Chemistry from IIT, Chennai and holds a Post Doctoral degree from University of Zurich, Switzerland. He has approximately 26 years of experience in pharmaceutical research, drug discovery, identification project and research management. He was previously an employee of Sun Pharmaceutical Industries Limited since 1993 and has been associated with our Company pursuant to the Scheme of Demerger. At present Dr. Rajamannar is managing the research activities of our Company. Dr. Rajamannar has various research publications in international journals and numerous patent applications filed, to his credit. He is a Council Member of Chemical Research Society of India and National Organic Symposium Trust. He is a Ph.D. guide and M.Sc. Curriculum expert member at Faculty of Science and Technology, M.S. University of Baroda. He is also a faculty member at National Chemical Laboratory, Pune.

Mr. Sudhir Valia, aged 55 years, is a Non Executive Director of our Company. He was appointed as a Non Executive Director of our Company since incorporation. Mr. Valia holds a Bachelor's degree in Commerce from University of Mumbai. Mr. Valia is a Chartered Accountant with approximately 30 years of experience in finance and taxation. Mr. Valia has been awarded the "CFO of the Year" in the Healthcare sector for 2006 and 2009, in the pharma sector, by CNBC. He has also been awarded the "ADIVASI SEVAK PURASKAR 2008-2009" by the Government of Maharashtra for his contribution towards the welfare of tribals, especially in the field of education in his capacity as the Director of Shantilal Shanghvi Foundation. Mr. Valia has also received the Best Performing CFO in the pharma / healthcare sector at the CNBC TV18 CFO awards- 2012.

Prof. Dr. Goverdhan Mehta, aged 68 years, is an Independent Director of our Company. Prof. Dr. Mehta was appointed as an Independent Director of our Company from June 04, 2007. Prof. Dr. Mehta holds a Masters Degree in Science from University of Rajasthan, a Doctoral Degree in Organic Chemistry from University of Poona, a Post- Doctoral research at Michigan State University under Mr. Don Farnum and at the Ohio State University under Mr. Paul Gassman which was on the Chemistry of strained polycyclic systems that lead to the first preparation of the long south parent cyclopropenly cation. Prof. Dr. Mehta is an 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 of the India Institute of Science, Bangalore. He has in his career authored various research papers in leading international journals and delivered numerous lectures in different parts of the world. Prof. Dr. Mehta is a Fellow of leading science academies like the Indian National Academy, Royal Society, London (FRS), Russian Academy of

Sciences, Third World Academy of Sciences (FTWAS) and Indian Academy of Sciences (FASc). He has also received various 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 has been conferred 'Chevalier de la Legion d'Honneur' and Padmashri by the Governments of France and India, respectively. He has been nominated as the first "Lily International Grantee Scholar-Jubilant Bhartia Chair Professor" awarded jointly by the Eli Lily and Company and Jubilant Bhartia Foundation. He has also been named as the 'National Research Professor' by the Government of India.

Mr. Mohanchand Dadha, aged 75 years, is an Independent Director of our Company. He was appointed as an Independent Director of our Company from June 04, 2007. Mr. Dadha has done his Intermediate in Science from A.M. Jain College. He was the promoter and managing director of Tamilnadu Dadha Pharmaceuticals Limited before it merged with Sun Pharmaceutical Industries Limited. He is a trustee of several charitable institutions and a member of the Drug Advisory Committee and the Committee for the development of Drug Industries in Tamil Nadu, committees formed by the government of Tamil Nadu. He has over 55 years of experience in the pharma industry.

Prof. Dr. Andrea Vasella, aged 69 years, is an Independent Director of our Company. He was appointed as an Independent Director of our Company from June 04, 2007. He holds a Masters Degree equivalent in Biology and Chemistry from University of Fribourg, Switzerland, a Doctoral Degree in Natural Science from ETH Zurich and Post-Doctoral fellowships in which he was associated with Prof. Dr. J.E. Baldwin at Kings College, London, and with Prof. Dr. R.B. Woodward at Harvard University. He has also received an Honorary Doctoral Degree from the INSERM, Rouen, France and an Honorary Fellow of the Chemical Research Society of India (CRSI). He worked as an Oberassistent in ETH Zurich 1974 after which he moved to the University of Fribourg in 1977 as an assistant professor. He joined the University of Zurich in 1981 as an associate professor, and became a full time professor in 1987. He has been associated with ETH Zurich since 1993. He is a member of the Board of Trustees of Janggen Pohn Foundation and is a consultant/ member of the Scientific Advisory Board of various leading National and International Companies. He has various 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, the Roy L. Whistler Award of the International Carbohydrate Organisation and of the Haworth Memorial Lecture and Medal in the year 2009. Presently, he is the president of the board of directors of Helvetica Chimica Acta and is also a member of the Swiss Chemical Society and of the Royal Society of Chemistry.

Family Relationship between Directors

Except as stated below, none of the Directors or Key Managerial Personnel's are "relatives":

Name	Designation	Relationship with other Directors
Mr. Sudhir Valia	Non Executive Director	Brother-in-law of Mr. Dilip Shanghvi

Bonus or profit sharing plan for the Managing Director and Whole Time Director

There is no profit sharing plan or bonus plan for the Managing Director and Whole Time Director.

Arrangement or understanding with major Shareholders, customers, suppliers or others

None of the Directors or members of senior management have been appointed pursuant to any arrangement or understanding with major Shareholders, customers, suppliers or others.

Service Contracts

As on the date of this Letter of Offer, there is no service contract entered into by and between our Company and our Directors pursuant to which any benefits would accrue to our Directors upon termination of employment.

Borrowing powers of the Board of Directors

Our Articles of Association, subject to the provisions of the Companies Act, authorize the Board, to raise or borrow or secure the payment of any sum or sums of money for the purposes of our Company. The Shareholders have, pursuant to a resolution adopted at the EGM dated November 28, 2006 authorized the Board, to raise or borrow money, from time to time, at its discretion either from our Company's bank or any other bank, financial institution(s) or any other lending institution(s), body corporate, corporations or persons on such terms and conditions as may be considered suitable by the Board upto a limit not exceeding in the aggregate ₹ 30,000.00 million, notwithstanding that the monies to be borrowed together with the monies already borrowed by our Company (apart from temporary loans obtained from our Company's bankers in the ordinary course of business), will exceed the aggregate of the paid-up capital of our Company and its free reserves, that is to say, reserves not set apart for any specific purpose. For further details of the provisions of the Articles of Association regarding borrowing powers, please refer to the chapter titled "*Main Provisions of our Articles of Association*" beginning on page 320. For further details of the borrowing of our Company, please refer to the chapter titled "*Financial Indebtedness*" beginning on page 214.

Remuneration/Compensation of Directors

Compensation and Benefits to our Chairman and Managing Director

Mr. Dilip Shanghvi was appointed as a Director of our Company at incorporation. Mr. Dilip Shanghvi has since been appointed as Chairman & Managing Director of our Company in Extraordinary General Meeting held on March 23, 2007, with effect from March 01, 2007 to February 29, 2012 and / or the date on which he becomes liable to retire by rotation. He was further re-appointed for period of 5 years from March 01, 2012 to February 28, 2017. The terms of appointment of Mr. Shanghvi do not provide for payment of any remuneration to him.

Compensation and Benefits to our Whole Time Director

Dr. Rajamannar Thennati, Whole Time Director

Dr. Rajamannar Thennati is the Executive Vice President, Research & Development of our Company. Dr. Rajamannar Thennati is also on the Board of our Company and was re-appointed as Whole Time Director by the Shareholders of our Company, at the Annual General Meeting held on September 11, 2009, for a further period of 3 years with effect from June 04, 2010 on the following terms and conditions:

Tenure of Appointment	June 4, 2010 to June 3, 2013
Salary (including Bonus) and perquisites not exceeding	₹ 30 million per annum
Perquisites	He is entitled to furnished/non furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concession for self and family, club fees, personal accident insurance, Company's maintained car, telephones and such other perquisites, and reimbursement of expenses, in accordance with our Company's rules, the monetary value of such perquisites to be determined in accordance with the Income Tax Rules, 1962 being restricted to ₹ 6 million per annum. Company's contribution to provident fund and superannuation fund or annuity fund, encashment of leave, mediclaim, other reimbursement of expenses, if any, incurred for business exigencies, from time to time, gratuity payment as per Company's rules shall not be included in the computation of ceiling on remuneration and perquisites as aforesaid.
Remuneration paid in Fiscal 2012	₹ 28.02 million

Sitting Fees payable to our Non Executive Directors

Pursuant to the Board Resolution dated June 04, 2007 the Non- Executive Directors, Prof. Dr. Andrea Vasella, Mr. Mohanchand Dadha, Mr. Sudhir Valia and Prof. Dr. Goverdhan Mehta are entitled to sitting fees of ₹ 20,000 per meeting of the Board or any Committee thereof.

Details of sitting fees paid to our Non- Executive Directors in Fiscal 2012 are as under:

(₹ in million)

Sr. No.	Name of Director	Sitting Fee paid in Fiscal 2012
1.	Mr. Sudhir Valia	0.32
2.	Mr. Mohanchand Dadha	0.42
3.	Prof. Dr. Goverdhan Mehta	0.48
4.	Prof. Dr. Andrea Vasella	0.48

Shareholding of the Directors

As per the Articles, the Directors of our Company are not required to hold any qualification shares in our Company. Save and except as below, the Directors of our Company do not hold any Equity Shares in their personal capacity and either as sole or first holder, as on the date of filing of this Letter of Offer.

Sr. No.	Name of the Directors	Number of Equity Shares	% of pre-Issue Equity Share Capital
1.	Mr. Dilip Shanghvi*	23,114,048	11.16
2.	Dr. Rajamannar Thennati**	31,200	0.15
3.	Mr. Sudhir Valia***	1,538,400	0.74
4.	Mr. Mohanchand Dadha#	29,428	0.01
5.	Prof. Dr. Goverdhan Mehta	Nil	Nil
6.	Prof. Dr. Andrea Vasella	Nil	Nil

**Mr. Dilip Shanghvi holds 200,600 Equity Shares jointly with Ms. Vibha Shanghvi.*
***Dr. Rajamannar Thennati holds 31,200 Equity Shares jointly with Ms. Jeyanthi Rajamannar.*
****Mr. Sudhir Valia holds 2,400 Equity Shares jointly with Ms. Raksha Valia.*
#Mr. Mohanchand Dadha also holds 10,000 shares (0.005% of the total Share Capital) indirectly through S. Mohanchand Dadha HUF. Since the present total shareholding of Mr. Mohanchand Dadha directly and indirectly, does not exceed 0.019 %, he is not a substantial shareholder of our Company and the criteria of independence is fulfilled. Mr. Dadha is, thus considered as an Independent Director in our Company and this independence is not affected by virtue of his shareholding.

Interest of Directors

Except for Mr. Dilip Shanghvi who is our Promoter, none of our Directors are interested in the promotion of our Company.

Our Directors may be deemed to be interested to the extent of fees payable to them for attending meetings of the Board or a Committee thereof as well as to the extent of remuneration payable to them for their services as Whole Time Director of our Company and reimbursement of expenses as well as to the extent of commission and other remuneration, if any, payable to them under our Articles of Association. Some of the Directors may be deemed to be interested to the extent of consideration received/paid or any loan or advances provided to any body corporate including companies and firms, and trusts, in which they are interested as directors, members, partners or trustees.

Our Directors may also be deemed to be interested to the extent of Equity Shares, if any, already held by them or their relatives in our Company or the extent of securities of our Company that may be held by/ subscribed to by companies/ institutions / trusts / bodies corporate / proprietorships, etc., of which they are directors and/or members / partners / trustees / proprietorships or that may be subscribed for and allotted to our non-promoter Directors, out of the present Issue and also to the extent of any dividend payable to them and other distributions in respect of the said Equity Shares.

Our Directors may be deemed to be interested in the contracts, agreements/ arrangements entered into or to be entered into by our Company with any of either the Director himself, or any other company in which they hold directorships or any partnership firm in which they are partners, as declared in their respective declarations.

Our Directors may also be regarded interested to the extent of dividend payable to them and other distributions in respect of the Equity Shares, if any, held by them or by the companies / firms / ventures promoted by them or that may be subscribed by or allotted to them and the companies, firms, in which they are interested as Directors, members, partners and Promoter, pursuant to this Issue.

Our Directors do not have any interest in any property acquired by our Company in a period of 2 years before the date of this Letter of Offer or proposed to be acquired by us as on the date of this Letter of Offer. For further details of all the properties of our Company please refer to paragraph titled "*Our Property*" in the chapter titled "*Business*" beginning on page 116.

Further, save and except as stated otherwise in "*Statement of Transactions with Related Parties, as Restated*" in the section titled "*Financial Information*" beginning on page 170 and under the paragraph titled "*Common Pursuits*" in the chapter titled "*Group Entities"* beginning on page 202, our Directors do not have any other interests in our Company as on the date of this Letter of Offer.

Our Directors are not interested in the appointment of Registrar and Bankers to the Issue or any such intermediaries registered with SEBI.

Save and except as stated in the chapter titled *"Promoter and Promoter Group"* beginning on page 162, the Promoter of our Company does not have any other interests in our Company as on the date of this Letter of Offer.

Changes in the Board of Directors during the last three years

There has been no change in the Board of Directors during the last three years.

Corporate Governance

Corporate Governance is administered through our Board and the Committees of the Board. In compliance with the Clause 49 of the Listing Agreement with the Stock Exchanges, we have the following Board Level Committees in our Company, including:

1. Audit Committee
2. Shareholders' / Investors' Grievance Committee
3. Remuneration Committee

Audit Committee

The Audit Committee was constituted *vide* a resolution passed by the Board at its meeting held on June 04, 2007. The terms of reference of the audit committee covers the matters specified under Section 292A of the Act. The committee is responsible for effective supervision of the financial operations and ensuring that financial, accounting activities and operating controls are exercised as per the laid down policies and procedures.

The current terms of reference of the Audit Committee are in compliance with the requirements of clause 49 of the Listing Agreement as well as Section 292A of the Act. These broadly include approval of internal audit programme, review of financial reporting systems, internal control systems, ensuring compliance with statutory and regulatory provisions, discussions on quarterly, half yearly and annual financial results, interaction with senior management, statutory and internal auditors, recommendation for re-appointment of statutory auditors etc.

The audit committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Mohanchand Dadha	Chairman	Independent Director
Prof. Dr. Goverdhan Mehta	Member	Independent Director
Prof. Dr. Andrea Vasella	Member	Independent Director

Powers of the Audit Committee

1. To investigate any activity within its terms of reference.
2. To seek information from any employee.
3. To obtain outside legal or other professional advice.
4. To secure attendance of outsiders with relevant expertise, if it considers necessary.
5. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
6. Recommending to the Board, the appointment, re-appointment and, if required the replacement or removal of the statutory auditor and the fixation of audit fees and approval of payment to statutory auditors for any other services rendered by them.
7. Reviewing, with the management, the annual financial statements before submission to the board for approval, with particular reference to:
    a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
    b) Changes, if any, in accounting policies and practices and reasons for the same
    c) Major accounting entries involving estimates based on the exercise of judgment by management
    d) Significant adjustments made in the financial statements arising out of audit findings
    e) Compliance with listing and other legal requirements relating to financial statements
    f) Disclosure of any related party transactions
    g) Qualifications in the draft audit report
8. Reviewing, with the management, the quarterly financial statements before submission to the board for approval.
9. Reviewing, with the management, performance of statutory and internal auditors, and adequacy of the internal control systems.
10. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
11. Discussion with internal auditors any significant findings and follow up there on.
12. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board.
13. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
14. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors.
15. To review the functioning of the Whistle Blower mechanism, in case the same is existing.
16. To have discussions with the Auditors periodically, about internal control systems, scope of audit including the observations of auditors and review the half yearly and annual financial statements before submission to the Board and ensure compliance of internal control systems.
17. Authority to investigate in to any matter in relation to the items specified in Section 292A of the Companies Act, 1956 or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.

Role of the Audit Committee

1. Management discussion and analysis of financial condition and results of operations;

2. Statement of significant related party transactions (as defined by the audit committee), submitted by management;
3. Management letters / letters of internal control weaknesses issued by the statutory auditors;
4. Internal audit reports relating to internal control weaknesses; and
5. The appointment, removal and terms of remuneration of the Chief Internal Auditor.

Shareholders'/ Investors' Grievance Committee

Our Company has formed a Shareholders' / Investors' grievance committee pursuant to clause 49 of the listing agreement for looking into the redressal of shareholders' complaints like transfer of shares, non-receipt of balance sheet etc. The Shareholders' / Investors' grievance committee was constituted *vide* a resolution passed by the Board at its meeting held on June 04, 2007.

The Shareholders' / Investors' grievance committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Sudhir Valia	Chairman	Non Executive Director
Dr. Rajamannar Thennati	Member	Whole -Time Director
Prof. Dr. Goverdhan Mehta	Member	Independent Director
Prof. Dr. Andrea Vasella	Member	Independent Director

The Shareholders'/ Investors' Grievance Committee shall have the following powers:

1. To investigate into any matters in relation to transfer of securities or referred to it by the Board and for this purpose, shall have full access to information contained in the records of the Company and external professional advice, if necessary.
2. To investigate any activities within its terms of reference.
3. To seek information from share transfer agents.
4. To obtain outside legal or other professional advice.
5. To secure attendance of outsiders with relevant expertise, if it considers necessary.
6. To approve issue of duplicate share certificates and to oversee and review all matters connected with the transfer, transmission and issue of securities.
7. To look into redressing of shareholders' complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.
8. To oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investors services.

Remuneration Committee

Our Company has formed a remuneration committee pursuant to clause 49 of the listing agreement for reviewing, recommending and / or approving the remuneration payable to the Managing Director / Whole-Time Director of our Company. The remuneration committee was constituted *vide* a resolution passed by the Board at its meeting held on July 23, 2007.

The remuneration committee consists of the following Directors:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Mohanchand Dadha	Chairman	Independent Director
Prof. Dr. Goverdhan Mehta	Member	Independent Director
Prof. Dr. Andrea Vasella	Member	Independent Director

The Remuneration Committee shall have the following powers:

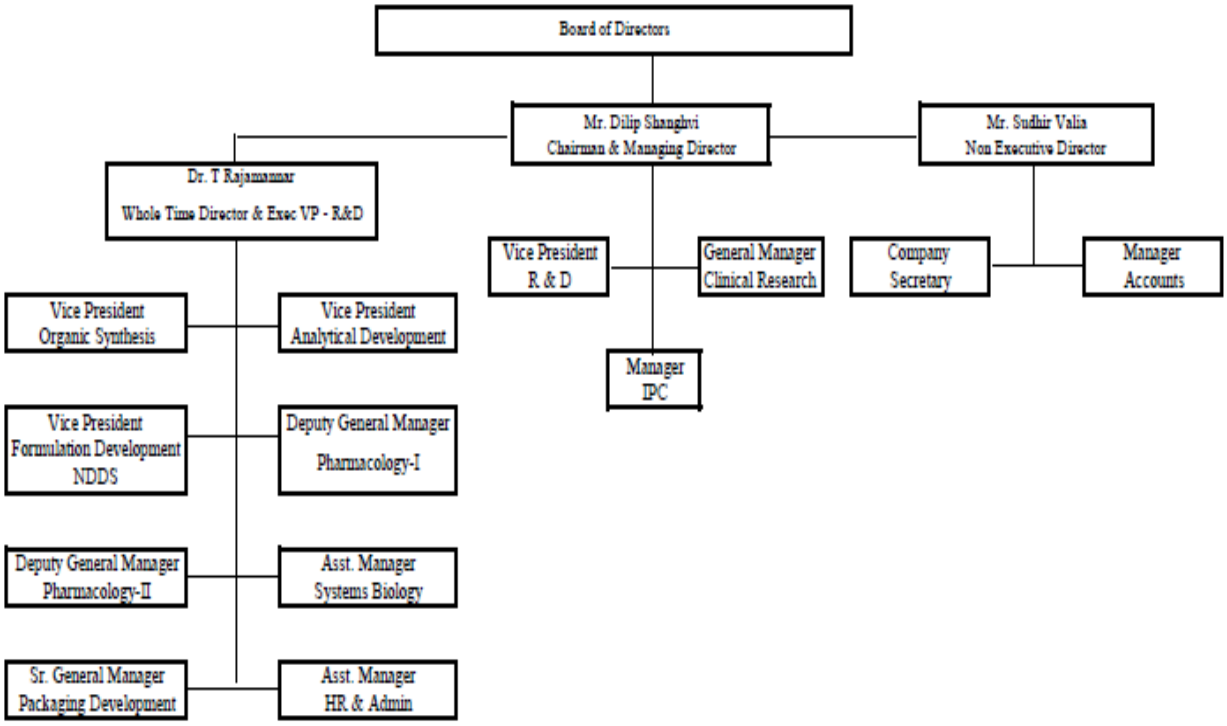
1. To determine the Companies policy on specific remuneration packages for executive directors including pension rights and any compensation payment.
2. To review, recommend and/or approve remuneration to Whole Time Directors.
3. To review and approve the Remuneration Policy of the Company.

4. To approve grant of Stock options to Directors and employees.
5. To discharge such other functions and exercise such other powers as may be delegated/ directed by the Board of Directors from time to time.

Apart from above committees our Company also has constituted other Committees, namely, the Ethics and Compliance Committee, Executive Committee and the Funds Mobilising Committee, towards its functioning and business activities.

Organisation Structure

As on the date of this Letter of Offer, the following is the organization structure of our Company:



Key managerial personnel of our Company

Our Company is managed by its Board of Directors, assisted by qualified professionals, who are permanent employees of our Company with varied experience in the field of research and development, finance and compliance.

The key managerial personnel of our Company other than our Executive Directors are as follows:

Sr. No.	Name & Age	Designation	Date of Joining our Company
1)	Dr. Subhas Bhowmick* Age: 57 years	Vice President- Research & Development (Formulation)	March 01, 2007
2)	Dr. Shivramchandra K.* Age: 57 years	Vice President- Research & Development (Analytical Development)	March 01, 2007
3)	Dr. Trinadha Rao Chitturi* Age: 53 years	Vice President- Research & Development (Organic Synthesis)	March 01, 2007
4)	Dr. Nitin Dharmadhikari* Age: 51 years	Vice President- Research & Development (Formulation)	March 01, 2007
5)	Ms. Meetal Sampat Age: 32 years	Company Secretary and Compliance Officer	February 01, 2009

Note:
**The key managerial personnel were employees of Sun Pharmaceutical Industries Limited and have been transferred to our Company pursuant to the Scheme of Demerger with effect from February 28, 2007. For further details of the Scheme of Demerger please refer to the chapter titled "History and Certain Other Corporate Matters" beginning on page 141.*

The details of our Key Managerial Personnel are set out below:

1) Dr. Subhas Bhowmick is the Vice President- Research & Development (Formulation). Dr. Bhowmick has obtained a Bachelor's degree in Pharmacy from Jadavpur University and Master's degree in Pharmacy from Jadavpur University**.** Dr. Bhowmick has been conferred a Ph. D. in Pharmacy from Jadavpur University. Dr. Bhowmick has 22 years of experience and prior to joining our Company he was associated with Sun Pharmaceutical Industries Limited from June 01, 1990 as Vice President- Research & Development (Formulation). Prior to joining Sun Pharmaceutical Industries Limited Dr. Bhowmick was associated with Milmet Laboratories as General Manager. Dr. Bhowmick currently heads a team of scientists working in various NDDS projects like nanotech, lipid research, particle engineering, topicals and inhalations. The remuneration paid to him, inclusive of perquisites and other benefits, in the Fiscal 2012 was ₹ 12.03.

2) Dr. Shivramchandra K. is the Vice President- Research & Development (Analytical). He has obtained a Bachelor's degree and Master's degree in Chemistry from University of Mysore. Dr. Shivramchandra has been conferred a Ph. D. in Chemistry from University of Baroda. He has 33 years of experience and prior to joining our Company he was associated with Sun Pharmaceutical Industries Limited from October 25, 1993 as Vice President- Research & Development (Analytical). Prior to joining Sun Pharmaceutical Industries Limited he was associated with M.J. Institute of Research as Manager-Analytical Services. Dr. Shivramchandra currently leads a team of analytical scientists who provides analytical support to research activities related to API synthesis, formulation development, NCE, NDDS development and phamacokinetic studies. He is also responsible for development of specifications, method transfers to plants and providing analytical support for regulatory filings. The remuneration paid to him, inclusive of perquisites and other benefits, in the Fiscal 2012 was ₹ 7.55 million.

3) Dr. Trinadha Rao Chitturi is the Vice President- Research & Development (Organic Synthesis). Dr. Chitturi has obtained a Master's degree in Organic Chemistry from Andhra University, Vishakhapatnam.

Dr. Chitturi has been conferred a Ph. D. in Chemistry from the Indian Institute of Technology, Kanpur and has undertaken postdoctoral research from the National Institutes of Health, USA. Dr. Chitturi has 20 years of industrial experience. Prior to joining our Company he was associated with Sun Pharmaceutical Industries Limited as Vice President- Research & Development (Organic Synthesis). Before joining Sun Pharmaceutical Industries Limited in May 1995, Dr. Chitturi was associated with Glaxo India Limited as Group Leader, Chemistry R&D. Dr. Chitturi currently undertakes research in medicinal chemistry, and leads a team in the new chemical entities for the drug discovery . The remuneration paid to him, inclusive of perquisites and other benefits, in the Fiscal 2012 was ₹ 9.31 million.

4) Dr. Nitin Dharmadhikari is the Vice President- Research & Development (Formulation). He has obtained a Bachelor's degree and a Master's degree in Pharmacy from Nagpur University. He has been conferred a Ph. D. in Pharmaceutics from Nagpur University. He has about 22 years of industry experience and prior to joining our Company he was associated with Sun Pharmaceutical Industries Limited from August 10, 1999 in various positions in Formulation Development Department. Prior to joining Sun Pharmaceutical Industries Limited he was associated with Ranbaxy Laboratories Limited as Senior Research Scientist. Dr. Dharmadhikari currently looks after product development based on Wrap Matrix and GRID which are solid oral platform technologies and development of other innovative oral products. The remuneration paid to him, inclusive of perquisites and other benefits, in the Fiscal 2012 was ₹ 11.39 million.

5) Ms. Meetal Sampat is the Company Secretary and Compliance Officer. Ms. Sampat has obtained a Bachelor's degree in Commerce from University of Mumbaiand an associate member of Institute of Company Secretaries of India. Ms. Sampat has 08 years of experience and prior to joining our Company she was associated with Sun Pharmaceutical Industries Limited, on deputation to Sun Petrochemicals Private Limited as its Company Secretary. Prior to joining Sun Pharmaceutical Industries Limited Ms. Sampat was associated with BDH Industries Limited as Company Secretary. The remuneration paid to her, inclusive of perquisites and other benefits, in the Fiscal 2012 was ₹ 0.80 million.

Bonus or profit sharing plan for the key managerial personnel

There is no profit sharing plan or bonus plan for the key managerial personnel.

Arrangements and understanding with major Shareholders, customers, suppliers or others

There is no arrangement or understanding with major Shareholders, customers, suppliers or others, pursuant to which any of the above mentioned Key Managerial Personnel was selected as member of senior management.

Change in our Key Managerial Personnel

There has been no change in the Key Managerial Personnel of our Company in the last three years.

Shareholding of Key Managerial Personnel

The following table sets forth the shareholding of our Key Managerial Personnel, in their personal capacity and either as sole or first holder, as on date of this Letter of Offer:

Sr. No.	Name	Numbers of Equity Shares Held	Percentage (%) Pre-Issue holding
1.	Dr. Subhas Bhowmick*	2,500	Negligible
2.	Dr. Shivramchandra K.	2,335	Negligible
3.	Dr. Trinadha Rao Chitturi	5,370	Negligible
4.	Dr. Nitin Dharmadhikari	22,500	0.01

** Dr. Subhas Bhowmick holds 2,500 Equity Shares with Ms. Rina Bhowmick*

Employees

Scheme of Employee Stock Option or Employee Stock Purchase

Our Company does not have any scheme of employee stock option or employee stock purchase.

Payment or Benefit to Officers of the issuer (non-salary related)

No amount or benefit has been paid or given within the two preceding years or intended to be paid or given to any officer.

PROMOTER AND PROMOTER GROUP

Mr. Dilip Shanghvi is the sole Promoter of our Company



Mr. Dilip Shanghvi, aged 56 years, Chairman and Managing Director

Please refer to the chapter titled "*Management*" beginning on page 146 for a brief profile of Mr. Dilip Shanghvi.

Driving License No.	MH02 20110011914
Voter Identification number	NA
Address	"Tirth", Plot number 17, New India Society, 12th Road, Juhu Vile Parle Scheme, Mumbai- 400 049, Maharashtra, India

We confirm that the Permanent Account Number, bank account numbers and passport number of our Promoter was submitted to BSE and NSE at the time of filing the Draft Letter of Offer with the Stock Exchanges.

Relationship of our Promoter with our Directors and our Key Managerial Personnel

Except as stated below, none of our Directors or Key Managerial Personnel's and Promoter are related to each other:

Name	Designation	Relationship with other Directors
Mr. Sudhir Valia	Non Executive Director	Brother-in-law of Mr. Dilip Shanghvi

Changes in our Promoter

The promoter of our Company is Mr. Dilip Shanghvi. Our Company was incorporated as a wholly owned subsidiary of SPIL, our Group Entity. Pursuant to the Scheme of Demerger, as sanctioned by the High Court of Gujarat at Ahmedabad *vide* orders dated September 01, 2006 and March 01, 2007 the transfer of SPIL's Innovative Research and Development business to our Company was approved. Consequently, 1 Equity Share of our Company of face value ₹ 1.00 each was issued to each of the shareholders of SPIL for every 1 equity share of ₹ 5 each, held by them in SPIL as on the record date, i.e. April 30, 2007. Further, in terms of the Scheme of Arrangement, consequent to the allotment made to the shareholders of SPIL on May 05, 2007, the shareholding of SPIL in our Company was cancelled. As a result, our Company ceased to be a wholly owned subsidiary of SPIL. For details of changes in the capital structure of our Company, please refer to the chapter titled "*Capital Structure*" beginning on page 67. For details of the Scheme of Arrangement, please refer to the chapter titled "*History and Certain Other Corporate Matters*" beginning on page 141.

Companies / Firms from which our Promoter has disassociated himself in last 3 years

Our Promoter has not disassociated himself from any of the companies, firms or other entities during the last 3 years preceding the date of this Letter of Offer.

Common Pursuits

There are no common pursuits between our Company, our Promoter and our Group Entities except as disclosed in the chapter titled "*Group Entities*" beginning on page 202.

Interest of our Promoter

Our Promoter is interested in our Company to the extent that he has promoted our Company, to the extent of his shareholding, for which he is entitled to receive the dividend declared and other distributions in respect of Equity Shares, if any, by our Company.

He is also the Chairman and Managing Director of our Company and as per the terms of the Agreement dated February 01, 2012 entered into between our Company and our Promoter, he is not entitled to receive any remuneration for his term as the Managing Director of our Company.

Our Promoter is also a director on the boards or is a member, or is a partner in some of our Group Entities and may be deemed to be interested to the extent of the payments made by our Company, if any, to these Group Entities.

Our Promoter may be deemed to be interested in the transactions entered into by our Company and the ventures where he is interested as a Promoter, Director or otherwise.

Except as stated in the section titled "*Financial Information*" beginning on page 170, we have not entered into any contract, agreements or arrangements during the preceding 2 years from the date of this Letter of Offer in which our Promoter is directly or indirectly interested and no payments have been made to him in respect of these contracts, agreements or arrangements which are proposed to be made to him including the properties purchased by our Company other than in the normal course of business.

Our Promoter and his immediate relatives have not given any loans to our Company, secured or unsecured, as on the date of this Letter of Offer.

Interest in the Property of our Company

Except as mentioned under the paragraph titled "*Our Property*" under the chapter titled "*Business*" beginning on page 116, our Promoter does not have any interest in any property being used by our Company within 2 years preceding the date of this Letter of Offer or proposed to be acquired by our Company.

Payment or Benefit to our Promoter in the last 2 years

Except as mentioned in this chapter, in the chapter titled "*Related Party Transactions*" beginning on page 166 no payment has been made or benefit given to our Promoter in the 2 years preceding the date of this Letter of Offer. Further, the terms of appointment of Mr. Shanghvi do not provide for payment of any remuneration to him.

Other Ventures of our Promoter

For details referring to Group Entities please refer to the chapter titled "*Group Entities*" beginning on page 202.

Related Party Transactions

For details on our related party transactions refer the paragraph titled *"Statement of Transactions with Related Parties, as Restated"* in the section titled *"Financial Information"* beginning on page 170.

Our Promoter Group

Our Promoter Group includes such persons and entities constituting our promoter group in terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations.

Other confirmations

Our Promoter and Promoter Group confirm that they have not been declared as a wilful defaulter by RBI or any other governmental authority and there have been no violations of securities laws committed by them or any entities they are connected with in the past and no proceedings pertaining to such penalties are pending against them.

None of our Promoter, Promoter Group entities or persons in control of our Promoter or bodies corporate forming part of our Promoter Group has been (i) prohibited from accessing the capital market under any order or direction passed by SEBI or any other authority or (ii) refused listing of any of the securities issued by such entity by any stock exchange, in India or abroad. Our Promoter is not and has never been a promoter, director or person in control of any other company which is debarred from accessing the capital markets under any order or direction passed by SEBI.

DIVIDEND POLICY

Dividends, other than interim dividends, may be declared at the AGM of our Shareholders based on the recommendation of our Board of Directors. Our Board may, at its discretion, recommend dividends to be paid to the Shareholders, considering a number of factors including, without limitation, our Company's future expansion plans and capital requirements, profits earned during the Fiscal, cost of raising funds from alternate sources, liquidity position, applicable taxes including tax on dividend, as well as exemptions under tax laws available to various categories of Investors from time to time, legal restrictions, our Articles of Association and other factors considered relevant by the Board of Directors.

In addition, our ability to pay dividends may be impacted by a number of factors, including restrictive covenants under the loan or financing arrangements we may enter into to finance our various projects and also the fund requirements for our projects.

Since incorporation our Company has not declared any dividend.

RELATED PARTY TRANSACTIONS

Related Party disclosures as at and for the financial years ended 31st March, 2008, 31st March, 2009, 31st March, 2010 and 31st March, 2011 and 31st March 2012 are as under:

(i) **Names of other related parties and nature of relationship where there are transactions with related parties:**

Enterprise under significant influence of Key Management Personnel:	Sun Pharmaceutical Industries Limited
	Sun Pharma Global Inc.
	Sun Pharmaceutical Industries
	Sun Pharma Sikkim (w.e.f. 15th January, 2009)
	Sun Pharmaceutical Industries Inc.
	Sun Pharma Global FZE (w.e.f. 25th November, 2008)
	Sun Petrochemicals Private Limited
Enterprises in which substantial interest in the voting power is owned, directly or indirectly, by Key Management Personnel:	Tejaskiran Pharmachem India Private Limited
	Sholapur Organics Private Limited
	Aditya Imaging Information Technologies LLP (w.e.f. 23rd May, 2011)
	Quality Investment Private Limited
	Viditi Investment Private Limited
Key management personnel:	Mr. Dilip S. Shanghvi - Chairman and Managing Director
	Dr. T. Rajamannar - Whole time Director (w.e.f. 4th June, 2007)

(ii) **Transactions with related parties:**

(₹ in million)

Nature of transactions	**Year / Period**	**Enterprise under significant influence of key management personnel**						**Enterprises in which substantial interest in the voting power is owned, directly or indirectly, by key management personnel**					**Key management personnel**
		Sun Pharmaceutical Industries Limited	**Sun Pharmaceutical Industries**	**Sun Pharma Sikkim**	**Sun Petrochemicals Private Limited**	**Sun Pharma Global-BVI**	**Sun Pharma Global-FZE**	**Sun Pharmaceutical Industries Inc.**	**Aditya Imaging Information Technolog**	**Sholapur Organics Private Limited**	**Tejaskiran Pharmachem Industries Private Limite**	**Quality Investment Private Limited**	**Viditi Investment Private Limited**	**Dr. T. Rajamannar**

									ies LLP		d			
Amount due pursuant to the Scheme of Demerger	Fiscal 2008	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2011	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2012	-	-	-	-	-	-	-	-	-	-	-	-	-
Reimbursement of expenses	Fiscal 2008	67.91	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	26.07	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	25.92	-	-	-	-	-	0.03	-	-	-	-	-	-
	Fiscal 2011	24.85	-	-	-	-	-	3.64	-	-	-	-	-	-
	Fiscal 2012	31.49	-	-	-	-	-	0.65	-	-	-	-	-	-
Reimbursement of expenses incurred	Fiscal 2008	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	2.59	0.00	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	1.13	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2011	0.50	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2012	0.05	-	-	-	-	-	-	-	-	-	-	-	-
Purchase of goods / DEPB	Fiscal 2008	7.47	0.22	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	11.29	0.49	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	13.59	0.40	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2011	12.05	0.15	0.03	-	-	-	-	-	-	-	-	-	-
	Fiscal 2012	6.09	0.25	0.02	-	-	-	-	-	-	-	-	-	-
Rent paid	Fiscal 2008	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	0.50	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2011	1.20	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2012	1.21	-	-	-	-	-	-	-	-	-	-	-	-
Software development expense	Fiscal 2008	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2011	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2012	-	-	-	-	-	-	-	0.53	-	-	-	-	-
Corporate guarantee given including renewed / (released) to bank	Fiscal 2008	125.00	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	125.00	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	(125.00)	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2011	-	-	-	-	-	-	-	-	-	-	-	-	-

	Fiscal 2012	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of technology / know-how	Fiscal 2008	-	-	-	-	354.28		-	-	-	-	-	-	-
	Fiscal 2009	-	-	-	-	46.04	276.98	-	-	-	-	-	-	-
	Fiscal 2010	-	-	-	-	-	315.61	-	-	-	-	-	-	-
	Fiscal 2011	-	-	-	-	-	421.47	-	-	-	-	-	-	-
	Fiscal 2012	-	-	-	-	-	156.51	-	-	-	-	-	-	-
License fees / royalty on technology (income)	Fiscal 2008		5.51	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	11.31	12.46	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	10.85	16.52	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2011	82.54	16.70	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2012	30.70	63.73	12.40	-	-	-	-	-	-	-	-	-	-
Purchase of fixed assets	Fiscal 2008	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	-	-	-	0.29	-	-	-	-	-	-	-	-	-
	Fiscal 2011	0.24	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2012	-	-	-	-	-	-	-	-	-	-	-	-	-
Sale of fixed assets	Fiscal 2008	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2011	0.17	0.80	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2012	-	-	-	0.24	-	-	-	-	-	-	-	-	-
Interest free Inter-corporate loan availed	Fiscal 2008	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2011	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2012	-	-	-	-	-	-	-	-	62.50	352.50	146.50	60.00	-
Interest free Inter-corporate loan repaid	Fiscal 2008	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2009	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2011	-	-	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2012	-	-	-	-	-	-	-	-	-	11.50	-	-	-
Remuneration to directors	Fiscal 2008	N.A.	-	-	-	-	-	-	N.A.	-	-	-	-	9.18
	Fiscal 2009	N.A.	-	-	-	-	-	-	N.A.	-	-	-	-	12.08
	Fiscal 2010	N.A.	-	-	-	-	-	-	N.A.	-	-	-	-	19.91
	Fiscal 2011	N.A.	-	-	-	-	-	-	N.A.	-	-	-	-	21.45

	Fiscal 2012	N.A.	-	-	-	-	-	-	N.A.	-	-	-	-	29.09
Outstanding balance receivable	Fiscal 2008	-	5.46	-	-	236.13	-	-	-	-	-	-	-	-
	Fiscal 2009	-	0.40	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2010	-	5.04	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2011	-	1.29	-	-	-	-	-	-	-	-	-	-	-
	Fiscal 2012	-	25.78	1.60	-	-	-	-	-	-	-	-	-	-
Outstanding balance payable	Fiscal 2008	65.83	-	-	-	-	-	-	-	-	-	-	-	1.26
	Fiscal 2009	26.75	-	-	-	-	123.72	-	-	-	-	-	-	1.36
	Fiscal 2010	47.08	-	-	-	-	421.47	0.03	-	-	-	-	-	3.00
	Fiscal 2011	20.93	-	-	-	-	522.12	-	-	-	-	-	-	1.60
	Fiscal 2012	60.21	-	-	-	-	520.26	-	0.47	62.50	341.00	146.50	60.00	4.66

SECTION VI- FINANCIAL INFORMATION

AUDITORS' REPORT

The Board of Directors
Sun Pharma Advanced Research Company Limited
Akota Road, Akota
Vadodara
Gujarat- 390 020

Dear Sirs,

1. We have examined the financial information of **SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED** (the "Company") as stated in paragraphs 2 and 4 below, annexed to this report and initialled by us for identification, as approved by the Committee of Board of Directors of the Company, prepared by the Company in accordance with the requirements of paragraph B(1) of Part II of Schedule II to the Companies Act, 1956 ("the Act") and the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (the "SEBI Regulations") notified by Securities and Exchange Board of India on 26th August, 2009, in pursuance of Section 11A (1) (a) of the Securities and Exchange Board of India Act, 1992, and in terms of our engagement agreed with you in accordance with our engagement letter dated 1st August, 2011, as amended by our engagement letter dated 30th May, 2012, in connection with the Company's Proposed Issue of Equity Shares on a Rights basis to its existing shareholders.

2. Financial Information as per Audited Financial Statements

We have examined the attached 'Summary Statement of Assets and Liabilities, as Restated' of the Company as at 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March, 2012 (Annexure I), 'Summary Statement of Profits and Losses, as Restated' of the Company for each of the five financial years ended 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March, 2012 (Annexure II) and 'Statement of Cash Flows, as Restated' of the Company for each of the five financial years ended 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March, 2012 (Annexure III), collectively referred to as 'Restated Summary Statements'.

These Restated Summary Statements have been extracted by the Company from the audited financial statements of the Company as at and for the financial years ended 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March 2012 as approved / adopted by the Board of Directors / Members for those respective years.. The financial statements of the Company for the aforesaid financial years have been audited and reported by us; vide our reports dated 14th May, 2008, 23rd May, 2009, 22nd May, 2010, 7th May, 2011 and 2nd May, 2012 respectively.

Based on our examination of these Restated Summary Statements, we state that:

i. These have to be read in conjunction with the Significant Accounting Policies given in Annexure IV to this report.

ii. The Restated Summary Statements have been arrived after adjusting for the changes in accounting policies retrospectively in the respective financial years to reflect the same accounting treatment as per changed accounting policy for all the reporting periods.

iii. The restated losses have been arrived at after charging all expenses, including depreciation and after making such adjustments and regroupings, as in our opinion are appropriate, in the year to which they relate.

iv. There are no extraordinary items that need to be disclosed separately in the Restated Summary Statements.

v. There are no qualifications in the auditors' report on the financial statements that require adjustments to the Restated Summary Statements.

3. Without qualifying our opinion, we draw attention to Note 1 to the 'Summary Statement of Assets and Liabilities, as Restated' (Annexure I) which indicates that, as at 31st March, 2012, the accumulated deficit of ₹ 1,212.98 million in the Statement of Profit and Loss has exceeded the aggregate of General Reserve and Paid Up Equity Share Capital, resulting in the Net Worth being negative at ₹ 666.09 million, as represented by Shareholders' Funds and also that the Company's Current Liabilities have exceeded its Current Assets by ₹ 1,267.87 million. Notwithstanding the foregoing, the Restated Summary Statements for the year ended 31st March, 2012 have been prepared on a going concern basis for the reasons stated in the said note. The above matter was included as an 'Emphasis of Matter' in our audit report dated 2nd May, 2012 on the financial statements of the Company for the year ended 31st March, 2012 and our opinion was not qualified in respect of the said matter.

4. Other Financial Information:

We have examined the following information relating to the Company as at and for the five financial years ended 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March, 2012, proposed to be included in the Letter of Offer, as approved by the Committee of Board of Directors and annexed to this report:

i. Significant Accounting Policies on the Restated Summary Statements (Annexure IV);

ii. Statement of Long-term Loans and Advances, as Restated (Annexure V);

iii. Statement of Other Non-current Assets, as Restated (Annexure VI);

iv. Statement of Current Investments, as Restated (Annexure VII);

v. Statement of Trade Receivables, as Restated (Annexure VIII);

vi. Statement of Short-term Loans and Advances, as Restated (Annexure IX);

vii. Statement of Other Current Assets, as Restated (Annexure X);

viii. Statement of Long-term Borrowings, as Restated (Annexure XI);

ix. Statement of Other Long-term Liabilities, as Restated (Annexure XII);

x. Statement of Long-term Provisions, as Restated (Annexure XIII);

xi. Statement of Short-term Borrowings, as Restated (Annexure XIV);

xii. Statement of Other Current Liabilities, as Restated (Annexure XV);

xiii. Statement of Short-term Provisions, as Restated (Annexure XVI);

xiv. Statement of Tax Shelter (Annexure XVII);

xv. Capitalisation Statement as at 31st March, 2012 (Annexure XVIII);

xvi. Related Party Information (Annexure XIX);

xvii. Summary of Accounting Ratios (Annexure XX);

xviii. Segment Information, as Restated (Annexure XXI); and

xix. Summary of Contingent Liabilities, as Restated (Annexure XXII)

As stated in Note 4 to 'Summary Statement of Profits and Losses, as Restated' (Annexure II), the Company has not declared any dividend (whether interim or final) during the five financial years ended 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March, 2012 and hence the disclosure of information regarding rates of dividend in respect of each class of shares is not applicable.

5. Based on our examination of these Restated Summary Statements, we state that in our opinion, the 'Financial Information as per Audited Financial Statements' and 'Other Financial Information' mentioned above, as at and for the five financial years ended 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March, 2012, have been prepared in accordance with Part IIB of Schedule II of the Act and the SEBI Regulations.

6. This report should not, in any way, be construed as a reissuance or re-dating of any of the previous audit reports, nor should this be construed as a new opinion on any of the financial statements referred to herein.

7. This report is intended solely for your information and for inclusion in the Letter of Offer in connection with the Company's Proposed Issue of Equity Shares on a Rights basis to its existing shareholders and is not to be used, referred to or distributed for any other purpose without our prior written consent.

For DELOITTE HASKINS & SELLS
Chartered Accountants
(Registration No. 117366W)

Rajesh K Hiranandani
Partner
(Membership No.36920)
MUMBAI, August 10, 2012

ANNEXURE I

SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED

(₹ in million)

	Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
A.	**Non-current Assets**					
	Fixed Assets:					
	Tangible Assets	325.65	528.39	608.87	629.31	639.30
	Capital work-in-progress	4.71	41.99	20.04	12.56	11.40
		330.36	570.38	628.91	641.87	650.70
	Long-term Loans and Advances	7.17	12.99	8.71	9.98	18.19
	Other Non-current Assets	0.02	0.02	0.87	0.84	5.20
	Total Non-current Assets	**337.55**	**583.39**	**638.49**	**652.69**	**674.09**
B.	**Current Assets**					
	Current Investments	-	-	-	24.67	-
	Trade Receivables	244.58	0.40	5.04	26.30	42.64
	Cash and Cash Equivalents	1.10	5.21	52.66	51.55	65.05
	Short-term Loans and Advances	33.83	21.96	24.64	21.64	73.40
	Other Current Assets	-	3.83	-	0.80	1.08
	Total Current Assets	**279.51**	**31.40**	**82.34**	**124.96**	**182.17**
C.	**Non-current Liabilities**					
	Long-term Borrowings	-	-	21.30	63.00	57.42
	Deferred Tax Liabilities (Net)	-	-	-	-	-
	Other Long-term Liabilities	-	-	0.43	1.22	2.51
	Long-term Provisions	6.18	7.16	9.07	10.59	12.38
	Total Non-current Liabilities	**6.18**	**7.16**	**30.80**	**74.81**	**72.31**
D.	**Current Liabilities**					
	Short-term Borrowings	4.30	17.19	-	2.92	619.42
	Trade Payables	111.88	106.93	108.91	103.15	162.12
	Other Current Liabilities	8.44	129.61	435.13	531.67	660.64
	Short-term Provisions	5.22	3.25	12.13	8.86	7.86
	Total Current Liabilities	**129.84**	**256.98**	**556.17**	**646.60**	**1,450.04**
E.	**Net Worth (A+B-C-D)**	**481.04**	**350.65**	**133.86**	**56.24**	**(666.09)**
	Represented by:					
	Shareholders' Funds					
F.	**Share Capital**					
	Equity Share Capital	**207.12**	**207.12**	**207.12**	**207.12**	**207.12**
G.	**Reserves and Surplus**					
	General Reserve	339.77	339.77	339.77	339.77	339.77
	Deficit in Statement of Profit and Loss	(65.85)	(196.24)	(413.03)	(490.65)	(1,212.98)
	Total Reserves and Surplus	**273.92**	**143.53**	**(73.26)**	**(150.88)**	**(873.21)**
H.	**Net Worth (F+G)**	**481.04**	**350.65**	**133.86**	**56.24**	**(666.09)**
Contingent Liabilities (Annexure XXII)		**10.70**	**31.19**	**37.87**	**43.69**	**49.90**

Notes:

1. As at 31st March, 2012, the accumulated deficit of ₹ 1,212.98 million in the Statement of Profit and Loss has exceeded the aggregate of General Reserve and Paid Up Equity Share Capital, resulting in the Net Worth being negative at ₹ 666.09 million as represented by Shareholders' Funds and also that the Company's Current Liabilities at ₹ 1,450.04 million have exceeded its Current Assets at ₹ 182.17 million. However, having regard to: (i) the nature of the Company's business; (ii) status of various projects of the Company some of which are at advanced stage of activity, which if successful could generate adequate cash flows; (iii) The proposed rights issue of the equity shares to its shareholders for an amount aggregating not in excess of ₹ 2,000 million, in respect of which Securities and Exchange Board of India (SEBI) had issued its observation letter to the Company on the Draft Letter of Offer filed with SEBI and the Company is in the process of finalising the Letter of Offer and initiating the opening of the Rights Issue; and (iv) in the interim, having procured loans and also received advances against share application money from the promoter group

companies, to meet the fund requirements of the Company vis-à-vis the availability of funds with the Company, these Restated Summary Statements for the year ended 31st March, 2012 have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

2. The Net Worth has not been adjusted for issue expenses for the proposed rights issue including ₹ 5.43 million incurred as at 31st March, 2012 which will be amortised over a period of 5 years from the year of issue of shares.

3. The above statement should be read with Significant Accounting Policies as appearing in Annexure IV.

ANNEXURE II

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

(₹ in million)

Particulars	Year ended 31st March, 2008	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2011	Year ended 31st March, 2012
Revenue:					
Sale of Products - Technology / Know-how	354.85	323.01	315.61	484.24	182.94
Sale of Services - License Fees / Royalty on Technology	19.56	27.45	27.36	99.24	106.82
Revenue from Operations	374.41	350.46	342.97	583.48	289.76
Other Income	0.78	1.29	3.34	12.39	11.46
Total Revenue	**375.19**	**351.75**	**346.31**	**595.87**	**301.22**
Expenses:					
Cost of Materials Consumed	65.45	75.60	67.62	76.82	74.15
Employee Benefits Expense	133.33	164.40	220.85	256.72	304.28
Finance Costs	0.14	2.43	1.75	1.28	2.75
Depreciation Expense	12.67	18.36	25.99	29.86	31.62
Other Expenses	209.30	215.97	245.61	316.27	610.75
Total Expenses	**420.89**	**476.76**	**561.82**	**680.95**	**1,023.55**
Loss Before Tax	**(45.70)**	**(125.01)**	**(215.51)**	**(85.08)**	**(722.33)**
Tax Expense / (Credit):					
-Fringe Benefit Tax	0.50	0.52	0.02	(0.07)	-
-Deferred Tax Expense / (Credit)	2.64	(34.13)	-	-	-
Total	**3.14**	**(33.61)**	**0.02**	**(0.07)**	**-**
Loss for the Year (before adjustments)	**(48.84)**	**(91.40)**	**(215.53)**	**(85.01)**	**(722.33)**
Adjustments for:					
-Post Retirement Benefits - Gratuity (See Note 1 below)	(1.53)	(2.80)	-	-	-
-(Shortfall) / excess Fringe Benefit Tax arising out of assessments, adjusted in the respective years	0.06	0.01	0.02	(0.07)	-
-Deferred Tax (See Note 2 below)	2.64	(34.13)	-	-	-
-Leave Travel Allowance (See Note 3 below)	(1.38)	(2.07)	(1.28)	7.46	-
Total of Adjustments	(0.21)	(38.99)	(1.26)	7.39	-
Loss for the Year (as restated)	**(49.05)**	**(130.39)**	**(216.79)**	**(77.62)**	**(722.33)**

Notes:

1. Post Retirement Benefits - Gratuity:
   The Company's contribution to Life Insurance Corporation of India for group gratuity policy was charged to the statement of profit and loss and the excess of fair value of plan assets over defined benefit obligations (surplus asset), determined on actuarial basis by an independent valuer, was not recognised as an asset up to the year ended 31st March, 2008. With effect from the financial year ended 31st March, 2009, the Company recognised such surplus asset as per the requirements of Accounting Standard 15, Employee Benefits. Accordingly, for the purpose of preparation of these restated summary statements, such unrecognised surplus asset of ₹ 4.33 million as at 31st March, 2007 has been recognised as an asset with corresponding effect to the Reserves and Surplus as at that date. Similarly, such surplus asset as at 31st March, 2008 has been recognised with consequential effect to the statement of profit and loss for the years ended 31st March, 2008 and 31st March, 2009.
2. Deferred Tax:

With effect from financial year ended 31st March, 2009, the Company adopted a policy of recognising deferred tax asset in respect of unabsorbed business losses / capital expenditure to the extent of deferred tax liability recognised at the balance sheet date; up to the financial year ended 31st March, 2008, deferred tax asset on unabsorbed business losses / capital expenditure was not being recognised. Accordingly, for the purpose of preparation of these restated summary statements, such deferred tax asset of ₹ 31.49 million as at 31st March 2007 has been recognised as an asset with corresponding effect to the Reserves and Surplus as at that date. Similarly, such deferred tax asset as at 31st March, 2008 has been recognised with consequential effect to the Statement of Profit and Loss for the years ended 31st March, 2008 and 31st March, 2009.

3. Leave Travel Allowance:
With effect from financial year ended 31st March, 2011, provision for leave travel allowance was made on accrual basis which was earlier accounted for on cash basis. Accordingly, for the purpose of preparation of these restated summary statements, provision for leave travel allowance has been recomputed on accrual basis for each preceding year and such unrecognised leave travel allowance liability of ₹ 2.73 million as at 31st March, 2007 has been recognised as a liability with corresponding effect to the Reserves and Surplus as at that date. Similarly, leave travel allowance liability as at 31st March, 2008, 31st March, 2009 and 31st March, 2010 has been restated with consequential effect to the statement of profit and loss for the years ended 31st March, 2008, 31st March, 2009, 31st March, 2010 and 31st March, 2011.
4. The Company has not declared any dividend (whether interim or final) during the five financial years ended 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March, 2012 and hence the disclosure of information regarding rates of dividend in respect of each class of shares is not applicable.
5. The above statement should be read with Significant Accounting Policies as appearing in Annexure IV.

ANNEXURE III

STATEMENT OF CASH FLOWS, AS RESTATED

(₹ in million)

	Particulars	Year ended 31st March, 2008	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2011	Year ended 31st March, 2012
A.	**Cash Flow From Operating Activities**					
	Loss before Tax (as restated)	(48.61)	(129.88)	(216.79)	(77.62)	(722.33)
	Adjustments for:					
	Depreciation Expense	12.67	18.36	25.99	29.86	31.62
	Loss on Sale of Fixed Assets (Net)	0.11	2.35	0.35	0.03	0.25
	Finance Costs	0.14	2.43	1.75	1.28	2.75
	Interest Income	(0.75)	(0.73)	(0.71)	(3.46)	(5.77)
	Net Gain on Sale of Current Investments	-	-	-	(0.22)	(0.37)
	Sundry Balances Written Off / (Written Back) (Net)	-	-	0.01	(0.46)	0.38
	Net Unrealised Exchange (Gain) / Loss	(1.09)	1.07	(0.09)	(0.07)	(0.23)
	Operating Loss before Working Capital Changes	**(37.53)**	**(106.40)**	**(189.49)**	**(50.66)**	**(693.70)**
	Changes in Working Capital:					
	Adjustments for (Increase) / Decrease in Operating Assets:					
	Long-term Loans and Advances	(4.16)	(1.71)	1.10	0.90	2.05
	Trade Receivables	(243.16)	242.74	(4.63)	(21.26)	(16.34)
	Short-term Loans and Advances	(21.70)	11.87	(2.69)	3.00	(52.17)
	Other Current Assets	-	(3.82)	3.82	-	-
	Adjustments for Increase / (Decrease) in Operating Liabilities:					
	Long-term Provisions	6.18	0.98	1.91	1.52	1.79
	Trade Payables	94.68	(4.58)	2.02	(5.29)	58.92
	Other Current Liabilities	4.40	120.06	304.30	98.33	13.87
	Short-term Provisions	(2.24)	(1.97)	8.88	(3.27)	(1.00)
		(166.00)	**363.57**	**314.71**	**73.93**	**7.12**
	Cash (used in) / generated from Operations	**(203.53)**	**257.17**	**125.22**	**23.27**	**(686.58)**
	Refund of Income Tax	-	-	1.23	3.83	0.08
	Taxes paid	(1.98)	(3.73)	(0.09)	(4.16)	(7.99)
	Net Cash Flow (used in) / from Operating Activities	**(205.51)**	**253.44**	**126.36**	**22.94**	**(694.49)**
B.	**Cash Flow From Investing Activities**					
	Amount received pursuant to Scheme of Demerger	244.93	-	-	-	-
	Interest received on Bank Deposits and Others	0.75	0.73	0.60	3.12	5.77
	Capital Expenditure on Fixed Assets, including Capital Advances	(43.52)	(261.24)	(81.74)	(47.34)	(45.12)
	Proceeds from Sale of Fixed Assets	0.17	0.72	0.29	0.46	1.21
	Current Investments not considered as Cash and Cash Equivalents					
	-Purchased	-	-	-	(111.00)	(280.50)
	-Proceeds from sale	-	-	-	86.55	305.54
	Bank Balances not considered as Cash and Cash Equivalents					
	-Margin Money Deposits placed	(0.02)	-	(40.85)	(8.19)	(59.67)
	-Margin Money Deposits matured	-	-	-	0.03	48.52

	Net Cash Flow generated from / (used in) Investing Activities	**202.31**	**(259.79)**	**(121.70)**	**(76.37)**	**(24.25)**
C.	**Cash Flow From Financing Activities:**					
	Finance Costs	(0.14)	(2.43)	(1.32)	(0.49)	(0.83)
	Net Increase / (Decrease) in Working Capital Borrowings from Banks	4.30	12.89	(17.19)	2.92	6.50
	Proceeds from Long-term Borrowings	-	-	21.30	41.70	0.80
	Proceeds from Short-term Borrowings from Other than Banks	-	-	-	-	621.50
	Repayment of Short-term Borrowings from Other than Banks	-	-	-	-	(11.50)
	Advances against Share Application Money for Proposed Rights Issue	-	-	-	-	110.00
	Expenses towards Proposed Rights Issue	-	-	-	-	(5.42)
	Net Cash Flow from Financing Activities	**4.16**	**10.46**	**2.79**	**44.13**	**721.05**
D.	**Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)**	**0.96**	**4.11**	**7.45**	**(9.30)**	**2.31**
E.	**Cash and Cash Equivalents at the beginning of the year**	**0.14**	**1.10**	**5.21**	**12.66**	**3.36**
F.	Effect of Exchange Differences on Restatement of Foreign Currency Cash and Cash Equivalents	**-**	**-**	**-**	**-**	**0.06**
G.	**Cash and Cash Equivalents at the end of the year (D+E+F)**	**1.10**	**5.21**	**12.66**	**3.36**	**5.73**
	Add: Margin Money Deposits with maturity > than 3 months	**-**	**-**	**40.00**	**48.19**	**59.32**
	Cash and Cash Equivalents, as restated (Annexure I)	**1.10**	**5.21**	**52.66**	**51.55**	**65.05**

Note:

The above statement should be read with Significant Accounting Policies as appearing in Annexure IV.

ANNEXURE IV

SIGNIFICANT ACCOUNTING POLICIES ON THE SUMMARY STATEMENT OF ASSETS AND LIABILITIES, AS RESTATED AS AT 31ST MARCH, 2008, 31ST MARCH, 2009, 31ST MARCH, 2010, 31ST MARCH, 2011 AND 31ST MARCH, 2012, AND THE SUMMARY STATEMENT OF PROFITS AND LOSSES AND STATEMENT OF CASH FLOWS, AS RESTATED FOR THE YEAR ENDED 31ST MARCH, 2008, 31ST MARCH, 2009, 31ST MARCH, 2010, 31ST MARCH, 2011 AND 31ST MARCH, 2012.

A. Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India and the Accounting Standards (AS) as notified under the Companies (Accounting Standards) Rules, 2006.

B. 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 and disclosure of contingent 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.

C. 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. Assets costing ₹ 5,000/- or less are depreciated at hundred percent rate on prorata basis.

D. Leases

Lease rental for assets taken on operating lease are charged to the Statement of Profit and Loss in accordance with Accounting Standard 19 on leases.

E. Research and Development Cost

The research and development cost is accounted in accordance with Accounting Standard – 26 'Intangible Assets'. All related revenue expenditure incurred on original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding up to the time when it is possible to demonstrate probable future economic benefits, is recognised as research expenses and charged off to the Statement of Profit and Loss, as incurred. All subsequent expenditure incurred for product development on the application of research findings or other knowledge upon demonstration of probability of future economic benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as development expenditure under Capital Work in Progress, to be capitalised as an intangible asset on completion of the project. In case a project does not proceed as per expectations / plans, the same is abandoned and the amount classified as development expenditure under Capital Work-in-Progress is charged off to the Statement of Profit and Loss.

