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Fax : (91-22) 6645 5685  
CIN : L73100GJ2006PLC047837  
Website : www.sunpharma.in

**SUN PHARMA  
ADVANCED RESEARCH  
COMPANY LTD.**



SPARC/Sec/SE/2016-17/010

30<sup>th</sup> July 2016

**National Stock Exchange of India Ltd,**  
Exchange Plaza, 5th Floor,  
Plot No. C/1, G Block,  
Bandra Kurla Complex,  
Bandra (East),  
Mumbai – 400 051.

**BSE Limited.,**  
Market Operations Dept.  
P. J. Towers,  
Dalal Street,  
Mumbai – 400 001.

Dear Sirs,

**Sub:** Submission of Annual Report of the Company for the year ended 31<sup>st</sup> March 2016  
**Scrip Code:** BSE: 532872; NSE: SPARC

In compliance with regulation 34 (1) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 we are pleased to enclose herewith Annual Report of the Company for the financial year ended 31<sup>st</sup> March 2016.

The Shareholders of the Company have in their 11<sup>th</sup> Annual General Meeting held on 29<sup>th</sup> July 2016, approved & adopted the Financial Statements of the Company for the Financial Year 2015-16 together with the Report of the Auditors and the Board thereon, as disclosed in the enclosed Annual Report.

A copy of the Annual report is also available on the website of the Company [www.sunpharma.in](http://www.sunpharma.in)

You are requested to kindly take the same on record.

Thanking you,  
Yours faithfully,  
For **Sun Pharma Advanced Research Company Ltd**

**Debashis Dey**  
Company Secretary

Encls: A/a.

SUN PHARMA  
ADVANCED RESEARCH  
COMPANY LTD.



Annual Report  
2015-16

**Innovations**  
Inspired by **Life**



Life has almost a paranormal ability to sustain and flourish against enormous complexities and challenges. The path of drug discovery is long and arduous requiring complex problem solving to make progress. We at SPARC draw inspiration from life itself in our pursuit to improve patient health globally with novel and innovative drugs.

## In this report

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<b>Management Discussion and Analysis</b>	<b>02</b>
<b>Board's Report</b>	<b>17</b>
<b>Corporate Governance Report</b>	<b>41</b>
<b>Financial Statement</b>	<b>58</b>
<b>Notice</b>	<b>86</b>

**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 litigation and labour unrest or other difficulties. The Company 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.

® All brands and trademarks are the property of their registered trademark owners.

# Corporate Information

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## Board Of Directors

**Mr. Dilip S. Shanghvi**  
*Chairman & Managing Director*

**Mr. Sudhir V. Valia**  
*Director & CFO*

**Dr. T. Rajamannar**  
*Non-Executive Director*

**Prof. Dr. Andrea Vasella**  
*Independent Director*

**Ms. Bhavna G. Doshi**  
*Independent Director*

**Prof. Dr. Goverdhan Mehta**  
*Independent Director*

**Mr. S. Mohanchand Dadha**  
*Independent Director*

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## Chief Executive Officer

**Mr. Anil Raghavan**

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## Company Secretary

**Ms. Meetal Sampat**  
(up to 5th May, 2015)

**Mr. Debashis Dey**  
(w.e.f. 6th May, 2015)

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## Auditors

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

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## Bankers

**ICICI Bank Ltd.**

**IndusInd Bank Ltd.**

**State Bank of India**

**Kotak Mahindra Bank Ltd.**

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## 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) 2594 6970  
**Fax:** (022) 2594 6969  
**E-mail:** [sparc@linkintime.co.in](mailto:sparc@linkintime.co.in)  
[rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

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## Registered Office

**Sun Pharma Advanced Research Company Limited (SPARC)**  
Akota Road, Akota, Vadodara - 390 020.

**MUMBAI OFFICE**  
17-B, Mahal Industrial Estate,  
Mahakali Caves Road, Andheri (East),  
Mumbai - 400 093.  
**Tel:** (022) 6645 5645  
**Fax:** (022) 6645 5685  
[www.sunpharma.in](http://www.sunpharma.in)  
**CIN No.** L73100GJ2006PLC047837

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## Research Centers

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.

# Management Discussion And Analysis

## INDUSTRY OVERVIEW

The life sciences sector comprising of pharmaceutical, biotech and healthcare delivery is experiencing a modest upswing globally, sustained in part due to launch of newer and expensive drugs, emerging markets demand and encouraging catalytic economic and demographic trends. Aging populations, increasing prevalence of chronic/lifestyle diseases, emerging-market expansion, and treatment & technology advances are expected to sustain the momentum of life sciences sector growth.

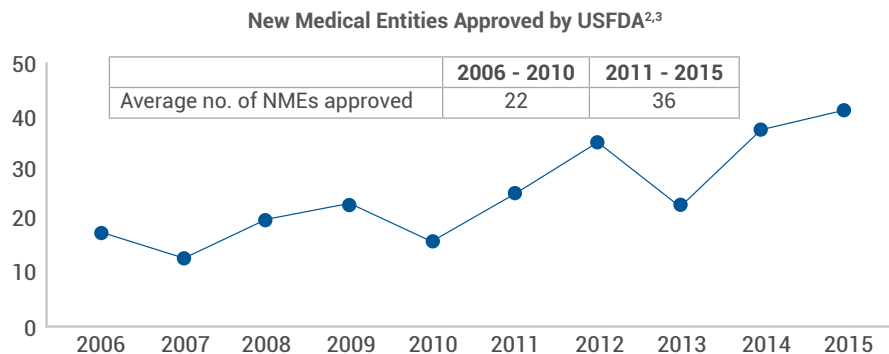
The growth is being driven by a number of positive fundamentals including the recent increase in R&D productivity, which has resulted in a turnaround in drug approvals, and the emergence of breakthrough drugs. Excitement surrounding new products including Immuno-Oncology science, antiPCSK9s and other breakthrough treatments addressing unmet clinical needs worldwide. However, efforts by governments, healthcare providers, and health plans to reduce costs, improve outcomes, and demonstrate value is altering the healthcare demand and delivery landscape. It is becoming increasingly evident that the global life sciences sector is operating in an era of significant transformation.

The reimbursement environment for new drug launches is becoming increasingly challenging. Macroeconomic factors including fiscal imbalances in larger economies will continue to exert downward pressure on drug prices. Payers and Pharmacy chains are striving to ensure better outcomes with limited budgets; patients are more aware of available treatment options and demanding choice; and new product launches have to deliver measurable improvements over existing therapies to be considered for reimbursement, let alone premium pricing.

Pharma industry's business model is also rapidly evolving from a traditional two party transactions to creating partnerships across multiple stakeholders focused on solving scientific and business challenges. Drug developers are increasingly participating in risk-sharing relationships and other strategic partnerships with academic institutions, patient groups, contract research organizations, and other developers to improve R&D productivity.

The backbone of this sector, R&D has conventionally remained capital intensive due to long development and approval cycles. Rising R&D costs, driven mainly by increased expenditure and higher failure rates

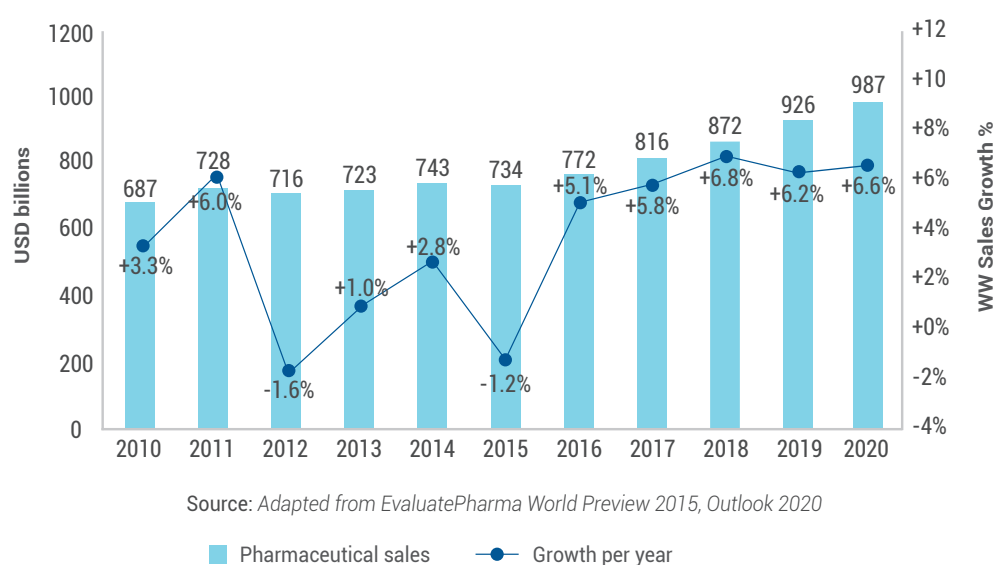
for drugs tested in human subjects has led the average cost to develop and gain marketing approval for a new prescription medicine increase to an estimated \$2.56 billion<sup>1</sup> per approved drug. The number of new drugs entering the market had decreased since the mid-2000's. However, for the last couple of years, encouraging trends are being observed indicating a shift in the scenario. The number of new drug approvals by the USFDA has been steadily increasing. The scenario seems more optimistic considering the fact that the majority of newly approved drugs are either first-in-class drugs or orphan drugs, signifying the industry's capability to achieve results regardless of cost-cutting measures.



1. Outlook 2015; Tufts Center for the Study of Drug Development
2. <http://www.fda.gov/Drugs/DevelopmentApprovalProcess/DrugInnovation/ucm483775.htm>
3. <http://www.fda.gov/downloads/Drugs/DevelopmentApprovalProcess/HowDrugsareDevelopedandApproved/DrugandBiologicApprovalReports/UCM242695.pdf>

According to EvaluatePharma® market for prescription drugs will grow by a robust 4.8% per year (CAGR) to reach \$987bn by 2020.

Worldwide Total Prescription Drug Sales (2010-2020)



A positive outlook triggered by attractive fundamentals offer cause for optimism for Life sciences. In spite of worries about long-term global pricing and market access, the sector continued to attract funding and attractive valuations.

While the ongoing transformation and structural realignments offer substantial challenges to established larger pharmaceutical companies globally, it offers a unique opportunity for India-based innovation companies

to contribute to global efforts to move standards of care in difficult diseases with affordable options. India is well positioned to leverage and build on the competencies developed during the first wave of pharmaceutical innovation in the country such as in Medicinal Chemistry, Pharmaceutical Sciences and Industrialization / Scale-up of products to foster globally competitive pharmaceutical innovators. SPARC enjoys an opportunity to be a significant player in this evolving landscape.





