



SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED
Registered Office: Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara – 390 020, Gujarat, India.
Tel.: 0265 - 2330815 / 2339257 Website:www.sunpharma.in
CIN: L73100GJ2006PLC047837,

NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Ninth Annual General Meeting** of the Shareholders of **SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED** will be held at **Sir Sayajirao Nagargruh, Akota, Vadodara - 390 020, Gujarat, on Thursday, the 31st July, 2014, at 11.15 a.m.**, to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the Balance Sheet as at 31st March, 2014, the Statement of Profit & Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. T. Rajamannar (DIN: 01415412), who retires by rotation and being eligible, offers himself for reappointment.
3. To re-appoint Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, having Firm's Registration No. 117366W/W-100018, as the Auditors of the Company from the conclusion of this Annual General Meeting for a period of three (3) years, upto the conclusion of the 12th Annual General Meeting, and to authorise the Board of Directors to fix their remuneration.

“**RESOLVED THAT** pursuant to Section 139 of Companies Act, 2013 ('the Act') read with Companies (Audit and Auditors) Rules, 2014 and other provisions as may be applicable, if any, the Company hereby approves the appointment of M/s. Deloitte Haskins & Sells LLP, having Firm's Registration No. 117366W/W-100018, as the Statutory Auditors of the Company for a period of three (3) years, upto the conclusion of the 12th Annual General Meeting, subject to ratification by members at every Annual General Meeting at such remuneration as may be fixed by the Board of Directors of the Company in consultation with them.”

SPECIAL BUSINESS:

4. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:
“**RESOLVED THAT** pursuant to Section 149, 152 of the Companies Act, 2013 and such other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, the Company hereby approves the appointment of Mr. S. Mohanchand Dadha (DIN: 00087414), Director of the Company, as an Independent Director of the Company for a term of two (2) years, to hold office upto the conclusion of the 11th Annual General Meeting”
5. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:
“**RESOLVED THAT** pursuant to Section 149, 152 of the Companies Act, 2013 and such other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, the Company hereby approves the appointment of Dr. Goverdhan Mehta (DIN: 00350615), Director of the Company, as an Independent Director of the Company for a term of two (2) years, to hold office upto the conclusion of the 11th Annual General Meeting.”
6. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an **ORDINARY RESOLUTION**:
“**RESOLVED THAT** pursuant to Section 149, 152 of the Companies Act, 2013 and such other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, the Company hereby approves the appointment of Prof. Dr. Andrea Vasella (DIN: 01653058), Director of the Company, as an Independent Director of the Company for a term of two (2) years, to hold office upto the conclusion of the 11th Annual General Meeting.”
7. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as **SPECIAL RESOLUTIONS**:
“**RESOLVED THAT** pursuant to the provisions of Section 180 (1)(a) and other applicable provisions, if any, of the Companies

Act, 2013, including any statutory modification or re-enactment thereof for the time being in force, consent of the Company be and is hereby given to the Board of Directors of the Company (hereinafter referred to as the "Board" which term shall be deemed to include any committee thereof) to create such charges, mortgages and hypothecations, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to takeover the management and concern of the Company in certain events in favour of Banks/ Financial Institutions, other investing agencies and trustees for the holders of debentures/ bonds/ other instruments to secure rupee/ foreign currency loans and/ or the issue of debentures whether partly/ fully/ non convertible and / or securities and / or rupee/ foreign currency convertible bonds and/ or (hereinafter collectively referred to as "Loans") provided that the total amount of loans together with interest thereon, additional interest, compound interest, liquidated damages, commitment charges, premium on pre-payment or on redemption, costs, charges, expenses and all other monies payable by the Company in respect of the said loans, for which the charge is to be created, shall not, at any time exceed the limit of ₹250 Crores (Rupees Two Hundred and Fifty Crores only) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution."

8. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as **SPECIAL RESOLUTIONS:**

"RESOLVED THAT pursuant to the provisions of Section 180(1)(c) of the Companies Act, 2013, and other applicable provisions, if any, of the Companies Act, 2013, including any statutory modification or re-enactment thereof for the time being in force, the consent of the Company be and is hereby accorded to the Board of Directors of the Company (herein after referred to as the "Board" which term shall be deemed to include any committee thereof) for borrowing, from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained or to be obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate of the paid up share capital of the Company and its free reserves (that is to say reserve not set apart for any specific purpose) provided that the total amount so borrowed by the Board shall not at any time exceed ₹ 250 crores (Rupees Two Hundred and Fifty Crores only) or the aggregate of the paid up capital and free reserves of the Company, whichever is higher."

"RESOLVED FURTHER THAT the Board be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution."

9. To consider and, if thought fit, to pass with or without modification(s), the following resolutions as **SPECIAL RESOLUTIONS:**

"RESOLVED THAT pursuant to the provisions of Section 186 of the Companies Act, 2013 and such other provisions as may be applicable, if any, including any statutory modification or re-enactment thereof for the time being in force, the Board of Directors of the Company be and is hereby authorised to agree to at its discretion to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and to make investments in shares, debentures and/or any other securities of other body corporates, whether Indian or overseas and/or in various schemes of Mutual Funds or such other funds, in their absolute discretion deem beneficial and in the interest of the Company in excess of 60% of the paid up Share Capital and Free Reserves and Securities Premium of the Company or 100% of Free Reserves and Securities Premium of the Company whichever is more, as prescribed under Section 186 of the Companies Act, 2013 from time to time, in one or more tranches, up to maximum amount of ₹250 Crores (Rupees Two Hundred and Fifty Crores only), notwithstanding that investments along with Company's existing loans or guarantee / security or investments shall be in excess of the limits prescribed under Section 186 aforesaid or upto the limits so prescribed under Section 186, whichever is higher and that the Board or any Committee thereof is authorized to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution, and to settle any question or doubt that may arise in this regard."

"RESOLVED FURTHER THAT the Board or any Committee thereof be and is hereby authorised to take from time to time all decisions and steps in respect of the above loans, guarantees and investment including the timing, amount and other terms and conditions of such loans, guarantees and investment and varying the same through transfer, sale, disinvestment or otherwise either in part or in full as it may deem appropriate, and to do and perform all such acts, deeds, matters and things,

as may be necessary or expedient in this regard and to exercise all the rights and powers which would vest in the Company in pursuance of such loans, guarantees and investment.”

By order of the Board of Directors
For Sun Pharma Advanced Research Company Limited,
Sd/-
Meetal S. Sampat
Company Secretary

Place: Mumbai

Date: 3rd May, 2014

Registered Office:

Sun Pharma Advanced Research Centre (SPARC),

Akota Road, Akota, Vadodara – 390 020.

CIN: L73100GJ2006PLC047837

Website: www.sunpharma.in

Notes:

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER.
2. The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for holding the meeting.
3. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
4. An Explanatory Statement under Section 102 of Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
5. The Register of Members and Share Transfer Books of the Company shall be closed from Saturday, 26th July, 2014 up to Thursday, 31st July, 2014 (both days inclusive).
6. Members/ proxies should bring the attendance slips duly filled in for attending the meeting.
7. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
8. Voting through electronic means (E-Voting):
 - 1) In accordance with the applicable provisions of Listing Agreement and Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014 (the Rules), the Company is pleased to provide facility to its members, to cast their vote electronically for all the resolutions proposed at the 9th Annual General Meeting of the Company. The Company has appointed Central Depository Services (India) Ltd. (CDSL) to provide e-voting facility to its members.

- 2) The voting right of shareholders shall be in proportion to one vote per fully paid equity share of the Company held by them as on the cut off date June 20, 2014.

As per the provisions of Articles of Association of the Company a member shall not be entitled to vote whilst any Call are due and payable to the company in respect of any share of the shareholder. Therefore shareholders holding partly paid shares who have not paid the Final Call Money shall not be entitled to vote to the extent of the partly paid shares held by them.

- 3) The voting period begins on **Thursday, July 24, 2014 at 00:00 hours** and ends at **on Saturday, July 26, 2014 at 6.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **June 20, 2014**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- 4) **Mr. Umesh Lakhani, Partner, M/s. S. H. Bathiya & Associates, Mumbai** has been appointed by the Board of Directors of the Company, as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.
- 5) The Procedure and Instructions for e-voting are as under:
- i. Log on to the e-voting website www.evotingindia.com, during the voting period.
 - ii. Click on "Shareholders" tab.
 - iii. Now, select "**Sun Pharma Advanced Research Company Ltd.**" from the drop down menu and click on "SUBMIT"
 - iv. Now Enter your **User ID**
 - (a) For CDSL: 16 digits beneficiary ID,
 - (b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
 - (c) Members holding shares in Physical Form should enter Folio Number registered with the Company.
 - v. Next enter the Image Verification as displayed and Click on Login.
 - vi. If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier voting of any company, then your existing password is to be used.
 - vii. If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders) * Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/folio number in the PAN field. In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.
DOB#	Enter the Date of Birth (DOB) as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

Please enter any one of the details relating to DOB or Dividend Bank details in order to login. In case both the details are not recorded with the Depository or Company please enter **the number of shares held by you as on the cut off date in the Dividend Bank details field.**

- viii. After entering these details appropriately, click on "SUBMIT" tab.
- ix. Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily

enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

- x. For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
 - xi. Click on the EVSN for **Sun Pharma Advanced Research Company Ltd.**, to vote.
 - xii. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
 - xiii. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
 - xiv. After selecting the resolution you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
 - xv. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
 - xvi. You can also take out print of the voting done by you by clicking on “Click here to print” option on the Voting page.
 - xvii. If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
 - Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.co.in> and register themselves as Corporates.
 - They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to helpdesk.evoting@cdslindia.com.
 - After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
 - The list of accounts should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
 - They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same and send the scan copy of the Board resolution/ POA to scrutinizer@sparcmail.com.
 - xviii. In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions (“FAQs”) and e-voting manual available at www.evotingindia.co.in under help section or write an email to helpdesk.evoting@cdslindia.com.
- 6) The results of e-voting shall be declared on or after the AGM of the Company. The results declared along with the Scrutinizer’s Report shall be available on the Company’s website within two (2) days of passing of the resolution at the AGM of the Company and communicated to the stock exchanges.
- 7) **PARTICULARS REQUIRED FOR APPOINTMENT / RE-APPOINTMENT OF DIRECTORS PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT:**
- At the ensuing Annual General Meeting, Dr. T Rajamannar is liable to retire by rotation and being eligible, offers himself for reappointment. Further at the ensuing Annual General Meeting, Mr. S. Mohanchand Dadha, Prof. Dr. Andrea Vasella and Prof. Dr. Goverdhan Mehta, are being appointed as Independent Directors pursuant to requirements of Companies

Act, 2013. The brief profile of the aforesaid Directors being appointed/re-appointed are given below:

- 1. Dr. T. Rajamannar** is highly experienced and qualified in the field of Research & Development. He has completed M. Sc. from University of Madras, Ph.D in Organic Chemistry from IIT Madras and Post Doctoral from University of Zurich, Switzerland. He has extensive experience in the pharmaceutical industry and his areas of research interest include Carbohydrate Chemistry, Natural Products, Asymmetric Synthesis, Process Chemistry and Medicinal Chemistry. He has 20 research publications in international journals and over 200 patent applications filed, to his credit. He is the recipient of CSIR Award from 1983 to 1988. He is a Council Member of Chemical Research Society of India and National Organic Symposium Trust. Dr. T Rajamannar was the Executive Vice-President-R&D of the Company upto April 24, 2014, and is now a Non-Executive Director of the Company with effect from April 24, 2014. Dr. T. Rajamannar as Executive Vice President R&D, was involved in Drug Discovery in the various areas including Allergy, Inflammation and Immunology and in Processes relating to Novel synthetic routes, Polymorphs and Processes for about 200 Active Pharmaceutical Ingredient. He is a member of International Conference on Harmonisation Expert Working Group (ICHEWG) for Q11, representing International Generic Pharmaceutical Alliance (IGPA). He was also a faculty member at National Chemical Laboratory, Pune, and also a Programme Advisory Committee (PAC) member of Department of Science & Technology- Science & Engineering Research Board (DST-SERB). He has also been invited to be an Expert Review Panel Member for the academic department of chemistry of IIT - Chennai and Delhi. Presently, he is also a Director of SPARC Bio-Research Pvt. Ltd. He holds 35657 shares in the Company (including Shares held jointly as first holder).
- 2. Mr. S. Mohanchand Dadha** is an Independent Director of our Company. He is a successful entrepreneur with more than five decades of wide experience in Pharma Industry and has competent knowledge and experience in financial and accounting areas. Mr. Dadha was Managing Director and Promoter of erstwhile Tamilnadu Dadha Pharmaceuticals Ltd. He is also trustee of many Charitable Trusts. He was the Member of Tamilnadu Government constituted Drug Committees, namely The Drug Advisory Committee and the Committee for the development of Drug Industries in Tamil Nadu. He is a Director in the following companies: Sun Pharmaceutical Industries Ltd., Sun Pharma Laboratories Ltd., Wardex Pharmaceuticals Ltd., Dadha Pharma Pvt. Ltd., Abhaya Education Pvt. Ltd., and RX Distribution India Ltd. He holds 8489 Equity shares in the Company(including Shares held jointly as first holder).
- 3. Prof. Dr. Goverdhan Mehta**, is an Independent Director of our Company. He is presently National Research Professor and Eli Lilly-Jubilant Bhartia Chair at the School of Chemistry, University of Hyderabad. Prof. Dr. Mehta holds a Masters Degree in Science from University of Rajasthan, a Doctoral Degree in Organic Chemistry from University of Poona. He carried out Post-Doctoral research at Michigan State University and the Ohio State University. Professor Mehta has held faculty appointments at the Indian Institute of Technology, Kanpur, University of Hyderabad and the Indian Institute of Science, Bangalore. He has been a visiting Professor in over a dozen Universities worldwide. 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 and CSIR-Bhatnagar Fellow at the Indian Institute of Science, Bangalore. He has authored nearly five hundred research papers in leading international journals, mentored over a hundred doctoral and post-doctoral students and lectured extensively in different parts of the world. He is on the Editorial Board of many leading international journals and has been honored with over a dozen Honorary Doctorate degrees (D. Sc. *h.c.*). Prof. Dr. Mehta is a Fellow of leading science academies like the Indian National Academy, the Royal Society, London (FRS), the Russian Academy of Sciences, the Third World Academy of Sciences (FTWAS) and Indian Academy of Sciences (FASc). He has also received numerous awards nationally and internationally and the more notable among them are the Medals from Science Academies and Chemical Societies, Trieste Science Prize awarded by TWAS and Humboldt Research Award from Germany and the Centenary Medal and Lectureship of the Royal Society of Chemistry, UK. He has been a 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.

Presently, he is a Director of Piramal Enterprises Limited and Dr. Reddy’s Institute of Life Sciences. He does not hold any shares in the Company.

4. **Prof. Dr. Andrea Vasella**, is an Independent Director of our Company. 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 worked as Oberassistent at the ETH Zurich in 1974 after which he moved to the University of Fribourg in 1977 as an assistant professor. In 1981 he joined the University of Zurich as an associate professor, and became a full time professor in 1987. In 1993 he became professor at the ETH Zürich; since 2008 he is retired while remaining a member of the Board of Trustees of the Janggen-Pöhn Foundation, a consultant of International Companies, and Vice President of the Board of Directors of Helvetica Chimica Acta. He has various research publications, patents, and patent applications to his credit. He was awarded the Kern Medal (ETH), the Werner Award of the Swiss Chemical Society, the Roy L. Whistler Award of the International Carbohydrate Organisation and the Haworth Memorial Lecture and Medal in the year 2009, and an Honorary Doctoral Degree from the INSERM, Rouen, France. He is a member of the Swiss Chemical Society and of the Royal Society of Chemistry and he is an Honorary Fellow of the Chemical Research Society of India (CRSI).

Professor Vasella does not hold any shares of the Company.

EXPLANATORY STATEMENT UNDER SECTION 102 OF THE COMPANIES ACT, 2013.

Item No. 4, 5 and 6:

Pursuant to Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. S. Mohanchand Dadha, Prof. Dr. Goverdhan Mehta and Prof. Dr. Andrea Vasella, being Independent Directors of the Company, are being appointed for a term of 2 years, upto the conclusion of the 11th Annual General Meeting and during this term they shall not be liable to retire by rotation.

The Company has received declarations from all the Independent Directors stating that they meet with the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

The Company has also received notice pursuant to Section 160 of the Companies Act, 2013 from members proposing the candidature for appointment of aforesaid Independent Directors. In the opinion of the Board also they fulfill the conditions specified in the said Act for appointment as independent Directors.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are in any way concerned or interested, financially or otherwise, in these Resolutions.

The Board recommends the Resolutions as set out at item nos. 4, 5 & 6 of the Notice for approval of the Members.

Item No. 7 & 8 :

The Members of the Company at its Extra Ordinary General Meeting, held on 28th November, 2006 had approved by means of an Ordinary Resolution, enabling the Company to create charge/ mortgage/ hypothecate on the properties of the Company for securing funds raised by the Company, as per requirements of Section 293(1) (a) of the Companies Act, 1956 and approved limits upto which the Company can borrow in excess of the aggregate Paid-up Capital and its Free Reserves, as per requirements of the Section 293(1)(d) of the Companies Act, 1956.

Now, under the provisions of Section 180 (1) (a) and Section 180(1)(c) of the Companies Act, 2013, respectively, which were made effective from September 12, 2013, the above powers can be exercised by the Board only with the consent of the shareholders obtained by a Special Resolution. Therefore, it is necessary to obtain fresh approval of the shareholders by means of Special

Resolution(s) to enable the Board of Directors of the Company under Section 180 (1)(a) of the Companies Act, 2013 for creation of charges/mortgages/hypothecations for an amount not exceeding ₹ 250 crores or the aggregate of the paid up capital and free reserves of the Company, whichever is higher and to authorise the Board of Directors under Section 180 (1) (c) of the said Act to borrow monies, provided that the total amount so borrowed by the Board not to exceed ₹ 250 crores or the aggregate of the paid up capital and free reserves of the Company, whichever is higher.

The Board recommends the Resolution as set out at item no. 7 & 8 of the Notice as a Special Resolution, for approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned/ interested in the above resolution.

Item No. 9:

The Members of the Company had, at its Extraordinary General Meeting of the Company held on 28th November, 2006, approved by means of an Ordinary Resolution, the limits for authorising the Board of Directors of the Company for making investments in Shares, Debentures, Securities of the other bodies corporate and/or various Schemes of Mutual Funds and/or other funds, to give loans to any other body corporate, to give any other guarantee and/or provide any other security, in connection with a loan made by any other person to, or to any other person by, any body corporate including providing security, under section 372A of the Companies Act, 1956.