F. Revenue Recognition

Sale of Technology / know-how (rights, licenses and other intangibles) are recognised when performance obligation is completed and risk and rewards of ownership of the products are passed on to the customers, which is generally as per agreement. License Fees / Royalty income is recognised on accrual basis as per relevant agreement. Sales are stated net of returns, VAT/ Sales Tax, if any.

G. Investments

Investments are classified into Current and Long-term Investments. Current Investments are valued at lower of cost and fair value. Long-term Investments are stated at cost less provision, if any, for other than temporary diminution in their value.

H. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate that approximates the actual rate prevailing at the date of the transaction. Monetary items denominated in foreign currency at the year end are translated at year end rate. In respect of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium on such forward contracts is recognised over the life of the forward contract. The exchange differences arising on settlement / translation are recognised in the Statement of Profit and Loss.

I. Derivative Accounting

Forward Contracts in the nature of highly probable forecasted transactions / firm commitments entered into for hedging the risk of foreign currency exposure are accounted for on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies". Pursuant to this, losses, if any, on Mark to Market basis, are recognised in the Statement of Profit and Loss and gains are not recognised on prudent basis.

J. Government Grants

Government grants are accounted when there is reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital

	subsidy in nature of Government Grants related to specific fixed assets is accounted for where collection is reasonably certain and the same is shown as a deduction from the gross value of the asset concerned in arriving at its book value and accordingly the depreciation is provided on the reduced book value.
K.	**Taxes on Income**
	Tax expenses comprises of Current Tax, Deferred Tax and Fringe Benefit Tax. Current Tax provision, if any has been made on the basis of reliefs and deductions available under the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date. Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefit tax issued by the Institutes of Chartered Accountants of India. Pursuant to the enactment of the Finance Act, 2009, Fringe Benefit Tax stands abolished w.e.f. 1st April, 2009.
L.	**Employee Benefits**
	(a) The Company's contribution in respect of provident fund is charged to Statement of Profit and Loss each year. (b) With respect to gratuity liability, the Company contributes to Life Insurance Corporation of India (LIC) under LIC's Group Gratuity policy. Gratuity liability as determined on actuarial basis by an independent valuer is charged to Statement of Profit and Loss. (c) Liability for accumulated compensated absences of employees is ascertained on actuarial basis by an independent valuer and provided for as per Company's rules.
M.	**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 the income that may never be realised.
N.	**Impairment of Assets**
	The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised.
O.	**Share Issue Expenses**
	Expenses incurred in connection with issue of shares is accumulated and amortised over a period of 5 years from the year of issue of shares.

ANNEXURE V

STATEMENT OF LONG-TERM LOANS AND ADVANCES, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
Unsecured - Considered Good					
Capital Advances	1.50	2.39	0.24	1.74	4.09
Loans and Advances to Employees	4.16	3.15	2.17	2.80	0.55
Prepaid Expenses	-	2.72	2.60	1.07	1.27
Advance Income Tax	1.49	4.71	3.68	4.35	12.26
Advance Fringe Benefit Tax (Net of Provisions)	0.02	0.02	0.02	0.02	0.02
Total	**7.17**	**12.99**	**8.71**	**9.98**	**18.19**

ANNEXURE VI

STATEMENT OF OTHER NON-CURRENT ASSETS, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
Unamortised Share Issue Expenses	-	-	-	-	4.34
Other Bank Balances - In Earmarked Accounts					
Balances held as Margin Money against Guarantees	0.02	0.02	0.87	0.84	0.86
Total	**0.02**	**0.02**	**0.87**	**0.84**	**5.20**

ANNEXURE VII

STATEMENT OF CURRENT INVESTMENTS, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
In Mutual Fund - At lower of cost and net realisable value (Unquoted - Units of Face Value of ₹ 10 each, fully paid-up)					
BNP Paribas Mutual Fund - M43 BNP Paribas Overnight - Institutional Growth Fund	-	-	-	24.67	-
Total				**24.67**	

ANNEXURE VIII

STATEMENT OF TRADE RECEIVABLES, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
Unsecured - Considered Good					
Due for Less than Six Months	244.58	0.40	5.04	26.30	42.64
Total	**244.58**	**0.40**	**5.04**	**26.30**	**42.64**
Trade receivables include, amount due from Promoter Group Companies / Firm:					
Sun Pharma Global Inc.	236.12	-	-	-	-
Sun Pharmaceutical Industries	5.46	0.40	5.04	0.49	25.78
Sun Pharma Sikkim	-	-	-	-	1.60

ANNEXURE IX

STATEMENT OF SHORT-TERM LOANS AND ADVANCES, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
Unsecured - Considered Good					
Loans and Advances to Employees	5.24	5.78	3.34	4.22	11.66
Prepaid Expenses	3.53	0.11	0.44	1.45	2.18
Balances with Government Authorities	6.45	11.72	13.51	3.87	6.95
Advances for Supply of Goods and Services	18.61	4.35	7.35	12.10	52.61
Total	**33.83**	**21.96**	**24.64**	**21.64**	**73.40**

ANNEXURE X

STATEMENT OF OTHER CURRENT ASSETS, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
Unsecured - Considered Good					
Unamortised Share Issue Expenses	-	-	-	-	1.08
Receivables on Sale of Fixed Assets	-	-	-	0.80	-
Contractually Reimbursable Expenses	-	3.83	-	-	-
Total	**-**	**3.83**	**-**	**0.80**	**1.08**
Other current assets include, amount due from Promoter Group Firm:					
Sun Pharmaceutical Industries	-	-	-	0.80	-

ANNEXURE XI

STATEMENT OF LONG-TERM BORROWINGS, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008		As at 31st March, 2009		As at 31st March, 2010		As at 31st March, 2011		As at 31st March, 2012	
	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities	Non-current portion	Current maturities
Term Loan from Department of Science and Technology (DST), Government of India (See Note below)	-	-	-	-	21.30	-	63.00	-	57.42	6.38
Total	**-**	**-**	**-**	**-**	**21.30**	**-**	**63.00**	**-**	**57.42**	**6.38**

Note:

During 2009-10, the Department of Science and Technology had sanctioned a loan of ₹ 96.60 million, vide agreement dated 12th September, 2009, of which the Company has received the first installment of ₹ 21.30 million during the year ended 31st March, 2010, first part of the second installment of ₹ 41.70 million during the year ended 31st March, 2011 and balance portion of the second installment, amounting to ₹ 0.80 million during the year ended 31st March, 2012. The said loan is given to the Company under the "Drug and Pharmaceutical Research Program". The loan is repayable (along with interest at the rate of 3% p.a.) annually in 10 equal installments commencing 1st August, 2012.

ANNEXURE XII

STATEMENT OF OTHER LONG-TERM LIABILITIES, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
Interest Accrued but not Due on Borrowings	-	-	0.43	1.22	2.51
Total	**-**	**-**	**0.43**	**1.22**	**2.51**

ANNEXURE XIII

STATEMENT OF LONG-TERM PROVISIONS, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
Provision for Employee Benefits - Compensated Absences	6.18	7.16	9.07	10.59	12.38
Total	**6.18**	**7.16**	**9.07**	**10.59**	**12.38**

ANNEXURE XIV

STATEMENT OF SHORT-TERM BORROWINGS, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
Loans Repayable on Demand					
Bank Overdraft Facility - Unsecured (See Note 1 below)	4.30	17.19	-	-	8.17
Cash Credit Facility - Secured (See Note 2 below)	-	-	-	2.92	1.25
Interest free Inter-corporate loan - Unsecured (See Note 3 below)	-	-	-	-	610.00
Total	**4.30**	**17.19**	**-**	**2.92**	**619.42**

Notes:

1. Secured by Corporate Guarantee given by Sun Pharmaceutical Industries Limited, a promoter group company.
2. Secured by lien on margin money deposits
3. Loans availed from the promoter group companies to meet the fund requirements of the Company vis-à-vis the availability of the funds with the Company.

ANNEXURE XV

STATEMENT OF OTHER CURRENT LIABILITIES, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
Current Maturities of Long-term Debt (Refer Annexure XI)	-	-	-	-	6.38
Interest Accrued but not Due on Borrowings	-	-	-	-	0.63
Statutory Remittances	6.02	2.30	4.27	4.99	16.30
Payables on Purchase of Fixed Assets	1.57	2.68	3.95	2.22	0.57
Contractually Reimbursable Expenses	-	-	4.55	1.34	4.81
Security Deposits Received	0.85	0.92	0.89	1.00	1.69
Advances from Customers	-	123.71	421.47	522.12	520.26
Advances against Share Application Money for Proposed Rights Issue	-	-	-	-	110.00
Total	**8.44**	**129.61**	**435.13**	**531.67**	**660.64**

ANNEXURE XVI

STATEMENT OF SHORT-TERM PROVISIONS, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
Provision for Compensated Absences	5.22	3.25	3.16	3.40	3.24
Provision for Gratuity (Net)	-	-	8.97	5.46	4.62
Total	**5.22**	**3.25**	**12.13**	**8.86**	**7.86**

ANNEXURE XVII

STATEMENT OF TAX SHELTER

(₹ in million)

Particulars		Year ended 31st March, 2008	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2011	Year ended 31st March, 2012
Loss Before Tax, as restated	(A)	(48.61)	(129.88)	(216.79)	(77.62)	(722.33)
Marginal Tax Rate (%)	(B)	33.99	33.99	33.99	33.22	32.45
Tax at notional rate on adjusted loss	(C) = (A) * (B)	**(16.52)**	**(44.14)**	**(73.69)**	**(25.78)**	**(234.36)**
Permanent differences						
Book Depreciation		12.67	18.36	25.99	29.86	31.62
Deduction u/s 35(1)(iv)–(2)(ia) - Capital expenditure on scientific research, depreciation on which is expected to be reversed in the books during tax holiday period		(6.17)	(45.52)	(53.39)	(22.69)	(9.35)
Others		8.36	(8.12)	1.76	(0.01)	-
Total	(D)	**14.86**	**(35.28)**	**(25.64)**	**7.16**	**22.27**
Timing differences						
Deduction u/s 35(1)(iv)–(2)(ia) - Capital expenditure on scientific research, depreciation on which is expected to be reversed in the books after tax holiday period		(36.89)	(212.87)	(31.14)	(20.12)	(28.57)
Others		4.26	(0.97)	1.81	1.76	2.00
Total	(E)	**(32.63)**	**(213.84)**	**(29.33)**	**(18.36)**	**(26.57)**
Net Adjustments	(F) = (D) + (E)	**(17.77)**	**(249.12)**	**(54.97)**	**(11.20)**	**(4.30)**
Tax Expense / (Saving) thereon	(G) = (F) * (B)	**(6.04)**	**(84.68)**	**(18.68)**	**(3.72)**	**(1.39)**
Current Tax (only if positive tax liability)	(H) = (C) + (G)	-	-	-	-	-
Deferred Tax	(I)	**-**	**-**	**-**	**-**	**-**
Tax Expense including Deferred Tax	(J) = (H) + (I)	**-**	**-**	**-**	**-**	**-**

Notes:

1. The Statement of Tax Shelter has been prepared based on restated losses as per Annexure II.
2. Information pertaining to the year ended 31st March, 2012 is based on provisional computation of total income prepared by the Company.

ANNEXURE XVIII

CAPITALISATION STATEMENT

(₹ in million)

Particulars	Pre-issue as at 31st March, 2012	Adjusted for Rights issue (See Note 2 below)
Borrowings:		
Long-term Borrowings	57.42	57.42
Short-term Borrowings	619.42	619.42
Current Maturities of Long-term Debt	6.38	6.38
Total	**683.22**	**683.22**
Shareholders' funds:		
Equity share capital	207.12	236.71
Reserves and surplus	(873.21)	1,079.60
Total	**(666.09)**	**1,316.31**
Debt / Equity ratio	**Not Applicable (See Note 3 below)**	**0.52**

Notes:

1. The above has been computed on the basis of the Restated Summary Statements.
2. The Capitalisation Statement, adjusted for rights issue is prepared on the assumption that the proposed rights issue of 29,588,056 Equity Shares @ ₹ 67 per share will be subscribed fully.
3. The Shareholders' funds (Pre-issue) of the Company is negative as at 31st March, 2012, hence the Pre-issue Debt / Equity ratio is not applicable .
4. The Reserves has not been adjusted for any issue expenses for the proposed rights issue including ₹5.43 million incurred as at 31st March, 2012 which will be amortised over a period of 5 years from the year of issue of shares.

ANNEXURE XIX

RELATED PARTY INFORMATION

Related Party disclosures as at and for the financial years ended 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March, 2012 are as under:

(i) **Names of related parties and nature of relationship where there are transactions with related parties:**

Enterprise under significant influence of Key Management Personnel:	Sun Pharmaceutical Industries Limited
	Sun Pharma Global Inc.
	Sun Pharmaceutical Industries
	Sun Pharma Sikkim (w.e.f. 15th January, 2009)
	Sun Pharmaceutical Industries Inc.
	Sun Pharma Global FZE (w.e.f. 25th November, 2008)
	Sun Petrochemicals Private Limited
Enterprises in which substantial interest in the voting power is owned, directly or indirectly, by Key Management Personnel:	Tejaskiran Pharmachem Industries Private Limited
	Sholapur Organics Private Limited
	Quality Investments Private Limited
	Viditi Investments Private Limited
	Aditya Imaging Information Technologies LLP (w.e.f. 23rd May, 2011)
Key Management Personnel:	Mr. Dilip S. Shanghvi - Chairman and Managing Director
	Dr. T. Rajamannar - Whole time Director (w.e.f. 4th June, 2007)

(ii) **Transactions with related parties:**

(₹ in million)

Nature of Transactions	**Year**	**Enterprise under significant influence of key management personnel**	**Enterprises in which substantial interest in the voting power is owned, directly or indirectly, by Key Management Personnel**	**Key Management Personnel**
Reimbursement of Expenses	Year ended 31st March, 2008	67.91	-	-
	Year ended 31st March, 2009	26.07	-	-
	Year ended 31st March, 2010	25.95	-	-
	Year ended 31st March, 2011	28.49	-	-
	Year ended 31st March, 2012	32.14		
Reimbursement of Expenses incurred	Year ended 31st March, 2008	-	-	-
	Year ended 31st March, 2009	2.59	-	-

		Year ended 31st March, 2010	1.13	-	-
		Year ended 31st March, 2011	0.50	-	-
		Year ended 31st March, 2012	0.05	-	-
	Purchase of Goods / DEPB	Year ended 31st March, 2008	7.69	-	-
		Year ended 31st March, 2009	11.78	-	-
		Year ended 31st March, 2010	13.99	-	-
		Year ended 31st March, 2011	12.23	-	-
		Year ended 31st March, 2012	6.36	-	-
	Rent Paid	Year ended 31st March, 2008	-	-	-
		Year ended 31st March, 2009	-	-	-
		Year ended 31st March, 2010	0.50	-	-
		Year ended 31st March, 2011	1.20	-	-
		Year ended 31st March, 2012	1.21	-	-
	Software Development Expense	Year ended 31st March, 2008	-	-	-
		Year ended 31st March, 2009	-	-	-
		Year ended 31st March, 2010	-	-	-
		Year ended 31st March, 2011	-	-	-
		Year ended 31st March, 2012	-	0.53	-

ANNEXURE XIX

RELATED PARTY INFORMATION (contd.)

(₹ in million)

(ii) **Transactions with related parties (contd.):**

	Nature of transactions	**Year**	**Enterprise under significant influence of key management personnel**	**Enterprises in which substantial interest in the voting power is owned, directly or indirectly, by key management personnel**	**Key management personnel**
	Corporate guarantee given including renewed / (released) to bank	Year ended 31st March, 2008	125.00	-	-
		Year ended 31st March, 2009	125.00	-	-
		Year ended 31st March, 2010	(125.00)	-	-
		Year ended 31st March, 2011	-	-	-
		Year ended 31st March, 2012	-	-	-
	Sale of Technology / Know-how			-	
		Year ended 31st March, 2008	354.28	-	-
		Year ended 31st March, 2009	323.02	-	-
		Year ended 31st March, 2010	315.61	-	-
		Year ended 31st March, 2011	421.47	-	-
		Year ended 31st March, 2012	156.51	-	-
	License Fees / Royalty on Technology (income)			-	
		Year ended 31st March, 2008	5.51	-	-
		Year ended 31st March, 2009	23.77	-	-
		Year ended 31st March, 2010	27.37	-	-
		Year ended 31st March, 2011	99.24	-	-
		Year ended 31st March, 2012	106.83	-	-
	Purchase of Fixed Assets			-	
		Year ended 31st March, 2008	-	-	-
		Year ended 31st March, 2009	-	-	-
		Year ended 31st March, 2010	0.29	-	-
		Year ended 31st March, 2011	0.24	-	-
		Year ended 31st March, 2012	-	-	-
	Sale of Fixed Assets			-	
		Year ended 31st March, 2008	-	-	-
		Year ended 31st March, 2009	-	-	-
		Year ended 31st March, 2010	-	-	-
		Year ended 31st March, 2011	0.97	-	-
		Year ended 31st March, 2012	0.24	-	-
	Interest free Inter-corporate Loan availed	Year ended 31st March, 2008	-	-	-
		Year ended 31st March, 2009	-	-	-
		Year ended 31st March, 2010	-	-	-
		Year ended 31st March, 2011	-	-	-
		Year ended 31st March, 2012	-	621.50	-
	Interest free Inter-corporate Loan repaid				
		Year ended 31st March, 2008	-	-	-
		Year ended 31st March, 2009	-	-	-

		Year ended 31st March, 2010	-	-	-
		Year ended 31st March, 2011	-	-	-
		Year ended 31st March, 2012	-	11.50	-
	Remuneration to directors	Year ended 31st March, 2008	N.A.	N.A.	9.18
		Year ended 31st March, 2009	N.A.	N.A.	12.08
		Year ended 31st March, 2010	N.A.	N.A.	19.91
		Year ended 31st March, 2011	N.A.	N.A.	21.45
		Year ended 31st March, 2012	N.A.	N.A.	29.09
	Outstanding Balance receivable	As at 31st March, 2008	241.58	-	-
		As at 31st March, 2009	0.40	-	-
		As at 31st March, 2010	5.04	-	-
		As at 31st March, 2011	1.29	-	-
		As at 31st March, 2012	27.38	-	-
	Outstanding Balance payable	As at 31st March, 2008	65.83	-	1.26
		As at 31st March, 2009	150.47	-	1.36
		As at 31st March, 2010	468.58	-	3.00
		As at 31st March, 2011	543.06	-	1.60
		As at 31st March, 2012	580.47	610.47	4.66

ANNEXURE XX

SUMMARY OF ACCOUNTING RATIOS

(₹ in million)

Particulars	Year ended 31st March, 2008	Year ended 31st March, 2009	Year ended 31st March, 2010	Year ended 31st March, 2011	Year ended 31st March, 2012
Earnings Per Share (EPS) - Basic and Diluted					
Loss for the year	(49.05)	(130.39)	(216.79)	(77.62)	(722.33)
Weighted average number of equity shares	19,91,59,782	20,71,16,391	20,71,16,391	20,71,16,391	20,71,16,391
EPS (in ₹)	**(0.25)**	**(0.63)**	**(1.05)**	**(0.37)**	**(3.49)**
Return on Net Worth					
Loss for the year	(49.05)	(130.39)	(216.79)	(77.62)	(722.33)
Net worth	481.04	350.65	133.86	56.24	(666.09)
Return on Net Worth (%)	**(10.19)**	**(37.19)**	**(161.95)**	**(138.02)**	**Not Applicable** (See Note 2 below)
Net Asset Value Per Equity Share					
Net worth	481.04	350.65	133.86	56.24	(666.09)
Number of equity shares outstanding at the end of the year	20,71,16,391	20,71,16,391	20,71,16,391	20,71,16,391	20,71,16,391
Net Asset Value Per Equity Share (in ₹)	**2.32**	**1.69**	**0.65**	**0.27**	**(3.22)**

Note:

1. The above has been computed on the basis of the restated summary statements.

2. The Net Worth of the Company is negative as at 31st March, 2012, hence Return on Net Worth for the said period is not applicable.

ANNEXURE XXI

SEGMENT INFORMATION, AS RESTATED

The segment disclosures in terms of Accounting Standard 17 on "Segment Reporting", as notified under the Companies (Accounting Standard) Rules, 2006, are as under:

Primary Segment

The Company has identified "Pharmaceuticals Research & Development" as the only primary reportable business segment.

Secondary Segment - by Geographical Segment

(₹ in million)

Particulars	Year Ended	Within India	Outside India	Total
Revenue from operations, as restated	31st March, 2008	8.51	365.90	**374.41**
	31st March, 2009	27.46	323.00	**350.46**
	31st March, 2010	27.36	315.61	**342.97**
	31st March, 2011	162.01	421.47	**583.48**
	31st March, 2012	129.32	160.44	**289.76**

Note:

In view of the interwoven / intermix nature of business, other segmental information is not ascertainable.

ANNEXURE XXII

SUMMARY OF CONTINGENT LIABILITIES, AS RESTATED

(₹ in million)

Particulars	As at 31st March, 2008	As at 31st March, 2009	As at 31st March, 2010	As at 31st March, 2011	As at 31st March, 2012
Guarantees given by the bankers against Advance License Scheme	10.70	31.19	37.87	43.69	49.90
Total	**10.70**	**31.19**	**37.87**	**43.69**	**49.90**

GROUP ENTITIES

The following companies/firms/ventures are promoted by our Promoter (including companies under the same management pursuant to Section 370 (1B) of the Companies Act) and thus, are our Group Entities.

Five Largest Group Entities

Our top 5 Group Entities are as follows:

Listed Company

1. Sun Pharmaceutical Industries Limited

Unlisted Entities on the basis of their turn over

2. Sun Pharma Sikkim
3. Caraco Pharmaceutical Laboratories, Ltd.
4. Sun Pharmaceutical Industries
5. Sun Pharma de Mexico S.A. de. C.V.

LISTED COMPANY

1. Sun Pharmaceutical Industries Limited ("SPIL")

Corporate Information

SPIL was incorporated as a partnership firm named "Sun Pharmaceutical Industries" *vide* Partnership Deed dated April 08, 1982 which was later converted into a public limited company under the name of "Sun Pharmaceutical Industries Limited" on March 01, 1993 *vide* Certificate of Incorporation bearing registration number 019050, issued by the Registrar of Companies, Gujarat. SPIL received its Certificate for Commencement of Business from the Registrar of Companies, Gujarat on March 18, 1993. The CIN of SPIL is L24230GJ1993PLC019050. SPIL was listed on BSE and NSE on December 19, 1994.

SPIL is currently engaged *inter alia* in the activities of manufacturing and marketing of pharmaceutical products.

Present Board of Directors

Sr. No.	Name of Director	Designation
1.	Mr. Dilip Shanghvi	Managing Director
2.	Mr. Israel Makov	Chairman & Director
3.	Mr. Sudhir Valia	Whole-time Director
4.	Mr. Sailesh Desai	Whole-time Director
5.	Mr. Mohanchand Dadha	Director
6.	Mr. Hasmukh Shah	Director
7.	Mr. Keki Mistry	Director
8.	Mr. Ashwin Dani	Director

Share Capital

The equity shares of SPIL (each of face value ₹ 1.00) are listed on BSE and NSE. The shareholding pattern of SPIL as on June 30, 2012 is as follows:

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B)[1]	% of shares (A+B+C)	Number of shares	% Number of shares
(A)	**Shareholding of Promoter and Promoter Group**							
1	**Indian**							
(a)	Individuals/ Hindu Undivided Family	10	152,676,100	152,676,100	14.74	14.74	2,577,000	1.69
(b)	Central Government/ State Government(s)	0	0	0	0.00	0.00	0	0.00
(c)	Bodies Corporate	17	506,512,000	506,512,000	48.91	48.91	0	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)							
	Trust	1	640,100	640,100	0.06	0.06	0	0.00
	Any Other Total	1	640,100	640,100	0.06	0.06	0	0.00
	Sub-Total (A)(1)	28	659,828,200	659,828,200	63.72	63.72	2,577,000	0.39
2	**Foreign**							
(a)	Individuals (Non-Resident Individuals/ Foreign Individuals)	0	0	0	0.00	0.00	0	0.00
(b)	Bodies Corporate	0	0	0	0.00	0.00	0	0.00
(c)	Institutions	0	0	0	0.00	0.00	0	0.00
(d)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(e)	Any Other (specify)							
	Any Other Total	0	0	0	0.00	0.00	0	0.00
	Sub-Total (A)(2)	0	0	0	0.00	0.00	0	0.00
	Total Shareholding of Promoter and Promoter Group (A)= (A)(1)+(A)(2)	**28**	**659,828,200**	**659,828,200**	**63.72**	**63.72**	**2,577,000**	**0.39**
(B)	**Public shareholding**							
1	**Institutions**							
(a)	Mutual Funds/ UTI	155	17,994,763	16,746,663	1.74	1.74	0	0.00
(b)	Financial Institutions/	29	36,884,130	36,882,710	3.56	3.56	0	0.00

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B)[1]	% of shares (A+B+C)	Number of shares	% Number of shares
	Banks							
(c)	Central Government/ State Government(s)	3	47,308	47,308	0.00	0.00	0	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0.00	0	0.00
(e)	Insurance Companies	0	0	0	0.00	0.00	0	0.00
(f)	Foreign Institutional Investors	540	211,575,412	211,569,412	20.43	20.43	0	0.00
(g)	Foreign Venture Capital Investors	0	0	0	0.00	0.00	0	0.00
(h)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(i)	Any Other (specify)							
	Any Other Total	0	0	0	0.00	0.00	0	0.00
	Sub-Total (B)(1)	**727**	**266,501,613**	**265,246,093**	**25.73**	**25.73**	**0**	**0.00**
2	**Non-institutions**							
(a)	Bodies Corporate	1,342	52,697,393	52,594,448	5.09	5.09	0	0.00
(b)	Individuals							
(i)	Individual shareholders holding nominal share capital up to ₹ 1 lakh	64,524	37,883,186	31,520,324	3.66	3.66	0	0.00
(ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	32	16,242,302	16,098,302	1.57	1.57	0	0.00
(c)	Qualified Foreign Investor	0	0	0	0.00	0.00	0	0.00
(d)	Any Other (specify)							
	Trusts	17	515,597	515,597	0.05	0.05	NA	NA
	Foreign Companies	2	646,450	646,450	0.06	0.06	NA	NA
	Clearing Member	325	562,634	562,634	0.05	0.05	NA	NA

Sr. No	Category of shareholder	Number of shareholders	Total number of shares	Number of shares held in de materialized form	Total shareholding as a percentage of total number of shares		Shares pledged or otherwise encumbered	
					% of shares (A+B)[1]	% of shares (A+B+C)	Number of shares	% Number of shares
	Non Resident Indians (Repat)	1,359	428,514	351,974	0.04	0.04	NA	NA
	Non Resident Indians (Non Repat)	364	276,066	276,066	0.03	0.03	NA	NA
	Any Other Total	2,067	2,429,261	2,352,721	0.23	0.23	0	0.00
	Sub-Total(B)(2)	**67,965**	**109,252,142**	**102,565,795**	**10.55**	**10.55**	**0**	**0.00**
	Total Public Shareholding (B)= (B)(1)+(B)(2)	68,692	375,753,755	367,811,888	36.28	36.28	0	0.00
	TOTAL(A)+(B)	**68,720**	**10,35,581,955**	**1,027,640,088**	**100.00**	**100.00**	**2,577,000**	**0.25**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**							
C1	Promoter and Promoter Group	0	0	0		0.00	0	0.00
C2	Public	0	0	0		0.00	0	0.00
	Total C= C1+C2	0	0	0		0.00	0	0.00
	GRAND TOTAL (A)+(B)+(C)	**68,720**	**1,035,581,955**	**1,027,640,088**	**N.A.**	**100.00**	**2,577,000**	**0.25**

The composition of the board of directors of SPIL is in compliance with Clause 49 of the listing agreement entered into by SPIL with the Stock Exchanges.

Financial Performance

The summary of audited standalone financial results of SPIL for the Fiscal 2012, 2011and 2010 are as under:

(₹ in million, unless otherwise stated)

	For the Fiscal		
Particulars	**2012**	**2011**	**2010**
Income/Sales	40,155.60	31,075.70	24,879.50
Profit (Loss) after Tax	19,279.80	13,838.00	8,986.50
Equity share capital[(1)]	1,035.60	1,035.60	1,035.60
Reserves and surplus (excluding revaluation	80,050.60	65,769.70	56,144.20

reserves)			
Face value	1.00	1.00	5.00
Earnings per share (₹) [(1)]	18.60	13.4	08.7
Diluted Earnings per share (₹) [(1)]	18.60	13.4	08.7
Net asset value or book value per share (₹) [(1)]	78.30	64.5	55.2

(1) Face value of each equity share for Fiscal 2012 and 2011 is ₹ 1.00 and for Fiscal 2010 is ₹ 5.00, however the face value of each equity share has been taken as ₹ 1.00 for comparison.

Stock Market Data

The details of the highest and lowest price on the BSE and the NSE during the preceding 6 months are as follows:

	BSE		**NSE**	
Month	**High (₹)**	**Low (₹)**	**High (₹)**	**Low (₹)**
July 2012	655.00	605.55	657.00	605.75
June 2012	643.00	554.00	644.80	533.00
May 2012	610.00	560.30	610.75	559.25
April 2012	610.00	555.00	608.80	554.50
March 2012	593.95	535.55	594.00	535.90
February 2012	565.75	532.10	565.80	532.75

Source: BSE Official website i.e. www.bseindia.com and NSE Official website i.e. www.nseindia.com

The closing share price of SPIL as on August 09, 2012 on the BSE and the NSE was ₹ 676.95 and 676.35 per equity share respectively.

The market capitalization of SPIL as on August 09, 2012 was ₹ 701,015.66 million on the BSE and ₹ 700,394.33 million on the NSE.

Details of Public Issue/Rights Issue of capital in the last 3 years

SPIL has not made any public issue/ rights issue during the last 3 years.

Mechanism for redressal of Investor grievance

All share related matters, namely transfer, transmission, transposition, dividend, change of name, address, replacement, split, consolidation, dematerialization and rematerialisation of shares, issue of duplicate certificates etc. are handled by Link Intime India Private Limited, Registrar and Share Transfer Agent (**"RTA"**)

SPIL has an established mechanism for Investor service and grievance handling with its RTA and the compliance officer appointed by it. The board of directors of SPIL has constituted a 'Shareholders / Investor Grievance Committee' which, *inter alia*, consider Shareholders and Investors complaints including transfer of shares, non receipt of balance sheet, non receipt of dividend warrant, etc and to redress genuine grievances of Shareholders and Investors.

Status of Complaints

Details of Complaints received for the period April 01, 2010 to July 31, 2012 are as follows:

Period	**Received**	**Resolved**	**Pending**
For the period from April 01, 2012 to July 31, 2012	1	1	Nil
Fiscal 2012	30	30	Nil
Fiscal 2011	24	24	Nil
Fiscal 2010	24	24	Nil

SPIL is not a 'sick company' as defined in SICA nor have any winding up proceedings been initiated against SPIL.

UNLISTED ENTITES

2. Sun Pharma Sikkim ("Sun Pharma Sikkim")

Corporate Information

Sun Pharma Sikkim was incorporated under the Indian Partnership Act, 1932 *vide* Deed of Partnership dated January 15, 2009 entered into between Sun Pharmaceutical Industries Limited, Sun Pharmaceutical Industries Key Employees Benefit Trust and Sun Pharma Advanced Research Company Limited Key Employees Benefit Trust. The registration number of Sun Pharma Sikkim is B-101020 and the date of registration is August 18, 2009.

Sun Pharma Sikkim is currently engaged *inter alia* in manufacturing of pharmaceutical products.

Interest of Promoter

Our Promoter is interested in Sun Pharma Sikkim to the extent of his percentage of profit sharing, held indirectly, through one or more of our Group Entities.

Financial Performance

The summary of audited standalone financial results of Sun Pharma Sikkim for the Fiscal 2012, 2011 and 2010 are as under:

(₹ in million)

	For the Fiscal		
Particulars	**2012**	**2011**	**2010**
Income/Sales	17,428.27	13,582.59	6,055.78
Profit (Loss) after Tax	11,819.42	11,062.88	4,631.27
Partners capital	12,603.11	3,819.85	3,110.10

3. Caraco Pharmaceutical Laboratories, Ltd ("Caraco Pharma Labs")

Corporate Information

Caraco Pharma Labs was incorporated as a Michigan corporation on February 22, 1984. The registration number of Caraco Pharma Labs is 345364.

On February 11, 1994, Caraco Pharma Labs was registered for trading with the United States Securities and Exchange Commission. Subsequently, on June 14, 2011 Caraco Pharma Labs became a wholly beneficially owned subsidiary of SPIL. In the light of this, there was no public shareholding in Caraco Pharma Labs and it applied for voluntary delisting of its shares from New York Stock Exchange: Amex stock exchange. The registration of Caraco Pharma Labs was terminated with United States Securities and Exchange Commission on September 26, 2011.

Caraco Pharma Labs is currently engaged *inter alia* in the activity of developing, manufacturing and distributing pharmaceuticals.

Interest of Promoter

Our Promoter has indirect interest in Caraco Pharma Labs, through one or more of our Group Entities.

Financial Performance

The summary of audited standalone financial results of Caraco Pharma Labs for the Fiscal 2012, 2011, and 2010 are as under:

(USD in million, unless otherwise stated)

	For the Fiscal		
Particulars	**2012**	**2011**	**2010**
Income/Sales	287.83	309.98	233.67
Profit (Loss) after Tax	4.21	(8.17)	(8.66)
Common share capital	141.65	141.65	130.33
Series B Convertible preferred stocks	-	-	11.32
Reserves and surplus (excluding revaluation reserves)	9.95	5.74	13.74
Number of common shares (units)	40,179,294	40,179,194	39,090,194
Earnings per common share (in USD) (1)	0.10	(0.21)	(0.22)
Diluted Earnings per common share (in USD) (1)	0.10	(0.21)	(0.22)
Net asset value or book value per share (in USD) (1)	3.77	3.67	3.98

(1) Common shares of no par value.

4. Sun Pharmaceutical Industries ("Sun Pharma Industries")

Corporate Information

Sun Pharma Industries was incorporated *vide* Deed of partnership dated March 01, 2003 entered into by and between Sun Pharmaceutical Industries Limited and the Sun Pharmaceutical Industries Key Employees Benefit Trust under the Jammu & Kashmir Partnership Act, 1996. The registration number of Sun Pharma Industries is 7853. Sun Pharma Industries was registered on December 24, 2003.

Sun Pharma Industries is currently engaged *inter alia* in the manufacturing of pharmaceutical products.

Interest of Promoter

Our Promoter is interested in Sun Pharma Industries to the extent of his percentage of profit sharing, held indirectly, through one or more of our Group Entities.

Financial Performance

The summary of audited standalone financial results of Sun Pharma Industries for the Fiscal 2012, 2011 and 2010 are as under:

(₹ in million)

	For the Fiscal		
Particulars	**2012**	**2011**	**2010**
Income/Sales	5,436.89	2,133.05	4864.22
Profit (Loss) after Tax	2,610.40	889.80	2,164.49
Partners capital	9,193.04	4,022.11	4,358.50

5. Sun Pharma de Mexico S.A. de. C.V. ("Sun Pharma de Mexico")

Corporate Information

Sun Pharma de Mexico was incorporated as a Variable Capital Company with the Secretaria de Hacienda y Credito Publico, Mexico on December 03, 2002. The Registration number of Sun Pharma de Mexico is SPM021203II2

Sun Pharma de Mexico is currently engaged *inter alia* in the activity to manufacture, commercialize and distribution of pharmaceutical products for human use.

Interest of Promoter

Our Promoter has indirect interest in Sun Pharma de Mexico, through one or more of our Group Entities.

Financial Performance

The summary of audited standalone financial results of Sun Pharma de Mexico for the Calendar Years 2011, 2010 and 2009 are as under:

(Mexican Pesos in million., unless otherwise stated)

	For the Calendar Years		
Particulars	**2011**	**2010**	**2009**
Income/Sales	150.35	125.29	100.13
Profit (Loss) after Tax	2.57	10.82	5.28
Equity share capital (with no par value)	1.01	1.01	1.01
Reserves and surplus (excluding revaluation reserves) (1)	20.22	17.65	6.82
Earnings per share (in Mexican Pesos)	2,569.70	10,824.69	5,276.78
Diluted earnings per share	2,569.70	10,824.69	5,276.78
Net asset value or book value per share (in Mexican Pesos)	21,229.35	18,659.65	7,834.96

(1) Net of miscellaneous expenditure not written off.

GROUP ENTITIES THAT HAVE INCURRED LOSSES

The following Group Entities have incurred losses in the preceding year. The profit / (loss) of past 3 financial years are as under:

(₹ in million, unless stated otherwise)

	PROFIT / (LOSS)		
NAME OF THE COMPANY	**FISCAL 2012**	**FISCAL 2011**	**FISCAL 2010**
LIMITED COMPANIES			
Green Eco Development Centre Limited	(0.10)	(0.01)	- **
BODIES CORPORATE			
Sun Pharmaceutical Industries, Inc.*	(22.20)	(26.47)	(13.80)
FIRMS			
Sun Pharma Drugs	(0.001)	(0.003)	-**

** USD in million*

*** were incorporated in Fiscal 2011*

	PROFIT / (LOSS)		
NAME OF THE COMPANY	**Calendar Year 2011**	**Calendar Year 2010**	**Calendar Year 2009**
BODIES CORPORATE			
Sun Pharmaceutical Peru Sociedad Anonima Cerrada (Soles in million)	(0.56)	(0.47)	(0.92)
OOO Sun Pharmaceutical Industries Limited (Roubles in million)	(27.94)	(0.62)	3.27

GROUP ENTITES WITH NEGATIVE NET WORTH

Group Entities which have negative Net Worth, in the preceding one year are as under:

1. Sun Pharmaceutical Industries, Inc. ("Sun Pharma Inc.")

Corporate Information

Sun Pharma Inc. was incorporated as a wholly owned subsidiary of Sun Pharmaceutical Industries Limited on September 14, 2004 *vide* Articles of Incorporation bearing number 029-02D under the laws of the State of Michigan.

Sun Pharma Inc. is currently engaged *inter alia* in the activity to develop, manufacture and distribution of pharmaceutical products.

Interest of Promoter

Our Promoter has indirect interest in Sun Pharma Inc., through one or more of our Group Entities.

Financial Performance

The summary of financial results of Sun Pharma Inc. for the Fiscal 2012, 2011 and 2010 are as under:

(USD in million, except per share data)

	For the Fiscal		
Particulars	**2012**	**2011**	**2010**
Income/Sales	13.93	4.37	15.79
Profit (Loss) after Tax	(22.20)	(26.47)	(13.80)
Equity share capital (par value 1 USD each)	5,000.00	5,000.00	5,000.00
Reserves and surplus (excluding revaluation reserves) [(1)]	(92.69)	(70.49)	(44.02
Earnings per share (assuming each has par value of 1 USD)	(4,440.78)	(5,294.34)	(2,759.72)
Diluted earnings per share	(4,440.78)	(5,294.34)	(2,759.72)
Net Worth (total stockholders' equity (deficit))	(92.68)	(70.48)	(44.01)
Net asset value or book value per share (USD)	(18.537.97)	(14,097.19)	(8,802.85)

(1) Net of miscellaneous expenditure not written off

2. Sun Pharmaceutical Peru Sociedad Anomina Cerrada (S.A.C) ("Sun Pharma Peru")

Corporate Information

Sun Pharma Peru was incorporated as a closed corporation on June 27, 2006. The registration number of Sun Pharma Peru is 11703068.

Sun Pharma Peru is currently engaged *inter alia* in the marketing and manufacturing of pharmaceutical products.

Interest of Promoter

Our Promoter has indirect interest in Sun Pharma Peru, through one or more of our Group Entities.

Financial Performance

The summary of financial results of Sun Pharma Peru for the Calendar Years 2011, 2010 and 2009 are as under:

(Soles in million, except per share data)

	For the Calendar Years		
Particulars	**2011**	**2010**	**2009**
Income/Sales	-	-	-
Profit (Loss) after Tax	(0.56)	(0.47)	(0.92)
Equity share capital (par value of S/. 10.00 (ten and	1,500	1,500	1,500

00/100 nuevos soles) each			
Reserves and surplus (excluding revaluation reserves)	(1.95)	(1.39)	(0.92)
Earnings per share (in Soles)	(3,725.66)	(3,133.08)	(6,168.19)
Diluted earnings per share (in Soles)	(3,725.66)	(3,133.08)	(6168.19)
Net Worth (in Soles)	(1.95)	(1.39)	(0.92)
Net asset value or book value per share (in Soles)	(13,026.93)	(9,291.27)	(6,158.19)

OTHER GROUP ENTITIES

SR. NO.	NAME OF THE COMPANY	BRIEF DESCRIPTION OF BUSINESS	PROMOTER'S DIRECT SHAREHOLDING IN PERCENTAGE*
1.	Virtuous Finance Limited	Investment and finance activities	-
2.	Virtuous Share Investments Limited	Investment activities	-
PRIVATE LIMITED COMPANIES			
3.	Alrox Investment & Finance Private Limited	Investment activities	98.27
4.	Airborne Investment & Finance Private Limited	Investment activities	98.28
5.	Asawari Investment & Finance Private Limited	Investment activities	33.54
6.	Bonaire Exports Private Limited	Investment activities	-
7.	Bridgestone Investment & Finance Private Limited	Investment activities	98.27
8.	Deeparadhana Investment and Finance Private Limited	Investment activities	98.27
9.	Family Investment Private Limited	Investment activities	-
10.	Gujarat Sun Pharmaceutical Industries Private Limited	Investment activities	99.96
11.	Mackinon Investment & Finance Private Limited	Investment activities	98.27
12.	Meghganga Finvest Private Limited	Investment activities	-
13.	Navajivan Rasayan (Gujarat) Private Limited	Investment activities	30.04
14.	Nirmit Exports Private Limited	Investment activities	-
15.	Quality Investment Private Limited	Investment activities	-
16.	Shanghvi Finance Private Limited	Investment activities	81.00
17.	SPARC Bio Research Private Limited	Not carrying out any business activities since the last 3 years	50.00
18.	Sun Fastfin Services Private Limited	Investment activities	50.00
19.	Sun Resins and Polymers Private Limited	Investment activities	-
20.	Sunkalp Pharma Distributers Private Limited	No activity	-
21.	Tejaskiran Pharmachem Industries Private Limited	Investment and finance activities	-
22.	Viditi Investment Private Limited	Investment and finance activities	-
23.	Jeevanrekha Investrade Private Limited	Investment activities	-
24.	Package Investrade Private Limited	Investment activities	-
25.	Sholapur Organics Private Limited	Investment activities	-
26.	Sanghvi Properties Private Limited	Investment activities	96.75
27.	Solares Therapeutic Private Limited	Not carrying out any business activities since the last 3 years	-
28.	Flamboyawer Finance Private Limited	Investment activities	81.00
29.	Faststone Mercantile Company Private Limited	No activity	-
30.	Neetnav Real Estate Private Limited	No activity	-
31.	Realstone Multitrade Private Limited	No activity	-
32.	Skisen Labs Private Limited	No activity	-
33.	Softdeal Trading Company Private Limited	No activity	-

BODIES CORPORATE			
34.	Sun Pharma De Venezuela, C.A.	Activity related to the pharmaceutical industry	-
35.	Sun Pharma Global Inc.	Trading in pharmaceutical medicines and financial activities	-
36.	Sun Pharmaceutical (Bangladesh) Limited	Manufacturer and seller of pharmaceutical products	-
37.	ZAO Sun Pharma Industries Limited	No activity	-
38.	SPIL de Mexico S.A. de C.V.	No activity	-
39.	Shanghvi Family & Friends Benefit Trust	-	Mr. Dilip Shanghvi is the trustee
40.	Dilip Shantilal Shanghvi HUF	-	Mr. Dilip Shanghvi is the karta
41.	Sun Pharma Drugs	No activity	-

Subsidiary

Our Company does not have any subsidiaries as on the date of this Letter of Offer.

Other Confirmations

Details of our Group Entities whose names have been struck off from the official records

None of our Group Entities have been struck off from the official records as 'defunct companies' in the last 5 years.

None of our other Group Entities have made applications for striking- off of their names from the official records.

No action has been initiated by the Registrar of Companies for the striking- off of our Group Entities.

Group Entities referred to the Board for Industrial & Financial Reconstruction ("BIFR") and / or under winding up

Except for ZAO Sun Pharma Industries Limited which is under voluntary liquidation, none of our other Group Entities have been referred to BIFR and / or are under winding up.

Common Pursuits / Conflict of interest of Promoter and Group Entities

Our Group Entities namely SPIL, Caraco Pharmaceutical Laboratories, Ltd. and SPARC Bio-Research Private Limited are engaged in businesses / industries in which our Company operates. These Group Entities are presently engaged in a similar line of business as that of our Company i.e. of research and development, however, none of these are engaged in the same line of business as that of our Company which is innovative pharmaceutical research and development. This may be a potential source of conflict of interest for our Company and may have an adverse effect on our operations. Furthermore, certain of our Group Entities are enabled, by the main objects clause of their memorandum of association, to carry on activities which may be common to the business of our Company. Whilst they are not currently carrying on any business in conflict with our Company, there is no assurance that a conflict of interest may not occur between our business and the business of these companies in the future, or that we will be able to suitably resolve such a conflict without an adverse effect on our business or operations.

Related Party Transactions and sales and purchases between our Company and Group Entities

For details of related party transactions entered into by our Company with our Group Entities, please see the section titled *"Related Party Transactions"* of the chapter titled *"Financial Information"* beginning on page 170.

Business interest of Group Entities in our Company

Our Group Entities do not have any interest in our Company except in the normal course of business and to the extent of:

1. Certain inter corporate loans taken from some of our Group Entities by our Company, details of which are mentioned in the chapter titled *"Financial Indebtedness"* beginning on page 214;

2. The shareholding of such Group Entities, if any, in our Company details of which are mentioned in the chapter titled *"Capital Structure"* beginning on page 67; and

3. Properties taken on leave and license basis by our Company from such Group Entities details of which are mentioned in the section titled *"Properties"* in the chapter titled *"Business"* beginning on page 116.

For further details relating to the same please refer to section titled *"Financial Information"* beginning on page 170.

Interest of Group Entities in promotion of the Issuer

Our Group Entities have no interest in the promotion of our Company.

Interest of Group Entities in the properties of the Issuer

Our Group Entities have no interest in the properties acquired by our Company or proposed to be acquired by it within 2 years of the date of this Letter of Offer.

Litigation

For details relating to legal proceedings involving the Promoter and the Group Entities, please see the chapter *"Outstanding Litigation, Material Developments and Other Disclosures"* beginning on page 236.

Payment or Benefit to our Group Entities

Except as stated in the section titled *"Financial Information"* beginning on page 170, there has been no payment or benefits to our Group Entities during the preceding 2 years.

For the exchange rates for the Group Entities please refer to chapter titled *"Presentation of Financial Information and Use of Market Data"* beginning on page 10.

FINANCIAL INDEBTEDNESS

The following is a summary of our Company's indebtedness:

Details of unsecured borrowings:

1. Unsecured term loan:

Lender	Date(s) of financing documents	Amount outstanding as on August 09,, 2012	Repayment Schedule and Interest
Department of Science and Technology, Government of India ("DST")	September 12, 2009	₹ 66.12 million (inclusive of amount disbursed i.e. ₹ 63.80 million + interest accrued i.e. ₹ 2.32 million)	Sanctioned loan amount being ₹ 96.60 million, out of which ₹ 63.80 million has been disbursed by DST and the same has been fully utilised, repayable with interest at 3% per annum and is repayable in 10 annual equal instalments, which is to commence from August 01, 2012.

2. Short term borrowings (unsecured loans) from Group Entities:

Lender	Date(s) of financing documents	Amount outstanding as on August 09, 2012	Repayment Schedule	Interest rate (per annum)
Sholapur Organics Private Limited	August 02, 2011	62.50 million	On demand	-
Tejaskiran Pharmachem Industries Private Limited	July 05, 2011	341.00 million	On demand	-
Quality Investment Private Limited	October 01, 2011	146.50 million	On demand	-
Viditi Investment Private Limited	January 03, 2012	60.00 million	On demand	-
SPIL	June 07, 2012	230.00 million	On demand	12%

3. Other loans:

Lender	Date(s) of financing documents	Balance outstanding as on August 09, 2012	Repayment Schedule and Interest	Security
IndusInd Bank Limited ("IndusInd")	May 11, 2011	₹ 04.45million	Sanctioned working capital loan amount being ₹ 161 million repayable with interest at 12.75 % inclusive of the base rate of IndusInd i.e. 10.75% + 2% per annum which is to be repaid on demand	NIL

Our agreements with the lenders in relation to financial facilities sanctioned by them have certain restrictive covenants. A summary of certain significant restrictive covenants is as follows:

1. Prior approval of the lenders in writing is required in case our Company intends to undertake any of the following actions:

- Effect any change in their capital structure;
- Pledging of the shares held by the Promoter Group beyond 10% of holdings, for raising any loan or for securitizing any loans or advances availed/to be availed by them from any bank/financial institution/lender;
- Formulate any scheme of amalgamation/reconstitution;
- Undertake any new project/scheme without obtaining the lender's written consent unless the expenditure on such expansion etc is covered by the Company's net cash accruals after providing for dividends, investments, etc or from long term funds received for financing such new projects or expansion;
- Invest by way of share capital in or lend or advance funds to or place deposits with any other concern;
- Enter into borrowing arrangements either secured or unsecured with any other bank/financial institution;
- Undertake guarantee obligations on behalf of other companies/associates/affiliates;
- Effect re-appropriation of funds from one budget to another;
- Change in the management;
- Change in constitution;
- Intended changes in the location of principal place of business;
- Invest any of the funds availed in terms of the facilities sanctioned by the lenders in the shares, debentures, deposits or other investments of any other company or be invested in capital market or real estate;
- Prepay the outstanding principal amount together with interest due in full or part before the due dates;
- Enter into, or be a party to, any transaction with any affiliate of our Company, except in the ordinary course of and pursuant to the reasonable requirements of our Company's business and upon fair and reasonable terms;
- Change in the shareholding pattern of the Promoter (including by issue of new shares and transfer of shares) or in our Company's management which would result in the promoter holding falling below 51%;
- Dispose of its assets or compromise with any of its creditors other than in normal course of business;
- Intimation to the lenders within 10 days of raising any further loans/availing any facilities from any other bank or institution.

2. Our Company shall keep the lenders informed of any change in accounting standards as well as accounting year;

3. Our Company to ensure that the net working capital does not fall below the minimum amounts stipulated by the lenders from time to time.

4. Our Company shall not use all or any part of the facility for investments into capital market oriented mutual fund schemes including, without limitation, equity / real estate mutual funds;

5. Our Company shall not pay any commission to its Promoter, directors, managers or other persons for furnishing guarantees, counter guarantees or indemnities or for undertaking any other liability at all times during the currency of the facility so sanctioned by the lenders;

6. Our Company shall not during the subsistence of the liability to the lenders under or in respect of any of the facilities without the written consent of the lenders, when such consent is otherwise required under any law for the time being in force enter into any compromise with any of its creditors or Shareholders, or enter into any other arrangements, mergers, amalgamations, consolidations, structuring, restructuring, spin offs, hive offs;

7. Our Company to keep the lenders informed, within 15 working days in the event of guaranteeing or paying or providing any collateral for obligations of others, giving the details of guaranteed amount or collateral offered as well as giving details of overall debt position;

8. As long as our Company continues to be indebted to the lenders under the facilities, our Company shall keep the lender informed within 15 days, in the event of borrowing any moneys from any other lenders or from any other source whatsoever and whosoever apart from temporary loans obtained in the ordinary course of business giving details of overall debt position ;

9. Our Company shall keep the lenders informed of any change in its name or trade name within 7 days of such change;

10. During the currency of facility the shareholding of such Shareholders in our Company who are its directors at present and the principal Shareholders and Promoter of our Company shall not be varied which would result in promoter shareholding below 51%;

11. Our Company not to withdraw or allow to be withdrawn any monies brought in by the Promoter and directors or relatives and friends of the Promoter or directors of our Company such that the Promoter holding falls below 51%;

12. Our Company not to divert the facilities availed from the lenders to capital markets or utilize for meeting capital expenditure;

13. Our Company shall not declare or pay any dividend or authorize or make any distribution to its Shareholders;

14. Our Company to utilize fund based facilities for general corporate purposes only;

15. Our Company to route their banking business including foreign exchange, deposits and bill business through the lender proportionate to the lender's exposure;

16. The working capital facilities granted to our Company by the lenders both secured and unsecured shall be within the overall working capital requirements assessed by them;

17. Our Company shall not allow any payout by way of salary to directors (other than professional directors) or by way of interest to other subordinated lenders or by way of dividend to Shareholders in case of delay or default in repayment of any of the facilities availed by our Company from the lenders;

18. Our Company shall not induct a person, who is a director on the Board of a company which has been identified as a willful defaulter and that in case such a person is found to be on the Board of our Company, it shall take expeditious and effective steps for the removal of such a person from the Board;

19. All loan facilities availed by our Company shall be utilized exclusively for the purposes set forth in the documents related thereto and for no other purpose and no charge shall be made therein without the written sanction of the lenders;

20. No change whatsoever in the constitution of our Company shall impair or discharge the liability of our Company to the lenders;

21. Our Company shall not transfer funds / assets to any group or associate company or concern other than under normal course of business; and

22. In one of our facility availed, our Company has to refrain from disclosing any confidential information during the tenure of the agreement and for five years after the successful commercialization of the project for which the facility was sanctioned.

As regards this Issue, we have received No Objection Certificates for issue of Rights Shares from the following lenders:

Name of the Lender	Date of the NOC
Department of Science and Technology, Government of India	September 26, 2011
IndusInd Bank Limited	August 03, 2011
ICICI Bank Limited	August 30, 2011
Kotak Mahindra Bank Limited	August 08, 2011

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations is based on our restated financial statements for Fiscals 2012, 2011, 2010, 2009, 2008. Our Company's Fiscal ends on March 31 of each year. Accordingly, all references to a particular Fiscal are to the twelve month period ended March 31 of that year. This discussion should be read together with our restated financial statements and related notes, under "*Financial Information*" of this Letter of Offer. This discussion also contains forward-looking statements and reflects management's current views on our Company with respect to plans, estimates and beliefs as well as future events and financial performance. Actual results may differ materially from those anticipated in these forward looking statements as a result of certain factors beyond our control, such as those set forth under section titled "*Risk Factors*" beginning on page 13 and paragraph titled *"Factors affecting our financial condition and results of operations"* forming part of this chapter.

Our Company does not have any subsidiaries therefore our Company has only standalone financial statements.

Our Company operates in the innovative pharmaceutical research and development industry. Given the nature of the industry and the inherent uncertainty of success of a project and /or related activity, the revenues and expenditures are highly unpredictable. There is no known trend or certainty in which revenue is earned and expenditure is incurred. Due to this, the corresponding results of different period/ year are not comparable.

Overview of the Business of our Company

We are an innovative pharmaceutical research and development company focusing on developing new proprietary drugs in two areas namely; NCEs and NDDS. NCE programs are being developed with a focus on improving therapeutic index and addressing limitations of the currently approved and marketed drugs. NDDS based programs are developed using proprietary drug delivery systems for existing drugs to improve patient compliance and drug safety.

We undertake innovative research and technology projects for developing NCEs and NDDS. Our Company's research business comprises of conceptualizing, discovering and developing of an active pipeline of proprietary and patentable programs. These programs are typically "high risk, high reward" by nature which means they require considerably high investments for research, development and registration in global markets but can generate substantial revenues if they reach the market.

Our Company is developing a pipeline of NDDS platforms. We are currently working on products based on seven NDDS platform technologies including oral, injectable and topical dosage forms. Except the nano particulate injection platform, we have registered at least one product using each of these 6 platforms in the Indian market. We have currently five compounds in our NCEs portfolio, three of them are now under clinical trials.

Demerger of the Innovative Research and Development business of Sun Pharmaceutical Industries Limited into our Company:

Our Company was incorporated on March 01, 2006 as a wholly owned subsidiary of SPIL.

With the aim of achieving independent focus in the areas of innovative research and development business, SPIL's Innovative Research and Development business was demerged and transferred to our Company, with effect from February 28, 2007, pursuant to the Scheme of Demerger, as sanctioned by the High Court of Gujarat at Ahmedabad *vide* orders dated September 01, 2006 and March 01, 2007.

Factors affecting our financial condition and results of operations

Our results of operations and financial condition are affected by a number of factors, including the

following, which are of particular importance:

1. Our Company operates in the innovative pharmaceutical research and development industry which is still in the early stages of evolution and only a handful of players exist in India in the pure-play pharmaceutical research and development space. Capabilities essential for drug discovery and pre clinical research are being developed and learnt as the industry evolves. Further, the drug discovery process is a long process spread over a period of 5-15 years involving heavy expenditure at each stage. Revenues in this business are highly unpredictable and there is no certainty of success.

2. Our success largely depends upon our key managerial personnel and our ability to attract and retain them. Any loss of our key managerial personnel could adversely affect our business, operations and financial condition. We depend significantly on the expertise, experience and continued efforts of our key managerial personnel. If one or more members of our key managerial personnel are unable or unwilling to continue in his/ her present position, it could be difficult to find a replacement and our business could be adversely affected. Our future success will also depend on our ability to attract highly skilled personnel. Competition for key managerial personnel in our industry is intense and it is possible that we may not be able to retain our existing key managerial personnel or may fail to attract / retain new employees at equivalent positions in the future.

3. Our drug candidates in both NCEs and NDDS platforms are at early stages of development and we may not successfully develop a drug candidate that becomes a commercially viable drug. If our licensing /commercialisation is delayed this may 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. The drug discovery and development process is highly uncertain and we may not be successful in developing a drug candidate that ultimately leads to a commercially viable drug. Promising results in preclinical development or early clinical trials may not be predictive of results which may be obtained in later clinical trials. If we do not successfully licence/commercialise our products under development, or if our licensing /commercialisation is delayed, it will harm our operating results.

4. We must discover, develop, test and clinically validate 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 we may receive regulatory authorizations, pricing and reimbursement approvals and competitive developments could affect the availability or commercial potential of our products.

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

6. The drug research and development industry is highly competitive and we compete globally with some companies that offer a broader range of capabilities and have better access to resources than we do. The pharmaceutical industry is characterized by rapid and continuous technological innovation. We compete with many companies worldwide that are engaged in the research and discovery, licensing, development and commercialization of drug candidates. We could face increased global competition in the future as new companies enter the market and advanced technologies become available.

7. The cost of bringing a new molecule to the market is very high and there isn't sufficient risk capital available. In case our Company is unable to obtain additional funding to support our operations as and when required, we may be required to reduce our research and development activities or curtail our operations thereby affecting our business, operating results and financial condition adversely. We have expended substantial funds to discover and develop our drug candidates and additional substantial funds will be required for further development, including pre-clinical testing and clinical trials of any product candidates we develop internally. Because the successful development of our products is uncertain, we are unable to precisely estimate the actual funds we will require to develop them. Hence, any lack of such funds required for innovative research and development may adversely affect our business.

   Our ability to obtain additional funding when needed, changes in our operating plans, our existing and anticipated working capital requirements, the acceleration or modification of our planned research and development activities or expenditures, other expenses or events may increase the need for additional funds in the future which may be required sooner than anticipated thereby affecting our business, operating results and financial condition.

8. Clinical trials might be subject to side effects that may harm the health and safety of the trial volunteers / patients for whom our Company is liable. While all care is taken while designing and administering clinical trials there still may be unpleasant, serious or even life-threatening adverse events in experimental treatments to clinical trials. In case of any such adverse event, including injury or loss of limb or life or damage to any volunteer's / patient's health in case of any clinical trial conducted by us, we may be required to provide complete medical care to such volunteer / patient and to compensate the volunteer / patient for the same. This may significantly impact our business and its reputation.

   We have in the past entered into significant transactions with our Whole Time Director / certain of our entities promoted by our Promoter / Group Entities and other related parties. We have, in Fiscal 2012 entered into related party transactions, amounting to ₹ 965.96 million, with certain entities listed below and our Whole Time Director, Dr. Rajamannar Thennati regarding compensation paid to him:

   (i) Sun Pharmaceutical Industries Limited;
   (ii) Sun Pharma Global FZE;
   (iii) M/s. Sun Pharmaceutical Industries;
   (iv) Sun Pharmaceutical Industries Inc;
   (v) Sun Petrochemicals Private Limited;
   (vi) M/s. Sun Pharma Sikkim;
   (vii) Sun Pharma Global Inc.;
   (viii) Tejaskiran Pharmachem Industries Private Limited;
   (ix) Sholapur Organics Private Limited;
   (x) Aditya Imaging Information Technologies LLP;
   (xi) Quality Investment Private Limited; and
   (xii) Viditi Investment Private Limited.

   Furthermore, it is likely that we may enter into related party transactions in the future as well. While we believe that all such transactions have been / would be conducted on an arm's length basis, there can be no assurance that we might not have achieved / may not achieve more favourable terms had such transactions not been entered into with related parties. There can be no assurance that such transactions, individually or in the aggregate, will not have an adverse effect on our business, results of operations and financial condition.

9. The development and commercialization of drug candidates for our customers / licensors and our own internal drug discovery efforts are subject to regulation. Results attained in preclinical testing and early clinical trials for any of our drug candidates may not be indicative of results that are obtained in later studies and significant setbacks in advanced clinical trials may arise, even after promising results in earlier studies. Clinical trials may not demonstrate sufficient safety and efficacy to obtain the requisite

regulatory approvals or result in marketable products. Data obtained from preclinical and clinical studies are susceptible to varying interpretations that may delay, limit or prevent regulatory approval. In addition, the administration of any drug candidate we develop may produce undesirable side effects or safety issues that could result in the interruption, delay or suspension of clinical trials, or the failure to obtain FDA or other regulatory approval for any or all targeted indications. Based on results at any stage of testing, our Company or our CROs may decide to repeat or redesign a trial or discontinue development of a drug candidate.

Even if regulatory authorities approve any of our drug candidates, the manufacture, labeling, storage, record keeping, distribution, marketing and sale of these drugs will be subject to strict and ongoing regulation. Compliance with this regulation may expose us and our CROs/customers to the potential for other adverse circumstances. Any of these events could delay or prevent us from generating revenue from the commercialization of these drugs and cause us to incur significant additional costs.