## OPERATIONS REVIEW

Your Company earned revenues of ₹16421.91 lacs. The source of revenue largely includes royalty income and milestone payments received for the projects out-licensed to partner (s) previously.

Our revenue streams are not linear as expected for any R&D company or company licensing the product or technologies to partner for commercialization. This non-linear trend of revenue would continue for coming quarters as well.

Your Company reported a loss of ₹6999.20 lacs. The major expenses were attributed to conduct of clinical trials associated with our late stage programs and towards employee cost. We also made significant investment in enhancing our labs at Vadodara to support the ongoing projects.

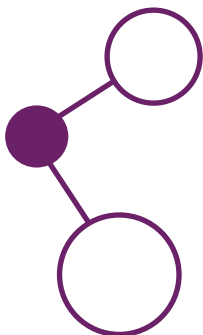
Your Company raised ₹25000 lacs through rights issue. The issue was made open for subscription

in March 2016 and concluded in April 2016.

In the year ahead, we anticipate increase in our clinical trial spend, owing to the fact that we have initiated clinical trials of our programs last year and some of our pipeline projects would enter the clinical trial stage in the coming year. We are also working on building partnerships with several reputed universities to get access to early translational research work which may also add to the expenditure.

Your Company has also identified potential risks associated and has developed a risk management plan to protect/minimize the organization from the potential impact of the risk.

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**In the year ahead, we anticipate increase in our clinical trial spend, owing to the fact that we have initiated clinical trials of our programs last year and some of our pipeline projects would enter the clinical trial stage in the coming year**



Analytical Lab

## THE YEAR 2015-16 IN A NUTSHELL

SPARC has made significant progress in advancing some key programs in last year. We have accelerated recruitment in the pivotal clinical studies of Baclofen GRS and initiated work on pivotal studies for DPI and Taclantis™ (PICN). Your Company completed 3 preIND consultations with USFDA and obtained guidance for the required development path for registration in USA. Your Company also filed 4 INDs and initiated first in human study for 3 programs.

In today's times to stay ahead of competition, it's necessary and important to look outside and search for innovative ideas and science. SPARC has initiated networking with global universities to scout for new breakthrough ideas, emerging targets and technologies for developing path-breaking treatments. During last year SPARC entered into a research collaboration with one the top universities in the USA for a promising new target in Oncology. We also signed an 'option to license' agreement for an Ophthalmology program with a start up company spun out of a leading university in the Netherlands

We have had couple of unexpected regulatory challenges with rescindment of marketing authorization of Elepsia™ XR by USFDA and delay in Xelpros® approval. Both of these events were linked to the cGMP compliance

status of the manufacturing site of our manufacturing partner. This has resulted in delay in generating revenues from these promising programs.

Taclantis™ (PICN) a promising and safer anticancer agent which obtained marketing authorization in India last year was successfully launched and commercialized this year. PICN is well received by cancer physicians in India.

While maintaining momentum of these programs, we also augmented capabilities by significantly enhancing clinical development and regulatory team and also made additional capital investments in enhancing biology labs in Vadodara.

In a nutshell, your Company made significant progress in the year 2015-16 and set the stage for critical revenue generating opportunities and milestones.

### KEY PROGRAMS

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Xelpros®

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Elepsia™ XR

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Baclofen GRS

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Paclitaxel Injection  
Concentrate for  
Nanodispersion  
(Taclantis™)

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Salmeterol – Fluticasone  
Dry Powder Inhaler (DPI)

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SUN-K706

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Brimonidine OD

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Tizanidine ER

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Minocycline Topical

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SUN-597 Topical

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Abuse Deterrent  
Formulations (ADF)

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## UPDATE ON KEY PROGRAMS

### XELPROS®

Xelpros® is a BAK (Benzalkonium Chloride – a preservative which has side effects on eye on long-term use)-free Latanoprost eye drops developed with our proprietary Swollen Micelle Microemulsion (SMM™) technology. Xelpros® is expected to be safe for eyes on long-term use in Glaucoma patients.

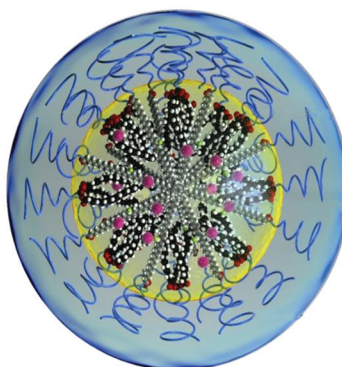


SPARC's NDA (New Drug Application) for Xelpros® is under review with USFDA. There were no additional data requirements in the Complete Response Letter we received from USFDA; however, the approval has been delayed pending the cGMP clearance of the manufacturing facility of Sun Pharmaceutical Industries Ltd (SPIL) - our out-licensing partner.

SPIL is working with USFDA in resolving the cGMP deviations at the facility and has taken several corrective measures.

We are also assessing and evaluating alternate manufacturing sites for Xelpros® as a backup plan to support commercial manufacturing.

SPARC licensed Xelpros® to a US subsidiary of Sun Pharma. We are working closely with Sun Pharma's marketing team to put together a strategy for the launch of Xelpros® in USA.



**Swollen Micelle Microemulsion Particle**

### ELEPSIA™ XR



**Elepsia™ XR Tablet**

Elepsia™ XR is a novel once-a-day formulation of Levetiracetam, a commercially successful antiepileptic agent. The average daily dose of Levetiracetam in majority of patients is in the range of 2000mg to 3000mg per day. However, only 500mg and 750mg strength once-a-day formulations are available in market today which makes it necessary for patients to take multiple pills in a day.

Elepsia™ XR is designed as higher strengths of 1000mg and 1500mg once-a-day tablet for reducing pill burden. Although the dose per tablet is high, the proprietary Wrap Matrix™ Technology of SPARC, helps Elepsia™ XR tablets to be formulated with very less excipients, thereby making the tablet compact and better acceptable for patients.

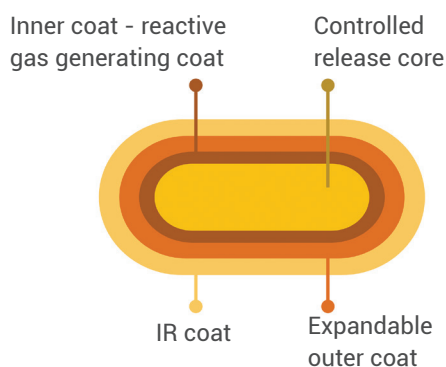
## BACLOFEN GRS

Elepsia™ XR was the 1st NDA approval of SPARC; however, SPARC received a Complete Response Letter (CRL) from the USFDA rescinding its earlier approval, citing that the compliance status of the manufacturing facility was not acceptable on the date of approval. Elepsia™ XR was filed from SPIL's Halol manufacturing facility.

SPIL is working with USFDA to resolve the issues. We have also initiated steps for site transfer to an alternate manufacturing site in US as a back-up plan.

Because of this unforeseen development, SPARC's plan to out-license and commercialize this product has been affected resulting in delay in cash-flow.

Baclofen GRS, is a novel once-a-day formulation of Baclofen, a centrally acting, antispasmodic drug, based on SPARC's proprietary Gastro Retentive Innovative Device (GRID™) technology.



**GRID™ Schematic Representation**

Baclofen continues to remain a gold standard for the treatment of spasticity associated with multiple sclerosis. Baclofen gets absorbed from a very narrow stretch of upper gastro-intestinal tract and hence it is hard to make a truly once-a-day formulation. This is precisely the reason why there is not a single once-a-day baclofen formulation in the US market in spite of the drug being in use since decades.

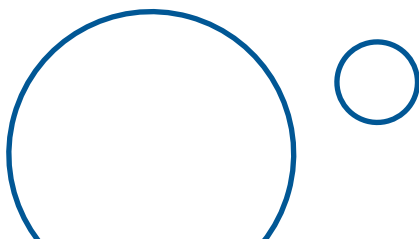
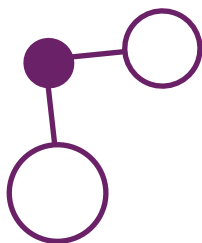
SPARC's GRID™ platform technology retains Baclofen in stomach for an extended period of time and thus makes it a truly once-a-day formulation.

Baclofen GRS is currently in pivotal phase-3 clinical trials in the USA.

Till date, 179 patients of the required 240 have been enrolled in the study. We have taken several steps to accelerate the recruitment like weeding out non performing sites and adding new sites. We have also contracted a CRO in EU and opened recruitment at sites in Europe.

Additionally, Duration of Action Study is ongoing in the USA, 82 patients have been enrolled in the study against a plan of 135 patients. We expect to complete the enrollment by Q4FY17.

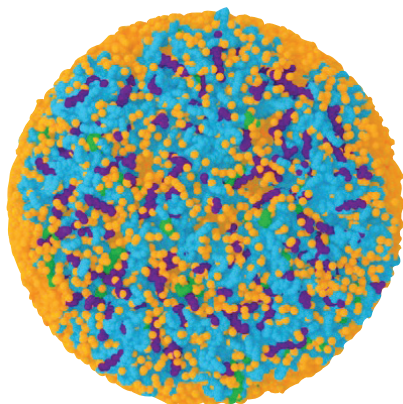
We expect to file the NDA for this product in FY18.



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## **PACLITAXEL INJECTION CONCENTRATE FOR NANODISPERSION (TACLANTIS™)**

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**Nanotecton™ particle**

patients who are prescribed conventional Cremophor® based Paclitaxel formulations are administered high dose steroids to prevent allergic reactions which are sometimes very serious and life-threatening.

With Taclantis™, physicians need not give steroids as it's very safe and not associated with serious allergic reactions.

SPARC has completed initial exploratory pilot studies to establish bioequivalence with nab-Paclitaxel. The data suggests Taclantis™ may meet the bioequivalence criteria as defined by USFDA. SPARC therefore is planning to initiate pivotal BE study. The protocol has been finalized and submitted to regulators and ethics committee for approval. Subject to receipt of this

Taclantis™ is developed using SPARC's proprietary Nanotecton™ technology. Unlike marketed Paclitaxel formulations, Taclantis™ is a Cremophor® and Albumin-free formulation with the advantages of simple infusion method and shorter infusion time. Taclantis™ (PICN) also eliminates the need for high dose corticosteroids as premedication. Typically,

approval, SPARC expects to commence patient enrollment in FY17.

The bioequivalence route provides a shorter time to get to market and at much lower costs compared to the pivotal phase 3 clinical studies. We therefore are keeping clinical trials in Breast cancer and Cholangiocarcinoma indications as an alternate strategy and will consider if necessary. During last year, we have finalized clinical trial protocols in these 2 indications and obtained USFDA concurrence so that we are ready to initiate such studies promptly should the need arise.