Under the provisions of Section 186 of the Companies Act 2013, the above powers can be exercised by the Board with the consent of the shareholders obtained by a Special Resolution. As such, it is necessary to obtain fresh approval of the shareholders by means of a Special Resolution, for the authorizing the Board to exercise aforesaid powers, in excess of 60% of the paid up Share Capital and Free Reserves and Securities Premium of the Company or 100% of Free Reserves and Securities Premium of the Company whichever is more, as prescribed under Section 186 of the Companies Act, 2013 from time to time, in one or more tranches, up to maximum limit of ₹250 Crores notwithstanding that investments along with Company's existing loans or guarantee / security or investments shall be in excess of the limits prescribed under Section 186 or upto the limits so prescribed under Section 186, whichever is higher.

The Board recommends the Resolution as set out at item no. 9 of the Notice as a Special Resolution, for approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned/ interested in the above resolution.

**By order of the Board of Directors
For Sun Pharma Advanced Research Company Limited,
Sd/-
Meetal S. Sampat
Company Secretary**

Place: Mumbai

Date: 3rd May, 2014

Registered Office:

Sun Pharma Advanced Research Centre (SPARC),

Akota Road, Akota, Vadodara – 390 020.

CIN: L73100GJ2006PLC047837

Website: www.sunpharma.in



ATTENDANCE SLIP
NINTH ANNUAL GENERAL MEETING ON THURSDAY, JULY 31ST, 2014, AT 11.15 A.M.

Sr. No.	:	
Folio/D.P. & Client I.D. No.	:	
Name	:	
Address	:	
Joint Holder (s)	:	
No. of Equity shares held	:	

I /We hereby record my presence at the **NINTH ANNUAL GENERAL MEETING** of the Company at **Sir Sayajirao Nagargruh, Akota, Vadodara - 390020, on Thursday, July 31st, 2014, at 11.15 a.m.**

Signature of the Attending Member: _____ Signature of Proxy : _____

NOTES:

- Shareholder/ Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
- Shareholder/ Proxy holder desiring to attend the meeting should bring his/her copy of the Notice for reference at the meeting.

EVSN-Electronic Voting Sequence Number	User ID	
140701007	DP-CL ID / FOLIO	Please refer Notice of 9 th Annual General Meeting for E-voting instructions

.....Cut here.....



PROXY FORM

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

Name of the member(s)	:	
Registered address	:	
No. of Shares held	:	
Folio No/ DP Id & Client Id	:	
Joint Holder (s)	:	
E-mail Id	:	

I/We, being the member (s) of _____ shares of Sun Pharma Advanced Research Company Limited, hereby appoint:

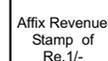
- Name: Address:
E-mail Id: Signature: or failing him / her
- Name: Address:
E-mail Id: Signature: or failing him / her
- Name: Address:
E-mail Id: Signature: or failing him / her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Ninth Annual General Meeting** of the company, to be held on the **Thursday, July 31st, 2014 at 11.15 a.m. at Sir Sayajirao Nagargruh, Akota, Vadodara - 390020** and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
	ORDINARY BUSINESS:
1.	Adoption of Accounts
2.	Re-appointment of Dr. T. Rajamannar, who retires by rotation and being eligible offers himself for re-appointment.
3.	Appointment of Statutory Auditors
	SPECIAL BUSINESS:
4.	Appointment of Mr. S. Mohanchand Dadha as an Independent Director
5.	Appointment of Prof. Dr. Goverdhan Mehta as an Independent Director
6.	Appointment of Prof. Dr. Andrea Vasella as an Independent Director
7.	Special Resolution under Section 180(1)(a) of the Companies Act, 2013 for creation of charges/ mortgages / hypothecation.
8.	Special Resolution under Section 180(1)(c) of the Companies Act, 2013 for borrowing limits.
9.	Special Resolution under Section 186 of the Companies Act, 2013 for providing loan(s) /guarantee(s)/ security(ies).

Signature of Shareholder: Signed this..... day of 2014

Signature of Proxy holder(s):



Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at SPARC, Akota Road, Akota, Vadodara - 390 020, not less than FORTY EIGHT HOURS before commencement of the Meeting.

SUN PHARMA
ADVANCED RESEARCH
COMPANY LTD.



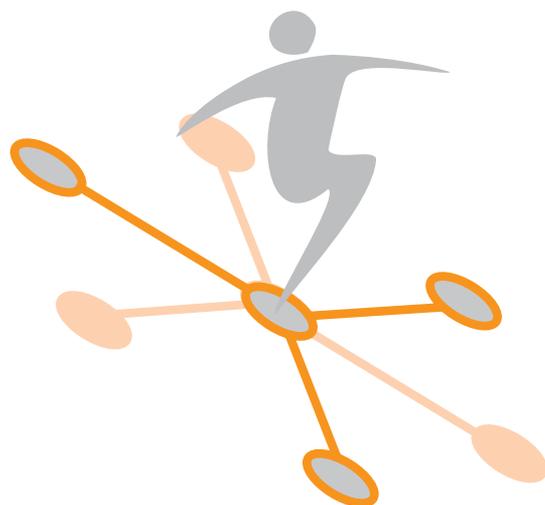
Touching lives with innovation

ANNUAL REPORT 2013-14

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Disclaimer: Statements in this "Management Discussion and Analysis" describing the Company's objectives, projections, estimates, expectations, plans or predictions or industry conditions or events may be "forward looking statements" within the meaning of applicable securities laws and regulations. Actual results, performance or achievements could differ materially from those expressed or implied. Important factors that could make a difference to the company's operations include global and Indian demand supply conditions, competitors' pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic developments within India and the countries within which the Company conducts businesses and other factors such as assumes no responsibility to publicly update, amend, modify or revise any forward looking statements, on the basis of any subsequent development, new information or future events or otherwise except as required by applicable law. Unless the context otherwise requires, all references in this document to "we," "us" or "our" refers to Sun Pharma Advanced Research Company Limited.



Corporate Information

BOARD OF DIRECTORS

Mr. Dilip S. Shanghvi

Chairman & Managing Director

Dr. T. Rajamannar

*Wholetime Director & Executive Vice President R&D
(upto April 24, 2014)*

Director (with effect from April 24, 2014)

Mr. Sudhir V. Valia

Director

Prof. Dr. Andrea Vasella

Director

Prof. Dr. Goverdhan Mehta

Director

Mr. S. Mohanchand Dadha

Director

CHIEF EXECUTIVE OFFICER

Mr. Anil Raghavan

(with effect from April 24, 2014)

COMPANY SECRETARY

Ms. Meetal Sampat

AUDITORS

Deloitte Haskins & Sells LLP
(Firm's Registration No. 117366W/W-100018)

BANKERS

ICICI Bank Ltd.
IndusInd Bank Ltd.
Citibank N. A.
Bank of Baroda
Kotak Mahindra Bank Ltd.

REGISTRARS & SHARE TRANSFER AGENTS

Link Intime India Pvt. Ltd.
C/13, Kantilal Maganlal Estate,
Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078.

Tel: (022) 25946970 Fax: (022) 25946969

E-mail: sparc@linkintime.co.in,
rnt.helpdesk@linkintime.co.in

REGISTERED OFFICE

Sun Pharma Advanced Research Centre (SPARC)
Akota Road, Akota, Vadodara 390 020.

MUMBAI OFFICE

17-B, Mahal Industrial Estate,
Mahakali Caves Road,
Andheri (East),
Mumbai – 400 093.

RESEARCH CENTRES

F.P.27, Part Survey No. 27, C.S. No. 1050,
T.P.S. No. 24, Village Tandalja,
District Vadodara 390 020.

17-B, Mahal Industrial Estate,
Mahakali Caves Road,
Andheri (East),
Mumbai – 400 093.

907/4, GIDC, Makarpura, Vadodara 390 010.



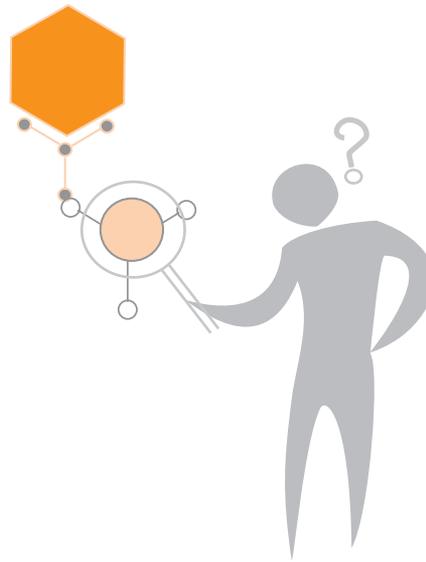
SPARC Management Discussion And Analysis

GLOBAL PHARMACEUTICAL RESEARCH AND DEVELOPMENT INDUSTRY

Despite fairly large spends over long periods, the global pharma R&D industry has been beset with falling productivity. An analysis from a leading consulting firm calculates that the average economic return on R&D has dropped from between 13 and 15 percent in the 1990s to between 4 and 9 percent in the past decade. Apparently, much of the current investment in R&D is not creating value. Several reasons have been put forth in attempt to explain this - most obvious targets have already been addressed, investments in new



GC lab



areas like functional genomics have not really brought any new insights for drug development, several companies are addressing the same approaches to drug development, regulatory hurdles are getting more challenging, etc.

With large pharma companies finding it difficult to ensure a full pipeline with products developed in-house, companies are increasingly turning to licensing from smaller biotech or pharma companies.

Large pharma companies have restructured R&D over the last few years to make it more productive, some with autonomous smaller teams that mimic the manner in which boutique R&D companies work, some with greatly streamlined resources and decision-making processes, some with modularization into ever-smaller performance units, CRO deals, and many partnerships.

INDIAN PHARMA R&D INDUSTRY

Despite increasing R&D spends by Indian pharma companies and a possible over reaction by the bourses to every step that seems like a R&D win or loss, pharma R&D in India is still at early stages. Last year saw specific “wins” - one company earned milestone payments for the molecule it had licensed out, another company saw its first NCE, a product of its R&D effort, reach market after years of work. Yet R&D spends are a fraction of international pharma company spends, and the sector needs to continue investing in developing the required skillsets, for instance in biologics and bioanalytical development.

Despite fairly large spends over long periods, the global pharma R&D industry has been beset with falling productivity.



Droplet size measurement of Nasal Spray/MDI



SPARC Ltd has been focusing on creating work where it owns intellectual property –innovative or novel drug delivery systems (NDDS), and new molecules or new chemical entities (NCE).



NGI (Next Generation Impactor) for MDI/DPI

OPPORTUNITIES AND THREATS

Last year was a mixed year - several multinational pharma companies set up R&D bases in India, but these were in order to take advantage of the generic formulation development and process chemistry skills that the pharma industry has. Also, as multinational pharma companies aligned their focus on specific research areas or exited some R&D areas all together, some R&D centers had to be closed down.

But even then, Indian companies that were off the radar continued to make advances - a new approach to antibiotic resistance, for instance. Another smaller company made inroads with a novel approach to analgesics. But it is early days as yet.

Indian pharma companies lack the R&D budgets that large pharma deploys globally. Indian companies also lack skilled manpower in areas like molecular biology, pharmacology, toxicology, clinical pharmacology.

But with the first set of research reversals now factored in, and a willingness to employ a product specific approach to R&D that includes in-licensing or virtual R&D, Indian pharma companies may be optimally placed to learn from what did not work for big pharma, and bypass these mistakes.





ICP-MS and ICP-OES
 Inductively Coupled Plasma-Mass
 Spectroscopy and Inductively Coupled
 Plasma-Optical Emission Spectroscopy

SNAPSHOT SPARC

As a company focused entirely on innovation, SPARC Ltd has been focusing on creating work where it owns intellectual property –innovative or novel drug delivery systems (NDDS), and new molecules or new chemical entities (NCE). NDDS projects that are being developed typically seek to offer patient convenience or overcome challenges with current therapy. New molecules that are being developed are designed with specific advantages in mind - better efficacy or without limiting side effects, etc.

Most important amongst the year's developments was the marketing approval for anticancer PICN in India

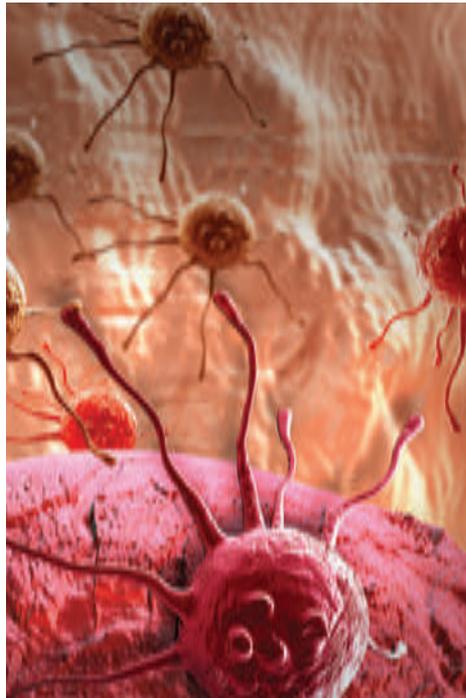
NDDS

Novel Drug Delivery Systems (NDDS) use technology to deliver a known or new drug into the body, so that it is easier to take, or is safer for the patient, or works better. For instance - a medication for seizures that needs to be taken 3 or 4 times a day and has periods of lower seizure control between doses - can be made into a tablet or capsule that can be taken only once a day, and offer controlled release of medicine all day.

In 2013-2014, SPARC reported significant advances with its NDDS programs.

Most important amongst the year's developments was the marketing approval for anticancer PICN in India, as well as the launch of the tech - intensive glaucoma medication, Latanoprost + Timolol eyedrops.

We now discuss the therapy areas that these technologies relate to, and highlight the progress with each project over the course of the year.



1. ONCOLOGY

- A. Nanotecton™ Technology
- B. SUN- K 706 Tyrosine Kinase inhibitor

2. OPHTHALMOLOGY

- A. SMM
- B. GFR technology.



1. ONCOLOGY

□ A. PICN

Paclitaxel Injection Concentrate for Nanodispersion (PICN) is SPARC's flagship NDDS project. Marketing approval was received for PICN for India earlier this year, with launch likely in Q1FY15.

If we look at the commercial potential of PICN in breast cancer in the US, market research confirms that Paclitaxel is a standard of care in treatment both in early and metastatic breast cancer, most often with a weekly dosing schedule. For the US, by our estimates, we can target an estimated 20,000

metastatic breast cancer patients who are currently treated with Paclitaxel or the competing brand, Abraxane®.

PICN uses SPARC's proprietary Nanotecton™ technology. Unlike competing products, PICN is a cremophor and processed human albumin-free formulation with the advantage of a very simple infusion preparation method that does not need any premedication such as steroids or antihistamines.

For metastatic breast cancer, SPARC completed an End of Phase II meeting with the USFDA in December 2013, after which it was determined that SPARC would need a single Phase III clinical study for approval. This study is expected to begin in Q3 FY 2014-15.



3. CNS

- A. GRID™
- B. Wrap Matrix™

So far, more than 1,000 treatment cycles have been completed in 200 plus patients – majority with breast cancer and a few with other types of cancer. None of the patients were administered pre-medication, and efficacy and safety were reported similar to Abraxane®.

During the course of Phase I studies, clinical benefit had also been observed in various solid tumor patients exposed to several lines of treatment: Biliary carcinoma, Ovarian cancer, Cervical cancer, Melanoma, Anal canal carcinoma, and Bladder cancer. SPARC is further planning to explore these indications as new opportunities in Phase II trials. Phase II studies will be initiated in two new indications.

In many instances, cancer protocols use more than one drug in combination. For



4. RESPIRATORY

- A. DPI
- B. SUN-597 nasal spray and Dry Powder inhaler
- C. SUN-L731 oral

a combination of PICN and Carboplatin, the maximum tolerated dose (MTD) was also established in a Phase I study. The next step would be to select an indication for Phase II studies.

As mentioned above, the major use of Paclitaxel is in breast cancer, administered once weekly. Currently, neither Paclitaxel nor Abraxane® are approved in a weekly dosing schedule for breast cancer. We have received guidance from USFDA on the Phase-III trial for metastatic breast cancer in weekly dosing with plans to initiate a trial in Q3FY15.

With the first market approval for PICN and the next steps for clinical development outlined clearly, we're quite excited about the potential this product offers.

SPARC expects to investigate these indications further. Phase II studies will be initiated in two new indications.



GC Lab

□ B. LEUKEMIA PROGRAM - TYROSINE KINASE INHIBITOR SUN-K706

SUN-K706 is a novel tyrosine kinase inhibitor (TKI) being developed for the treatment of a resistant form of Chronic Myelogenous leukemia (CML), a type of blood cancer.

In more than 90% cases CML is caused by chromosomal abnormality resulting in the formation of the so-called Philadelphia chromosome. This abnormality was discovered by Janet Rowley in 1972 and is due to fusion between Abelson (Abl) tyrosine kinase gene at chromosome 9 and break point cluster (Bcr) gene at chromosome 22, resulting in the chimeric oncogene *Bcr-Abl* and a constitutively active Bcr-Abl tyrosine kinase that has been implicated in the pathogenesis of CML.

(Source: Wikipedia)



□ Inner courtyard of the R&D center, Vadodra

Currently available oral drugs like Nilotinib and Dasatinib are effective anticancer agents for the treatment of CML and some of the resistant forms of CML, but they are not effective on the most resistant form of mutation i.e. T315I mutation. Ponatinib, a recently reintroduced third generation tyrosine kinase inhibitor, is effective against this T315I mutation, but it carries the risk of life-threatening blood clots and severe narrowing of blood vessels, heart failure and hepatotoxicity that limit its use.

Our NCE SUN-K706, a selective Bcr-Abl TKI, especially targets patients who are resistant or intolerant to other currently available TKI therapies such as Imatinib.

SUN-K706 has an excellent preclinical profile. It is a selective inhibitor of the Bcr-Abl Kinase and its important mutants including the key mutant namely, T315I. Although the patient population with this particular mutant is very small, there is still

an unmet need in terms of safety to the patients resistant to clinically available TKIs and for patients in whom Ponatinib is contraindicated.

Unlike Ponatinib, which was also designed to address this issue of resistant CML, SUN-K706 is a very selective Bcr-Abl kinase inhibitor and not a pan tyrosine kinase inhibitor. Hence it is expected not to have the off-target adverse events which were seen in Ponatinib. Additionally unlike Dasatinib, SUN-K706 does not cause thrombocytopenia.

In animal studies, namely mouse tumor xenograft model using CML lines, we found good oral bioavailability and dose-dependent efficacy.

Using a new and improved formulation of SUN-K706, the required safety and toxicity studies have been initiated, and these are likely to be completed by Q3 FY15. IND filing for this NCE is likely in the subsequent quarter.