10. Our Company usually outsources conducting of clinical trials to CROs, who in turn work with multiple investigators and investigator sites i.e. doctors and hospitals. We are highly dependent on these CROs, investigators and investigator sites for conducting trials to evaluate the performance i.e. safety and efficacy of our drugs and the observations obtained from these studies form the basis of our Company's decision to license the same. There is a possibility that the observations from these studies may be inaccurate thereby affecting the decision of our Company to license the same.

11. Patent applications relating to or affecting our business may have been filed by a number of pharmaceutical companies and academic institutions. A number of technologies in these applications or patents may conflict with our technologies, patents or patent applications, which could reduce the scope of patent protection we could otherwise obtain. Our Company could also become involved in interference proceedings in connection with one or more of our patents or patent applications to determine priority of inventions. We cannot be certain that we are the first creator of inventions covered by pending patent applications, or that we were the first to file patent applications for any such inventions. Our success with our patents and trademarks depends, in part on our ability to protect and defend our current and future intellectual property rights relating to such patents and trademarks. If, we fail to adequately protect our intellectual property, it may have an adverse effect on the goodwill of our patents and trademarks. Any infringement claims which are successful against us could expose us to significant liabilities.

12. Our Company is yet to make profit and has negative cash flows. Hence our Company is currently dependent on loans from the Group Entities and other external sources of funding.

Strengths

We believe that the following are our competitive strengths:

1. Fully integrated research facilities for medicinal chemistry, process research, analytical research, bioanalytical and pharmacokinetics, pharmacology and toxicology, novel drug delivery research and formulation development.

2. Our Company's pharmaceutical testing facility at Tandalja, Vadodara has been approved by the USFDA. In addition, our Company's toxicology labs have been accredited by the AAALAC.

3. Competent and experienced team of scientists in the field of medicinal chemistry analytical process development, pre-clinical research and formulation development.

4. Developed 7 propriety drug delivery platforms across oral, injectable and topical drug delivery systems with established clinical proof of concept and at least one product each registered in India using 6 of these 7 platforms.

5. Generating high quality of research and development data as evidenced by acceptance of IND by USFDA for five programs including one NCE.

6. Healthy pipeline of products with a balanced mix of near term to long term potential for regulatory approvals in highly regulated markets.

7. Sun Laboratories FZE and Merck Sharp & Dohme B.V. JV to develop, manufacture, use and commercialise certain NDDS products in the emerging markets excluding India using the technology platforms developed by our Company.

Components of Revenue and Expenditure

The following descriptions set forth information with respect to key components of our financial statements:

Revenue

Our revenue consists of revenue from operations and other income. Our revenue from operations is derived from the sale of products- technology / know how and sale of services- license fees / royalty on technology.

Expenditure

Our expenditure consists of cost of materials consumed, employee benefits expense, finance cost, depreciation, expense and other expenses including clinical trials and professional charges.**Significant Accounting Policies to the Restated Financial**

Statements

A. Basis of Preparation of Financial Statements

The financial statements are prepared under historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India and the Accounting Standards (AS) as notified under the Companies (Accounting Standards) Rules, 2006.

B. 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 and disclosure of contingent 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.

C. 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. Assets costing ₹ 5,000/- or less are depreciated at hundred percent rate on prorata basis.

D. Leases

Lease rental for assets taken on operating lease are charged to the Statement of Profit and Loss in accordance with Accounting Standard 19 on leases.

E. Research and Development Cost

The research and development cost is accounted in accordance with Accounting Standard – 26 'Intangible Assets'. All related revenue expenditure incurred on original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding up to the time when it is possible to demonstrate probable future economic benefits, is recognised as research expenses and charged off to the Statement of Profit and Loss, as incurred. All subsequent expenditure incurred for product development on the application of research findings or other knowledge upon demonstration of probability of future economic benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as development expenditure under Capital Work in Progress, to be capitalised as an intangible asset on completion of the project. In case a project does not proceed as per expectations / plans, the same is abandoned and the amount classified as development expenditure under Capital Work-in-Progress is charged off to the Statement of Profit and Loss.

F. Revenue Recognition

Sale of Technology / know-how (rights, licenses and other intangibles) are recognised when performance obligation is completed and risk and rewards of ownership of the products are passed on to the customers, which is generally as per agreement. License Fees / Royalty income is recognised on accrual basis as per relevant agreement. Sales are stated net of returns, VAT/ Sales Tax, if any.

G. Investments

Investments are classified into Current and Long-term Investments. Current Investments are valued at lower of cost and fair value. Long-term Investments are stated at cost less provision, if any, for other than temporary diminution in their value.

H. Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate that approximates the actual rate prevailing at the date of the transaction. Monetary items denominated in foreign currency at the year end are translated at year end rate. In respect of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium on such forward contracts is recognised over the life of the forward contract. The exchange differences arising on settlement / translation are recognised in the Statement of Profit and Loss.

I. Derivative Accounting

Forward Contracts in the nature of highly probable forecasted transactions / firm commitments entered into for hedging the risk of foreign currency exposure are accounted for on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies". Pursuant to this, losses, if any, on Mark to Market basis, are recognised in the Statement of Profit and Loss and gains are not recognised on prudent basis.

J. Government Grants

Government grants are accounted when there is reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital subsidy in nature of Government Grants related to specific fixed assets is accounted for where collection is reasonably certain and the same is shown as a deduction from the gross value of the asset concerned in arriving at its book value and accordingly the depreciation is provided on the reduced book value.

K. Taxes on Income

Tax expenses comprises of Current Tax, Deferred Tax and Fringe Benefit Tax. Current Tax provision, if any has been made on the basis of reliefs and deductions available under the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for

using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward only to the extent that there is a reasonable certainty that the assets can be realised in future. However, where there is unabsorbed depreciation or carry forward losses under taxation laws, deferred tax assets are recognized only if there is virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each Balance Sheet date. Fringe Benefit Tax has been calculated and accounted for in accordance with the provisions of the Income-tax Act, 1961 and the Guidance Note on Fringe Benefit tax issued by the Institutes of Chartered Accountants of India. Pursuant to the enactment of the Finance Act, 2009, Fringe Benefit Tax stands abolished w.e.f. 1st April, 2009.

L. Employee Benefits

(a) The Company's contribution in respect of provident fund is charged to Statement of Profit and Loss each year.
(b) With respect to gratuity liability, the Company contributes to Life Insurance Corporation of India (LIC) under LIC's Group Gratuity policy. Gratuity liability as determined on actuarial basis by an independent valuer is charged to Statement of Profit and Loss.
(c) Liability for accumulated compensated absences of employees is ascertained on actuarial basis by an independent valuer and provided for as per Company's rules.

M. 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 the income that may never be realised.

N. Impairment of Assets

The Company assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised.

O. Share Issue Expenses

Expenses incurred in connection with issue of shares is accumulated and amortised over a period of 5 years from the year of issue of shares.

Changes in critical Accounting Policies:

We have described below certain changes in accounting policies in relation to the preparation of our restated financial statements included in this Letter of Offer.

1. Post Retirement Benefits - Gratuity:

The Company’s contribution to Life Insurance Corporation of India for group gratuity policy was charged to the statement of profit and loss and the excess of fair value of plan assets over defined benefit obligations (surplus asset), determined on actuarial basis by an independent valuer, was not recognised as an asset up to the year ended 31st March, 2008. With effect from the financial year ended 31st March, 2009, the

Company recognised such surplus asset as per the requirements of Accounting Standard 15, Employee Benefits. Accordingly, for the purpose of preparation of these restated summary statements, such unrecognised surplus asset of ₹ 4.33 million as at 31st March, 2007 has been recognised as an asset with corresponding effect to the Reserves and Surplus as at that date. Similarly, such surplus asset as at 31st March, 2008 has been recognised with consequential effect to the statement of profit and loss for the years ended 31st March, 2008 and 31st March, 2009.

2. Deferred Tax:

With effect from financial year ended 31st March, 2009, the Company adopted a policy of recognising deferred tax asset in respect of unabsorbed business losses / capital expenditure to the extent of deferred tax liability recognised at the balance sheet date; up to the financial year ended 31st March, 2008, deferred tax asset on unabsorbed business losses / capital expenditure was not being recognised. Accordingly, for the purpose of preparation of these restated summary statements, such deferred tax asset of ₹ 31.49 million as at 31st March 2007 has been recognised as an asset with corresponding effect to the Reserves and Surplus as at that date. Similarly, such deferred tax asset as at 31st March, 2008 has been recognised with consequential effect to the Statement of Profit and Loss for the years ended 31st March, 2008 and 31st March, 2009.

3. Leave Travel Allowance:

With effect from financial year ended 31st March, 2011, provision for leave travel allowance was made on accrual basis which was earlier accounted for on cash basis. Accordingly, for the purpose of preparation of these restated summary statements, provision for leave travel allowance has been recomputed on accrual basis for each preceding year and such unrecognised leave travel allowance liability of ₹ 2.73 million as at 31st March, 2007 has been recognised as a liability with corresponding effect to the Reserves and Surplus as at that date. Similarly, leave travel allowance liability as at 31st March, 2008, 31st March, 2009 and 31st March, 2010 has been restated with consequential effect to the statement of profit and loss for the years ended 31st March, 2008, 31st March, 2009, 31st March, 2010 and 31st March, 2011.

4. The Company has not declared any dividend (whether interim or final) during the five financial years ended 31st March, 2008, 31st March, 2009, 31st March, 2010, 31st March, 2011 and 31st March, 2012 and hence the disclosure of information regarding rates of dividend in respect of each class of shares is not applicable.

5. The above statement should be read with Significant Accounting Policies as appearing in Annexure IV.

RESULTS OF OPERATIONS

SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED

SUMMARY STATEMENT OF PROFITS AND LOSSES, AS RESTATED

Particulars	Fiscal 2012		Fiscal 2011		Fiscal 2010		Fiscal 2009	
	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue	Amount	% of Total Revenue
Revenue:								
Sale of Products - Technology / Know-How	182.94	60.73%	484.24	81.27%	315.61	91.14%	323.01	91.83%
Sale of Services - License Fees / Royalty on Technology	106.82	35.46%	99.24	16.65%	27.36	7.90%	27.45	7.80%
Revenue from Operations	289.76	96.20%	583.48	97.92%	342.97	99.04%	350.46	99.63%
Other Income	11.46	3.80%	12.39	2.08%	3.34	0.96%	1.29	0.37%
Total Revenue	301.22		595.87		346.31		351.75	
Expenses:								
Cost of Materials Consumed	74.15	24.62%	76.82	12.89%	67.62	19.53%	75.60	21.49%
Employee Benefits Expense	304.28	101.02%	256.72	43.08%	220.85	63.77%	164.40	46.74%
Finance Costs	2.75	0.91%	1.28	0.21%	1.75	0.51%	2.43	0.69%
Depreciation Expense	31.62	10.50%	29.86	5.01%	25.99	7.50%	18.36	5.22%
Other expenses	610.75	202.76%	316.27	53.08%	245.61	70.92%	215.97	61.40%
Total Expenses	1,023.55	339.80%	680.95	114.28%	561.82	162.23%	476.76	135.54%
Loss Before tax	(722.33)	(239.80%)	(85.08)	(14.28%)	(215.51)	(62.23%)	(125.01)	(35.54%)
Tax Expense / (Credit):								
-Fringe Benefit Tax	-	-	(0.07)	(0.01%)	0.02	0.01%	0.52	0.15%
-Deferred Tax Expense / (Credit)	-	-	-	-	-	-	(34.13)	(9.70%)
Total	-	-	(0.07)	(0.01%)	0.02	0.01%	(33.61)	(9.56%)
Loss for the Year (before adjustments)	(722.33)	(239.80%)	(85.01)	(14.27%)	(215.53)	(62.23%)	(91.40)	(25.98%)
Adjustments For:								
-Post Retirement Benefits- Gratuity	-	-	-	-	-	-	(2.80)	(0.80%)
-(Shortfall) / excess Fringe Benefit Tax arising out of assessments, adjusted in the respective years	-	-	(0.07)	(0.01%)	0.02	0.01%	0.01	0.003%
-Deferred Tax	-	-	-	-	-	-	(34.13)	(9.70%)
-Leave Travel Allowance	-	-	7.46	1.25%	(1.28)	(0.37%)	(2.07)	(0.59%)
Total of Adjustments	-	-	7.39	1.24%	(1.26)	(0.36%)	(38.99)	(11.08%)
Loss for the Year (as restated)	(722.33)	(239.80%)	(77.62)	(13.03%)	(216.79)	(62.60%)	(130.39)	(37.07%)

Fiscal 2012 compared to Fiscal 2011

Total Revenue

Our total revenue, which comprises Revenue from operations and other income, decreased by 49.45% to ₹301.22 million for the Fiscal 2012 from ₹ 595.87 million for the Fiscal 2011, as a result of a decrease in revenue from our operations.

Revenue from Operations

Our revenue from operations decreased by 50.34% to ₹ 289.76 million for the Fiscal 2012 from ₹ 583.48 million for the Fiscal 2011, as a result of decrease on account of introduction of fewer products / techonologies as compared to Fiscal 2011.

Our revenue from operations is dependent upon the following major customers, namely: Sun Pharmaceutical Industries and Sun Pharmaceutical Industries Limited, forming part of our Group Entities and Sun Pharma Global FZE. The break-up of our revenue from operations for the Fiscal 2012 for these entities is Sun Pharma Global FZE – 54.01%, Sun Pharmaceutical Industries – 22% and Sun Pharmaceutical Industries Limited – 10.59%.

Revenue from operations comprises of Sale of technology/know-how and License fees/ royalty on technology. Sale of technology/know-how accounted for 60.73% of total revenue and witnessed a decrease of 62.22% in the Fiscal 2012. Total sale of technology/know-how amounted to ₹ 182.94 million for the Fiscal 2012.

License fees/ royalty on technology accounted for 35.46% of total revenue and witnessed an increase of 7.64% in the Fiscal 2012. Revenue generated via license fees/royalty on technology amounted to ₹ 106.82 million for the Fiscal 2012.

Other Income

Our other income decreased by 7.51% to ₹ 11.46 million for the Fiscal 2012 from ₹ 12.39 million for the Fiscal 2011. Other income formed 3.80% of the total revenue for the Fiscal 2012.

Total Expenses

Total expenses comprise of cost of materials consumed, employee benefit expense, other expenses, depreciation expense, and finance costs. Our total expenses increased by 50.31% to ₹ 1023.55 million for the Fiscal 2012 from ₹ 680.95 million for the Fiscal 2011. The primary reason for the increase was an increase in other expenses by ₹ 294.48 million, amounting to ₹ 610.75 million for the Fiscal 2012 as compared to ₹ 316.27 million for the Fiscal 2011.

Cost of materials consumed

Our cost of R&D materials consumed decreased by 3.48% to ₹ 74.15 million for the Fiscal 2012 from ₹ 76.82 million for the Fiscal 2011. The cost of R&D materials consumed as % of total revenue was 24.62% for the Fiscal 2012 as compared to 12.89% for the Fiscal 2011.

Employee benefits expenses

Our employee benefit expenses increased by 18.53% to ₹ 304.28 million for the Fiscal 2012 from ₹ 256.72 million for the Fiscal 2011. Employee benefit expenses as % of total revenue was 101.02% for the Fiscal 2012 as compared to 43.08% for the Fiscal 2011.

Other Expenses

Our other expenses increased by 93.11% to ₹ 610.75 million for the Fiscal 2012 from ₹ 316.27 million for the Fiscal 2011. Other expenses as % of total revenue was 202.76% for the Fiscal 2012 as compared to 53.08% for the Fiscal 2011. A major component of the Other Expenses is clinical trials and professional charges amounting to ₹ 465.05 million amounting to 154.39% of the total revenue. The clinical trials and professional charges has increased by 146.83% from ₹188.41 million to ₹465.05 million.

Depreciation expense

Our depreciation expenses increased by 5.89% to ₹ 31.62 million for the Fiscal 2012 from ₹ 29.86 million for the Fiscal 2011. Depreciation as % of total revenue was 10.50% for the Fiscal 2012 as compared to 5.01% for the Fiscal 2011.

Finance Costs

Our finance costs increased by 114.84% to ₹ 2.75 million for the Fiscal 2012 from ₹ 1.28 million for the Fiscal 2011. Finance costs as % of total revenue was 0.91% for the Fiscal 2012 as compared to 0.21% for the Fiscal 2011.

Net Loss after Taxation

For the reasons stated above, our restated net loss after taxation, increased by 830.60% to ₹ 722.33 million for the Fiscal 2012 from a restated net loss after taxation of ₹ 77.62 million for the Fiscal 2011.

Fiscal 2011 compared to Fiscal 2010

Total Revenue

Our total revenue, which comprises revenue from operations and other income, increased by 72.06% to ₹595.87 million for the Fiscal 2011 from ₹ 346.31 million for the Fiscal 2010, as a result of an increase in revenue from our operations.

Revenue from Operations

Our revenue from operations increased by 70.13% to ₹ 583.48 million for the Fiscal 2011 from ₹ 342.97 million for the Fiscal 2010, as a result of introduction of more products/ technologies as compared to Fiscal 2010.

Our revenue from operations is dependent upon the following customers, namely: Sun Pharmaceutical Industries Limited, forming part of our Group Entities and Sun Pharma Global FZE. The break-up of our revenue from operations for the Fiscal 2011 is Sun Pharma Global FZE - 72.23% and Sun Pharmaceutical Industries Limited - 14.15%.

Revenue from operations comprises of Sale of technology/know-how and License fees/ royalty on technology. Sale of technology/know-how accounted for 81.27% of total revenue and witnessed an increase of 53.43% in the Fiscal 2011. Total sale of technology/know-how amounted to ₹ 484.24 million for the Fiscal 2011 and comprised of, sale of intellectual property rights together with their attendant rights and obligations amounting to ₹ 421.47 million.

License fees/ royalty on technology accounted for 16.65% of total revenue and witnessed an increase of 262.66% in the Fiscal 2011. Revenue generated via license fees/royalty on technology amounted to ₹ 99.24 million for the Fiscal 2011, which comprised of fees worth ₹ 82.53 million from Sun Pharmaceutical Industries Limited.

Other Income

Our other income increased by 271.5% to ₹ 12.39 million for the Fiscal 2011 from ₹ 3.34 million for the Fiscal 2010. Other income formed 2.08% of the total revenue for the Fiscal 2011.

Total Expenses

Our total expenses increased by 21.20% to ₹ 680.95 million for the Fiscal 2011 from ₹ 561.82 million for the Fiscal 2010. The primary reason for the increase was an increase in other expenses by ₹ 70.66 million, amounting to ₹ 316.27 million for the Fiscal 2011 as compared to ₹ 245.61 million for the Fiscal 2010.

Cost of materials consumed

Our cost of R&D materials consumed increased by 13.61% to ₹ 76.82 million for the Fiscal 2011 from ₹ 67.62 million for the Fiscal 2010. Cost of R&D materials consumed as % of total revenue was 12.89% for the Fiscal 2011 as compared to 19.53% for the Fiscal 2010.

Employee benefits expense

Our *employee benefits expense* increased by 16.24% to ₹ 256.72 million for the Fiscal 2011 from ₹ 220.85 million for the Fiscal 2010. *Employee benefits expense* as % of total revenue was 43.08% for the Fiscal 2011 as compared to 63.77% for the Fiscal 2010.

Other Expenses

Our other expenses increased by 28.8% to ₹ 316.27 million for the Fiscal 2011 from ₹ 245.61 million for the Fiscal 2010. Other expenses as % of total revenue was 53.08% for the Fiscal 2011 as compared to 70.92% for the Fiscal 2010. A major component of Other Expenses is clinical trials and professional charges amounting to ₹ 188.41 million amounting to 59.57%.

Depreciation expense

Our depreciation expenses increased by 14.9% to ₹ 29.86 million for the Fiscal 2011 from ₹ 25.99 million for the Fiscal 2010. Depreciation as % of total revenue was 5.01% for the Fiscal 2011 as compared to 7.50% for the Fiscal 2010.

Finance Costs

Our finance costs decreased by 26.8% to ₹ 1.28 million for the Fiscal 2011 from ₹ 1.75 million for the Fiscal 2010. Finance costs as % of total revenue was 0.21% for the Fiscal 2011 as compared to 0.51% for the Fiscal 2010.

Net Loss after Taxation

For the reasons stated above, our restated net loss after taxation, decreased by 64.20% to ₹ 77.62 million for the Fiscal 2011 from a restated net loss after taxation of ₹ 216.79 million for the Fiscal 2010.

Fiscal 2010 compared to Fiscal 2009

Total revenue

Our total revenue decreased by 1.5% to ₹ 346.31 million for the Fiscal 2010 from ₹ 351.75 million for the Fiscal 2009, as a result of a decrease in net revenue from our operations.

Net Revenue from Operations

Our net revenue from operations decreased by 2.18% to ₹ 342.97 million for the Fiscal 2010 ₹ 350.46 million for the Fiscal 2009

Other Income

Our other income decreased by 159.4% to ₹ 3.34 million for the Fiscal 2010 from ₹ 1.29 million for the Fiscal 2009

Total Expenses

Our total expenses increased by 17.85% to ₹ 561.74 million for the Fiscal 2010 from ₹ 476.66 million for the Fiscal 2009, primarily as a result of increase in personnel cost by ₹ 56.48 million for the Fiscal 2010 as compared with the Fiscal 2009.

Cost of materials consumed

Our cost of raw materials consumed decreased by 10.56% to ₹ 67.62 million for the Fiscal 2010 from ₹ 75.60 million for the Fiscal 2009.

Employee benefits expense

Our *employee benefits expense* increased by 34.34% to ₹ 220.85 million for the Fiscal 2010 from ₹ 164.40 million for the Fiscal 2009.

Other Expenses

Our other expenses increased by 13.7% to ₹ 245.6 million for the Fiscal 2010 from ₹ 215.97 million for the Fiscal 2009.

Finance Costs

Our finance costs decreased by 27.9% to ₹ 1.75 million for the Fiscal 2010 from ₹ 2.43 million for the Fiscal 2009.

Depreciation expense

Our depreciation expenses increased by 41.5% to ₹ 25.99 million for the Fiscal 2010 from ₹ 18.36 million for the Fiscal 2009.

Net Loss after Taxation

For the reasons stated above, our restated net loss after taxation, increased by 66.26% to ₹ 216.79 million for the Fiscal 2010 from a restated net loss after taxation of ₹ 130.39 million for the Fiscal 2009.

Cash Flows

The table below summarizes the restated cash flow for the Fiscals 2012, 2011, 2010and 2009.

(₹ in million)

Particulars	Fiscal 2012	Fiscal 2011	Fiscal 2010	Fiscal 2009
Net cash generated from / (used in) operating activities	(694.49)	22.94	126.36	253.44
Net cash used in	(24.25)	(76.37)	(121.70)	(259.79)

investing activities				
Net cash generated from financing activities	721.05	44.13	2.79	10.46

Financing Arrangements

Our Company has been sanctioned an unsecured soft loan of ₹ 96.60 million from the Department of Science & Technology, Government of India in Fiscal 2010 *vide* agreement dated September 12, 2009, of which our Company has received ₹ 63.80 million as at Fiscal 2012. The said loan is given to our Company under the "Drug and Pharmaceutical Research Program". The loan is repayable (along with interest at the rate of 3% p.a.) annually in 10 equal installments commencing 1st August, 2012.

Further, we have unsecured loans of ₹ 610 million outstanding as at March 31, 2012 from our Group Entities which may be subject to repayment on demand by such lenders at any time. For further details see the section titled *"Financial Information"* beginning on page 170.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Other Information

Unusual or Infrequent Events or Transactions

To our knowledge there have been no unusual or infrequent events or transactions that may be described as "unusual" or "infrequent" and may have taken place during the periods under review.

Significant economic changes

Other than as mentioned under *"Risk Factors"* beginning on page 13, to our knowledge, there are no significant economic changes that materially affect or are likely to affect revenue from continuing operations.

Known trends or uncertainties

Our business has been affected and we expect that it will continue to be affected by the factors discussed in this section and in the sections titled *"Risk Factors"* and *"Business"* beginning on pages 13 and 116, respectively. To our knowledge, except as disclosed in this chapter and the section titled *"Risk Factors"* beginning on page 13, there are no known factors which we expect to have a material adverse effect on our revenue.

Future relationship between costs and revenue

Other than as described in this section and the sections titled *"Risk Factors"* and *"Business"* beginning on pages 13 and 116, respectively and *"Factors affecting our Business"* in this section, to our knowledge, there are no known factors which might affect future relationship between costs and revenue.

Material increases in revenue from operations due to increased sales volume or introduction of new product technologies

There are currently no material increases/decreases in revenue from operations due to increased sale of technology/know-how and increase in license fees/royalty on technology. However, there could be a significant increase in the revenue from operations with the development of a new product technology, in the future.

Total turnover of each major industry segment in which our company operates

Our business activity primarily falls within a single business segment, which is innovative pharmaceutical research and development. The turnover for the Fiscal 2012 is ₹ 289.76 million.

Status of new products or business segment

Other than as described in this section and the section titled *"Business"* beginning on page 116, there are currently no publicly announced new products or business segments. For further details of our business strategy, see the section titled *"Business"* beginning on page 116.

Seasonality of Business

There are no material seasonal trends in our business.

Dependence on a few customers or suppliers

We are mainly dependent on a few major customers namely; SPIL, Sun Pharmaceutical Industries, our Group Entites and Sun Pharma Global FZE. Going forward, we may license out our ongoing projects to different companies for the global markets as the projects progress closer to the market. However, there is no guarantee that such licensing or partnerships may take place.

Competitive Conditions

The innovative pharmaceutical research and development industry is subject to increased competition from the introduction of competing products and new entrants, including international players, to expand or augment existing operations or products lines and extend the scope of their geographical operations.

Many Indian pharmaceuticals companies have set up independent drug discovery companies as part of their business strategy. In addition to that, there are several smaller independent pharmaceutical research and development companies which have their own drug discovery process (NCE R&D) division coupled with contract research outsourcing services providing end to end solutions for global pharmaceutical/biotech giants. Many Indian companies also collaborate with multinational companies for research and development activities.

For further details, see the sections titled *"Industry Overview"* and *"Business"* beginning on pages 98 and 116 respectively.

Significant Developments occurring post Fiscal 2012

1. From April 01, 2012 till the date of this Letter of Offer, our Company has received ₹150.00 million as advances against share Application Money from the Promoter Group. The details of which are as under:

DATE	NAME OF THE PROMOTER GROUP	AMOUNT (₹ IN MILLION)
April 04, 2012	Family Investment Private Limited	30.00
April 13, 2012	Quality Investment Private Limited	20.00
April 13, 2012	Virtuous Share Investments Limited	10.00
April 13, 2012	Virtuous Finance Limited	10.00
April 18, 2012	Viditi Investments Private Limited	20.00
May 11, 2012	Family Investment Private Limited	15.00
May 11, 2012	Quality Investment Private Limited	7.50
May 11, 2012	Virtuous Share Investments Limited	2.50
May 11, 2012	Virtuous Finance Limited	5.00
May 22, 2012	Tejaskiran Pharmchem Industries Private Limited	30.00
	TOTAL	**150.00**

2. The Company has, *vide* Letter of Arrangement dated June 07, 2012, availed an unsecured loan of ₹ 230.00 million as on August 09, 2012 from SPIL carrying an interest rate of 12% per annum, to be used towards its operations and general corporate purposes and the same is repayable on demand. The repayment of this loan will be made from the internal accruals of the Company.

3. ***Unaudited financial statements filed with the Stock Exchanges under the listing agreement:***

Our Company has filed its unaudited financial results for the quarter ended June 30, 2012 with the Stock Exchanges in accordance with the requirements under the Listing Agreement:

Part I - Statement of Unaudited Financial Results for the Quarter ended June 30, 2012:

(₹ in million)

Particulars	Quarter ended			Year ended
	30.06.2012 Unaudited	**31.03.2012 Unaudited**	**30.06.2011 Unaudited**	**31.03.2012 Audited**
Income				
Income from Operations	63.8	42.2	100.8	289.8
Total Income	**63.8**	**42.2**	**100.8**	**289.8**
Expenditure				
Cost of Materials Consumed	26.6	25.8	16.4	74.2
Employee Benefits Expense	90.5	72.7	75.4	304.3
Clinical Trials & Professional Charges	77.6	111.1	91.2	465.1
Depreciation Expense	8.3	8.1	7.7	31.6
Other Expenses	44.6	45.3	30.4	145.6
Total Expenses	**247.6**	**263.0**	**221.1**	**1,020.8**
Profit/ (Loss) from Operations before Other Income and Finance Costs	(183.8)	(220.8)	(120.3)	(731.0)
Other Income	1.8	5,7	8.4	11.5
Profit/ (Loss) before Finance Costs and Tax	(182.0)	(215.1)	(111.9)	(719.5)
Finance Costs	1.2	0.7	0.7	2.7
Profit/ (Loss) after Finance Costs before Tax	(183.2)	(215.8)	(112.6)	(722.2)
Tax Expense	-	-	-	-
Profit/ (Loss) after Tax for the quarter/year from Ordinary activities	(183.2)	(215.8)	(112.6)	(722.2)
Paid-up Equity Share Capital – Face Value ₹ 1 each	207.1	207.1	207.1	207.1
Reserves excluding Revaluation Reserve	-	-	-	(873.2)
Earnings per Share of ₹ 1 each – in ₹ (Basic and Diluted)	(0.88)	(1.04)	(0.54)	(3.49)

Part –II - Select information for the Quarter ended June 30, 2012

Particulars	Quarter ended			Year ended
	30.06.2012 Unaudited	31.03.2012 Unaudited	30.06.2011 Unaudited	31.03.2012 Audited
Public Shareholding				
No. of Equity Shares	7,00,32,116	7,00,32,116	7,00,32,116	7,00,32,116
Percentage of Shareholding	33.81	33.81	33.81	33.81
Promoters and Promoter Group Shareholding				
a) No. of Equity Shares	6,75,000	6,75,000	6,75,000	6,75,000
Percentage of Equity Shares (as a % of the total shareholding of promoter and promoter group)	0.49	0.49	0.49	0.49
Percentage of Equity Shares (as a % of the total share capital of the Company)	0.33	0.33	0.33	0.33
b) Non-encumbered				
No. of Equity Shares	13,64,09,275	13,64,09,275	13,64,09,275	13,64,09,275
Percentage of Equity Shares (as a % of the total shareholding of promoter and promoter group)	99.51	99.51	99.51	99.51
Percentage of Equity Shares (as of % of the total share capital of the Company)	65.86	65.86	65.86	65.86
Investor Complaints				
Pending at the beginning of the quarter			-	
Received during the quarter			-	
Disposed off during the quarter			-	
Remaining unresolved at the end if the quarter			-	

Notes:

1. The above financial results of the Company have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on July 31, 2012 and have been subjected to a limited review by the Statutory Auditors of the Company.
2. The Company has only one reportable business segment namely "Pharmaceutical Research & Development".
3. As at June 30, 2012, the accumulated losses at ₹1,396.2 million has exceeded the aggregate of general Reserve and Paid up Equity Share Capital of the Company, resulting in the net worth being negative at ₹849.3 Million and also that the Company's current liabilities have exceeded its current assets by ₹1461.2 Million. However, having regard to (i) the nature of the Company's business; (ii) status of various projects of the Company some of which are at advanced stage of activity, which if successful could generate adequate cash flows; (iii) The proposed rights issue of the equity shares to its shareholders for an amount aggregating not in excess of ₹2000 Million in respect of which Securities and Exchange Board of India (SEBI) had issued its observation letter to the Company on the Draft Letter of Offer filed with SEBI and the Company is in the process of finalizing the Letter of offer and initiating the opening of the Rights Issue and (iv) in the interim,

having procured loans and also received advances against Share Application Money from the promoter group companies to meet the fund requirements of the Company vis-a vis the availability of funds with the Company, these financial results have been prepared on the basis that the Company is a going concern and that no adjustments are required to the carrying value of assets and liabilities.

4. Figures for the quarter ended March 31, 2012 are balancing figures between the audited figures in respect of the full Financial Year ended March 31, 2012 and the published year to date figures upto the third quarter of the financial year ended March 31, 2012.
5. Figures for the previous quarters/years have been regrouped/reclassified, wherever considered necessary.

4. Week end prices of Equity Shares of the Company for the last four weeks on the BSE and NSE are a below:

Week ended on*	Closing price BSE (₹)	Closing price NSE (₹)
July 20, 2012	75.20	75.15
July 27, 2012	73.05	72.80
August 03, 2012	78.45	78.40
August 09, 2012	77.85	77.80

***** *based on calendar weekends*

5. Highest and lowest price of the Equity Shares of the Company on BSE and NSE for the last four weeks:

	Highest (₹)	Date	Lowest (₹)	Date
BSE	82.35	August 06, 2012	72.35	July 27, 2012
NSE	82.50	August 06, 2012	72.50	July 27, 2012

Except as mentioned in this section, there are no material changes and committments which are likely to affect the financial position of our Company since March 31, 2012 (i.e. last date upto which audited information is incorporated in this Letter of Offer).

SECTION VII – LEGAL AND OTHER REGULATORY INFORMATION

OUTSTANDING LITIGATIONS, MATERIAL DEVELOPMENTS AND OTHER DISCLOSURES

Except as described below, there are no outstanding litigations, suits, civil or criminal prosecutions or proceedings against our Company, our Directors, our Promoter or Group Entities or ventures with which our Promoter was associated in the past (in case our Promoter's name continues to be associated with such proceeding) before any judicial, quasi-judicial, arbitral or administrative tribunals or any disputes, tax liabilities, non payment of statutory dues, overdues to banks/ financial institutions, defaults against banks / financial institutions, 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 imposed and irrespective of whether they are specified under paragraph (i) of Part 1 of Schedule XIII of the Act) against our Company, our Directors, our Promoter and our Group Entities or ventures with which our Promoter was associated in the past (in case our Promoter's name continues to be associated with such proceeding).

Further, except as stated herein, there are no past cases in which penalties have been imposed on our Company, our Promoter and Directors and there is no outstanding litigation against any other company whose outcome could have a material adverse effect on the position of our Company. Neither our Company nor our Promoter, Directors and our Group Entities have been declared as wilful defaulters by the RBI or any other Governmental authority andthere are no violations of securities laws committed by them in the past or pending against them.

This chapter has been divided into 10 parts:

I. Contingent Liabilities;
II. Litigations involving our Company;
III. Litigations involving our Promoter;
IV. Litigations involving our Directors;
V. Litigations involving our Group Entities;
VI. Other litigations involving any other entity whose outcome could have a materially adverse effect on the position of our Company;
VII. Potential litigations involving our Company, our Promoter, our Directors or our Group Entities;
VIII. Penalties imposed in past cases on:
    i. Our Company
    ii. Our Promoter; and
    iii. Our Directors
IX. Amounts owed to small scale undertakings and other creditors exceeding ₹ 0.1 million, for over 30 days; and
X. Material developments since the last balance sheet date.

A summary of the litigations and potential litigations involving our Company, Directors, Promoter and/or Group Entities is as under:

Cases filed against our Company, Directors, Promoter and Group Entities

(₹ in million)

Type of Proceedings	Number of cases	Amount to the extent quantifiable
Cases filed against our Company		
Civil cases	1	Negligible
Criminal cases	1	Negligible
Tax Proceedings	NIL	NIL
Total	**2**	Negligible
Cases filed against our Directors and Promoter		
Civil cases	3	Not quantifiable
Criminal cases	4	21.84
Tax Proceedings	NIL	NIL

Total	**7**	**21.84**
Cases filed against our Group Entities		
Civil cases	192	25.83
Criminal cases	1	Not quantifiable
Tax Proceedings	74	991.41
Total	**267**	**1,017.25**
Cases filed against any other entities which may have a material adverse effect on our Company		
Civil cases	NIL	NIL
Criminal cases	NIL	NIL
Tax Proceedings	NIL	NIL
Total	**NIL**	**NIL**
Potential litigation		
Against our Company	4	Not quantifiable
Against our Directors and Promoter	NIL	NIL
Against our Group Entities	292	471.81
Total	**296**	**471.81**

Cases filed by our Company, Directors, Promoter and Group Entities

(₹ in million)

Type of Proceedings	Number of cases	Amount to the extent quantifiable
Cases filed by our Company		
Civil cases	1	Not quantifiable
Criminal cases	NIL	NIL
Tax Proceedings	NIL	NIL
Total	**1**	**Not quantifiable**
Cases filed by our Directors and Promoter		
Civil cases	NIL	NIL
Criminal cases	1	Not quantifiable
Tax Proceedings	NIL	NIL
Total	**1**	**Not quantifiable**
Cases filed by our Group Entities		
Civil cases	41	124.54
Criminal cases	5	9.15
Tax Proceedings	172	3,210.32
Total	**218**	**3,344.02**
Cases filed by any other entities which may have a material adverse effect on our Company		
Civil cases	NIL	NIL
Criminal cases	NIL	NIL
Tax Proceedings	NIL	NIL
Total	**NIL**	**NIL**
Potential litigation		
By our Company	2	0.01
By our Directors and Promoter	NIL	NIL
By our Group Entities	1,394	Not quantifiable
Total	**1,396**	**0.01**

Note: These litigations may also simultaneously involve one or more of our Directors and/or our Group Entities, although they have been disclosed/ included under one head only for the purposes of clarity.

Contingent Liabilities

Our contingent liabilities as on March 31, 2012 (as disclosed in the notes to our restated financial statements) are as follows:

(₹ in million)

PARTICULARS	AS AT MARCH 31, 2012
Guarantees given by the bankers (against Margin Money Deposit) on behalf of the Company.	49.90
Total	**49.90**

Following are the details of litigations pertaining to our Company and/ or our Promoter and /or our Directors and/ or our Group Entities. These litigations may also simultaneously involve one or more of our Directors and/or our Group Entities, although they have been disclosed/ included under one head only for the purposes of clarity.

1. Litigations involving our Company

A. Cases filed against our Company

Criminal Cases

1. Mr. S.P. Apsingekar, Inspector of the Security Guard Board for Greater Mumbai, has filed a suit* against our Company and others before the Additional Chief Metropolitan Magistrate's 38th Court for offences committed under clause 42 and for contravention of Clause 13 (1)(C) of the Private Security Guard (Regulation) of Employment & Welfare Scheme, 2005. The amount involved in the matter is ₹ 3000.The matter is currently pending.

   **The Suit simultaneously involves Mr. Dilip Shanghvi*

Civil Cases

1. Ms. M. Lakshmi has filed an original petition* against our Company and others before the Senior Civil Judge, City Civil Court at Hyderabad under Section 372 of the India Succession Act pertaining to the purchase of 400 shares of ₹ 5 each *vide* distinctive nos. 2020073 to 2020472 by certificate bearing number 8622 dated January 27, 2003 and another 400 shares of ₹ 5 each *vide* distinctive numbers 94898600 to 94898999 by certificates bearing number 18541 dated June 08, 2004 from SPIL by Mr. P Narasimha Raju, the deceased father of Ms. M. Lakshmi. Further, Ms. M. Lakshmi was allotted, pursuant to the Scheme of Demerger, 800 shares of ₹ 1 each *vide* distinctive number 1445480 to 1446279 by certificate no. 5972 dated May 05, 2007 aggregating to ₹ 0.46 million. The original petition has been filed for the transfer of the shares to Ms. M. Lakshmi. The matter is currently pending.

   **The original petition simultaneously involves SPIL.*

B. Cases filed by our Company

Civil Cases

1. Our Company has filed a special civil application against the Government of Gujarat, Gujarat Pollution Control Board and Dharmsinh Desai University before the High Court of Gujarat at Ahmedabad for quashing the impugned order dated December 15, 2011 passed by the Government of Gujarat stating that our Company is operating a plant situated at plot number 907/4, GIDC Makarpura, Vadodara without the consent of the Gujarat Pollution Control Board. The matter is currently pending.

2. Litigations involving our Promoter/ Director

A. Cases filed against Mr. Dilip Shanghvi

Criminal Cases

1. Mr. D. L. Bhatt and Gujarat Pollution Control Board, Bharuch have filed a criminal complaint against Mr. Dilip Shanghvi in his capcacity as director of SPIL and others (collectively referred to as "**Respondents**") before the Vagra (F.C.) Judicial Court, Vagra District Bharuch alleging that the Respondents have undertaken certain constructions without obtaining the requisite prior approvals thereby contravening the provisions of Section 3 of the Environment (Protection) Act, 1986 and the provisions of the Notification S.O. 1533 (E) in the 2006 EIS Notification. The criminal complaint has

been filed claiming relief as per EIS Notification 2006 under the Environmental Act, 1986.The matter is currently pending.

Mr. Dilip Shanghvi and others have filed an application before the High Court of Gujarat at Ahmedabad for quashing the criminal complaint, for further details of the same please refer to the heading titled "*Cases filed by Mr. Dilip Shanghvi*".

**The criminal complaint simultaneously involves SPIL, Mr. Sudhir Valia and Mr Mohanchand Dadha in their capcacity as director of SPIL.*

2. Mr. S.P. Apsingekar, Inspector of the Security Guard Board for Greater Mumbai, has filed a suit* against Mr. Dilip Shanghvi and others before the Additional Chief Metropolitan Magistrate's 38th Court for offences committed under clause 42 and for Contravention of Clause 13 (1)(C) of the Private Security Guard (Regulation) of Employment & Welfare Scheme, 2005. The amount involved in the matter is ₹ 2,500.The matter is currently pending.

   **The Suit simultaneously involves SPIL and Mr. Sudhir Valia*

3. The Vadodara Municipal Corporation has filed a criminal complaint against SPIL, our group entity, Mr. Dilip Shanghvi our promoter, Mr. Sudhir Valia and Mr. S. Mohanchand Dadha, our directors and others before the Vadodara Court for alleged non payment of octroi duty along with the penalty. The amount involved is ₹ 21.84 million. The matter is currently pending.

   **The Suit simultaneously involves SPIL , Mr. Mohanchand Dadha and Mr. Sudhir Valia*

4. A complaint has been filed against, Mr. Dilip Shanghvi and othersbefore the Chief Metropolitan Magistrate Court at Esplanade alleging the non compliance arising from the failure to obtain the requisite permission from RBI for non payment of outstanding invoice amounts arising from goods exported outside India. The complaint has been filed claiming exemplary costs.The matter is currently pending.

   **the complaint also simultaneously involves Mr. Sudhir Valia.*

Civil Cases

There are 3 civil cases pending in various courts against our Promoter, Mr. Dilip Shanghvi. The total amount of claims is not quantifiable. The cases are briefly described below:

1. A purported class action lawsuit* has been filed against Mr. Dilip Shanghvi and others before the United States District Court, for the Eastern District of Michigan Southern Division alleging securities violations related to public statements on the FDA compliance issues. The case has been filed praying for damages. The matter is currently pending.

   **the purported class action lawsuit also simultaneously involves SPIL, Caraco Pharmaceutical Laboratories, Ltd. and Dan Movens, former Chief Executive Officer of Caraco Pharmaceutical Laboratories, Ltd.*

2. A purported class action suit* has been filed against Mr. Dilip Shanghvi and others, before the Wayne County Circuit Court in Michigan alleging that the on-going private negotiations involving Caraco Pharmaceutical Laboratories, Ltd. are unfair to the minority shareholders as they breach the fiduciary duties to which the shareholders are entitled. The purported class action suit has been filed claiming damages. The matter is currently pending.

   **the purported class action suit also simultaneously involves SPIL, Caraco Pharmaceutical Laboratories, Ltd., Sun Pharma Global Inc. and Mr. Sudhir Valia.*

3. Mrs. Sarojiniben has filed a case against M/s. Nima Limited, Mr. Dilip Shanghvi and SPIL before the Court Civil Judge (Senior Division) in order to protect her ownership of the land bearing revenue survey numbers 125, 126, 129/2 and 135 at Vadodara, Gujarat. The matter is currently pending.

B. Cases filed by Mr. Dilip Shanghvi

Criminal Cases

1. Mr. Dilip Shanghvi in his capcacity as director of SPIL, SPIL, Mr. Sudhir Valia, Mr. Mohanchand Dadha in their capcacity as director of SPIL and others have filed a special criminal application against the State of Gujarat and Mr. D.L. Bhatt before the High Court of Gujarat for quashing and setting aside the criminal complaint that is pending before the Judicial Magistrate First Class, Vagra, Bharuch. The matter is currently pending.

3. Litigations involving our Directors

A. Cases filed against our Directors

1. There is one (1) civil case filed against Mr. Sudhir Valia and others and four (4) criminal case filed against Mr. Sudhir Valia and two (2) criminal cases filed against Mr. Mohanchand Dadha in their capacity as director of SPIL and others. For further details please refer to the heading titled "*Cases filed against Mr. Dilip Shanghvi*" on page 238.

B. Cases filed by our Directors

1. There is one (1) criminal case filed by Mr. Sudhir Valia and Mr. Mohanchand Dadha in their capacity as directors of SPIL and others. For further details please refer to the heading titled *"Cases filed by Mr. Dilip Shanghvi"* on page 240.

4. Litigations involving our Group Entities

Sun Pharmaceutical Industries Limited

Cases filed against Sun Pharmaceutical Industries Limited

Criminal Cases

1. There are three (3) criminal cases filed against SPIL before various courts, tribunals or other fora, for further details please refer to the heading "*Cases filed against Mr. Dilip Shanghvi*".

Civil Cases

There are 107* civil cases filed against SPIL before various courts, tribunals or other fora. The aggregate amount claimed in these civil cases to the extent ascertainable is ₹ 21.87 million. Brief details of the material civil cases are set forth below:

1. Wyeth and Nycomed have filed a suit against SPIL, Sun Pharma Global Inc. and others ("**Defendants**") before the United States District Court of New Jersey regarding patent infringement of the pantaprazole tablets (Brand Name: Protonix). Wyeth's experts have claimed purported damages amounting to $ 960 million from the Defendants, however the exact amount claimed from each Defendant is not ascertainable. The matter is currently pending.

2. There is one (1) original petition filed against SPIL before the Senior Civil Judge, City Civil Court at Hyderabad, for further details please refer to the heading "*Cases filed against our Company*".

3. There are (two) 2 purported class action suits filed against SPIL before various courts, for further details please refer to the heading titled "*Cases filed against Mr. Dilip Shanghvi*"

**There is (one) 1 case simultaneously involving Sun Pharma Sikkim, one (1) case simultaneously involving Virtuous Finance Limited, (five) 5 cases simultaneously involving Sun Pharma Global Inc, seven (7) cases simultaneously involving Caraco Pharmaceutical Laboratories, Ltd. and six (6) cases simultaneously involving Sun Pharmaceutical Industries, Inc.*

Tax Cases

There are 68 tax cases filed against SPIL before various courts, tribunals or other fora. The aggregate amount claimed in these tax cases to the extent ascertainable is ₹ 59.41 million. Brief details of the material tax cases are set forth below:

STATUTE	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	PERIOD TO WHICH THE AMOUNT RELATES	AMOUNT INVOLVED TO THE EXTENT QUANTIFIABLE (₹ in million)
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Commissioner (Appeals)	2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 2009-10, 2010-11, 2011-12	6.94
		Assistant Commissioner of Central Excise	2000-01, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12	0.64
		CESTAT	1997-98, 1998-99, 1999-00, 2000-01, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10	23.39
		High Court	1998-99, 2001-02, 2003-04, 2004-05	11.18
		Supreme Court	1995-96, 1997-98, 1999-00, 2001-02, 2002-03, 2003-04	15.65
		Ministry of Finance	2009-10, 2010-11	0.10
Income Tax Act, 1961	Income tax and Interest	Tribunal	1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07	Not Quantifiable
		High Court	1998-99	Not Quantifiable
Gujarat Sales Tax Act, 1969	Sales Tax	Tribunal	1998-99 to 2004-05	1.51

Cases filed by Sun Pharmaceutical Industries Limited

Criminal Cases

1. There are five (5) criminal cases filed by SPIL beforevarious courts, tribunals and other fora. The aggregate amount claimed in the criminal case to the extent ascertainable is ₹ 9.15 million.

2. There is one (1) criminal complaint filed by SPIL before the Vagra (F.C.) Judicial Court, Vagra District Bharuch, for further details please refer to the heading "*Cases filed by Mr. Dilip Shanghvi*".

Civil Cases

1. There are 38* civil cases filed by SPIL before various courts, tribunals or other fora. The aggregate amount claimed in these civil cases to the extent ascertainable is ₹ 09.98 million.

** There are (two) 2 cases simultaneously involving Caraco Pharmaceutical Laboratories, Ltd.*

Tax Cases

There are 153 tax cases filed by SPIL before various courts, tribunals or other fora. The aggregate amount claimed in these tax cases to the extent ascertainable is ₹ 2,548.27 million.

STATUTE	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	PERIOD TO WHICH THE AMOUNT RELATES	AMOUNT INVOLVED TO THE EXTENT QUANTIFIABLE (₹ in million)
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Assistant / Deputy /Joint Commissioner	2002-03, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 2009-10	8.52
		Commissioner (Appeals)	1997-98, 1998-99, 1999-00, 2000-01, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11	62.86
		CESTAT	1997-98, 1998-99, 1999-00, 2000-01, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10	300.39
		Supreme Court	1995-96, 1997-98, 1999-00, 2001-02, 2002-03, 2003-04, 2000-01	2.96
Customs Act, 1962	Custom Duty, Penalty and Interest	Settlement Commission	2000-01	15.21
Sales Tax Act (Various States)	Sales Tax, Interest and Penalty	Tribunal	1998-99, 2001-02, 2002-03, 2003-04, 2004-05	0.66
		High Court	2003-04	-
		Assistant Commissioner of Sales Tax	2003-04, 2006-07	1.72
		Additional Commissioner of Sales Tax	1999-2000	0.24
		Joint Commissioner (Appeals) of Sales Tax	2004-2005	0.46
Income Tax Act, 1961	Income tax and Interest	Tribunal	1996-97, 1999-00, 2000-01, 2001-02, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07	104.34
		Commissioner of Income Tax (Appeals)	2007-08, 2008-09,2006-07,2003-04	2,045.75
		High Court	1997-98, 1998-99, 2000-2001	3.44
Wealth Tax Act, 1957	Wealth tax	Commissioner of Wealth Tax (Appeals)	2001-02, 2002-03, 2006-07, 2008-09, 2009-10	0.43
		Tribunal	2001-02, 2002-03, 2003-04, 2004-05, 2006-07	0.13

Value Added Tax Act ("VAT")	VAT	Tribunal	2009-10	0.56

Caraco Pharmaceutical Laboratories, Ltd.

Cases filed against Caraco Pharmaceutical Laboratories, Ltd.

Civil Cases

1. There are 73* civil cases filed against Caraco Pharmaceutical Laboratories, Ltd before various courts, tribunals or other fora. The aggregate amount claimed in these civil cases is notascertainable.

   **There are 35 cases simultaneously involving Sun Pharma Global, Inc. and 45 cases simultaneously involving Sun Pharmaceutical Industries, Inc. and 3 cases simultaneously involving SPIL.*

2. There are (two) 2 purported class action suits filed against Caraco Pharmaceutical Laboratories, Ltd. before various courts, tribunals or other for a, for further details please refer to the heading titled "*Cases filed against Mr. Dilip Shanghvi*"

Cases filed by Caraco Pharmaceutical Laboratories, Ltd.

NIL

Sholapur Organics Private Limited

Cases filed against Sholapur Organics Private Limited

NIL

Cases filed by Sholapur Organics Private Limited

Intellectual Property Rights Cases

1. There is one (1) civil case filed by Sholapur Organics Private Limited before the High Court of Judicature at Madras. The aggregate amount claimed in these civil cases is not ascertainable.

Sun Pharmaceutical Industries, Inc.

Cases filed against Sun Pharmaceutical Industries, Inc.

Civil Cases

1. There are eight (8)* civil cases filed against Sun Pharmaceutical Industries, Inc before various courts, tribunals or other fora. The aggregate amount claimed in these civil cases is not ascertainable.

   **There are four (4) cases simultaneously involving Sun Pharma Global, Inc. and five (5) cases simultaneously involving Sun Pharma Global, Inc. (on behalf of Caraco Pharmaceutical Laboratories, Ltd.)*

Cases filed by Sun Pharmaceutical Industries, Inc

Civil Cases

1. There is one (1) civil case filed by Sun Pharmaceutical Industries, Inc before the Superior Court of New Jersey, Appellate Division, USA. The aggregate amount claimed in these civil cases is not ascertainable.

Sun Pharma Global Inc

Cases filed against Sun Pharma Global Inc

Civil Cases

1. There are two (2) civil cases filed against Sun Pharma Global Inc before various courts, tribunals and other fora. The aggregate amount claimed in these civil cases is not ascertainable.

2. There is one (1) purported class action suit filed against Sun Pharma Global Inc before various courts, tribunals or other fora, for further details please refer to the heading titled "*Cases filed against Mr. Dilip Shanghvi*"

Cases filed by Sun Pharma Global Inc

NIL

Sun Pharma De Mexico S.A. de C.V.

Cases filed against Sun Pharma De Mexico S.A. de C.V.

Civil Cases

1. There is one (1) civil case filed against Sun Pharma De Mexico S.A. de C.V. before the Federal Court, Mexico. The aggregate amount claimed in these civil cases to the extent ascertainable is ₹ 3.86 million. The matter is currently pending.

Cases filed by Sun Pharma De Mexico S.A. de C.V.

NIL

Sun Pharma Sikkim

Cases filed against Sun Pharma Sikkim

Criminal Cases

1. There is one (1) criminal case filed against Sun Pharma Sikkim before the Court of Chief Judicial Magistrate, Oras, Sindhudurg, Maharashtra. The amount involved in the matter is not ascertainable. The matter is currently pending.

Civil Cases

2. There is one (1) labour case filed against Sun Pharma Sikkim before the Court of Workmen Compensation Commission at Gangtok, Sikkim. The amount involved in the matter is ₹ 1 million. The matter is currently pending.

Cases filed by Sun Pharma Sikkim

NIL

Virtuous Finance Limited

Cases filed against Virtuous Finance Limited

Tax Cases

1. There are four (4) tax cases filed against Virtuous Finance Limited before various courts, tribunals or other fora. The aggregate amount claimed in these tax cases is not ascertainable.

STATUTE	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	PERIOD TO WHICH THE AMOUNT RELATES	AMOUNT INVOLVED TO THE EXTENT QUANTIFIABLE (₹ in million)
Income Tax Act, 1961	Income tax and Interest	High Court	1996-1997, 1997-1998, 1998-1999, 1999-2000	-

Cases filed against Virtuous Finance Limited

NIL

Sun Pharmaceutical Industries

***Cases* filed against Sun Pharmaceutical Industries**

Tax Cases

1. There is one (1) tax case filed against Sun Pharmaceutical Industries before the High Court of Jammu & Kashmir. The aggregate amount claimed in this tax case to the extent ascertainable is ₹ 932 million.

STATUTE	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	PERIOD TO WHICH THE AMOUNT RELATES	AMOUNT INVOLVED TO THE EXTENT QUANTIFIABLE (₹ in million)
Income Tax Act, 1961	Income tax and Interest	High Court	2005-06	932

Cases filed by Sun Pharmaceutical Industries

Tax Cases

1. There are 19 tax cases filed by Sun Pharmaceutical Industries before various courts, tribunals or other fora. The aggregate amount claimed in these tax cases to the extent ascertainable is ₹ 662.04 million.

STATUTE	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	PERIOD TO WHICH THE AMOUNT RELATES	AMOUNT INVOLVED TO THE EXTENT QUANTIFIABLE (₹ in million)
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Commissioner (Appeals)	1997-98, 1998-99, 1999-00, 2000-01, 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09	63.23
		CESTAT	2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-2010	42.54
Income Tax Act, 1961	Income tax and Interest			
		High Court	2005-06	1.46
		Commissioner of	2007-08, 2008-09, 2010-11	554.81

	Income Tax (Appeals)	

OOO Sun Pharmaceutical Industries Limited

***Cases* filed against OOO Sun Pharmaceutical Industries Limited**

NIL

***Cases* filed by OOO Sun Pharmaceutical Industries Limited**

Civil Cases

There is one (1) civil case filed by OOO Sun Pharmaceutical Industries Limited before the Arbitrary Court of Moscow. The aggregate amount claimed in these civil cases to the extent ascertainable is ₹ 114.56 million. Brief details of the same are set forth below:

1. OOO Sun Pharmaceutical Industries Limited has filed a suit against LLC Unitorg before the Arbitrary Court of Moscow regarding the absence of liable payment within the due time by the Defendant. The amount involved is 67.39 million RRU. The matter is currently pending.

Family Investment Private Limited

Cases filed against Family Investment Private Limited

Tax Cases

1. There is one (1) tax case filed against Family Investment Private Limited before the High Court. The aggregate amount claimed in this tax case is not ascertainable.

STATUTE	NATURE OF DUES	FORUM WHERE DISPUTE IS PENDING	PERIOD TO WHICH THE AMOUNT RELATES	AMOUNT INVOLVED TO THE EXTENT QUANTIFIABLE (₹ in million)
Income Tax Act, 1961	Income tax and Interest	High Court	2003-04	Not Quantifiable

Cases filed against Family Investment Private Limited

NIL

5. Potential Litigation

Potential Litigation involving our Company

Income Tax Cases

Our Company is involved in two (2) matters for which it may initiate legal action. The matters are briefly described below:

1. Our Company had received a refund order bearing number 995392 dated October 25, 2010 for an amount of ₹ 0.01 million for the Assessment Year 2008-2009 which was subsequently misplaced during transit from the Bank to our Company's office at Mumbai. Our Company has requested the Deputy Commissioner of Income Tax to provide us with a duplicate copy of the Refund Order.

2. Our Company has filed a letter with the Income Tax Department dated December 01, 2011 requesting the rectification of an error that has been committed in giving the short credit of tax amounting to ₹ 4890 under Section 115WE of the Income Tax Act, 1961 for the Assessment Year 2007-2008.

Intellectual Property Rights

There are four (4) patent opposition proceedings filed against our Company and the same are pending before various authorities.

Potential Litigation involving our Promoter

NIL

Potential Litigation involving our Directors

NIL

Potential Litigation involving our Group Entities

Sun Pharmaceutical Industries Limited

Civil Cases

1. One (1) lawsuit pertaining to product liability has been filed against SPIL, Caraco Pharmaceutical Laboratories, Ltd., Sun Pharma Global Inc and Sun Pharmaceutical Industries, Inc. before the California Superior Court, Orange County. None of these parties have been officially served with the copy of the Suit.

Tax Cases

Following are the show cause notices pertaining to various units of SPIL regarding indirect taxes:

SR. NO.	NAME OF THE UNIT	ASSESSMENT YEARS	NUMBER OF SHOWCAUSE NOTICES	AMOUNT TO THE EXTENT ASCERTAINABLE (₹ in million)
1.	Ankaleshwar	2001-02, 2002-03, 2007-08, 2008-09, 2009-10	6	9.19
2.	Ahmednagar	2004-05, 2008-09, 2009-10, 2010-11	6	1.69
3.	Karkhadi	2009-10, 2010-11, 2011-12, 2012-13	7	3.33
4.	Silvassa II	2009-10, 2012-13	2	0.49
5.	Maduranthakam	2008-09, 2009-10, 2010-11	3	7.30
6.	Silvassa I	2006-07, 2007-08, 2008-09, 2009-10	7	2.69
7.	Mumbai	2005-06, 2006-07, 2007-08, 2008-09, 2009-10	17	43.41
8.	Halol	1995-96, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2011-12	27	378.60
9.	Panoli	2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11,	24	14.37

		2011-12		
10.	Vapi	2007-08, 2008-2009	2	0.79
11.	Dadra	2010-11, 2011-12	4	0.09
12.	Dahej	2010-11	1	-

Intellectual Property Rights

Trademarks and Patents Oppositions

Trademarks Oppositions filed against SPIL

1. There are 144 trademark opposition proceedings filed against SPIL under various classes of The Trademarks Act, 1999 and these proceedings are pending in various jurisdictions.

Trademarks Oppositions filed by SPIL

1. There are 1390 trademark opposition proceedings filed by SPIL under various classes of The Trademarks Act, 1999 and these proceedings are pending before various authorities in various jurisdictions.

Patents Oppositions filed against SPIL

There are three (3) Patent Opposition Proceedings are pending against SPIL, briefly described below:

1. One (1) appeal has been filed against SPIL before the European Board of Appeals arising from an earlier patent opposition proceeding that was filed before the European Patent Office.

2. One (1) appeal has been filed against SPIL before the Intellectual Property Appellate Board challenging the decision of the Patent Controller, Indian Patent Office in lieu of the post grant opposition filed by SPIL.

3. One (1) appeal has been filed against SPIL before the Intellectual Property Appellate Board challenging the decision of the Patent Controller to refuse to grant a patent application in lieu of the pre grant opposition filed by SPIL.

Patents Oppositions filed by SPIL

1. One (1) appeal has been filed by SPIL before the Intellectual Property Appellate Board challenging the order of the Controller of Patents, Indian Patent Office for the revocation of a patent obtained by the SPIL for one of its product.

2. Three (3) patent opposition proceedings have been filed by SPIL against various parties before the Indian Patent Office

Caraco Pharmaceutical Laboratories, Ltd.

Civil Cases

1. Twenty (20) lawsuits pertaining to product liability have been filed against SPIL, Sun Pharma Global, Inc., Sun Pharmaceutical Industries, Inc. and Caraco Pharmaceutical Laboratories, Ltd. None of these parties have been officially served with the copy of the suit.

Sun Pharmaceutical Industries

Tax Cases

Following are the show cause notices pertaining to the various units of Sun Pharmaceutical Industries regarding indirect taxes:

SR. NO.	NAME OF THE UNIT	ASSESSMENT YEARS	NUMBER OF SHOWCAUSE NOTICES	AMOUNT TO THE EXTENT QUANTIFIABLE (₹ in million)
1.	Dadra	2004-05, 2005-06, 2006-07, 2007-08, 2008-09, 2009-10, 2010-11	9	3.99
2.	Jammu	2006-07, 2007-08, 2008-09, 2009-10, 2010-11	8	5.71

6. Other litigations involving any other entity whose outcome could have a materially adverse effect of the position of our Company

NIL

7. Past Penalties

Past cases in which penalties have been imposed on our Company, our Directors, and our Promoter:

SR. NO.	ENTITY ON WHICH PENALTY WAS IMPOSED	AUTHORITY WHICH IMPOSED THE PENALTY	AMOUNT OF PENALTY IMPOSED	STATUS
1.	Our Company	Sales Tax Department	25,100	The penalty was paid off on March 25, 2010

8. Amounts owed to small scale undertakings and/or other creditors

Our Company does not have any outstanding amounts due to any small scale undertakings.