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## **SUN – K706**

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SUN-K706 is a novel and highly selective Bcr-Abl kinase inhibitor, intended for treatment resistant Chronic Myelogenous Leukemia (CML).

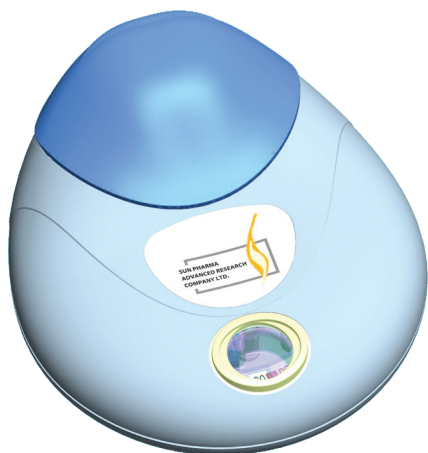
There are several drugs approved for the treatment of CML; however, patients stop responding to these treatments over a period of time. Currently, there are very limited treatment options for patients who have failed to two lines of treatment and especially if they have mutations like T315I. Currently, there is only one approved treatment for CML patients with T315I mutation. However, its clinical use has been limited largely because of the off-target toxicities such as arterial thrombosis.

SUN-K706 is a potent inhibitor of Bcr-Abl and its mutant forms, including the T315I mutant.

Safety Pharmacology data indicates that SUN-K706 has no adverse effect liability on hepatic, neurologic, pulmonary and cardiac functions and the planned clinical study will find whether this translates into a benefit in humans.

SPARC completed necessary preclinical and toxicology studies for initiating the first in human studies and successfully filed IND after obtaining guidance in a preIND meeting with USFDA. The first in human clinical study protocols are approved by USFDA and we have initiated the study in USA.

## SALMETEROL - FLUTICASONE DRY POWDER INHALER (DPI)



SPARC DPI

SPARC's DPI is a pre-metered, 60 doses, breath activated device to administer combination of Salmeterol and Fluticasone by inhalation.

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 feedbacks, such as audio, visual, and tactile upon dose administration. The device also offers a glow-in-the-dark feature for easy night-time use. Another salient feature of the device is assistance for the visually impaired patients - 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 global regulatory standards.

After obtaining the guidance from regulatory agencies in EU, SPARC has finalized and submitted required pivotal studies protocol, finalized CRO, identified sites and made necessary submissions to the regulators and ethics committees.

We are planning to initiate patient enrollment in Q2FY17 and complete the studies in a year's time.



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## BRIMONIDINE OD

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SPARC is developing once-a-day formulation of Brimonidine using proprietary TearAct™ Technology.

Brimonidine is one of the most commonly used drugs for Glaucoma. Brimonidine decreases synthesis of aqueous humor and increases drainage from the eye. Brimonidine has to be administered thrice a day, leading to patient compliance issues.

Several studies have demonstrated that multiple dose regimens are inconvenient, lead to poor compliance and subsequent suboptimal pharmacological effect in about two-third patients.

In preclinical studies, our product when administered once daily has demonstrated IOP reduction at 24 hours, comparable to currently marketed innovator product administered three times as day.

We plan to conduct the proof of concept study in Eastern Europe and the patients recruitment would be initiated in Q2FY17. We expect to complete this study by the end of FY17.

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## SUN-597 TOPICAL

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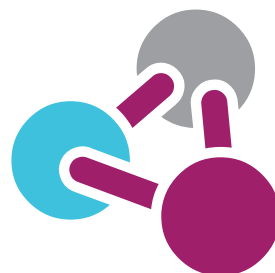
SPARC has developed a topical formulation of its novel corticosteroid SUN-597 for steroid responsive dermatoses. In preclinical studies the efficacy of SUN-597 topical was found to be equivalent to currently marketed potent steroids such as Fluticasone and Clobetasol, but superior to marketed low potency steroids, like Triamcinolone and Hydrocortisone.

SUN-597 topical formulation, has also demonstrated low potential for skin thinning and other systemic side effects associated with conventionally used topical steroids in the safety studies conducted.

Last year, SPARC successfully filed IND with USFDA after obtaining guidance for potential registration pathway in a preIND meeting.

SPARC completed a Vasoconstrictor Assay (VCA) study in healthy human volunteers in USA. This study helps in understanding the relative potency of our steroid v/s other marketed drugs and define patient population for further clinical development.

We plan to initiate additional pre-clinical toxicology studies in Q2FY17 which will help us to initiate proof of efficacy study in Atopic Dermatitis and Psoriasis patients which we intend to start by end of FY17.





## MINOCYCLINE TOPICAL



Minocycline is one of the largest selling oral antibiotics in USA for Acne. About 3 million prescriptions are generated annually for oral minocycline in USA. However, oral minocycline has various side effects. SPARC has formulated a novel topical Minocycline, which is expected to provide better bioavailability at the site of action with reduced systemic exposure. This may potentially lead to a better safety profile.

The USFDA has recently provided guidance for conducting additional pre-clinical toxicology studies for IND submissions of topical formulations. This additional requirement by the USFDA has led to some delay in our IND submission. We expect to file IND by Q4FY17.

## TIZANIDINE ER

Tizanidine is a drug used orally in the management of spasticity and pain. The use of Tizanidine is limited as the currently available Tizanidine immediate release tablets and capsules have a short half-life and hence are required to be taken several times in a day and is also associated with side effects, particularly somnolence.

SPARC has formulated an extended release once-a-day dosage form with its proprietary Wrap Matrix™ Technology. This product has been designed such that the peak plasma levels are at much lower levels compared to the conventional 3 times dosing of Tizanidine. SPARC is targeting for convenience in dosing and will investigate and study whether the extended release dosage form provides a better side effect profile.



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## ABUSE DETERRENT FORMULATIONS (ADF)

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It is estimated that every day in the United States—46 people die of overdose from prescription painkillers<sup>4</sup>. These deaths have more than quadrupled in the past decade and a half. Today, more people die from prescription opioid overdose than from heroin, cocaine, and all other drugs combined, an alarming trend that led the U.S. Centers for Disease Control to declare it an epidemic in November 2011.

Opioids are medications that treat pain in many contexts, from post-surgical relief to chronic severe back pain to end-of-life care. These drugs became more readily available to patients in the late 1990s, and prescription rates nearly doubled between 1998 and 2013.

Controlling the prescription drug abuse has become a key priority for the health care providers, USFDA and the policy makers. USFDA has recently issued guidance for approving new opioid formulations with Abuse Deterrent Design.

Since then the field of developing new opioid drugs with Abuse Deterrent Technology has become intensely competitive and there are several companies developing new abuse deterrent formulations of prescription opioids.

Some products have been commercialized and some are in advanced stages of development. These products are able to demonstrate some form of deterrence to abuse by nasal, injection or by avoiding physical tamper.

However, there are no products or technologies that have demonstrated deterrence to oral multi-pill abuse and approved by USFDA with such label.

SPARC has developed a platform technology to make a formulation which can deter oral multi-pill abuse. We have filed initial patent for this technology. We have had preIND meetings with USFDA for programs under this platform. We also filed IND for one program and completed initial proof of concept studies.

This study has demonstrated viability of our technology and we are now working to optimize formulation so that we can initiate pivotal studies.

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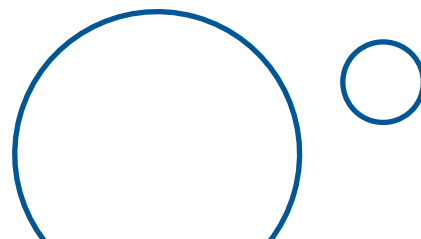
## OUTLOOK

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As we take our NCE and NDDS projects ahead on the research pathway, we're learning about how to manage in a rapidly changing economic & 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 some of our NDDS projects are considerably closer to being marketed; we are still in early clinical development of our NCE programs.

4. CDC VitalSigns™, July 2014



## HUMAN RESOURCE STRATEGY

The intent of the human resource strategy of the Company is focused on attracting the best talent while also providing growth and learning opportunities to its employees. The HR processes are continuously evolving and aligning with the changing business requirements to create a culture of continuous learning and innovation among our employees.

As on 31st March, 2016, the Company had a dedicated team of 356 people, more than 250 of which are scientists.

With an aim of creating a culture of continuous learning among all our employees, in the financial year, the Company invested in more than 5,000 hours of learning and developmental activities.

## RISKS AND CONCERNS

Innovative research is a high risk area, and we have consciously tried to take on manageable risks through our process of project selection, and by simultaneously working on projects with different delivery timeframes and risk profile. But there is every likelihood that an investment may have to be abandoned if a project is dropped or changed in subsequent stages of research progress.

A project may need longer time, or may need additional tests or costs that may not have been initially anticipated. We may or may not find 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 program.

## INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

SPARC has in place a well-defined organizational structure and adequate internal controls for efficient operations.

The Company has in place internal policies and is cognizant of applicable laws and regulations, particularly those related to the protection of intellectual property, resources and assets and accurate reporting of the financial transactions. The Company upgrades these systems on regular basis. The internal control system is supplemented by extensive internal audits, conducted by independent firms of chartered accountants.