2. OPHTHALMOLOGY

Latanoprost + Timolol eyedrops, which use the SMM and GFR technologies respectively, are discussed here to present a product with significant patient advantages. This product has been launched in India.

□ A. SMM TECHNOLOGY

Glaucoma is a type of optic nerve ailment, which is caused due to progressive injury to the nerve cells in the eye that are responsible for vision. This nerve damage is believed to have been caused by increased pressure in the eye - technically called elevated intraocular pressure (IOP). If not adequately treated, glaucoma can lead to blindness.

About 2.2 million patients are estimated to be diagnosed with glaucoma annually

in the US ; and the number of patients is estimated to reach 3 million by 2020, of this 74 % are estimated to have Open Angle Glaucoma (OAG). Over half of OAG patients show concurrent ocular surface disease (OSD).

Prostaglandin analogues like Latanoprost are the first line of treatment for glaucoma. Market estimates place Latanoprost usage at as high as 55% of the US glaucoma market. The currently available Latanoprost uses a preservative called Benzylalkonium Chloride (BAK), and the relationship between BAK use and eye damage on account of OSD is well established. Currently, artificial tears/lubricating eye drops are regularly co-prescribed to address this issue.

Swollen micelle microemulsion technology, or SMM, helps to solubilize drugs that have limited or no solubility, and cuts out the need for the preservative, BAK.

SPARC's Latanoprost is solubilized using SMM technology, and is free of BAK. This specific formulation reduces ocular damage and is stable at room temperature, making it much easier to distribute in a country where ordinarily a product may be subject to extreme temperature conditions.

After an extensive Phase III program, the NDA for BAK-free Latanoprost was filed in the US, as well as in four emerging markets. We expect to file Latanoprost BAK-free in 5 more emerging markets, and are evaluating the alternatives for commercialization.

□ B. GEL FREE RESERVOIR (GFR) TECHNOLOGY

Several eye ailments like glaucoma require eyedrops to be instilled several times a day, which can be cumbersome for the patient. GFR technology is one of the ways by which such eyedrops can be made, so that they need to be instilled only once-a-day.

In GFR, the drug is entrapped in a unique polymer that increases viscosity and allows ocular retention for once-a-day use, without affecting the clarity of vision.

LATANOPROST AND TIMOLOL

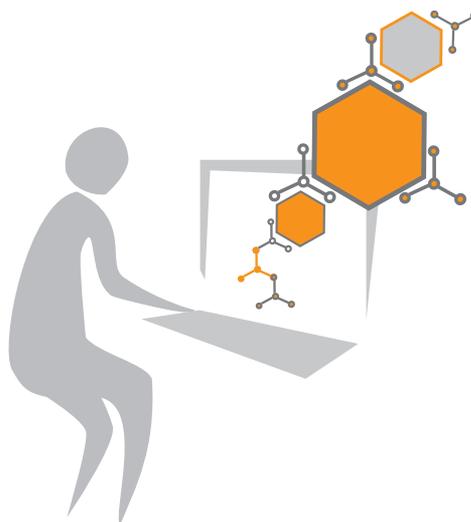
This combination eyedrops use the best of both the technologies - Latanoprost is solubilized with SMM technology, and Timolol is formulated as a gel free reservoir.

The resultant product has characteristics close to natural tears and can be stored at room temperature. The product has efficacy equivalent to currently used products - Xalatan® once a day and Timoptic® twice daily when administered concomitantly.

After Phase III studies, this product has been filed and has been approved in India. We are planning to visit USFDA for specific guidance. These eyedrops will be filed in select emerging markets this year. We have obtained advice from regulatory consultants for potential EU filing and are presently evaluating commercial potential in EU countries.



NMR lab





3. CNS PROGRAMS

1. **Wrap Matrix based projects:**
 - A. Levetiracetam ER Tablets and
 - B. Venlafaxine ER Tablets
2. **GRID based projects:**
 - Baclofen GRS

WRAP MATRIX

SPARC's Wrap Matrix oral delivery system offers a once-a-day formulation of a drug that would otherwise need to be taken several times a day.

Usually, controlled release formulations of highly soluble drugs are formulated as very large tablets that are difficult to swallow. At times, if the tablet is not formulated properly, the entire dose may be released at the same time, technically this is called dose dumping.

□ A. LEVETIRACETAM ER TABLETS

Our market access study in the US showed that pill burden is a key issue for epilepsy patients and patients are ready to pay a higher co-pay to reduce the number of pills they need to take in a day. Out of 600 million tablets of Levetiracetam, an antiepileptic, sold in the US, 400 million are consumed for the dose of over 1000 mg.

This is the market we expect to address with wrap matrix based tablets of 1000 mg and 1500 mg of Levetiracetam ER. NDA was filed with the USFDA, and a complete response letter was subsequently received. After meetings with the USFDA, and in order to address some of the issues raised, we plan to conduct an additional pharmacokinetic study. We expect to complete the study and file the data by Q2FY15.

Thus we have good reason to believe that this product addresses an inherent market potential. We expect to commercialize this product at a significant premium to generics.

□ B. VENLAFAXINE ER TABLETS:

Venlafaxine 300 mg, an antidepressant, is the second product, we have developed using Wrap Matrix technology. We have filed an NDA for this product in Q4 FY13, and subsequently received a complete response letter in which USFDA had asked for clinical data to establish safety and efficacy of 300 mg dose. The current labeling of Venlafaxine ER in the US is up to 225 mg and FDA wanted data to support safety and efficacy of a 300 mg dose. Subsequently, SPARC met with FDA officials and offered to provide supporting data from published literature.

□ SPARC's Wrap Matrix oral delivery system offers a once a day formulation of a drug that would otherwise need to be taken several times a day.



Thermal Analysis (DSC and TGA)



The US has nearly half a million patients suffering from spasticity, for whom Baclofen is the gold standard of treatment.



XRD (X-Ray Diffraction)



GRID BASED PROJECTS:

■ C. BACLOFEN GRS

The US has nearly half a million patients suffering from spasticity, for whom Baclofen is the gold standard of treatment. We completed a market access study with key opinion leaders (KOL) and payers. The study concluded that a controlled release form that reduced the number of times a drug has to be administered, would earn prescriber support. Further, a significant switch from the immediate release form is expected, and would earn a premium over generics.

Baclofen GRS, a spasticity treatment, is based on SPARC's innovative Gastro Retentive Innovative Device (GRID) technology platform. Drugs that are

absorbed only from the stomach or the upper GI can be retained for longer in the stomach using this delivery system.

Baclofen GRS is available in multiple strengths ranging from 10 mg to 60 mg.

Baclofen GRS is currently in Phase-III efficacy study in 300 patients over 30 sites. A safety study in 200 patients is also underway. A study to show the efficacy of Baclofen GRS in a once-a-day formulation, will start in Q1 FY15.

Baclofen GRS is also being evaluated in weaning alcohol dependence. A Phase-II study conducted in 180 patients in India showed efficacy, but did not show statistical significance. SPARC is consulting experts in this area on a study design and also evaluating the commercial opportunity in Europe to decide the next steps.



4. RESPIRATORY

- A. Salmeterol-Fluticasone Dry Powder Inhaler (DPI)
- B. SUN-597 Nasal Spray and Dry Powder Inhaler
- C. SUN-L731 oral

□ A. DPI

SPARC's DPI is a pre-metered, 60 dose, inhalation activated device for administration of combination of inhaled steroids and bronchodilator drugs. A Salmeterol and Fluticasone DPI has already been approved and launched in India.

This device offers uniform delivery of dose, independent of inspiratory flow rate. It consistently delivers higher amount of drug to lungs. It eliminates double dosing and dose wastage. It provides different feedback, such as audio, visual, and tactile upon dose administration. Besides, the device offers a glow-in-the-dark feature for easy night-time use. Another salient feature of the device is assistance for the visually impaired-a reminder to refill the device when 8 doses are remaining. The device is small, convenient and easy-to-use and it is compliant with the stringent US FDA and European requirements.

For the US market we are planning to file an IND for this product in Q3FY15. For Europe, we have already submitted the clinical trial application (CTA) for the first study in the clinical program to the German regulatory authority, as well as the Ethics Committee. The CTA has been approved and the study has been initiated in April 2014. For emerging markets, we have identified one market where we plan to submit our filing in Q1FY15.

□ B1. SUN-597 NASAL SPRAY AND DRY POWDER INHALER

SUN - 597 is a soft steroid being developed for allergic rhinitis, asthma and other inflammatory applications. Current products in development for respiratory indications are SUN - 597 Nasal Spray for allergic rhinitis and a Dry Powder Inhaler for Asthma and COPD.

Allergic Rhinitis is a huge burden on the healthcare system in the US and approximately 25-30% patient population suffers from seasonal Allergic Rhinitis. This results in about 2 million missed schooldays, and about 100 million

missed work days annually. In the US nasal corticosteroid market, intranasal sprays are the mainstay of moderate-to-severe persistent Allergic Rhinitis. As per US IMS data for 2013, the nasal steroid market is about US\$2 billion.

In preclinical testing, SUN-597 had offered a good preclinical profile. It had 100-fold lower affinity for the aldosterone receptor than for the glucocorticoid receptor, and thus had minimal inherent mineralocorticoid activity. In pre-clinical safety studies SUN-597 exhibited better safety profile than marketed nasal corticosteroids. It had shown in vivo potency and efficacy over a wide range of animal models of allergic inflammation of upper/lower respiratory tract.

For SUN-597 nasal spray, we have completed Phase-I clinical program in India, and it was found safe and well tolerated. Last year we conducted a proof-of-concept Phase-II study in Germany, where we found that all three doses tested were superior to placebo for efficacy, the safety profile being very similar to placebo. The efficacy was comparable to literature reported data of marketed products like Mometasone and Fluticasone propionate.

We had a pre-IND meeting with the USFDA for next Phase-II study for identification of optimum dosage and dosing regimen. We submitted an IND which was accepted by USFDA, and we have initiated Phase-II study in this quarter with completion likely by Q1FY16.

So, considering the safety profile for SUN-597 Nasal Spray, and with about similar efficacy compared to the marketed products, we believe that there is a good market opportunity.

□ B2. SUN-597 DRY POWDER INHALER

SUN-597 Inhaler is a Dry Powder Inhaler being developed for the treatment of COPD and Asthma.

We submitted a clinical trial application for this product with UK MHRA, which was subsequently approved and the study has been initiated. This study consists of three parts; Part-I is a single dose study in healthy volunteers, Part-II is multiple dose in mild asthmatic patients, and Part-III is a proof-of-concept study for SUN-597 DPI.

The study is expected to be completed by Q2FY16, post which we plan to file the IND in the US and conduct a Phase-II program in the US in FY16.

□ C. SUN-L731 oral

SUN-L731, a selective and potent LTD4 antagonist is also being developed for asthma.

The LTD4 receptor plays an important role in the pathogenesis of asthma and nasal allergies. The preclinical profile of our product SUN-L731 shows that it is a potent and selective entity with good oral bioavailability. It is almost 10-times more potent compared to Montelukast. In preclinical animal models, we observed better efficacy and longer duration of action for SUN-L731 when compared to Montelukast. We have also seen faster onset of action. There are no safety issues for SUN-L731, and it has a high therapeutic index.

Safety pharmacology studies as well as toxicology studies are underway for SUN-L731, and we plan to file a clinical trial application in the UK in Q1FY16.



□ R&D center, Vadodara

OUTLOOK

Being an R&D company, it is imperative for SPARC to strike a reasonable balance between risks and rewards that such a business necessitates. Over the past few years, SPARC has attempted to balance out between medium-term and long-term R&D projects. Broadly, our New Drug Delivery System (NDDS) projects are directed at potential commercialization in the medium-term while our New Chemical Entity (NCE) projects will potentially get commercialized in the long-term.

As we take our NCE and NDDS projects ahead on the research pathway, we're learning about how to manage in a changing regulatory environment, handle the technical demands of innovation, and balance the requirements of projects that have short term, medium term and long term timeframes. While we're satisfied with the progress on our projects so far, we recognize that we have quite some distance to go before we reach market, though some NDDS projects are closer to market than they were previously.



RISKS AND CONCERN

Innovative research is a high risk area, and we've tried to take on manageable risks through our process of project selection, and by simultaneously working on projects with different delivery timeframes. But the possibility, that an investment may have to be abandoned if a project is dropped or changed in subsequent stages of research progress, cannot be ruled out. A project may need longer timeframes, or may need additional tests or funding that was not initially anticipated. 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 NCE or NDDS.

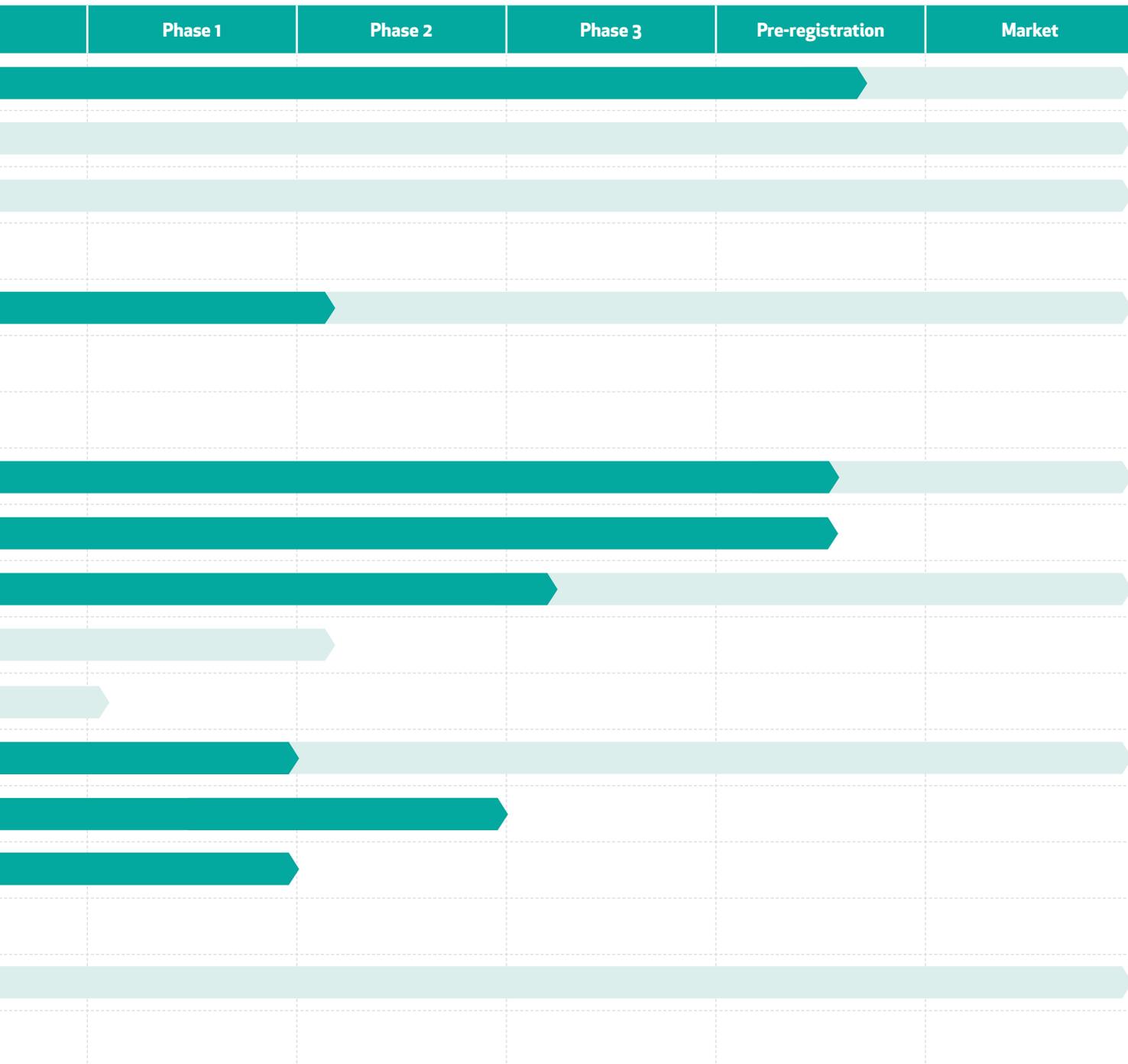


INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

SPARC has in place a well defined organizational structure and adequate internal controls for efficient operations. The team has in place internal policies, and is cognizant of applicable laws and regulations, particularly those related to protection of intellectual property, resources and assets, and the accurate reporting of financial transactions. The company continually upgrades these systems. The internal control system is supplemented by extensive internal audits, conducted by independent firms of chartered accountants.

□ Being an R&D company, it is imperative for SPARC to strike a reasonable balance between risks and rewards that such a business necessitates.





Directors' Report

Auditor's Report

Balance Sheet

Statement of Profit & Loss

Cash Flow Statement

Notes to Financial Statements

Corporate Governance

USA/EU India



Directors' Report



Your Directors take pleasure in presenting the Ninth Annual Report and Audited Accounts for the year ended 31st March, 2014.

FINANCIAL RESULT

(₹ in Thousands)

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Total Income	1,770,327	888,959
Profit/(Loss) before Depreciation & Tax	378,965	(190,992)
Depreciation	35,723	33,955
Profit/(Loss) before Tax	343,242	(224,947)
Tax Expense	40,000	-
Profit/(Loss) after Tax	303,242	(224,947)
Balance brought forward from Previous Year	(1,437,915)	(1,212,968)
Balance carried to Balance Sheet	(1,134,673)	(1,437,915)

DIVIDEND

In view of carried forward losses, your Directors do not recommend any dividend for the year under review.

DIRECTORS

Dr. T. Rajamannar ceased to be the Whole-time Director of the Company effective April 24, 2014 and is now a Non-Executive Director of the Company, with effect from April 24, 2014. Dr. T. Rajamannar, retires by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment.

The Independent Directors of the Company viz. Mr. S. M. Dadha, Prof Dr. Goverdhan Mehta and Prof Dr. Andrea Vasella, are being proposed to be appointed as Independent Directors of the Company in terms of Sections 149, 152 and other

applicable provisions, if any, of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, at the ensuing Annual General Meeting of the Company.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013.

Appropriate resolutions for the appointment/re-appointment of Directors are being placed for your approval at the ensuing Annual General Meeting.

MANAGEMENT DISCUSSION AND ANALYSIS

The management discussion and analysis on the operations of the Company is provided in a separate section and forms a part of this report.

CORPORATE GOVERNANCE REPORT

Report on Corporate Governance and Certificate of the Auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement with the Stock Exchanges, are enclosed.