As on the date of this Letter of Offer, our Company owes an amount aggregating to ₹ 53.96 million to 40 creditors which are outstanding for more than thirty days:

9. Significant Developments occurring post Fiscal 2012

Except as stated in the Chapter titled "*Management's Discussion and Analysis of Financial Condition and Results of Operations – Significant Developments after Fiscal 2012*" beginning on page 219, there have been no material developments which are likely to affect the financial position of our Company since Fiscal 2012.

GOVERNMENT AND OTHER STATUTORY APPROVALS

Except for pending approvals mentioned under this heading, our Company has received the necessary material consents, licenses, permissions and approvals from the Government and various Government agencies required for our present business and carrying on our business activities. Further, except as mentioned herein below, our Company has not yet applied for any licenses, consents, permissions and approvals for the proposed activities as contained in this Section titled "Objects of the Issue" beginning on page 78. It must be distinctly understood that, in granting these approvals, the Government of India does not take any responsibility for our financial soundness or for the correctness of any of the statements made or opinions expressed in this behalf.

APPROVAL FROM FIPB AND RBI

1. Our Company has received FIPB approval dated June 01, 2012 permitting our Company to offer, issue and allot partly paid-up Equity Shares to FIIs, NRIs and erstwhile OCBs.

2. Our Company has also received RBI approval dated June 20, 2012 allowing renunciation (i) from a resident Indian Equity Shareholder to a non-resident, or (ii) from a non-resident Equity Shareholder to a resident Indian, or (iii) from a non-resident Equity Shareholder to a non-resident.

GENERAL AND CORPORATE APPROVALS

1. Certificate of Incorporation bearing corporate identity number L73100GJ2006PLC047837dated March 01, 2006, has been issued to our Company, in the name of "Sun Pharma Advanced Research Company Limited" under the Companies Act, 1956 by the Registrar of Companies, Gujarat.

2. Certificate of Commencement of Business dated March 22, 2006 has been issued to our Company under sections 149 (1) (a) to (d) and 149 (2) (a) to (d) of the Companies Act, 1956 issued by the Registrar of Companies, Gujarat.

3. Our Company's Permanent Account Number ("**PAN**"), AAJCS8340R, has been allotted to our Company as per the provisions of the Income Tax Act, 1961. The same is valid until cancellation.

4. Certificate of registration bearing number 24690203608 dated August 01, 2007 was issued to our registered office under Central Sales Tax (Registration and Turnover) Rules, 1957 by Assistant Commissioner of Commercial Tax, Division – 1, Vadodara for Tandalja, Old Padra Road, Vadodara – 320 020. The same is with effect from May 02, 2007 and is valid until cancellation.

5. Certificate of registration bearing number 24190203608 dated August 01, 2007 was issued under Gujarat Value Added Tax Act, 2003 by Assistant Commissioner of Commercial Tax, Division – 1, Vadodara for Tandalja, Old Padra Road, Vadodara – 320 020. The same is with effect from April 30, 2007 and is valid until cancellation.

6. Service Tax Certificate bearing number AAJCS8340RST002 dated June 02, 2008 was issued to our registered office by the office of the Assistant Commissioner of Central Excise & Customs, Service Tax Cell under Section 69 of Finance Act, 1994 for the transport of goods by road, scientific and technical consultancy, input service distributor test, inspection, certification, management consultants, consulting engineer and intellectual property services other than copyright. The same is valid until cancellation.

7. Our Company's Tax Deduction Account Number ("**TAN**"), BRDS05576E, has been allotted to our Company by National Securities Depository Limited as per the provisions of the Income Tax Act, 1961. The same is valid until cancellation.

8. Approval bearing number TU/IV-R&D.Com/SPARC/109/07 dated February 24, 2012 under Section 80 IB (8A) of the Income Tax Act, 1961 read with the general provisions of Section 80 –IB of the

Income Tax Act, 1961 as well as the provisions of rules 18D and 18DA of the Income Tax Rules, 1962 issued to our Company by the Scientist 'G', Department of Scientific and Industrial Research, Ministry of Science and Technology for granting approval as research and development company. The same has been renewed and extended up till assessment year 2015-16.

9. Our Company's Value Added Tax ("VAT") Taxpayers Identification Number ("TIN") being 27150611208 V has been allotted by the Sales Tax Officer, Registration Branch, Mumbai under the Maharashtra Value Added Tax, 2002. The same is with effect from May 31, 2007 and is valid until cancellation.

10. Our Company's Central Sales Tax ("CST") Taxpayers Identification Number ("**TIN**") being 27150611208 C has been allotted by the Sales Tax Officer, Registration Branch under the Central Sales Tax, 1956. The same is with effect from May 31, 2007 and is valid until cancellation.

Gujarat State Tax on Professions, Trades, Calling and Employments Act, 1976

1. Certificate of registration bearing number PR1902000339 dated April 21, 2007 was issued to our registered office by Assistant Commissioner of Commercial Tax, Division-1, Vadodara under Sub-section (1) of Section 5 of the Gujarat State Tax on Professions, Trades, Calling and Employment Act, 1976. The same is valid until cancellation.

Maharashtra State Tax on Professions, Trades, Callings and Employments Act, 1975

1. Certificate of registration bearing number PT/R/1/1/29/27522 dated May 31, 2007 was issued to our corporate office by the Sales Tax Officer, Registration Branch (P.T.), Mumbai under Sub-section (1) of Section 5 of the Maharashtra State Tax on Professions, Trades, Callings and Employment Act, 1975. The same is valid from May 31, 2007 and is valid until cancellation.

Employees Provident Funds and Miscellaneous Provision Act, 1952

1. Letter bearing number GJ/BD/65456/RPFC/ENF-1/2-A/34 dated April 16, 2007 has been issued to our Company by the Assistant Provident Fund Commissioner, Regional Office, Vadodara under Section 2A of the Employees Provident Funds and Miscellaneous Provision Act, 1952 and the scheme framed thereunder, extending the allotted code number GJ/BD/65456 of Sun Pharmaceutical Industries Limited to our Company. Our Company stands coverable under the code as a branch of Sun Pharmaceutical Industries Limited from March 01, 2007 and the same is valid until cancellation.

SHOPS AND ESTABLISHMENT

Bombay Shops and Establishment Act, 1948

1. Registration Certificate of Establishment bearing number B-33/4000 dated December 12, 2010 has been issued to our Company by the Inspector under the Bombay Shops and Establishments Act, 1948 for our office at 907/4, GIDC, Makarpur, Vadodara. The same is valid till the year 2013 and it is to be renewed on or before January 01, 2013 for a period of 03 years.

EMPLOYEES STATE INSURANCE ACT, 1948

1. Letter dated April 18, 2007 issued to our Company by Sub Regional Office, Employees State Insurance Corporation, Baroda under Employees State Insurance Act, 1948 allotting employers' code number 38-23762-34 to the registered office. The same is valid from March 01, 2007 and is valid until cancellation.

FACTORIES ACT, 1948

1. License to work a factory bearing registration number 846/73100/2007 and license number 11152 dated March 01, 2007 has been issued to our Company for the property situated at Tandalja, Vadodara – 390 020, Gujarat by the Joint Director of Industrial Safety and Health, Vadodara under the Factories Act, 1948 and the rules formulated thereunder. The same has been periodically renewed and is presently valid upto December 31, 2016.

2. Registration to run factory bearing number Mumbai Mega City A2 (m) (i) 13700 S-3753 and license bearing number 089296 dated February 20, 2008 has been issued to our Company by the Director, Industrial Safety and Health, Maharashtra State, Mumbai under the provisions of Rule 6 and 8 of the Maharashtra Factories Rules, 1963 in respect of our unit situated at 17/B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (E), Mumbai-400093 for employment of a maximum of 150 employees on any one day during the year and having established electric power of not more than 100 horse power. The same is valid till December 31, 2012.

3. Certificate of Stability bearing number HC/A-42/SPARC/406/ 2008 dated February 09, 2008 has been issued to our Company by Mr. Mayoor J. Vaghela, Competent Persons, Helps Corporation, Competent Persons, Safety Engineers Valuers & Chartered Engineers, Vadodara, Gujarat under Rule 3-C of the Gujarat Factories Rules, 1963 in respect of our unit situated at Tandalja, Vadodara – 390 020, Gujarat. The same is valid for a period of 5 years till February 08, 2013.

4. Certificate of Stability dated October 16, 2007 has been issued to our Company by Mr. Suresh Shanghvi, Consulting Structural Engineer, Shanghvi & Associates, Consulting Engineers under Rule 3 A of the Maharashtra Factories Rules,1963 in respect of our Mumbai Office situated at Plot Number 17/B, Mahal Industrial Estate, IV Floor, Mahakali Caves Road, Andheri (E), Mumbai- 400 093. The same is valid till October 15, 2012.

LABOUR LICENSES

1. Certificate of Registration bearing number M.M.K./Vado. C.L.A./C.L.Reg./962/07/30-4-07 dated April 30, 2007 has been issued to our Company's research and development centre at Tandalja, Vadodara by the Assistant Labour Commissioner & Registering Officer, Vadodara under sub-section 2 of section 7 of the Contract Labour (Regulation and Abolition) Act, 1970 and rules made thereunder in respect of Bhagwandas D. Chauhan Sandhya Enterprises for employment of 30 contract labourers for house-keeping, packing, shifting, loading and unloading . The same is valid until cancellation.

2. Certificate of Registration bearing number Vadodara ACL/Vadodara/5031/2007 dated May 02, 2007 has been issued to Sandhya Enterprises, Kalol by the Assistant Labour Commissioner & Licensing Officer, Vadodara under sub-section 2 of section 12 of the Contract Labour (Regulation and Abolition) Act, 1970 and rules made thereunder in respect of employment of a maximum of 70 contract labourers for the purposes of packing, loading, unloading and house keeping until April 30, 2013.

ENVIRONMENT LICENSES

1. Certificate of Authorisation bearing Authorisation Number EXT- 302865 dated August 05, 2011 has been issued to our Company by the Gujarat Pollution Control Board under Biomedical waste (Management and Handling) (Amendment) Rules, 2003 framed under the Environment (Protection) Act, 1986 in respect of our unit situated at Tandalja, Vadodara- 390 020 for collection, storage, reception, transport, treatment and disposal of biomedical wastes. The same is valid until October 26, 2012.

2. Consent to Establish bearing number GPCB/NOC-VRD-3183/ID: 27911/105272 dated February 24, 2012 has been issued to our Company in respect of our Company's unit situated at plot number 907/4, GIDC, Makarpura, Vadodara- 390 010 by the Environmental Engineer, Gujarat Pollution Control Board under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974 and Section 21

of Air (Prevention and Control of Pollution) Act, 1981 for the manufacturing of pre-clinical toxicology studies of new drug molecules and dosage forms in animal model. The same is valid until May 24, 2015.

3. Consent and Authorisation Order bearing number AWH-46353 dated March 31, 2012 has been issued to our Company in respect of our Company's unit situated at plot number 907/4, GIDC, Makarpura, Vadodara- 390 010 by the under Environmental Engineer, Gujarat Pollution Control Board under Section 25 of the Water (Prevention and Control of Pollution) Act, 1974, Section 21 of the Air (Prevention and Control of Pollution) Act, 1981 for use of outlet for the discharge of trade effluent and emission due to pre-clinical toxicology studies of new drug molecules and dosage forms in animal model. The same is also Authorisation under Rule 5(4) of the Hazardous Wastes (Management, Handling and Transboundary Movement) Rules, 2008 framed under the Environment Protection Act, 1986. The same is valid until February 13, 2017.

4. Certificate of Membership bearing number 833 dated October 19, 2011 has been issued to our Company in respect of our Company's unit situated at plot number 907/4, GIDC, Makarpura, Vadodara by the Chairman, Nandesari Environment Control Ltd certifying that our Company is a permanent member of Common Hazardous Waste Disposal Facility developed by Nandesari Environment Control Ltd. The same is valid until cancellation.

ACCREDITATIONS

1. Letter dated April 10, 2009 has been issued to our Company in respect of our Company's unit situated at Tandalja, Vadodara by the Compliance Officer, International Compliance Team, Department of Health and Human Services, Centre for Drug Evaluation and Research, Food and Drug Administration, USA in respect of certifying that the premises is acceptable as a control testing laboratory to the Issuing Authority pursuant to the review of the Establishment Inspection Report submitted by our Company.

2. Our Company has been awarded the achievement of accreditation issued by AAALAC.

TEST LICENSES/IMPORT LICENSES:

1. Test licenses are licenses to manufacture drugs for purpose of examination, test or analysis ("**Test Licenses**") issued by the state Food and Drug Administration ("**FDA**"), under the provisions of Drugs and Cosmetics Act, 1940 and the rules formulated thereunder. The same is valid for 1 year from the date of issuance of the license. If a product is available in India for more than 4 years, application for form 29 can be made directly at state FDA.

2. No Objection Certificate ("**NOC**") are issued in case the product is not available in India for more than 4 years, application for NOC needs to be made at office of Drugs Controller General (India) ("**DCGI**"), Central Drugs Standard Control Organization, functioning under the Directorate General of Health Services.

3. Import licenses are licenses to import drugs for the purpose of examination, test or analysis ("**Import Licenses**") issued by office of Drugs Controller General (India), Licensing Authority, under the provision of Drugs and Cosmetics Act, 1940 and rules formulated there under. The same is valid for 1 year from the date of issuance of license.

4. BE permission are no objection certificate for conducting bioequivalence study issued by the office of Drugs Controller General (India) functioning under the Directorate General of Health Services.

All the above mentioned licenses issued to our Company for its Mumbai Office are summarized herein below as onAugust 07, 2012:

Sr.	Therapeutic category	DCGI NOC	Test Licenses	Import	BE Permissions

No.				Licenses	
1.	Anti Vertigo	12	7	-	4
2.	Anti-Depressant	30	3	-	-
3.	Anti-Epileptic	7	7	-	3
4.	Anti-Epileptic + Analgesic	23	11	1	-
5.	Anti-Hyperlipidemic	57	31	1	33
6.	Anti-Hypertensive	42	17	1	8
7.	Anti-Hypertriglyceridemiac	4	3	-	2
8.	Anti-Histaminic	11	4	-	-
9.	Anti-Neoplastic + antiemetic	4	4	-	-
10.	Anti-Parkinson	21	20	-	2
11.	Anti-Spastic	77	54	3	15
12.	Glucocorticoid (anti-Allergic)	8	4	-	-
13.	Non steroidal anti inflammatory	2	-	-	4
14.	Psychostimulant	4	4	-	4
15.	Sedative / Hypnotic	4	4	3	1
16.	Anti-diabetic	3	3	-	-
17.	Benign Prostatic Hyperplasia (BPH)	1	1	-	-
18.	Anti-coagulant	4	-	-	-

All the above mentioned licenses issued to our Company for its unit at Tandalja, Vadodara are summarized herein below as on August 07, 2012:

Sr. No.	Therapeutic category	DCGI NOC	Test Licenses	Import Licenses	BE Permissions
1.	Anti-Acne	13	13	-	1
2.	Antiglaucoma	9	14	5	-
3.	Anti-acne and anti-psoriatic	1	3	2	-
4.	Anti-anginal	1	1	-	-
5.	Anti-fungal	4	4	2	-
6.	Anti-histaminic (anti-allergic)	1	1	-	-
7.	Anti-inflammatory	22	29	2	-
8.	Anti-inflammatory and Broncodialator	5	11	5	1
9.	Anti-inflammatory and anti-psoriatic	3	3	1	1
10.	Antidiabetic	3	6	1	1
11.	Antihypoglycemic agent	1	-	-	-
12.	Antiepilectic	1	-	-	1
13.	GnRH agonist	4	4	-	1
14.	Immunosuppressant- for the treatment of dry eye	1	2	-	-
15.	Parathyroid hormone analogue-osteoporosis	1	1	1	-
16.	Testosterone replacement	1	1	-	-
17.	Vasoconstrictor agent	1	-	-	-
18.	Antineoplastic	25	30	1	2
19.	Antineoplastic for multiple actinic or solar keratoses	1	-	-	-
20.	Antiproliferative (drug eluting stents)	2	-	-	-
21.	Antipsychotic	8	10	2	-
22.	Progestins	-	1	1	-
23.	Artificial Tears	-	1	-	-

24.	Diluent	-	8	-	-
25.	Estrogens	-	2	-	-
26.	Opioid analgesic	-	1	-	-
27.	Antibacterial	-	2	-	-
28.	Antiparkinson	-	3	-	-
29.	Vasopressin analogue	-	1	-	-

CLINICAL TRIAL REGISTRATIONS IN INDIA:

Our Company has following clinical trial registrations issued by the National Institute of Medical Statistics, Clinical Trials Registry, India:

Sr. No.	CTRI Number	Public Title	Health conditions on whom clinical trial has been conducted	Intervention Name	DCGI Approvals	Ethics Committee Approvals
1.	CTRI/2008/091/000302	A clinical trial to study and compare the effects two dry powder inhaler devices, test and reference, containing salmeterol 25 mcg and fluticasone propionate 250 mcg with salmeterol 50 mcg and fluticasone propionate 500 mcg in patients with asthma.	Patients with asthma	Dry powder inhaler containing salmeterol 25 mcg/fluticasone propionate 250 mcg	Received	Received
2.	CTRI/2009/091/000262	Phase 1 safety, efficacy, and pharmacokinetic study of Paclitaxel nano-dispersion injection in subjects with metastatic breast cancer: A randomized, open label, dose-ranging, active controlled, comparative, parallel group, and multi-centric study.	Female subjects with age 18 to 75-years inclusive, with histologically or cytologically confirmed diagnosis of breast cancer after failure of combination chemotherapy for metastatic disease or relapse and performance status ≤ 2 on the ECOG (Eastern Cooperative Oncology Group) performance scale.	Paclitaxel nano-dispersion	Received	Received
3.	CTRI/2010/091/001081	A clinical trial to	Healthy	B09	Received	Received

		study the safety of compound B09 in healthy males.	human volunteers			
4.	CTRI/2010/091/001116	Efficacy and safety of paclitaxel nano-dispersion concentrate for injection (PICN) in subjects with metastatic breast cancer: A randomized, open label, active controlled, comparative, parallel group, and multi-centric study.	Female subjects with age 18 to 70-years inclusive, with histologically or cytologically confirmed metastatic breast cancer in subjects who are candidate for single agent paclitaxel therapy in accordance with standard of care.	Paclitaxel nano-dispersion concentrate for injection (PICN)	Received	Received
5.	CTRI/2010/091/001122	Phase 1 safety, tolerability, and pharmacokinetic study of Docetaxel nano-dispersion: A randomized, open label, dose ranging, active controlled, comparative, parallel groups, and multi-centric study.	Male or Female subjects with age 18 to 75-years inclusive, with histologically or cytologically confirmed diagnosis of cancer in advanced stage, potentially sensitive to single agent docetaxel; e.g. locally advanced or metastatic breast cancer, locally advanced non-small cell lung cancer, hormone refractory metastatic prostate cancer, other tumor type with no standard treatment, and performance status ≤ 2 on the ECOG	Docetaxel injection concentrate for nano-dispersion (DICN)	Received	Received

			(Eastern Cooperative Oncology Group) performance scale.			
6.	CTRI/2010/091/001413	A clinical trial to safety of compound S0597 in healthy males	Healthy human volunteers	S0597	Received	Received
7.	CTRI/2010/091/002822	Clinical study to evaluate safety of bezalkonium chloride free latanoprost ophthalmic solution in patients with glaucoma	Patients with glaucoma	Latanoprost	Received	Received
8.	CTRI/2010/091/002953	A clinical trial to study for safety Tolerability and Pharmacokinetics of compound 1334 H ophthalmic solution in healthy subjects	Healthy male and female subjects aged 18-45 years, inclusive with vital signs, physical and ophthalmic examinations within normal limits.	Compound 1334H	Received	Received
9.	CTRI/2011/091/000077	Clinical trial to evaluate efficacy and safety of Fixed Dose Combination of Latanoprost 0.005% and Timolol 0.5% Ophthalmic Solutionin Patients with open angle glaucoma or ocular hypertension	Glaucoma	Latanoprost 0.005% and Timolol 0.5%	Received	Received
10.	CTRI/2011/11/002124	A pharmacokinetic, safety, and tolerability study of paclitaxel administered once a week in subjects with advanced solid malignancies in Indian population.	cancer	Paclitaxel nano-dispersion concentrate for injection (PICN) of Sun Pharma Advanced Research Company Limited, India	Received	Received
11.	CTRI/2011/11/002154	Efficacy and safety of Baclofen GRS for treatment of alcohol dependence, a 12 week study.	diagnosis of alcohol dependence	Baclofen GRS (40mg and 60mg)	Received	Received
12.	CTRI/2011/03/001651	This is trial has an objective of evaluating the local and systemic	Healthy male subjects, 18 through 45 years of age,	S0597	Received	Received

		safety and tolerability of the new steroid, that is administered as a nasal spray, in healthy male volunteers.	subjects having weight at least			
13.	CTRI/2011/12/002313	A clinical trial to study and compare the effects of two once a daily eye drops in patients with open angle glaucoma and ocular hypertension.	Patients with Glucoma and ocular hypertension	Latanoprost (Benzalkonium Chloride free)	Received	Received
14.	CTRI/2012/03/002485	A clinical trial to assess the safety, tolerability and pharmacokinetics of enteric coated compound B09 in healthy male subjects.	For the alleviation of signs and symptoms of spasticity resulting from Multiple Sclerosis (MS)	B09 EC	Received	Received
15.	CTRI/2012/03/002495	A clinical trial to assess safety of compound G44 in healthy subjects.	For treatment of postherpetic neuralgia and partial seizures	G44	Received	Received
16.	CTRI/2012/03/002497	A study to evaluate safety of Sun Pharmas 1334H, moxifloxacin and placebo in healthy subjects	Antihistaminic activity	1334H	Received	Received
17.	CTRI/2012/04/002615	A randomized, single oral escalating dose study to assess the safety, tolerability, pharmacokinetics and pharmacodynamics of compound S0597 in healthy male subjects.	Antiallergic/ antiasthmatic	S0597	Received	Received

CLINICAL TRAIL REGISTRATIONS IN USA:

Our Company has following clinical trial registrations issued by the National Institutes of Health, Food and Drug Administration, USA:

Sr. No.	Project Type	Product Name	NCT Number	Public Title	Health conditions on whom clinical trial has been conducted	Type of Phase in which clinical trials are being conducted	Ethics Committee Approvals

1.	NCE	1334H Ophthalmic	NCT01320553	A Multi-Center, Double-Masked, Randomized, Vehicle Controlled Evaluation of the of 1334H 0.15%, 0.3%, and 0.45% Ophthalmic Solution in the Conjunctival Allergen Challenge (CAC) Model of Acute Allergic Conjunctivitis	people with 10 yrs of age or older having Allergic Conjunctivitis	Phase II	Received
2.	NDDS	Baclofen GRS Capsule	NCT01457352	A Placebo-controlled Randomized Withdrawal Evaluation of the Efficacy and Safety of Baclofen ER Capsules (GRS) in Subjects With Spasticity Due to Multiple Sclerosis	Spasticity	Phase III	Received
3.	NDDS	Latanoprost Ophthalmic Solution	NCT00947661	Efficacy and Safety of 2 Formulations of Latanoprost Ophthalmic Solution in Open Angle Glaucoma or Ocular Hypertension	Open Angle Glaucoma Ocular Hypertension	Phase III	Received
4.	NDDS	Latanoprost Ophthalmic Solution	NCT00945958	Evaluation of Safety of Latanoprost Ophthalmic Solution in Open Angle Glaucoma or Ocular Hypertension	Open Angle Glaucoma Ocular Hypertension	Phase III	Received
5.	NDDS	PICN	NCT01305512	Pharmacokinetic, Safety and Tolerability Study of Paclitaxel Injection Concentrate for Nano-dispersion Administered Weekly	Solid Tumor in Advanced Stage	Phase I	Received
6.	NDDS	PICN	NCT01304303	Pharmacokinetic and Safety Study of Paclitaxel Injection Concentrate for Nano-dispersion	Solid Tumor in Advanced Stage	Phase I	Received

				Alone and in Combination With Carboplatin.			
7.	NDDS	S0597	NCT01614691	Efficacy and Safety of Intranasal S0597 in Environmental Exposure Chamber Model of Seasonal Allergic Rhinitis: A Phase II, Single-Center, Randomized, Double-Blind, Placebo-Controlled Parallel Group Study	Allergic Rhinitis	Phase 2	Received

APPROVALS WHICH ARE YET TO BE APPLIED FOR:

Sr. No.	Project Type	Product Name	Health conditions on whom clinical trial has been conducted	Type of study in which clinical trials are being conducted	Nature of License/ government approval required	Authority before whom application is to be made
1.	NDDS	Baclofen GRS Capsule	Spasticity in multiple sclerosis	Phase 3 Open Label study	Approval from the Institutional Review Board ("IRB") and registration of the clinical trial with the Clinical Trials government for receipt of a NCT number	National Institutes of Health, Food and Drug Administration, USA
2.	NDDS	Baclofen GRS Capsule	Spasticity in multiple sclerosis	Phase 3 Duration of Action study	Approval from the Institutional Review Board ("IRB") and registration of the clinical trial with the Clinical Trials government for receipt of a NCT number	National Institutes of Health, Food and Drug Administration, USA
3.	NDDS	Baclofen GRS Capsule	Alcohol Dependence	Phase 2 clinical study for Alcohol Dependence	Approval from the Institutional Review Board ("IRB") and registration of the clinical trial with the Clinical Trials government for receipt of a NCT number	National Institutes of Health, Food and Drug Administration, USA/

APPROVALS APPLIED FOR BUT NOT RECEIVED AS ON DATE OF LOF:

Sr. No.	Type of license or approval	Date of expiry of license	Date of application	Authority before whom the application is made
Applications pertaining to our Mumbai Office:				
1.	Three (3) applications made with respect to test license for anti hyperlipidemic in therapeutic category	N.A.	August 02, 2012	Joint Commissioner (Head Quarter), Food and Drug Administration
2.	One (1) application made to	N.A.	August 02, 2012	Joint Commissioner

	respect to test license for anti – spastic in therapeutic category.			(Head Quarter), Food and Drug Administration
3.	Two (2) applications made to the with respect to test license for sedative / hypnotic in therapeutic category.	N.A.	August 02, 2012	Joint Commissioner (Head Quarter), Food and Drug Administration
4.	Six (6) applications made with respect to Test Licenses anti – epileptic + analgesic in therapeutic category.		August 02, 2012	Joint Commissioner (Head Quarter), Food and Drug Administration
5.	Four (4) applications made with respect to Test Licenses anti – coagulant in therapeutic category.	NA	August 02, 2012	Joint Commissioner (Head Quarter), Food and Drug Administration
6.	One (1) application made with respect to BE permissions for anti-spastic in therapeutic category.	N.A.	May 11, 2012	Office of Drugs Controller – General (India) functioning under the Directorate General of Health Services
7.	One (1) application made with respect to BE permissions for sedatives / hypnotic in therapeutic category.	N.A.	January 13, 2012	Office of Drugs Controller – General (India) functioning under the Directorate General of Health Services
8.	One (1) application made with respect to Import Licenses for sedatives / hypnotic in therapeutic category.	N.A.	January 13, 2012	Office of Drugs Controller – General (India) functioning under the Directorate General of Health Services
9.	One (1) applications made with respect to Import Licenses anti – epileptic + anangesic in therapeutic category.	N.A.	May 06, 2010	Office of Drugs Controller – General (India) functioning under the Directorate General of Health Services
10	One (1) applications made with respect to Import Licenses anti – epileptic + anangesic in therapeutic category.	N.A.	June 16, 2012	Office of Drugs Controller – General (India) functioning under the Directorate General of Health Services
Applications pertaining to Tandalja unit:				
11	An application made with respect to Import Licenses for Diluent in therapeutic category.	N.A.	January 24, 2012	Office of Drugs Controller General (India) functioning under the Directorate General of Health Services
12	An application made with respect to Import Licenses for anti – inflammatory and broncodialiator in therapeutic category.	N.A.	November 10, 2011	Office of Drugs Controller General (India) functioning under the Directorate General of Health Services
13	An application made with respect to Import Licenses for parathyroid hormone	N.A.	June 23, 2012	Office of Drugs Controller General (India) functioning

	analogue osteoporosis in therapeutic category.			under the Directorate General of Health Services
14	An application made with respect to BE permissions for in Anti-inflammatory and anti-psoriatic in therapeutic category.	N.A.	July 16, 2012	Office of Drugs Controller General (India) functioning under the Directorate General of Health Services

SECTION VIII –OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

This Issue of Rights Shares to the existing Equity Shareholders of our Company as on the Entitlement Date is being made in accordance the resolution passed by our Funds Mobilising Committee, under Section 81 (1) of the Companies Act, at its meeting held on July 14, 2011.

The Shareholders of our Company *vide* a resolution dated August 08, 2011, have approved the issuance of Rights Shares to the existing Equity Shareholders of our Company under Section 81 (1) of the Companies Act.

Prohibition by SEBI

Our Company, our Group Entities, our Promoter, our Promoter Group and Directors, the companies with which the Promoter or the Directors are or were associated as directors or promoters, have not been prohibited from accessing or operating in the capital markets or restrained from buying, selling or dealing in securities under any order or direction passed by SEBI.

Wilful Defaulters

None of our Company, our Promoter or our Group Entities, the members and relatives of the Promoter have been declared willful defaulters by the RBI or any Government authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

Securities Related Business

Our Company confirms that none of our Directors are associated in any manner with any entity which is engaged in securities market related business and is registered with SEBI. Further, SEBI has not initiated any action against our Company and its Directors.

None of our Directors are associated in any manner with any entity which is engaged in securities market related business and is registered with SEBI for the same.

None of our Directors hold currently or have held directorship(s) in the last five years in a listed company whose shares have been or were suspended from trading on BSE or the NSE or in a listed company which has been / was delisted from any stock exchange.

Eligibility for the Issue

Our Company is an existing listed company registered under the Companies Act whose Equity Shares are listed on NSE and BSE. It is eligible to make this Rights Issue in terms of Chapter IV of the SEBI Regulations. Our Company is eligible to make disclosures in this Letter of Offer as per Part A of Schedule VIII of the SEBI Regulations.

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED / CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE

CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THIS LETTER OF OFFER. THE LEAD MANAGER, ERNST & YOUNG MERCHANT BANKING SERVICES PRIVATE LIMITED HAS CERTIFIED THAT THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE ISSUER COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGER IS EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE ISSUER COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGER, ERNST & YOUNG MERCHANT BANKING SERVICES PRIVATE LIMITED HAS FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED JANUARY 30, 2012 WHICH READS AS FOLLOWS:

1. **WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATIONS LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE LETTER OF OFFER PERTAINING TO THE SAID ISSUE;**

2. **ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE ISSUER COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE ISSUER COMPANY, WE CONFIRM THAT:**

   a) **THE LETTER OF OFFER FILED WITH THE BOARD IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;**

   b) **ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS, GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ISSUED BY THE BOARD, THE CENTRAL GOVERNMENT AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND**

   c) **THE DISCLOSURES MADE IN THE LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.**

3. **WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE LETTER OF OFFER ARE REGISTERED WITH THE BOARD AND THAT TILL DATE SUCH REGISTRATION IS VALID.**

4. **WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – *NOT APPLICABLE*.**

5. **WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTER HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF**

PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTER'S CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTER'S DURING THE PERIOD STARTING FROM THE DATE OF FILING THE LETTER OF OFFER WITH THE BOARD TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE LETTER OF OFFER – *NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE*.

6. **WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUES OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTER'S CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE LETTER OF OFFER – *NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE*.**

7. **WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO THE BOARD. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTER'S CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE. - *NOT APPLICABLE AS THE PRESENT ISSUE IS A RIGHTS ISSUE.***

8. **WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE ISSUER FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE ISSUER AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION – *COMPLIED WITH*.**

9. **WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONIES SHALL BE RELEASED BY THE SAID BANK ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE LETTER OF OFFER. WE FURHTER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION.**

10. **WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.**

11. **WE CERTIFY THAT ALL APPLICABLE DISCLOSURES MANDATED IN SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN THE**

ADDITION TO DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

12. **WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE LETTER OF OFFER:**

    a) **AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE SHARES OF THE ISSUER AND**

    b) **AN UNDERTAKING FROM THE ISSUER THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY THE BOARD FROM TIME TO TIME.**

13. **WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO THE ADVERTISMENT IN TERMS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.**

14. **WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OF THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTER'S EXPERIENCE ETC.**

15. **WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.**

16. **WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKERS (WHO ARE RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY THE BOARD THROUGH CIRCULAR – *NOT APPLICABLE***

THE FILING OF THE LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 63 OR SECTION 68 OF THE COMPANIES ACT, 1956 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCES AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGER ANY IRREGULARITIES OR LAPSES IN THE LETTER OF OFFER.

Disclaimer clauses from our Company and the Lead Manager

Our Company and the Lead Manager accept no responsibility for statements made otherwise than in the Letter of Offer or in any advertisement or any other material issued by our Company or by any other persons at the instance of our Company and anyone placing reliance on any other source of information would be doing so at his own risk.

Caution

The Lead Manager and our Company shall make all information available to the Equity Shareholders and

no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer with SEBI.

Investors who invest in the Issue will be deemed to have represented to our Company and Lead Manager and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Rights Shares, and are relying on independent advice / evaluation as to their ability and quantum of investment in this Issue.

Disclaimer with respect to jurisdiction

The Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of this Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purposes of this Issue will be BSE.

Disclaimer Clause of BSE

As required, a copy of the Letter of Offer shall be submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Letter of Offer, shall be included in the Letter of Offer prior to filing with the BSE.

Disclaimer Clause of NSE

As required, a copy of the Letter of Offer shall be submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Letter of Offer, shall be included in the Letter of Offer prior to filing with the NSE.

Filing

The Letter of Offer will be filed with the Corporation Finance Department of the SEBI, located at SEBI Bhavan, C-4-A, G Block, Bandra-Kurla Complex, Bandra (East), Mumbai 400 051, India for its observations. After SEBI gives its observations, the final Letter of Offer will be filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Selling Restrictions

The distribution of this Letter of Offer and the Issue of Rights Shares to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession the Letter of Offer may come are required to inform themselves about and observe such restrictions.

Our Company is making this Issue of Rights Shares to its Equity Shareholders of and will dispatch the Abridged Letter of Offer and CAFs to the Equity Shareholders who have provided an Indian address at least three (03) days prior to the opening of the Issue. Our Company / Lead Manager shall provide a copy of the Letter of Offer to an Equity Shareholder if a request has been made for the same.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Letter of Offer has been filed with SEBI for observations. Accordingly, the Rights Shares represented thereby may not be offered or sold, directly or indirectly, and the Letter of Offer may not be distributed in any jurisdiction, except in accordance with the legal requirements applicable in such jurisdiction.

Receipt of the Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, the Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of the Letter of Offer should not, in connection with the Issue of the Rights Shares or the Rights Entitlements, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If the Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Rights Shares or the Rights Entitlements referred to in the Letter of Offer.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in our Company's affairs from the date hereof or that the information contained herein is correct as of any time subsequent to this date.

Listing

The existing Equity Shares are listed on BSE and NSE. Our Company has made application to BSE and NSE for permission to deal in and for an official quotation in respect of the Rights Shares being offered in terms of the Letter of Offer. Our Company has received in-principle approvals from BSE and NSE by letters dated February 17, 2012 and February 21, 2012 respectively. Our Company will apply to BSE and NSE for listing of the Rights Shares to be issued pursuant to this Issue.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, we shall forthwith repay, without interest, all monies received from Applicants in pursuance of the Letter of Offer. If such money is not paid within 8 days after we become liable to repay it, then our Company and every Director of our Company who is an officer in default shall, on and from expiry of 8 days, be jointly and severally liable to repay the money with interest as prescribed under the Section 73 of the Companies Act.

Dematerialised dealing

Our Company has entered into agreements dated April 27, 2007 and May 11, 2007 with NSDL and the CDSL, respectively, for its existing Equity Shares bearing the ISIN INE232I01014.

Impersonation

Attention of the Investors is specifically drawn to the provisions of sub-section (1) of Section 68 A of the Companies Act, which is reproduced below:

"Any person who:

(a) makes in a fictitious name, an application to a company for acquiring or subscribing for, any shares therein, or

(b) otherwise induces a company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name,

shall be punishable with imprisonment for a term which may extend to five years."

Consents

Consents in writing of the Auditors, Lead Manager, Legal Advisor to the Issue, Registrar to the Issue to act in their respective capacities and of the Bankers to our Company and Directors for their names to appear as such in the Letter of offer, have been obtained and filed with the Stock Exchanges along with the copy of the Letter of Offer and such consents have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the Stock Exchanges.

M/s. Deloitte Haskins & Sells, our Auditors have given their written consent for the inclusion of their reports in the form and context in which it appears in the Letter of Offer and such consent and reports have not been withdrawn up to the time of delivery of the Letter of Offer for registration with the Stock Exchanges.

All the necessary consents required for this Issue including consents from the lenders, industry sources and other third parties have been obtained by our Company. To the best of our Company's knowledge, there are no other consents required for this Issue. However, should the need arise, necessary consents shall be obtained by our Company.

Expert Opinion

Except for the auditors' report under the section titled "*Financial Information*" beginning on page 170 and the *"Statement of Tax Benefits"* beginning on page 88, our Company has not obtained any expert opinions. The Auditors are named as 'Expert' under Section 58 of the Act.

Issue Expenses

The Issue related expenses include, among others, fees payable to intermediaries including Lead Manager, printing and distribution expenses, advertisement and marketing expenses and registrar, legal and depository fees among others and are estimated at ₹ 17.00 million (approximately 0.86 per cent of the total Issue size) and will be met out of the proceeds of the Issue.

Activity	Amount (In ₹ million)	% of Issue Expenses	% of the Total Issue Size
Fees to Lead Manager, Registrar to the Issue, Legal Advisor etc.	6.56	38.59	0.33
Advertising and Marketing expenses	0.15	0.88	0.01
Printing, stationery and distribution expenses	04.45	26.18	0.22
Others (including but not limited to Auditors' Fee, SCSB commission, Regulatory Fees including filing fees paid to SEBI and Stock Exchanges)	05.84	34.35	0.29
Total Issue Expenses	**17.00**	**100.00**	**0.86**

Details of Fees Payable

Fees Payable to the Lead Manager

The total fees payable to the Lead Manager will be as per the Memorandum of Understanding dated September 19, 2011 executed between our Company and Lead Manager, copy of which is available for inspection at the Registered Office of our Company.

Fees Payable to the Registrar to the Issue

The fees payable to the Registrar to the Issue is as set out in the relevant documents, copies of which are kept available for inspection at the Registered Office of our Company. The total fees payable to the Registrar will be as per the Memorandum of Understanding dated November 21, 2011 executed between our Company and Registrar, copy of which is available for inspection at the Registered Office of our Company.

Previous public/rights issues by our Company in the last five years

Our Company has not made any previous rights or public issues in India or abroad in the five years preceding the date of the Letter of Offer.

Previous Issue of securities other than cash

Our Company has issued Equity Shares for consideration other than cash. Our Company does not have any revaluation reserves, hence no Equity Shares have been issued out revaluation reserves. For further details please refer to chapter titled *"Capital Structure"* beginning on page 67.

Underwriting Commission, Brokerage and Selling Commission on Previous Issues

As our Company has not made any previous rights or public issues in India or abroad in the five years preceding the date of the Letter of Offer, our Company has not paid any commission or brokerage on previous issues with respect to these five years.

Promise versus Performance by our Company, Group Entities

Since the date of the incorporation of our Company, our Company and its Group Entities have not undertaken any public or rights issue, hence details of Promise versus Performance shall not be applicable. SEBI *vide* its letter bearing number CFD/DIL/NB/NB98342/2007 dated July 10, 2007 granted relaxation from the requirements of Rule 19(2)(b) of the SCRR, for the purpose of listing of the Equity Shares of our Company on BSE and NSE. Consequently, the Equity Shares of our Company were listed on BSE and NSE with effect from July 18, 2007.

Outstanding debentures or bonds and redeemable preference shares

In accordance with the Scheme of Arrangement, our Company was also enabled to issue, subject to any legal advise it may obtain, Equity Shares to certain holders of foreign currency convertible bonds issued by SPIL (for details of Equity Shares issued and allotted by our Company to holders of such foreign currency convertible bonds issued by SPIL, please refer to the chapter titled *"Capital Structure"* beginning on page 67).

Allotments made to holders of FCCBs issued by SPIL, entitled FCCB holders to 1 Equity Share of face value ₹ 1.00 each of our Company for every equity share of ₹ 5 each of SPIL which were allotted to them on exercise of conversion option of the FCCBs of USD 1,000 each held by them. As on the date of the Letter of Offer there are no outstanding foreign currency convertible bonds of SPIL.

Stock market data for equity shares of our Company

The Equity Shares of our Company are listed on the NSE and BSE. Our Company's stock market data has been given below:

The details of the share prices on the NSE during last six months are as follows:

Year	High			Low			Total	Average Price* (₹)
	Price (₹)	Date	Volume	Price (₹)	Date	Volume	Volume	
July 2012	79.60	July 16, 2012	112,602	71.30	July 03, 2012	111,005	1,620,513	74.55
June 2012	80.00	June 01, 2012	23,486	66.60	June 15, 2012	171,066	1,058,228	73.63
May 2012	79.90	May 31, 2012	29,446	68.00	May 16, 2012	21,957	1,301,853	73.63
April 2012	81.15	April 16, 2012	18,511	73.10	April 27, 2012	177,221	895,255	77.18
March 2012	81.85	March 09, 2012	56,388	71.50	March 20, 2012	15,937	804,951	76.90
February	87.70	February	105,593	78.45	February	40,966	1,337,083	82.54

2012	15, 2012	27, 2012

Source: NSE Official Website i.e. www.nseindia.com
**The average price has been computed based on the average of the daily closing prices of the Equity Shares.*

The high and low closing prices recorded on NSE for the preceding three years and the number of shares traded on the days the high and low prices were recorded are stated below:

Year	High	Low	Average Price* (₹)
2010	104.30	48.60	77.22
2011	111.30	64.40	89.33
2012	101.65	64.70	81.78

Source: NSE Official Website i.e. www.nseindia.com
**The average price has been computed based on the average of the daily closing prices of the Equity Shares.*

The details of the share prices on the BSE during last six months are as follows:

Year	High			Low			Total	Average Price* (₹)
	Price (₹)	Date	Volume	Price (₹)	Date	Volume	Volume	
July 2012	79.30	July 13, 2012	171,780	72.10	July 12, 2012	8,838	640,418	74.43
June 2012	79.95	June 01, 2012	20,556	66.75	June 15, 2012	26,236	458,475	72.78
May 2012	79.50	May 31, 2012	9,739	67.00	May 15, 2012	8,166	399,629	73.56
April 2012	80.80	April 16, 2012	19,354	73.30	April 27, 2012	8,698	1,042,125	77.20
March 2012	80.75	March 02, 2012	20,496	70.00	March 29, 2012	65,888	1,030,560	76.88
February 2012	87.45	February 15, 2012	57,954	78.00	February 23, 2012	24,750	1,085,807	82.56

Source:BSE Official Website i.e. www.bseindia.com
**The average price has been computed based on the average of the daily closing prices of the Equity Shares.*

The high and low closing prices recorded on BSE for the preceding three years and the number of shares traded on the days the high and low prices were recorded are stated below:

Year	High	Low	Average Price* (₹)
2010	104.30	48.25	77.25
2011	111.40	65.10	89.32
2012	101.75	64.85	81.76

Source: BSE Official Website i.e. www.bseindia.com
**The average price has been computed based on the average of the daily closing prices of the Equity Shares.*

Closing market price immediately after the date of Committee resolution authorising the Issue

The closing market price on BSE and NSE immediately after the date on which the resolution of the Funds Mobilising Committee authorizing the Issue was authorized i.e. July 15, 2011 ₹ 95.30 and ₹ 95.20 respectively.

Mechanism for redressal of Investor grievance

The Agreement between the Registrar to the Issue and our Company provides for retention of records with the Registrar to the Issue for a period of at least three years from the last date of despatch of the letters of

Allotment, demat credit and refund orders to enable the Investors to approach the Registrar to the Issue for redressal of their grievances. All grievances relating to the Issue may be addressed to the Registrar to the Issue, giving full details such as name, address of the Investor, number of Equity Shares applied for, amount paid and the bank branch or collection centre where the Application was submitted.

Our Company has constituted a Shareholders'/ Investors' Grievance Committee to look into the redressal of Shareholder/ Investor complaints such as Issue of duplicate/split/consolidated share certificates, allotment and listing of shares and review of cases for refusal of transfer/transmission of shares and debentures, complaints for non receipt of dividends etc. For further details on this committee, please refer paragraph titled "*Shareholders/Investors Grievance Committee"* of the chapter titled *"Management"* beginning on page 146.

All grievances relating to the ASBA process may be addressed to the Registrar to the Issue with a copy to the relevant SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Application Money blocked, ASBA account number and the Designated Branch or the collection centre of the SCSB where the application form was submitted by the ASBA Investor. The following is the status of the Investor grievance complaints received from FY 2009 – 10 till FY 2011-12 and for the period from April 01, 2012 till July 31, 2012:

Particulars	Complaints Received	Complaints Resolved	Complaints Pending
For financial year 2009-10	Nil	Nil	Nil
For financial year 2010-11	1	1	Nil
For financial year 2011-12	2	2	Nil
For the period from April 01, 2012 till July 31, 2012	Nil	Nil	Nil

The contact details of the Registrar and Share Transfer agent to our Company are as follows:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S Marg,
Bhandup (West), Mumbai - 400 078
Tel: +91 22 2596 7878
Fax: +91 22 2596 0329
Email: sparc.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Pravin Kasare
Registration Number: INR000004058

Disposal of Investor Grievances by our Company

Our Company or the Registrar to the Issue or the SCSB in case of ASBA Investor shall redress routine Investor grievances within one month from the date of receipt of the complaint. In case of non-routine complaints and complaints where external agencies are involved, our Company will seek to redress these complaints as expeditiously as possible. The Registrar shall provide a status report of Investor complaints on a monthly basis to our Company. Similar status reports are also be provided to our Company as and when required by our Company.

Our Board at its meeting held on June 04, 2007 has constituted a Shareholder's / Investor's Grievance Committee chaired by Mr. Sudhir Valia and Dr. Rajamannar Thennati, Prof. Dr. Goverdhan Mehta and Prof. Dr. Andrea Vasella as members.

The terms of reference of the said Committee are mentioned in the chapter titled "*Management*" beginning on page 146.

Our Company assures that any complaint in relation to the rights issue shall be disposed of within 7 days of

receipt of complaint with all relevant details.

Our Company has appointed Ms. Meetal Sampat, Company Secretary, as Compliance Officer who would directly deal with SEBI office with respect to implementation of various laws, rules, regulations and other directives issued by SEBI and matters related to Investor complaints.

Ms. Meetal Sampat may be contacted in case of any pre-Issue or post-Issue related problems, at the following address at:

Ms. Meetal Sampat
Company Secretary and Compliance Officer
17B, Mahal Industrial Estate,
Mahakali Caves Road,
Andheri (East),
Mumbai – 400 093
Maharashtra, India.
Tel: +91 22 6645 5645
Fax: +91 22 6645 5685
Website: www.sunpharma.in
Email: meetal.sampat@sparcmail.com

Changes in auditors during the last three financial years and reasons thereof

There has been no change in statutory auditors of our Company in the last three financial years.

Capitalisation of Reserves or Profits

Our Company has not capitalised its reserves or profits at any time since inception other than capitalisation of reserves for issue of equity shares to the holders of FCCBs of SPIL as per the terms of the Scheme of Demerger.

Revaluation of Assets

Our Company has not revalued its assets since incorporation.

SECTION IX –ISSUE RELATED INFORMATION

TERMS OF THE ISSUE

The Equity Shares are now being issued pursuant to the Rights Issue and the Equity Shares to be allotted are subject to the terms and conditions contained in the Letter of Offer, Abridged Letter of Offer, the enclosed Composite Application Form ("CAF"), the Memorandum and Articles of Association of our Company, the terms and conditions as may be incorporated in the Foreign Exchange Management Act, 1999 as amended, approvals from the Government of India, RBI and FIPB, the provisions of the Act, Regulations issued by SEBI, guidelines, notifications and regulations for issue of capital and for listing of securities issued by Government of India and/or other statutory authorities and bodies from time to time, the listing agreements entered into by our Company with the stock exchanges, the terms and conditions as stipulated in the allotment advice or letter of allotment or security certificate and rules as may be applicable and introduced from time to time. All rights/obligations of Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renouncee(s) as well.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process.

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection. Hence, all non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.
ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non-ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For further details, please refer to the paragraph titled *"Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process"* under the chapter titled *"Terms of the Issue"* beginning on page 274.

Authority for the Issue

This Issue is being made pursuant to the resolution passed by the Funds Mobilising Committee on July 14, 2011 and special resolution under section 81 (1) of the Act passed by the members at the Annual General Meeting dated August 08, 2011.

Basis for the Issue

The Equity Shares are being offered for subscription for cash to those existing Equity Shareholders whose names appear as beneficial owners as per the list to be furnished by the depositories in respect of the Equity Shares held in the electronic form and on the Register of Members of our Company in respect of Equity Shares held in the physical form at the close of business hours on the Entitlement Date, i.e. August 24, 2012 fixed in consultation with the Designated Stock Exchange.

Rights Entitlement Ratio

As your name appears as beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder of our Company as on the Entitlement Date, i.e. August 24, 2012 . You are entitled to the number of shares in Block I of Part A of the enclosed Composite Application Form.

The Equity Shareholders are entitled to 1 Rights Share for every 7 fully paid-up Equity Share(s) held on the Entitlement Date, i.e. August 24, 2012

PRINCIPAL TERMS OF THE RIGHTS SHARES

1. Listing and Trading of the Rights Shares proposed to be Issued

The listing and trading of the Rights Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment the Rights Shares shall be traded on Stock Exchange in demat segment only**.**

Our Company's existing Equity Shares are currently traded on the BSE (Scrip Code: 532872) and on the NSE (Symbol: SPARC) under the ISIN INE232I01014.

The partly paid-up Rights Shares offered under the Issue will be listed and traded under a separate ISIN for the period as may be applicable prior to the fixation of the Call Record Date. Immediately and after the Call Record Date, the trading of the partly paid-up Rights Shares would be terminated. The process of corporate action for crediting fully paid-up Rights Shares to the Investor's demat accounts may take about two (2) weeks' time from the last date for payment of the amount under the Call Notice. On payment of the Final Call, the partly paid-up Rights Shares would be converted into fully paid-up Rights Shares and listed and identified with the existing ISIN for the Equity Shares. The Rights Shares in respect of which the balance amount payable remains unpaid may be forfeited, at any time after the due date for payment of the balance amount due or any extension thereof as may be granted by the Board.

All steps for the completion of the necessary formalities for listing and commencement of trading of the Rights Shares pursuant to the Issue shall be taken within seven Working Days of the finalisation of the basis of allotment. Our Company has made application to the BSE and NSE seeking "in-principle" approval for the listing of the Rights Shares on the Stock Exchanges, pursuant to the Issue in accordance of the Listing Agreement and have received such approval from the BSE pursuant to their letter number DCS/PREF/PR/IP-RT/801/11-12 dated February 17, 2012 and from the NSE pursuant to their letter number NSE/LIST/160319-P dated February 21, 2012. Our Company will apply to the Stock Exchanges for their final approval for the listing and trading of the Rights Shares.

No assurance can be given regarding the active or sustained trading in the Equity Shares or the price at which the Rights Shares offered under the Issue will trade after the listing of the Rights Shares.

The listing and trading of the Rights Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would accordingly affect the schedule. The Rights Shares allotted pursuant to this Issue will be listed as soon as practicable but in no case later than seven Working Days from the finalization of the basis of allotment. Our Company is making this issue of Rights Shares only to the Equity Shareholders who have an Indian address.

The distribution of the Letter of Offer and the Issue of Rights Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Our Company is making this Issue on a rights basis to the Equity Shareholders of our Company and will dispatch the Abridged Letter of Offer and the CAF to the Equity Shareholders who have provided an Indian address at least three (03) days prior to the opening of the Issue.

2. Face value

Each Equity Share shall have the face value of ₹ 1.00.

3. Rights Entitlement ratio

An eligible Equity Shareholder is entitled to 1 Rights Share for every 7 fully paid-up Equity Share(s) held on the Entitlement Date, i.e. August 24, 2012 .

4. Fractional entitlements

For Rights Shares being offered under the Issue, if the shareholding of any of the Equity Shareholders is less than 7 Equity Shares or is not in multiples of 7, the fractional entitlement of such Equity Shareholders shall be ignored. Equity Shareholders whose fractional entitlements are being ignored will be given preference in the allotment of one additional Rights Share each, if such Equity Shareholders have applied for any additional Rights Shares over and above their Rights Entitlement. If the number of Rights Shares required for allotment under this head are more than the number of Rights Shares available after allotment, such allotment will be made on a fair and equitable basis, in consultation with the Designated Stock Exchange.

Those Equity Shareholders holding less than 7 Equity Shares and therefore entitled to zero Rights Shares under the Issue shall be dispatched a CAF with zero entitlement. Such Equity Shareholders cannot renounce their entitlement to apply for additional Rights Shares in favor of any other person. Such Equity Shareholders are entitled to apply for additional Rights Shares for which the allotment would be mentioned as per the terms mentioned under clause 5 below. A CAF with zero entitlement will be non-negotiable / non renounceable.

For example, if an Equity Shareholder holds 1 or more but less than 7 Equity Shares, he will be entitled to zero Equity Shares on a rights basis. He will be given a preferential consideration for Allotment of 1 additional Rights if he has applied for the same.

5. Additional Rights Shares

The Equity Shareholders are eligible to apply for additional Rights Shares over and above their Rights Entitlement provided such Equity Shareholders have applied for all the Rights Shares offered to them, without renouncing some or all of them in favour of any other person.

The application for the additional Rights Shares shall be considered and allotment shall be made at the sole discretion of the Board of Directors, subject to sectoral caps and in consultation, if necessary, with the Designated Stock Exchange. Where the number of additional Rights Shares applied for exceeds the number of Rights Shares available for allotment, the allotment of additional Rights Shares shall be made on a fair and equitable basis, in consultation with the Designated Stock Exchange. For further information kindly refer to "*Basis of Allotment*" beginning on page 296 as contained in the section titled "*Terms of the Issue*" beginning on page 274.

If the Equity Shareholders desire to apply for additional Rights Shares, they may indicate their requirements in place provided for additional Rights Shares in Part A of the CAF. Renouncees who have subscribed for all the Rights Shares renounced in their favor may also apply for additional Rights Shares.

6. Issue Price

Each Rights Share is being offered at a price of ₹ 67.00 per Rights Share, including a premium of ₹ 66.00 per Rights Share. The Issue Price has been arrived at by our Company in consultation with the Lead Manager prior to determination of the Entitlement Date.

Where an applicant has applied for additional Rights Shares and is allotted lesser number of Rights Shares than applied for, the excess Application Money paid shall be refunded. The Application Money would be refunded within fifteen days from the closure of the Issue, and if there is a delay beyond eight days from the stipulated period, our Company will pay interest on the Application Money in terms of the section 73 of the Act.

7. Terms of payment

Payment Method[1]
Amount payable per Equity Share (₹67)[2]

	Face Value (₹1)	Premium (₹66)	Total (₹67)
On Application (₹)	0.60	39.40	40.00
Final Call (₹)	0.40	26.60	27.00
Total (₹)	**1.00**	**66.00**	**67.00**

[1] For details on Payment Method please refer to the chapter titled *"Terms of the Issue"* beginning on page 274 and for details of related risks please refer to the section titled *"Risk Factors"* beginning on page 13.

[2]Apart from the money paid on application, the Investors shall be required to make the balance payment on Final Call by the due date which shall be separately notified by our Company.

Note: Our Company has received FIPB approval dated June 01, 2012 permitting our Company to offer, issue and allot partly paid-up Rights Shares to FIIs, NRIs and erstwhile OCBs. Our Company has also received RBI approval dated June 20, 2012 allowing renunciation (i) from a resident Indian Equity Shareholder to a non-resident, or (ii) from a non-resident Equity Shareholder to a resident Indian, or (iii) from a non-resident Equity Shareholder to a non-resident.

The Issue Price of the Rights Shares of our Company is ₹ 67.00 per Rights Share. The Investors have to pay ₹ 40.00 which constitutes 60% of the Issue Price on application and the balance ₹ 27.00 which constitutes 40% of the Issue Price on the Final Call. While making an application, the Investor shall make a payment of ₹ 40.00 per Rights Share. Out of the amount of ₹ 40.00 paid on application, ₹ 0.60 would be adjusted towards the face value of the Rights Share and ₹ 39.40 shall be adjusted towards the share premium account. Out of the amount of ₹ 27.00 paid on the Final Call, ₹ 0.40 would be adjusted towards the face value of the Rights Share and ₹ 26.60 shall be adjusted towards the share premium account. Notices for the payment of call money for the Final Call shall be sent by our Company to the Equity Shareholders of the partly paid-up Rights Shares on the record dates fixed for the respective calls at the relevant time in future.

Rights Shares in respect of which the balance amount payable remains unpaid may be forfeited by our Company, at any time after the due date for payment of the balance amount due after giving a prior notice of at least fourteen (14) days, as provided under Article 25 of the Articles of Association of our Company. The Board may, from time to time at its discretion, extend the time fixed for the payments of the Final Call.

Notices for the payment of call money for the Final Call shall be sent by our Company to the Equity Shareholders of the partly paid-up Rights Shares on the record Date fixed for the call at the relevant time in future.

The call shall be structured in such a manner that the entire call money is called and will be payable within 12 months from the date of allotment of Rights Shares in this Issue. Rights Shares in respect of which the balance amount payable remains unpaid may be forfeited by our Company, at any time after the due date for payment of the balance amount due after giving a prior notice of at least 14 days, as provided under the Articles of Association.

A separate cheque/demand draft pay order must accompany each application form.

Payment should be made by cheque/bank demand draft/ pay order drawn on any bank (including a co-operative bank) which is situated at and is a member or a sub-member of the bankers clearing house located at the center where the CAF is accepted. Outstation cheques /money orders/postal orders will not be accepted and CAFs accompanied by such cash/cheque/money orders/postal orders are liable to be rejected.

Pursuant to RBI Circular number DBOD No. FSC BC 42/24.47.00/2003-04 dated November 05, 2003, the Stockinvest scheme has been withdrawn and accordingly, payment through Stockinvest will not be accepted in the Issue.

Where an applicant has applied for additional shares and is allotted lesser number of shares than applied for, the excess Application Money shall be refunded. The excess application monies would be refunded within 15 days from the Issue Closing Date, and if there is a delay beyond 8 days from the stipulated period, our Company and every Director of our Company who is an officer in default shall be jointly and severally liable to repay the money with interest for the delayed period, at the rates stipulated under sub-sections (2) and (2A) of section 73 of the Companies Act, 1956.

ASBA Investor must indicate either in (i) Part A of the CAF, or (ii) a plain paper application, in order to apply through the ASBA process.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process.

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection. Hence, all non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

8. Ranking of the Rights Shares

The Equity Shares shall be subject to the Memorandum and Articles of Association of our Company. The dividend payable on the partly paid-up Rights Shares, until fully paid-up, shall rank for dividend in proportion to the amount paid-up. The Rights Shares shall rank *pari passu*, in all respects with the existing Equity Shares of our Company including in respect of dividend, if any, declared by our Company for the financial year, in which these Rights Shares are allotted. The voting rights in a poll, whether present in person or by representative or by proxy shall be in proportion to the paid-up value of the Rights Shares held, and no voting rights shall be exercisable in respect of moneys paid in advance, if any. Further, no person shall be entitled to exercise any voting rights either personally or by proxy at any meeting of our Company in respect of partly paid-up Rights Shares on which any calls or other sums payable by him have not been paid.

9. Mode of payment of dividend

In the event of declaration of dividend, we shall pay dividends to Equity Shareholders as per the provisions of the Act and the provisions of our Articles of Association.

For further details regarding our dividend policy please refer to chapter titled *"Dividend Policy"* beginning on page 165.

10. Rights of Equity Shareholders of partly paid-up Rights Shares

Subject to applicable laws, Equity Shareholders shall have the following rights:

1. Right to receive dividend, if declared. The dividend payable on partly paid-up Rights Shares until fully paid-up, shall rank for dividend in proportion to the amount paid-up;
2. Right to attend general meetings and exercise voting power proportionate to the amount paid-up, unless prohibited by law;
3. Right to vote on poll, either in person or proxy and exercise voting power proportionate to the amount paid-up, unless prohibited by law;
4. Right to receive offer for right shares and be allotted bonus shares, if announced;
5. Right to receive surplus on liquidation in proportion to the amount paid-up;
6. Right of free transferability of share; and
7. Such other rights as may be available to a shareholder of a listed public company under the Companies Act and our Memorandum and Articles of Association of our Company and the terms of the listing agreement with the Stock Exchanges.

11. Issue of Duplicate Share Certificates

If any Share Certificate is mutilated or defaced or the pages for recording transfers of the Equity Shares are fully utilised, our Company against the surrender of such Share Certificate may replace the Share

Certificate, provided that it shall be replaced as aforesaid only if the Share Certificate number and the distinctive numbers are legible.

If any Share Certificate is destroyed, stolen, lost or misplaced, then upon production of proof thereof to the satisfaction of our Company and upon furnishing such indemnity/surety and/or such other documents as our Company may deem adequate, a duplicate Share Certificate shall be issued.