Micro-Biology Lab

## PIPELINE SUMMARY



 USA/ EU  
 India





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## BOARD'S REPORT

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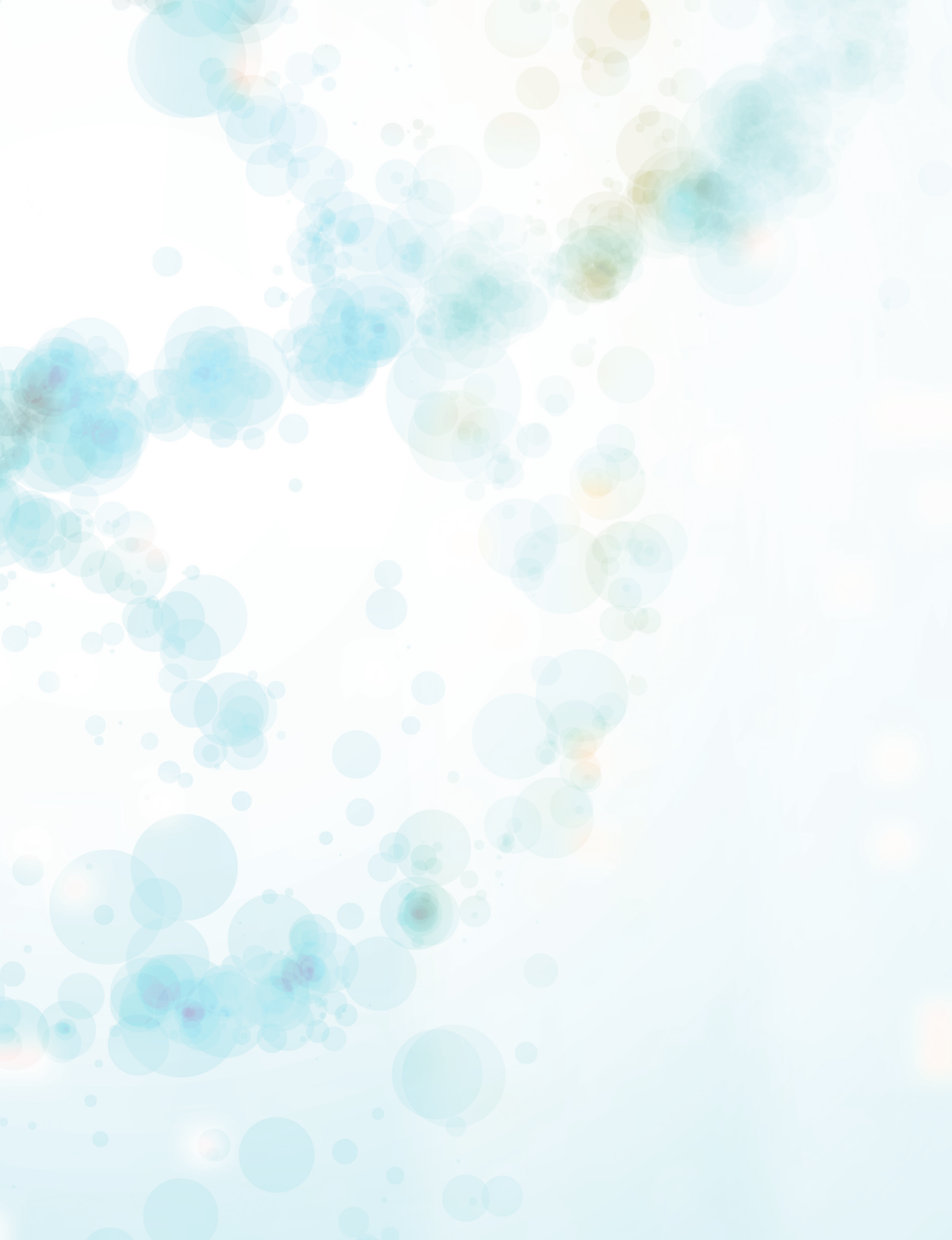
**Board's Report**

**17**

**Corporate Governance Report**

**41**





# BOARD'S REPORT

Your Directors take pleasure in presenting the Eleventh Annual Report and Audited Accounts for the year ended 31st March, 2016.

## FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
Total Income	16,421.91	15,877.15
Loss before Interest, Depreciation & Tax	6,025.65	3,206.21
Interest	215.69	21.83
Depreciation	757.86	723.96
Loss before Tax	6,999.20	3,952.00
Tax Expense	-	-
Loss after Tax	6,999.20	3,952.00
Loss brought forward from Previous Year	15,298.73	11,346.73
Loss carried to Balance Sheet	22,297.93	15,298.73

## DIVIDEND

In view of loss incurred during the year, your Directors do not recommend any dividend for the year under review.

## EXTRACT OF ANNUAL RETURN:

The extract of Annual Return as provided under sub-section (3) of section 92 of the Companies Act, 2013 in prescribed form MGT-9 is enclosed as Annexure "1" to this report.

## SUBSIDIARY/ JOINT VENTURE/ ASSOCIATE COMPANY

The Company does not have any subsidiary, joint venture or associate company.

## SHARE CAPITAL & RIGHTS ISSUE

The Board of Directors of the Company vide their resolution passed on 24th July, 2015, forfeited 17,093 partly paid up equity shares of the Company due to non-payment of call money. Consequent to the forfeiture, the paid-up capital of the Company was reduced to ₹ 236,687,354/- during the year 2015-16.

Your Company had issued 1,02,04,081 fully paid-up equity shares of face value of ₹ 1 each ("rights issue equity shares") for cash at a price of ₹ 245 per equity share including a share premium of ₹ 244 per equity share aggregating upto ₹ 25,000 lakhs to our existing equity shareholders on a rights basis in the ratio of 5 fully paid-up equity share(s) for every 116 fully paid-up equity share(s) held by the existing equity shareholders on the record date, i.e. 17th March, 2016 ("the issue").

The Issue was open for subscription from 28th March, 2016 to 13th April, 2016 (the Issue Closing date was extended from 11th April, 2016 to 13th April, 2016). The Rights Issue Committee, in its meeting held on 27th April, 2016 approved the allotment of 1,02,04,081 rights equity shares to the successful applicants, based on the 'basis of allotment' approved by BSE Limited, the designated Stock Exchange for the issue. The shares were listed on BSE Limited & National Stock Exchanged of India Limited and was admitted for dealing by both the exchanges with effect from 3rd May, 2016.

Consequent to the allotment made by the Company on Rights basis, the paid-up share capital of the Company have increased from ₹ 236,687,354 to ₹ 24,68,91,435/-.

## DIRECTORS & KEY MANAGERIAL PERSONNEL

Mr. Dilip Shanghvi (DIN: 00005588), retires by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment.

Pursuant to the resolution passed by the members in their 6th Annual General Meeting held on 8th August 2011, Mr. Dilip Shanghvi (DIN: 00005588), who is also the Managing Director of Sun Pharmaceutical Industries Limited, holds office as the Managing Director of the Company upto 28th February, 2017. The Board of Directors of the Company, in their meeting held on 6th May, 2016 approved the proposal for re-appointment Mr. Shanghvi as the Managing Director of the Company, without any remuneration, for a further period of five years w.e.f. 1st March, 2017.

The members of the company had in their 9th Annual General Meeting held on 31st July, 2014 appointed Prof. Dr. Andrea Vasella (DIN: 01653058), Prof. Dr. Goverdhan Mehta (DIN: 00350615) and Mr. S. Mohanchand Dadha (DIN: 00087414) as Independent Directors of the Company for a term of two years to hold office upto the conclusion of the ensuing 11th Annual General Meeting of the Company. In view of the commendable performance by Prof. Dr. Vasella, Prof. Dr. Mehta and Mr. Dadha during their tenure as Independent Directors of the Company and based on their Performance Evaluation, it is proposed to re-appoint all three of them as Independent Directors of the Company at the ensuing Annual General Meeting of the Company for a further term of one year upto the conclusion of the 12th Annual General Meeting of the Company.

During the year, Mr. Sudhir V Valia (DIN: 00005561), who is also a whole-time Director of Sun Pharmaceutical Industries Limited, was re-appointed as the Chief Financial Officer (CFO) under section 203 of the Companies Act, 2013 and consequentially a Whole-time Director of the Company, without any remuneration, for a further period of two years, to hold office from 1st January, 2016 to 31st December, 2017 without any remuneration.

With effect from 6th May, 2015, Ms. Meetal S Sampat ceased to be the Company Secretary & Compliance Officer of the Company and Mr. Debashis Dey has been appointed in her place.

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

#### **DECLARATION BY INDEPENDENT DIRECTORS**

The Company has received declaration 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.

#### **POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION**

For the purpose of selection of any Director, the Nomination & Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position and also takes into consideration recommendation, if any, received from any member of the Board. The Committee also ensures that the incumbent fulfills such other criteria with regard to age and other qualifications as laid down under the Companies Act, 2013 or other applicable laws.

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration.

The summary of Remuneration Policy is disclosed in the Corporate Governance Report, which forms a part of this Report.

#### **FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS**

In compliance with the requirements of the erstwhile Listing Agreement with the stock exchanges ("Listing Agreement") and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 ("SEBI (LORD) Regulations") the Company has put in place a Familiarisation Programme for the Independent & non - executive directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The details of such programme is available on the website of the company [www.sunpharma.in](http://www.sunpharma.in) and may be accessed through the web link <http://www.sunpharma.in/regulatory-compliance.htm>.

#### **NUMBER OF MEETINGS OF THE BOARD**

The Board of Directors of the Company met six times during the previous financial year on 05th May, 2015, 12th May, 2015, 1st August, 2015, 4th November, 2015, 3rd February, 2016 and 5th March, 2016. The particulars of attendance of the Directors at the said meetings are detailed in the Corporate Governance Report of the Company, which forms a part of this Report. The intervening gap between the Meetings were within the period prescribed under the Companies Act, 2013, erstwhile Listing Agreement and SEBI (LODR) Regulations.

#### **EVALUATION OF PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS**

The Board of Directors have carried out an annual evaluation of its own performance, its various committees and individual directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed under regulation 17(10), 25(4) and other applicable provisions of the SEBI (LODR) Regulations.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of various criteria such as Board Composition, Process, dynamics, quality of deliberations, strategic discussions, effective reviews, committee participation, governance reviews etc.

The performance of the committees was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as Committee composition, process, dynamics, deliberation, strategic discussions, effective reviews etc.

The Board and the Nomination and Remuneration Committee reviewed the performance of the individual directors on the basis of the criteria such as Transparency, Analytical Capabilities, Performance, Leadership, Ethics and ability to take balanced decisions regarding stakeholders.

In a separate meeting of independent directors, performance of non-independent directors, performance of the board as a whole and performance of the Chairman was evaluated, taking into account the views of the executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of independent directors, at which the performance of the Board, its committee and individual Directors was also discussed.

## HUMAN RESOURCES

As on 31st March, 2016 our Company had a dedicated team of over 350 people, of which almost 300 are highly qualified and experienced scientists. During the previous year, we considerably strengthened our team by attracting top quality scientific talent, with years of experience in drug research internationally.

In addition to increasing our participation at international conferences for continuous knowledge upgradation, we have also put in place effective training and career progression plans for our team.

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

Information as per Section 197 (12) of the Companies Act, 2013, read with rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is provided in a separate annexure forming part of this report. Further, pursuant to the proviso to section 136 (1) of the Companies Act, 2013, the report and the accounts are being sent to the members excluding the information under rule 5(2) & 5(3) aforesaid. In terms of section 136 of the Act, the said annexure is open for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary at Mumbai office or Registered office address of the Company.

## DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company through various interventions and practices. It is the continuous endeavor of the Management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment.

During the year ended 31st March, 2016, no complaint pertaining to sexual harassment was received by the Company.