HUMAN RESOURCES

SPARC, which is committed to do quality research work, has a dedicated team of about 318 employees, of which 261 are highly qualified and experienced scientists comparable to those existing internationally. We are augmenting consistently enhancing our capabilities by attracting talent and nurturing these talents for better results. We understand and value that all employees are career conscious. The growth of employees is intrinsically linked with the growth of any organization and vice versa. No organization can develop without taking its employees on the growth path and therefore, employees' career development is a part of human resources mission. We provide performance driven reward, comprehensive development and learning opportunities, challenging work content and quality of work life.

Your Directors recognize the team's valuable contribution and place on record their appreciation for Team SPARC.

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975, as amended, is available at the registered office of your Company. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary at Mumbai office or Registered office address of the Company.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the Public during the year under review, under the provisions of the Companies Act, 1956 and the rules framed thereunder.

INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNING AND OUTGO.

The additional information relating to energy conservation, technology absorption, foreign exchange earning and outgo, pursuant to Section 217(1)(e) of the Companies Act 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988 is given in Annexure and forms part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

- (i) that in the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- (ii) that the Directors have selected appropriate accounting policies and applied them consistently and made

judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and on the profit of the Company for the year under review;

- (iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, and Companies Act, 2013 to the extent applicable, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and,
- (iv) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2014 on a 'going concern' basis.

AUDITORS

Your Company's auditors, M/s. Deloitte Haskins & Sells LLP (Firm's Registration No. 117366W/W-100018), retire at the conclusion of the forthcoming Annual General Meeting and are eligible for re-appointment.

ACKNOWLEDGEMENTS

Your Directors wish to thank all stakeholders and business partners-your Company's bankers, medical profession and business associates for their continued support and valuable co-operation. The Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

For and on behalf of the Board of Directors

Dilip S. Shanghvi

Place: Mumbai Chairman & Managing
Date: May 3, 2014 Director

ANNEXURE TO DIRECTORS' REPORT

CONSERVATION OF ENERGY

Power and Fuel Consumption

Our operations are not energy intensive. However the Company endeavours to optimize the use of energy and has taken adequate steps to avoid wastage and use the latest technology & equipment, wherever feasible, to reduce energy consumption.

TECHNOLOGY ABSORPTION

A. Research and Development

1. SPECIFIC AREAS IN WHICH R&D IS CARRIED OUT BY THE COMPANY

Sun Pharma Advanced Research Company Ltd (SPARC Ltd) works on innovation and new product development for global markets. It undertakes projects in innovative research and technology for new chemical entities (NCE) or new molecules, and novel drug delivery systems (NDDS).

New Chemical Entities (NCE)

The thrust areas of research programs for new molecules or new chemical entities (NCE) are:

- ▶ Design and development of therapies for:
 - Allergy
 - Inflammation
 - Cancer

Allergy

SUN-L731 is a novel cysteinyl leukotriene D4 (LTD₄) antagonist being developed for the treatment of allergic rhinitis and for mild to moderate asthma.

The preclinical profile of SUN-L731 shows that it is a potent and selective entity with good oral bioavailability. In preclinical animal models, SUN-L731 demonstrated superior efficacy, onset of action and duration of action when compared with the major marketed drug in this class viz. Montelukast. There are no safety issues for SUN-L731 and has a high therapeutic index.

Safety pharmacology studies as well as toxicology studies are currently underway for SUN- L731, and we plan to file a clinical trial application in the UK in Q1FY16.

Inflammation

SUN-0597 is a locally acting "soft steroid" being currently developed for allergic rhinitis and asthma. Two products that are being developed with SUN-0597 are nasal spray for allergic rhinitis and a dry powder inhaler (DPI) for asthma and COPD

In preclinical studies SUN-0597 was found to be a potent, selective and efficacious molecule with low potential for systemic side effects. We have further demonstrated the safety of SUN-597 by establishing selectivity in vitro, in a high-throughput safety screen against a battery of 85 receptors, ion channels, enzymes and transporters.

For SUN-0597 nasal spray, we have completed Phase I clinical program in India, and the molecule was found safe. Last year we had conducted a proof-of-concept

Phase II study in Germany, where we found that all the three doses tested were superior to placebo for efficacy, the safety profile being very similar to placebo. The efficacy was comparable to literature reported efficacy of marketed products like Mometasone and Fluticasone.

We had a pre-IND meeting with the USFDA for proposed Phase II study for identification of optimum dosage and dosing regimen. We submitted an IND which was accepted by USFDA, and we have initiated Phase II study in this quarter whose completion is likely by Q1FY16.

With regard to SUN-0597 DPI being developed for the treatment of COPD and asthma, we submitted a clinical trial application to UK MHRA which has been approved and the study has also been initiated. This study consists of three parts; Part-I is a single dose safety and pharmacokinetic study in healthy volunteers, Part-II is multiple dose safety and pharmacokinetic study in mild asthmatic patients, and Part-III is a proof-of-concept study in asthmatic patients.

The study is expected to be completed by Q2FY16, post which we plan to file the IND in the US and conduct a Phase II program in the US in FY16. The toxicity studies required for Phase II study of SUN-0597 DPI have been initiated.

For metered dose inhaler formulation development is ongoing and is likely to be completed by Q4 FY 15.

Besides, a topical cream and ophthalmic formulation are under development with IND filing planned for both in FY 15.

Anticancer

Our molecule SUN-K706 for chronic myeloid leukaemia (CML) especially for the resistant form of CML, has been screened in a high throughput kinase panel. Unlike Ponatinib, which was also designed to address this issue of resistant CML, SUN-K706 is found to be a very selective inhibitor of Abl and Abl related kinases and not a pan kinase inhibitor. Hence it is expected not to have the off-target side-effects which were seen in Ponatinib. Besides, in animal studies SUN-K706 demonstrated very low potential for cardiovascular side effects, and other side effects like thrombocytopenia as seen in dasatinib. We have now developed a stable formulation of SUN-K706 which is suitable for clinical studies. Using this new formulation the required safety and toxicity studies have been initiated, and these are likely to be completed by Q3 FY15. IND filing for this NCE is planned in the subsequent quarter.

Novel Drug Delivery Systems (NDDS)

In the drug delivery systems research (NDDS) platform technologies that are being developed are:

- ▶ **Oral Controlled release systems**
 - Gastric retention systems (GRS)
 - Matrix system (wrap-matrix)

ANNEXURE TO DIRECTORS' REPORT

▶ Targeted drug delivery-injection

Nanoparticle based products (Nanotecton)

▶ Biodegradable injections/ implants

▶ Topical drug delivery systems

Novel device for inhaled drugs

SMM technology for ophthalmic solution

GFR technology for ophthalmic solution

ORAL CONTROLLED RELEASE SYSTEMS

Gastro retentive innovative device (GRID)

An innovative gastro retentive system (GRS) has been devised that allows longer retention in the stomach and improves gastrointestinal absorption of drugs that have a narrow absorption window. The mechanism for gastroretention is based on size expansion and flotation. SPARC has developed Baclofen GRS once a day using this technology for the treatment of spasticity. The IND was filed with USFDA. SPARC submitted and received agreement on special protocol assessment for Phase-3 clinical trial of Baclofen GRS, and the trials have been initiated in the US. Upon successful completion of the clinical trials, Baclofen GRS will be filed using the 505(b)(2) route in the US. Baclofen GRS has already been launched in India.

Wrap Matrix

This technology enables developing a multi-layered matrix-based functionally coated tablet which offers controlled release for high dose and high solubility drugs. Once a day dosing can be achieved using this technology. Two NDAs – Venlafaxine ER 300mg, an anti-depressant and Levetiracetam ER 1000 mg & 1500 mg, an anti-epileptic, have been filed through the 505(b)(2) route in the US using this technology.

SPARC has been granted two patents in the US covering the wrap matrix technology

INJECTABLE TARGETED DRUG DELIVERY

Nanotechnology based delivery systems (Nanotecton) enables selective delivery of cytotoxic drugs to cancerous tissues. In this technology, drugs are encapsulated within nanoscale carriers derived from biocompatible/ biodegradable polymers and lipids. Two products, PICN and DICN are in trials. PICN has obtained marketing approval in India.

BIODEGRADABLE INJECTIONS/ IMPLANTS

Depot formulations using biodegradable polymers obviate the requirement of frequent injections of certain drugs in case of ailments such as hormone dependant cancers. The depot technology developed by SPARC uses long-acting microparticles.

A peptide drug using this technology is in development. Our product is manufactured in a proprietary, automated manufacturing unit. Our process of manufacturing

microspheres is cleaner compared to the other products available in the market which uses class 2 solvents in large quantities. Also, the manufacturing process is industry-scale.

Novel device for inhaled drugs

A newly engineered dry powder inhalation device which enables convenient and uniform dose administration of drugs for asthma and COPD. The device is small, convenient to carry and have a simple three step operating sequence - "open-inhale-close". The device is being developed to comply with the US and European FDA requirements. Phase-3 trials in India had been successfully completed and the product was launched in the domestic market in 2011. For the US, we are using the 505 (b)(2) route, and intend to file an IND.

SMM technology for ophthalmic formulations

A BAK-free Latanoprost OD has been launched in India We have completed Phase-3 studies in the US and a NDA has been filed in Q4 FY1

GFR technology for once a day ophthalmic formulations

A significant advantage over currently available glaucoma therapy, Timolol OD ophthalmic solution has been commercialized in the Indian Market. SPARC is also pursuing the 505(b)(2) route for development of this technology for combination of Timolol and Latanoprost for the US. This combination product uses salient features of two technologies. This product has been marketed in India.

2. BENEFITS DERIVED AS A RESULT OF THE ABOVE R&D

SPARC has been working on technology intensive, longer duration projects with uncertain timeframes. NCE's upon commercialization are expected to provide patients with better treatment options or safer side effect profile for the disorders for which these therapies are being developed.

The new drug delivery systems under development are platform technologies that can be developed for several different drugs. The eventual commercialization of such NDDS products would provide patients with newer dosage forms that are safer, more effective in terms of availability in the body, and easier for the patient to take or to nursing staff to administer.

3. FUTURE PLAN OF ACTION

New Chemical Entities (NCE's)

Allergy-SUN-L731

- Safety pharmacology & toxicity studies by Q4 FY15
- CTA in UK in Q1FY16.

Inflammation – SUN-0597

- Completed Phase-1 clinical studies in India and one Phase-II study in Germany by intranasal route
- IND application for Phase-II studies in patients with allergic rhinitis, by intranasal route, in Canada has been

ANNEXURE TO DIRECTORS' REPORT

filed with the USFDA and is accepted. The study has been initiated and its completion is expected in Q1FY16

- IND application for Phase-I studies with SUN-0597 by oral inhalation in healthy volunteers/ patients with mild asthma is approved in the UK and the study has been initiated, completion is expected by Q2 FY 16
- File IND for Phase II with the USFDA for with SUN-0597 inhalation in FY16 and to initiate the study in the US

Anticancer-SUN-K706

- Development and selection of a suitable oral formulation of SUN-K0706 has been completed. Regulatory safety pharmacology and toxicity studies using SUN-K0706 formula would be completed by Q3FY15
- IND filing by Q4FY15

Novel Drug Delivery Systems (NDDS)

ORAL CONTROLLED RELEASE SYSTEMS

Gastro retentive innovative device (GRID)

Baclofen GRS has already been launched in India. The product is in Phase-3 trials in the US for spasticity due to multiple sclerosis.

A phase-II study conducted in alcohol dependence conducted in India on 180 patients showed a numerical superiority but did not show statistical significance. SPARC is consulting experts in this area on a study design and also evaluating commercial opportunity in Europe to decide the path forward for this program.

Wrap matrix system

Two ANDAs based on this technology (Venlafaxine ER Tablets, 37.5 mg, 75 mg, 150 mg & Levetiracetam ER Tablets, 500 mg, 750 mg) have been approved by USFDA and launched in the US. Two more ANDAs are awaiting approval. Levetiracetam ER 1000 mg, 1500 mg is filed as a 505(b)(2) in the US. A cardiovascular drug and a CNS drug are under development.

INJECTABLE TARGETED DRUG DELIVERY

Nanoemulsion

PICN- Phase 2/3 study in metastatic breast cancer has been completed. The product received marketing approval in India in Q4 FY14.

Phase-1 study for weekly schedule in solid tumors has been completed in India, another phase 1 in weekly schedule in solid tumors is ongoing in the US.

DICN- Phase-1 study in patients with solid tumors has been completed in India. Phase-1b for NSCLC has been completed, data under analysis.

BIODEGRADABLE INJECTIONS / IMPLANTS

A study in acromegaly patients has been completed with satisfactory results, IND is expected to be filed in the US in FY15.

DRY POWDER INHALER

Product launched in India. IND in US likely to be filed in FY 15.

SMM TECHNOLOGY FOR OPHTHALMIC FORMULATIONS

Latanoprost eye drops have been launched in India. Phase-3 study for the US is complete. NDA filed in Q4 2014

GFR TECHNOLOGY FOR ONCE A DAY OPHTHALMIC FORMULATIONS

Timolol Maleate based on this technology is marketed in India.

One combination product (Latanoprost and Timolol) based on this technology has been launched in India .

4. EXPENDITURE ON R&D

	Year ended 31st March, 2014 ₹ in Thousand	Year ended 31st March, 2013 ₹ in Thousand
a) Capital	26,051	50,501
b) Revenue	1,335,389	1,040,445
c) Total	1,361,440	1,090,946
d) Total R&D expenditure as % of Total Turnover	81.5%	125.0%

B. Technology Absorption, Adaptation and Innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation

The Company continues its efforts to develop Innovative and Novel Drug Delivery System and new chemical entities.

2. Benefits derived as a result of the above efforts e.g. Product improvement, cost reduction, product development, import substitution

Innovative NCE and NDDS programs will eventually bring new and effective products to market. While developing NCEs all efforts are taken to ensure that the process is efficient and environment friendly. These products, if and when commercialized, will help patients lead better lives.

3. Your company has not imported technology since its inception.

C. Foreign Exchange Earnings and Outgo

	Year ended 31st March, 2014 ₹ in Thousand	Year ended 31st March, 2013 ₹ in Thousand
1. Earnings	1,294,972	741,123
2. Outgo	691,381	419,692

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit

procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, read with the 'Emphasis of Matter' paragraph below, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

Emphasis of Matter

We draw attention to Note 41 to the financial statements relating to managerial remuneration paid / payable which is in excess of the limits approved by the Central Government to the extent of ₹ 19,966 Thousand. In this regard, the Company has made further representations to the Central Government, the response in respect of which is awaited.

Our opinion is not qualified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.

INDEPENDENT AUDITORS' REPORT

2. As required by Section 227(3) of the Act, we report that:
- (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
 - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General

Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

- (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1)(g) of the Act.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani

Partner

(Membership No. 36920)

MUMBAI, 3rd May, 2014

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) Having regard to the nature of the Company's business / activities / results during the year, clauses vi, viii, xii, xiii, xiv, xv, xvi, xviii and xix of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.
- (iii) According to the information and explanations given to us and having regard to the nature of the Company's business, the Company does not have any inventories as at the balance sheet date since, procurements are issued directly for consumption to the user department and therefore, the question of reporting on whether; physical verification has been carried out at reasonable intervals; procedures of physical verification of inventories were reasonable and adequate; and discrepancies noticed on physical verification were material, does not arise. On the basis of our examination of records of inventories, in our opinion, the Company has generally maintained proper records of its inventories.
- (iv) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956.
- In respect of loans, secured or unsecured, taken by the Company from companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act, 1956, according to the information and explanations given to us:
- (a) The Company has taken loans, repayable on demand, aggregating ₹ 311,000 thousand from one party during the year. At the year-end, the outstanding balance of such loans taken was ₹ Nil and the maximum amount involved during the year was ₹ 878,410 thousand (number of parties - one).
- (b) The rate of interest and other terms and conditions of such loans are, in our opinion, *prima facie* not prejudicial to the interest of the Company.
- (c) The payment of the principal amounts and interest in respect of such loans are regular/ as per stipulations.
- (v) In our opinion and according to the information and explanations given to us, having regard to the nature of the Company's business, a comparison of prices could not be made, in respect of sale of goods (technology / know-how) and services, in the absence of similar transactions with other parties and in respect of some of the items purchased are of special nature, in the absence of similar transactions with other parties or suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of consumables and fixed assets and the sale of goods (technology / know-how) and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
- (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered in the Register maintained under the said Section have been so entered.
- (b) Where each of such transaction (excluding loans reported under paragraph (iv) above) is in excess of ₹ 5 lakhs in respect of any party, the transactions are of special nature, having regard to our comments in paragraph (v) above, a comparison of prices could not be made in the absence of similar transactions with other parties or suitable alternative sources are not readily available for obtaining comparable quotations. Hence, we are unable to comment whether such transactions have been made at prices which are *prima facie* reasonable having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and other material statutory dues applicable to it with the appropriate authorities.

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty and other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.
- (c) There were no dues in respect of Income-tax, Sales Tax, Wealth Tax, Service Tax and Customs Duty which have not been deposited as on 31st March, 2014 on account of any dispute.
- (d) Having regards to the nature of the Company's business / activities / results, statutory dues in respect of Investor Education and Protection Fund and Excise Duty are not applicable to the Company.
- (ix) The accumulated losses i.e. deficit in the Statement of Profit and Loss 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 only during the preceding year but has not incurred any cash loss during the current financial year.
- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company does not have

any dues to financial institutions and has not issued any debentures.