GENERAL TERMS OF THE ISSUE

1. Market lot

The Equity Shares of our Company are tradable only in dematerialized form, and the market lot is one Equity Share. In case an Equity Shareholder holds Equity Shares in physical form, our Company would issue to the Allottees, one certificate for the Equity Shares Allotted to each folio ("Consolidated Certificate"). In respect of Consolidated Certificates, our Company will upon receipt of a request from the respective holder of Equity Shares, split such Consolidated Certificates into smaller denominations. Our Company shall not charge a fee for splitting any of the Share Certificates.

Applicants may please note that the Equity Shares of our Company can be traded on the Stock Exchanges in dematerialized form only.

2. Joint Holders

Where two or more persons are registered as the holders of any Equity Share(s), they shall be deemed to hold the same as joint holders with the benefit of survivorship subject to the provisions contained in the Articles of Association.

3. Nomination facility

In terms of Section 109A of the Act, nomination facility is available in case of Equity Shares. The applicant can nominate any person, who is not an excluded U. S. Person as defined in Regulation S under the U.S. Securities Act of 1933, as amended, by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or first named Equity Shareholder, along with other joint Equity Shareholders being individual(s) may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Share by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. When the Equity Share is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders. Fresh nominations can be made only in the prescribed form available on request at the Registered Office of our Company or such other person at such addresses as may be notified by our Company. The applicant can make the nomination by filling in the relevant portion of the CAF. In terms of Section 109B of the Companies Act, any person who becomes a nominee by virtue of the provisions of Section 109A of the Companies Act, 1956, shall upon the production of such evidence as may be required by the Board, elect either:

- To register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered

himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for each folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with our Company, no further nomination needs to be made for Rights Shares that may be allotted in this Issue under the same folio. However, new nominations, if any, by the Equity Shareholder(s) shall operate in supersession of the previous nomination, if any.

In case the allotment of Rights Shares is in dematerialised form, there is no need to make a separate nomination for the Rights Shares to be allotted in this Issue. Nominations registered with respective Depository Participant of the applicant would prevail. If the applicant requires to change the nomination, they are requested to inform their respective Depository Participant.

4. Notices

All notices to the Equity Shareholder(s) required to be given by our Company shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in the state within which our Company's Registered Office is located or, will be sent by ordinary post / registered post / speed post to the registered holders of the Equity Shares from time to time.

The distribution of the Letter of Offer and the issue of Rights Shares to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Our Company is making the issue of Rights Shares only to the Equity Shareholders who have an Indian address.

5. Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue including participation by the Promoter and Promoter Group of the unsubscribed portion of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned, unpaid or withdrawal of applications, our Company shall forthwith refund the entire subscription amount received within 15 days from the Issue Closing Date. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the such amount (i.e. 15 days after the Issue Closing Date), our Company and every Director of our Company who is an officer in default shall be jointly and severally liable to repay the money with interest for the delayed period, as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act.

6. Additional Subscription by the Promoter

The Promoter has confirmed that he along with the shareholders of our Company which forms part of the Promoter Group entities as on the Entitlement Date intend to subscribe to full extent of their Rights Entitlement in the Issue and any additional Equity Shares forming a part of the unsubscribed portion in the Issue. As a result of such additional subscription, our Promoter along with the Promoter Group entities may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoter and the Promoter Group entities above the current shareholding. Under the provisions of regulation 3 read with regulation 10 of the Takeover Regulations a shareholder is exempt from the obligation of making an open offer for acquiring Equity Shares (including Equity Shares acquired beyond Rights Entitlement), upon fulfilment of conditions stated therein.

As on August 07, 2012 our Promoter Group has brought in a sum of ₹ 260.00 million as advances against share Application Money. This amount will be adjusted against the Application Money payable by the Promoter Group towards their Rights Entitlement. Further, our Promoter and Promoter Group may bring in additional amount as advance Call Money before the final call is made by the Company and such amount would be adjusted against the Call Money payable by them towards their Rights Shares allotted. The amount so brought in our Promoter and Promoter Group as advances against share Application Money

and advance Call Money will be treated as interest free advance till such amount is adjusted against the Application Money/Call Money. In case the Issue fails or is withdrawn due to any reason, the advances against share Application Money will be treated as interest free unsecured loans/advances repayable on demand.
As such, other than meeting the requirements indicated in the section on "*Objects of the Issue*" beginning on page 78, there is no other intention/purpose for this Issue including no intention to delist our Company, even if, as a result of Allotments to our Promoter or their relatives or entities controlled by them forming part of the Promoter Group in this Issue, their shareholding in our Company exceeds its current shareholding.

Presently our Company is complying with clause 40A of the Listing Agreement and the minimum public shareholding required to be maintained for continuous listing is 25% of the total paid up equity capital.

Allotment to the Promoter Group of any undersubscribed portion, over and above their Rights Entitlement, shall be completed in compliance with clause 40A of the Listing Agreements and other applicable laws prevailing at that time relating to continuous listing requirements and the minimum public shareholding of 25% of the total paid up equity capital required to be maintained for continuous listing shall be maintained.

For further details of under subscription and allotment to the Promoter Group, please refer to "*Basis of Allotment*" below under this chapter titled "*Terms of the Issue*" beginning on page 296.

7. Offer to Non-Resident Equity Shareholders/Applicants

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process.

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection. Hence, all non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

As per regulation 6 of Notification No. FEMA 20/2000-RB dated May 03, 2000, the RBI has given general permission to Indian companies to issue rights shares to non-resident shareholders including additional shares. Applications received from NRIs and non-residents for Allotment of Rights Shares shall be *inter alia*, subject to the conditions imposed from time to time by the RBI under the Foreign Exchange Management Act, 1999 (FEMA) in the matter of refund of Application Moneys, Allotment of Rights Shares, issue of letter of allotment/share certificates, payment of interest, dividends, etc. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of notification bearing number FEMA 20/2000-RB dated May 03, 2000. The Board of Directors may at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the allotment of Rights Shares, payment of dividend etc. to the non-resident shareholders. The Rights Shares purchased by non-residents shall be subject to the same conditions including restrictions in regard to the repatriation as are applicable to the original shares against which Rights Shares are issued.

NRI Applicants may please note that only such applications as are accompanied by payment in free foreign exchange shall be considered for allotment. The non-resident Indians who intend to make payment through NRO Accounts shall use the same form as the one meant for a resident.

By virtue of Circular No. 14 dated September 16, 2003 issued by the RBI, overseas corporate bodies ("OCBs") have been derecognized as an eligible class of Applicants and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. The circular stipulates that an OCB shall not be eligible to purchase equity or

preference shares or convertible debentures offered on right basis by an Indian Company, and no Indian Company shall offer equity or preference shares or convertible debentures on right basis to an OCB. Accordingly, OCBs shall not be eligible to subscribe to the Rights Shares. The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 08, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No. 20/2000-RB dated May 03, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Further, the RBI in its Master Circular dated July 01, 2009 has stated that OCBs are not permitted to subscribe to Rights Shares of Indian companies under the automatic route. OCBs shall not be eligible to subscribe to the Rights Shares pursuant to the Letter of Offer unless prior approval of the RBI is obtained in this regard.

Our Company has received FIPB approval dated June 01, 2012 permitting our Company to offer, issue and allot partly paid-up Rights Shares to FIIs, NRIs and erstwhile OCBs.

Our Company has also received RBI approval dated June 20, 2012 allowing renunciation (i) from a resident Indian Equity Shareholder to a non-resident, or (ii) from a non-resident Equity Shareholder to a resident Indian, or (iii) from a non-resident Equity Shareholder to a non-resident.

Our Company has received FIPB approval dated June 01, 2012 permitting our Company to offer, issue and allot partly paid-up Equity Shares to FIIs, NRIs and erstwhile OCBs on certain conditions, one of them being that foreign investment equity participation in our Company would be upto 4.67% of the total paid up capital of our Company which would tantamount to FDI inflow upto ₹ 100 million. Further, the consideration amount for the aforesaid investment will be paid out of the inward remittance of foreign exchange received through normal banking channels and as per RBI's Notification No. FEMA 20 /2000-RB-dated May 03, 2000 as amended from time to time.

Subject to the provisions contained in the Letter of Offer, the Articles of Association of our Company, FIPB approval and the approval of the Designated Stock Exchange, the allotment to non residents and to the Renouncees of non residents will be made in the following order of priority:

1) Full allotment to those non resident Equity Shareholders, who have applied for their Rights Entitlement, either in full or in part.
2) Full allotment of renounced shares to the non resident Renouncees who has/have applied for Rights Shares renounced in their favour by a non resident;
3) Full Allotment to the non resident Renouncees who has/have applied for Rights Shares renounced in their favour by a resident; provided there is surplus in terms of the FIPB approval as above ,available after making full allotment in (1) and (2) above. In case the total of the shares applied for under (1) and (2) above and this (3) is more than 4.67% of the total paid up capital of our Company ,the allotment of such renounced Equity Shares will be made on a proportionate basis to all such non resident Renouncees who has/have applied for Rights Shares renounced in their favour by a resident;at the sole discretion of the Board of Directors of our Company, but in consultation with the Designated Stock Exchange.
4) Allotment to the non resident Equity Shareholders who having applied for all the Rights Shares offered to them as part of the Issue and have also applied for additional Equity Shares, the allotment of such additional Equity Shares will be made as far as possible, on an equitable basis having due regard to the number of Equity Shares held by them on the Entitlement Date, provided the subscribed portion after making full allotment in the categories (1), (2) and (3) above is less than 4.67% of the total paid up capital of our Company then to the extent of such short fall.
5) Allotment to the non resident Renouncees, who having applied for the Equity Shares renounced in their favour and have also applied for additional shares, provided there is surplus available within 4.67% of the total paid up capital of our Company after making full allotment in the categories (1), (2). (3) and (4) above, the allotment of such renounced Equity Shares will be made on a proportionate basis to the extent of such surplus at the sole discretion of the Board of Directors of our Company, but in consultation with the Designated Stock Exchange.

Our Company has received RBI approval dated June 20, 2012 allowing renunciation of partly paid up Equity Shares of our Company (i) from a resident Indian Equity Shareholder to a non resident or (ii) from a non resident Equity Shareholder to a resident Indian or (iii) from a non resident Equity Shareholder to a non resident, subject to the following conditions:

i) Renunciation of rights entitlement by a resident to a person outside India will be at a price not less than the price at which a preferential allotment of shares can be made under the SEBI guidelines, as applicable;
ii) Renunciation of rights entitlement by person outside India to a resident shall not be more than the minimum price at which the transfer of shares can be made from a resident to a resident in terms of para 2.2 of A.P. (DIR Series) Circular No. 16 dated October 2004 read with A.P. (DIR Series) Circular No. 49 dated May 04, 2010;
iii) Acquisition of rights shares by a non resident who is not an existing shareholder will be only through the process of renunciation of rights of an existing shareholders and not otherwise. Further, the non resident should be otherwise eligible to hold the shares of the company as per the extant FDI policy and FEMA regulations.

Applications received from the NRIs for the Allotment of Rights Shares shall, among other things, be subject to conditions as may be imposed, from time to time, by the RBI, in the matter of refund of Application Moneys, Allotment of Rights Shares, issue of letters of allotment/ certificates/ payment of dividends etc.

In case of change of status of holders i.e. from resident to non-resident, a new demat account shall be opened for the purpose.

DETAILS OF SEPARATE COLLECTING CENTRES FOR NON-RESIDENT APPLICATIONS ARE PRINTED ON THE CAF.

8. No Offer in the United States

Neither the Rights Entitlements nor entitlements to apply for the issue of Rights Shares that may be purchased pursuant thereto have been, and will be, registered under the United States Securities Act of 1933, as amended (the "Securities Act"), or any U.S. state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States of America or the territories or possessions thereof or to, or for the account or benefit of, "U.S. Persons" (as defined in Regulation S under the Securities Act), except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the Securities Act. The Rights Shares referred to in this Letter of Offer are being offered in India but not in the United States of America. The offering to which this Letter of Offer relates is not, and under no circumstances is to be construed as, an offering of any shares or rights for sale in the United States of America, the territories or possessions thereof, or as a solicitation therein of an offer to buy any of the said shares or rights. Accordingly, this Letter of Offer, Abridged Letter of Offer and the CAF should not be forwarded to or transmitted in or to, and the Letter of Offer, Abridged Letter of Offer and the CAF shall not be dispatched to, the United States of America at any time, except in a transaction exempt from, or in a transaction not subject to, the registration requirements of the Securities Act. Our Company, the Registrar to the Issue, the Lead Manager or any other person acting on behalf of our Company will not accept subscriptions from any person, or the agent of any person, who appears to be, or who our Company, the Registrar to the Issue, the Lead Manager or any other person acting on behalf of our Company has reason to believe is, a resident of the United States of America and to whom an offer, if made, would result in requiring registration of this Letter of Offer with the United States Securities and Exchange Commission. Rights Entitlements or entitlements to apply for the issue of Rights Shares may not be transferred or sold to any U.S. Persons.

9. Utilisation of Issue Proceeds

The Board of Directors declares that:

i. The funds received against this Issue will be transferred to a separate bank account other than the bank account referred to sub-section (3) of Section 73 of the Companies Act, 1956 and the Company will not have any access to such funds received unless the basis of allotment is finalized by the Designated Stock Exchange.

ii. Details of all monies utilised out of the Issue shall be disclosed and continue to be disclosed till the time any part of the issue proceeds remain unutilised under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies has been utilised.

iii. Details of all such unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested, and

iv. We will utilize the funds collected in the Issue only once the basis of allotment is finalized by the Designated Stock Exchange.

10. Undertakings by our Company

We undertake the following:

a. The complaints received in respect of the Issue shall be attended to by our Company expeditiously and satisfactorily.

b. All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchanges where the Rights Shares are to be listed will be taken within seven Working Days of finalization of basis of allotment.

c. That funds required for making refunds to unsuccessful applicants as per the mode(s) disclosed shall be made available to the Registrar to the Issue by the Issuer.

d. Where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the applicant within 15 days of Issue Closing Date giving details of the bank where refunds shall be credited along with the amount and expected date of electronic credit of refund.

e. The certificates of the securities/ refund orders to the NRIs shall be dispatched within the specified time.

f. No further issue of securities affecting equity capital of our Company shall be made till the securities issued/offered through the Issue are listed or till the Application Moneys are refunded on account of non-listing, under-subscription etc.

g. Adequate arrangements shall be made to collect all Applications Supported by Blocked Amount and to consider them similar to non–ASBA applications while finalizing the basis of allotment.

h. Our Company certifies that the Applicants shall be given an option to get the Rights Shares in demat or Physical form

i. Our Company undertakes that it shall comply with such disclosure, monitoring of the utilization of proceeds of the Issue and accounting norms specified by SEBI from time to time.

j. At any given time there shall be only one denomination of face value of Equity Shares of our Company.

k. Our Company accepts full responsibility for the accuracy of information given in this Letter of Offer and confirms that to the best of its knowledge and belief, there are no other facts the omission of which makes any statement made in this Letter of Offer misleading and further confirms that it has made all reasonable enquiries to ascertain such facts.

l. All information shall be made available by the Lead Manager and the Issuer to the Applicants at large and no selective or additional information would be available for a section of the Applicants in any manner whatsoever including at road shows, presentations, in research or sales reports etc.

Note

- The Issuer and Lead Manager shall keep the Applicants informed of any material changes till the listing and trading commences.

11. Arrangements for disposal of odd lots

Since the market lot for our Company's Equity Shares is one (1), there is no question of disposal of odd lots.

HOW TO APPLY?

1. Procedure for Application

The CAF for Rights Issue would be printed for all Equity Shareholders. Applications should be made on the enclosed CAF provided by our Company except as mentioned under the head application on plain paper and should be completed in all respects.

2. Participation in the Issue

Equity Shareholders may accept the offer to participate in the Issue and apply for the Rights Shares offered by filling Part A of the enclosed CAF. Applicant not applying through the ASBA process, shall submit the CAF along with the Application Money payable to the Bankers to the Issue or any of the collection branches as mentioned on the reverse of the CAF before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard. Applicants at centres not covered by the branches of collection banks can send their CAF together with the cheque drawn at par on a local bank at Mumbai/demand draft payable at Mumbai to the Registrar to the Issue by registered post. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. In case of applicant applying through ASBA process, an amount equivalent to the full Application Money will be blocked by the SCSB.

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection. Hence, all non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

For further details, please refer to the paragraph titled *"Mode of Payment"* under this chapter titled *"Terms of the Issue"* beginning on page 312.

3. The CAF consists of four parts:

Part A: Form for accepting the Rights Shares offered and applying for additional Rights Shares

Part B: Form for renunciation of Rights Shares;

Part C: Form for application for renunciation of Rights Shares by renouncee(s); and

Part D: Form for request for Split Application Forms.

4. Option available to the Equity Shareholders

The CAF clearly indicates the number of Rights Shares that an Equity Shareholder is entitled to.

If the Equity Shareholder applies for an investment in Rights Shares, then he can:

A. Apply for his Rights Entitlement in full;
B. Apply for his Rights Entitlement in part (without renouncing the other part);
C. Apply for his Rights Entitlement in full and apply for additional Rights Shares;
D. Renounce his entire Rights Entitlement; or
E. Apply for his Rights Entitlement in part and renounce the other part.

A summary of the options available to the Equity Shareholders is set out below. You may exercise any of the following options with regard to the Rights Shares, using the CAF:

Sr. No.	Option Available	Action Required
1)	Accept whole or part of your entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign)
2)	Accept your entitlement in full and apply for additional Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)
3)	Renounce your entitlement in full to one person (Joint renounces are considered as one)	Fill in and sign Part B (All joint holders must sign) indicating the number of Equity Shares renounced and hand it over to the renounce. The renounces must fill in and sign Part C (All joint renouncees must sign)
4)	Accept a part of your entitlement and renounce the balance to one or more renounce(s) **OR** Renounce your entitlement to all the Equity Shares offered to you to more than one renounce	Fill in and sign Part D (all joint holders must sign) requesting for Split Application Forms. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for Split Forms. Splitting will be permitted only once. On receipt of the Split Form take action as indicated below. For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the renouncees. Each of the Renouncees should fill in and sign Part C for the Equity Shares accepted by them.
5)	Introduce a joint holder or change the sequence of the joint holder	This will be treated as renunciation. Fill in and sign Part B and the Renouncees must fill in and sign Part C

Please note that:

1. Part 'A' of the CAF must not be used by any person(s) other than the Equity Shareholder in whose favour this Letter of Offer has been addressed. If used, this will render the application invalid.

2. While applying for or renouncing their Rights Entitlement, joint holders must sign in the same order and as per the specimen signatures registered with our Company.

3. Request for Split Application Form should be made for a minimum of one (1) Rights Share or in multiples of one (1) Rights Share and one SAF for the balance Rights Share, if any;

4. Request by the applicant for the SAFs should reach our Company on or before September 13, 2012.

5. Only the person to whom the Letter of Offer has been addressed to and not the renouncee(s) shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split again.

6. SAFs will be sent to the applicant(s) by post at the applicant's risk.

7. In the case of a renunciation, the submission of the CAF to the Bankers to the Issue at the collecting branches specified on the reverse of the CAF together with Part B of the CAF duly completed shall be conclusive evidence of the right of the person applying for the Rights Shares to receive allotment of such Rights Shares.

Options A and B: Acceptance of the Rights Entitlement

The Equity Shareholders may accept their Rights Entitlement and apply for the Rights Shares offered, either (i) in full or (ii) in part, without renouncing the other part, by completing Part A of the CAF. For details in relation to submission of the CAF and mode of payment please refer to the sub-section titled "*Submission of Application and Modes of Payment for the Issue (other than ASBA Investors)*" under this chapter titled "*Terms of the Issue*" beginning on page 292.

Option C: Acceptance of the Rights Entitlement and Application for Additional Rights Shares

The Equity Shareholders are eligible to apply for additional Rights Shares over and above the number of Rights Shares (as the case may be) that you are entitled to, provided that such Equity Shareholders have applied for all the Rights Shares without renouncing some or all of them in favor of any other person(s).

The application for the additional Rights Shares shall be considered and allotment shall be made at the sole discretion of the Board of Directors, in consultation, if necessary, with the Designated Stock Exchange. Where the number of Rights Shares applied for exceeds the number of Rights Shares available for allotment, the allotment of additional Rights Shares shall be made on a fair and equitable basis with reference to the number of Equity Shares held by the applicant on the Entitlement Date. For details of the manner in which applications for additional Rights Shares with shall be considered and allotment completed, please refer to the sub-section titled "*Basis of Allotment*" under this chapter titled "*Terms of the Issue*" beginning on page 296. The renouncees applying for all the Rights Shares renounced in their favour may also apply for additional Rights Shares.

In case of change of status of holders i.e. from resident to non-resident, a new demat account shall be opened for the purpose.

If you desire to apply for additional Rights Shares, please indicate your requirement in the place provided for additional Rights Shares in Part A of the CAF. The Renouncee applying for all the Rights Shares renounced in their favour may also apply for additional Rights Shares.

In case of application for additional Rights Shares by non-resident Equity Shareholders, the Allotment of additional Rights Shares will be subject to the condition that the overall issue of Equity Shares to the non-resident Equity Shareholders in the total paid-up capital does not exceed the sectoral cap and will be subject to RBI guidelines in this regard.

Where the number of additional Rights Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Options D and E: Renunciation of the Rights Entitlement

As an Equity Shareholder, you have the right to renounce your entitlement to the Rights Shares, in full or in part, in favor of one or more persons. Your attention is drawn to the fact that our Company shall not allot and/or register any Rights Shares when announced, in favor of the following Renouncees:

- More than three persons, including joint holders;
- Partnership firms or their nominees;
- Minors;
- Hindu Undivided Families (HUFs); or
- Trusts or societies (unless registered under the Societies Registration Act, 1860 or the Indian Trusts Act, 1882 or any other law applicable to trusts and societies and is authorised under its constitution or bye-laws to hold equity shares of a company).

The person(s) in whose favor any Rights Shares are renounced should complete and sign Part C of the CAF and submit the CAF to the Bankers to the Issue on or prior to the Issue Closing Date along with the Application Money in full. Renouncees need not be existing Equity Shareholders of our Company. Renouncees who have subscribed for all the Rights Shares renounced in their favor may also apply for additional Rights Shares. A Renouncee cannot further renounce.

However, the right of renunciation is subject to the express condition that the Board of Directors or committee thereof shall be entitled, in its absolute discretion, to reject the request from the renouncees for the allotment of Rights Shares without assigning any reason therefore.

Renunciation by and/or in favour of non-residents

The Issue includes a right exercisable by the Equity Shareholders to renounce the Rights Shares offered to them, either in full or in part in favour of any other person or persons. The attention of the Equity Shareholders is drawn to the fact that our Company shall not Allot and/or register the Rights Shares when renounced in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorised under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States of America or who would otherwise be prohibited from being offered Rights Shares or subscribing for Rights Shares or Rights Entitlement under applicable securities laws.

Equity Shareholders may not renounce in favour of persons or entities in the United States, who are not Qualified Institutional Buyers (as defined the US Securities Act), or who would otherwise be prohibited from being offered or subscribing for Rights Shares or Rights Entitlement under applicable securities laws.

No single FII can hold more that 10% of our Company's post-Issue paid-up share capital. In respect of an FII investing in the Rights Shares on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 5% of the total paid-up share capital of our Company, in case such sub-account is a foreign corporate or a foreign individual and provided that such investment is made out of funds raised or collected or brought from outside through normal banking channels and the investment shall also not exceed the overall ceiling specified for FIIs. The aggregate FII investment in a company cannot exceed 24% of the company's total paid-up capital. With the approval of the board and the equity shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, our Company *vide* an application dated June 25, 2007 along with board resolution dated March 10, 2007 and special resolution passed by our Equity Shareholders dated March 23, 2007, had intimated RBI about the increase in the FII limit from 24% to 49%. RBI *vide* its letter bearing number FE.CO.FID/28/11.01.008/2007-08 dated July 02, 2007 has taken the same on record.

Pursuant to Circular No. 14 dated September 16, 2003 issued by the RBI, OCBs have been derecognized as an eligible class of Applicants and the RBI has subsequently issued the Foreign Exchange Management [Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)] Regulations, 2003. Accordingly, the existing Equity Shareholders of our Company who do not wish to subscribe for the Rights Shares being offered but wish to renounce the same in favor of one or more persons shall not renounce the same (whether for consideration or otherwise) in favor of any OCB.

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/2000- RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renouncee obtains a prior approval from the RBI. On submission of such approval to our Company at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part 'A' of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the enclosed CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for our Company of the person(s) applying for Rights Shares in Part 'C' of the CAF to receive Allotment of such Rights Shares. The Renouncees applying for all the Rights Shares renounced in their favour may also apply for additional Rights Shares. Part 'A' of the CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Rights Shares in favour of any other person.

PROCEDURE FOR RENUNCIATION

To renounce the entire Rights Entitlement in favor of one renouncee

If you wish to renounce the Rights Entitlement indicated in Part A, in whole, please complete Part B of the CAF and send it to the renouncee. In case of joint holding, all joint holders must sign Part B of the CAF. The renouncee should complete and sign Part C of the CAF. In case of joint renouncees, all joint renouncees must sign Part C of the CAF.

Renouncees shall not be entitled to further renounce their entitlement in favor of any other person.

To renounce a part of the Rights Entitlement or the entire Rights Entitlement to more than one person

If you wish to either (i) accept the Rights Entitlement in part and renounce the balance or (ii) renounce the entire Rights Entitlement in favor of two or more renouncees, the CAF must be first split into the requisite number of forms. Please indicate your requirement of Split Application Forms ("**SAFs**") in the space provided for this purpose in Part D of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them at the latest by the close of business hours on the last date for receiving requests for SAFs. On receipt of the required number of Split Application Forms from the Registrar to the Issue, the procedure as set out in the paragraph above will have to be followed.

In case the signature of the Equity Shareholder, who has renounced the Rights Shares, does not tally with the specimen registered with our Company, the application is liable to be rejected.

Change and/ or introduction of additional holders

If you wish to apply for the Rights Shares jointly with any other person(s), not more than three, who is/are not already a joint holder(s) with you, it shall amount to a renunciation and the procedure for renunciation, as applicable, set out above will have to be followed. Even a change in the sequence of the names of joint holders shall amount to a renunciation and the procedure for renunciation, as applicable, set out above will have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors of our Company shall be entitled in its absolute discretion to reject the request for Allotment from the renouncee(s) without assigning any reason thereof.

Renouncee(s)

The person(s) in whose favour the Rights Shares are renounced should fill in and sign Part C of the CAF and submit the entire CAF to the Bankers to the Issue on or before the Issue Closing Date along with the Application Money in full. The Renouncee cannot further renounce.

FOR APPLICANTS RESIDING AT PLACES OTHER THAN DESIGNATED BANK COLLECTING BRANCHES

Resident Applicants residing at places other than the cities where the bank collection centres have been opened by our Company for collecting CAFs and NR Applicants applying on a non-repatriation basis should send their completed CAF by registered post / speed post or through such other mode that may be permitted, to the Registrar to the Issue, along with demand drafts net of bank and postal charges, payable at Mumbai, in favour of the Bankers to the Issue, crossed "A/c Payee only" and marked "**SPARC Ltd-Rights Issue-R**" so that the same are received on or before the Issue Closing Date, i.e. September 20, 2012. NR Applicants, who are not excluded U.S. Persons as defined in Regulation S under the U.S. Securities Act, as amended, (a "U.S. Person"), applying on a repatriation basis should send their completed CAF by registered post / speed post or through such other mode that may be permitted, to the Registrar to the Issue, along with demand drafts for the full Application Money, payable at Mumbai in favour of the Bankers to the Issue, crossed "A/c Payee only" and marked "**SPARC Ltd- Rights Issue-NR**" so that the same are received on or before the Issue Closing Date, i.e. September 20, 2012 . Our Company will not be liable for any postal delays and loss of applications in transit and applications received through mail after the Issue Closing Date are liable to be rejected. Applications by mail should not be sent in any other manner except as mentioned above.

AVAILABILITY OF DUPLICATE CAF

In case the original CAF is not received, or is misplaced by the applicant, the Registrar to the Issue will issue a duplicate CAF on the request of the applicant who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue within eight days from the Issue Opening Date. Please note that those who are making the application in the duplicate form should not utilise the original CAF for any purpose including renunciation, even if it is received/ found subsequently. Thus in case the original and duplicate CAFs are lodged for subscription, allotment will be made on the basis of the duplicate CAF and the original CAF will be ignored. If the applicant violates such requirements, he / she shall face the risk of rejection of both the applications.

Please also note that applicant has an option to print the Duplicate CAF from the website of the Registrar to the Issue by providing his / her folio.no. / DP ID / Client ID to enable the applicant to apply for the Issue.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of duplicate CAF in transit, if any, and duplicate CAFs received through mail after the Issue Closing Date are liable to be rejected and returned to the Applicants.

APPLICATION ON PLAIN PAPER

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with an "A/c Payee" cheque drawn on a local bank / Demand Draft payable at Mumbai which should be drawn in favor of " **SPARC Ltd- Rights Issue - R**" in case of resident Shareholders and in case of non-resident Shareholders applying on non-repatriable basis in favour of " **SPARC Ltd- Rights Issue - NR**". In case of non-resident Shareholders applying on repatriable basis and marked "A/c Payee Only" and send the same by registered post directly to the Registrar to the Issue so as to reach them on or before the Issue Closing Date. The envelope should be superscribed " **SPARC Ltd- Rights Issue -R**" and should be postmarked in India, in case of resident Shareholders and non-resident Shareholders applying on non-repatriable basis and in favour of " **SPARC Ltd- Rights Issue - NR**" in case of non-resident Shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with our Company, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

1. Name of Issuer, Sun Pharma Advanced Research Company Limited

2. Name and address of the Equity Shareholder including joint holders

3. Registered Folio Number/ DP ID Number and Client ID Number

4. Number of Equity Shares held as on Entitlement Date

5. Certificate numbers and distinctive numbers, if held in physical form.

6. Number of Rights Shares entitled to

7. Number of Rights Shares applied for

8. Number of additional Rights Shares applied for, if any

9. Total number of Rights Shares applied for

10. Total Application Money paid on application at the rate of ₹ 40.00 per Rights Share

11. Particulars of cheque/demand draft

12. Savings/Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat mode, the bank account details will be obtained from the information available with the depositories

13. The permanent account number (PAN) of the Equity Shareholder and where relevant, for each joint holder, except in respect of central and state government officials and officials appointed by the court (e.g. official liquidators and court receivers) who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transaction in the securities market, subject to submitting sufficient documentary evidence in support of their claim for such exemption, provided that such transactions are undertaken on behalf of the central and state government and not in their personal capacity

14. Signature of Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company.

15. In case of non-resident Equity Shareholders, NRE/ FCNR/ NRO bank account number, name and address of the bank and branch;

16. If payment is made by a draft purchased from NRE/ FCNR/ NRO bank account number, as the case may be, an account debit certificate from the bank issuing the draft, certifying that the draft has been issued by debiting the NRE/ FCNR/ NRO bank account of the applicant.

17. A representation that the Equity Shareholder is not a "U.S. Person" (as defined in Regulation S under the Securities Act); and

18. Additionally, non-resident Applicants shall include the representation in writing that:

*"I/We understand that neither the Rights Entitlement nor the Rights Issue Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "**US***

Securities Act*") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"). I/we understand the Rights Issue Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Issue Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Issue Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any other person acting on behalf of us has reason to believe is, a resident of the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.*

I/We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Rights Issue Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Rights Issue Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Rights Issue Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

Please note that Equity Shareholders who are making an application otherwise than on a CAF (i.e., on plain paper as stated above) shall not be entitled to renounce their rights and should not utilize the CAF for any purpose, including renunciation, even if it is received subsequently. If the Equity Shareholder does not comply with any of these requirements, he/she shall face the risk of rejection of both the applications and the Application Money received shall be refunded. However, our Company and/or any Director of our Company will not be liable to pay any interest whatsoever on the Application Money so refunded.

The Equity Shareholders are requested to strictly adhere to these instructions. Failure to do so could result in the application being rejected, with our Company, the Lead Manager and the Registrar to the Issue not having any liability to such Equity Shareholders.

SUBMISSION OF APPLICATION AND MODES OF PAYMENT FOR THE ISSUE (OTHER THAN ASBA INVESTORS)

1. Resident Equity Shareholders / Resident Applicants

i. Application should be made only on the enclosed CAF provided by our Company. The enclosed CAF should be completed in all respects, as explained in the instructions indicated in the CAF and submitted to the Bankers to the Issue. CAFs will be accepted by the Registrar to the Issue in the case of postal applications as per instructions given in the Letter of Offer. CAFs will not be accepted by the Lead Manager or by our Company.

ii. Applicants who are applying through CAF and residing at places where the bank collection centres have been opened by our Company for collecting applications are requested to submit their applications at the corresponding collection centre together with cheque / bank demand draft drawn on any bank (including a co-operative bank), for the full Application Money favouring "**SPARC Ltd- Rights Issue-R** " and marked 'A/c Payee only'.

iii. Applicants who are applying through CAF and residing at places other than places where the bank collection centres have been opened for collecting applications, are requested to send their applications together with a cheque / demand draft of Application Money net of bank and postal charges, for the full Application Money favouring '**SPARC Ltd- Rights Issue-R**' and marked 'A/c Payee only' payable at Mumbai directly to the Registrar to the Issue by registered post / speed post or through such other mode that may be permitted, so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any and applications received through mail after the Issue Closing Date are liable to be rejected. Applications by mail should not be sent in any other manner except as mentioned above.

iv. Applicants who are applying on plain paper, are requested to send their applications on plain paper together with a local cheque / demand draft of amount net of bank and postal charges, favouring '**SPARC Ltd- Rights Issue-R**' and marked 'A/c Payee only' payable at Mumbai directly to the Registrar to the Issue by registered post / speed post or through such other mode that may be permitted, so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any and applications received through mail after the Issue Closing Date are liable to be rejected.

2. Non-Resident Equity Shareholders / Applicants

Application with repatriation benefits

Non-resident Equity Shareholders / Non-resident Applicants, applying on a repatriation basis, are required to submit the completed CAF / application on plain paper, as the case may be, alongwith the payment made through any of the following ways:

i. By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate); or

ii. By cheque / bank drafts remitted through normal banking channels or purchased by debit from funds held in NRE or FCNR Account maintained with banks elsewhere in India and payable in Mumbai and authorised to deal in foreign currency in India, along with documentary evidence in support of remittance; or

iii. Demand Draft / Local Cheque for the total amount payable in favour of "**SPARC Ltd – Rights Issue - NR**" payable at Mumbai and crossed 'A/c Payee only'; or

iv. FIIs registered with SEBI must remit funds from special non-resident rupee deposit account; or

For Equity Shareholders / Applicants , applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheque / demand draft in favour of **" SPARC Ltd – Rights Issue - NR "** payable at Mumbai and crossed 'A/c Payee only'.

For Equity Shareholders / Applicants, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post / speed post or through such other mode that may be permitted, along cheque / demand draft in favour of " **SPARC Ltd – Rights Issue - NR** " payable at Mumbai and crossed 'A/c Payee only' for the amount payable so as to reach them on or before the Issue Closing Date. Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications

in transit, if any and applications received through mail after the Issue Closing Date are liable to be rejected.

Each application form must be accompanied by a separate cheque or demand draft. Applicants may note that where payment is made by demand drafts purchased from NRE/FCNR accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/FCNR account should be enclosed with the CAF. In the absence of the above the application shall be considered incomplete and is liable to be rejected.

In the case of NRIs who remit their Application Money from funds held in FCNR/NRE accounts, refunds and other disbursements, if any shall be credited to such account details of which should be furnished in the appropriate columns in the CAF.

In the case of NRIs who remit their Application Money through Indian Rupee drafts from abroad, refunds and other disbursements, if any will be made in any convertible foreign currency at the rate of exchange prevailing at such time subject to the permission of RBI. Our Company will not be liable for any loss on account of exchange rate fluctuation for converting the Rupee amount into any convertible foreign currency or for collection charges charged by the applicant's banks.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any.

Payments through NRO Account will not be permitted.

Individual non-resident Indian Applicants can obtain application form at the following address:

Link Intime India Private Limited
C-13, Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (West), Mumbai - 400 078
Maharashtra, India
Tel No.: +91 22 2596 7878
Fax No.: +91 22 2596 0329
Email: sparc.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Pravin Kasare

Application without repatriation benefits

For non-resident Equity Shareholders / Applicants applying on a non-repatriation basis, in addition to the modes specified above, payment may also be made by way of cheque drawn on NRO Account maintained in Mumbai or Rupee Draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the allotment of Rights Shares will be on non-repatriation basis.

For non-resident Equity Shareholders/Applicants, applying through CAF, the CAF is to be sent at the bank collection centre specified in the CAF along with cheques/demand drafts drawn in favor of '**SPARC Ltd-Rights Issue-NR'** payable at Mumbai and crossed 'A/c Payee only' for the amount payable. The CAFs duly completed together with the amount payable on application must be deposited with the Collection Bank indicated on the reverse of the CAFs before the closing of business hours on or before the Issue Closing Date. Each CAF must be accompanied by a separate cheque or demand draft.

For Equity Shareholders/Applicants, applying on a plain paper, the applications are to be directly sent to the Registrar to the Issue by registered post / speed post or through such other mode that may be permitted, along with cheques/demand draft net of bank and postal charges drawn in favor of '**SPARC Ltd- Rights Issue-NR '** payable at Mumbai so as to reach them on or before the Issue Closing Date.

If the payment is made by a draft purchased from an NRE/ FCNR/NRO account, as the case may be, an Account Debit Certificate from the bank issuing the draft, certifying that the draft has been issued by debiting the NRE/ FCNR/NRO account of the applicant, should be enclosed with the CAF. In the absence of the above, the application shall be considered incomplete and is liable to be rejected.

New demat account shall be opened for holders who have had a change in status from resident Indian to NRI.

Our Company or the Registrar to the Issue will not be responsible for postal delays or loss of application in transit, if any.

Note:

1. In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Rights Shares can be remitted outside India, subject to tax, as applicable according to Income Tax Act, 1961.

2. In case Rights Shares are Allotted on non-repatriation basis, the dividend and sale proceeds of the Rights Shares cannot be remitted outside India.

3. The CAFs duly completed together with the amount payable on application must be deposited with the Collection Bank indicated on the reverse of the CAFs before the close of business hours on or before the Issue Closing Date. Each CAF must be accompanied by a separate cheque or demand draft.

4. In case of a CAF received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

5. Our Company is not responsible for any postal delay / loss in transit on this account and applications received through mail after the Issue Closing Date are liable to be rejected.

6. Applications through mail should not be sent in any other manner except as mentioned above. The CAF along with the Application Money must not be sent to our Company or the Lead Manager or the Registrar to the Issue except stated otherwise. The Applicants are requested to strictly adhere to these instructions.

7. Renouncees who are FIIs / non-residents should submit their respective applications either by hand delivery or by registered post with acknowledgement due to the Registrar to the Issue only at the above mentioned address along with the cheque / demand draft payable at Mumbai so that the same are received on or before the Issue Closing Date.

PROCEDURE FOR APPLICATIONS BY MUTUAL FUNDS

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

No Mutual Fund scheme may invest more than 10% of its net asset value in equity shares or equity related instruments of any company, provided that the limit of 10% will not apply to investments in index funds or sector or industry specific funds. No Mutual Fund under all its schemes may own more than 10% of any company's paid-up share capital carrying voting rights.

INVESTMENT BY FIIS

In accordance with the current regulations, the following restrictions are applicable for investment by FIIs:

No single FII can hold more that 10% of our post-Issue paid-up share capital. In respect of an FII investing in the Issues on behalf of its sub-accounts, the investment on behalf of each sub-account shall not exceed 5% of the total paid-up share capital of our Company, in case such sub-account is a foreign corporate or an individual. The aggregate FII investment in a company cannot exceed 24% of the company's total paid-up capital. With the approval of the board and the equity shareholders by way of a special resolution, the aggregate FII holding can go up to 100%. However, our Company *vide* an application dated June 25, 2007 along with board resolution dated March 10, 2007 and special resolution passed by our Equity Shareholders dated March 23, 2007, had intimated RBI about the increase in the FII limit from 24% to 49%. RBI *vide* its letter bearing number FE.CO.FID/28/11.01.008/2007-08 dated July 02, 2007 has taken the same on record.

Applications will not be accepted from FIIs in restricted jurisdictions (other than QIBs resident in the United States).

LAST DATE OF APPLICATION

The last date for submission of the duly filled in CAF is September 20, 2012 i.e. the Issue Closing Date. The Issue will be kept open for a minimum of 15 (Fifteen) days and the Board will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (Thirty) days from the Issue Opening Date.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the business hours on the aforesaid last date or such date as may be extended by the Board, the offer contained in the Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose of the Rights Shares hereby offered, as provided under the paragraph titled *"Basis of Allotment"* as mentioned below.

BASIS OF ALLOTMENT

Subject to the provisions contained in the Letter of Offer, the Articles of Association of our Company and the approval of the Designated Stock Exchange, the Board will proceed to Allot our Rights Shares in the following order of priority:

a) Full allotment to those Equity Shareholders who have applied for their rights entitlement either in full or in part and also to the renouncee(s) who has/ have applied for Rights Shares renounced in their favour, in full or in part.

b) If the shareholding of any Equity Shareholders is less than 7 or not in multiples of 7 as on the Entitlement Date, then the fractional entitlements of such Equity Shareholders will be ignored, and such Equity Shareholders will be given preference in allotment of one additional Rights Share each if they have applied for additional Rights Shares. Allotment under this head shall be considered if there are any unsubscribed Rights Shares after allotment under (a) above or if any Rights Shares are available after consolidation of fractional entitlements. If the number of Rights Shares required for allotment under this head are more than the number of Rights Shares available after allotment under (a) above, the allotment will be made on a fair and equitable basis, in consultation with the Designated Stock Exchange. For details in relation to fractional entitlements, please refer the section titled *"Fractional Entitlements"* above under this chapter titled "*Terms of the Issue*" beginning on page 276.

c) Allotment to the Equity Shareholders who having applied for all the Rights Shares offered to them as part of the Issue and have also applied for additional Equity Shares, the Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Entitlement Date, provided there is an under-subscribed portion after making full allotment in (a) and (b) above. The allotment of such Equity

Shares will be at the discretion of the Board of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and not as preferential Allotment.

d) Allotment to the renouncees who having applied for the Equity Shares renounced in their favor and have also applied for additional Equity Shares, provided there is surplus available after making full Allotment in (a), (b) and (c) above. The Allotment of such additional Equity Shares will be made on a proportionate basis to their shareholding at the sole discretion of the Board of Directors but in consultation with the Designated Stock Exchange, as a part of the Issue and not as a preferential Allotment.

e) Allotment to any other person as the Board may in its absolute discretion deem fit provided there is surplus available after making full allotment under (a), (b), (c) and (d) above.

f) Our Company shall retain no oversubscription.

After taking into account Allotment to be made under (a) and (b) above, if there is any undersubscribed portion the same shall be deemed to be 'unsubscribed' and the same would be available for allocation under (c), (d) and (e) above. In the event of under subscription, the Promoter Group either by themselves and/or through one or more entities controlled by them intends to apply for additional Equity Shares in accordance with the undertaking and disclosures as mentioned in the chapter titled *"Capital Structure"* beginning on page 67.

The Promoter has confirmed that he and the Shareholders forming part of the Promoter Group entities promoted by him as on the Entitlement Date intend to subscribe to the full extent of their Rights Entitlement in the Issue and any additional Equity Shares for any unsubscribed portion in the Issue. As a result of such additional subscription, our Promoter along with the Promoter Group entities may acquire Equity Shares over and above their respective Rights Entitlements, which may result in an increase of the shareholding of the Promoter and the Promoter Group entities above the current shareholding along with the Rights Entitlement. Under the provisions of regulation 3 read with regulation 10 of the Takeover Regulations a shareholder is exempt from the obligation of making an open offer for acquiring Rights Shares (including Rights Shares acquired beyond Rights Entitlement), upon fulfilment of conditions stated therein.

After such allotments as above to the Promoter Group, including the application for rights/renunciation and additional Equity Shares, any additional Equity Shares shall be disposed off by the Board of our Company, in such manner as they think most beneficial to our Company and the decision of the Board of our Company in this regard shall be final and binding. In the event of oversubscription, allotment will be made within the overall size of the Issue.

Allotment to the Promoter Group of any unsubscribed portion, over and above its entitlement shall be done in compliance with Clause 40A of the Listing Agreement and the other applicable laws prevailing at that time and the minimum public shareholding of 25% of the total paid up equity capital required to be maintained for continuous listing shall be maintained.

Our Company expects to complete the allotment of Rights Shares within a period of 15 days from the Issue Closing Date in accordance with the listing agreement with NSE and BSE. Our Company shall retain no oversubscription.

ALLOTMENT AND REFUND

Our Company will issue and dispatch allotment advice/letters of allotment/Share Certificates/demat credit and/or letters of regret along with refund orders or credit the allotted securities to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date. If such amount to be refunded is not paid within eight days from the day our Company becomes liable to pay it (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier), our Company and

every Director of our Company who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to repay the money with interest for the delayed period, at the rates stipulated under sub-sections (2) and (2A) of Section 73 of the Companies Act.

Applicants residing at centers where clearing houses are managed by the RBI, will get refunds through NECS/ECS only except where Applicants are otherwise disclosed as applicable/eligible to get refunds through direct credit.

In case of those Equity Shareholders or Applicants who have opted to receive the Equity Shares in dematerialized form using electronic credit under the depository system, allotment advice regarding their credit of the Equity Shares shall be given separately. Applicants to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 Working Days of the Issue Closing Date.

In case of those Equity Shareholders or Applicants who have opted to receive the Equity Shares in physical form and in respect of which our Company issues letters of allotment, the corresponding Share Certificates will be delivered within three months from the Allotment Date thereof or such extended time as may be approved by the Company Law Board under Section 113 of the Companies Act or other applicable provisions, if any. Allottees are requested to preserve such letters of allotment, which will subsequently be exchanged for the Share Certificates.

Letter(s) of Allotment/ equity share certificates or letters of regret will be dispatched to the registered address of the first named applicant or respective beneficiary accounts will be credited within 15 days, from the date of closure of the subscription list. Export of letters of allotment (if any)/ equity share certificates to non-resident Allottees will be subject to the approval of RBI.

The allotment advice/letters of allotment and refund orders for Applicants not applying through ASBA process will be sent by registered post / speed post or through such other mode that may be permitted, to the sole/first applicant's registered address in India. Such refund orders will be payable at par at all places where the applications were originally accepted. The same will be marked "A/c payee only" and will be drawn in favor of the sole/first applicant. Adequate funds will be made available to the Registrar to the Issue for this purpose.

Our Company shall ensure at par facility is provided for encashment of refund orders or pay orders at the places where applications are accepted.

Further conditions for allotments/refunds to Non-Residents

In the case of non-resident Equity Shareholders or Applicants who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the approval of the RBI, in case of non-resident Equity Shareholders or Applicants who remit their Application Money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made net of bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post to the address in India of the non-resident Equity Shareholders or Applicants.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Applicant's bank account are mandatorily required to be given for printing on refund orders. Bank account particulars will be printed on the refund orders/refund warrants, which can then be deposited only in the account specified. Our Company will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Mode of making Refund

The payment of refund, if any, would be done through any of the following modes:

1. ***NECS/ECS*** – Payment of refund would be done through NECS/ECS for Applicants having an account at any centre where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories or from the records of the Registrar to the Issue. The payment of refunds is mandatory for Applicants having a bank account at any centre where NECS/ECS facility has been made available by the RBI (subject to availability of all information for crediting the refund through NECS/ECS), except where the Applicants, being eligible, opts to receive refund through National Electronic Fund Transfer ("NEFT"), direct credit .

2. ***NEFT*** – Payment of refund shall be undertaken through NEFT wherever the Applicant's bank has been assigned the Indian Financial System Code, which can be linked to a MICR, if any, available to that particular bank branch. IFSC will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Applicants have registered their nine digit MICR number and their bank account number while opening and operating the demat account, the same will be duly mapped with the IFSC of that particular bank branch and the payment of refund will be made to the Applicants through this method. Our Company in consultation with the Lead Manager may decide to use NEFT as a mode of making refunds.

3. ***DIRECT CREDIT*** – Applicants having bank accounts with the Bankers to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by our Company.

4. For all other Applicants, including those who have not updated their bank particulars with the MICR code, the refund orders will be despatched through speed post/ registered post or through such other mode that may be permitted. Such refunds will be made by cheques, pay orders or demand drafts drawn in favor of the sole/first Applicant and payable at par.

5. Credit of refunds to Applicants in any other electronic manner permissible under the banking laws, which are in force, and is permitted by the SEBI from time to time.

For Shareholders opting for allotment in physical mode, bank account details as mentioned in the CAF shall be considered for electronic credit or printing of refund orders, as the case may be. Refund orders will be made by cheques, pay orders or demand drafts drawn on the Refund Bank(s) and payable at par at places where the applications were received and will be marked account payee and will be drawn in the name of Sole/First Applicant. The bank charges, if any, for encashing such cheques, pay orders or demand drafts at other centres will be payable by the Applicants.

Refund payment to Non-Resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai (as otherwise specified in this section titled "Terms of the Issue"), refunds will be made in convertible foreign exchange equivalent to Indian rupees to be refunded. Indian rupees will be converted into foreign exchange at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF. Export of letters of allotment (if any)/ share certificates/ demat credit to non-resident Allottees will be subject to the approval of RBI.

Dispatch of Allotment Letters/ Refund Orders

Our Company will issue and dispatch letters of allotment/ share certificates and/ or letters of regret along with refund order or credit the allotted securities to the respective beneficiary accounts, if any within a period of fifteen days from the date of the Issue Closing Date. If such money is not repaid within eight days from the day we become liable to repay it, (i.e. 15 days after the Issue Closing Date or the date of the refusal by the Stock Exchange(s), whichever is earlier) we and every Director who is an officer in default shall, on and from expiry of eight days, be jointly and severally liable to pay the money with interest as prescribed under Section 73 of the Companies Act.

OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALIZED FORM

Applicants to the Equity Shares of our Company issued through this Issue shall be allotted the Right Issue Equity Shares in dematerialised (electronic) form at the option of the applicant. Our Company has signed a tripartite agreements dated April 27, 2007 and May 11, 2007 with NSDL and CDSL respectively, which enables the Applicants to hold and trade in securities in a dematerialised form, instead of holding the securities in the form of physical certificates.

In this Issue, the Allottees who opt for Equity Shares in dematerialised form will receive their Equity Shares in the form of an electronic credit to their beneficiary account with the depository participant as given in the CAF. Allotment advice, refund order, if any would be sent directly to the Applicant by the Registrar to the Issue but the Applicant‘s depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant‘s depository account. Applications, which do not accurately contain this information, will be given the Rights Shares in physical form. In case of partial allotment, allotment will be done in demat option for the shares sought in demat and balance, if any, will be allotted in physical shares.

If an application for Rights Shares is made for allotment in both demat and physical form, such applications shall be treated as multiple applications and are liable to be rejected.

APPLICANTS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES IN DEMATERIALISED FORM ONLY.

Procedure for availing the facility for allotment of Equity Shares in this Issue in the electronic form is as under:

1. Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is exhibited in the records of our Company. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as with our Company). In case of Applicants having various folios in our Company with different joint holders, the Applicants will have to open separate accounts for such holdings. Those Applicants who have already opened such Beneficiary Account(s) need not adhere to this step.

2. For Equity Shareholders already holding Equity Shares of our Company in dematerialized form as on the Entitlement Date, the beneficial account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive the Equity Shares Alloted, by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares of our Company are not dematerialized. Nonetheless, it should be ensured that the Depository Account is in the name(s) of the Equity Shareholders and the names are in the same order as in the records of our Company.

3. Responsibility for correctness of information (including Applicant’s age and other details) filled in the CAF vis-à-vis such information with the Applicant’s depository participant, would rest with the Applicant. Applicants should ensure that the names of the Applicants and the order in which they appear in CAF should be the same as registered with the Applicant’s depository participant.

4. Equity Shares allotted to an Applicant in the electronic account form will be credited directly to the Applicant's respective beneficiary account(s) with the Depository Participant.

5. If incomplete / incorrect beneficiary account details are given in the CAF or where the Applicant does not opt to receive the Rights Equity shares in dematerialized form, the applicant will get Equity Shares in physical form.

6. Applicants must necessarily fill in the details (including the beneficiary account number or client ID number) appearing in the CAF under the heading 'Request for shares in Electronic Form'.

7. Applicants should ensure that the names of the Applicants and the order in which they appear in the CAF should be the same as registered with the Applicant's depository participant.

8. The Rights Equity Shares pursuant to this Issue allotted to Applicant opting for dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the Applicant by the Registrar to the Issue but the Applicant's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Applicant's depository account.

9. Renouncees will also have to provide the necessary details about their beneficiary account for allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.

10. Allotment advice/refund order shall be non-transferable and will be directly sent to the applicant by the Registrar to the Issue. If incomplete/incorrect details are given under the heading 'Request for Shares in Electronic Form' in the CAF, the applicant will get Equity Shares in physical form.

11. Renouncees can also exercise the option to receive Equity Shares in the demat form by indicating in the relevant column in the CAF and providing the necessary details about their beneficiary account. It may be noted that Equity Share arising out of this Issue can be received in demat form even if the existing Equity Shares are held in physical form. Nonetheless, it should be ensured that the depository participant account is in the name of the Applicant(s) in the same order as per specimen signatures appearing in the records of the depository participant/Company.

12. Dividend or other benefits with respect to the Equity Shares held in dematerialised form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the depository participant to our Company as on the Entitlement Date.

GENERAL INSTRUCTIONS FOR APPLICANTS

a) **Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process.**

   Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection. Hence, all non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

b) Please read the instructions printed on the enclosed CAF carefully.

c) Application should be made on the printed CAF, provided by our Company except as mentioned under the head "**Application on Plain Paper"** and should be completed in all respects. The CAF

found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in English and the names of all the Applicants, details of occupation, address, father's / husband's name must be filled in block letters.

d) Payments should be made by cheque/demand draft drawn on any bank which is situated at and is a member of sub-member of the banker's clearing house located at the centre where application is accepted. Outstation cheques/ demand drafts will not be accepted and application(s) accompanied by such cheques/demand drafts will be rejected.

e) The CAF together with cheque / demand draft should be sent to the Bankers to the Issue / Collection Bank or to the Registrar to the Issue and not to our Company or Lead Manager to the Issue. Applicants residing at places other than cities where the branches of the Bankers to the Issue have been authorised by our Company for collecting applications, will have to make payment by Demand Draft payable at Mumbai of amount net of bank and postal charges, and send their CAFs to the Registrar to the Issue by registered post /speed post. If any portion of the CAF is / are detached or separated, such application is liable to be rejected.

f) PAN Number: Whenever the application(s) is/are made, the applicant or in the case of an application in joint names, each of the Applicants, should mention his/her Permanent Account Number (PAN) allotted under the IT Act. The copy of the PAN card or PAN allotment letter is not required to be submitted with the CAF. Applications without this information and documents will be considered incomplete and are liable to be rejected. It is to be specifically noted that Applicant should not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground. **CAFs without the PAN details will be considered incomplete and are liable to be rejected. In case of joint application, each of the Applicant should provide his PAN. With effect from August 16, 2010, the demat accounts for Applicants for which PAN details have not been verified shall be — "suspended credit" and no allotment and credit of Equity Shares pursuant to the Issue shall be made into the accounts of such Applicants.** In terms of SEBI Circular bearing no. MRD/DoP/Cir-20/2008 dated June 30, 2008, certain categories of Applicants (namely the Central Government, State Government, residents of Sikkim and the officials appointed by the courts e.g. Official liquidator, Court receiver etc. (under the category of Government)) shall be exempted from submitting their PAN, only if such organisations submit sufficient documentary evidence to support the veracity of their claim for such exemption.

g) Bank Account Details: It is mandatory for Applicants holding Equity Shares in physical form to provide information as to their savings/current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected. Applicants are advised to provide information as to their savings/current account number, 9 digit MICR number and the name of the bank, branch with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected. **SHAREHOLDERS MAY PLEASE NOTE THAT FOR SHARES HELD IN DEMAT MODE, THE BANK ACCOUNT DETAILS SHALL BE OBTAINED FROM THE DEPOSITORIES. SHAREHOLDERS MAY ENSURE THAT THE BANK ACCOUNT DETAILS ARE UPDATED WITH THE DEPOSITORIES.**

h) Payment by cash: The Registrar to the Issue will not accept any payments against any applications, if made in cash. In case payment is effected in contravention of this, the application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

i) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with our Company or depositories.

j) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and a copy of the Memorandum and Articles of Association and / or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF and folio numbers / DP ID and Client ID Number. In case the above referred documents are already registered with our Company, the same need not be furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Bankers to the Issue.

k) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. Further, in case of joint Applicants who are renouncees, the number of Applicants should not exceed three. In case of joint Applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first Applicant.

l) Application(s) received from non-resident / NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares shall, *inter alia*, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of Application Money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a non-resident or PIO/NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF. Additionally, applications will not be accepted from NRs/NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Rights Shares may be restricted by applicable securities laws.

m) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first / sole applicant Equity Shareholder, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of allotment, should be sent to Registrar to our Company, Link Intime India Private Limited in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.

n) SAFs cannot be re-split.

o) Only the person or persons to whom Equity Shares have been offered and not renouncee(s) shall be entitled to obtain split forms.

p) Applicants must write their CAF number at the back of the cheque / demand draft.

q) Only one mode of payment per application should be used. The payment must be either by cheque or by demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.

r) Each CAF must be accompanied by a separate cheque or demand draft. Outstation cheques / demand drafts or post-dated cheques and postal / money orders will not be accepted and

applications accompanied by such cheques / demand drafts / money orders or postal orders will be rejected. The Registrar to Issue will not accept payment against application if made in cash.

s) No receipt will be issued for Application Money received. The Bankers to the Issue / Collection Bank/ Registrar to the Issue will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.

t) An applicant which is a mutual fund can make a separate application in respect of each scheme of the fund and such applications shall not be treated as multiple applications. The application made by the asset management company or custodian of a mutual fund shall clearly indicate the name of the concerned scheme for which the application is made.

u) The distribution of the Letter of Offer and issue of Rights Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in the United States and such other jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Rights Shares.

GROUNDS FOR TECHNICAL REJECTIONS

Applicants are advised to note that applications are liable to be rejected on technical grounds, including the following:

1. CAFs, which are not completed or are not accompanied with the Application Money payable, are liable to be rejected;

2. Amount paid does not tally with the amount payable for;

3. Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar to the Issue and Transfer Agent of our Company (in the case of physical holdings);

4. Age of Applicant(s) not given (in case of renouncees);

5. Except of CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the court, PAN number not given for application of any value;

6. PAN allotted under the IT Act has not been mentioned by the applicant

7. In case of Application under power of attorney or by limited companies, corporate, trust, etc., relevant documents are not submitted;

8. If the signature of the Equity Shareholders does not match with the one given on the application form and for renouncees if the signature does not match with the records available with their depositories;

9. If the Applicant desires to receive Equity Shares in electronic form, but the CAF does not have the Applicant's depository account details;

10. CAF are not submitted by the Applicants within the time prescribed as per the CAF and the Letter of Offer;

11. Applications not duly signed by the sole/joint Applicants;

12. Applications accompanied by Stockinvest/ outstation cheques/ post dated cheques/ money order/ postal order/ outstation demand draft;

13. In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Applicants (including the order of names of joint holders), the Depositary Participant's identity (DP ID) and the beneficiary's identity;

14. Applications by ineligible non-residents on account of restriction or prohibition under applicable local laws and where last available address in India has not been provided.

15. Applications that do not include the certification set out in the CAF to the effect that the subscriber is not a U.S. Person and is purchasing the Equity Shares in an "offshore transaction" (as defined in Regulation S), and is authorised to acquire the Equity Shares in compliance with all applicable laws and regulations; and where a registered address in India has not been provided.

16. Applications where our Company believes that the CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;

17. Multiple applications, including where an Applicant submits a CAF and a plain paper application;

18. Duplicate applications, including where an Applicant submits CAFs alongwith a plain paper application;

19. PAN in CAF not matching the PAN in the DP ID;

20. In case the GIR number is submitted instead of the PAN;

21. Applications where separate cheque/demand drafts are not attached for amounts to be paid for Equity Shares

22. Applications by renouncees who are persons not competent to contract under the Indian Contract Act, 1872 including minors.

23. Applications by persons in United States of America.

24. Applications which have evidence of being dispatched from / executed in the United States of America or any other jurisdiction where the offer for sale of the Rights Entitlements and Equity Shares may be restricted by applicable security laws.

25. Applications from Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000, which are not in ASBA.

Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

DISPOSAL OF APPLICATION AND APPLICATION MONEY

No acknowledgment will be issued for the Application Moneys received by our Company. However, the Bankers to the Issue / Registrar to the Issue receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the Application Money received will be refunded. Wherever an application is rejected in part, the balance of Application Money, if any, after adjusting any

money due on Equity Shares allotted, will be refunded to the applicant within fifteen days from the close of the Issue. If there is delay in the refund of the subscription amount by more than eight days after our Company becomes liable to pay the subscription amount (i.e. 15 days after the Issue Closing Date), our Company will pay interest for the delayed period, as prescribed under sub-sections (2) and (2A) of Section 73 of the Companies Act. The dispatch of share certificates/ refund orders and demat credit will be completed and the allotment and listing documents will be submitted to the stock exchanges within two Working Days from the date of allotment.

GENERAL INSTRUCTIONS

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/24.47.00/2003- 04 dated November 05, 2003, the Stockinvest Scheme has been withdrawn with immediate effect. Hence, payment through Stockinvest would not be accepted in this Issue.

Issue Schedule

Issue Opens on	**Thursday, September 06, 2012**
Last date for receiving request for Split Application Forms	**Thursday, September 13, 2012**
Issue Closes on	**Thursday, September 20, 2012**

The Board may however decide to extend the Issue period as it may determine from time to time but not exceeding 30 days including the Issue Opening Date.

Allotment Schedule

1. Our Company agrees that as far as possible allotment of securities offered to the Shareholders shall be made within 15 days from the date of the Issue Closing Date.