## AUDITORS

### Statutory Auditors

The Company's Auditors, Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai (Firm's Regn No. 117366W/W-100018), were appointed as the Statutory Auditors of the Company for a period of three years, upto the conclusion of the 12th Annual General Meeting of the Company, subject to ratification by members at every Annual General Meeting of the Company. The Auditors have confirmed their eligibility under Section 141 of the Companies Act, 2013 and the Rules framed thereunder for reappointment as the Statutory Auditors of the Company. As required under regulation 33 (1) (d) of the SEBI (LODR) Regulations, the auditors have also confirmed that they hold a valid certificate issued by the Peer Review Board of the Institute of Chartered Accountants of India.

### Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs C J Goswami & Associates, Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company.

The Report of the Secretarial Audit Report is annexed herewith as "Annexure 4".

The Audit Report and the Secretarial Audit Report for the financial year 2015-16 does not contain any qualification, reservation or adverse remarks by the Auditors.

## LOANS, GUARANTEES & INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

## RELATED PARTY TRANSACTIONS

The policy on Related Party Transactions as approved by the Board is available on the website of the company [www.sunpharma.in](http://www.sunpharma.in) and may be accessed through the web link <http://www.sunpharma.in/regulatory-compliance.htm>.

All contracts/arrangements entered by the Company during the previous financial year with the related parties were in the Ordinary Course of business and on arm's length basis. During the previous financial year the Company did not enter into any new contract/ arrangement with the related parties which could be considered material in accordance with the policy of the Company or Listing Agreement or SEBI (LODR) Regulations.

Appropriate resolutions for the approval for certain contracts entered into/proposed to be entered into with related parties, transactions pursuant to which may become material during the future years, are being placed for your approval at the ensuing Annual General Meeting.

## AUDIT COMMITTEE COMPOSITION

The details pertaining to composition of audit committee are included in the Corporate Governance Report which forms a part of this Report.

## RISK MANAGEMENT

The Board of Directors have developed & implemented a robust risk management policy which identifies the key elements of risks that threatens the existence of the Company. The Audit Committee reviews the status of key risks and steps taken by the Company to mitigate such risks at regular intervals.

## INTERNAL FINANCIAL CONTROLS

The Company has in place a well-defined organizational structure and adequate internal controls for efficient operations which 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 in the financial statements. The Company continually upgrades these systems. The internal control system is supplemented by extensive internal audits, conducted by independent firms of chartered accountants.

## CORPORATE SOCIAL RESPONSIBILITY (CSR)

In compliance with the requirements of section 135 of the Companies Act, 2013 read with the Companies (Corporate

Social Responsibility) Rules, 2014, the Board of Directors have constituted a Corporate Social Responsibility Committee. The details of membership of the Committee & the meetings held are detailed in the Corporate Governance Section of the Annual Report.

The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the Corporate Social Responsibility Committee is available on the website of the company [www.sunpharma.in](http://www.sunpharma.in) and may be accessed through the web link <http://www.sunpharma.in/regulatory-compliance.htm>

Since the average net profits of the Company made during the three immediately preceding financial years was negative, the Company was not required to spend any money on CSR activities during the previous year.

## PUBLIC DEPOSITS

The Company has not accepted any deposit from the Public during the year under review, under the provisions of the Companies Act, 2013 and the rules framed thereunder.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis on the operations of the Company as prescribed under Schedule V read with regulation 34(3) of the SEBI (LODR) Regulations, 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 Schedule V read with regulation 34(3), is provided in a separate section and forms a part of this report.

## BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report of the Company for the year ended 31st March, 2016, as required under Clause 34 (2) (f) of the SEBI (LODR) Regulations, forms part of the Annual Report and is made available on the website of the Company [www.sunpharma.in](http://www.sunpharma.in) and may be accessed through the web link <http://www.sunpharma.in/regulatory-compliance.htm>. The same is also kept at the Registered office of the Company for inspection. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary at Mumbai office or Registered office address of the Company.



## CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule, 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "Annexure 3".

## SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

No significant or material Orders were passed by the Regulators or Courts or Tribunals during the previous year which may impact the Going Concern Status of the Company's operations in the future.

## WHISTLE BLOWER POLICY/ VIGIL MECHANISM

To create enduring value for all stakeholders and ensure the highest level of honesty, integrity and ethical behaviour in all its operations, the Company has formulated a Vigil Mechanism named as 'SPARC Whistle Blower Policy' in addition to the existing code of conduct that governs the actions of its employees. This Whistle-blower Policy aspires to encourage all employees to report suspected or actual occurrence(s) of illegal, unethical or inappropriate events (behaviours or practices) that affect Company's interest / image.

A copy of the Policy is available on the website of the Company and may be accessed through the web link <http://www.sunpharma.in/regulatory-compliance.htm>.

## DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under section 134(5) read with section 134(3) (c) of the Companies Act, 2013, with respect to Directors Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2016, the applicable accounting standards have been followed along with proper explanation relating to material departures;

- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2016 and of the loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis; and
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively.
- f) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

## 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**  
**Chairman & Managing Director**

Place: Mumbai  
 Date: May 6, 2016

## ANNEXURE - 1

## FORM MGT-9

## EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2016

Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1)  
of the Companies ( Management and Administration) Rules, 2014

## I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	L73100GJ2006PLC047837
ii)	Registration date:	01-03-2006
iii)	Name of the Company:	Sun Pharma Advanced Research Company Limited
iv)	Category/ Sub-category of the Company:	Company Limited By Shares
v)	Address of the Registered Office and Contact details:	Akota Road, Akota, Vadodara 390020, Gujarat Contact no: + 91 265 2330815
vi)	Whether listed company:	Yes
vii)	Name , Address , and Contact details of Registrar and Transfer Agent:	Link Intime India Pvt. Ltd. C-13, Pannalal Silk Mills Compound, LBS Marg, Bhandup (W), Mumbai- 400078

## II PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company:

Sr. no	Name and Description of main products/services	NIC code of the Product/ Service	% to total turnover of the Company
1	"Research and experimental development on natural sciences and engineering (Pharmacy)"	M 72 72100	100%

## III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
	NIL				

#### IV SHARE HOLDING PATTERN\* (Equity Share Breakup as percentage of Total Equity)

##### i) Category-wise shareholding

Category of Shareholders		No. of Shares held at the beginning of the year (1st April 2015)				No. of Shares held at the end of the year (31st March 2016)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
<b>A</b>	<b>Promoter**</b>									
1)	Indian									
a)	Individual/HUF	35470143	0	35470143	14.98%	35696164	0	35696164	15.08%	0.10%
b)	Central Government/ State Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
c)	Bodies Corporate	123274062	1200	123275262	52.08%	123274062	1200	123275262	52.08%	0.00%
d)	Financial Institutions/ Bank	0	0	0	0.00%	0	0	0	0.00%	0.00%
e)	Others :									
	Trust	147791	0	147791	0.06%	147791	0	147791	0.06%	0.00%
	Firm	0	0	0	0.00%	407513	0	407513	0.17%	0.17%
<b>Sub total (A) (1)</b>		<b>158891996</b>	<b>1200</b>	<b>158893196</b>	<b>67.13%</b>	<b>159525530</b>	<b>1200</b>	<b>159526730</b>	<b>67.40%</b>	<b>0.27%</b>
2)	Foreign									
a)	Individuals (NRIs)	0	0	0	0.00%	0	0	0	0.00%	0.00%
b)	Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c)	Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%	0.00%
d)	Financial Institutions/ Bank	0	0	0	0.00%	0	0	0	0.00%	0.00%
e)	Others :	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Sub total (A) (1) (A) (2)</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0.00%</b>	<b>0.00%</b>
<b>Total shareholding of Promoter &amp; Promoter group (A)=(A)(1)+(A)(2)</b>		<b>158891996</b>	<b>1200</b>	<b>158893196</b>	<b>67.13%</b>	<b>159525530</b>	<b>1200</b>	<b>159526730</b>	<b>67.40%</b>	<b>0.27%</b>
<b>B</b>	<b>Public Shareholding</b>									
1)	Institutions									
a)	Mutual Funds	2230381	249244	2479625	1.05%	2791726	249244	3040970	1.28%	0.24%
b)	Financial Institutions/ Bank	163798	284	164082	0.07%	129012	84	129096	0.05%	-0.01%
c)	Central Government/ State Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
d)	Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
e)	Insurance Companies	229144	0	229144	0.10%	0	0	0	0.00%	-0.10%
f)	FIs/ FPIs	14142807	1200	14144007	5.98%	17112867	1200	17114067	7.23%	1.26%
g)	Foreign Venture Capital	0	0	0	0.00%	0	0	0	0.00%	0.00%
j)	Others :	0	0	0	0.00%	0	0	0	0.00%	0.00%
<b>Sub total (B) (1)</b>		<b>16766130</b>	<b>250728</b>	<b>17016858</b>	<b>7.19%</b>	<b>20033605</b>	<b>250528</b>	<b>20284133</b>	<b>8.57%</b>	<b>1.38%</b>
2)	Non- Institutions			<b>0</b>						
a)	Bodies Corporate			0						
i)	Indian	12691091	17239	12708330	5.37%	9542682	16039	9558721	4.04%	-1.33%

Category of Shareholders		No. of Shares held at the beginning of the year (1st April 2015)				No. of Shares held at the end of the year (31st March 2016)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii)	Overseas	9600	0	9600	0.00%	9600	0	9600	0.00%	0.00%
b)	Individuals			0						
i)	Individual shareholders holding nominal share capital upto Rs. 1 lakh	28044072	1012441	29056513	12.28%	26565558	938425	27503983	11.62%	-0.66%
ii)	Individual shareholders holding nominal share capital in excess of Rs 1 lakh	16651753	0	16651753	7.03%	6030118	0	6030118	2.55%	-4.49%
c)	Others :									
i)	Non Resident Indians(Repat)	723826	13405	737231	0.31%	887822	13134	900956	0.38%	0.07%
ii)	Non Resident Indians(Non-Repat)	293931	0	293931	0.12%	390563	0	390563	0.17%	0.04%
iv)	Clearing Member	1333992	0	1333992	0.56%	407753	0	407753	0.17%	-0.39%
v)	Trusts	3043	0	3043	0.00%	9861323	0	9861323	4.17%	4.17%
ix)	Hindu Undivided Family	0	0	0	0.00%	2213474	0	2213474	0.94%	0.94%
Sub total (B) (2)		59751308	1043085	60794393	25.68%	55908893	967598	56876491	24.03%	-1.65%
Total Public shareholding Public Group (B)= (B)(1)+(B)(2)		76517438	1293813	77811251	32.87%	75942498	1218126	77160624	32.60%	-0.27%
C	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00%	0	0	0	0.00%	0.00%
GRAND TOTAL (A)+(B)+(C)		235409434	1295013	236704447	100.00%	235468028	1219326	236687354	100.00%	0.00%

\* Consequent to the enforcement of the SEBI (LODR) Regulations, w.e.f 1st December 2015, the 'Promoter' and 'Promoter Group' of the Company was revised during the year to align the same with the definition prescribed under regulation 2 (1) (w) of the SEBI (LODR) Regulations.