- (xi) In our opinion and according to the information and explanations given to us, and on an overall examination of the Balance Sheet of the Company, we report that funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xii) The Management has disclosed the end use of money raised by public issues in the notes to the financial statements and we have verified the same.
- (xiii) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 3rd May, 2014

Balance Sheet as at 31st March, 2014

₹ in Thousand

	Note No.	As at 31st March, 2014	As at 31st March, 2013
EQUITY AND LIABILITIES			
Shareholders' Funds			
Share Capital	1	236,680	236,599
Reserves and Surplus	2	1,156,307	847,707
		1,392,987	1,084,306
Non-current Liabilities			
Long-term Borrowings	3	38,166	43,618
Deferred Tax Liabilities (Net)	4	-	-
Other Long-term Liabilities	5	1,572	2,358
Long-term Provisions	6	14,768	17,255
		54,506	63,231
Current Liabilities			
Short-term Borrowings	7	8,237	759,655
Trade Payables	8	297,463	127,932
Other Current Liabilities	9	75,762	37,929
Short-term Provisions	10	6,435	16,872
		387,897	942,388
TOTAL		1,835,390	2,089,925
ASSETS			
Non-current Assets			
Fixed Assets			
Tangible Assets	11	644,882	655,492
Capital Work-in-Progress		7,610	1,631
		652,492	657,123
Long-term Loans and Advances	12	75,999	34,160
Other Non-current Assets	13	5,734	8,507
		734,225	699,790
Current Assets			
Current Investments	14	65,002	969,059
Trade Receivables	15	279,989	250,564
Cash and Cash Equivalents	16	65,551	67,237
Short-term Loans and Advances	17	649,391	100,489
Other Current Assets	18	41,232	2,786
		1,101,165	1,390,135
TOTAL		1,835,390	2,089,925
See accompanying notes forming part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

MEETAL S. SAMPAT
Company Secretary

RAJESH K. HIRANANDANI
Partner
Mumbai, 3rd May, 2014

For and on behalf of the Board

DILIP S. SHANGHVI
Chairman & Managing Director

Dr. T. RAJAMANNAR
Director
Mumbai, 3rd May, 2014

SUDHIR V. VALIA
Director
Chicago, U.S.A., 3rd May 2014

Statement of Profit and Loss for the year ended 31st March, 2014

₹ in Thousand

	Note No.	Year ended 31st March, 2014	Year ended 31st March, 2013
Revenue from Operations	19	1,670,297	872,790
Other Income	20	100,030	16,169
Total Revenue		1,770,327	888,959
Expenses			
Cost of Materials Consumed	21	80,079	93,054
Employee Benefits Expense	22	403,972	365,537
Finance Costs	23	55,973	39,506
Depreciation Expense	11	35,723	33,955
Other Expenses	24	851,338	581,854
Total Expenses		1,427,085	1,113,906
Profit / (Loss) Before Tax		343,242	(224,947)
Tax Expense - Current Tax		40,000	
Profit / (Loss) for the Year		303,242	(224,947)
Earnings / (Loss) per Share			
Basic and Diluted (₹)	35	1.28	(1.03)
Face Value per Equity Share - ₹ 1			
See accompanying notes forming part of the Financial Statements			

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

MEETAL S. SAMPAT
Company Secretary

RAJESH K. HIRANANDANI
Partner
Mumbai, 3rd May, 2014

For and on behalf of the Board

DILIP S. SHANGHVI
Chairman & Managing Director

Dr. T. RAJAMANNAR
Director
Mumbai, 3rd May, 2014

SUDHIR V. VALIA
Director
Chicago, U.S.A., 3rd May 2014

Cash Flow Statement for the year ended 31st March, 2014

₹ in Thousand

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
A. Cash Flow From Operating Activities:		
Profit / (Loss) before Tax	343,242	(224,947)
<u>Adjustments for:</u>		
Depreciation Expense	35,723	33,955
Loss on Sale of Fixed Assets	191	-
Finance Costs	55,973	39,506
Interest Income	(38,998)	(6,898)
Gain on Sale of Current Investments	(46,351)	(8,556)
Sundry Balances (Written Back) (Net)	(21)	(419)
Amortisation of Share Issue Expenses	2,786	2,786
Unrealised Foreign Exchange Gain (Net)	(284)	(3,269)
	<u>9,019</u>	<u>57,105</u>
Operating Profit / (Loss) Before Working Capital Changes	352,261	(167,842)
Changes in Working Capital:		
Adjustment for (Increase) / Decrease in Operating Assets:		
Long-term Loans and Advances	5,170	(12,367)
Trade Receivables	(32,641)	(205,017)
Short-term Loans and Advances	(48,902)	(26,855)
Other Current Assets	(22,523)	-
Adjustment for Increase / (Decrease) in Operating Liabilities:		
Long-term Provisions	(2,487)	4,875
Trade Payables	172,958	(33,872)
Other Current Liabilities	36,855	(514,873)
Short-term Provisions	(10,437)	9,007
	<u>97,993</u>	<u>(779,102)</u>
Net Cash from / (used in) Operations	450,254	(946,944)
Net Income Tax paid	(81,299)	(6,495)
Net Cash Flow from / (used in) Operating Activities (A)	368,955	(953,439)
B. Cash Flow From Investing Activities :		
Capital Expenditure on Fixed Assets, including Capital Advances	(36,740)	(36,029)
Proceeds from Sale of Fixed Assets	747	353
Bank Balances not considered as Cash and Cash Equivalents		
- Margin Money Deposits placed	(66,604)	(66,533)
- Margin Money Deposits matured	65,058	62,760
Inter Corporate Deposits placed	(1,000,000)	-
Inter Corporate Deposits matured	500,000	-

₹ in Thousand

Particulars	Year ended 31st March, 2014	Year ended 31st March, 2013
Current Investments not considered as Cash and Cash Equivalents		
- Purchased	(5,885,795)	(1,734,387)
- Proceeds from sale	6,836,203	773,884
Interest Received on Bank Deposits and Others	23,075	6,898
Net Cash Flow from / (used in) Investing Activities (B)	435,944	(993,054)
C. Cash Flow From Financing Activities:		
Repayment of Long-term Borrowings	(5,452)	(14,730)
Net (Decrease) / Increase in Working Capital Borrowings from a Bank	(13,008)	11,826
Proceeds from Short-term Borrowings	311,000	780,000
Repayment of Short-term Borrowings	(1,016,000)	(685,000)
Expense towards Rights Issue	-	(8,505)
Proceeds from Issue of Equity Shares on Rights basis	5,439	1,865,339
Finance Costs	(90,336)	(5,153)
Net Cash Flow (used in) / from Financing Activities (C)	(808,357)	1,943,777
Net Decrease in Cash and Cash Equivalents (A+B+C)	(3,458)	(2,716)
Cash and Cash equivalents at the beginning of the year	3,263	5,730
Effect of Exchange Differences on Restatement of Foreign Currency Cash and Cash Equivalents	290	249
Cash and Cash equivalents at the end of the year	95	3,263
(Refer Note 16)		

Notes:

- The above Cash Flow Statement has been prepared under the "Indirect Method" as set out in Accounting Standard (AS) - 3 on Cash Flow Statements as notified under section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
- Previous year's figures are regrouped / reclassified wherever necessary to conform to current year's groupings and classifications.

See accompanying notes forming part of the financial statements

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

MEETAL S. SAMPAT
Company Secretary

RAJESH K. HIRANANDANI
Partner
Mumbai, 3rd May, 2014

For and on behalf of the Board

DILIP S. SHANGHVI
Chairman & Managing Director

Dr. T. RAJAMANNAR
Director
Mumbai, 3rd May, 2014

SUDHIR V. VALIA
Director
Chicago, U.S.A., 3rd May 2014

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2014

	As at 31st March, 2014		As at 31st March, 2013	
	Number of Equity Shares	₹ in Thousand	Number of Equity Shares	₹ in Thousand
1 Share Capital				
Authorised	266,500,000	266,500	266,500,000	266,500
Equity Shares of ₹ 1 each				
	<u>266,500,000</u>	<u>266,500</u>	<u>266,500,000</u>	<u>266,500</u>
Issued, Subscribed and Fully Paid Up (Refer Note 28)				
Equity Shares of ₹ 1 each	236,704,447	236,704	236,704,447	236,704
Less: Calls unpaid		24		105
	<u>236,704,447</u>	<u>236,680</u>	<u>236,704,447</u>	<u>236,599</u>

	As at 31st March, 2014		As at 31st March, 2013	
		₹ in Thousand		₹ in Thousand
2 Reserves and Surplus				
Securities Premium Account				
Opening Balance	1,945,856		-	
Add : Premium on shares issued (Refer Note 28 (iv))	5,358		1,945,856	
Closing Balance		1,951,214		1,945,856
General Reserve				
As per Last Balance Sheet		339,766		339,766
Deficit in Statement of Profit and Loss				
Opening Balance	(1,437,915)		(1,212,968)	
Add: Profit / (Loss) for the Year	303,242		(224,947)	
Closing Balance		(1,134,673)		(1,437,915)
		<u>1,156,307</u>		<u>847,707</u>
3 Long-term Borrowings				
Term Loan from Department of Science and Technology (DST), Government of India under the “Drug and Pharmaceutical Research Program” (Unsecured)				
[Repayable in 8 (Previous Year 9) Annual Installments of ₹ 5,452 Thousand each. Last installment is due on 1st September, 2021]. For the current maturities of long term borrowings refer Note 9 Other Current Liabilities.		38,166		43,618
		<u>38,166</u>		<u>43,618</u>
4 Deferred Tax Liabilities (Net)				
Deferred Tax Liability				
Depreciation on Fixed Assets		197,498		180,154
Less:				
Deferred Tax Assets				
Provision for Employee Benefits	7,207		7,162	
Unabsorbed Business Losses / Capital Expenditure (Restricted to the extent of deferred tax liability on depreciation on account of virtual certainty) (Refer Note 31)	190,291		172,992	
		<u>197,498</u>		<u>180,154</u>
		<u>-</u>		<u>-</u>

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for the year ended 31st March, 2014

₹ in Thousand

	As at 31st March, 2014	As at 31st March, 2013
5 Other Long-term Liabilities		
Interest Accrued but not Due on Borrowings	1,572	2,358
	<u>1,572</u>	<u>2,358</u>
6 Long-term Provisions		
Provision for Employee Benefits - Compensated Absences	14,768	17,255
	<u>14,768</u>	<u>17,255</u>
7 Short-term Borrowings		
Loans Repayable on Demand - From Banks		
Bank Overdraft Facility (Unsecured)	5,994	16,925
Cash Credit Facility (Secured by Lien on Margin Money Deposits)	2,243	4,320
Loans from a Related Party (Unsecured) (Refer Note 37)	-	738,410
	<u>8,237</u>	<u>759,655</u>
8 Trade Payables		
Due to Micro and Small Enterprises (Refer Note 33)	-	-
Others	297,463	127,932
	<u>297,463</u>	<u>127,932</u>
9 Other Current Liabilities		
Current Maturities of Long-term Debt - Unsecured Term Loan from DST	5,452	5,452
Interest Accrued but not Due on Borrowings	1,549	1,716
Temporary Overdrawn bank balance as per books	-	1,832
Unclaimed excess Share Application Money	116	167
Other Payables		
Statutory Remittances	52,611	17,549
Payables on Purchase of Fixed Assets (Refer Note 33)	3,382	2,382
Contractually Reimbursable Expenses (Refer Note 33)	9,802	6,315
Security Deposits Received	2,850	2,516
	<u>68,645</u>	<u>28,762</u>
	<u>75,762</u>	<u>37,929</u>
10 Short-term Provisions		
Provision for Employee Benefits		
Provision for Compensated Absences	6,435	4,820
Provision for Gratuity (Net) (Refer Note 40)	-	12,052
	<u>6,435</u>	<u>16,872</u>

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11 Fixed Assets

₹ in Thousand

Description of Assets	Gross Block (At Cost)				Depreciation			Net Block		
	As at 31st March, 2013	Additions during the year	Deductions during the year	As at 31st March, 2014	As at 31st March, 2013	For the year	On Deductions during the year	As at 31st March, 2014	As at 31st March, 2014	As at 31st March, 2013
Tangible Assets										
Buildings*	211,338	920	-	212,258	25,430	3,449	-	28,879	183,379	185,908
	(200,773)	(10,565)	(-)	(211,338)	(22,118)	(3,312)	(-)	(25,430)	(185,908)	(178,655)
Plant and Equipment	602,384	17,671	-	620,055	155,468	29,349	-	184,817	435,238	446,916
	(566,294)	(36,741)	(651)	(602,384)	(127,626)	(28,140)	(298)	(155,468)	(446,916)	(438,668)
Furniture and Fixtures	9,384	535	-	9,919	2,634	569	-	3,203	6,716	6,750
	(9,056)	(328)	(-)	(9,384)	(2,096)	(538)	(-)	(2,634)	(6,750)	(6,960)
Vehicles	22,568	6,925	1,920	27,573	6,650	2,356	982	8,024	19,549	15,918
	(19,701)	(2,867)	(-)	(22,568)	(4,685)	(1,965)	(-)	(6,650)	(15,918)	(15,016)
TOTAL	845,674	26,051	1,920	869,805	190,182	35,723	982	224,923	644,882	655,492
Previous Year	(795,824)	(50,501)	(651)	(845,674)	(156,525)	(33,955)	(298)	(190,182)	(655,492)	

* Pending registration

Previous Year figures are in brackets

₹ in Thousand

	As at 31st March, 2014	As at 31st March, 2013
12 Long-term Loans and Advances		
(Unsecured - Considered Good)		
Capital Advances	6,908	1,198
Loans and Advances to Employees	8,024	13,010
Prepaid Expenses	978	1,173
Security Deposits	11	-
Advance Income Tax [Net of Provisions ₹ 40,000 Thousand (Previous Year ₹ Nil)]	60,078	18,779
	75,999	34,160
13 Other Non-current Assets		
Unamortised Share Issue Expenses [Refer Note 25(xv)]	5,572	8,358
Balances held as Margin Money with Bank against Guarantees	162	149
	5,734	8,507
14 Current Investments (At lower of cost and fair value)		
In Mutual Funds - Unquoted (Fully Paid up)		
Nil (Previous Year 13,866,164) Units of Face Value of ₹ 10 each in BNP Paribas Mutual Fund - BNP Paribas Overnight Fund Direct Plan Growth Option	-	250,000
Nil (Previous Year 47,398,558) Units of Face Value of ₹ 10 each in JPMORGAN India Liquid Fund - Direct Plan - Growth	-	719,059
32,261 (Previous Year Nil) Units of Face Value of ₹ 1,000 each in SBI Mutual Fund - LD72SG SBI Premier Liquid Fund - Direct Plan - Growth	65,002	-
	65,002	969,059

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for the year ended 31st March, 2014

₹ in Thousand

	As at 31st March, 2014	As at 31st March, 2013
15 Trade Receivables		
(Unsecured – Considered Good)		
Outstanding for a period exceeding Six Months from the date they are due for payment	-	2,219
Other Trade Receivables	279,989	248,345
	279,989	250,564
16 Cash and Cash Equivalents		
Balances that meet the definition of Cash and Cash Equivalent as per AS 3 - Cash Flow Statements		
Cash on Hand	41	47
Balances with Banks		
In Current Accounts	54	466
In EEFC Accounts	-	2,750
	54	3,216
	95	3,263
Other Bank balances		
Balances held as Margin Money against Guarantees [includes deposits of ₹ 372 Thousand (Previous Year ₹ 11,502 Thousand) having original maturity of more than 12 months]	65,340	63,807
In Earmarked Accounts		
Share Application money Refund Account	116	167
	65,551	67,237
17 Short-term Loans and Advances		
(Unsecured – Considered Good)		
Loans and Advances to Employees	8,509	5,709
Prepaid Expenses	15,989	3,592
Balances with Government Authorities	88,169	41,301
Inter Corporate Deposits	500,000	-
Deposit with Bombay Stock Exchange	-	9,912
Advances for Supply of Goods and Services	36,724	39,975
	649,391	100,489
18 Other Current Assets		
(Unsecured – Considered Good)		
Unamortised Share Issue Expenses [Refer Note 25(xv)]	2,786	2,786
Interest Accrued on Inter Corporate Deposits	15,923	-
Cenvat credit available on payment	22,523	-
	41,232	2,786

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₹ in Thousand

	Year ended 31st March, 2014		Year ended 31st March, 2013	
19 Revenue from Operations				
Sale of Products - Technology / Know-how		272,776		716,364
Sale of Services - License Fees / Royalty on Technology		1,397,521		156,426
		<u>1,670,297</u>		<u>872,790</u>
20 Other Income				
Interest on:				
Deposits with Banks	5,680		5,772	
Deposits with Inter Corporate Deposits	31,684		-	
Loans and Advances to Employees	1,374		1,123	
Income Tax Refund	-		294	
Others	260	38,998	3	7,192
Gain on Sale of Current Investments		46,351		8,556
Net Gain on Foreign Currency Transactions and Translation		14,057		-
Sundry Balances Written Back (Net)		21		419
Insurance Claims		600		-
Miscellaneous Income		3		2
		<u>100,030</u>		<u>16,169</u>
21 Cost of Materials Consumed				
R&D Materials Consumed		80,079		93,054
		<u>80,079</u>		<u>93,054</u>
22 Employee Benefits Expense				
Salaries and Wages		356,222		306,007
Contribution to Provident and Other Funds		18,253		29,182
Staff Welfare Expenses		29,497		30,348
		<u>403,972</u>		<u>365,537</u>
23 Finance Costs				
Interest Expense on:				
Borrowings		55,973		39,504
Others		-		2
		<u>55,973</u>		<u>39,506</u>
24 Other Expenses				
Consumption of Stores and Spare Parts		34,433		26,823
Power and Fuel		39,507		38,470
Rates and Taxes		3,483		1,431
Rent		1,212		1,212
Insurance		1,533		1,237
Repairs				
Building	1,089		1,455	
Machinery	30,914		21,397	
Others	1,039	33,042	926	23,778

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2014

₹ in Thousand

	Year ended 31st March, 2014	Year ended 31st March, 2013
Printing and Stationery	4,126	4,574
Travelling and Conveyance	20,093	18,362
Testing Charges	3,763	2,454
Communication	6,408	5,291
Loss on Sale of Fixed Assets	191	-
License and Fees	144,150	11,513
Labour Charges	14,362	12,293
Maintenance Charges	2,540	2,835
Membership Fees and Subscription	1,742	2,152
Clinical Trials and Professional Charges	524,732	410,915
Net Loss on Foreign Currency Transactions and Translation	-	1,970
Payments to Auditors (Net of Service Tax)		
As Auditors	700	700
For Other Services*	275	325
Reimbursement of Expenses**	6	17
	981	1,042
* Excludes ₹ Nil (Previous Year ₹ 825 Thousand) included in Share Issue Expenses in Notes 13 and 18		
** Excludes ₹ Nil (Previous Year ₹ 12 Thousand) included in Share Issue Expenses in Notes 13 and 18		
Software Expenses	2,325	2,040
Amortisation of Share Issue Expenses	2,786	2,786
Miscellaneous Expenses	9,929	10,676
	851,338	581,854

25 Significant Accounting Policies

i Basis of Preparation of Financial Statements

These 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 section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

ii Use of Estimates

The presentation of financial statements in conformity with the Generally Accepted Accounting Principles in India 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.

iii Fixed Assets and Depreciation

Fixed Assets are stated at historical cost less accumulated depreciation 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 charged off as expense in the year of purchase.

iv 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.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2014

v 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 Intangible assets under development, 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 Intangible assets under development is charged off to the Statement of Profit and Loss.

vi 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.

vii 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.

viii 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.

ix 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 "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.

x 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.

xi Taxes on Income

Tax expenses comprises of Current tax and Deferred tax. Current Tax provision, if any, has been made on the basis of reliefs and deductions available under the Income Tax Act, 1961. Minimum Alternate Tax (MAT) credit entitlement available under the Income Tax Act, 1961 is recognised to the extent that there is convincing evidence that the Company will pay normal income tax during the specified future period. The Company reviews the carrying amount of MAT credit entitlement at each balance sheet date and writes down the carrying amount to the extent there is no longer convincing evidence that Company will pay normal income tax during the specified future period. Deferred tax resulting from "timing differences" between taxable and

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2014

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 capital expenditure 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.

xii Employee Benefits

- The Company's contribution in respect of provident fund is charged to Statement of Profit and Loss each year.
- 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.
- Liability for accumulated compensated absences of employees is ascertained on actuarial basis by an independent valuer and provided for as per Company's rules.

xiii 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 cannot 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.

xiv 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.

xv 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.

xvi Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as twelve months for the purpose of classification of its assets and liabilities as current and non-current.