2. Our Company further agrees that it shall pay interest @ 15% per annum for the delayed period if the allotment has not been made and/or allotment letters / the refund orders have not been dispatched to the Applicants/ refund instruction beyond 8 days from the date specified above.

General

Applications should be made only on the prescribed CAFs provided by our Company and should be complete in all respects. Applications which are not complete or which are not accompanied with remittance of the proper amount calculated as aforesaid are liable to be rejected and the money paid in respect thereof will be refunded without interest.

The CAF must be filled in English in BLOCK LETTERS.

In case of joint holders, all joint holders must sign the CAF at the appropriate places in the same order as per specimen signatures recorded in the Register of Members of our Company / Depository.

In case of renouncee(s), the name of the applicant(s), details of occupation, address and father's/husband's name must be filled in Block Letters.

The CAF must be submitted to the Collection Centres as mentioned in the CAF/ Registrar to the Issue, as the case may be, in its entirety. If any of the parts A, B, C, D and the acknowledgement of the CAF is/are detached or separated; such applications will be rejected forthwith.

Any dispute or suit or action or proceeding arising out of or in relation to the Letter of Offer or this Issue or in respect of any matter or thing contained therein and any claim by either party against the other shall be

instituted or adjudicated upon or decided solely by the appropriate Court in Mumbai.

All communications in connection with your application for the Equity Shares should be addressed to the Registrar to the Issue.

Equity Shareholder's Depository Account and Bank details

Equity Shareholder's applying for shares in demat mode should note that on the basis of the name of the Shareholder(s), Depository Participant's name, Depository Participant's identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the depositories the Demographic Details. These bank account details would be used for giving refunds to the Equity Shareholder(s). Hence, the Equity Shareholder(s) are requested to immediately update their bank account details as appearing in the records of the Depository Participant. Please note that failure to do so could result in delays in dispatch / credit of refunds to the Equity Shareholder(s) at the Equity Shareholder(s) sole risk and neither the Lead Manager's or the Registrar to the Issue or the Refund Bankers nor our Company shall have any responsibility and undertake any liability for the same. Hence, Applicants should carefully fill their d account details in the CAF.

These Demographic Details would be used for all correspondences with the Equity Shareholder(s) including mailing of allotment advice and printing of bank particulars on the refund order or for refunds through electronic transfer of funds, as applicable. By signing the CAF the Equity Shareholder(s) would be deemed to have authorized the depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available in its records.

In case of Equity Shareholder(s) receiving refunds through electronic transfer of funds, delivery of refund orders/allocation advice gets delayed if the same once sent to the address obtained from the depositories are returned undelivered.

APPLICANTS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY CAN BE TRADED ON THE STOCK EXCHANGES ONLY IN DEMATERIALIZED FORM.

Important

1. Please read the Letter of Offer / Abridged Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions of the Letter of Offer and must be carefully followed; otherwise the application is liable to be rejected.

2. All enquiries in connection with the Letter of Offer or accompanying CAF and requests for SAF must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and superscribed '**Sun Pharma Advanced Research Company Limited- Rights Issue**' on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

   Link Intime India Private Limited
   C-13, Pannalal Silk Mills Compound,
   L.B.S. Marg,
   Bhandup (West), Mumbai - 400 078
   Maharashtra, India
   Tel No.: +91 22 2596 7878
   Fax No.: +91 22 2596 0329
   Investor Grievance Id: sparc.rights@linkintime.co.in
   Website: www.linkintime.co.in
   Contact Person: Mr. Pravin Kasare
   SEBI Registration: INR000004058

3. It is to be specifically noted that this Issue of Equity Shares is subject to the chapter entitled "*Risk Factors*" beginning on page 13.

4. Our Company will not be liable for any postal delays and applications received through mail after the Issue Closing Date, are liable to be rejected and returned to the Applicants.

The Issue will not be kept open for more than 15 days unless extended, in which case it will be kept open for a maximum of 30 days.

Impersonation

As a matter of abundant caution, attention of the applicants is specifically drawn to the provisions of sub-section (1) of Section 68A of the Act which is reproduced below:

"*Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to Allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years*".

ASBA PROCESS

Procedure for Application through the Applications Supported by Blocked Amount ("ASBA") Process

SEBI, by its circular dated August 20, 2009, introduced in rights issue - application supported by blocked amount wherein the Application Money remains in the ASBA Account until allotment. Mode of payment through ASBA in Rights Issue became effective on August 20, 2009. Since this is a new mode of payment in Rights Issues, set forth below is the procedure for applying under the ASBA procedure, for the benefit of the Shareholders.

This section is only to facilitate better understanding of aspects of the procedure which is specific to ASBA Investors. ASBA Investors should nonetheless read this document in entirety. Equity Shareholders who are eligible to apply under the ASBA process are advised to make their independent investigations and ensure that the number of Rights Shares applied for by such Equity Shareholder do not exceed the applicable limits under laws or regulations.

Our Company and the Lead Manager are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of this Letter of Offer. Equity Shareholders who are eligible to apply under the ASBA process are advised to make their independent investigations and ensure that the CAF is correctly filled up, specifying the number of the bank account maintained with the SCSB in which the Application Money will be blocked by the SCSB.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process.

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection. Hence, all non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

ASBA PROCESS

An Equity Shareholder holding the Equity Shares in dematerialized form as on the Entitlement Date may

participate in the Issue through the ASBA process by indicating in Part A of the CAF or in a plain paper application, as to whether such Equity Shareholder desires to avail the ASBA option. An ASBA Investor can submit his application through CAF/plain paper, either in physical or electronic mode, to the SCSB with whom the bank account of the ASBA Investor or bank account utilised by the ASBA Investor is maintained. The SCSB shall block an amount equal to the Application Money in the ASBA Account specified in the CAF (part A thereof) or the plain paper application, as the case may be, physical or electronic, on the basis of an authorisation to this effect given by the account holder at the time of submitting the CAF or the plain paper application,. The application data shall thereafter be uploaded by the SCSB in the web enabled interface of the Stock Exchanges as prescribed under circular issued by SEBI - SEBI/CFD/DIL/DIP/38/2009/08/20 dated August 20, 2009 or in such manner as may be decided in consultation with the Stock Exchanges. The Application Money shall remain blocked in the ASBA Account until finalisation of the Basis of Allotment and consequent transfer of the Issue Price against the allocated Equity Shares to the separate account opened by our Company for this Issue or until failure of the Issue or until withdrawal/rejection of the ASBA application, as the case may be. Once the Basis of Allotment is finalized, the Registrar to the Issue shall send an appropriate request to the controlling branch for unblocking the relevant ASBA Accounts and for transferring the amount allocable to the successful ASBA Investor to the separate account opened by our Company for this Issue. In case of withdrawal/failure of this Issue, the blocked amount shall be unblocked on receipt of such information from the Registrar to the Issue.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA process is provided on *http://www.sebi.gov.in/pmd/scsb.pdf.* For details on designated branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Electronic registration of applications

Upon receipt of the CAF, or the plain paper applications, as the case may be, the designated branch of the SCSBs shall register and upload the applications using the online facilities of the Stock Exchanges. The Lead Manager, our Company, its directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, Applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

At the time of registering each application, the Designated Branches of the SCSBs shall enter the information pertaining to the applicant into the online system, including the following details:

- Name of the Equity Shareholder(s);
- Application Number;
- PAN;
- Depository Participant identification number; and
- Client identification number of the ASBA Investor's beneficiary account.

A system generated TRS will be given to the ASBA Investor upon request as proof of the registration of the application. **It is the ASBA Investor's responsibility to obtain the TRS from the relevant Designated Branch.** The registration of the application by the Designated Branch of the SCSB does not guarantee that the Equity Shares applied for shall be allocated to the ASBA Investor. Such TRS will be non-negotiable and by itself will not create any obligation of any kind.

The Stock Exchanges offer a screen-based facility for registering applications for this Issue which will be available on the terminals of Designated Branches during the Issue period. The Designated Branches can also set up facilities for offline electronic registration of applications subject to the condition that they will subsequently upload the offline data file into the online facilities on a regular basis.

EQUITY SHAREHOLDERS WHO ARE ELIGIBLE TO APPLY UNDER THE ASBA PROCESS

Who can apply through ASBA process?

The option of applying for Equity Shares in the Issue through the ASBA process is only available to the Equity Shareholder(s) of our Company on the Entitlement Date and who:

1. Is holding Equity Shares in dematerialised form on the Entitlement Date and has applied for Rights Entitlements or additional Equity Shares in the Issue in dematerialised form;
2. Has not renounced his Rights Entitlements in full or in part;
3. Are not in the United States of America and are eligible under the applicable security laws to subscribe for the Rights Entitlement and the Equity Shares in the Issue;
4. Has not split the CAF;
5. Is not a Renouncee to the Issue;
6. Who applies through a bank account with one of the SCSBs.

Unblocking of ASBA Account

Once the 'Basis of Allotment' is finalized, the Registrar to the Issue shall send an appropriate request to the SCSBs for unblocking the ASBA Accounts and for the transfer of requisite amount to the designated account. On the basis of instructions from the Registrar to the Issue, the SCSBs shall transfer the requisite amount against each successful ASBA Investor to the designated account and shall unblock excess amount, if any in the ASBA Account. However, the Issue Price may be unblocked in the ASBA Account prior to receipt of intimation from the Registrar to the Issue by the relevant Controlling Branch regarding finalisation of the 'Basis of Allotment', in the event of withdrawal or failure of this Issue or withdrawal or rejection of the ASBA application, as the case may be.

CAF

The Registrar to the Issue will dispatch the CAF to all Equity Shareholders as per their Rights Entitlement on the Entitlement Date for the Issue. Those Equity Shareholders who wish to apply through the ASBA process will have to opt for the ASBA process in Part A of the CAF and provide necessary details or in plain paper application and indicate that they wish to apply through ASBA process.

Equity Shareholders desiring to use the ASBA process are required to submit their applications by selecting the ASBA Option in Part A of the CAF only. Application in electronic mode will only be available with such SCSB who provides such facility. The Equity Shareholder shall submit the CAF/plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the Application Money on the application in the said bank account maintained with the same SCSB.

Equity Shareholders applying under the ASBA process are also advised to ensure that the CAF is correctly filled up, stating therein the bank account number maintained with the SCSB in which an amount equivalent to the Application Money on application as stated in the CAFs will be blocked by the SCSB.

If an Applicant makes an application in more than one mode i.e in both, CAF and on plain paper, then both the applications may be liable for rejection.

APPLICATION ON PLAIN PAPER

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain a duplicate CAF and wanting to apply under ASBA process may make an application to subscribe for the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB.

The envelope should be superscribed "Sun Pharma Advanced Research Company Limited -Rights Issue".

The application on plain paper, duly signed by the Applicants including joint holders, in the same order as per specimen recorded with our Company, must be submitted at a designated branch of a SCSB on or before the Issue Closing Date and should contain the following particulars;

1. Name of the issuer, being Sun Pharma Advanced Research Company Limited;

2. Name and address of the Equity Shareholder, including any joint holders;

3. Registered folio number/DP ID number and client ID number;

4. Number of Equity Shares held as on the Entitlement Date;

5. Number of Rights Shares entitled to;

6. Number of Rights Shares applied for;

7. Number of additional Equity Shares applied for, if any;

8. Total number of Equity Shares applied for;

9. Total amount to be blocked at the rate of ₹ 40.00 per Equity Share;

10. Savings/Current Account Number along with name and address of the SCSB and Branch from which the money will be blocked;

11. The permanent account number (PAN) of the Equity Shareholder and where relevant, for each joint holder, except in respect of Central and state government officials and officials appointed by the court (e.g., official liquidators and court receivers) who, in terms of a SEBI circular dated June 30, 2008, may be exempt from specifying their PAN for transacting in the securities market, subject to submitting sufficient documentary evidence in support of their claim for such exemption, provided that such transactions are undertaken on behalf of the Central and state government and not in their personal capacity;

12. A representation that the Equity Shareholder is not a "U.S. Person" (as defined in Regulation S under the Securities Act);

13. Signature of the Equity Shareholders to appear in the same sequence and order as they appear in the records of our Company;

14. In case of non-resident Shareholders, NRE/FCNR/NRO A/c number, Name and address of the SCSB and Branch

15. Additionally, non-resident Applicants shall include the representation in writing that:

*"I/We understand that neither the Rights Entitlement nor the Rights Issue Equity Shares have been, and will be, registered under the United States Securities Act of 1933, as amended (the "**US Securities Act**") or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the "United States"). I/we understand the Rights Issue Equity Shares referred to in this application are being offered in India but not in the United States. I/we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Rights Issue Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Rights Issue Equity Shares or Rights Entitlement in the United States. Accordingly, I/we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/we understand that neither us, nor the Registrar, the Lead Manager or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Manager or any*

other person acting on behalf of us has reason to believe is, a resident of the United States or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/We will not offer, sell or otherwise transfer any of the Rights Issue Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/We understand and agree that the Rights Entitlement and Rights Issue Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/We (i) am/are, and the person, if any, for whose account I/we am/are acquiring such Rights Entitlement and/or the Rights Issue Equity Shares is/are, outside the United States, and (ii) is/are acquiring the Rights Entitlement and/or the Rights Issue Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/We acknowledge that the Company, the Lead Manager, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements."

ACCEPTANCE OF THE ISSUE

Equity Shareholders may accept the Issue and apply for the Rights Shares offered, either in full or in part, by filling Part A of the CAF sent by the Registrar to the Issue, selecting the ASBA process option in Part A of the CAF and submit the same to the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors of our Company in this regard.

MODE OF PAYMENT

The Equity Shareholder applying under the ASBA process agrees to block the entire amount payable on application (including for additional Equity Shares, if any) with the submission of the CAF, by authorising the SCSB to block an amount, equivalent to the Application Money on application, in a bank account maintained with the SCSB.

After verifying that sufficient funds are available in the bank account provided in the CAF, the SCSB shall block an amount equivalent to the Application Money on application mentioned in the CAF until it receives instructions from the Registrar to the Issue. Upon receipt of intimation from the Registrar to the Issue, the SCSBs shall transfer such amount as per instruction from Registrar to the Issue, allocable to the Equity Shareholders applying under the ASBA process, from bank account with the SCSB mentioned by the Shareholder in the CAF. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company as per the provisions of section 73(3) of the Companies Act, 1956. The balance amount remaining after the finalisation of the basis of allotment shall be either unblocked by the SCSBs or refunded to the Applicants, on the basis of the instructions issued in this regard by the Registrar to the Issue and the Lead Manager, to the respective SCSB.

The Equity Shareholders applying under the ASBA process would be required to block the entire Application Money on their application at the time of the submission of the CAF. The SCSB may reject the application at the time of acceptance of CAF if the bank account with the SCSB details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the Application Money on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, our Company would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process.

Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection. Hence, all non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

OPTIONS AVAILABLE TO THE SHAREHOLDER APPLYING UNDER THE ASBA PROCESS

The summary of options available to the Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares offered, using the CAF received from Registrar to the Issue:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A of the CAF (All joint holders must sign)
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of Rights Entitlement and Block IV relating to additional Rights Shares (All joint holders must sign)

The Equity Shareholder applying under the ASBA process will need to select the ASBA option process in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the SCSB with the relevant details required under the ASBA process option and SCSB blocks the requisite amount, then that CAF would be treated as if the Shareholder has selected to apply through the ASBA process.

On selecting the ASBA option in the CAF, the ASBA Investor confirms that he/she is an ASBA Investor under the applicable provisions of the SEBI ICDR Regulations and is deemed to have authorized: (i) the SCSBs to do all acts as are necessary to make an application in the Issue, blocking or unblocking of funds in the ASBA Account and transfer funds to the bank's account on receipt of instruction from the Registrar to the Issue after finalization of the basis of allotment; and (ii) the Registrar to the Issue to issue instructions to the SCSBs to unblock the funds in the ASBA Account, upon finalization of the basis of allotment.

ADDITIONAL RIGHTS ISSUE EQUITY SHARES

Equity Shareholders are eligible to apply for additional Rights Shares over and above the number of Rights Shares (as the case may be) that you are entitled to, provided that the Equity Shareholders are eligible to apply for Rights Shares under applicable law and have applied for all the Rights Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights Shares shall be considered and allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under paragraph titled "*Basis of Allotment*" beginning on page 296, under this chapter titled "*Terms of the Issue*" beginning on page 274.

The allotment of additional Equity Shares will be made on an equitable basis with reference to number of Equity Shares held by the Equity Shareholder on the Entitlement Date. If an Equity Shareholder is desirous for applying for additional Equity Shares, he/she should indicate such requirement in the place provided for additional Equity Shares in Part A of the CAF.

RENUNCIATION UNDER THE ASBA PROCESS

Renouncees cannot participate through the ASBA process.

LAST DATE OF APPLICATION

The last date for submission of the duly filled in CAF is September 20, 2012. The Issue will be kept open for a minimum of 15 days and the Board will have the right to extend the said date for such period as it may determine from time to time but not exceeding 30 (thirty) days from the Issue Opening Date. If the CAF together with the amount payable is not received by the Bankers to the Issue/Registrar to the Issue or if the CAF is not received by the SCSB on or before the close of business hours on the aforesaid last date or such date as may be extended by the Board, the offer contained in the Letter of Offer shall be deemed to have been declined and the Board shall be at liberty to dispose of the Equity Shares hereby offered, as provided under paragraph titled "*Basis of Allotment*" beginning on page 296, under this chapter titled "*Terms of the Issue* " beginning on page 274.

OPTION TO RECEIVE EQUITY SHARES IN DEMATERIALISED FORM

SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES OF OUR COMPANY UNDER THE ASBA PROCESS CAN ONLY BE ALLOTTED IN DEMATERIALISED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE BEING HELD ON ENTITLEMENT DATE.

ISSUANCE OF INTIMATION LETTERS

Upon approval of the basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The number of Equity Shares to be allotted against each successful ASBA;
- The amount to be transferred from the ASBA Account to the separate account opened by our Company for Rights Issue, for each successful ASBA;
- The date by which the funds referred to in para above, shall be transferred to separate account opened by our Company for Rights Issue; and
- The details of rejected ASBAs, if any, along with reasons for rejection to enable SCSBs to unblock the respective ASBA Accounts.

GENERAL INSTRUCTIONS FOR SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS

An application should be made on the printed CAF unless an Equity Shareholder has neither received the original CAF nor is in a position to obtain the duplicate CAF and who has made an application on a plain paper and should be complete in all respects.

(a) Please read the instructions printed on the respective CAF carefully.

(b) The CAF / plain paper application found incomplete with regard to any of the particulars required to be given therein, and/or which are not completed in conformity with the terms of the Letter of Offer are liable to be rejected. The CAF / plain paper application must be filled in English.

(c) The CAF / plain paper application in the ASBA process should be submitted at a Designated Branch of the SCSB and whose bank account details are provided in the CAF / plain paper application and not to the Bankers to the Issue/Collection Banks (assuming that such Collection Bank is not a SCSB), to our Company or Registrar to the Issue or Lead Manager to the Issue.

(d) All Applicants, and in the case of application in joint names, each of the joint Applicants, should mention his/her PAN number allotted under the Income-Tax Act, 1961, irrespective of the amount of the application.

Except for applications on behalf of the Central or state government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Applicants for which PAN details have not been verified shall be "suspended for credit" and no allotment and credit of Rights Shares shall be made into the accounts of such Applicants.

(e) Application will have deemed to be made if applications are submitted to the SCSB and the Application Money in the bank account maintained with the SCSBs is blocked. Cash payment is not acceptable. In case payment is affected in contravention of this, the application may be deemed invalid and the Application Money will be refunded and no interest will be paid thereon.

(f) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Thumb impression and Signatures other than in English or Hindi must be attested by a Notary Public or a Special Executive Magistrate under his/her official seal. The Equity Shareholders must sign the CAF / plain paper application as per the specimen signature recorded with our Company/or Depositories.

(g) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with our Company. In case of joint Applicants, reference, if any, will be made in the first applicant's name and all communication will be addressed to the first applicant.

(h) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of allotment in this Issue quoting the name of the first/sole applicant Equity Shareholder, folio numbers and CAF number.

(i) Only the person or persons to whom the Rights Shares have been offered and not renouncee(s) shall be eligible to participate under the ASBA process.

(j) Only persons outside United States and who are eligible to subscribe for Rights Entitlement and Rights Shares under applicable securities laws are eligible to participate.

(k) Only the Equity Shareholders holding shares in demat are eligible to participate through ASBA process.

(l) Equity Shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.

(m) **Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process.**

(n) Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, are mandatorily required to make use of ASBA facility. Otherwise, applications of such non-retail investors are liable for rejection. Hence, all non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

Do's:

a. Ensure that the ASBA process option is selected in part A of the CAF and necessary details are filled in. In case of non-receipt of the CAF, the application can be made on a plain paper with all the necessary

details as required under para 'Application on Plain Paper' appearing under procedure for application through ASBA process.

b. Ensure that you submit your application in physical mode only. Electronic mode is only available with certain SCSBs and not all SCSBs and you should ensure that your SCSB offers such facility to you.

c. Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be Allotted in the dematerialised form only.

d. Ensure that the CAFs are submitted at the designated branches of SCSBs and details of bank account have been provided in the CAF.

e. Ensure that you have mentioned the correct bank account number in the CAF.

f. Ensure that there are sufficient funds [equal to {number of Equity Shares applied for} X { Application Money per Equity Share as the case may be}] available in the bank account maintained with the SCSB mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.

g. Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the bank account maintained with the respective SCSB, of which details are provided in the CAF and have signed the same.

h. Ensure that you receive an acknowledgement from the SCSB for your submission of the CAF in physical form.

i. Except for CAFs submitted on behalf of the Central or state government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the I. T. Act.

j. Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

k. Ensure that the Demographic Details are updated, true and correct, in all respects.

l. Ensure that the account holder in whose bank account the funds are to be blocked has signed authorizing such funds to be blocked.

m. Apply under the ASBA process only if you comply with the definition of an ASBA Investor.

Don'ts:

a. Do not apply if you are in the United States or are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.

b. Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.

c. Do not pay the amount payable on application in cash, by money order or by postal order.

d. Do not send your physical CAFs to the Lead Manager to Issue / Registrar to the Issue/ Collection Banks (assuming that such Collection Bank is not a SCSB) / to a branch of the SCSB which is not a Designated Branch of the SCSB / Company; instead submit the same to a Designated Branch of the SCSB only.

e. Do not submit the CAF without the stamp of the SCSBs, as the application is liable to be rejected on this ground.

f. Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.

g. Do not instruct their respective banks to release the funds blocked under the ASBA process.

h. Do not apply if the ASBA Account has been used for five Applicants.

GROUNDS FOR TECHNICAL REJECTION FOR ASBA PROCESS

In addition to the grounds listed under paragraph titled *"Grounds for Technical Rejections"* mentioned in this chapter titled *"Terms of the Issue"* beginning on page 274, applications under ASBA process can be rejected on following additional grounds:

a. Application for allotment of Rights Entitlements or additional shares in physical form.

b. DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar to the Issue.

c. Sending CAF to a Lead Manager / Registrar to the Issue/ Collection Bank (assuming that such Collection Bank is not a SCSB) / to a branch of a SCSB which is not a Designated Branch of the SCSB / Company.

d. Renouncee applying under the ASBA process.

e. Sufficient funds are not available with the SCSB for blocking the amount.

f. Funds in the bank account with the SCSB whose details are mentioned in the CAF having been frozen pursuant to regulatory orders.

g. Account holder not signing the CAF or declaration mentioned therein.

h. PAN not stated, GIR no. stated instead

i. Signature of sole/joint Shareholder missing in the CAF

j. CAF not submitted within the prescribed time.

k. CAFs that do not include the certification set out in the CAF to the effect that the subscriber does not have a registered address (and is not otherwise located) in the United States and is authorized to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations.

l. CAFs which have evidence of being executed in/dispatched from the United States.

m. Submitting more than 5 applications (including CAF and plain paper application) per bank account maintained with the SCSB for the Issue.

n. Non-retail investors having bank account with SCSBs that are providing ASBA in cities/ centers where non-retail investors are located, not making use of the ASBA facility. Hence, all non-retail investors are encouraged to make use of ASBA facility wherever such facility is available.

Please note that in accordance with the provisions of SEBI circular bearing number CIR/CFD/DIL/1/2011 dated April 29, 2011, all applicants who are QIBs, Non Institutional Investors

shall mandatorily make use of ASBA facility. All QIBs and Non-Institutional Investors, complying with the eligibility conditions of SEBI circular dated December 30, 2009, must mandatorily invest through the ASBA process.

COMMUNICATIONS

All future communication in connection with ASBA applications made in this Issue should be addressed to the Registrar to the Issue quoting the full name of the sole or first ASBA Investor, CAF number, details of Depository Participant, number of Equity Shares applied for, date of CAF, name and address of the Designated Branch where the application was submitted and bank account number of the ASBA Account, with a copy to the relevant SCSB. The Registrar to the Issue shall obtain the required information from the SCSBs for addressing any clarifications or grievances. The SCSB shall be responsible for any damage or liability resulting from any errors, fraud or willful negligence on the part of any employee of the concerned SCSB, including its Designated Branches and the branches where the ASBA Accounts are held.

ASBA Investors can contact the Compliance Officer, the Designated Branch where the application was submitted, or the Registrar to the Issue in case of any pre or post-Issue related problems such as non-receipt of credit of Allotted Equity Shares in the respective beneficiary accounts, blocking of excess Amount, etc.

INVESTOR GRIEVANCES

All grievances relating to the ASBA may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the Applicant, number of Equity Shares applied for, Amount blocked on application, bank account number of the ASBA Account number and the Designated Branch or the collection centre of the SCSB where the CAF was submitted by the ASBA Investors.

DEPOSITORY ACCOUNT AND BANK DETAILS FOR SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS

IT IS MANDATORY FOR ALL THE SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALISED FORM. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF.

Equity Shareholders applying under the ASBA process should note that on the basis of name as provided by them, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF, the Registrar to the Issue will obtain from the Depository their Demographic Details. Hence, Equity Shareholders applying under the ASBA process should carefully fill in their Depository Account details in the CAF/ plain paper application.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblock of bank account of the respective Equity Shareholder. The Demographic Details given by Equity Shareholders in the CAF would not be used for any other purposes by the Registrar to the Issue. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants. By signing the CAFs, the Equity Shareholders applying under the ASBA process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating allotment and unblocking or refund (if any) would be mailed at the address of the Equity Shareholder applying under the ASBA process as per the Demographic Details received from the Depositories. Refunds, if any, will be made directly to the bank account in the SCSB and which details are provided in the CAF and not the bank account linked to the DP ID. Equity Shareholders applying under the ASBA process may note that delivery of letters intimating unblocking of bank account may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered or the change in the address has not been updated against the account as on the Issue Closing Date. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of funds.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA process and our Company, the SCSBs/Registrar to the Issue or the Lead Manager shall not be liable to compensate the Equity Shareholder applying under the ASBA process for any losses caused to such Equity Shareholder due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Equity Shareholders (including the order of names of joint holders), the DP ID and the beneficiary account number, then such applications are liable to be rejected.

SECTION X – DESCRIPTION OF EQUITY SHARES AND TERMS OF THE ARTICLES OF ASSOCIATION

MAIN PROVISIONS OF THE ARTICLES OF ASSOCIATION OF OUR COMPANY

Pursuant to Schedule II of the Companies Act and the SEBI ICDR Regulations, the main provisions of the Articles of Association relating to voting rights, dividend, lien, forfeiture, restrictions on transfer and transmission of Equity Shares or debentures and/or on their consolidation/splitting are detailed below. Please note that each provision below is numbered as per the corresponding article number in the Articles of Association.

SHARE CAPITAL

Title of Article	Article Number and contents
Amount of Capital	4 The authorised share capital of the Company is Rs.26,65,00,000/- (Rupees Twenty Six Crores Sixty Five Lacs only) divided into 26,65,00,000 (Twenty Six Crores Sixty Five Lacs) Equity Shares of Re. 1/- (Rupee one only) each with power to classify or reclassify, increase or reduce the capital from time to time in accordance with the regulations of the Company and the legislative provisions for the time being in force in this behalf and with the power to divided the share capital for the time being into several classes and to attach thereto respectively any preferential, qualified or special rights, privileges or condition including as to voting and to vary, modify or abrogate the same in such manner as may be determined by or in accordance with these present and the Articles of Association. **(Article 4 of the Articles of Association is substituted as per Order of the Honourable High Court of Gujarat at Ahmedabad dated 1st March 2007, issued on 28th March 2007, sanctioning the Scheme of Arrangement between Sun Pharmaceutical Industries Ltd., and Sun Pharma Advanced Research Company Ltd., in the nature of demerger and transfer of Innovative Research and Development Business including New Drug Delivery Systems of Sun Pharmaceutical Industries Ltd., to Sun Pharma Advanced Research Company Ltd.)**
Shares under the control of the Directors	5. Subject to the provisions of the Act and in particular Article 88 of these Articles, the shares in the Capital of the Company for the time being (including any share forming part of any increased capital of the Company) shall be under the control of the Directors who may allot or otherwise dispose of the same or any of them to such person in such proportion and on such terms and conditions and either at a premium or at par (Subject to Compliance with the provisions of Section 79 of the Act) at a discount and at such time as they may from time to time think and fit proper, and with full power to give to any person the option to be allotted shares of the Company either at par or at a premium or subject to as aforesaid at a discount, such option being exercisable at such time and for such consideration as the Directors think fit PROVIDED that the option or right to call on shares shall not be given to any person or persons without the sanction of the Company in general meeting.
Power of General Meeting to offer shares	6. In addition to, and without derogating from the power for that purpose conferred on the Directors under Article 8, the Company in General Meeting may, by special resolution determine to issue further shares out of the authorised but unissued Capital of the Company (whether forming part of the original Capital or of any increased Capital of the Company or not) shall be offered to such persons (whether members or holders of debentures of the Company or not) in such proportions and on such terms and conditions and either at a premium or at par, or (subject to compliance with the provisions of Section 79 of the Act), at a discount, as such General Meeting shall determine and with full power to give any person (whether a member or holders of debentures of the Company or not) option to be allotted shares of any class of the Company either at a premium or at par or (subject to compliance with the provisions of Section 79 of the Act) at a discount, such option being exercisable at such times and for such consideration as may be directed by such General Meeting or the Company in General Meeting may make any other

Title of Article	Article Number and contents
	provisions whatsoever for the issue, allotment or disposal of any share. Subject to any direction given by the General Meeting as aforesaid the provisions of Article 80 hereof shall apply to any issue of new shares.
	7. Where the Company issues shares at a premium whether for cash or otherwise the following provisions shall take effect: a) A sum equal to the aggregate amount or value of the premium on those shares shall be transferred to an account, to be called "Security Premium Account"; and the provisions of the Act relating to reduction of share capital shall, except as provided in Section 78 of the Act, or hereinunder, apply as if the Security Premium Account were paid-up capital of the Company. b) The Security Premium Account may be applied for any of the purposes mentioned in sub- section (2) of section 78 of the Act as the Directors may think fit.
Directors may allot shares as fully paid-up	8. Subject to the provisions of the Act and these Articles, the Directors may allot and issue shares in the Capital of the Company in payment or part payment for any property or assets of any kind whatsoever (including the good-will of any business) sold or transferred or goods or machinery or know-how supplied or for the services rendered to the Company either in or about the formation or the promotion of the Company or the conduct of its business and any shares which may be so allotted may be issued as fully paid up otherwise than for cash, and if so issued shall be deemed to be fully paid up or partly paid up shares as aforesaid. The Directors shall cause returns to be filed of any such allotment as provided by Section 75 of the Act.
Shares to be numbered progressively	9. The shares in the capital of the Company shall be numbered progressively according to their several denominations, provided however, that the provisions relating to progressive numbering shall not apply to the shares of the Company which are dematerialised or may be dematerialised in future or issued in future in dematerialised form. Except in the manner herein mentioned, no share shall be sub-divided. Every forfeited or surrendered share held in material form shall continue to bear the number by which the same was originally distinguished.
Acceptance of Shares	10. An application signed by or on behalf of an applicant for shares in the Company, followed by an allotment of any shares therein, shall be an acceptance of shares within the meaning of these Articles, and every person who thus or otherwise accepts any shares and whose name is entered on the Register of Members shall for the purpose of these Articles be a member.
Deposit and Calls etc to be a debt payable immediately	11. The money (if any) which the Directors shall, on the allotment of any shares being made by them, require or direct to be paid by way of deposits, calls or otherwise in respect of any shares allotted by them shall, immediately on the insertion of the name of the allotee in the Register of Members as the holders of such shares, became a debt due to and recoverable by the Company allottee thereof, and shall be paid by him accordingly.
Installments on shares to be duly paid	12. If by the conditions of allotment of any share the whole or the part of amount or issue price thereof shall be payable by installments, every such installments shall, when due, be paid to the Company by the person who for the time being and from time to time shall be the registered holder of the shares or his legal representatives.
Company not bound to recognize any interest in shares other than that of the registered holder	13. Except when required by Law and in particular by section 187C of the Act, or ordered by the Court of competent jurisdiction, the Company shall not be bound to recognize any person as holding any share upon any trust and the Company shall not be bound by, or be compelled in anyway to recognize (even when having notice thereof) any equitable, contingent, future or partial interest in any share or any interest in any fractional part of a

Title of Article	Article Number and contents
	share, or (except only as by these Articles or as ordered by a Court of Competent Jurisdiction or by law otherwise provided) any other rights in respect of any share except an absolute right to the entirely thereof in the registered holder.
Purchase of own shares of the Company	14. Subject to and in accordance with all applicable provisions of the Act as in force from time to time, the Company shall have power to purchase any of its own shares whether or not they are redeemable and may make payment out of capital in respect of such purchase.

UNDERWRITING AND BROKERAGE

Title of Article	Article Number and contents
Commission for placing shares, debentures etc.	15. The Company may, subject to the provisions of Section 76 and other applicable provisions (if any) of the Act, at any time pay a commission to any person in consideration of his subscribing or agreeing to subscribe or his procuring or agreeing to procure subscriptions, whether absolutely or conditionally, for any shares in, or debentures of the Company so that the rate of commission does not exceed in the case of share, 5% of the price at which the shares are issued and in the case of debentures, 2 ½% of the price at which the debentures are issued.

CERTIFICATES

Title of Article	Article Number and contents
Share Certificate	16. The certificates to the title to the shares be issued under the seal of the Company which shall be affixed in the presence of One Director and signed by (i) two directors (provided that if the composition of the Board permits one of the aforesaid two Directors shall be a person other than the Managing or whole-time Director) and (ii) the Secretary or some other person appointed by the Board for the purpose. Particulars of every share certificate issued shall be entered in the Register of Members against the name of the person to whom it has been issued indicating the date of issue. A Director may sign the share certificates by affixing his signature thereon by means of any machine, equipment or other mechanical means such as engraving in metal or lithography, but not by means or a rubber stamp, provided that the Director shall be responsible for the safe custody of such machine equipment or other material used, for the purpose, Provided always that notwithstanding anything contained in this Article, the certificates of title to shares may be executed and issued in accordance with such other provision of the Act, or the rules made thereunder, as may be in force for the time being and from time to time.
Member's right to certificates	17. Subject to the compliance of the relevant provisions of the Act and the Companies (issue of Share Certificates) Rules 1960 every member or allottee of Share(s) shall be entitled without payment to receive at least one or more certificates in the marketable lot under the Seal of the Company for all the shares of each class or denomination registered in his name in such form as the Directors shall prescribe or approve, specifying the number of share or shares allotted to him and the amount paid thereon. Such certificate shall be issued only in pursuance of a resolution passed by the Board and on surrender to the Company of its letter of allotment or of its fractional coupons of requisite value, save in case of issues against letters of acceptance or of renunciation, or in case of issue of bonus shares. Provided that, if the letter of allotment is lost or destroyed, the Board may impose such reasonable terms, if any, as it thinks fit, as to evidence and indemnity and the payment of out of pocket expenses incurred by the Company in investigating such evidence. If the Directors so approve, and upon payment of such fees, if any, not exceeding Rupees Two per certificate or free of charge as the Directors may from time to time determine in respect of each class of shares, no member shall be entitled to more than one certificate for shares of each class. If and whenever as a result of issue of new shares or the consolidation and sub-division of shares any member becomes entitled to any fractional part of a share, the Directors may

Title of Article	Article Number and contents
	subject to the provisions of the Act and these Articles and to the directions, if any, of the Company in general meetings:- (i) Issue to such member fractional certificate or certificates representing such fractional part. Such fractional certificate or certificates shall not be registered nor shall they bear any dividend until they are exchanged with other fractional certificates for an entire share. The Directors may, however, fix the time within which such fractional certificates are to be exchanged for an entire share and may extend such time and upon the expiry of such time, any fractional certificates shall be deemed to be cancelled and the Directors shall sell the shares represented by such cancelled fractional certificates for the best price reasonably obtainable, or (ii) (a) Sell the shares represented by all such fractional parts for the best price reasonably obtainable. (b) In the event of any shares being sold in pursuance of clause (a) above, the directors shall pay and distribute to and amongst the person entitled, in due proportion the net sale proceeds thereof. (c) For the purpose of giving effect to any such sale ,the directors may authorise any person to transfer the shares sold to the purchaser thereof, comprised in any such transfer and he shall not be bound to see to the application of purchase money nor shall his title to the shares be affected by any irregularity or validity in the proceedings in reference to the same.
Right to refuse to issue share/debenture certificate not in consonance with marketable lot	18. The Directors may in their absolute discretion refuse sub-division of share/debenture certificate where such sub-division will result in the issue of certificate for number of shares and/or debentures, which is less than the marketable lot unless the sub-division is required to be made to comply with a statutory provision or an order of a competent Court of law.
Limitation of time for issue of certificates	19. The Company shall within three months after the allotment of any of its shares or debentures, and within two months after the application for the registration of the transfer of any such shares, or debentures, deliver the certificates of all shares and debentures allotted or transferred, unless the conditions of issue of the shares or debentures otherwise provide and the Company shall otherwise comply with the requirements of Section 113 and other applicable provisions (if any) of the Act.
Share certificate may be renewed or a duplicate be issued	20a. (a) No certificate{s) of any share or shares or debenture or debentures shall be issued either in exchange for those which are sub-divided or consolidated or in replacement of those which are defaced, torn or old, decrepit, worn out, or rendered useless for any cause whatsoever, or where the cases on the reverse for recording transfers have been fully utilised, unless the certificate in lieu of which they are issued are surrendered to the Company. The Company will not charge any fees exceeding those, which may be agreed upon with the stock exchanges for issue of new certificates in replacement of those that are torn, defaced, lost or destroyed. No duplicate certificates shall be issued in lieu of those that are lost or destroyed without the prior consent of the Board and on such reasonable terms, if, any, as to evidence of such loss or destruction and indemnity and the payment of out of pocket expenses incurred by the Company in investigating evidences as the Board thinks fit.
Issue of new certificate in place of those defaced, lost, destroyed	20b, 20c, 20d, 20e, 20f. (b) When a new share certificate has been issued in pursuance of clause (a) of this Article, it shall state on the face of it and against the stub or counter foil to the effect that it is "Issued in lieu of Share Certificate No. " The Word "Duplicate" shall be stamped or punched in bold letters across the face of the share certificates. (c) Where a. new share certificate has been issued in pursuance of clause (a) or clause (b) of this Article, particulars of every such share certificate shall be entered in a Register of Renewed and Duplicate Certificate indicating against the names of the persons to whom the certificate is issued, the number and date of issue of the share certificate in lieu of which the new certificate is issued, and if necessary, changes indicated in the Register of Members by suitable cross reference in the "Remarks" column.

Title of Article	Article Number and contents
	(d) All blank forms to be issued for share certificates shall be printed and the printing shall be done only on the authority of a resolution of the Board. The blank forms shall be consecutively machine numbered and the forms and the blocks, engravings, facsimiles and hues relating to the printing of such forms shall be kept in the custody of the Secretary or such other person as the Board may appoint for the purpose, and the Secretary or other persons aforesaid shall be responsible for rendering an account of these forms to the Board. (e) Managing Director of the Company for the time being or, if the Company has no Managing Director, every Director of the Company shall be responsible for the maintenance, preservation, and the safe custody of all books and documents, relating to the issue of share certificates except the blank forms of share certificates referred to in clause (d). (f) All the books and documents referred to in clause (e) shall be preserved in good order permanently.
Endorsement of certificate	21. Every endorsement upon the certificate of any share in favour of any transferee thereof shall be signed by such person for the time being authorised by the Directors in that behalf.
Directors to comply with rule	22. The Board shall comply with requirements prescribed by any rule made pursuance to the said Act relating to the issue and execution of share certificates.

CALLS

Title of Article	Article Number and contents
Board may make calls	23. The Board of Directors may from time to time, by a resolution passed at the meeting of the Board (and not by circular resolution), but subject to the conditions hereinafter mentioned, make such calls as they think fit, upon the members in respect of all monies unpaid on the shares held by them respectively (whether on account of the capital value of the shares or by way of premium) and which are not by the condition of the allotment, made payable at fixed times and each member shall pay the amount of every call so made on him to the persons and at the time appointed by Directors. A call may be made payable by installments. The call may be revoked or postponed at the discretion of the Board.
Calls on shares of same class to be made on uniform basis	24. Where any calls are made on shares, such calls shall be made on a uniform basis on all shares falling under the same class. For the purpose of this Article, share of the same nominal value on which different amounts have been paid up shall not be deemed to fall under the same class.
Notice of calls	25. At least fourteen days notice of every call payable, otherwise than on allotment, shall be given specifying the time of payment, and if payable to any person other than the Company, the name of the persons to whom the call shall be paid, provided that before the time for payment of such call the Directors may, by notice in writing to the members, revoke the same.
Call to date from Resolution	26. A call shall be deemed to have been made at the time when the resolution of the Board of Directors authorising such call was passed and may be made payable by those members whose names appear on the Register of Members on such date, or at the discretion of the Directors on such subsequent date as shall be fixed by the Directors.
Directors may extend time	27. The Directors may, from time to time, at their discretion, extend the time for the payment of any call and may extend such time as to payment of call for any of the members who from residence at a distance or other cause, the Directors may deem fairly entitled to such extension; but no member shall be entitled to such extension save as a matter of grace and favour.

Title of Article	Article Number and contents
Amount payable at fixed time or by installments as calls	28. If by the terms or issue of any share, any amounts are made payable at any fixed time or by installments at any fixed times (whether on account of the nominal amount of the share or by way of premium) every such amount or installment shall be payable as if it were a call duly made by the Directors and of which due notice has been given and all the provisions herein contained in respect of calls shall relate to such amount or installment accordingly.
When interest on call or installment payable	29. If the sum payable in respect of any call or installment be not paid on or before the day appointed for payment thereof, the holder for the time being or allottee of the share(s) in respect of which a call shall have been made or the installments shall be due shall pay interest on the same at such rate as the Directors shall fix from the day appointed for the payment thereof to the time of actual payment but the Directors may waive payment of such interest wholly or in part.
Judgement decree of partial payment not to preclude forfeiture	30. Neither a judgement nor a decree in favour of the Company for calls or other monies due in respect of any shares nor any part payment or satisfaction thereunder nor the receipt by the Company of a portion of any money which, shall from time to time be due from any member in respect of any shares either by way of principle or interest or any indulgence granted by the Company in respect of the payment of any such money shall preclude the forfeiture of such shares as herein provided.
Proof on Trial in suit for money due on shares	31. Subject to the provisions of the Act and these Articles on the trial or hearing of any action or suit brought by the Company against any member or his legal representative for the recovery of any money claimed to be due to the Company in respect of his shares, it shall be sufficient to prove that the name of the member in respect of whose shares money is sought to be recovered is entered in the Register of Members as the holder of the shares in respect of which such money is sought to be recovered, that the resolution making the calls is duly recorded in the minute book, and that notice of such calls was duly posted to the member or his representative in pursuance of these presents, and it shall not be necessary to prove the appointment of the Directors who made such call nor that the meeting at which any call was made was duly convened or constituted nor any other matter whatsoever but the proof of the matters aforesaid shall be conclusive evidence of the debt.
Payment in anticipation of calls may carry interest	32. The Directors may, if they think fit, receive from any member willing to advance the same, all or any part of the monies due upon the shares held by him beyond the sums actually called up, and upon the monies so paid in advance or upon so much thereof as from time to time the amount of calls then made upon, the shares in respect of which such advance has been made, the Company may pay interest at such rate as the member paying such sum in advance and the Directors agree upon and the Company may at any time repay the amount so advanced either by agreement with the member or otherwise upon giving to such member three months' notice in writing. No member paying any sum in advance shall be entitled to participate in profits or dividend or to voting rights in respect of the monies so paid by him until the same would but for such payment, become presently payable.

FORFEITURE, SURRENDER, LIEN

Title of Article	Article Number and contents
If call or installment not paid notice may be given	33. If any member fails to pay the whole or any part of any call or installment or any money due in respect of any shares either by way of principal or interest on or before the day appointed for the payment of the same, the Directors may, at any time there after, during such time as the call or installment or any part thereof or other money as aforesaid remains unpaid or a judgement or decree in respect thereof remains unsatisfied in whole or in part, serve a notice on such member or on the person (if any) entitled to the shares by transmission, requiring him to pay such call or installment to pay such part thereof or other monies as remain unpaid

Title of Article	Article Number and contents
	together with any interest that may have accrued and all expenses (legal or otherwise) that may have been incurred by the Company by reason of such non-payment.
Terms of notice	34. The notice shall name a day (not being less than 14 days from the date of the notice) on or before which and the place or places at which such call, installment or such part thereof and such other monies as aforesaid and such interest and expenses as aforesaid are to be paid, and if payable to any person other than the Company, the person to whom such payment is to be made. The notice shall also state that in the event of nonpayment at or before the time and (if payable to any person other than the Company) at the place appointed, the shares in respect of which the call was made or installment is payable will be liable to be forfeited.
Shares to be forfeited in default of payment	35. If the requirements of any such notice as aforesaid shall not be complied with, any of the shares in respect of which such notice has been given may, at any time thereafter but before payment of all calls or installments, interest and expenses and other monies due in respect thereof be forfeited by a resolution of the Directors to that effect. Such forfeiture shall include all dividends declared in respect of the forfeited shares and not actually paid before the forfeiture.
Entry of forfeiture in Register of Members	36. When any shares shall have been so forfeited, an entry of the forfeiture, with the date thereof, shall be made in the Register of Members and notice of the forfeiture shall be given to the Member in whose name they stood immediately prior to the forfeiture but no forfeiture shall be in any manner invalidated by any omission or neglect to give such notice or to make any entry as aforesaid.
Forfeited Shares to be property of the Company and may be sold etc.	37. Any share so forfeited shall be deemed to be the property of the Company and may be sold, re-allotted or otherwise disposed off either to the original holder thereof or to any other person upon such terms and in such manner as the Board shall think fit.
Directors may annul forfeiture	38. The Directors may, at any time before any shares so forfeited shall have been sold, re-alloted or otherwise disposed of, annul the forfeiture thereof upon such conditions as they think fit.
Shareholder still liable to pay money owing at the time of forfeiture and interest	39. Any person whose shares have been forfeited shall, notwithstanding the forfeiture, be liable to pay and shall forthwith pay to the Company all calls, installments, interest, expenses and other monies owing upon or in respect of such shares at the time of the forfeiture together with interest thereon from the time of the forfeiture until payment at such rates as the Directors may enforce and the Directors may enforce the payment of the whole or a portion thereof as if it were a new call made at the date of the forfeiture but shall not be under any obligation to do so.
Effect of forfeiture	40. The forfeiture of a share involve the extension, at the time of the forfeiture of all interest in and all claims and demands against the Company in respect of the shares forfeited and all other rights incidental to the share, except only such of those rights as by these presents are expressly saved.
Surrender of Shares	41. The Directors may, subject to the provisions of the Act, accept a surrender of any share from or by any member desirous of surrendering them on such terms as they may think fit.
Company's lien on shares	42. The Company shall have a first and paramount lien upon all the shares (other than fully paid-up shares) registered in the name of each member (whether solely or jointly with others) and upon the proceeds of sale thereof for all monies (whether presently payable or not) called or payable at a fixed time in respect of such shares and no equitable interest in any share shall be

Title of Article	Article Number and contents
	created except upon the footing and the condition in this Article will have full effect . Any such lien shall extend to all dividends and bonuses from time to time declared in respect of such shares. Unless otherwise agreed, the registration of a transfer of shares shall operate as the waiver of the Company's lien, if any on such shares. The Directors may at any time declare any share to be wholly or in part exempt from the provisions of this clause.
As to enforcement of lien by sale	43. For the purpose of enforcing such lien, the Board of Directors may sell the shares subject thereto in such manner as they shall think fit, but no sale shall be made unless the sum is in respect of which the lien exists is presently payable and until notice in writing of the intention to sell shall have been served on such member, his executors or other administrators or other legal representatives as the case may be., and default shall have been made by him or them in the payment of the sum payable as aforesaid for seven days after the date of such notice. To give effect to any such sale, the Board may authorise some person to transfer the shares sold to the purchaser thereof and the purchaser shall be registered as the holder of the shares comprised in any such transfer. Upon any such sale as aforesaid , the certificates in respect of the shares sold shall stand cancelled and become null and void and of no effect and the Directors shall be authorised to issue a new certificate or certificates in lieu thereof to the purchaser or purchasers concerned.
Application of proceeds of sale	44. The net proceeds of any such sale, after payment of the costs of such sale, shall be applied in or towards the satisfaction of such debts, liabilities or engagements of such member and the residue (if any) shall, subject to a like lien for sums not presently payable as existed upon the shares before the sale, be paid to such member or the person (if any) entitled by transmission to the shares so sold.
Certificate of forfeiture	45. A certificate in writing under the hands of two Directors that the call in respect of a share was made, and notice thereof given and that default in payment of the call was made, and that the forfeiture of the share was made, by a resolution of the Directors to that effect shall be conclusive evidence of the facts stated therein as against all persons entitled to such share.
Title of purchaser and allottee of forfeited shares sold in exercise of lien.	46. Upon any sale after forfeiture or for enforcing a lien in the exercise of the powers herein before given, the Board may appoint some person to execute an instrument of transfer of the shares sold and cause the purchaser's name to be entered in the Register in respect of the shares sold and the Company may receive the consideration, if any, given for the share on any sale, re-allotment or other disposition thereof and the person to whom such share is sold, re-allotted or disposed off may be registered as the holder of the share and he shall not be bound to see to the application of the consideration, if any, nor shall his title to the share be affected by any irregularity or invalidity in the proceedings in reference to the forfeiture, sale, re-allotment or other disposal of the share and after his name has been entered in the Register in respect of such shares, the validity of the sale shall not be impeached by any person.
Cancellation of Share Certificate in respect of forfeited shares	47. Upon any sale, re-allotment or other disposal under the provisions of the preceding Articles, the certificate or certificates originally issued in respect of the relevant shares shall (unless the same shall; on demand by the Company, have been previously surrendered to it by the defaulting member) stand cancelled and become null and void and of no effect and the directors shall be entitled to issue a new certificate or certificates in respect of the said shares to the person or persons entitled thereto.

TRANSFER AND TRANSMISSION OF SHARES

Title of Article	Article Number and contents
	48.

Title of Article	Article Number and contents
Form of Transfer	The instrument of transfer of any shares shall be in writing and all the provisions of Section 108 of the Act and of any statutory modifications thereof for the time being in force shall be duly complied with in respect of all transfer of shares and the registrations thereof.
Instrument of transfer to be executed by the transferor and transferee	49. Every such instrument of transfer shall be signed by or on behalf of the transferor and by or on behalf of the transferee and the transferor shall be deemed to remain the holder of such share until the name of the transferee is entered in the Register Members in respect thereof.
Transfer not to be registered except on production of instrument of transfer	50. The Company shall not register a transfer of shares in the Company unless a proper instrument of transfer duly stamped and executed by or on behalf of the transferor and by or on behalf of the transferee and specifying the name, address end occupation, if any, of the transferee has been delivered to the Company within the prescribed period along with the certificate relating to the shares, or if no such share certificate is in existence along with the letter of allotment of the shares. Provided that where on an application in writing made to the Company by the transferee and bearing the stamp required for an instrument of transfer, it is proved to the satisfaction of the Board of Directors that the instrument of transfer signed by or on behalf the transferor and by or on behalf of the transferee has been lost the Company may register the transfer on such terms as to indemnity as the Board may think fit provided further that nothing in this Article shall prejudice any power of the Company to register as shareholder any person to whom the right to any shares in the Company has been transmitted by operation of law.
Directors may refuse to register transfer	51. Subject to the provisions of Section 22A of the Securities Contracts (Regulation) Act, 1956, as in force from time to time and the provisions of Section 111 of the Act, the Directors may at their absolute and uncontrolled discretion, decline to register or acknowledge any transfer of shares and shall not be bound to give any reason for such refusal and in particular may so decline in respect of shares upon which the Company has a lien of whilst any monies in respect of the shares desired to be transferred or any of them remain unpaid and such refusal shall not be affected by the fact that the proposed transferee is already a member. Provided that registration of a transfer shall not be refused on the ground of the transferor being either alone or jointly with stated hereinabove. The registration of the transfer shall be conclusive evidence of the approval by the Directors of the transferee.
	52. The Company may refuse to register the transfer of any of its securities in the name of the transferee on anyone or more of the following grounds and on no other ground namely; (a) that the instrument of transfer is not proper or has not been duly stamped and executed or that the certificate relating to the security has not been delivered to the Company or that any other requirement under the law relating to the registration of such transfer has not been complied with; (b) that the transfer of the security is in contravention of any law; (c) that the transfer of the security is likely to result in such change in the composition of the Board of Directors as would be prejudicial to the interest or in the interest of the Company or to the public interest; (d) that the transfer of the security is prohibited by any order of any court, tribunal or other authority under any law for the time being in force. Subject to the provisions of the Act, the Securities Contracts (Regulation) Act, 1956 and the provisions of these Articles the Company shall not refuse the transfer of Shares/Debentures in marketable lots or otherwise. Provided however that the Company may refuse to consider a proposal for transfer of shares/debentures comprised in a certificate comprising of shares/debentures in marketable lots where such transfer will result in the issue of certificates for a number of shares/debentures which is less than the marketable lot, if it apparently appears to the Company that such splitting/transfer is unreasonable or without a genuine need, unless to comply with the provisions of any statutory provisions. Except as above, the Company would not refuse transfer in violation of the Stock Exchange listing requirements on the ground that the number of shares to be transferred is less than any specified number.

Title of Article	Article Number and contents
Notice of refusal to be given to transferor and transferee	53. If the Company refuses to register the transfer of any share or transmission of any right therein the Company shall, within one month from the date on which the instrument of transfer or intimation of transmission was lodged with the Company, send notice of refusal to the transferee and the transferor and to the person giving intimation of transmission, as the case may be, and thereupon the provisions of section 111 of the Act, or any statutory modification thereof for the time being in force shall apply.
Transfer by legal representative	54. A transfer of a share in the Company of the deceased member thereof made by his legal representative shall, although the legal representative is not himself a member be as valid as if he had been a member at the time of the execution of the instrument of transfer.
Custody of instrument of transfer	55. The instrument of transfer after registration shall be retained by the Company and shall remain in its custody. All instruments of transfer which the Directors may decline to register shall on demand, be returned to the person depositing the same. The Directors may cause to be destroyed all transfer deeds lying with the Company for a period of ten years or more.
Closure of transfer books	56. The Directors shall have power, on giving not less than seven day's previous notice by advertisement as required by Section 154 of the Act, to close the transfer books of the Company, the Register of Members or the Register of Debenture holders at such time or times and for such period or periods of time not exceeding in the whole 45 days in each year and not exceeding 30 days at a time, as they may deem fit.
Title of shares of deceased holder	57. The executors or administrators or a holder of Succession Certificate in respect of the estate of a deceased member, not being one of two or more joint holders shall be the only person recognized by the Company as having any title to the shares registered in the name of such deceased member and the Company shall not be bound to recognize such executors or administrators unless such executors or administrators shall have first obtained Probate or the Letters of Administration as the case may be, from a duly constituted court in India, provided that in any case where the Directors in their absolute discretion may think fit, the Directors may dispense with the production of Probate or the Letter of Administration or Succession Certificate and under the provisions of Article 64 register the name of any person who claims to be absolutely entitled to the shares standing in the name of a deceased member, as a member.
Transmission Clause	58. Subject to the provisions of the Act and Articles 59 and 60 hereof, any person becoming entitled to a share in consequence of the death, lunacy or insolvency of any member, upon producing proper evidence of the grant of Probate, Letters of Administration or Succession Certificate or such other evidence he sustains the character in respect of which he purports to act under this Article or of his title to the Shares as the Board thinks sufficient may, with the consent of the Board (which it shall not be under any obligation to give), be registered as a member in respect of such shares, or may, subject to the regulations as to transfer hereinbefore contained, transfer such shares. This clause is herein referred to as a transmission clause.
Refusal to register in case of transmission	59. Subject to the provisions of the Act and these Articles, the Directors shall have the same right to refuse to register a person entitled by transmission to any shares or his nominee as if he were the transferee named in an ordinary transfer for registration.
Persons entitled may receive dividend without being registered as member	60. A person entitled to a share by transmission shall subject to the right of the Directors to retain such dividends or monies as hereinafter provided, be entitled to receive and may give a discharge for any dividends or other monies payable in respect of the shares.

Title of Article	Article Number and contents
Board may require evidence	61. Every transmission of a share shall be verified in such manner as the Directors may require and the Company may refuse to register any such transmission until the same be so verified or until or unless an indemnity given to the Company with regard to such registration which the Directors at their discretion shall consider sufficient, provided nevertheless that there shall not be any obligation on the Company or the Directors to accept any indemnity.
No fee on transfer or transmission	62. The Company shall not charge any fee for registration of transfer or transmission in respect of shares or debentures of the Company.
To apply to Debenture	63. The provisions of these Articles shall mutantis mutandis apply to the transfer or the transmission by operation of law to debentures.
Company not liable to disregard of a notice prohibiting registration of transfer	64. The Company shall incur no liability or responsibility whatsoever in consequence of its registering or giving effect to any transfer of shares made or purporting to be made by any apparent legal owner thereof (as shown or appearing in the Register of Members) to the prejudice of persons having or claiming any equitable right, title or interest) (to or in such shares notwithstanding that the Company may have notice of such equitable right, title or interest) or may have received a notice prohibiting registration of such transfer and may have entered such notice as referred thereto in any book of the Company, and save as provided by section 187-C of the Act, and the Company shall not be bound or required to regard or attend or give effect to any notice which may be given to it of any equitable right, title or interest or be under any liability whatsoever for refusing or neglecting so to do though it may have been entered or referred to in some book of the Company but the Company shall nevertheless be at liberty to regard and attend to any such notice and give effect thereto, if the Directors so think fit.
Register of Transfers	65. The Company shall keep a book called the "Register of Transfer" and therein shall be fairly and distinctly entered the particulars of every transfer and transmission of any shares in the Company.
Provisions of Depositories Act, 1996 to supercede provisions relating to transfer and transmission of physical shares	66. Nothing contained in Articles 48 to 65 shall apply to transfer of securities effected by the transferor and the transferee both of whom are entered as Beneficial Owners in the records of the Depository.
	67. In the case of transfer of shares or other marketable securities where the Company has not issued any certificates and where such shares or securities are being held in an electronic and fungible form, the provisions of the Depositories Act, shall apply.

COPIES OF MEMORANDUM AND ARTICLES TO BE SENT TO THE MEMBERS

Title of Article	Article Number and contents
Copies of Memorandum and Articles of Association to be sent by the Company	68. Copies of the Memorandum and Articles of Association of the Company and other documents referred in Section 39 of the Act shall be sent by the Company to every member at his request on payment of the sum of Rupee one for each copy.

CONVERSION OF SHARES INTO STOCK

Title of Article	Article Number and contents
Conversion of stock into shares and reconversion	69. The Company by ordinary resolution in General Meeting may- (a) Convert any paid-up shares into stock and (b) Re-convert any stock into paid-up shares of any denomination.
Transfer of stock	70. The holders of stock may transfer the same or any part thereof in the same manner as and subject to the same regulations under which the shares from which the stock arose might before the conversion have been transferred, or as near thereto as circumstances admit. Provided that, the Board may from time to time, fix the minimum amount of stock transferable, so however that such minimum shall not exceed the nominal amount of shares from which the stock arose.
Rights of Stock holders	71. The holders of stock shall, according to the amount of stock held by them, have the same rights, privileges and advantages as regards dividends, participation in profits, voting at meetings of the Company, and other matters, as if they held the shares from which the stock arose but no such privilege or advantage (except as regards dividends, participation in the profits of the Company and in the assets on winding up) shall be conferred by an amount of stock which would not, if existing in shares, have conferred that privilege or advantage.
Regulations to apply to stock	72. Such of the regulations of the Company(other than those relating to share warrants) as are applicable to paid-up shares shall apply to stock and the words "Share" and "Shareholders" in these regulations shall include stock and stockholders respectively.