\*\* includes Promoter Group and Person acting in concert with the Promoter Group

**ii) Shareholding of Promoters**

Sr No.	Shareholder's Name	Shareholding at the beginning of the year (1st April 2015)			Share holding at the end of the year (31st March 2016)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dilip Shanghvi	26809395	11.33	0	26809395	11.33	0	NIL

**iii) Change in Promoters' Shareholding (please specify, if there is no change)**

Sr. No	Name	Shareholding		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Cumulative shareholding during the year	
		No. of shares at the beginning (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the Company	Date	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Dilip Shanghvi	26809395	11.33%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		26809395	11.33%	31/3/2016		Closing Balance	26809395	11.33%



**iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):**

Sr. No	Name	Shareholding		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Cumulative shareholding during the year	
		No. of shares at the beginning (01/04/2014)/ end of the year (31/03/2016)	% of total shares of the Company	Date *	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Viditi Investments Pvt. Ltd.	23555458	9.95%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		23555458	9.95%	31/3/2016		Closing Balance	23555458	9.95%
2	Tejaskiran PharmaChem Industries Pvt. Ltd.	23122598	9.77%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		23122598	9.77%	31/3/2016		Closing Balance	23122598	9.77%
3	Quality Investment Pvt. Ltd.	22735998	9.61%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		22735998	9.61%	31/3/2016		Closing Balance	22735998	9.61%
4	Family Investment Pvt. Ltd.	22578841	9.54%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		22578841	9.54%	31/3/2016		Closing Balance	22578841	9.54%
5	Virtuous Share Investments Pvt. Ltd.	11968080	5.06%	4/01/2015		Opening Balance		
				-	0	No changes during the year		
		11968080	5.06%	31/3/2016		Closing Balance	11968080	5.06%
6	Virtuous Finance Pvt. Ltd.	11262658	4.76%	01/4/2015		Opening Balance		
				-	0	No changes during the year		
		11262658	4.76%	31/3/2016		Closing Balance	11262658	4.76%
7	Sun Pharmaceutical Industries Key Employees Benefit Trust	9842530	4.16%	01/4/2015		Opening Balance		
				-	0	No changes during the year		
		9842530	4.16%	31/3/2016		Closing Balance	9842530	4.16%
8	Seafarer Overseas Growth and Income Fund	675000	0.29%	01/4/2015				
				15/5/2015	45728	Transfer	720728	0.30%
				22/5/2015	124272	Transfer	845000	0.36%
				29/5/2015	100000	Transfer	945000	0.40%
				12/6/2015	155000	Transfer	1100000	0.46%
				19/6/2015	125000	Transfer	1225000	0.52%
				26/6/2015	100000	Transfer	1325000	0.56%
				03/7/2015	75000	Transfer	1400000	0.59%
				24/7/2015	250000	Transfer	1650000	0.70%
				31/7/2015	66833	Transfer	1716833	0.73%
				07/8/2015	133167	Transfer	1850000	0.78%
				14/8/2015	75000	Transfer	1925000	0.81%
				21/8/2015	14708	Transfer	1939708	0.82%
				28/8/2015	60292	Transfer	2000000	0.84%

Sr. No	Name	Shareholding		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Cumulative shareholding during the year	
		No. of shares at the beginning (01/04/2014)/ end of the year (31/03/2016)	% of total shares of the Company	Date *	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
				4/9/2015	100000	Transfer	2100000	0.89%
				11/9/2015	92746	Transfer	2192746	0.93%
				18/9/2015	57254	Transfer	2250000	0.95%
				25/9/2015	125000	Transfer	2375000	1.00%
				23/10/2015	125000	Transfer	2500000	1.06%
				30/10/2015	80786	Transfer	2580786	1.09%
				6/11/2015	169214	Transfer	2750000	1.16%
				13/11/2015	91630	Transfer	2841630	1.20%
				20/11/2015	383370	Transfer	3225000	1.36%
				27/11/2015	286683	Transfer	3511683	1.48%
				11/12/2015	13317	Transfer	3525000	1.49%
				18/12/2015	97341	Transfer	3622341	1.53%
				25/12/2015	27659	Transfer	3650000	1.54%
				31/12/2015	45157	Transfer	3695157	1.56%
				8/1/2016	29843	Transfer	3725000	1.57%
				15/1/2016	200000	Transfer	3925000	1.66%
				22/1/2016	350000	Transfer	4275000	1.81%
				29/1/2016	206005	Transfer	4481005	1.89%
				5/2/2016	99949	Transfer	4580954	1.94%
				12/2/2016	228613	Transfer	4809567	2.03%
				19/2/2016	414678	Transfer	5224245	2.21%
				26/2/2016	125755	Transfer	5350000	2.26%
				4/3/2016	155141	Transfer	5505141	2.33%
				18/3/2016	83633	Transfer	5588774	2.36%
				25/3/2016	35697	Transfer	5624471	2.38%
				31/3/2016	100529	Transfer	5725000	2.42%
		5725000	2.42%	31/3/2016		Closing Balance	5725000	2.42%
9	Aditya Medisales Limited	4663156	1.97%	1/4/2015		Opening Balance		
					0	No changes during the year		
		4663156	1.97%	31/3/2016		Closing Balance	4663156	1.97%
10	Matthews India Fund	4816014	2.03%	1/4/2015		Opening Balance		
				31/12/2015	-102580	Transfer	4713434	1.99%
				1/1/2016	-61698	Transfer	4651736	1.97%
				8/1/2016	-25722	Transfer	4626014	1.95%
				15/1/2016	-200000	Transfer	4426014	1.87%
				22/1/2016	-230000	Transfer	4196014	1.77%
		4196014	1.77%	31/3/2016		Closing Balance	4196014	1.77%
11	Raksha Sudhir Valia	3973941	1.68%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		3973941	1.68%	31/3/2016		Closing Balance	3973941	1.68%

\*Date of download of Beneficiary data by the company

**v) Shareholding of Directors and Key Managerial Personnel:**

Sr. No	Name	Shareholding		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Cumulative shareholding during the year	
		No. of shares at the beginning (01/04/2014)/ end of the year (31/03/2015)	% of total shares of the Company	Date	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Dilip Shanghvi Chairman & Managing Director	26809395	11.33%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		26809395	11.33%	31/3/2016		Closing Balance	26809395	11.33%
2	Sudhir V Valia Director & CFO	1758169	0.74%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		1758169	0.74%	31/3/2016		Closing Balance	1758169	0.74%
3	T Rajamannar Non-Executive Director	35657	0.02%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		35657	0.02%	31/3/2016		Closing Balance	35657	0.02%
4	Prof. Dr. Andrea Vasella Independent Director	0	0.00%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		0	0.00%	31/3/2016		Closing Balance	0	0.00%
5	Ms. Bhavna Doshi Independent Director		0.00%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		0	0.00%	31/3/2016		Closing Balance	0	0.00%
6	Prof. Dr. Goverdhan Mehta Independent Director		0.00%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		0	0.00%	31/3/2016		Closing Balance	0	0.00%
7	Mr. S Mohanchand Dadha Independent Director	0	0.00%	1/4/2015		Opening Balance		
				-	0	No changes during the year		
		0	0.00%	31/3/2016		Closing Balance	0	0.00%
8	Ms. Meetal Sampat Company Secretary (from 1-4-2015 to 5-05-2015)	0	0.00%	1/4/2015		Opening Balance		
				-	0	No changes during her tenure as CS		
		0	0.00%	5/5/2015		Closing Balance	0	0.00%
9	Debashis Dey Company Secretary (from 06-05-2015)	0	0.00%	6/5/2015	0	Opening Balance-	0	No changes during his tenure as CS
		0	0.00%	31/3/2016		Closing Balance	0	0.00%

**V) INDEBTEDNESS**

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	39.55	381.66	-	421.21
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	22.40	-	22.40
<b>Total (i+ii+iii)</b>	<b>39.55</b>	<b>404.06</b>	<b>-</b>	<b>443.61</b>
Change in Indebtedness during the financial year				
- Addition	-	308.07	4,974.12	5,282.19
- Reduction	-	63.35	-	63.35
<b>Net Change</b>	<b>-</b>	<b>244.72</b>	<b>4,974.12</b>	<b>5,218.84</b>
Indebtedness at the end of the financial year				
i) Principal Amount	127.51	547.24	4,900.00	5,574.75
ii) Interest due but not paid	-	-	74.12	74.12
iii) Interest accrued but not due	-	13.58	-	13.58
<b>Total (i+ii+iii)</b>	<b>127.51</b>	<b>560.82</b>	<b>4974.12</b>	<b>5662.45</b>

**VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL**

A) Remuneration to Managing Director, Whole-time Directors and/or Manager

(₹ in lakhs)

Sr. no.	Particulars of Remuneration	Dilip Shanghvi Chairman & MD	Sudhir V Valia Director & CFO	Total Amount
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	0.00	0.00	0.00
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	0.00	0.00	0.00
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0.00	0.00	0.00
2	Stock Option	0.00	0.00	0.00
3	Sweat Equity	0.00	0.00	0.00
4	Commission	0.00	0.00	0.00
	- as a % of profit	0.00	0.00	0.00
	- others	0.00	0.00	0.00
5	Others	0.00	0.00	0.00
	<b>Total (A)</b>	<b>0.00</b>	<b>0.00</b>	<b>0.00</b>
	Ceiling as per the Act	N.A.	N.A.	N.A.