26 Contingent Liabilities and Commitments (to the extent not provided for)

		₹ in Thousand	
		As at 31st March, 2014	As at 31st March, 2013
i	Contingent Liabilities		
	Guarantees given by the bankers against Advance License Scheme	43,020	52,651
ii	Commitments		
	Estimated amount of contracts remaining to be executed on capital account and not provided for	10,455	1,023

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2014

27 Status of Utilisation of rights issue proceeds:

₹ in Thousand

Particulars	Total Projected utilisation	Actual utilisation upto 31st March, 2014	Projected utilisation for the year ended 31st March, 2014	Actual utilisation for the year ended 31st March, 2014	Projected utilisation for the year ended 31st March, 2013	Actual utilisation for the year ended and upto 31st March, 2013
Any Research and Development activities / expenses *	1,029,820	514,220	437,564	437,564	99,000	76,656
Repayment of identified loans availed from Group Entities	610,000	610,000	-	-	610,000	610,000
General corporate purposes	325,580	325,580	-	-	325,580	325,580
Issue expenses	17,000	15,200	-	-	17,000	15,200
Funds utilised		1,465,000		437,564		1,027,436
Un-utilised rights issue proceeds **		515,778		-		947,903
		1,980,778		-		1,975,339
Pending final call proceeds		1,622		-		7,061
Total	1,982,400	1,982,400	437,564	437,564	1,051,580	1,982,400

* Revised from 'Pharmaceutical research and development activities - Clinical trials' in terms of resolution passed by shareholders at the Annual General Meeting held on July 30, 2013.

Given the highly unpredictable nature of the Company's business of Pharmaceutical Research and Development, the actual utilisation of the funds varies from the projections.

** temporarily invested in Liquid Mutual Funds / Current Account with a Bank / Inter Corporate Deposits

28 Disclosures relating to Share Capital

i Rights, Preferences and Restrictions attached to Equity Shares

The Company has only one class of shares referred to as equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share however no shareholder who has not paid call money on his/her shares shall be entitled to vote either personally or by proxy in respect of any of such partly paid shares.

ii Equity Shares held by each shareholder holding more than 5 percent Equity Shares in the Company are as follows :

Name of the Shareholder	As at 31st March, 2014		As at 31st March, 2013	
	No. of Equity Shares held	% of Holding	No. of Equity Shares held	% of Holding
Dilip Shantilal Shanghvi	26,809,395	11.33%	26,809,395	11.33%
Viditi Investment Private Limited	23,555,458	9.95%	23,555,458	9.95%
Tejaskiran Pharmachem Industries Private Limited	23,122,598	9.77%	23,122,598	9.77%
Quality Investments Private Limited	22,735,998	9.61%	22,735,998	9.61%
Family Investments Private Limited	22,578,841	9.54%	22,578,841	9.54%
Virtuous Share Investment Private Limited	11,968,080	5.06%	11,968,080	5.06%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2014

- iii Reconciliation of the number of Shares and amount outstanding at the beginning and at the end of the reporting period.

	As at 31st March, 2014		As at 31st March, 2013	
	No. of Equity Shares	₹ in Thousand	No. of Equity Shares	₹ in Thousand
Equity Shares of ₹ 1 each				
Opening Balance	236,704,447	236,599	207,116,391	207,116
Add: Shares Issued during the year	-	-	29,588,056	29,483
Add: Unpaid Call received during the year	-	81	-	-
Closing Balance	236,704,447	236,680	236,704,447	236,599

- iv During the previous year, the Company had allotted 29,588,056 equity shares of ₹ 1 each, to its equity shareholders on rights basis in the ratio of 1 equity share of ₹ 1 each for every 7 equity shares of ₹ 1 each held, at a premium of ₹ 66 per equity share. On 60,071 (Previous Year 261,504) equity shares, calls has remained unpaid towards equity shares capital @ ₹0.40 per equity share aggregating to ₹ 24 Thousand (Previous Year ₹ 105 Thousand) reduced from Share Capital in Note 1 above and towards securities premium @ ₹ 26.60 per equity share aggregating to ₹ 1,598 Thousand (Previous Year ₹ 6,956 Thousand).

29 Information Relating to Consumption of Materials

	Year ended 31st March, 2014		Year ended 31st March, 2013	
	%	₹ in Thousand	%	₹ in Thousand
Imported and indigenous				
R & D Materials Consumed				
Imported	37.40	29,946	29.30	27,268
Indigenous	62.60	50,133	70.70	65,786
Total	100.00	80,079	100.00	93,054

30 Income / Expenditure in Foreign Currency

	₹ in Thousand	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Income		
Sale of Products - Technology / Know-how	262,257	699,080
Sale of Services - License Fees / Royalty on Technology	1,032,715	42,043
Expenditure		
R & D Materials Consumed (CIF basis)	23,936	20,759
Capital Goods (CIF basis)	7,737	19,442
Spare and Components (CIF basis)	22,063	7,113
Clinical Trials and Professional charges	482,179	347,957
Travel Expenses	4,194	3,614
Licence and Fees	143,519	11,069
Others	7,753	9,738

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2014

31 The timing differences mainly relating to unabsorbed capital expenditure and carried forward losses under the Income Tax Act, 1961, results in a deferred tax asset as per Accounting Standard 22 on "Accounting for Taxes on Income". Deferred tax asset has been recognised in respect of unabsorbed business losses / capital expenditure, to the extent that future taxable income will be available from future reversal of any deferred tax liability recognised at the balance sheet date and is restricted to the extent of such liabilities, which management expects to be available after tax holiday period u/s 80-IB of the Income Tax Act, 1961. As a prudent measure, the excess deferred tax asset (net) of ₹ 412,992 Thousand (Previous Year ₹ 495,642 Thousand) in relation to the above has not been recognised in the accounts as there is no virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

32 The net exchange gain / (loss) included under Revenue from Operations, Other Income, Cost of Materials Consumed and Other Expenses in the Statement of Profit and Loss aggregates ₹ 52,364 Thousand (Previous Year ₹ 99,494 Thousand)).

33 Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

There is no additional disclosure required to be made in this regard.

34 Accounting Standard (AS-17) on Segment Reporting

i Primary Segment

The Company has identified "Pharmaceuticals Research & Development" as the only primary reportable business segment.

ii Secondary Segment (by Geographical Segment)

	Year ended 31st March, 2014	Year ended 31st March, 2013
Within India	375,325	131,667
Outside India	1,294,972	741,123
Total Revenue from Operations	1,670,297	872,790

₹ in Thousand

In view of the interwoven / intermix nature of business, other segmental information is not ascertainable.

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

	Year ended 31st March, 2014	Year ended 31st March, 2013
Profit / (Loss) used as Numerator for calculating Earnings per Share (₹ in Thousand)	303,242	(224,947)
Weighted Average number of Shares used in computing basic and diluted earnings per share	236,655,848	217,917,715
Nominal / Face Value Per Share (in ₹)	1	1
Basic and Diluted Earnings / (Loss) Per Share (in ₹)	1.28	(1.03)

36 As per the best estimate of the management, no provision is required to be made as per Accounting Standard - 29 on "Provisions, Contingent Liabilities and Contingent Assets" in respect of any present obligation as a result of a past event that could lead to probable outflow of resources, which would be required to settle the obligation.

37 Disclosure with respect to Accounting Standards-18 on "Related Party Disclosures" is as per Annexure - "A" annexed.

38 Accounting Standard (AS-19) on Leases

i The Company has obtained premises for its business operations (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 5 years under leave and license, or longer for the lease and are renewable by mutual consent on mutually agreeable terms.

ii Lease payments are recognised in the Statement of Profit and Loss under "Rent" in Note No. 24

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2014

39 Details of Unhedged Foreign Currency Exposures

As at the year end, foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below :

	Currency	As at 31st March, 2014		As at 31st March, 2013	
in Thousand					
Amounts receivable in foreign currency on account of the following :					
Sale of Products - Technology / Know-how	US Dollar	\$ 160.0	₹ 9,600	\$ 3,050.0	₹ 165,554
Sale of Services - License Fees / Royalty on Technology	US Dollar	\$ 3,021.5	₹ 181,288	\$ 774.6	₹ 42,043
Amounts payable in foreign currency on account of the following :					
Reimbursement of Expenses	Euro	€ 118.6	₹ 9,802	€ 90.8	₹ 6,315
Import of Goods and Services	US Dollar	\$ 2,374.6	₹ 142,477	\$ 753.6	₹ 40,906
	AUD	AUD 2.6	₹ 144	AUD 1.1	₹ 61
	CAD	CAD 8.3	₹ 450	CAD 1.8	₹ 96
	CHF	CHF 3.2	₹ 213	-	-
	Euro	€ 109.6	₹ 9,059	€ 58.1	₹ 4,045
	GBP	£ 14.9	₹ 1,493	£ 25.1	₹ 2,069
	JPY	JPY 1,884.1	₹ 1,101	JPY 65.7	₹ 38
	NZD	-	-	NZD 0.5	₹ 24
	SGD	SGD 0.6	₹ 27	-	-

40 Accounting Standard (AS-15) on Employee Benefits

Contributions are made to Government Provident Fund, Family Pension Fund, ESIC and other Statutory Funds which covers all regular employees. While both the employees and the Company make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognised as an expense in respect of these defined contribution plans, aggregate ₹ 16,571 Thousand (Previous Year ₹ 14,286 Thousand).

	₹ in Thousand	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Contribution to Provident and Family Pension Fund	16,416	14,111
Contribution to Employees State Insurance Scheme (E.S.I.C.)	64	88
Contribution to Labour Welfare Fund	2	2
Contribution to Employee Deposit Linked Insurance (E.D.L.I.)	89	85

In respect of Gratuity, Contributions are made to LIC's Recognised Group Gratuity Fund Scheme based on amount demanded by LIC of India. Provision for Gratuity is based on actuarial valuation done by independent actuary as at the year end. Actuarial Valuation for Compensated Absences is done as at the year end and the provision is made as per Company rules amounting to ₹ 21,203 Thousand (Previous Year ₹ 22,075 Thousand) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Commitments are actuarially determined using the 'Projected Unit Credit' method. Gains and Losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2014

₹ in Thousand

	31st March, 2014	31st March, 2013
Disclosure In respect of gratuity (Funded):		
Reconciliation of liability / (asset) recognised in the Balance sheet		
Present value of commitments (as per Actuarial Valuation)	53,545	56,552
Fair value of plan assets	63,445	44,500
Net (asset) / liability in the Balance sheet	(9,900)	12,052
Movement in net liability / (asset) recognised in the Balance sheet		
Net liability as at beginning of the year	12,052	4,624
Net expense recognised in the Statement of Profit and Loss	1,350	14,636
Employees transferred to the Company	4,206	-
Employees transferred from the Company	(12,839)	-
Contribution during the year	(14,669)	(7,208)
Net (asset) / liability as at the end of the year	(9,900)	12,052
Expense recognised in the Statement of Profit and Loss		
Current service cost	4,671	3,331
Interest cost	4,666	3,346
Expected return on plan assets	(3,671)	(2,953)
Actuarial (gain) / loss	(4,316)	10,912
Expense charged to the Statement of Profit and Loss	1,350	14,636
Return on plan assets		
Expected return on plan assets	3,671	2,953
Actuarial gain	1,398	833
Actual return on plan assets	5,069	3,786
Reconciliation of defined-benefit commitments		
Commitments as at the beginning of the year	56,552	39,364
Current service cost	4,671	3,331
Interest cost	4,666	3,346
Employees transferred to the Company	4,206	-
Employees transferred from the Company	(12,839)	-
Paid benefits	(793)	(1,234)
Actuarial (gain) / loss	(2,918)	11,745
Commitments as at the end of the year	53,545	56,552
Reconciliation of plan assets		
Plan assets as at beginning of the year	44,500	34,740
Expected return on plan assets	3,671	2,953
Contributions during the year	14,669	7,208
Paid benefits	(793)	(1,234)
Actuarial gain	1,398	833
Plan assets as at the end of the year	63,445	44,500
The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense.		
Discount rate	9.31%	8.25%
Expected return on plan assets	9.31%	8.25%
Expected rate of salary increase	7.00%	7.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2014

₹ in Thousand

	Year Ended				
	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010
Experience adjustment					
On plan liabilities - Loss	3,039	4,843	4,393	1,428	14,484
On plan assets - Gain	1,398	833	805	236	146
Present value of benefit obligation	53,545	56,552	39,364	31,331	26,341
Fair value of plan assets	63,445	44,500	34,740	25,868	17,369
Excess of (obligation over plan assets) / plan assets over obligation	9,900	(12,052)	(4,624)	(5,463)	(8,972)

Category of Plan Assets

The Company's Plan Assets in respect of Gratuity are funded through the Group Schemes of the Life Insurance Corporation of India.

The estimate of future salary increases, considered in the actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand factors in the employment market.

Contribution expected to be made by the Company during financial year ending 31st March, 2015 is ₹ 6,897 Thousand (Previous Year ₹ 22,613 Thousand) as per premium intimation received from LIC of India.

- 41 The managerial remuneration to the extent of ₹ 19,966 Thousand is in excess of the limits approved by the Central Government. In this regard, the Company has made further representations to the Central Government providing the rationale for increase in the remuneration, the response in respect of which is awaited. In case the requisite approval is not received from the Central Government, the excess remuneration paid would be recovered from the Whole-time Director.
- 42 Previous year's figure have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2014

Accounting Standard (AS-18) “ Related Party Disclosures “

Annexure : ‘A’

Names of related parties and description of relationship

1. Key Management Personnel

Mr. Dilip S. Shanghvi, Chairman & Managing Director
Dr. T. Rajamannar, Wholetime Director (up to 24th April, 2014)

2. Enterprise under significant Influence of Key Management Personnel (with whom transactions are entered)

Sun Pharmaceutical Industries Ltd.
Sun Pharma Laboratories Ltd.
Sun Pharma Global FZE
Sun Pharmaceutical Industries Inc. (Upto 28th February, 2013)
Caraco Pharmaceutical Industries Ltd.
Sun Pharmaceutical Industries (Converted into Part IX Company as Sun Pharma Medication Pvt. Ltd. w.e.f. 31st August, 2012 which amalgamated in Sun Pharma Laboratories Limited w.e.f. 1st September 2012)
Sun Pharma Sikkim (Converted into Part IX Company as Sun Pharma Drugs Pvt. Ltd. w.e.f. 31st August, 2012 which amalgamated in Sun Pharma Laboratories Limited w.e.f. 1st September 2012)
Taro Pharmaceuticals Inc.

Particulars	₹ in Thousand	
	31st March, 2014	31st March, 2013
Sun Pharmaceutical Industries Ltd		
Sale of Services - License Fees / Royalty on Technology	7,628	26,415
Purchase of Goods	16,722	23,541
Rent Paid	1,212	1,212
Interest Expenses	53,770	37,122
Reimbursement of Expenses	39,248	35,940
Reimbursement of Expenses incurred	5,237	1,281
Sale of Fixed Assets	-	351
Loans Received	311,000	780,000
Loans Repaid	1,049,410	75,000
Outstanding Balance Payable	60,848	755,506
Sun Pharma Laboratories Ltd		
Purchase of Goods	434	291
Sale of Services - License Fees / Royalty on Technology	357,178	54,415
Outstanding Balance Receivable	85,451	24,386
Sun Pharma Global FZE		
Sale of Products - Technology / Know-how	262,257	685,811
Sale of Services - License Fees / Royalty on Technology	1,032,715	42,043
Outstanding Balance Receivable	190,888	207,597
Sun Pharmaceutical Industries		
Purchase of Goods	-	283
Sale of Services - License Fees / Royalty on Technology	-	29,173
Sun Pharmaceutical Industries Inc.		
Reimbursement of Expenses	-	926
Caraco Pharmaceutical Laboratories Ltd.		
Reimbursement of Expenses	302	32
Purchase of Goods / Product Development charges	4,413	-
Outstanding Balance Payable	4,523	32
Sun Pharma Sikkim		
Purchase of Goods	-	26
Sale of Services - License Fees / Royalty on Technology	-	4,381
Taro Pharmaceuticals Inc.		
Reimbursement of Expenses	-	42
Purchase of Goods	360	-
Outstanding Balance Payable	360	42
Remuneration to Key Managerial Personnel		
Remuneration - Wholetime Director (Refer Note 41)	34,127	31,588
Interest on Salary Advances	28	-
Outstanding Balance - Remuneration Payable - Wholetime Director	5,940	5,412

CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreement with Stock Exchanges, the Company submits the report for the year ended 31st March, 2014 on the matters mentioned in the said Clause and lists the practices followed by the Company.

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is guided by strong emphasis on transparency, accountability, responsibility, fairness, integrity, consistent value systems and delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The Company's beliefs on Corporate Governance are intended at supporting the management of the Company for competent conduct of its business and ensuring long term value for shareholders, as well as customers, suppliers, employees and statutory authorities.

The Company is committed to implement the standards of good Corporate Governance and endeavors to preserve and nurture these core values in all its activities with an aim to increase and sustain its corporate value through growth and innovation.

2. Board of Directors

The present strength of the Board of Directors of your Company is six Directors.

Composition and category of Directors is as follows:

Category	Name of the Directors	Inter-se Relationship between Directors
Promoter Executive Director	Mr. Dilip S. Shanghvi (Chairman and Managing Director)	Brother-in-law of Mr. Sudhir V. Valia
Non-Promoter Executive Director	Dr. T. Rajamannar (Whole-time Director upto April 24, 2014)	-
Non Executive & Non Independent Director	Mr. Sudhir V. Valia Dr. T. Rajamannar (Non-Executive Director wef April 24, 2014)	Brother-in-law of Mr. Dilip S. Shanghvi
Non Executive Independent Directors	Mr. S. Mohanchand Dadha	-
	Prof. Dr. Goverdhan Mehta	-
	Prof. Dr. Andrea Vasella	-

Number of Board Meetings held during the year ended March 31, 2014 and the dates on which held:

Four Board meetings were held during the year. The dates on which the meetings were held during the year ended March 31, 2014 are as follows:

14th May 2013, 30th July 2013, 29th October 2013 and 1st February 2014.