INCREASE, REDUCTION AND ALTERATION OF CAPITAL

Title of Article	Article Number and contents
Increase of Capital	73. The Company may from time to time by ordinary resolution in General Meeting increase its Share Capital by the creation and issue of new shares of such amount as it thinks expedient. Subject to the provisions of the Act, the new shares shall be issued upon such terms and conditions and with such rights and privileges annexed thereto, as by the General Meeting creating the same shall be directed and if no direction be given, as the Directors shall determine. Such shares may be issued with a preferential or qualified right as to dividends, and in the distribution of assets of the Company, and with a right of voting at General Meeting of the Company in conformity with Section 87 and 88 of the Act. Whenever the capital of the Company has been increased under the provisions of these Articles, the Directors shall comply with the provisions of Section 97 of the Act
Right of Equity Share holders to further issue of Capital	74. (1)Where, at any time after the expiry of two years from the date of formation of the Company or at any time after the expiry of one year from the date of allotment of the shares in the Company, made for the first time (whichever is earlier)it is proposed to increase the subscribed capital of the Company by allotment of further shares, then such further shares shall be offered to the persons who, at the date of the offer, are holders of the Equity Shares of the Company, in proportion as nearly as circumstances admit, to the capital paid up on those shares at that date, and such offer shall be made in accordance with the provisions of section 81 of the Act. Provided that notwithstanding anything hereinbefore contained the further shares aforesaid may be offered to any persons, whether or not those persons include the persons who, at the date of offer, are holders of the Equity shares of the Company in any manner whatsoever: (a) If a special resolution to that effect is passed by the Company in General Meeting; or (b) Where no such special resolution is passed if the votes cast (whether on a show of hands

Title of Article	Article Number and contents
	or on a poll as the case may be) in favour of the proposal contained in the resolution moved in the General Meeting (including the casting vote, if any, of the Chairman) by members who, being entitled so to do, vote in person, or where proxies are allowed, by proxy exceeds, the votes if any, cast against the proposal by members so entitled and voting and the Central Government is satisfied on an application made by the Board of Directors in that behalf, that the proposal is most beneficial to the Company. (c) The Company may, in General Meeting, authorise the issue of warrants or other instruments which may entitle the holders thereof to subscribe to Equity Shares or convertible Debentures on such terms and conditions as the Board may deem fit and accordingly special resolution having regard to the provisions of Sec.81 shall also be complied with. (2) Nothing in these Articles shall apply to the increase of the subscribed capital caused by the exercise of an option attached to the debentures issued or loan raised by the Company to convert such debentures or loan into shares in the Company or to subscribe for shares in the Company (whether such option is conferred by article 8 or otherwise) the issue provided that the terms of such debentures or such loans include a term providing for such terms have been approved by special resolution passed by the Company in General Meeting before the issue of the debentures or the raising of the loans as the case may be and also, the same has either been approved by the Central Government before the issue of the debentures or the raising of the loans or is in conformity with the rules if any, made by the Government in this behalf.
Further issue of Capital to be governed by the same rules	75. (1) Except so far as otherwise provided by the conditions of issues or by these presents, any capital raised by the creation of new shares shall be considered part of the original capital and shall be subject to the provisions herein contained with reference to the payment of calls and installments, transfer and transmission, forfeiture, lien, surrender, voting or otherwise. (2)Subject to the provisions of Section 80 of the Act, the Company shall have the power to issue the preference shares which are, or at the option of the Company, are liable to be redeemed and the redemption may, subject to the provisions of Article 5 hereof be effected in the manner and subject to terms and provisions of the issue. (3)On the issue of Redeemable Preference Shares under the provisions of Clause (2) hereof, the following provisions shall take effect; a) no such shares shall be redeemed except out of profits of the Company which would otherwise be available for dividend or out of the proceeds of a fresh issue of shares made for the purpose of redemption. b) No such shares shall be redeemed unless they are fully paid. c) The premium if any, payable on redemption must have been provided for out of the profits of the Company or the Company's security premium Account before the shares are redeemed. d) Where any such shares are redeemed otherwise than out of the proceeds of a fresh issue there shall out of profits which would otherwise have been available for dividend be transferred to a reserve fund, to be called the 'Capital Redemption Reserve Account' a sum equal to the nominal amount of the shares to be redeemed and the provisions of the act relating to the reduction of the share capital of the Company shall, except as provided in Section 80 of the Act, apply as if the Capital Redemption Reserve Account were the paid up share capital of the Company.
Reduction of capital	76. The Company may subject to the provisions of Section 78, 80, 100 to 106 (both inclusive) of the Act, from time to time by Special Resolution reduce its share capital and any Capital Redemption Reserve Account or other Premium Account in any way aurhorised by law and in particular may pay off any paid up share capital upon the footing that it may be called again or otherwise and may, if and so far as is necessary, alter its Memorandum by reducing the amount of its share capital and of its shares accordingly. This Article is not to derogate from any power the company would have if it were omitted.
Consolidation, division and sub-division	77. The Company in General Meeting may alter the conditions of its Memorandum as follows: a) Consolidate and divide all or any of the share capital into shares of larger amounts than its existing shares. b) Sub-divide its shares or any of them into shares of smaller amounts than originally fixed by the Memorandum, so however, that in the sub-division the proportion between the amounts, paid and the amounts, if any, unpaid on each reduced share shall be the same as it was in the

Title of Article	Article Number and contents
	case of the shares from which the reduced share is derived. c) Cancel shares which at the date of such General Meeting have not been taken or agreed to be taken by any person and diminish the amount of its share capital by the amount of the shares so cancelled.
Refusal to sub-divide, consolidate in respect of less than 100 equity shares	78. Notwithstanding anything contained in Article 77, the Directors may refuse an application for sub-division or consolidation of Equity Share Certificates into denomination of less than 100 Equity shares except when such subdivision or consolidation is required to be made to comply with a statutory order or an order of a competent court of law or a request from a member to convert his holding of odd lots of shares into transferable/marketable lots, subject, however to verification by the Company.
Issue of further pari passu shares not to affect the rights of shares already issued.	79. The right conferred upon the holders of shares of any class issued with preferred or other rights shall not, unless otherwise expressly provided by the terms of issue of the shares of that class be deemed to be varied by the creation or issue of further shares ranking pari passu therewith.

MODIFICATION OF RIGHTS

Title of Article	Article Number and contents
Rights attached to any class of shares may be varied.	80. If at any time the share capital is divided into different classes, the rights attached to any class of shares (unless otherwise provided by the terms of issue of the shares of that class) may, subject to the provisions of sections 106 and107 of the Act, be modified, commuted, affected, abrogated or varied (whether or not the Company is being wound up) with the consent in writing of the holders of not less than three fourth of the issued shares of that class or with the sanction of a special resolution passed at a separate meeting of the holders of that class of shares and all the provisions hereinafter contained as to General Meeting shall mutatis mutandis apply to every such meeting.

JOINT-HOLDERS

Title of Article	Article Number and contents
Joint-holders of shares	81. Where two or more persons are registered as the holders of any share they shall be deemed to hold the same as joint holders with benefits of survivorship subject to the following and other provisions in the Articles: a) The Company may be entitled to decline to register more than three persons as the joint holders of any shares. b) The joint holders of any share shall be liable severally as well as jointly for and in respect of all calls and other payments which ought to be made in respect of such share. c) On the death of any such joint holder the survivor or survivors shall be the only person or persons recognised by the Company as having any title to the share but the Directors may require such evidence of death as they may deem fit and nothing herein contained shall be taken to release the estate of deceased joint holder from any liability in respect of the shares held by him jointly with any other person. d) Any one of such joint holders whose name stands first in the Register of Members may give effectual receipts for any dividends or other monies payable in respect of such share. e) Only the person whose name stands first in the Register of Members as one of the joint holders of any share shall be entitled to delivery of the certificate relating to such share or to receive documents (which expression shall be deemed to include all documents referred to in Article 226) from the Company and any documents served on or sent to such person shall be deemed service on all the joint-holders. f) Any one of two or more joint-holders may vote at any meeting either personally or by proxy in respect of such shares as if he were solely entitled thereto and if more than one of such jointholders be present at any meeting personally or by proxy then that one of such

Title of Article	Article Number and contents
	persons so present whose name stands first or higher (as the case may be) on the Register in respect of such shares shall alone be entitled to vote in respect thereof but the other or others of the joint holders shall be entitled to be present at the meeting. Provided always that a joint holder present at any meeting personally shall be entitled to vote in preference to a joint holder present by proxy although the name of such joint holder present by proxy stands first or higher in the Register in respect of such shares. Several executors or administrators of a deceased member in whose (deceased member's) sole name any share stands shall for the purposes of this sub-clause be deemed joint-holders.

DECLARATION BY PERSON NOT HOLDING BENEFICIAL INTEREST IN ANY SHARE

Title of Article	Article Number and contents
Declaration by person not holding beneficial interest in any share.	82. a) Notwithstanding anything herein contained a person whose name is at any time entered in the Register of Members of the Company as the holder of a share in the Company, but who does not hold the beneficial interest in such share shall, within such time and in such form as may be prescribed, make a declaration to the Company specifying the name and other particulars of the person or persons who hold the beneficial interest in such share in such manner as may be provided in Section 187-C of the Act. b) A person who holds a beneficial interest in a share or a class of shares of the Company shall, within the time prescribed after his becoming such beneficial owner, make a declaration to the Company specifying the nature of his interest, particulars of the person in whose name the shares stand in the Register of Members of the Company and such other particulars as may be prescribed as provided in Section 187-C of the Act. c)Whenever there is a change in the beneficial interest in share referred to above, the beneficial owner shall, within the time prescribed from the date of such change make a declaration to the Company in such form and containing such particulars as may be prescribed as provided in Section 187-C of the Act.

BORROWING POWERS

Title of Article	Article Number and contents
Power to borrow	83. Subject to the provision of the Act and these Articles and without prejudice to the other powers conferred by these Articles the Directors shall have the power from time to time at their discretion, by a resolution passed at a meeting of the Board and not by circular resolution, to accept deposits from members either in advance of calls or otherwise and generally raise or borrow or secure the payment of any sum or sums of monies for the purposes of the Company provided that the total amount borrowed at any time together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) shall not, without the consent of the Company in General Meeting, exceed the aggregate of the paid up capital of the Company and its free reserves that is to say, reserves not set apart for any specific purpose. Such consent shall be obtained by an ordinary resolution which shall provide for the total amount up to which monies may be borrowed by the Board. The expression "temporary loans" in this Article means loans repayable on demand or within six months from the date of the loans such as short term loans, cash credit arrangement, discounting of bills and the issue of other short term loans of seasonable character but does not include loans raised for the purpose of financing expenditure of a capital nature.
Conditions on which monies may be borrowed	84. Subject to the provisions of the Act and these Articles, the Directors may, by a resolution passed at a meeting of the Board and not by circular resolution, raise or secure the payment of such sum or sums in such manner and upon such terms and conditions in all respect as they think fit, and in particular, by issue of bonds perpetual or redeemable debentures or debenture-stock, or any mortgage or charge or other security on the undertaking of the whole or any part of the property of the Company (both present and future) including its uncalled capital for the time being.

Title of Article	Article Number and contents
Bonds, debentures etc. to be subject to control of Directors	85. Any bonds, debentures, debenture-stock or other securities issued or to be issued by the Company shall be under the control of Directors who may issue them upon such terms and conditions and in such manner and for such consideration as they shall consider to be for the benefit of the Company.
Securities may be assignable free from equities	86. Debentures, debenture-stocks, bonds or other securities may be made assignable free from any equities between the Company and the person to whom the same may be issued.
Condition on which bonds, debentures etc. may be issued	87. Subject to the provisions of the Act and these Articles any bonds, debentures, debenture-stock or other securities my be issued at a discount, premium or otherwise and with any special rights, privileges and conditions as to redemption, surrender, drawings, allotment of shares, attending (but not voting) at general meeting, appointment of Directors or otherwise. Provided that debentures with the right to allotment of or conversion into shares shall not be issued except with the sanction of the Company in General Meeting.
Mortgage of uncalled capital	88. If any uncalled capital of the Company is included in or charged by way of mortgage or other security by the Directors, the Directors shall, subject to the provisions of the Act and these Articles, make calls on the members in respect of such uncalled capital in trust for the persons in whose favour such mortgage or security is executed or any other person in trust for him to receive monies on call from the members in respect of such uncalled capital in trust for the persons in whose favour such mortgage or security is executed or if permitted by the Act, may by instrument under Seal, authorise the person in whose favour such mortgage or security is executed or any other person in trust for him to receive monies on call from the member in respect of such uncalled capital and the provisions hereinbefore contained in regard to calls shall mutatis mutandis apply to calls made under such authority and such authority may be made exercisable either conditionally or unconditionally and either presently or contingently and either to the exclusion of the Director's powers or otherwise and shall be assignable if expressed so to be .
Indemnity may be given	89. Subject to the provisions of the Act and these Articles if the Directors or any of them or any other person shall incur or about to incur any liability whether as principal or surety for the payment of any sum primarily due from the Company, the Directors may execute or cause to be executed any mortgage, charge or security over or affecting the whole or any part of the assets of the Company by way of indemnity to secure the Directors or person so becoming liable as aforesaid from any loss in respect of such liability.
Register of mortgage etc. to be kept	90. The Board shall cause a proper Register to be kept, in accordance with the provisions of section 143 of the Act, of all mortgages, debentures and charges specifically affecting the property of the Company including all floating charges on the undertaking or any property of the Company, and the requirements of Section 118, 125 and 127 to 144 (both inclusive) of the Act in that behalf to be duly complied with, within the time prescribed by the said Sections or such extensions thereof as may be permitted by the Company Law Board or the Registrar so far as they are to be complied with by the Board. The Company shall, if at any time it issues debentures, keep a Register and Index of Debenture holders in accordance with Section 152 of the Act.

DEBENTURES

Title of Article	Article Number and contents
Power to Issue Debenture	91. The Company shall have power to issue debentures convertible or nonconvertible, and whether linked to issue of equity share or not, among members but in exercising this power,

Title of Article	Article Number and contents
	provisions of Section 108,113,117 to 123,128, 129, 133, 134, 152, 153B, 170(2)(a), 170(2)(b), 187 and 192 of the Companies Act, 1956 or any statutory modifications thereof shall be complied with.

REGISTRATION OF CHARGES

Title of Article	Article Number and contents
Registration of charges	92. (a) The provisions of the Act relating to registration of charges which expression include mortgages shall be complied with. (b) In the case of a charge created out of India and comprising solely of property situated outside India the provisions of Section 125 of the Act shall be complied with. (c) Where a charge is created in India but comprises property outside India, the instrument creating or purporting to create the charge under that section or a copy thereof verified in the prescribed manner, may be filed for registration, notwithstanding that further proceedings may be necessary to make the charge valid or effectual according to the law of the country in which the property is situate as provided by Section 125 of the Act. (d) Where any charge on any property of the Company required to be registered under Section 125 of the Act has been so registered, any person acquiring such property or any part thereof or any share of interest therein, shall be deemed to have notice of the charge as from the date of such registration. (e) In respect of registration of charges on properties acquired subject to charge, the provisions of Section 127 of the Act shall be complied with. (f) The Company shall also comply with the provisions of Section 128 of the Act relating to particulars in case of series of debenture entitling holders to any charge to the benefit of which the debenture holder of that series are entitled 'pari-passu'.

GENERAL MEETINGS

Title of Article	Article Number and contents
Statutory Meeting	93. The Statutory Meeting of the Company shall be held at such place and time (not less than one month nor more than six months from the date at which the Company is entitled to commence business) as the Directors may determine, and in connection therewith the Directors shall comply with the provisions of Section 165 of the Act.
Annual General Meeting	94. Subject to the provisions of Section 166 and 210 of the Act the, Company shall, in addition to any other meetings, hold a general meeting (hereinafter called as 'Annual General Meeting') at the intervals and in accordance with the provisions contained in Section 166 of the Act.
Extra Ordinary General Meeting	95. All General Meetings other than Annual General Meetings shall be called Extra-Ordinary General Meetings.
Directors may call Extra Ordinary General Meetings	96. The Board of Directors may call an Extraordinary General Meeting whenever they think fit.
Directors to call Extra Ordinary General Meeting on requisition	97. (1) The Board of Directors shall, on the requisition of such number of members of the Company as hold, in regard to any matter at the date of deposit of the resolutions not less than one tenth of such of the paid up capital of the Company upon which all calls or other moneys then due shall have been paid as at that date carries the right of voting in regard to that matter, forthwith proceed duly to call an Extraordinary General Meeting of the Company and the provisions of Section 169 of the Act and the provisions herein below contained shall be applicable to such meeting.

Title of Article	Article Number and contents
	(2) The requisition shall set out the matters for the consideration of which the meeting is to be called, shall be signed by the requisitionists and shall be deposited at the Registered Office of the Company. (3) The requisition may consist of several documents of the like form each signed by one or more requisitionists. (4) Where two or more distinct matters are specified in the requisition, the provisions of clause (1) above shall apply separately in regard to each such matter, and the requisitions shall accordingly be valid only in respect of those matters in regard to which the conditions specified in that clause is fulfilled. (5) If the Board of Directors do not, within twenty one days from the date of the deposit of a valid requisition in regard to any matter, proceed duly to call a meeting for the consideration of those matters on a day not later than forty five days from the date of the deposit of the requisition, the meeting may be called by the requisitionists themselves by such of the requisitionists as represent either majority in value of the paid up share capital held by all of them or not less than one-tenth of such of the paid up share capital of the Company as is referred to in Clause (1) above whichever is less. (6) A meeting called under Clause (5) above by the requisitionists or any of them shall be called in the same manner, as nearly as possible, as that in which meetings are to be called by the Board, but shall not be held after the expiration of three months from the date of the deposit of the requisition. (7) Any reasonable expenses incurred by the requuisitionists by reason of the failure of the Board duly to call a meeting shall be repaid to the requisitionists by the Company and any sum so repaid shall be retained by the Company out of any sums due or to become due from the Company by way of fees or other remuneration for their services to such of the Directors as were in default.

NOTICE OF MEETING

Title of Article	Article Number and contents
Notice of Meeting	98. (1) A General Meeting of the Company may be called by giving not less than twenty one days notice in writing. (2) However, a General Meeting may be called after giving shorter notice than 21 days, if the consent is accorded thereto: (i) In the case of an Annual General Meeting by all the members entitled to vote thereat and (ii) in the case of any other meeting by members of the Company holding not less than 95 per cent of such part of the paid up share capital of the Company as gives a right to vote at that meeting.
Contents of Notice	99. (1) Every notice of a meeting of the Company shall specify the place, the date and hour of the meeting, and shall contain a statement of the business to be transacted thereat. (2) In every notice there shall appear with reasonable prominence a statement that a member entitled to attend and vote is entitled to appoint a proxy to attend and vote instead of himself and that a proxy need not be a member of the Company.
Special Business	100 (1)&(2) (1) In the case of an Annual General Meeting all business to be transacted at the meeting shall be deemed special, with the exception of business relating to ; (i) the consideration of the Accounts, Balance Sheet and Profit and Loss Account and the Report of Board of Directors and the Auditors. (ii) the declaration of dividend. (iii) the appointment of Directors in the place of those retiring. (iv) the appointment of and the fixing of the remuneration of the Auditors. (2) In the case of any other meeting all business shall be deemed special.
Explanatory Statement	100 (3)&(4) (3) Where any item of business to be transacted at the meeting is deemed to be special as aforesaid, there shall be annexed to the notice of the meeting a statement setting out of all material facts concerning each such items of business including in particular, the nature of the

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	concern or interest if any, therein of every Director and of the Manager Provided that where any item of special business as aforesaid to be transacted at a meeting of the Company relates to, or affects, any other Company, the extent of the shareholding interest in that other Company of every Director and the Manager of the Company shall also be set out in the explanatory statement, if the extent of such shareholding interest is not less than 20 per cent of the paid-up share capital of that other company. (4) Where any item of business to be transacted at the meeting consists of according the approval of the meeting to any document, the time and place where the document can be inspected shall be specified in the explanatory statement.
Service of Notice	101. Notice of every meeting shall be given to every member of the Company in any manner authorised by sub-sections (1) to (4) of Section 53 of the Act and by these Articles, it shall be given to the person entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name, or by the title of the representative of the deceased, or assignees of the insolvent, or by any like description, at the address, if any, in India supplied for the purpose by the persons claiming to be so entitled or until such an address has been so supplied, by giving the notice in any manner in which it might have been given if the death or insolvency had not occurred. Provided that where notice of a meeting is given by advertising the same in a newspaper circulating in the neighbourhood of the registered office of the Company under sub-section (3) of section 53 of the Act, the explanatory statement need not be annexed to the notice as required by section 173 of the said Act, but it shall be mentioned in the advertisement that the statement has been forwarded to the members of the Company.
Notice to be given to the Auditors	102. Notice of every meeting of the Company and every other communication relating to any general meeting of the Company which any member of the Company is entitled to receive, shall be given to the Auditor or Auditors for the time being of the Company in the manner authorised by Section 53 of the Act, as in the case of any member or members of the Company.
As to omission to give notice	103. The accidental omission to give notice of any meeting to or the nonreceipt of any notice by any member or other person to whom it should be given shall not invalidate the proceedings at the meting or the resolution passed thereat.
Resolution requiring Special Notice	104. (1) Where, by any provision contained in the Act or in these Articles Special Notice is required of any resolution, notice of the intention to move the resolution shall be given to the Company not less than fourteen days before the meeting at which it is to be moved exclusive of the day on which the notice is served or deemed to be served and the day of the meeting. (2) The Company shall, immidiately after the notice of the intention to move any such resolution has been received by it, give its members notice of the resolution in the same manner as it gives notice of the meeting, or if that is not practicable, shall give them notice thereof either by advertisement in a newspaper having an appropriate circulation or in any other mode allowed by the Articles, not less than seven days before the meeting.
Circulation of Members' Resolution	105. Upon a requisition of members complying with Section 188 of the said Act, the Directors shall duly comply with obligation of the Company under the said Act relating to circulation of members' resolutions and statements.
Certificate conclusive as to Meeting having been duly called	106. A certificate in writing, signed by the Secretary or by a Director or some officer appointed by the Directors for the purpose, to the effect that according to the best of his belief the notice convening the meeting have been duly given shall be conclusive evidence thereof.
Business which may	107. No General Meeting, Annual or Extraordinary, shall be competent to enter upon, discuss or

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not be transacted at the meeting	transact any business, a statement of which has not been specified in the notice convening the meeting, except as provided in the said Act.

PROCEEDING AT GENERAL MEETINGS

Title of Article	Article Number and contents
Quorum at General Meeting	108. Five members entitled to vote and present in person shall be quorum for a General Meeting and no business shall be transacted at any General Meeting unless the quorum requisite be present at the commencement of the meeting.
Proceedings when quorum not present	109. If within half an hour after the time appointed for the holding of a General Meeting quorum is not present, the meeting, if convened on the requisition of shareholders, shall stand dissolved and in any other case, shall stand adjourned to the same day in the next week, or if the day is a public holiday until the next succeeding day which is not a public holiday, at the same time and place, or to such other day, time and place as the Directors may by notice to the shareholder appoint. If at such adjourned meeting a quorum is not present within half an hour those members present shall be a quorum and may transact the businesses for which the meeting was called.
Business of adjourned meetings	110. No business shall be transacted at any adjourned meeting other than the business which might have been transacted at the meeting from which the adjournment took place.
Chairman	111. The Chairman of the Board of Directors shall be entitled to take the Chair at every General Meeting. If at any meeting, he shall not be present within 15 minutes after the time appointed for holding such meeting or is unwilling to act, the Vice-Chairman, or in the case of his absence or refusal, or if there is not Chairman/Vice-Chairman, the Directors present may choose a Chairman, and in default of their doing so the members present shall choose one of the Directors to be the Chairman, and if no Director present be willing to take the Chair, the members present shall choose one of the Members to be the Chairman.
Business confined to decision of Chairman whilst chair vacant	112. (1) No business shall be discussed at any General Meeting except the election of Chairman whilst the chair is vacant. (2) If a poll is demanded on the election of the Chairman, it shall be taken forthwith in accordance with the provisions of the Act and these Articles, the Chairman so elected on a show of hands shall exercise all the powers of the Chairman under the Act and these Articles. (3) If some other person is elected Chairman as a result of the poll, he shall be Chairman for the rest of the meeting.
Chairman with consent may adjourn meeting	113. The Chairman with the consent of any meeting at which a quorum is present, can adjourn any meeting from time to time and from place to place in the city or town or village where the registered office of the Company is situated.
Notice to be given where a meeting is adjourned for thirty days or more	114. When a meeting is adjourned for thirty days or more, notice of the adjourned meeting shall be given as in the case of an original meeting. Save as aforesaid it shall not be necessary to give any notice of an adjournment or of the business to be transacted at an adjourned meeting.
Evidence of the passing of a resolution where poll not demanded	115. At any General Meeting, a resolution put to the vote of the meeting shall, unless a poll is (before or on the declaration of the result on a show of hands) demanded be declared on a show of hands and unless a poll is so demanded a declaration by the Chairman that a resolution has been carried, either unanimously or by a particular majority, and an entry to

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	that effect in the books containing the minutes of the proceedings of the Company, shall be conclusive evidence of the fact, without proof of the number or proportion of the votes cast in favour of or against such resolution.
Demand for poll	116. Before or on declaration of the result of the voting on a show of hands, the Chairman may on his own motion, or order a poll to be taken. Poll shall also be ordered by Chairman if it is demanded by one or more members present at the meeting in person or by proxy and holding shares or being entitled to votes at least to the extent stipulated by Section 179 of the Act. The demand for a poll may be withdrawn at any time by the person or persons who made the demand.
Time and manner of taking poll	117. A poll demanded on any question (other than the election of the Chairman or on question of adjournment, which shall be taken forthwith) shall be taken at such place in the city/town or village in which the Registered office of the Company is situate and at such time not being later than forty eight hours from the time when the demand was made as the Chairman may direct. Subject to the provisions of the Act, the Chairman of the meeting shall have power to regulate the manner in which a poll shall be taken, including the power to take the poll by open voting or by secret ballot and either at once or alter the interval or adjournment or otherwise and the results of the poll shall be deemed to be the decision of the meeting on the resolution on which the poll was taken.
Scrutineers at poll	118. Where a poll is to be taken, the Chairman of the meeting shall appoint two scrutineers to scrutinise the votes given on the poll and to report, thereon to him. The Chairman shall have the power, at any time before the results of the poll is declared, to remove a scrutineer from office and fill vacancies in the office of scutineers arising from such removal or from any other cause. Of the scrutineer appointed under this Article, one shall always be a member (not being an officer or employee of the Company) present at the meeting provided such a member is available and willing to be appointed.
Demand for poll not to prevent transaction of other business	119. The demand for a poll shall not prevent the continuance, of a meeting for transaction of any business other than the question on which the poll has been demanded.
Chairman's casting vote	120. In the case of an equality of votes, whether on a show of hands or on a poll, the Chairman of the meeting, at which the show of hands has taken place, or at which the poll is demanded, shall be entitled to second or casting vote in addition to the vote or votes to which he may be entitled as a member.
Reports, statements and Registers to be laid on the table	121. At every Annual General Meeting of the Company there shall be laid on the table the Directors' Report and audited statement of Accounts, Auditors' Report (if not already incorporated in the statements of Accounts), the Proxy Register with proxies and the Register of Directors' shareholding maintained under Section 307 of the Act. The Auditor's Report shall be read before the Company in General meeting and shall be open to inspection by any member of the Company.
Registration of certain resolutions and Agreements	122. 1. A copy each of the following resolutions (together with a copy of the statement of material facts annexed under Section 173 to the notice of the meeting in which such resolution has been passed) and agreements shall, within thirty days after the passing or making thereof, be printed or typewritten and duly certified and filed with the Registrar. a) Special resolutions: b) resolutions which have been agreed to by all the members of the Company but which, if not so agreed to, would not have been effective for their purpose unless they had been passed as special resolution; c) resolutions of the Board of Directors, relating to the appointment, reappointment or

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	renewal of the appointment, or variation of the terms of appointment, or variation of the terms of appointment, of a Managing Director; d) resolutions or agreements which have been agreed to by all the members of any class of shareholders but which, if not so agreed to, would not have been effective for their purpose unless they had been passed by some particular majority or otherwise in some particular manner, and all resolutions and agreements which effectively bind all the members of any class of shareholders though not agreed to by all those members; e) resolutions requiring the Company to be wound up voluntarily passed in pursuance of Section 484 of the Act; f) resolutions passed by the Company according consent to the exercise by its Board of Directors of any of the powers under clause (a), clause (d) and clause (e) of subsection (1) of Section 293 of the Act; g) resolution passed by the Company approving the appointment of sole selling agents under Section 294 or Section 294AA of the Act, and h) Copies of the terms and conditions of appointment of sole selling agents or other persons appointed under Section 294 or Section 294AA of the Act.
Minutes of General Meeting	123. The Company shall cause minutes of all proceedings of every General Meeting to be kept in accordance with the provisions of Section 193 of the Act by making, within thirty days of the conclusion of each such meeting, entries thereof, in books kept for that purpose with their pages consecutively numbered. Each page of every such book shall be initialed or signed and the last page of the record of proceedings of each meeting in such book shall be dated and signed by the Chairman of the same meeting within the aforesaid period of thirty days or in the event of the death or inability of the Chairman within that period, by a Director duly authorized by the Board for that purpose, in no case the minutes of the proceedings of a meeting shall be attached to any such book as aforesaid by pasting or otherwise. Any such minutes kept as aforesaid shall be evident of the proceedings recorded therein.
Incorporation of Minutes Books of General Meeting	124. The books containing the aforesaid minutes shall be kept at the Registered Office and be open, during business hours, to the inspection of any member without charge, subject to such reasonable restrictions as the Company may by these Articles or in General Meeting impose in accordance with Section 196 of the Act. Any member shall be entitled to be furnished, within seven days after he had made a request in that behalf to the Company, with a copy of the minutes on payment of such sum as prescribed under the Act.
Publication of report of proceedings of General Meetings	125. No report of the proceedings of any General Meeting of the Company shall be circulated or advertised at the expense of the Company, unless it includes the matters required by these Articles of Section 193 of the Act to be contained in the minutes of the proceedings of such meeting.

VOTES OF MEMBERS

Title of Article	Article Number and contents
Issue of non-voting share/shares with disproportionate voting rights	126. Subject to and if permitted under the provisions of the Act the Company may issue shares which do no carry voting rights or which have disproportionate voting rights as compared to other Equity/Other Shares issued by the Company.
Votes may be given by proxy or attorney	127. Subject to the provisions of the Act and these Articles, votes may be given either personally or by proxy or in the case of a body corporate also by a representative duly authorized under Section 187 of the Act.
Passing of resolution by postal ballot	127A. Notwithstanding anything contained in the Articles of Association of the Company, the Company may adopt the mode of passing a resolution by the members of the Company by

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	means of a postal ballot and/or other ways as may be prescribed by the Central Government in this behalf in respect of the following matters instead of transacting such business in a General Meeting of the Company:- a) any business that can be transacted by the Company in a general meeting; and b) particularly, resolutions relating to such business as the Central Government may by notification, declare to be conducted only by postal ballot. The Company shall comply with the procedure for such postal ballot and/ or other ways prescribed by the Central Government in this regard. **Clause 127A of the Articles of Association is inserted as per Special Resolution passed at the Extra-Ordinary General Meeting of the Members of the Company held on 23rd March, 2007.**
Votes of members	128. Subject to the provisions of the Act: (a) On a show of hands, every holder of equity shares entitled to vote and present in person or by proxy shall have one vote and upon a poll every holder of equity shares entitled to vote and present in person or by proxy shall have one vote for every equity shares held by him. (b) every holder of a preference share in the capital of the Company shall be entitled to vote at a General Meeting of Company only in accordance with the limitations and provisions laid down in Section 87(2) of the Act.
Votes in respect of shares of deceased and insolvent members	129. Any person entitled under the Transmission Article (Article 58 hereof) to transfer any shares may vote at any General Meeting in respect thereof as if he was the registered holder of such shares provided that at least forty eight hours before the time of holding of the meeting or adjourned meeting as the case may be at which he proposes to vote, he shall satisfy the Directors of his right to transfer such shares and gives such indemnity if any, as the Directors may require unless the Directors shall have previously admitted his right to vote at such meeting in respect thereof.
Voting by Member of unsound mind and minors	130. A Member of unsound mind or and in respect of whom an order has been made by any Court having jurisdiction in lunacy, may vote, whether on a show of hands or on a poll, by his committee or other legal guardian and any such committee or guardian may, on poll, vote by proxy. If any Member be a minor, the vote in respect of his share or shares shall be by his guardian, or any one of his guardians, if more than one, to be selected in case of dispute by the Chairman of the Meeting.
No member to vote unless calls are paid up	131. Subject to the provisions of the Act, no member shall be entitled to be present or to vote at any General Meeting either personally or by proxy or be reckoned in a quorum whilst any call or other sums shall be due and payable to the Company in respect of any of the share of such member.
Right of member to use his votes differently	132. On a poll being taken at a meeting of the Company, a member entitled to more than one vote, or his proxy or other person entitled to vote for him as the case may be, need not, if he votes, use all his votes or cast in the same way all the votes he uses.
Joint-holders voting	133. Where there are joint registered holders of any shares, any one of such persons may vote at any meeting in respect of shares, as if he were solely entitled thereto. If more than one of such joint holders be present at any Meeting then one of the said persons so present whose name stand first on the register in respect of such shares shall alone be entitled to vote in respect thereof. Where there are several executors or administrators of a deceased member in whose sole name any shares stands, any one of such executors or administrators may vote in respect of such shares unless any other of such executors or administrators is present at the meeting at which such a vote is tendered and object to the votes in which case no such vote shall be exercised except with the unanimous consent of all the executors or administrators present.

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Votes of a person entitled to a share on transmission	134. Any person entitled under the Transmission Article (Article 58 hereof) to transfer any share shall not be entitled to be present, or to vote at any meeting either personally or by proxy, in respect of such shares, unless at least forty-eight hours before the time for holding the meeting or adjourned meeting as the case may be, at which he proposes to be present and to vote, he shall have satisfied the Directors of his right to transfer such shares (as to which the opinion of the Directors shall be final) or unless the Directors shall have previously admitted his right to vote in respect thereof.
Appointment of proxy	135. Any member entitled to attend and vote at a meeting of the Company shall be entitled to appoint another person (whether a member or not) as his proxy to attend and vote instead of himself but a proxy so appointed shall not have any right to speak at the meeting.
Deposit of Instrument of proxy	136. Every proxy shall be appointed by an instrument in writing signed by the appointer or his attorney duly authorized in writing, or if the appointer is a body corporate, be under its seal or be signed by an officer or an attorney duly authorized by it.
Instrument of proxy to be deposited at office	137. (1) The instrument of proxy shall be deposited at the Office of the Company not less than forty eight hours before the time of holding the meeting at which the person named in the instrument proposes to vote and in default, the instrument of proxy shall not be treated as valid. No instrument appointing proxy shall be valid after the expiration of twelve months from the date of its execution except in the case of the adjournment of any meeting first held previously to the expiration of such time. (2) Every member entitled to vote at a meeting of the Company according to the provisions of these Articles on any resolution to be moved thereat, shall be entitled, during the period beginning twenty four hours before the time fixed for the commencement of the meeting and ending with the conclusion of the meeting, to inspect the proxies lodged, at any time during the business hours of the Company, provided not less than three days notice in writing of the intention so to inspect is given to the Company.
Form of proxy	138. An instrument appointing a proxy shall be in such form as may be prescribed by the Act from time to time.
Custody of the Instrument of proxy	139. If any such instrument be confined to the object of appointing a proxy for voting of meeting of the Company, it shall remain permanently, or for such time as the Directors may determine, in the custody of the Company, and if embracing other objects, a copy thereof, examined with the original, shall be delivered to the Company to remain in the custody of the Company.
Validity of votes given by proxy notwithstanding death of members etc.	140. A vote given in accordance with the terms of an instrument of proxy shall be valid notwithstanding the previous death or subsequent insanity of the principal, or revocation of the proxy under which such proxy was, signed or the transfer of the shares in respect of which the vote is given provided that no intimation in writing of the death, insanity, revocation or transfer shall have been received at the office of the Company before the meeting.
Times for objection to votes	141. Subject to the provisions of the Act and these Articles, no objection shall be made to the validity of any vote except at the meeting or poll at which such vote is tendered and every vote whether given personally or by proxy or by any means hereby authorized, and not disallowed at such meeting or poll shall be deemed valid for all purposes of such meeting or poll whatsoever.
Chairman of the meeting to be the	142. Subject to the provisions of the Act and these Articles, the Chairman of any meeting shall be the sole judge of the validity of every vote tendered or given at such meeting and subject as

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Judge of the validity of any vote	aforesaid, the Chairman present at the time of taking of a poll shall be sole judge of the validity of every vote tendered at such poll.

DIRECTORS

Title of Article	Article Number and contents
Number of Directors	143. Subject to the provisions of Section 252 of the Act, the number of Directors shall not be less than three, and unless otherwise determined by the Company in General Meeting more than twelve. The present Directors of the Company are: 1. SHRI DILIP S. SHANGHVI - CHAIRMAN CUM DIRECTOR 2. SHRI SUDHIR V. VALIA - DIRECTOR 3. SHRI SAILESH T. DESAI - DIRECTOR
Appointment of non retiring Directors	144 (a) Notwithstanding anything contained in these Articles so long as one or more persons specified ("Specified Persons") as defined in sub-article of this Article, whether singly or collectively in any combination whatsoever, hold not less than 15% of the subscribed Equity Share Capital of the Company, Shri Dilip Shantilal Shanghvi or any person nominated in this behalf by him, or failing him any other promoter shall be entitled to appoint in the aggregate such number of directors not exceeding one third of the total number of directors(or upto such number or proportion as may be permitted under the provisions of the Act) on the Board of Directors of the Company and to remove any such who resigns or otherwise vacates such office. Such appointment/removal shall be effected by writing to the Board and shall take effect immediately upon such writing being delivered at the Registered Office/Corporate Office/Head Office of the Company. Any director so appointed shall not be liable to retire by rotation under the provisions of Section 255 of the Act at any general meeting of the Company and nor shall such Director be required to hold qualification shares if any. Provided however, that the number of Directors to be appointed in accordance with this Article shall be reduced by the number of Directors to be appointed under the rights conferred upon the public financial institutions under any statutory provisions or under any arrangement entered into and/or under any agreement with such public financial institutions to nominate a Director(s) on the Board of the Company. (b) For the purposes of this Article the following persons shall be the 'Specified Persons' referred to in sub-clause(a) above; (i) The Promoter(s) ; (ii) The relatives of any one or more of the Promoter(s) ; (iii) Any company or corporation or body incorporate in which not less than 15% of the subscribed equity share capital or capital or corpus whichever is less, is held whether singly or collectively, by one or more of the persons in clause (i) and (ii) above; (iv) Any subsidiary or holding company or company which is under the same management of any company, corporation or body corporate specified in clause (iii) hereinabove; (v) Any company, corporation or body corporate in which not less than 15% of the Equity share capital is held by any one or more companies, corporations or bodies Corporate specified in clause (iii) and (iv) whether by singly or together with one or more persons specified in clauses (i), (ii) (iii) and (iv) of this sub-article. (vi) Any partnership or other firm, trust, association of persons, body of individuals or any other entity, whether incorporated or not, of which not less than 15% of the total profit or benefit accrues , arises or becomes due to the persons specified in clauses (i), (ii), (iii), (iv), and (v) of this subarticle whether singly or collectively. (c) The appointment or removal of Non –retiring Director under this Article shall be by a notice in writing addressed to the Company and shall take effect forthwith upon such notice being received by the Company. (d) The right to appoint Non-retiring Director conferred as above shall be exercisable so long as Specified Persons hold not less than 15% of the paid up equity share capital of the company for the time being.
Nominee Directors	145. The Company may agree with any financial institution or any authority or person or State Government that in consideration of any loan or financial assistance of any kind whatsoever,

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	which may be rendered by it to the Company, it shall till such time as the loan or financial assistance is outstanding have power to nominate one or more Directors on the Board of the Company and from time to time remove and reappoint such Directors and to fill in any vacancy caused by the death or resignation or such Directors otherwise ceasing to hold office. Such nominee Directors shall not be required to hold any qualification shares nor shall they be liable to retire by rotation.
Debenture Director	146. Any Trust Deed for securing debentures or debenture-stock may if so arranged provide for the appointment from time to time by the Trustees thereof or by the holders, of the debentures or debenture stock of some person to be a Director of the Company and may empower such trustees or holders of debentures or debenture-stock from time to time to remove any Director so appointed. The Director appointed under this Article is herein, referred to as the 'Debenture Director' and the term 'Debenture Director' means the Director for the time being in office under this Article. The Debenture Director shall not be bound to hold any qualification shares and shall not be liable to retire by rotation or, subject to the provisions of the Act, be removed by the Company. The Trust Deed may contain such ancillary provisions as may be arranged between the Company and the Trustees and all such provisions as may be arranged between the Company and the Trustees and all such provisions shall have effect notwithstanding any of the other provisions herein contained.
Appointment of Alternate Directors	147. The Board of Directors of the Company may appoint an Alternate Director to act for a Director (hereinafter called 'the Original Director') during his absence for a period of not less than three months from the state in which the meetings of the Board are ordinarily held and such appointee whilst holds office as an Alternate Director, shall be entitled to receive notice of meetings of the Directors and to attend and vote thereat accordingly. An Alternate Director appointed under this Article shall not hold office as such for a period longer than that permissible to the Original Director in whose place he has been appointed and shall vacate office, if and when the Original Director returns to the said state. If the term or office of the Original Director is determined before he so returns to the said state as aforesaid, any provision in the Act or in these Articles for the automatic reappointment of a retiring Director in default of any other appointment shall apply to the Original Director and not to Alternate Director. Such Alternate Director shall not be required to hold any qualification shares.
Casual Vacancy	148. Subject to the provisions of Section 262(2), 284(6) and other applicable provisions (if any) of the Act, any casual vacancy occurring in the office of a Director whose period of office is liable to determination by retirement by rotation may be filled up by the Directors at a meeting of the Board. Any person so appointed shall hold office only up to which the Director in whose place he is appointed would have held office, if the vacancy had not occurred.
Appointment of Additional Director	149. Subject to the provisions of Section 260, 284(6) and other applicable provisions (if any) of the Act, the Directors shall have power at any time and from time to time, appoint a person or persons as Additional Director or Directors. Such Additional Director shall hold office only up to the date of the next annual General Meeting of the Company, but shall be eligible for re-election at that meeting as a director, provided that the number of Directors and the Additional Director together, shall not exceed the maximum strength fixed by the Board by Article 143 hereof.
Qualification of Directors	150. A Director of the Company shall not be bound to hold any qualification shares.
Remuneration of Directors	151. Subject to the provisions of Section 198, 309, 310 and 311 of the Act, the remuneration payable to the directors of the Company shall be as hereinafter provided. 1. The fees payable to a Director for attending a meeting of the Board or a Committee of the Board or a General Meeting shall be decided by Board of Directors from time to time within

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	the maximum limits of such fees that may be prescribed under Section 310 of the Act, or if not so prescribed, in such manner as the Directors may determine from time to time in conformity with the provisions of law. The Directors shall be paid such further remuneration if any, either on the basis of percentage of the net profits of the Company or otherwise, as the Company in General Meeting shall from time to time determine, and such additional remuneration and further remuneration shall be divided amongst the Directors in such proportion and manner as the Board may from time to time determine, and in default of such determination, shall be divided amongst the Directors equally. 2. The Board of Directors may in addition allow and pay to any Director who is not a bonafide resident of the place where a meeting of the Board or Committee thereof or a general meeting of the Company is held, and who shall come to that place for the purpose of attending the meeting, such sum as the Board may consider fair compensation for his travelling, hotel, boarding, lodging and other expenses incurred in attending or returning from meeting of the Board of Directors, or any committee thereof or general meetings of the Company. 3. Subject to the limitations provided by the Act and this Article, if any Director shall be called upon to go or reside out of his usual place or residence on the Company's business or otherwise perform extra service outside the scope of his ordinary duties, the Board may arrange for such Director for such special remuneration for such service either by way of salary, commission, or the payment of stated sum of money as they shall think fit, in addition to or in substitution of his remuneration above provided, and all the Directors shall be entitled to be paid or reimbursed or repaid any travelling, hotel and other expenses incurred or to be incurred with the business of the Company and also to be reimbursed all fees for filing all documents which they may be required to file under the provisions of the Act.
Directors may act notwithstanding vacancy	152. The continuing Directors may act notwithstanding any vacancy in their body subject to the provisions of the Act, if the number falls below the minimum number above fixed and notwithstanding the absence of a quorum, the Directors may act for the purposes of filling up of the vacancies or for summoning a General Meeting of the Company.
When office of Director to become vacant	153. (1) Subject to the provisions of Section 283(2) of the Act, the office of the Director shall become vacant if: (a) he is found to be unsound mind by a Court of competent jurisdiction; or (b) he applies to be adjudicated insolvent; or (c) he is adjudged an insolvent; or (d) he fails to pay any call made in respect of shares of the Company held by him, whether alone or jointly with others, within six months from the last date fixed for the payment of call unless the Central Government has by notification in the Official Gazette, removed the disqualification incurred by such failure; or (e) he holds any office or place of profit under the Company or any subsidiary thereof in contravention of Section 314 of the Act; or (f) he absents himself from three consecutive meetings of the Board of Directors or from all meetings of the Board of Directors for a continuous period of three months, whichever is longer, without obtaining leave of absence from the Board of Directors; or (g) he becomes disqualified by an order of the court under Section 203 of the Act; or (h) he is removed in pursuance of Section 284 of the Act; or (i) he(whether he himself or by any person for his benefit or on his account) or any firm in which he is a partner or any private company of which he is a Director accepts a loan, or any guarantee or security for a loan, from the Company in contravention of Section 295 of the Act; or (j) he acts in contravention of Section 299 of the Act and by virtue of such contravention shall have been deemed under the Act to have vacated office; or (k) he is convicted by a court of any offence involving moral turpitude and sentenced in respect thereof to imprisonment of not less than six months; or (l) he, having been appointed a Director by virtue of his holding any office or other employment in the Company, ceases to hold such office or other employment in the Company. (2) Subject to the provisions of the Act, a Director may resign his office at any time by Notice in writing addressed to the Company or to the Board of Directors.

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Directors may contract with the Company	154 (1) (1)Subject to the provisions of clause (2), (3), (4) and (5) of this Article and the restriction imposed by Article 161 and the other Articles hereof and the Act and the observance and fulfillment thereof, no director shall be disqualified by his office from contracting with the Company for any purpose and in any capacity whatsoever including either as Vendor, purchaser, agent, broker, underwriter of shares and debentures of the Company or otherwise, nor shall any such contract, or any contract or arrangement entered into by or on behalf of the Company in which any Director shall be in anyway interested be avoided, nor shall any Director, so contracting or being so interested be liable to account to the Company for any profit realized by any such contract or arrangement by reason only of such Director holding that office, or of the fiduciary relationship thereby established, but it is hereby declared that nature of his interest must be disclosed by him as provided by clauses (2), (3) and (4) hereof;
Disclosure of Interest	154 (2) & (3) (2) Every Director who is in any way whether directly or indirectly, concerned or interested in any contract or arrangement or proposed contract or arrangement, entered into or to be entered into, by or on behalf of the Company, shall disclose the nature of the concern or interest at a meeting of the Board of Directors or as provided in clause 4 hereof; (3) (a) In the case of a proposed contract or arrangement, the disclosure required to be made by a Director under clause (2) above shall be made at the meeting of the Board at which the question of entering into the contract or arrangement is first taken into consideration or if the Director was not, at the date of the meeting, concerned or interested in the proposed contract or arrangement, at the first meeting of the Board held after the Director becomes so concerned or interested; (b) In the case of any other contract or arrangement, the required disclosure shall be made at the first meeting of the Board held after the Director becomes concerned or interested in the contract or arrangement;
General notice of Interest	154 (4), (5) & (6) (4) For the purpose of this Article, a General Notice given to the Board of Directors by a Director, to the effect that he is a Director or member of a specified body corporate or is a member of a specified firm and is to be regarded as concerned or interested in any contract or arrangement which may, after the date of the Notice, be entered into with that body corporate or firm, shall be deemed to be a sufficient disclosure of such concern or interest in relation to any contract or arrangement so made. Such General Notice shall expire at the end of the financial year in which it is given, but may be renewed for a further period of one financial year at a time, by a fresh Notice given in the last month of the financial year in which it would have otherwise expired. The General Notice as aforesaid and any renewal thereof either shall be given at a meeting of the Board of Directors or the Directors concerned shall take reasonable steps to secure that it is brought up and read at the first meeting of the Board after it is given; (5) Nothing contained in clause (2), (3) and (4) hereof shall apply to any contract or arrangement entered into or to be entered into between the Company and any other Company where anyone of the Director of the Company or two or more of them together holds or hold not more than two percent of the paid up share capital in the other company; (6) A Director shall not take any part in the discussions of, or vote on, any contract or arrangement entered into, or to be entered into, by or on behalf of the Company, if he is in any way, whether directly or indirectly, concerned or interested in the contract or arrangement, nor shall his presence count for the purpose of forming a quorum at the time of any such discussions or vote, and if he does vote his vote shall be void, Provided that this prohibition shall not apply: (i) to any contract of indemnity against any loss which the Directors, or anyone or more of them, may suffer by reason of becoming or being sureties or a surety for the Company; (ii) to any contract or arrangement entered into with a public Company, or a private company which is a subsidiary of a public Company, in which the interest of the Director consists solely in his being a director of such Company and the holder of not more than shares of such number or, value therein as is requisite to qualify him for appointment as a Director thereof, he having been nominated as such director by the Company or in his being a member, holding not more than two percent of the paid up share capital of such Company; (iii) In case a notification is issued under sub-section (3) of Section 300 of the Act, to the

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	extent specified in the notification.
Register of contracts in which Directors are interested	155. (1) The Company shall keep one or more Registers in accordance with Section 301 of the Act in which shall be entered separately particulars of all contracts or arrangements to which Section 297 or Section 299 of the Act applies, including the following particulars to the extent they are applicable in each case, namely; (a) the date of the contract or arrangements; (b) the names of the parties thereto; (c) the principle terms and conditions thereof; (d) In the case of a contract to which Section 297 of the Act applies or in the case of a contract or arrangement to which sub-section (2) of Section 299 of the Act applies, the date on which it was placed before the Board; (e) the name of the Directors voting for and against the contract or arrangement and the names of those remaining neutral. (2) Particulars of every such contract or arrangement to which Section 297 of the Act, or as the case may be sub-section (2) of Section 299 of the Act applies; shall be entered in the relevant register as aforesaid: (a) In the case of a Contract or arrangement requiring the Board's approval, within seven days (exclusive of public holidays) of the meeting of the Board at which the contract or arrangement is approved; (b) In the case of every other contract or arrangement, within seven days of the receipt at the Registered Office of the Company of the particulars of such other contract or arrangement or within thirty days of the date of such other contract or arrangement whichever is later; and the Register shall be placed before the next meeting of the Board and shall then be signed by all the Directors present at the meeting. (3) The Register aforesaid shall also specify, in relation to each Director of the Company, the names of the firms and bodies corporate of which notice has been given by him under sub-section (3) of Section 299 of the Act. (4)Nothing in the foregoing clause (1), (2) and (3) shall apply to any contract of or arrangement for the sale, purchase or supply of any goods, materials or services if the value of such goods and materials or the cost of such services does not exceed five thousand rupees in the aggregate in any year. 5) The Registers as aforesaid shall be kept at the Registered Office of the Company and they shall be open to inspection at such office, and extracts may be taken from any of them and copies thereof may be required, by any member or the Company to the same extent, in the same manner, and on payment of the same fees, as in case of the Register of Members.
Directors may be Directors of Companies promoted by the Company	156. A Director of the Company may be, or may become a director of any company promoted by the Company, or in which it may be interested as a vendor, member or otherwise and subject to the provision of the Act and these Articles, no such Director shall be accountable for any benefits received as a Director or member of such company.
Disclosure by directors etc. of appointment	157. A Director, Managing Director, Manager or Secretary of the Company shall within twenty one days of his appointment to or relinquishment of his office as Director, Managing Director, Manager or Secretary in any other body corporate disclose to the Company the particulars relating to his office in the other body corporate which are required to be specified under section 303 (1) of the Act. The Company shall enter the aforesaid particulars in a Register kept for that purpose in conformity with Section 303 of the Act. The Company shall also furnish the aforesaid particulars to the Registrar in accordance with Section 303 (2) of the Act
Disclosure of holdings	158. A Director or Manager shall give notice in writing to the Company of his holding of shares and debentures of the Company or its subsidiary, together with such particulars as may be necessary to enable the Company to comply with the provisions of Section 302 of the Act. If such notice is not given at a meeting of the Board, the Director or Manager shall take all reasonable steps to secure that it is brought up and read at the meeting of the Board held next after it is given. The Company shall enter the particulars of the Director's and Manager's

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	holding of the shares and debentures as aforesaid in Register kept for that purpose in conformity with Section 307 of the Act.
Holding of office of profit by Directors	159. No Director of the Company and no partner or relative of such Director, no firm in which such Director, or a relative of such Director, is a partner, no private company of which such Director is a Director or member, shall hold any office or place of profit under the Company, or any subsidiary of the Company except as provided in and subject to the limitations and restrictions contained in Section 314 of the Act.
Loans to Directors	160. The Company shall observe the restrictions imposed on the Company in regard to grant of loan to Directors and other persons as provided in Section 295 and other applicable provisions, if any, of the Act.
Contracts in which Directors are interested	161. A Director of the Company or his relative, a firm in which such Director or relative is a partner, any other partner in such a firm, or a private company of which the Director is a member or Director, shall not enter into any contract with the Company: (a) for the sale, purchase or supply of any goods, materials or services; or (b) for underwriting the subscription of any share in, debentures of, the company; except as provided in and subject to the limitations and restriction contained in Section 297 of the Act.
Increase or reduction in number of Directors	162. Subject to the provisions of the act and these Articles, the Company may from time to time increase or reduce, within the maximum limit permissible, the number of Directors. Provided that any increase in the number of Directors exceeding the limit in that behalf provided by the Act shall not have any effect unless approved by the Central Government and shall become void if, and so far as, it disapproved by the Government.

RETIREMENT AND ROTATION OF DIRECTORS

Title of Article	Article Number and contents
Retirement by rotation of Directors	163. Subject to Section 255 of the Act, all the Directors of the Company, other than non retiring Directors shall be liable to retire by rotation. However when the total number of non retiring Directors, inclusive of Nominee Directors exceeds onethird of the total number of Directors or number permissible under the provisions of the Act for non rotation of the Directors, as the case may be, the Board shall decide as to out of them whose period of office shall be liable to determination by retirement of Directors by rotation from time to time as and when situation arises. At every Annual General Meeting of the Company, one third of such of the Directors for the time being as are liable to retire by rotation or if their number is not three or multiple of three then, the number nearest to one third, shall retire from office. Any Director appointed under Article 144 (a) shall not be subject to retirement under this Article. The expression "Retiring Director" means a Director retiring by rotation.
Ascertainment of Directors retiring by rotation	164. Subject to the provisions of the Act and these Articles, the Directors to retire by rotation under the foregoing Article at every Annual General Meeting shall be those who have been longest in office since their last appointment, but as between persons who became Directors on the same day, those who are to retire shall, in default of and subject to any agreement among themselves, be determined by lot. Subject to the provisions of the Act, a retiring Director shall remain in office until the conclusion of the meeting at which his re-appointment is decided or his successor is appointed.
Eligibility for reappointment	165. Subject to the provisions of the Act and these Articles, a retiring Director shall be eligible for reappointment.

Title of Article	Article Number and contents
Company to fill up vacancy	166. The Company at the Annual General Meeting at which a Director retires in the manner aforesaid may fill up the vacated office by electing the retiring Director or some other person thereto.
Provision in default of appointment	167. (1) If the place of the retiring Director or Directors is not so filled up and the meeting has not expressly resolved not to fill vacancy, the meeting shall stand adjourned till the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place. (2) If at the adjourned meeting also, the place of the retiring Director or Directors is not filled up and that meeting also has not expressly resolved not to fill the vacancy, the retiring Director or Directors shall be deemed to have been reappointed at the adjourned meeting, unless: (a) at the meeting or at the previous meeting a resolution for the re-appointment of such Director or Directors has been put to the meeting and lost: (b) the retiring Director or Directors has or have, by a notice in writing addressed to the Company or its Board of Directors, expressed his or their unwillingness to be so reappointed: (c) he is or they are not qualified or is or are disqualified for appointment : (d) a resolution, whether special or ordinary, is required for their appointment or re-appointment by virtue of any provisions of the Act: (e)Article 169 or sub-section (2) or Section 263 of the Act is applicable to the case.
Notice of candidate for office of Directors	168. (1) Subject to the provisions of the Act and these Articles any person who is not a retiring Director shall be eligible for appointment to the office of the Director at any General Meeting, if he or some member intending to propose him has, at least fourteen clear days before the meeting, left at the Registered office of the Company a notice in writing under his hand signifying his candidature for the office of Director or the intention of such member to propose him as a candidate for that office, as the case may be alongwith deposit of Rs.500/- (Rupees Five hundred only) or such other sum as may, from time to time be prescribed by the law as security deposit which shall be refundable only if the candidate in respect or whom the deposit is made has duly been elected as Director. (2) Every person (other than a Director retiring by rotation or otherwise or a person who has left at the office of the Company a notice under clause (1) of this Article or Section 257 of the Act signifying candidature for the office of a Director) proposed as a candidate for the office of a Director shall sign and file with the Company, his consent in writing to act as Director if appointed. (3) On receipt of the notice referred to in this Article the Company shall inform its members of the candidature of that person for the office of a Director or the intention of a member to propose such person as a candidate for that office, by serving individual notices on members. It shall not be necessary for the Company to serve individual notices upon the members if the Company advertises such candidature or intention not less than seven days before the meeting in at least two newspapers circulating in the city, town or village in which the Registered Office of the Company is situate, of which one is published in the English language and the other in the regional language. (4) A person other than; (a) A Director re-appointed after retirement by rotation or immidiately on the expiry of his term of office; or (b) An Additional or Alternate Director, or a person filling a casual vacancy in the office of a Director under Section 262 of the Act, appointed as Director or (c) A person named as Director of the Company under thee Articles as first registered; shall not act as a Director of the Company unless he has within thirty days of appointment signed and filed with the Registrar his consent in writing to act as such Director.
Individual Resolution for Director's appointment	169. At a General Meeting of the Company, a motion shall not be made for the appointment of two or more persons as Directors of the Company by a single resolution, unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it. A resolution moved in contravention or this Article shall be void, whether or not objection

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	was taken at the time to its being so moved, provided that where a resolution so moved is passed no provision for the automatic reappointment of retiring Directors by virtue of these Articles or the Act in default or another appointment shall apply.
Removal of Directors	170. (1) The Company may, subject to the provisions of Section 284 and other applicable provisions of the Act and these Articles remove any Director before the expiry of his period of office. (2) Special notice, as provided by Article 104 and Section 190 of the Act, shall be given of any resolution to remove a Director under this Article or to appoint some other person in place of a Director so removed at the meeting at which he is removed. (3) On receipt of notice of any such resolution to remove a Director under this a copy of the representation is not sent as aforesaid because it was received too late or because of the Company's default, the Director may (without prejudice to his right to be heard orally) require that the representation shall be read out at the meeting. Provided that copies of the representation shall not be read out at the meeting if, on the application either of the Company or of any other person who claims to be aggrieved, the Company Law Board or any authority provided by the Act is satisfied that the rights conferred by this clause are being abused to secure needless publicity for defamatory matter. (5) A vacancy created by the removal of a Director under this Article may, if he had been appointed by the Company in General Meeting or by the Board in pursuance of Article 148 or Section 262 of the Act be filled by the appointment of another Director in his place by the meeting at which he is removed, provided Special Notice of the intended appointment has been given under clause (2) hereof. A Director so appointed shall hold office until the date upto which his predecessor would have held office if he had not been removed as aforesaid. (6) If the vacancy is not filled under clause (5) hereof it may be filled as Casual Vacancy in accordance with the provisions, (in so far they are applicable) of Article 148 or Section 262 of the Act, and all the provisions of that Section shall apply accordingly. (7) A Director who was removed from office under this Article shall not be reappointed as Director by the Board of Directors. (8) Nothing contained in this Article shall be taken: (a) as depriving a person removed thereunder of any compensation or damages payable to him in respect of the termination of his appointment as Director or of any appointment terminating with that as Director; or . (b) as derogating from any power to remove a Director which may exist apart from this Article.

MEETINGS OF DIRECTORS

Title of Article	Article Number and contents
Meetings of directors	171 and 171(A) 171. The Directors may meet together as a Board from time to time and at least four Board meetings shall be held in every year, and they may adjourn and otherwise regulate their meetings as they deem fit. The provisions of this Article shall not be deemed to be contravened merely by reason of the fact that a meeting of the Board which had been called in compliance with the terms herein mentioned could not be held for want of quorum. 171(A) – A Director can participate in the Board / Committee Meetign through Video Confrencing or such other mode as may be recommended / permitted by the Government of India from time to time and the Director attending by Video Confrencing shall be counted for the purposes of quorum for any transaction of the business of the Board.
When meeting to be convened and notice thereof	172. A Director or the Managing Director may at any time and the Secretary or the officer of the Company authorized by the Board upon the request of a Director shall convene a meeting of the Directors. Notice of every meeting of the Directors of the Company shall be given in writing to every Director for the time being in India and at his usual address in India and to every other Director as provided in Section 286 of the Act.