## B) Remuneration to other directors:

(₹ in lakhs)

Sr. no.	Particulars of Remuneration	Name of Directors					Total Amount
		Prof. Dr. Andrea Vasella	Ms. Bhavna Doshi	Prof. Dr. Goverdhan Mehta	Mr. S Mohanchand Dadha	Dr. T Rajamannar	
1	<b>Independent Directors</b>						
	Fee for attending board committee meetings	4.80	5.40	3.60	3.90		17.70
	Commission	0.00	0.00	0.00	0.00		0.00
	Others, please specify	0.00	0.00	0.00	0.00		0.00
	Total (1)						17.70
2	<b>Other Non-Executive Directors</b>						
	Fee for attending board committee meetings					3.60	3.60
	Commission					0.00	0.00
	Others					0.00	0.00
	Total (2)						3.60
	<b>Total (B)=(1+2)</b>						<b>21.30</b>
	<b>Total Managerial Remuneration (A+B)</b>						<b>21.30</b>
	Overall Ceiling as per the Act						N.A

## C) REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹ In Lakhs)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel			
		Ms. Meetal Sampat Company Secretary (01-04-2015 to 05-05-2015)	Mr. Debashis Dey Company Secretary (06-05-2015 to 31-03-2016)	Mr. Sudhir Valia CFO	Total
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1.39	18.09	0	19.48
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.01	0	0	0.01
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0	0.00
2	Stock Option	0	0	0	0.00
3	Sweat Equity	0	0	0	0.00
4	Commission	0	0	0	0.00
	- as a % of profit	0	0	0	0.00
	- others	0	0	0	0.00
5	Others	0	0	0	0.00
	<b>Total</b>	<b>1.40</b>	<b>18.09</b>	<b>0</b>	<b>19.49</b>



**VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
<b>A. COMPANY</b>					
Penalty					
Punishment					
Compounding					
<b>B. DIRECTORS</b>					
Penalty					
Punishment					
Compounding					
<b>C. OTHER OFFICERS IN DEFAULT</b>					
Penalty					
Punishment					
Compounding					

**- NIL -**

## Annexure 2

**INFORMATION REQUIRED UNDER SECTION 197 OF THE ACT READ WITH RULE 5(1) OF THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014**

- (i) Ratio of the remuneration\* of each director to the median remuneration of the employees of the company for the financial year :

Name of Director	Ratio of remuneration of each Director/ to median remuneration of employees
Mr. Dilip Shanghvi	N.A
Mr. Sudhir V. Valia	N.A
Mr. T Rajamannar	0.49
Mr. S Mohanchand Dadha	0.53
Prof. Dr. Goverdhan Mehta	0.49
Prof. Dr. Andrea Vasella	0.66
Ms. Bhavna Doshi	0.74

\* Remuneration includes sitting fees paid

- (ii) Percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year

Name & Designation of Director & KMP	% increase in Remuneration in the Financial Year 2014-15
Mr. Dilip Shanghvi (Chairman & Managing Director)	Nil
Mr. Sudhir V. Valia (Director & CFO)	(100%)*
Mr. T Rajamannar (Director)	(84.67%)**
Mr. S Mohanchand Dadha (Non-Executive Independent Director)	0%
Prof. Dr. Goverdhan Mehta (Non-Executive Independent Director)	(36.84%)
Prof. Dr. Andrea Vasella (Non-Executive Independent Director)	(15.79%)

Name & Designation of Director & KMP	% increase in Remuneration in the Financial Year 2014-15
Ms. Bhavna Doshi (Non-Executive Independent Director)	N.A
Ms. Meetal Sampat (Company Secretary upto 5th May, 2016)	0%
Mr. Debashis Dey (Company Secretary w.e.f: 6th May, 2016)	8%

\* Appointed as an executive Director without any remuneration w.e.f. 31st July, 2014

\*\* Ceased to be an executive Director w.e.f: 24th April, 2014

- (iii) The percentage increase in the median remuneration of employees in the financial year (Median -2016/Median 2015) :  
9.30%

- (iv) Number of permanent employees on the rolls of company as on 31st March, 2016 :  
356

- (v) Explanation on the relationship between average increase in remuneration and company performance:

The Company, being a pure research & development Company, invests in quality human capital and the remuneration paid/ increment given by it to the employees is governed by its objective to attract & retain best talents and is not related to the financial performance of the Company.

- (vi) Comparison of the remuneration of the Key Managerial Personnel against the performance of the company;

(₹ in Lakhs)

Aggregate remuneration of Key Managerial Personnel in FY 2015-16	19.49
Total Revenue of the Company in FY 2015-16	16421.91
Remuneration of KMP (as % of revenue)	0.12%

- (vii) Variations in the market capitalisation of the company, price earnings ratio as at the closing date of the current financial year and previous financial year

(₹ in Lakhs)

Particulars	As on 31st March 2016	As on 31st March 2015	% change
Market Capitalisation	6,79,341.76	11,64,704.23	(41.67%)
PE ratio	(96.96)	(294.64)	(67.09%)

- (viii) Percentage increase or decrease in the market quotations of the shares of the company in comparison to the rate at which the company came out with the last public offer the variations in the net worth of the company as at the close of the current financial year and previous financial year:

Particulars	Market Price as on 31st March 2016	August 24, 2012 Rights Issue	% change
BSE	287.95	67	329.78%
NSE	287.00	67	328.36%

(₹ in Lakhs)

Particulars	As on 31st March 2016	As on 31st March 2015	Variation
Net Worth	2814.37	9924.14	-71.64%

- (ix) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

Average percentage increase in salary of employees other than managerial personnel: 14.9%

Average percentage increase in salary of managerial personnel: 8%\*

(\* Salary of Ms. Meetal Sampat have not been considered since she ceased to be the Company Secretary w.e.f. 6th May 2015)

- (x) Comparison of the each remuneration of the Key Managerial Personnel against the performance of the company;

(₹ in Lakhs)

	Ms. Meetal Sampat*	Mr. Debashis Dey**
Remuneration of Key Managerial Personnel in FY 2015-16	1.40	18.09
Total Revenue of the Company in FY 2015-16	16421.91	
Remuneration of KMP (as % of revenue)	0.01%	0.11%

\*from 1st April 2015 to 5th May 2015

\*\* from 6th May 2015 to 31st March 2016

- (xi) Key parameters for any variable component of remuneration availed by the directors;

There were no variable component in the remuneration drawn by any of the Directors of the Company. Mr. Dilip S. Shanghvi, Chairman & Managing Director and Mr. Sudhir V Valia, Director & CFO does not draw any remuneration from the Company.

- (xii) Ratio of the remuneration of the highest paid director to that of the employees who are not directors but receive remuneration in excess of the highest paid director during the year;

Not Comparable since Mr. Dilip S. Shanghvi, Chairman & Managing Director and Mr. Sudhir V Valia, Director & CFO does not draw any remuneration from the Company.

- (xiii) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

## Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo

### 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 (US, EU), as well as India and emerging markets.

We develop New Chemical Entities (NCEs) and products based on our proprietary Novel Drug Delivery Systems (NDDS). Our core therapeutic areas of interest include Ophthalmology, Oncology, Central Nervous System (CNS), Dermatology and Respiratory.

Our current business model is to license out our products to potential partner/s that can generate revenue based on upfront, milestone payment and royalty on sales.

#### New Chemical Entities (NCE)

##### Inflammation

SUN-597 is a novel corticosteroid with improved safety profile. In pre-clinical models it has shown low potential for skin thinning and other systemic side effects associated with conventionally used topical steroids and has demonstrated better efficacy as compared to low and mid-potency steroids like Triamcinolone. SUN-597 is being developed for treatment of Atopic Dermatitis in US and other major markets. It is also being evaluated for allergic rhinitis and asthma for select emerging markets.

We have filed IND with USFDA.

##### Anticancer

SUN-K706 is a potent, orally active and highly selective Bcr-Abl Tyrosine Kinase Inhibitor (TKI) being developed for treatment of Chronic Myeloid Leukaemia (CML). In pre-clinical models it is has shown to inhibit key Imatinib resistant mutations including T315I mutations.

Safety pharmacology data showed no adverse effects on cardiac, hepatic, renal functions and the planned clinical study will find whether this translates into a benefit in humans. We have filed IND and initiated Phase I studies in USA for SUN-K706.

#### Novel Drug Delivery Systems (NDDS)

Gastric Retention Systems (GRS)

Wrap Matrix™ Technology

Nanotecton™ Technology

Biodegradable injections/implants

Gel Free Reservoir Technology

Novel device for inhaled drugs

Swollen Micelle Microemulsion (SMM™) technology for ophthalmic formulation

TearAct™ technology for ophthalmic formulation

Abuse Deterrent Technology

### **Gastric Retention System (GRS)**

As we have previously shared with you, 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. SPARC has developed Baclofen GRS once-a-day formulation using this technology for the treatment of spasticity associated with multiple sclerosis. We are recruiting patients under the Phase III trial in USA. Baclofen GRS has already been launched in India.

### **Wrap Matrix™ Technology**

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.

SPARC has developed Elepsia™ XR (Levetiracetam ER 1000 mg and 1500 mg), an anti- epileptic using the Wrap Matrix™ technology. SPARC received a Complete Response Letter (CRL) from the USFDA rescinding its earlier approval, citing that the compliance status of the manufacturing facility was not acceptable on the date of approval.

SPARC has formulated an extended release once-a-day dosage form of Tizanidine ER with its proprietary Wrap Matrix™ Technology. SPARC is targeting for convenience in dosing and will investigate and study whether the extended release dosage form provides a better side effect profile.

### **Nanotecton™ Technology**

Nanotechnology based delivery systems (Nanotecton™) enables selective delivery of cytotoxic drugs to cancerous tissues. With this technology, drugs are encapsulated within nanoscale carriers derived from biocompatible/ biodegradable polymers and lipids.

Two of our products, PICN and DICN are in clinical trials. PICN named as Bevetex™ has been launched in India and we have also got conditional approval for Taclantis™ as brand name for PICN in USA.

SPARC has completed initial exploratory pilot studies to establish bioequivalence of Taclantis™ with nab-paclitaxel. The data suggests TACLANTIS™ may meet the bioequivalence criteria as defined by USFDA. SPARC therefore is planning to initiate pivotal BE study. The protocol has been finalised and submitted to regulators and ethics committee for approval.

### **Biodegradable Injections/Implants**

SPARC has developed a technology platform of biocompatible and biodegradable micron-sized polymer particles that contains drug molecule in its matrix for long-term systemic delivery of drugs. Depot formulations using biodegradable polymers avoid the requirement of frequent injections of certain drugs in case of ailments such as hormone dependant cancers.

Octreotide LAR has been launched in India.

### **Gel Free Reservoir (GFR) technology**

Gel Free Reservoir technology uses unique polymer ratio that shows synergistic increase in viscosity without the loss of clarity and flow property. It helps to stabilize tear film and retain the active drug for prolonged periods

SPARC has formulated Timolol OD using Gel Free Reservoir (GFR) technology and is launched in India.

### **Novel device for inhaled drugs**

SPARC's Dry Powder Inhaler (DPI) is a pre-metered, 60 doses, breath activated device to administer an inhaled combination of Salmeterol and Fluticasone. This device offers uniform delivery of dose, independent of inspiratory flow rate. The device is small, convenient and easy-to-use and it is compliant with the global regulatory standards.