Attendance of each Director at the Board meetings, last Annual General Meeting (AGM), and number of other Directorships and Chairmanships/Memberships of Committee of each Director, is given below:

Name of the Director	Number of Board meetings held during the year	Attendance Particulars for the year ended 31 st March, 2014		*No. of other directorships and committee memberships / chairmanships as of 31 st March, 2014		
		Board Meetings	Last AGM held on 30 th July, 2013	Other Directorships	Committee Memberships **	Committee Chairmanships **
Mr. Dilip S. Shanghvi	4	4	Yes	2	1	-
Mr. Sudhir V. Valia	4	4	Yes	3	2	-
Dr. T. Rajamannar	4	4	Yes	-	-	-
Mr. S. Mohanchand Dadha	4	4	Yes	3	1	2
Prof. Dr. Goverdhan Mehta	4	4	Yes	1	-	-
Prof. Dr. Andrea Vasella	4	4	Yes	-	-	-

Note:

* The above list does not include Directorships, Committee Memberships and Committee Chairmanships in Private, Foreign and Section 25 Companies.

**The Committee Memberships and Chairmanships in other Companies include Memberships and Chairmanships of Audit and Shareholders'/ Investors Grievance Committee only.

3. Code of Conduct

The Board of Directors have laid down a code of conduct for all Board members and all employees of the Company. All the Directors and senior management have affirmed compliance with the code of conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Chairman & Managing Director, has been annexed to the Corporate Governance Report. The code of conduct has been posted on the website of the Company www.sunpharma.in.

4. Audit Committee

The Audit Committee of the Company comprises of three independent non-executive Directors viz. Mr. S. Mohanchand Dadha, Prof. Dr. Goverdhan Mehta and Prof. Dr. Andrea Vasella. Mr. S. Mohanchand Dadha is the Chairman of the Audit Committee. Ms. Meetal S. Sampat, Company Secretary of the Company is the Secretary of the Audit Committee.

The terms of reference of the Audit Committee interalia include overseeing the Company's financial reporting process, reviewing the quarterly/ half yearly/ annual financial statements and adequacy of internal audit function, reviewing with the management the financial statements, reviewing, with the management the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), recommending the appointment/ re-appointment of statutory auditors and fixation of audit fees, reviewing the significant internal audit findings/ related party transactions, reviewing the Management Discussion and Analysis of financial condition and result of operations and also statutory compliance issues relating to financial statements. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

Executives from the Finance Department, Representatives of the Statutory Auditors and Internal Auditors are also invited to attend the Audit Committee Meetings.

The Committee has discussed with the external auditors their audit methodology, audit planning and significant observations/ suggestions made by them.

Four Audit Committee Meetings were held during the year ended 31st March, 2014. The dates on which Meetings were held are as follows:

14th May 2013, 30th July 2013, 29th October 2013 and 1st February 2014.

The attendance of each Member of the Committee is given below:

Name of the Director	Chairman/Member	No. of Audit Committee Meetings attended
Mr. S. Mohanchand Dadha	Chairman	4
Prof. Dr. Goverdhan Mehta	Member	4
Prof. Dr. Andrea Vasella	Member	4

5. Remuneration Committee

The Remuneration Committee comprises of three Non-Executive and Independent Directors Mr. S. Mohanchand Dadha, Prof. Dr. Goverdhan Mehta and Prof. Dr. Andrea Vasella as Members of the Committee. Mr. S. Mohanchand Dadha is the Chairman of the Committee. Ms. Meetal Sampat, Company Secretary is the Secretary of the Remuneration Committee.

The terms of reference of the Remuneration Committee includes approval of remuneration of Whole-Time Directors, and review of compensation structure/ remuneration policy of the Company.

Four meetings of the Remuneration Committee were held during the year ended on 31st March, 2014. The dates on which Meetings were held are as follows:

14th May 2013, 30th July 2013, 29th October 2013 and 1st February 2014.

The attendance of each Member of the Committee is given below:

Name of the Director	Chairman/Member	No. of Remuneration Committee Meetings attended
Mr. S. Mohanchand Dadha	Chairman	4
Prof. Dr. Goverdhan Mehta	Member	4
Prof. Dr. Andrea Vasella	Member	4

(a) Details of remuneration paid to all the Directors for the year:

No remuneration is paid to Mr. Dilip S. Shanghvi, Chairman & Managing Director of the Company.

The details of the remuneration paid/payable to the Directors during the year 2013-2014 are given below:

(₹ In Thousand)

Directors	Salary #	Bonus	Perquisites* / Benefits	Sitting Fees	Total
Mr. Dilip S. Shanghvi	-	-	-	-	-
Dr. T. Rajamannar	21,974	2,400	9,753	-	34,127
Mr. Sudhir V. Valia	-	-	-	240	240
Mr. S. Mohanchand Dadha	-	-	-	320	320
Prof. Dr. Goverdhan Mehta	-	-	-	560	560
Prof. Dr. Andrea Vasella	-	-	-	560	560

Salary includes Special/Supplementary Allowance.

* Perquisites include House Rent Allowance, Leave Travel Assistance, Leave encashment, Medical Reimbursement, contribution to Provident Fund and such other perquisites payable to the Director.

Besides this, the Whole-Time Director is also entitled to Mediclaim and Gratuity at the end of tenure, as per the rules of the Company. Leave accumulated and not availed during his tenure as a Whole-Time Director is allowed to be encashed at the time of retirement as per the rules of the Company.

The Non-Executive Directors are paid sitting fees at the rate of ₹ 20,000/- for attending each meeting of the Board and/or of Committee thereof.

Notes: -

- The Agreement with Mr. Dilip S. Shanghvi, Chairman & Managing Director, is for a period of 5 years. Mr. Dilip S. Shanghvi, has been re-appointed as the Chairman & Managing Director of the Company for a further period of five years effective from 1st March, 2012. Either party to the agreement is entitled to terminate the Agreement by giving to the other party 30 days notice in writing.
- Dr. T. Rajamannar, had been re-appointed as the Whole-time Director of the Company for a period of three years effective from 4th June, 2010 and has been re-appointed for further period of three years effective from 4th June, 2013. As per terms of his employment, his appointment is terminable by giving 3 months notice, by either party. The above remuneration of Dr. T. Rajamannar is within the overall limits as approved by the shareholders of the Company however to the extent of ₹ 19,966 Thousand is in excess of the limits approved by the Central Government. In this regard, the Company has made further representations to the Central Government providing the rationale for increase in the remuneration, the response in respect of which is awaited. In case the requisite approval is not received from the Central Government, the excess remuneration paid would be recovered from the Whole-time Director.
- The Company presently does not have a scheme for grant of stock options either to the Executive Directors or employees.
- There is no separate provision for payment of severance fees to Whole-time Director(s).

(b) Details of Equity Shares held by Non-Executive Directors as on 31st March, 2014:

Name of Director	No. of Shares
Mr. Sudhir V. Valia (including shares held jointly)	17,58,169
Mr. S. Mohanchand Dadha (including shares held jointly)	8,489
Prof. Dr. Goverdhan Mehta	Nil
Prof. Dr. Andrea Vasella	Nil

6. Shareholders'/Investors' Grievance Committee

The Shareholders'/Investors' Grievance Committee comprises of Dr. T. Rajamannar, Prof. Dr. Goverdhan Mehta, Prof. Dr. Andrea Vasella as members with Mr. Sudhir V. Valia, Non-Executive Director, as the Chairman of the Committee.

The Committee, *inter alia*, approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The Committee looks into shareholders' complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends, etc. The Committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services. The Board of Directors has delegated the power of approving transfer of securities to M/s. Link Intime India Pvt. Ltd., Registrar & Share Transfer Agents of the Company, and/or the Company Secretary of the Company.

The Board has designated Ms. Meetal Sampat, Company Secretary as the Compliance Officer and as the Secretary of the Shareholders'/Investors' Grievance Committee of the Company.

Four meetings of the Shareholders'/Investors' Grievance Committee were held during the year ended 31st March, 2014. The dates on which Meetings were held are as follows:

14th May 2013, 30th July 2013, 29th October 2013 and 1st February 2014.

The attendance of each Member of the Committee is given below:

Name of the Director	Chairman/ Member	No. of Shareholders'/ Investors' Grievance Committee Meetings attended
Mr. Sudhir V. Valia	Chairman	4
Dr. T. Rajamannar	Member	4
Prof. Dr. Goverdhan Mehta	Member	4
Prof. Dr. Andrea Vasella	Member	4

Investor Complaints:

The total number of investor complaints received and resolved during the year under review, were Nil.

7. Ethics & Compliance Committee

The Ethics & Compliance Committee comprises of three, Non-Executive and Independent Directors Prof. Dr. Goverdhan Mehta, Mr. S. Mohanchand Dadha, and Prof. Dr. Andrea Vasella as Members of the Committee. Prof. Dr. Goverdhan Mehta is the Chairman of the Committee. Ms. Meetal Sampat, Company Secretary is the Secretary of the Ethics & Compliance Committee.

The brief terms of reference of the Ethics & Compliance Committee include to set forth the policies, recommend changes and monitor the implementation and review compliance by the Company's directors, officers and employees with the Company's Code of Conduct, Prevention of Insider Trading Rules and such other applicable policies of the Company as the Committee or the Board may consider necessary.

Four meetings of the Ethics & Compliance Committee were held during the year ended on 31st March, 2014, on the following dates:

14th May 2013, 30th July 2013, 29th October 2013 and 1st February 2014.

The attendance of each Member of the Committee is given below:

Name of the Director	Chairman/ Member	No. of Ethics & Compliance Committee Meetings Attended
Prof. Dr. Goverdhan Mehta	Chairman	4
Mr. S. Mohanchand Dadha	Member	4
Prof. Dr. Andrea Vasella	Member	4

8. Executive Committee

The Executive Committee comprises of three Non-Executive Directors – Prof. Dr. Andrea Vasella, Mr. Sudhir V. Valia and Prof. Dr. Goverdhan Mehta as Members of the Committee. Prof. Dr. Andrea Vasella is the Chairman of the Committee. Ms. Meetal Sampat, Company Secretary is the Secretary of the Executive Committee.

The brief terms of reference of the Executive Committee include reviewing the on going capital expenditure and the investments made, to review research projects and monitor the implementation of the research projects and to review strategy for Business Development of the Company and such other matters as the Committee or the Board may consider necessary.

Four meetings of the Executive Committee were held during the year ended on 31st March, 2014, on the following dates:

14th May 2013, 30th July 2013, 29th October 2013 and 1st February 2014.

The attendance of each Member of the Committee is given below:

Name of the Director	Chairman/ Member	No. of Executive Committee Meetings Attended
Prof. Dr. Andrea Vasella	Chairman	4
Mr. Sudhir V. Valia	Member	4
Prof. Dr. Goverdhan Mehta	Member	4

9. Fund Mobilising and Monitoring Committee

The Fund Mobilising and Monitoring Committee of the Company comprises of Prof Dr. Andrea Vasella, Prof Dr. Goverdhan Mehta as members with Dr. T Rajamannar as the Chairman of the Committee. Ms. Meetal Sampat, Company Secretary, is the Secretary of the Committee.

The brief terms of reference of the Fund Mobilising and Monitoring Committee inter alia include deciding on all matters relating to issue and allotment of the equity shares of the Company pursuant to Rights issue or Qualified Institutional Placements or any offer or otherwise and deciding the issue, monitor the utilisation of funds of the issue, offer structure, issue price, record date and other terms and conditions of the issue, to appoint the lead managers and other intermediaries, to file listing applications with stock exchanges, to finalise the basis of allotment and to allot equity shares of the company and such other matters as the Committee or the Board may consider necessary.

Four meetings of the Fund Mobilising and Monitoring Committee were held during the year ended on 31st March, 2014, on the following dates:

14th May 2013, 30th July 2013, 29th October 2013 and 1st February 2014.

The attendance of each Member of the Committee is given below:

Name of the Director	Chairman/ Member	No. of Fund Mobilising and Monitoring Committee meetings attended
Dr. T Rajamannar	Chairman	4
Prof Dr. Goverdhan Mehta	Member	4
Prof Dr. Andrea Vasella	Member	4

10. Subsidiary Companies

The Company does not have any subsidiary company.

11. General Body Meetings

(i) Location and time of the Annual General Meetings (AGM) held during the last 3 years, are as follows:

Year	Meeting	Location	Date	Time	Special Resolutions passed at AGM, during last three years
2010-11	Sixth AGM	Prof. Chandravadan Mehta Auditorium, General Education Centre, Maharaja Sayajirao University of Baroda, Pratapgunj, Vadodara -390 020 Gujarat	08.08.2011	10.45 A.M	1) Approval for Re-appointment of Mr. Dilip S. Shanghvi as Chairman & Managing Director of the Company for further period of five years effective 1 st March, 2012. 2) Approval to create, offer, issue and allot equity shares to the extent of ₹ 200 crores by way of the Right Issue or by way of a qualified institutions placement or offer or otherwise.

Year	Meeting	Location	Date	Time	Special Resolutions passed at AGM, during last three years
2011-12	Seventh AGM	Sir Sayajirao Nagargruh, Akota, Vadodara-390 020 Gujarat	31.07.2012	10.45 A.M	<p>1) Approval of alteration of the Articles of Association of the Company to enable the Directors to participate in the Board/ Committee meetings of the Company by way of Video Conferencing.</p> <p>2) Approval for increase in remuneration of Dr. T. Rajamannar, Whole Time Director with effect from 1st April, 2012 upto the remaining period of his present term of appointment.</p> <p>3) Approval for Re-appointment and remuneration of Dr. T. Rajamannar as Whole-time Director of the Company for further period of three years effective 4th June, 2013.</p>
2012-13	Eighth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara-390 020 Gujarat	30.07.2013	11.30 A.M	<p>1) Approval for amendment in the Objects of Rights Issue of Equity Shares of the Company for utilisation of balance proceeds of the Rights Issue funds for revised objects namely "Any Research and Development activities/ expenses, including incidental, ancillary and/or support activities/ expenses incurred by the Company, directly or indirectly."</p>

(ii) Postal Ballot :

During the year the Company had conducted Postal Ballot for change in the objects of the Rights Issue stated in the Letter of Offer, subject to the approval of its members by way of Postal Ballot. The Company obtained approval of its members by way of Special Resolution dated 11th May, 2013, passed by Postal Ballot, to revise the utilisation of unutilised portion of the proceeds from Rights Issue for Pharmaceutical research and development activities - Funding clinical trials in India or USA on any existing and/or future product/technology including S0597 nasal, Latanoprost plus Timolol combination eye drops, dry powder inhaler, Baclofen GRS Capsule and Paclitaxel Injection for Nanodispersion ("PICN").

The brief details of the Postal Ballot are as under :

1. The Board of Directors of the Company had, at its meeting held on 24th January, 2013, appointed Mr. Umesh Lakhani, Partner, M/s. S.H.Bathiya and Associates, as the Scrutinizer for conducting the postal ballot voting process.
2. The Postal Ballot process was carried out in a fair and transparent manner.
3. E-Voting option: In compliance with Clause 35B of the Listing Agreement and section 192A of the Companies Act, 1956, the Company had provided an option to the members, to vote on the postal ballot by way of electronic voting (e-voting) to enable members to cast their vote electronically. In case the member had exercised the vote in physical as well as electronic mode, the vote by electronic mode only was considered.
4. All postal ballot forms received and electronic votes cast on 8th May, 2013 upto 6.00 pm the last date and time fixed by the Company for receipt of the forms, had been considered.

5. The results of the Postal Ballot were announced on 11th May, 2013 as per the Scrutinizer's Report as under :

Promoter/ Public	No. of Shares held	No. of votes polled			% of votes Polled on outstanding shares	No. of Votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
		Physical	E-voting	Total					
	(1)	(2)			(3)=[(2)/(1)] *100	(4)	(5)	(6)=[(4)/ (2)]*100	(7)=[(5)/ (2)]* 100
Promoters and Promoter Group	158893196	0	157676959	157676959	99.23	157676959	0	100	0
Public - Institutional holders	19519889	8379328	0	8379328	42.93	8379328	0	100	0
Public-Others	58291362	330667	16048644	16379311	28.10	16378219	1092	99.9933	0.0067
Total	236704447	8709995	173725603	182435598	77.07	182434506	1092	99.9994	0

12. Disclosures

- No transaction of a material nature has been entered into by the Company with Directors or Management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. The transaction with the related parties are disclosed in the Annexure A attached to the Annual Accounts.
- There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties/strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority during the last three financial years.
- In the preparation of the financial statements, the Company has followed the Accounting Standards as notified under section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
- The Company has laid down procedures to inform Board members about the risk assessment and its minimization, which are periodically reviewed to ensure that risk control is exercised by the management effectively.
- During the year, the Company collected ₹ 5,439 Thousand as Final Call Money, till 31st March 2014 on Equity Shares allotted pursuant to the Rights Issue. The Company is yet to receive Final Call Money in respect of 60,071 partly-paid up Equity Shares, out of the total 29,588,056 Equity Shares, aggregating to ₹ 1,622 Thousand.
- The remaining partly paid shares shall be converted to fully paid shares as and when the Company receives the Final call money from the respective shareholders.
- Adoption/ Non Adoption of the Non- mandatory requirements:
 - (i) The Company has not fixed a period of nine years as the tenure of Independent Directors on the Board of the Company.
 - (ii) The Company has formed Remuneration Committee of the Board of Directors of the Company.
 - (iii) The Company does not send half-yearly financial results to the household of each shareholder as the same are published in the newspapers and also posted on the website of the Company and on the websites of BSE and NSE.
 - (iv) The Company's Board comprises of perfect mix of Executive and Non Executive Independent Directors who are Company Executives and/ or Professionals having in depth knowledge of pharmaceutical industry and/ or expertise in their area of specialisation.
 - (v) The Company's Board of Directors endeavor to keep themselves updated with changes in global economy and legislation. They generally attend various workshops and seminars to keep themselves abreast with the changes in business environment.
 - (vi) At present the Company does not have a mechanism for evaluating its Non-Executive Directors by peer group.
 - (vii) The Company is in the process of implementing the Whistle Blower Policy. However the Company has not denied access to any employee to approach the management on any issue. The Company has adopted a Code of Conduct for its Board of Directors and senior management which also meets the requirements of the Whistle Blower Policy.