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Quorum	173. Subject to the provisions of Section 287 and other applicable provisions (if any) of the Act, the quorum for a meeting of the Board of Directors shall be one third of the total strength of the Board of Directors (excluding Directors, if any, whose places may be vacant at the time, and any fraction contained in that one-third being rounded off as one) or two Directors whichever is higher, provided that where at any time the number of interested Directors exceeds or is equal to two thirds of the total strength, the number of remaining Directors, that is to say, the number of Directors who are not interested and are present at the meeting. Not being less than two, shall be the quorum during such time. However no such Board meeting shall be deemed to be duly and properly held unless two Directors for the time being nominated by the Promoters attend the said Meeting. A meeting of the Directors for the time being at which a quorum is present shall be competent to exercise all or any of the authorities, powers and discretions by or under the Act or the Articles of the Company, for the time being vested in or exercisable by the Board of Directors generally.
Adjournment of meeting for want of quorum	174. If a meeting of the Board of Directors cannot be held for want of quorum, then the meeting shall stand adjourned until such date and at such time and place as the Chairman may appoint and in default of such appointment to the same day in the next week, at the same time and place, or if that day is a public holiday, till the next succeeding day which is not a public holiday, at the same time and place or to such day, time and place as the Directors present may determine.
Chairman of the Board	175 (1) Promoter shall have the right, by writing signed by the Managing Director or other Director or the Secretary or Promoter and addressed to the Board, to appoint one of the Directors of the Company to be the Chairman of the Board and the Director so appointed shall be the Chairman of the Board. Promoter shall have the right, by a similar writing addressed to the Board, to remove the Director so appointed from the office of the Chairman. On each vacancy occurring in the office of the Chairman from any cause, whether by death, resignation, removal or otherwise, Promoter shall have the right, by a similar writing addressed to the Board, to appoint another Director in the vacancy, and the Director so appointed shall then be the Chairman of the Board. If no Chairman of the Board is appointed by Promoter in pursuance of this clause (1) of this Article , then the Board may elect one of their members to be the Chairman of the Board.
Vice-chairman of the Board	175(2), (3) & (4) (2)Promoter shall also have the right, by writing and addressed to the Board, to appoint another director from amongst the Directors of the Company to be the Vice-Chairman of the Board and the Director so appointed shall be the Vice-Chairman of the Board. Promoter shall have the right by a similar writing addressed to the Board to remove the Director so appointed from the office of Vice-Chairman. On each vacancy occurring in the office of Vice-Chairman from any cause, whether by death, resignation, removal or otherwise, Promoter shall have the right, by a similar writing addressed to the Board, to appoint another Director in the vacancy, and the Director so appointed shall then be the Vice- Chairman of the Board. If no Vice-Chairman of the Board is appointed by Promoter in pursuance of this clause (2) of this Article , then the Board may elect one of their members to be the Vice-Chairman of the Board . (3) Any appointment or removal of the Chairman or Vice-Chairman under this Article shall become effective forthwith upon receipt by the Company of the writing mentioned in the foregoing clauses of this Article. The rights conferred on Promoter by the foregoing clauses of this Article shall be exercisable by Promoter only as long as Specified Persons holds not less than 15 per cent of the paid up equity share capital of the Company for the time being. (4) The Chairman of the Board shall be entitled to take the chair at every meeting of the Board. The Vice-Chairman of the Board shall act as Chairman of the Board in the absence of the Chairman. If no Chairman or Vice-Chairman is appointed by Promoter in pursuance of clause (1) or (2) of this Article Or if at any meeting of the Board the Chairman and Vice-Chairman shall not be present or if he or they shall be unable or unwilling to take the chair, then the Board may elect one of their members to be the Chairman of the Meeting.
Decision of	176. Questions arising at any meeting of the Board shall be decided by a majority of votes

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questions	provided such majority shall include the affirmative vote of at least two non retiring Directors, if any, appointed by Promoter under those Articles or of his Alternate Director, if any, or of the Managing Director, if any, appointed by the Board pursuant to this Article. In the case of an equality of votes the Chairman shall have a second or casting vote. Provided that if any non-retiring Director or his Alternate Director or the Managing Director aforesaid is unable to attend a meeting of the Board but addresses a written communication to the Board expressing his concurrence or approval to the passing of any particular resolution or resolutions by the Board, such communication shall for the purpose of this Article, be deemed to be his affirmative vote.
Directors may appoint committees	177. Subject to the provisions of Section 292 of the Act and these Articles, the Directors may delegate any of their powers to committee consisting of such member or members of their body, as they think fit and they may from time to time revoke and discharge any such committee either wholly or in part and either as to person or persons. Every committee so formed shall, in the exercise of the powers so delegated to it conform to any regulations that may from time to time be imposed on it by the Directors. All acts done by any such committee in conformity with such regulations and in fulfillment of the purpose of their appointment but not otherwise, shall have the like force and effect as if done by the Board. Subject to the provisions of the Act ,the Board may from time to time fix the remuneration to be paid to any member or members of their body constituting a Committee appointed by the Board in terms of these Articles and may pay the same.
Meeting of committee how to be convened	178. The meetings and proceedings of any such committee consisting of two or more Directors shall be governed by the provisions herein contained in respect of the meetings and proceedings of the Directors, so far as the same are applicable thereto and are not superceded by any regulations made by the Directors under the last preceding Article.
Resolution by circulation	179 (1) A resolution passed by circulation without a meeting of the Board or a Committee of the Board appointed under Article 177 shall subject to the provisions of clause (2) hereof and the Act be as valid and effectual as resolution duly passed at a meeting of the Board or of a committee duly called and held. (2) A resolution shall be deemed to have been duly passed by the Board or by a Committee thereof by circulation. if the resolution has been circulated in draft together with the necessary papers, if any, to all the Directors or to all the members of the Committee then in India (not being less in number than the quorum requisite for *a* meeting of the Board or the Committee as the case may be) and to all other Directors or Members of the Committee at their usual address in India and has been approved by such of the Directors or Members of the Committee as are in India or by a majority or such of them as are entitled to vote on the resolution. (3) Subject to the provisions of the Act, a statement signed by the Managing Director or other person authorised in that behalf by the Directors certifying the absence from India of any Directors shall for the purposes of this Article be conclusive.
Act of Board or committee valid notwithstanding defect in appointment	180. Subject to the provisions of the Act and these Articles, all acts done by any meeting of the Directors or by a Committee of Directors or by any person acting as a Director shall, notwithstanding that it shall afterwards be discovered that there was some defect in the appointment of such Director or person acting as aforesaid or that they or any of them were or was disqualified, or had vacated office or that the appointment of any of them had been terminated by virtue of any provisions contained in the Act or in these Articles, may be as valid as if every such person had been duly appointed and was qualified to be a Director. Provided that nothing in this Article shall be deemed to give validity to acts done by the Directors after their appointment had been shown to the Company to be invalid or to have terminated.
Minutes of proceedings of Board	181. The Company shall cause minutes of the meeting of the Board of Directors and or Committees of the Board, to be duly entered in a book or books provided for the purpose in

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of Directors and committees to be kept	accordance with the relevant provisions of Section 193 of the Act. The minutes shall contain a fair and correct summary of the proceedings of the meeting including the following : (i) The names of the Director present at the meeting of the Board of Directors or any Committee thoreof; (ii) All orders made by the Board of Directors; (iii) All resolutions and proceedings of meeting of the Board of Directors and Committees thereof; (iv) In the case of each resolution passed at a meeting of the Board of Directors or Committee thereof, the names or Directors; if any, dissenting from, or not concurring in the resolution.
By whom minutes to be signed and the effect of minutes recorded	182. All such minutes shall be signed by the Chairman of the concerned meeting or by the person who shall preside as Chairman at the next succeeding meeting and all the minutes purported to be so signed shall for all actual purposes of whatsoever be prima facie evidence of the actual passing of the resolution recorded and the actual and regular transaction or occurrence of the proceedings so recorded and of the regularity of the meetings at which the same shall appear to have taken pIace.
General Powers of Directors	183. (1) Subject to the provisions of Section 292, 293, 293A and all other applicable provisions of the Act and these Articles the Board of Directors of the Company shall be entitled to exercise all such powers and to do all such acts and things as the Company is authorised to exercise and do. Provided that the Board shall not exercise any power or do any act or thing which is directed or required whether by the Act or any other Act or by the Memorandum or these Articles or otherwise to be exercised or done by the Company in General Meeting. Provided further that in exercising any such act or thing the Board shall be, subject to the provisions contained in that behalf in the Act or in the Memorandum or in these Articles or in any regulations not inconsistent therewith duly made thereunder including regulations made by the Company in General Meeting. (2) No regulation made by the Company in General Meeting shall invalidate any prior act of the Board which would have been valid if that regulation had not been made.
Consent of Company necessary for the exercise of Certain Powers	184. Subject to the provisions of Section 293 and 293A of the Act, the Board of Directors shall not except with the consent of the Company in general meeting: (a) Sell, lease or otherwise dispose off the whole, or substantially the whole of the undertaking of the Company, or where the Company owns more than one undertaking, of the whole, or substantially the whole of any such undertakings; (b) Remit or give time for the repayment of any debt due by a Director; (c) Invest, otherwise than in trust securities, the amount of compensation received by the Company in respect of the compulsory acquisition of any such undertaking as is referred to in Sub clause (a) above, or of any premises or properties used for any such undertaking and without which it cannot be carried on or can be carried on only with difficulty or only after a considerable time; (d) Borrow monies in excess of the limits provided in Article 83 ; (e) Contribute to charitable and other funds not directly relating to the business of the Company or the welfare of its employees, any amounts the aggregate of which will, in any financial year, exceed fifty thousand rupees or five per cent of its average net profits as determined in accordance with the provisions of Section 349 and 350 of Act, during the three financial years immediately preceding, whichever is greater.
Certain powers to be exercised at the meetings of the Board only	185. (1) Without derogating from the powers vested in the Board of Directors under these Articles, the Board shall exercise the following powers on behalf of the Company and it shall do so only by means of resolutions passed at meetings of the Board: (a) The power to make calls on shareholders in respect of monies unpaid on their shares: (b) The power to issue debentures: (c) The power to borrow monies otherwise than on debentures (d) The power to invest the funds of the Company and; (e) The power to make loans. Provided that the Board may, by resolution at a meeting, delegate to any Committee of

Title of Article	Article Number and contents
	Directors , the Managing Director , the Manager or any other principal officer of the Company or to a Principal officer of any of its branch offices, the powers specified in sub clauses (c), (d) and (e) of this clause to the extent specified below on such conditions as the Board may prescribe. (2)Every resolution delegating the power referred to in sub clause (1) (c) shall specify the total amount upto which loans may be borrowed from time to time by the delegate. Provided however, that where the Company has an arrangement with its bankers for the borrowing of monies by way of overdraft, cash credit or other accounts, the day to day operation of overdraft, cash credit or other account by means of which the arrangement as made is actually availed of shall not require the sanction of the Board. (3) Every resolution delegating this power referred to in sub clause (1) (d) shall specify the total amount upto which the funds may be invested and the nature of the investments which may be made by the delegate. (4) Every resolution delegating the power referred to in sub clause (1) (e) above shall specify the total amount outstanding at any time made by the delegate, the purposes for which the loans may be made, and the maximum amount of loans which may be made. (5) Nothing contained in these Articles shall be deemed to affect the right of the Company in General Meeting to impose restrictions and conditions on the exercise by the Board of any of the powers referred to in sub- clause (a), (b), (c), (d) and (e) of Clause (1) above.
Certain powers of the Board	186. Without prejudice to the powers conferred by Articles 83 and 184 and so as not in any way to limit or restrict these powers and without prejudice to the other powers conferred by these Articles, but subject to the restrictions contained in Articles 185 and 186 it is hereby declared that the Director shall have the following powers that is to say power:
To pay preliminary and promotional costs and charges	186 (1) & (2) (1) To pay all costs, charges and expenses, preliminary and incidental to the promoting establishment and registration of the Company; To pay commission and interest (2) To pay and charge to the capital account of the Company any commission or interest lawfully payable there out under the provisions of Section 76 and 208 respectively of the Act and Articles 15 and 199;
To acquire property	186 (3) (3)Subject to the provisions of the Act and these Articles to purchase or otherwise acquire for the Company any property, rights or privileges which the Company is authorised to acquire, at or for such price or consideration and generally on such terms and conditions, as they may think fit, and in any such purchase or other acquisition to accept such title as the Directors may believe or may be advised to be reasonably satisfactory;
To pay for property in cash, debenture or otherwise	186 (4) (4) At their discretion and subject to the provisions of the Act, to pay for any property or rights acquired by,or services rendered to the Company either wholly or partly in cash, or in shares, bonds, debenture-stock, mortgage or other securities of the Company, and any such shares may be issued either as fully paid up or with such amount credited as paid up thereon as may be agreed upon, and any such bonds, debenture stock, mortgage or other securities may be either specifically charged upon all or any part of the property of the Company and its uncalled capital or not so charged;
To insure properties of the Company	186 (5) (5) To insure and keep insured against loss or damage by fire or otherwise for such period and to such extent as they may think proper all or any part of the buildings, machinery, goods, stores, produce and other moveable property of the Company either separately or conjointly; also to insure all or any portion of the goods, produce, machinery and other articles imported or exported by the Company and to sell, assign, surrender or discontinue any policies of assurances effected in pursuance of this power;
To open accounts with bank	186 (6) (6) To open accounts with any bank or bankers or with any company or firm and to pay money into and draw money from any such account from time to time as the Directors may think fit;

Title of Article	Article Number and contents
To secure contract by mortgage etc.	186 (7) (7) To secure the fulfillment of any contracts, or engagements entered into by the Company by mortgage or charge of all or any of the property of the Company and its uncalled capital for the time being or in such other manner as they think fit;
To attach conditions as to transfer of any shares	186 (8) (8) To attach to any shares to be issued as the consideration or part of the consideration for any contract with or property acquired by the Company or in payment for services rendered to the Company, such conditions as to the transfer thereof they think fit:
To accept surrender of shares	186 (9) (9) To accept from any member, on such terms and conditions as may be agreed, a surrender of his shares or stock or any part thereof, so far as may be permissible by law;
To appoint trustees	186 (10) (10) To appoint any person or persons (whether incorporated or not) to accept and hold in trust for the Company any property belonging to the Company, or in which it is interested, or for any other purposes and to execute and do all such deeds and things as may be requisite in relation to any such trust, and, to provide for the remuneration of such trustee or trustees;
To bring and defend suits and legal proceedings	186 (11) (11)To institute, conduct, defend, compound, or abandon any legal proceedings by or against the Company or its officers, or otherwise concerning the affairs of the Company and also to compound and allow time for payment or satisfaction of any debt due, or any claims or demands by or against the Company;
To refer to arbitration	186 (12) (12) To refer any claims or demands by or against the Company or any dispute or difference to Arbitration and observe, perform and execute any awards made thereon;
To act in insolvency matters.	186 (13) (13) To act on behalf of the Company in all matters relating bankrupts and insolvents;
To give receipts	186 (14) (14) To make and give receipts, releases and other discharges for monies payable to the Company and for the claim and demands of the Company;
To authorize acceptance	186 (15) (15) To determine from time to time who shall be entitled to sign on the Company's behalf bills, notes, receipts, acceptances, endorsements, cheques, dividend warrants, releases, contracts and documents and to give the necessary authority for such purposes;
To invest money	186 (16) (16) Subject to the provisions of the Act and these Articles to invest and deal with any monies of the Company, not immediately required for the purposes thereof upon such securities and other investments (not being shares of this Company) or without security and in such manner as they may think fit and from time to time vary or realise such investments provided that save as permitted by Section 49 of the Act all investments shall be made and held by the Company in its own name:
To execute mortgage	186 (17) (17) To execute in the name and on behalf of the Company in favour of any Director or other person who may incur or be about to incur, any personal liability whether as principal or as surety for the benefit of the Company, such mortgages of the Company's property (present and future) as they think fit and any such mortgages may contain a power of sale and such other powers, covenants, provisions and agreements as shall be agreed upon;
To distribute bonus	186 (18) (18) To distribute by way of bonus amongst the staff of the Company a part of the profits of

Title of Article	Article Number and contents
	the Company, and to give to any officer or other persons employed by the Company, a commission on the profits of any particular business or transactions and to charge such bonus or commission as part of the working expenses of the Company;
Sharing of Profits	186 (19) (19) Subject to the provisions of the Act to give to any officer or other person employed by the Company an interest in any particular business or transaction by way of a share in the general profits of the Company, and such share of profits shall be treated as a part of the working expenses of the Company;
To provide for welfare of employees and to subscribe to charitable and other funds	186 (20) (20) To provide for the welfare of employees or ex-employees of the Company and its Directors or Ex-Directors and the wives, widows, and families and the dependents of such persons by building or contributing to the building of houses, dwelling or quarters or by grant of money, pensions, gratuities &, allowances, bonuses, profit sharing bonuses or benefits or any other payments or by creating and from time to time subscribing or contributing to provident and other funds, profit sharing or other schemes or trusts and by providing or subscribing or contributing towards places of instruction or recreation, hospitals and dispensaries, medical and other attendances and other forms of assistance, welfare or relief as the Directors shall think fit, and to subscribe or contribute or otherwise to assist to or guarantee money to charitable, benevolent, religious, scientific, national, public or any other institutions objects or purposes or for any exhibition;
To create depreciation and other funds	186 (21) (21) Before recommending any dividend, to set aside, out of the profits of the Company, such sums as they may think proper for depreciation or to or as a Depreciation Fund, or to an Insurance Fund, General Reserve, Reserve Fund, or Sinking Fund or any special or other fund or funds or account or accounts to meet contingencies, or to repay Redeemable Preference Shares or for debentures or debenture stock or for special dividends, or for equalising dividends, or for repairing, improving, extending and maintaining any part of the property of the Company, and/or for such other purposes (including the purposes referred to in the last two preceding clauses), as the Directors may, in their absolute discretion think conducive to the interests of the Company and to invest the several sums so set aside or so much thereof as required to be invested, upon such investments (subject to the restrictions imposed by the Act and these Articles) as the Directors may think fit and from time to time to deal with and vary any such investments and dispose of and apply and expend all or any part thereof for the benefit of the Company, in such manner and for such purposes as the Directors (subject to such restrictions as aforesaid) in their absolute discretion think conducive to the interests of the Company, notwithstanding that the matters to which the Directors apply or upon which they expend the same or any part thereof may be matters to or upon which the Capital moneys of the Company might rightly be applied or expended, and to divide the Reserve, General Reserve, or the Reserve Fund into such special funds as the Directors may think fit, and to employ the assets constituting all or any of the above funds or accounts including the Depreciation Fund in the business of the Company or in the purchase or repayment of Redeemable Preference Shares or debentures or debenture-stock and that without being bound to keep the same separately from the other assets, and without being bound to pay or allow interest on the same, with power however to the Directors at their discretion to pay or allow to the credit of such fund interest at such rate as the Directors may think proper;
To appoint employees	186 (22) (22)Subject to the provisions of the Act, to appoint and at their discretion remove or suspend managers, secretaries, officers, clerks, agents and employees for permanent, temporary or special services as they may from time to time think fit, and to determine their powers and duties, and fix their salaries or emoluments and to require security in such instances and of such amounts as they may think fit, and also without prejudice as aforesaid, from time to time provide for the management and transaction of the affairs of the Company on any specified locality in India or elsewhere in such manner as they think fit and the provisions contained in clauses (24), (25), (26) and (27) following, shall be without prejudice to the general powers conferred by this clause;

Title of Article	Article Number and contents
To comply with local laws	186 (23) (23) To comply with the requirement of any local law which the Company is not bound to comply with but which in their opinion it shall be in the interest of the Company necessary or expedient to comply with;
Local Board	186 (24) (24) From time to time and any time to establish any Local board for managing any of the affairs of the Company in any specified locality in India or elsewhere and to appoint any person to be members of any local Board, or any managers or agents and to fix their remuneration;
Delegation	186 (25) (25) Subject to the provisions of Section 292 of the Act and Article 186 from time to time, and at any time to delegate to any such Local Board, or any member or members thereof any managers or agents so appointed any of the powers, authorities and discretions for the time being vested in the Board of Directors and to authorise the member for the time being of any such local Board or any of them to fill up any vacancies therein and to act notwithstanding such vacancies therein and any such appointment or delegation under sub- clause (24) of this Article may be made on such terms and subject to such conditions as the Board of Directors may think fit and the Board of Directors may at anytime remove any persons so appointed and annul or vary any such delegation;
Power of Attorney	186 (26) (26) At any time and from time to time, by Power of Attorney, to appoint any person or persons to be the Attorney or Attorneys of the Company, for such purposes and with such powers, authorities and discretions (not exceeding those vested in or exercisable by the Board of Directors under these presents, and excluding the powers, which may be exercised only by the Board of Directors, at a meeting of the Board under the Act or these Articles or by the Company in General Meeting) and for such period and ,subject to such conditions as the Board of Directors, may from time to time think fit and any such appointment may (if the Board of Directors think fit) be made in favour of the member or any of the members of any Local Board, established as aforesaid, or in favour of any Company, or the Members, Directors' nominees or managers or any Company or firm or otherwise in favour of any body or persons, whether nominated directly or indirectly by the Board of Directors and any such Power of Attorney may contain such powers for the protection or convenience of persons, dealing with such attorneys as the Board of Directors may think fit, and may contain powers enabling any such delegates or attorneys as aforesaid to sub delegate all or any of the powers and authorities for the time being vested in them;
To delegate	186 (27) (27) Subject to the provisions of the Act and these Articles, for or in relation to delegate the powers, authorities and discretion vested in the Directors to any person, firm, company or fluctuating body of persons as aforesaid;
To enter into contracts	186 (28) (28) Subject to the provisions of the Act and these Articles, for or in relation to any of the matters aforesaid or otherwise for the purposes, of the Company, to enter into all such negotiations and contracts and rescind and vary all such contracts and execute and do all such acts, deeds and things in the name and behalf of the Company as they may consider expedient for or in relation to any of the matters aforesaid or otherwise for the purposes of the Company.

MANAGING DIRECTOR OR MANAGING DIRECTORS OR WHOLE-TIME DIRECTOR OR WHOLETIME DIRECTORS

Title of Article	Article Number and contents
	187. (a) (i) Subject to the applicable provisions of the Act, Promoter shall have the right, by writing

Title of Article	Article Number and contents
	and addressed to the Board, to designate one or more members of the Board as Managing Director or Managing Directors of the Company and the Board shall, within 14 days of the date of receipt of such writing, appoint such designate or designates as the Managing Director or Managing Directors of the Company. Promoter shall have the right by a similar writing addressed to the Board to require the Board to terminate the services of any Managing Director or Managing Directors of the Company and the Board shall, within 14 days of the receipt of such writing, terminate the services of any such Managing Director or Managing Directors. On a vacancy being caused in the office of the Managing Director from any cause whether by resignation, death, removal or otherwise, Promoter shall have the right to designate another or other Directors of the Board for such appointment or appointments and the Board shall proceed to appoint such designate/s in the same manner as hereinabove provided. The terms, of appointment of the Managing Directors shall, subject to any approvals or consents that may be required under the Act from time to time be such as are specified (with the power to vary such terms) by Promoter from time to time and the terms so specified shall be the terms on which the Managing Director or Managing Directors shall be appointed by the Board. The Managing Director or Managing Directors so appointed shall have, such powers exercisable upon such condition and subject to such restrictions as the Board may, from time to time, determine. (ii) The rights conferred on Promoter by the foregoing sub-clause of this Article shall be exercisable by Promoter only so long as Specified Persons hold not less than 15 percent of the paid up Equity Share Capital of the Company for the time being. (iii) If no person is designated as Managing Director by Promoter in exercise of the right conferred on them under sub-clause (i) of this Article, the Board may, subject to the provisions, of the Act and these Articles from time to time, appoint any of its members as the Managing Director or Managing Director of the Company upon such terms and conditions as the Board may think fit, and subject to the provisions of the Act and these Articles, the Board may by resolution vest in the Managing Director or Managing Directors such of the powers hereby vested in the Board generally as it thinks fit, and such powers may be exercisable for such period or periods and upon such conditions and subject to such restrictions as it may determine provided that the Managing Director or Managing Directors as appointed by the Board shall cease forthwith to be the Managing Director or Managing Directors of the Company upon Promoter designating a Managing Director or Managing Directors in exercise of the right conferred on it under sub-clause (i) of this Article. (b) (iv) The remuneration of the Managing Director or Managing Directors may be, by way of monthly payment, fee for each meeting or participation in profits, or by any or all of these modes or in any other mode not expressly prohibited by the Act. Subject to the provisions of the Act, the Manging Director or Managing Directors shall while he or they continue to hold that office be subject to retirement by rotation save and except otherwise decided pursuant to Article No. 163. If he or they cease to hold the office of Director he or they shall ipso facto and immediately cease to be the Managing Director or Managing Directors.
Appointment of Manager	188. (1) Subject to the applicable provisions of the Act including Section 197 A and 260 the Directors may in the alternative from time to time after obtaining such sanctions and approvals as may be necessary, appoint any individual or individuals as Manager or Managers for the Company and fix the term of his remuneration subject to the provisions of the Act. (2) A manager so appointed shall exercise the powers and authorities conferred upon him by an Agreement entered into between him and the Company and/or by a resolution of the Board of Directors and shall be subject to the obligations and restrictions imposed in that behalf by the Act.
Remuneration of Managing Director and whole-time Director	189. The remuneration of the Managing Director or Managing Directors or Whole time Director or Whole time Directors (subject to provisions of Sec. 309 and other applicable provisions of the Act and of these Articles and of any contract between him or them and the Company) shall be in accordance with the terms of his or their contract with the Company.
Powers and Duties of	190. Subject to the provisions of the Act and to the terms of any resolution of the Company in

Title of Article	Article Number and contents
Managing Director	General Meeting or of any resolution of the Board and to the term of any contract with him or them, the Managing Director or Managing Directors shall have substantial powers of management subject to the superintendence, control and direction of the Board of Directors.

WORKING OR EXECUTIVE DIRECTORS

Title of Article	Article Number and contents
Working or Executive Directors	191. (a)The Board may invite and appoint any expert person whose knowledge, experience skill or expertise is useful to or where such appointment is in the interest of the Company. (b) A person appointed as Executive or Working Director shall not be deemed to be a member of the Board of Directors or any Committee thereof and shall not attend the Board Meetings except on invitation of the Board. On such invitation and advise he may participate in the deliberations but he shall have no right to vote. (c) A Working or Executive Director need not hold any qualification shares. (d) Subject to such terms and conditions as may be agreed upon a Working or Executive Director may be remunerated for his services. (e)Subject to the superintendence, control and direction of the Board of Directors, the Managing Director, an Executive or Working Director may carry on such work, functions and assignments as are allotted to him.

SECRETARY

Title of Article	Article Number and contents
Secretary	192. The Directors shall appoint a Whole time Secretary of the Company possessing the prescribed qualification for such term, at such remuneration and upon such conditions as they may think fit and any Secretary so appointed may be removed by them. The main functions of the Secretary shall be the responsibility for maintaining Registers required to be kept under the Act and these Articles; for making the necessary returns to the Registrar of Companies under the Act and these Articles and for getting the necessary documents registered with the Registrar and for carrying out all other administrative and ministerial acts, duties and functions which a Secretary of a Company is normally supposed to carry out, such as giving the necessary notices to the members, preparing the agenda of meetings, issuing notices to Directors, preparing minutes of meetings of members and of Directors and of any Committees of Directors and maintaining minute books and other statutory documents and he shall carry out and discharge such other functions and duties as the Directors or the Managing Director may from time to time require him to do.

REGISTERS, BOOKS AND DOCUMENTS

Title of Article	Article Number and contents
Registers, Books and Documents	193. (1) The Company shall maintain all Registers, Books and Documents as required by the Act or these Articles including the following namely: (a) Register of Investments not held in the Company's name according to Section 49 of the Act; (b) Register of Mortgages, Debentures and Charges according to Section 143 of the Act; (c) Register of Members and an Index of Members according to Section 150 and 151 of the Act; (d) Register and Index of debenture holders according to Section 152 of the Act; (e) Register of Contracts, Companies and Firms in which Directors are interested according to Section 301 of the Act; (f) Register of Directors and Managing Director according to Section 303 of the Act; (g) Register of Shareholdings and Debenture holdings of Directors according to Section 307

Title of Article	Article Number and contents
	of the Act; (h) Register of loans made, guarantees given securities provided and investments made in Shares or Debentures of other bodies corporate according to Section 372A of the Act; (i) Books of Accounts in accordance with the provisions of Section 209 of the Act; (j) Copies of Instruments creating any charge requiring registration according to Section 136 of the Act; (k) Copies of Annual Return prepared under Section 159 of the Act, together with the copies of the certificate required under Section 161; (l) Register of Renewed and Duplicate Certificates according to Rule 7(2) of the Companies (Issue of Share Certificate) Rules, 1960. (2) The said registers, books and documents shall be maintained in conformity with the applicable provisions of the Act and these presents and shall be kept open for inspection for such persons as may be entitled thereto respectively, under the Act and these presents on such days and during such business hours as may be in that behalf be determined in accordance with the provisions of the Act and these Articles and extracts therefrom shall be supplied to those persons entitled thereto in accordance with the provisions of the Act and these Articles. (3) The Company may keep a Foreign Register of Members in accordance with Section 157 and 158 of the Act subject to the provisions of Section 157 and 158, the Directors may from time to time make such provisions as they may think fit in respect of the keeping of Branch Registers of Members and/or debenture holders.

THE SEAL

Title of Article	Article Number and contents
Seal of the Company	194. The Directors shall provide a Seal for the purpose of the Company, and shall have power from time to time to destroy the same and substitute a new seal in lieu thereof, and the Directors shall provide for the safe custody of the seal for the time being, and the seal shall never be used except by or under the authority of the Directors or a Committee of Directors previously given.
Deeds how executed	195. The Common Seal shall be affixed in the presence of any one of the Directors of the Company or any person authorised by the Board of Directors in this behalf.
Seal Abroad	196. The Company may exercise the powers conferred by Section 50 of the Act and such powers shall accordingly be vested in the Directors and the Company shall also be at liberty to use an official seal in any territory, district or place outside India.

INTEREST OUT OF CAPITAL

Title of Article	Article Number and contents
Payment of Interest out of Capital	197. Where any shares are issued for the purpose of raising money to defray the expenses of the construction of any works or buildings or the provisions of any plant, which cannot be made profitable for a lengthy period, the Company may pay interest on so much of that share capital as is for the time being paid up, for the period, at the rate, and subject *to* the conditions and restrictions provided by Section 208 of the Act, and may charge the same to capital as part of the cost of construction of the works or building or the provisions of the plant.

DIVIDEND

Title of Article	Article Number and contents
Division of Profits	198. The profits of the Company, subject to the provisions of these Articles, shall be divisible among the members in proportion to the amount of Capital paid upon the shares held by them

Title of Article	Article Number and contents
	respectively. Provided always that any capital paid up or credited as paid up on a share during the period in respect of which a dividend is declared shall, unless the terms of issues otherwise provide, only entitle the holder of such shares to an apportioned amount of such Dividend proportionate to the capital from time to time paid up during such period on such share.
Capital paid up in advance at interest not to earn dividend	199. Where capital is paid up in advance of calls upon the footing that the same shall carry interest, such capital shall not whilst carrying interest confer a right to dividend or to participate in profits.
Open to the Members to waive/forgo his/their right to receive the Dividend	200. Notwithstanding anything contained in the Articles 198,199 and 201 to 210 of the Articles of Association of the Company, but subject to the provisions of the Companies Act, 1956 and all other applicable rules of the statutory authorities and the Rules framed by the Board of Directors of the Company in this behalf as amended from time to time by the Board, it shall be open for the Members of the Company who hold the equity shares in the Company to waive/forgo his/their right to receive the dividend (interim or final) by him/them for any financial year which may be declared or recommended respectively by the Board of Directors of the Company. The waiver/forgoing by the Members, his/their right to receive the dividend (interim or final) by him/them under this Article shall be irrevocable immediately after the record date/book closure date fixed for determining the names of Members entitled for dividend. The Company shall not be entitled to declare or pay and shall not declare or pay dividend on equity shares to such Members who have waived/forgone his/their right to receive the dividend (interim or final) by him/ them under this Article.
Dividend in proportion to amount paid up	201. The Company may pay dividends to the Members other than members who have waived/forgone their right of receiving dividends (including any interim dividend) in respect of any financial year in accordance with the rules framed by the Board of Directors of the Company and amended from time to time by the Board of Directors of the Company in proportion to the amount paid up or credited as paidup on each share, where larger amount is paid-up or credited as paid-up on some shares than on others.
The Company in General Meeting may declare a Dividend	202. The Company in General Meeting may, subject to the provisions of Section 205 of the Act, declare a dividend to be paid to the Members other than the members who have waived/forgone their right, of receiving any dividend (including any interim dividend) declared/to be declared by the Company for any financial year, in accordance with the rules framed by the Board and amended from time to time, according their respective rights and interest in the profits and subject to the provisions of the Act, may fix the time for payment. Where a dividend has been so declared, subject to the provisions of Section 207 of the Act, either the dividend shall be paid or the warrant in respect thereof shall be posted within 30 days of the date of the declaration to the Members entitled to the payment of the same.
Powers of General Meeting to limit dividend	203. No larger dividends shall be declared than is recommended by the Directors but the Company in General Meeting may declare a smaller dividend. No dividend shall be payable except out of the profits of the year or any other undistributed profits of the Company, or otherwise than in accordance with the provisions of Section 205, 205A, 206 and 207 of the Act and no dividend shall carry interest as against the Company. The declaration of the Directors as to the amount of the net profits of the Company shall be conclusive.
Interim Dividend	204. Subject to the provisions of the Act, the Directors may, from time to time, pay to the Members other than the Members who have waived/foregone their right of receiving any dividend declared / to be declared by the Company for any financial year, in accordance \with Rules framed by the Board and amended from time to time, such interim dividends as in their judgement the position of the Company justifies.
	205.

Title of Article	Article Number and contents
Right to dividend etc pending registration of transfer	Where in an instrument of transfer of shares of the Company has been delivered to the Company for the registration and the transfer of such shares has not been registered by the Company, it shall comply with the provisions of Section 206A of the Act in respect of the dividend, right shares and bonus shares in relation to such shares.
No member to receive dividend whilst indebted to the Company and Company's right of reimbursement there out	206. Subject to the provisions of the Act no member shall be entitled to receive payment of any interest or dividend in respect of his share or shares, whilst any money may be due or owing from him to the Company in respect of such share or shares or otherwise howsoever either alone or jointly with any other person or persons, and the Directors may deduct from the interest or dividend payable to any member all sums of money so due from him to the Company.
Right to dividend pending registration of transfer	207. A transfer of shares shall not pass the right to any dividend declared thereon before the registration of the transfer.
Payment by post	208. No unclaimed or unpaid dividend shall be forfeited by the Board and unless otherwise directed any dividend may be paid by Cheque or Warrant sent through post to the registered address of the member or person entitled or in case of joint holders to that one of them first named in the Register in respect of the joint holding. Every such cheque or warrant shall be made payable to the order of the person to whom it is sent. The Company shall not be liable or responsible for any cheque or warrant lost in transmission or for any dividend lost to the member or other person entitled thereto by the forged endorsement of any cheque or warrant or the fraudulent or improper recovery thereof by any other means.
Unpaid Dividend remitted	209. The Company shall duly comply with the provisions of Section 205-A of the Act in respect of a dividend declared by it but which has not been paid or the warrant in respect thereof has not been posted within thirty days from the day of the declaration to any shareholder entitled to the payment of the Dividend.
Dividend and Call together	210. Any General Meeting declaring a dividend may on the recommendation of the Directors make a call on the members for such amount as the meeting fixes, but so that the call to each member shall not exceed the dividend payable to him and so that the call be made payable at the same time as the dividend and the dividend may, if so warranted between the Company and the members, be set off against the call.

RESERVES AND CAPITALISATION

Title of Article	Article Number and contents
Reserves	211. The Board may, before recommending any dividend set aside out of the profits of the Company such sums as it thinks proper as a reserve or reserves which shall at the discretion of the Board, be applicable for any purpose to which the profits of the Company may be properly applied and pending such application may, at the like discretion, either be employed in the business of the Company or as may be permitted by the Act, applied for payment of dividend or be invested in such investment, and in such manner or as may be permitted by the Act and as the Board may from time to time think fit.
Capitalisation	212. (1) Any General Meeting may resolve that any amounts standing to the credit of the Security Premium Account or the Capital Redemption Reserve Account or any monies, investment or other assets forming part of the undivided profits (including profits or surplus monies arising from the realisation and where permitted by law from the appreciation in value of any

Title of Article	Article Number and contents
	General Reserve or any Reserve Fund or any other Fund of the Company or in the hands of the Company and available for dividend) be capitalized. (a) By the issue and distribution as fully paid up shares of the Company; or (b)By crediting shares of the Company which may have been issued to and are not fully paid up with the whole or any part of the remaining unpaid thereof, Provided that any amount standing to the credit of the Security Premium Account or the Capital Redemption Reserve Account shall be applied only in crediting the payment of capital on shares of the Company to be issued to members (as herein provided) as fully paid bonus shares. (2) Such issue and distribution under clause (1) (a) above and such payment to credit of unpaid share capital under clause (1) (b) above shall be made to among and in favour of the members of any class of them or any of them entitled thereto in accordance with their respective rights and interest and in proportion to the amount of capital paid up on the shares held by them respectively in respect of which such distribution under clause (1) (a) or payment under clause (1) (b) above shall be made on the footing that such members become entitled thereto as capital. (3) The Directors shall give effect to any such resolution and apply such portion of the profits of General Reserve Fund or any other fund or Account as aforesaid as may be required for the purpose of making payment in full for the shares of the Company so distributed under clause (1) (b) above or (as the case may be) for the purpose of paying in whole or in part, the amount remaining unpaid on the shares which may have been issued and are not fully paid up under clause (1) (b) above provided that no such distribution or payment shall be made unless recommended by the Directors and if so recommended such distribution and payment shall be accepted by such members as aforesaid in full satisfaction of their interest in the said capitalised sum. (4) For the purpose of giving effect to any such resolution the Directors may settle any difficulty which may arise in regard to the distribution or payment as aforesaid as they think expedient and in particular they may issue fractional certificates and may fix the value for distribution of any specific assets and may determine that cash payment be made to any members on the footing of the value so fixed and may vest any such cash or share in trustees upon such trusts for the persons entitled thereto as may seem expedient to the Directors and generally may make such arrangements for the acceptance, allotment and sale of such shares and fractional certificates or otherwise as they may think fit. (5) Subject to the provisions of the Act and these Articles, in cases where some of the shares of the Company are fully paid and others are partly paid only, such capitalisation may be allotted by the distribution of further shares in respect of the fully paid shares, the and by, crediting the partly paid shares with the whole or part of the unpaid liability thereon but so that as between the holders of the fully paid shares, and the partly paid shares, the sum so applied on the payment of such further shares in the extinguishment or diminution of the liability on the partly paid shares shall be so applied pro-rata in proportion to the amount then already paid or credited as paid on the existing fully paid shares respectively. (6) When deemed requisite, a proper contract shall be filled in accordance with the Act and the Board may appoint any person to sign such contract on behalf of the members entitled as aforesaid and such appointment shall be effective.

ACCOUNTS

Title of Article	Article Number and contents
Books of Accounts to be kept	213. (1) As required by Section 209 of the Act, the Company shall keep at its Registered Office proper Books of Accounts with respect to: (a) All sums of money received and expended by the Company and the matters in respect of which the receipt and the expenditure takes place; (b) all sales and purchases of goods by the Company; and (c) the assets and liabilities of the Company. Provided that all or any of the books of account aforesaid may be kept at such other place in India as the Board of Directors may decide and when the Board of Directors of the Company so decides, the Company shall within seven days of the decision, file with the Registrar a notice in writing giving the full address of that other place. (2) If the Company has a branch office, whether in or outside India, proper books of accounts

Title of Article	Article Number and contents
	relating to the transactions effected at the office shall be kept at that office, and proper summarised returns, made upto dates at intervals of not more than three months, shall be sent by the branch office of the Company to its Registered Office or other place in India as the Board thinks fit, where the main books of the Company are kept. (3) All the aforesaid books shall give a true and fair view of affairs of the Company or its branch office as the case may be with respect to the matters aforesaid, and explain its transactions. (4) The Books of Accounts and other books and papers shall be open to inspection by any Director during business hours.
Books of Accounts to be preserved	214. The Books of Accounts of the Company relating to a period of not less than eight years immediately preceding the current year together with the vouchers relevant to any entry in such Books of Accounts shall be preserved in good order.
Inspection by members of accounts and books of Company	215. The Directors shall from time to time determine whether and to what extent and at what times and place and under what conditions and regulations the accounts and books of the Company or any of them shall be open to the inspection of members (not being Director) and no member (not being Director) shall have any right of inspection of any accounts or books or documents of the Company except. As conferred by law or authorised by the Directors or by the Company in General Meeting.
Accounts to be furnished at General meeting	216. At every Annual General Meeting the Board shall lay before the Company a Balance Sheet and Profit & Loss Account made up in accordance with the provisions of Section 210 of the Act and such Balance Sheet and Profit and Loss Account shall comply with the requirements of Section 210, 211, 212, 215, 216 and of Schedule VI of the Act so far as they are applicable to the Company.
Directors' Report	217. There shall be attached to every Balance Sheet laid before the Company, a report by the Board of Directors complying with the provisions of Section 217 of the Act.
Rights of Members to copies of Balance Sheet and Auditors' Report	218. The Company shall comply with the requirements of Section 219 of the Act.

ANNUAL RETURNS

Title of Article	Article Number and contents
Annual Returns	219. The Company shall make and file the requisite Annual Returns in accordance with the provisions of Section 159 and 161 of the Act.

AUDIT

Title of Article	Article Number and contents
Accounts to be audited	220. Once at least in every year, the Books of Accounts of the Company shall be audited by one or more auditors in accordance with the relevant provisions contained in that behalf in the Act
Audit Provision	221(1) (a) The Company at the Annual General Meeting, in each year, shall, appoint an auditor or auditors to hold office from the conclusion of that meeting until the conclusion of the next Annual General Meeting and shall within seven days of the appointment, give intimation

Title of Article	Article Number and contents
	thereof to every auditor so appointed unless he is a retiring auditor. (b) At every Annual General Meeting auditor shall be reappointed unless: (i) he is not qualified for reappointment; (ii) he has given the Company notice in writing of his unwillingness to be reappointed; (iii) A resolution has been passed at that meeting appointing somebody instead of him or providing expressly that he shall not be reappointed; or (iv) Where notice has been given of an intended resolution to appoint some person or persons in the place of a retiring auditor and by reason of the death, incapacity or disqualification of that person or of all those persons, as, the case may be, the resolution cannot be proceeded with; (c) Where at an Annual General Meeting no auditor is appointed or reappointed, the Central Government may appoint a person to fill the vacancy. (d) The Company shall within seven days of the Central Government's power under clause (c) becoming exercisable, give notice of that fact to the Government. (e) The Board of Directors may fill any casual vacancy in the office of auditor but while any such vacancy continues, the remaining auditor or auditors (if any) may act, but where such vacancy is caused by the resignation of an auditor, the vacancy shall only be filled by the Company in General Meeting. (f) A person other than a retiring auditor, shall not be capable of being appointed at an Annual General Meeting. Unless special notice of a resolution for appointment of that person to the office of auditor has been given by a member to the Company not less than fourteen days before the meeting in accordance with Section 190 of the Act, and the Company shall send a copy of any such notice to the retiring auditor and shall give notice thereof to the members in accordance with Section 190 of the Act, and all the other provisions of Section 225 of the Act shall apply in the matter. The provisions of this clause shall also apply to a resolution that a retiring auditor shall not be reappointed.
Qualification and disqualification of auditors	221(2) The persons qualified for appointment as auditors shall be only those referred to in Section 226 of the Act.
Remuneration of Auditors	221 (3) In case of auditors appointed by the Company the remuneration of the auditors shall be fixed by the Company in General Meeting.
Rights and duties of Auditors	221(4) (a)Every auditor of the Company shall have a right of access at all times to the books and accounts and vouchers of the Company and shall be entitled to require from the directors and officers of the Company such information and explanations as may be necessary for the performance of the duties of the auditor; (b)All notices of and other communications relating to any General Meeting of Company which any member of the Company is entitled to have sent to him shall also be forwarded to the auditor of the Company; and the auditor shall be entitled to attend any General Meeting and to be heard at any General meeting which he attends on any part of the business which concerns him as auditor; (c) The auditor shall make a report to the members of the Company on the accounts examined by him and on every balance sheet and profit and loss account, and on every other document declared by this Act to be part or annexed to the balance sheet or profit and loss account which are laid before the Company in General Meeting during his tenure of office, and the report shall state whether in the explanation given to him, the sold accounts give the information required by the Act, in the manner so required and give a true and fair view. (i)In the Case of the balance sheet, of the state of the Company’s affairs as at the end of its financial year; and (ii) In the case of the profit and loss account of the profit or loss for its financial year, (d) The auditors' report shall also state (i) Whether he has obtained all the information on and explanations which to the best of his knowledge and belief were necessary for the purposes of his audit; (ii) Whether in his opinion, proper books of account as required by law have been kept by the Company so far as appears from his examination or those books, and proper returns adequate

Title of Article	Article Number and contents
	for the proposes or his audit have been received from branches, if any of the Company, and not visited by him; (iii) Whether the report on the account, of any branch office audited under Section 228 by a person other than the Companys', auditor has been forwarded to him as required by clause (e) of sub-section (3) of that Section and how he has dealt with the same in preparing the auditors' report; (iv) Whether the Company's balance sheet and profit and loss account dealt with by the report are in agreement with the books of accounts and returns. (e) Where any of the matters referred to in sub-.clause (i) and (ii) of clause (e) or in sub-clauses. (i), (ii), (iii)and (iv) of clause (d) is answered in the negative or with a qualification, the auditors', report shall state the reason for the answer. (f) The accounts of the Company shall not be deemed as not having been, and the Auditors' report shall not state that those accounts have not been, properly drawn up on the ground merely that the Company has not disclosed certain matters if: (i) those matters are such as the Company is not required to disclose by virtue of any provisions contained in the Act or any other Act, and (ii) those provisions are specified in the balance sheet and profit and loss account of the Company.
Reading and inspection of auditors' report	221(5) The auditors' report shall be read before the Company in General Meeting and shall be open to inspection by any member of the Company.
Accounts when Audited and approved to be conclusive except as to errors developed within three months.	222. Every Account of the Company when audited and approved by a General Meeting shall be conclusive except as regards any error discovered therein within three months next after the approval thereof. Whenever any such error is discovered within that period the Account shall forthwith be corrected and thenceforth shall be conclusive.

DOCUMENTS AND SERVICE OF DOCUMENTS

Title of Article	Article Number and contents
Manner of Service	223. (1)A document (which expression for this purpose shall be deemed to include and shall include any summons, notice, requisition, process, order, judgement or any other document in relation to or in the winding up of the Company) may be served or sent by the Company on or to any member either personally, or by sending it by post to him at his registered address, or (if he has no registered address in India) at the address if any within India supplied by him to the Company, (2) Where a document is sent by post : (a) service thereof shall be deemed to be effected by properly addressing, prepaying and posting a letter containing the document provided that where a member has intimated to the Company in advance that documents should be sent to him under certificate of posting or by registered post with or without acknowledgement due and has deposited with the Company a sum sufficient to defray the expenses of doing so service of the document shall not be deemed to be effected unless it is sent in the manner intimated by the member; and (b) such service shall be deemed to have been effected : (i) In the case of a notice or meeting; at the expiration of forty eight hours, after the letter containing the notice is posted; and (ii) In any other case, at the time at which the letter, would be delivered in the ordinary course of post.
Service on members having no registered address	224. If member has no registered address in India and has not supplied to the Company an address within India for the giving of notice to him a document advertised in a newspaper circulating in the neighborhood of the Registered Office of the Company shall be deemed to be duly served on him on the day on which the advertisement appears.

Title of Article	Article Number and contents
Service on person acquiring shares on death or insolvency of member	225. A document may be served by the Company on the persons entitled to a share in consequence of the death or insolvency of a member by sending it through the post in a prepaid letter addressed to them by name or by the title of representative of the deceased or assignee of the insolvent; or by any like descriptions, at the address (if any*)* in India supplied for the purpose by the persons claiming to be so entitled, or (until such an address has been so supplied) by serving the document in any manner in which the same might have been served if the death or insolvency has not occurred.
Persons entitled to notice of general meetings	226. Subject to the provisions of the Act and these Articles notices of General Meetings shall be given : (i) to members of the Company as provided by Article 101 in any manner authorized by Article 225 or authorised by the Act: (ii) to the person entitled to a share in consequence of the death or insolvency of a member as provided by Article 227 or as authorised by the Act: and (iii) to the Auditor or Auditors for the time being of the Company, in any manner authorised by Article 102 or as authorised by the Act in the case of any member or members of the Company.
Advertisement	227. Subject to the provisions of the Act any document required to be served or sent by the Company on or to the members or any of them, and not expressly provided for by these presents shall be deemed to be duly served or sent if advertised once in one daily English and one daily vernacular newspaper circulating in the district in which the Registered Office of the Company is situated.
Members bound by document given to previous holders	228. Every person who by operation of law, transfer, or other means whatsoever, shall become entitled to any share shall be bound by every document in respect of such shares which previously to his name and address being entered on the Register, has been duly served on or sent to the person from whom he derives his title to such share.
Notice by Company and Signature thereto	229. Any notice to be given by the Company shall be signed by the Managing Director or Secretary or by such Director or Officer as the Directors may appoint and such signature may be written or printed or lithographed.
Service of notices by members	230. All notices to be given on the part of the members to the Company shall be kept at or sent by post under certificates of posting or by registered post to the Registered Office of the Company.

AUTHENTICATION OF DOCUMENTS

Title of Article	Article Number and contents
Authentication of documents and proceedings	231. Save as otherwise expressly provided in the Act or these Articles, a document or proceedings requiring authentication by the Company may be signed by a Director, or the Managing Director or an authorised Officer of the Company and need not be under its Seal.

RECONSTRUCTION

Title of Article	Article Number and contents
Reconstruction	232. On any sale of the undertaking of the Company the Board or liquidator on a winding up may, if authorised by a Special Resolution, accept fully paid or partly paid-up shares, debentures or

Title of Article	Article Number and contents
	securities of any other Company, whether incorporated in India or not, either then existing or to be formed for the purchase in whole or in part of the property of the Company, and the Board (if the profits of the Company permit) or the liquidator (in a winding up) may distribute such shares or securities or any other property of the Company amongst the members without realization, or vest the same in trustees for them, and any Special Resolution may provide for the distribution or appropriation of cash, shares or other securities, benefit or property otherwise than in accordance with the strict legal rights of the members or contributories of the Company and for the valuation of such securities or property at such price and in such manner, as the meeting may approve and all holders of shares shall be bound to accept and shall be bound by any valuation or distribution & authorised, and waive all rights in relation thereto, save only in case the Company is proposed to be or is in the course of being wound up, such statutory rights, if any, under Section 494 of the Act as are incapable of being varied or excluded by these Articles.

WINDING UP

Title of Article	Article Number and contents
Distribution of Assets	233. If the Company shall be wound up, and the assets available for distribution among the members as such shall be insufficient to repay the whole of the paid up capital, such assets shall be distributed so that as nearly as may be the losses shall be borne by the members in proportion to the Capital paid up or which ought to have been paid up at the commencement of the winding up on the shares held by them respectively. And if in a winding up the assets available for distribution amongst the members shall be more than sufficient to repay the whole of the Capital paid up at the commencement of the winding up, the excess shall be distributed among the members in proportion to the Capital paid up at the commencement of the winding up or which ought to have been paid up on the shares held by them respectively. But this Article is to be without prejudice to rights of the holders of shares issued upon special terms and conditions.
Distribution of assets in Specie or kind	234. (1) If the Company shall be wound up, whether voluntarily or otherwise, the liquidators may, with the sanction of a special resolution but, subject to the rights attached to any preference share capital, divide amongst the contributories, in specie or in kind, any part of the assets of the Company and may, with the like sanction, vest any part of the assets of the Company in trustees upon such trusts for the benefit of the contributories or any of them, as the liquidators, with the like sanction shall think fit. (2) If thought expedient any such division may, subject to the provisions of the Act, be otherwise than in accordance with the legal rights of the contributories (except where unalterably fixed by the Memorandum of Association) and in particular any class may be given preferential or special rights or may be excluded altogether or in part but in case any such division shall be determined, any contributory who would be prejudiced thereby shall have right to dissent and ancillary rights as if such determination were a special resolution passed pursuant to Section 494 of the Act. (3) In case any shares to be divided as aforesaid involve a liability to calls or otherwise any person entitled under such division to any of the said shares may within ten days after the passing of the special resolution, by notice in writing, intimate to the liquidator to sell his proportion and pay him the net proceeds and the liquidator shall, if practicable, act accordingly.
Rights of shareholders in case of sale	235. A special resolution sanctioning a sale to any other Company duly passed pursuant to Section 494 of the Act may, subject to the provisions of the Act, in like manner as aforesaid determine that any shares or other consideration receivable by the liquidator be distributed amongst the members otherwise than in accordance with their existing rights and any such determination shall be binding upon all the members subject to the rights of dissent and consequential rights conferred by the said section.

SECRECY CLAUSE

Title of Article	Article Number and contents
Secrecy Clause	236. (1) Every director, manager, auditor, trustee, member of a committee, officer, servant, agent, accountant or other person employed in the business of the Company, shall if so required by the Directors, before entering upon his duties, sign a declaration pledging himself to observe strict secrecy respecting all transactions and affairs of the Company with the customers and the state of the accounts with individuals and in relation thereto and shall by such declaration pledge himself not to reveal any of the matters which may come to his knowledge in the discharge of his duties except when required so to do by the Directors or by law or by the person to whom such matters relate and except so far as may be necessary in order to comply with any of the provisions in these presents contained. (2) No member shall be entitled to visit or inspect the Company's works without the permission of the Directors or the Managing Director or to require discovery of or any information respecting any detail of the Company's trading or any matter which is or may be in the nature of a trade secret, mystery of trade, or secret process, which may relate to the conduct of the business of the Company and which in the opinion of the Directors or the Managing Director it will be inexpedient in the interest of the members of the Company to communicate to the public.

INDEMNITY AND RESPONSIBILITY

Title of Article	Article Number and contents
Directors and others rights to indemnity	237. (1) Subject to the provisions of Section 201 of the Act every Director of the Company or the Managing Director, Manager, Secretary and other officer or employee of the Company and the Trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them shall be indemnified by the Company against, and it shall be the duty of the Directors out of the funds of the Company to pay all costs, losses and expenses (including travelling expenses) which any such Director, Managing Director, Manager, Secretary or other officer or employee and the trustees (if any) for the time being acting in relation to any of the affairs of the Company may incur or become liable to by reason of any contract entered in to or any act, deed or thing done by him as such Director, officer, employee or trustees or in any way in the discharge of his duties. (2) Subject as aforesaid, every Director, Managing Director, Manager, Secretary or other officer or employee of the Companyor the Trustees (if any) for the time being acting in relation to any of the affairs of the Company and every one of them shall be indemnified against any liability incurred by him in defending any proceedings whether civil or criminal in which judgement is given in his favour or in which he is acquited or in connection with any application under Section 633 of the Act in which relief is given to him by the Court.
Directors and others not responsible for acts of others	238. Subject to the provisions of Section 201 of the Act no Director, Managing Director or other officer of the Company shall be liable for the acts, omissions, neglects or defaults of any Director or Officer or for joining in any omission or other act for conformity or for any loss or expenses suffered by the Company through insufficiency or deficiency of any property acquired by order of the Directors for or on behalf of the Company or for the insufficiency or deficiency of any security in or upon which any of the monies of the Company shall be invested or for any loss or damage arising from the bankruptcy, insolvency or tortuous act of any person, company or corporation, with whom any monies, securities or effects shall be entrusted or deposited or for any loss occasioned by any error of judgement or oversight on his part or for any other loss or damages or misfortune whatever which shall happen in the execution of the duties of his office or in relation thereto, unless the same happens through his own dishonesty
Social objective	239. The Company shall have among its objective the promotion and growth of the national economy through increased productivity, effective utilisation of material and manpower resources and continued application of modern scientific and managerial techniques in

Title of Article	Article Number and contents
	keeping with the national aspirations, and the Company shall be mindful of its social and moral responsibilities to the customers, employees, shareholders, society and the local community.
General Power	240. Whenever in the Companies Act, it has been provided that the Company shall have any rights, privileges or authority or that the Company could carry out any transaction only if the Company is authorised by its articles, then and in that case this regulation hereto authorises and empowers the Company to have such rights, privileges, or authority and to carry such transactions as have been permitted by the Act, without there being any specific regulation in that behalf herein provided.

SECTION XI –OTHER INFORMATION

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The following contracts (not being contracts entered into in the ordinary course of business carried on by our Company or entered into more than two years before the date of the Letter of Offer) which are or may be deemed material have been entered or are to be entered into by our Company. These contracts and also the documents for inspection referred to hereunder, may be inspected at the Registered and Corporate Office of our Company situated at SPARC, Akota Road, Akota, Vadodara – 390 020, Gujarat, India, on Working Days from the date of the Letter of Offer until the Issue Closing Date.

A. Material Contracts

1. Memorandum of Understanding dated September 19, 2011 between our Company, and the Lead Manager.

2. Memorandum of Understanding dated November 21, 2011, between our Company and the Registrar.

B. Material Documents

1. Certificate of incorporation of our Company dated March 01, 2006.

2. Certificate of Commencement of Business of our Company dated March 22, 2006.

3. Certified copy of the Memorandum of Association and Articles of Association of our Company as amended from time to time.

4. The resolution of the Funds Mobilising Committee dated July 14, 2011 and the resolution of the Shareholders of our Company dated August 08, 2011 authorizing this Issue.

5. Agreement dated February 01, 2012 entered by and between our Company and our Promoter, Mr. Dilip Shanghvi for his appointment as a Managing Director of our Company for a period of five (05) years from March 01, 2012 to February 28, 2017.

6. The Resolution of the Board and Shareholders' resolution dated May 07, 2011 and August 08, 2011 respectively, re-appointing our Promoter, Mr. Dilip Shanghvi as a Managing Director of our Company for a period of five (05) years from March 01, 2012 to February 28, 2017.

7. Leave and license agreement dated September 01, 2011 entered into between Sun Pharmaceutical Industries Limited and Sun Pharma Advanced Research Company Limited for property situated at Plot number 907/4 at Makarpur, GIDC, Vadodara.

8. Lease Agreement dated October 17, 2011 between Sun Pharmaceutical Industries Limited and Sun Pharma Advanced Research Company Limited for property situated at On Ground floor of the office premises situated at Sun Pharma Advanced Research Centre, Survey Number 33, Baroda City Survey Number 748, Village Akota Road, Akota, Vadodara-390 020.

9. Due Diligence Certificate dated January 30, 2012 to SEBI from the Lead Manager.

10. Copy of the statement of tax benefits dated August 10, 2012 from the Statutory Auditors in this case being M/s. Deloitte Haskins & Sells.

11. Report of the Auditors, M/s Deloitte Haskins & Sells, dated August 10, 2012 regarding restated financials of our Company for the Fiscals 2008, 2009, 2010, 2011 and 2012.

12. Consents in writing of the Directors, the Compliance Officer, the Statutory Auditors, Bankers to our Company, Lead Manager, Registrar to the Issue, Legal Advisor to the Issue, Legal Advisor to the Company and Banker to the Issue to act in their respective capacities.

13. SEBI Observation letter numbers CFD/DIL/ISSUES/SK/EHM/9224/2012 dated April 25, 2012.

14. In-principle listing approval from NSE dated February 21, 2012.

15. In-principle listing approval from BSE dated February 17, 2012.

16. Tripartite agreement among the NSDL, our Company and Registrar dated April 27, 2007.

17. Tripartite agreement among the CDSL, our Company and the Registrar dated May 11, 2007.

18. Rights Issue Agreement dated June 20, 2012 entered into between our Company and Kotak Mahindra Bank Limited.

19. The Scheme of Arrangement between Sun Pharmaceutical Industries Limited and our Company in the nature of demerger and transfer of the Innovative Research and Development business to our Company, sanctioned by the orders of the High Court of Gujarat at Ahmedabad dated September 01, 2006 and March 01, 2007 passed in Company Petition number 88 of 2006 connected with Company applications 189 of 2006 and 71 of 2007.

20. Letter bearing number CFD/DIL/NB/NB98342/2007 dated July 10, 2007 issued by SEBI relaxing the requirements of Rule 19(2)(b) of the SCRR for listing of Equity Shares of our Company on the BSE and NSE .

21. Letter bearing number FE.CO.FID/28/11.01.008/2007-08 dated July 02, 2007 issued by RBI taking on record the increase of the FII limit from 24% to 49%.

22. Application dated January 25, 2012 to FIPB seeking FIPB approval to offer, issue and allot partly paid Equity Shares to FIIs, NRIs and erstwhile OCBs.

23. Letter bearing number 37(2012)/ 13(2012) dated June 01, 2012 issued by FIPB permitting our Company to offer, issue and allot partly paid Equity Shares to FIIs, NRIs.

24. Applications dated December 22, 2011 and June 01, 2012 to RBI seeking RBI approval to allow renunciation of partly paid-up Equity Shares (i) from a resident Indian Equity Shareholder to a non-resident, or (ii) from a non-resident Equity Shareholder to a resident Indian, or (iii) from a non-resident Equity Shareholder to a non-resident. .

25. Letter bearing number FE.CO.FID/10.78.000(40)/2011-12 dated June 20, 2012 from RBI allowing renunciation of partly paid-up Equity Shares (i) from a resident Indian Equity Shareholder to a non-resident, or (ii) from a non-resident Equity Shareholder to a resident Indian, or (iii) from a non-resident Equity Shareholder to a non-resident.

26. Letter of Arrangement dated August 02, 2011 issued by Sholapur Organics Private Limited to our Company granting an unsecured loan to our Company.

27. Letter of Arrangement dated October 01, 2011 issued by Quality Investment Private Limited to our Company granting an unsecured loan to our Company.

28. Letter of Arrangement dated July 05, 2011 issued by Tejaskiran Pharmchem Industries Private Limited to our Company granting an unsecured loan to our Company.

29. Letter of Arrangement dated January 03, 2012 issued by Viditi Investment Private Limited to our Company granting an unsecured loan to our Company.

30. Letter of Arrangement dated June 07, 2012 issued by SPIL to our Company granting an unsecured loan to our Company.

31. Certificate dated July 24, 2012 issued by M/s. Valia & Timbadia, Chartered Accountants, confirming the utilization of the total unsecured loan facilities availed from Group Entities.

32. Commissioned report titled *"Indian Pharma R & D Industry"* dated June 01, 2012 issued by CARE Research, a division of Credit Analysis & Research Limited.

Any of the contracts or documents mentioned in the Letter of Offer may be amended or modified at any time if so required in the interest of our Company or if required by the other parties, without reference to the shareholders subject to compliance of the provisions contained in the Act and other relevant statutes.

SECTION XII – DECLARATION

We, the Directors of our Company, hereby declare that, all the relevant provisions of the Companies Act, 1956, and the guidelines issued by the Governments of India or the regulations issued by the Securities and Exchange Board of India established under Section 3 of the Securities and Exchange Board of India Act, 1992 as the case may be, have been complied with and no statement made in this Letter of Offer is contrary to the provisions of the Companies Act, 1956, the Securities and Exchange Board of India Act, 1992, each as amended or rules made there under or guidelines / regulations issued, as the case may be. We further certify that all the disclosures and statements made in this Letter of Offer are true and correct.

Signed by the Directors of our Company

Dilip Shanghvi	**Goverdhan Mehta**
Rajamannar Thennati	**Mohanchand Dadha**
Sudhir Valia	**Andrea Vasella**

Date: August 10, 2012
Place: Mumbai