13. Means of Communication

- Website: The Company's website www.sunpharma.in contains a separate dedicated section 'Financials' where shareholders information is available. Full Annual Report is also available on the website in a user friendly and download-able form. Apart from this, official news releases, detailed presentations made to media, analysts etc. are also displayed on the Company's website.
- Financial Results: The annual, half-yearly and quarterly results are regularly posted by the Company on its website www.sunpharma.in. These are also submitted to the Stock Exchanges in accordance with the Listing Agreement and published in all English Editions and Gujarati Edition of 'Financial Express'.
- Annual Report: Annual Report containing inter alia Audited Annual Accounts, Directors' Report, Auditors' Report, and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report.
- Corporate filing: Announcements, Quarterly Results, Shareholding Pattern etc. of the Company are regularly filed by the Company, are also available on the website of BSE Ltd. - www.bseindia.com, National Stock Exchange of India Ltd. - www.nseindia.com, National Electronic Application Processing System (NEAPS) website- <https://www.connect2nse.com/LISTING> and BSE Listing Centre - <http://listing.bseindia.com>.

14. General Shareholder Information

14.1 Annual General Meeting:

- Date and Time : Thursday, 31st July, 2014, at 11:15 a.m.
- Venue : Sir Sayajirao Nagargruh,
Akota, Vadodara - 390 020, Gujarat.

14.2 Financial Calendar (tentative)

- : Results for quarter ending 30th June 2014 – Last week of July 2014.
- : Results for quarter ending 30th September 2014 – Last week of October 2014/ First week of November 2014.
- : Results for quarter ending 31st December 2014 – Last week of January 2015 / First week of February 2015
- : Audited Results for year ended 31st March 2015 – 3rd or 4th week of May 2015.

14.3 Details of Book Closure For Equity Shareholders

- : Saturday, 26th July, 2014 to Thursday 31st July, 2014 (both days inclusive).

14.4 Dividend Payment Date

- : N.A.

14.5 (i) Listing of Equity Shares on Stock Exchanges

- : The Equity Shares of the Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Ltd. (NSE).

(ii) Payment of Listing Fee:

- : Listing Fees for the year ended 2014-15 have been paid, within the stipulated time, to BSE Limited and The National Stock Exchange of India Ltd, where the Company's Equity Shares continue to be listed.

14.6 Stock Code:

Equity Shares

- (a) Trading Symbol BSE Ltd., (Demat Segment):
Trading Symbol National Stock Exchange (Demat Segment):
- (b) Demat ISIN Numbers in NSDL and CDSL for Equity Shares of ₹ 1/- each

SUNPHADV 532872

SPARC

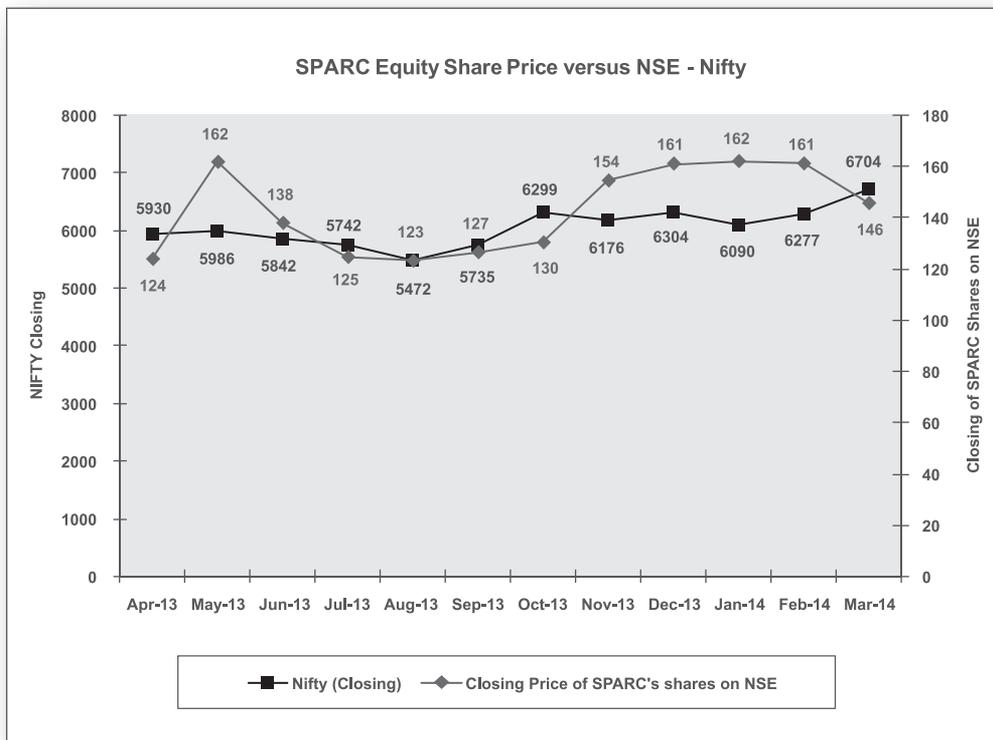
ISIN No. INE232I01014

14.7 Stock Market Data

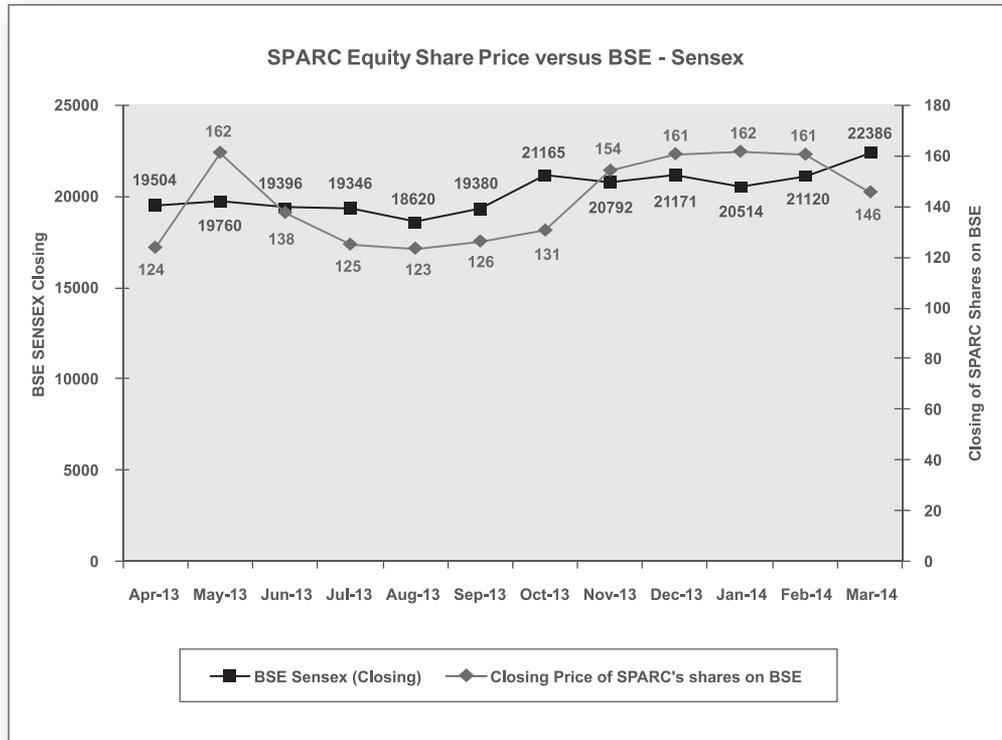
The Equity Shares of the Company are listed on BSE Ltd., (BSE) and National Stock Exchange of India Ltd., (NSE).

Equity Shares of ₹ 1/- each :

	BSE Ltd. (BSE) (in ₹)		National Stock Exchange of India Ltd., (NSE) (in ₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2013	129.7	111.1	129.7	110.8
May 2013	174.0	121.0	173.8	121.0
June 2013	167.5	131.2	167.5	131.2
July 2013	155.8	121.9	155.8	121.9
August 2013	127.4	105.2	127.7	105.3
September 2013	143.4	118.1	142.8	113.2
October 2013	143.6	125.7	143.7	125.5
November 2013	161.6	132.2	161.7	132.0
December 2013	179.5	150.0	179.7	149.0
January 2014	172.5	152.0	172.7	152.1
February 2014	174.7	151.5	171.9	151.1
March 2014	164.6	144.1	164.9	143.7



(Source: BSE and NSE website)



(Source: BSE and NSE website)

14.8 Share price performance in comparison to broad-based indices – BSE Sensex and NSE Nifty.

Share price performance relative to BSE Sensex based on share price on 31st March, 2014.

PERIOD	% Change in		
	SPARC SHARE PRICE	BSE SENSEX	SPARC RELATIVE TO SENSEX
Year-on-Year	28.23%	18.85%	9.38%
2 Years	95.31%	28.63%	66.68%
3 Years	102.50%	15.12%	87.38%
5 Years	177.45%	130.58%	46.87%

Share price performance relative to Nifty based on share price on 31st March, 2014.

PERIOD	% Change in		
	SPARC SHARE PRICE	NIFTY	SPARC RELATIVE TO NIFTY
Year-on-Year	33.38%	17.98%	15.40%
2 Years	95.11%	26.60%	68.51%
3 Years	102.15%	14.92%	87.23%
5 Years	175.85%	121.92%	53.93%

(Source: Compiled from data available on BSE and NSE website)

14.9 Registrars & Transfer Agent

(Share transfer and communication regarding share certificates, dividends and change of address)

Link Intime India Pvt. Ltd.,
C-13, Kantilal Maganlal Estate,
Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai - 400 078.
E-Mail: sparc@linkintime.co.in
rnt.helpdesk@linkintime.co.in
Tel: 022- 25946970-78, Fax : 022- 25946969

14.10 Share Transfer System

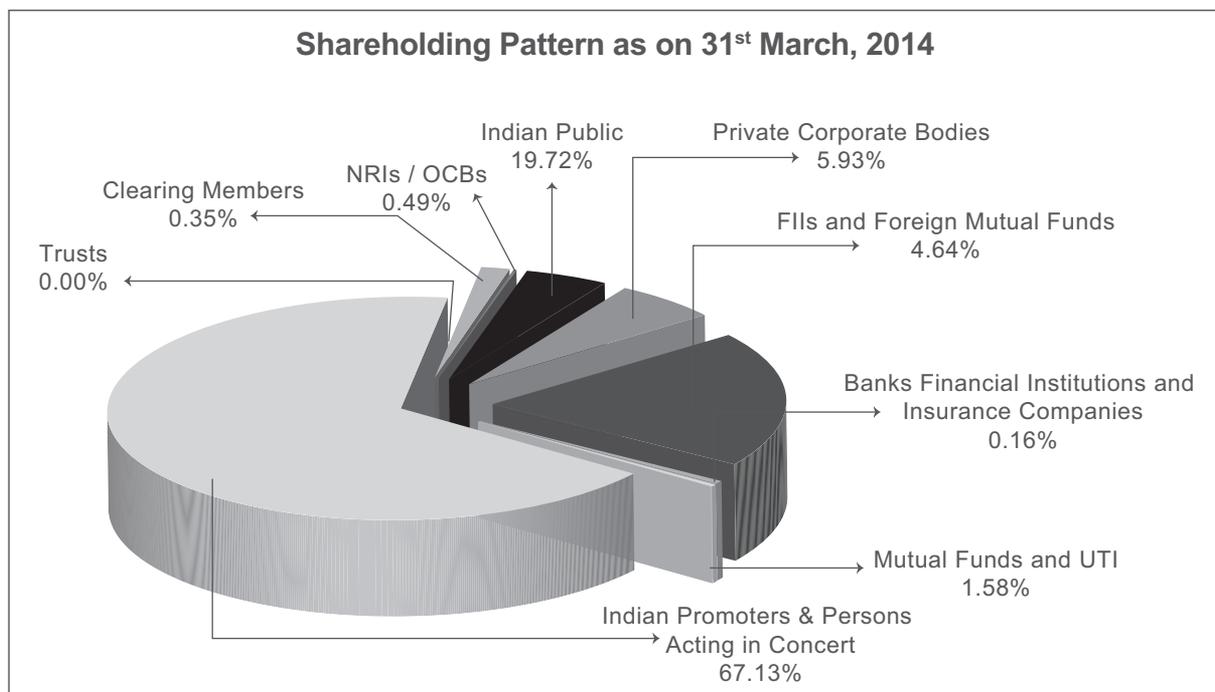
Presently, the share transfers which are received in physical form are processed and transferred by Registrar and Share Transfer Agents and the share certificates are returned within a period of 15 to 16 days from the date of receipt, subject to the documents being valid and complete in all respects and confirmation in respect of the request for dematerialization of shares is sent to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) expeditiously.

14.11 Distribution of Shareholding as on 31st March, 2014

No. of Equity Shares held	No. of Accounts		Shares of face value ₹ 1/- each	
	Numbers	% to total accounts	Numbers	% to total shares
Upto 500	51762	82.48	6510403	2.75
501 - 1000	4538	7.23	3564091	1.51
1001 - 2000	3872	6.17	5360746	2.26
2001 - 3000	832	1.33	2111117	0.89
3001 - 4000	332	0.53	1177960	0.50
4001 - 5000	285	0.45	1337221	0.56
5001 - 10000	514	0.82	3785172	1.60
10001 and above	623	0.99	212857737	89.93
Total	62758	100.00	236704447	100.00

14.12 Shareholding Pattern as on 31st March, 2014 of Equity Shares as per Clause 35 of the Listing Agreement

Particulars	Percentage	No. of shares
Indian Promoters & Persons Acting in Concert	67.13	158893196
Mutual Funds and UTI	1.58	3729951
Banks Financial Institutions and Insurance Companies	0.16	378511
FII's and Foreign Mutual Funds	4.64	10983522
Private Corporate Bodies	5.93	14041869
Indian Public	19.72	46676705
NRIs / OCBs	0.49	1166593
Clearing Members	0.35	829790
Trusts	0.00	4310
Total	100.00	236704447



14.13 Dematerialization of Shares

About 99.40% of the Equity shares of the Company have been dematerialized up to 31st March, 2014.

Liquidity:

Your Company's equity shares are fairly liquid and are actively traded on BSE Ltd. (BSE), and National Stock Exchange of India Ltd., (NSE). Relevant data for the **average daily turnover** for the financial year 2013-2014 is given below:

	BSE	NSE	BSE + NSE
In no. of share (in Thousands)	213.047	480.651	693.698
In value terms (₹ Millions)	32.463	73.159	102.622

(Source: BSE and NSE website)

14.14 Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:

The Company has not issued any GDRs/ ADRs / warrants or any other convertible instruments, during the year.

14.15 R&D / Plant locations:

1. SPARC, Tandalja, Vadodara, Gujarat – 390 020.
2. SPARC, 17/B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai - 400 093.
3. 907/4, GIDC, Makarpura, Vadodara, Gujarat – 390 010.

14.16 Investor Correspondence

- (a) For transfer/dematerialisation of Shares and any other query relating to the shares of the Company

For Shares held in Physical Form

Link Intime India Pvt. Ltd.,
C-13, Kantilal Manganlal Estate,
Pannalal Silk Mills Compound,
L.B.S. Marg, Bhandup (West),
Mumbai – 400 078.
E-Mail: sparc@linkintime.co.in
rnt.helpdesk@linkintime.co.in
Tel: 022- 25946970-78, Fax : 022- 25946969

For Shares held in Demat Form

To the Depository Participant.

- (b) E-mail id designated by the Company for Investor Complaints.

secretarial@sparcmail.com

- (c) Any query on Annual Report

Ms. Mira Desai**Ms. Meetal S. Sampat**

17/B, Mahal Industrial Estate,
Mahakali Caves Road, Andheri (East),
Mumbai - 400 093.
mira.desai@sparcmail.com
meetal.sampat@sparcmail.com
secretarial@sparcmail.com

For and on behalf of the Board**DILIP S. SHANGHVI**

Chairman & Managing Director

DR. T. RAJAMANNAR

Director

Mumbai, 3rd May, 2014

SUDHIR V. VALIA

Director

Chicago, U.S.A., 3rd May, 2014

ANNEXURE TO CORPORATE GOVERNANCE FOR THE YEAR ENDED 31st MARCH, 2014

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Dilip S. Shanghvi, Chairman & Managing Director of Sun Pharma Advanced Research Company Limited (“the Company”) hereby declare that, to the best of my information, all the Board Members and senior management personnel of the Company have affirmed their compliance and undertaken to continue to comply with the Code of Conduct laid down by the Board of Directors of the Company for Board members and senior management.

For Sun Pharma Advanced Research Company Ltd.,

Dilip S. Shanghvi

Chairman & Managing Director

Date: 3rd May, 2014

AUDITORS’ CERTIFICATE ON COMPLIANCE WITH THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

TO THE MEMBERS OF SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED,

We have examined the compliance of the conditions of Corporate Governance by **SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED** (“the Company”) for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing agreements of the said Company with relevant stock exchanges (hereinafter referred to as Clause 49).

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in Clause 49.

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

MUMBAI, 3rd May, 2014.

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

**SUN PHARMA
ADVANCED RESEARCH
COMPANY LTD.**



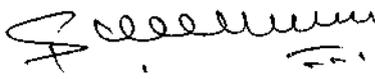
Sun Pharma Advanced Research Company Ltd.

Akota Road, Akota, Vadodara 390 020.

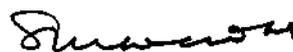
CIN: L73100GJ2006PLC047837

www.sunpharma.in

FORM A**Format of covering letter of the annual audit report to be filed with the Stock Exchange**

1	Name of the Company	Sun Pharma Advanced Research Company Limited
2	Annual Standalone Financial statements for the year ended	31 st March, 2014
3	Type of Audit observation	<p><u>Emphasis of Matter</u> We draw attention to Note 41 to the financial statements relating to managerial remuneration paid / payable which is in excess of the limits approved by the Central Government to the extent of ₹ 19,966 Thousand. In this regard, the Company has made further representations to the Central Government, the response in respect of which is awaited.</p> <p>Our opinion is not qualified in respect of this matter.</p> <p><u>Note 41 to the Financial Statements</u> The managerial remuneration to the extent of ₹19,966 Thousand is in excess of the limits approved by the Central Government. In this regard, the Company has made further representations to the Central Government providing the rationale for increase in the remuneration, the response in respect of which is awaited. In case the requisite approval is not received from the Central Government, the excess remuneration paid would be recovered from the Whole-time Director.</p>
4	Frequency of observation	First time
5	To be signed by- • CEO/ Managing Director • CFO	<p>For Sun Pharma Advanced Research Company Ltd,</p> <p> Mr. Dilip S. Shanghvi (Chairman & Managing Director)</p> <p> Mr. Sudhir V. Valia (Director)</p>

• Audit Committee Chairman



Mr. S. Mohanchand Dadha
(Chairman of Audit Committee)

• Auditor of the Company

Refer our Audit Report dated 3rd May, 2014 on the
standalone financial statements of the Company

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Rajesh K. Hiranandani
Partner
(Membership No. 36920)

EH MUMBAI, 4th JULY, 2014