SPARC has finalised and submitted required pivotal studies protocol to the regulators and ethics committees. We are planning to initiate patient enrolment in Q2 FY 17 and complete the studies in a year's time.

**Swollen Micelle Microemulsion (SMM™) technology for ophthalmic formulations**

Xelpros™ is a BAK (Benzalkonium Chloride – a preservative which has side effects on eye on long term use) -free Latanoprost eye drops developed with our proprietary Swollen Micelle Microemulsion technology.

SPARC's NDA (New Drug Application) for Xelpros™ is under review with USFDA.

The approval has been delayed pending the cGMP clearance of the manufacturing facility of Sun Pharmaceutical Industries Ltd. (SPIL) - our out - licencing partner.

**TearAct™ Technology for ophthalmic formulations**

SPARC is developing once-a-day formulation of Brimonidine using proprietary TearAct™ Technology.

Brimonidine is one of the most commonly used drugs for Glaucoma. Brimonidine has to be administered thrice a day, leading to patient compliance issues.

We plan to conduct the Proof of Concept study in Q2 FY 17. We expect to complete this study by the end of FY 17.

**Abuse Deterrent Technology**

SPARC has developed a platform technology to make a formulation which can deter oral multi-pill abuse. We have filed initial patent for this technology. We have had preIND meetings with USFDA for programs under this platform. We also filed IND for one program and completed initial Proof of Concept studies.

This study has demonstrated viability of our technology and we are now working to optimise formulation so that we can initiate pivotal studies.

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

SPARC has been working on technology intensive, longer duration projects with uncertain timeframes. SPARC's efforts target the international markets as well as markets like India, and this involves dealing with a number of regulatory agencies. NCEs upon commercialization are expected to provide patients with better treatment options, safer side effect profile, treatments for certain resistant forms or even the possibility of increased dosing compared to conventional treatments 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, required in lesser dosage for the same action, or easier for the patient to take, or for the nursing staff to administer. For products such as Abuse Deterrent Formulations, the dosage would be tougher to abuse.

**3. FUTURE PLAN OF ACTION—this has been covered with the description of products above. For more information, please also refer to the detailed discussion in the MDA.****4. EXPENDITURE ON R&D**

	Year ended 31st March, 2016	Year ended 31st March, 2015
	₹ in Lakhs	₹ in Lakhs
a) Capital	1,140.12	975.09
b) Revenue	22,447.56	19,083.36
c) Total	23,587.68	20,058.45
d) Total R&D expenditure as % of Total Turnover	146.26%	128.80%

**5. FOREIGN EXCHANGE EARNINGS AND OUTGO**

	Year ended 31st March, 2016	Year ended 31st March, 2015
	₹ in Lakhs	₹ in Lakhs
Earnings	11,852.91	12,474.08
Outgo	12,428.62	10,550.54



**Annexure -4****Form No. MR-3**

**SECRETARIAL AUDIT REPORT**  
**FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2016.**  
**[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies**  
**(Appointment and Remuneration Personnel) Rules, 2014]**

To,  
The Members,  
Sun Pharma Advanced Research Company Limited,  
Vadodara, Gujarat.

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate governance practice by **Sun Pharma Advanced Research Company Limited** ("the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March, 2016, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on **31st March, 2016**, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment (Regulations relating to Overseas Direct Investment and External Commercial Borrowings not attracted to the Company for the year under review);
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):
  - a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
  - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 effective up to 14th May, 2015;
  - c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 made effective from 15th May, 2015;
  - d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

- e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable to the Company for the year under review;**
- f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – **Not applicable to the Company for the year under review;**
- g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – **Not applicable to the Company;**
- h. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – **Not applicable to the Company for the year under review;**
- i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – **Not applicable to the Company for the year under review;**

We have also examined compliance with the applicable clauses of the following:

- (i) Secretarial Standards with respect to meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013 and made effective from 1st July, 2015;
- (ii) The Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited effective up to 30th November, 2015;
- (iii) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 made effective from 1st December, 2015;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director.
2. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings and Meetings of Committees except in case meeting was conducted by issued of shorter notice. Agenda and detailed notes on agenda were sent in advance in adequate time before the meetings. There is a system exists for Directors for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

Based on the compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Respective Plant Heads/Occupiers of R&D Centres of the Company and taken on records by the Board of Directors at their meeting(s), we are of the opinion that the management has:

- a) Adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines;

b) Identified and complied with following laws applicable to the Company:

- Drugs and Cosmetics Act, 1940;
- The Medicinal and Toilet Preparations (Excise Duties) Act, 1955;
- Environment Protection Act, 1986;
- Factories Act, 1948.

We further report that during the year under review, the Company has issued 1,02,04,081 (One Crore Two Lacs Four Thousand and Eighty-One) fully paid-up Equity shares of Re. 1/- each at a price of ₹ 245/- (including premium of ₹ 244/-) per Equity share aggregating to ₹ 25,000 lakhs to its existing equity shareholders as on the Record date i.e. 17th March, 2016 by way of Right issue for which offer period commenced on 28th March, 2016 and concluded on 13th April, 2016.

For **C. J. Goswami & Associates,**  
Practicing Company Secretaries

**Chintan J. Goswami**

Proprietor

Mem No. - 33697

C. P. No. - 12721

Date: 4th May, 2016.

Place: Mumbai.

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

## ANNEXURE A

To,  
The Members,  
Sun Pharma Advanced Research Company Limited,  
Vadodara, Gujarat.

Our report of even date is to be read along with this letter.

1. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
3. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **C. J. Goswami & Associates,**  
Practicing Company Secretaries

**Chintan J. Goswami**  
Proprietor

Mem No. - 33697  
C. P. No. - 12721

Date: 4th May, 2016.  
Place: Mumbai.

# CORPORATE GOVERNANCE REPORT

In compliance with regulation 34(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 ("SEBI (LODR) Regulations"), the Company submits the report for the year ended 31st March, 2016 on the matters mentioned in the said regulation and lists the practices followed by the Company in compliance with the SEBI (LODR) Regulations (w.e.f. 1st December, 2015) and clause 49 of the erstwhile Listing Agreement with Stock Exchanges ('Listing Agreement') (upto 30th November, 2015):

## 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 ('hereinafter referred to as 'the Board' or the 'Board of Directors') is seven Directors.

Composition and category of Directors is as follows:

Name of the Director	Category	Inter-se Relationship between Directors
Mr. Dilip S. Shanghvi (Chairman and Managing Director)	Promoter Executive Director	Brother-in-law of Mr. Sudhir V. Valia
Mr. Sudhir V. Valia (Director & CFO)	Promoter Executive Director	Brother-in-law of Mr. Dilip S. Shanghvi
Dr. T. Rajamannar	Non Executive & Non Independent Director	-
Mr. S. Mohanchand Dadha	Non Executive Independent Director	-
Prof. Dr. Goverdhan Mehta	Non Executive Independent Director	-
Prof. Dr. Andrea Vasella	Non Executive Independent Director	-
Ms. Bhavna Doshi	Non Executive Independent Director	-

### Details of Equity Shares held by Non-Executive Directors as on 31st March, 2016:

Name of Director	No. of Shares
Mr. S. Mohanchand Dadha	Nil
Dr. T. Rajamannar	35,657
Prof. Dr. Goverdhan Mehta	Nil
Prof. Dr. Andrea Vasella	Nil
Ms. Bhavna Doshi	Nil

Six Board meetings were held during the year. The dates on which the meetings were held during the year ended 31st March, 2016 are as follows:

5th May, 2015, 12th May, 2015, 1st August, 2015, 4th November, 2015, 3rd February, 2016 and 5th March, 2016.

The Board of Directors is presented with all the information as set out in clause 49 of the Listing Agreement (upto 30th November, 2015) and Part A of Schedule II read with regulation 17(7) of the SEBI (LODR) Regulations (w.e.f. 1st December, 2015) to the extent it is applicable and relevant. Such information is submitted either as a part of the agenda papers in advance of the respective meetings or by way of presentations and discussions during the meeting.

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 respective tenure of Director	Attendance Particulars for the year ended 31st March, 2016		*No. of other directorships and committee memberships / chairmanships as on 31st March, 2016		
		Board Meetings	Last AGM held on 1st August, 2015	Other Directorships*	Committee Memberships **	Committee Chairmanships **
Mr. Dilip S. Shanghvi	6	6	Yes	1	1	-
Mr. Sudhir V. Valia	6	5	Yes	2	2	-
Dr. T. Rajamannar	6	5	Yes	-	-	-
Mr. S. Mohanchand Dadha	6	4	Yes	3	1	2
Prof. Dr. Goverdhan Mehta	6	3	Yes	1	-	-
Prof. Dr. Andrea Vasella	6	4	Yes	-	-	-
Ms. Bhavna Doshi	6	6	Yes	8	3	3

Note:

\* The above list does not include Directorships, Committee Memberships and Committee Chairmanships in Private, Foreign and Section 8 Companies.

\*\*The Committee Memberships and Chairmanships in other Companies include Memberships and Chairmanships of Audit and Stakeholders' Relationship Committee only.

The details of familiarization programmes imparted to the independent Directors are available on the website of the company and can be accessed through the web link - <http://www.sunpharma.in/regulatory-compliance.htm>

### 3. Code of Conduct

The Board of Directors has laid down a code of conduct for all Board members and all employees of the Company. In compliance with the requirements of the Listing Agreement and regulation 17(5) of the SEBI (LODR) Regulations, the Code of Conduct, inter alia, incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. 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 may be accessed through the web link <http://www.sunpharma.in/regulatory-compliance.htm>

### 4. Audit Committee

The Audit Committee of the Company presently comprises of four independent non-executive Directors viz. Ms. Bhavna Doshi, Mr. S. Mohanchand Dadha, Prof. Dr. Goverdhan Mehta and Prof. Dr. Andrea Vasella. Mr. Debashis Dey, Company Secretary of the Company is the Secretary of the Audit Committee.

The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

The terms of reference of the Audit Committee, inter alia, includes the following:

- Overseeing the Company's financial reporting process.
- Reviewing the adequacy of internal audit function.
- Reviewing with the management the quarterly/ half yearly/ annual financial results / statements and auditor's report thereon before submission to the board for approval.



- d. Reviewing with the management the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.).
- e. Review and monitor the auditor's independence and performance, and effectiveness of audit process.
- f. Recommending the appointment/ re-appointment of Statutory Auditors and Internal Auditors and fixation of audit fees. Approval of payment to statutory auditors of any other services rendered by the statutory auditors.
- g. 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.
- h. Evaluation of internal financial controls and risk management system.
- i. To review the functioning of the Whistle Blower mechanism/ Vigil mechanism.
- j. Scrutiny of inter-corporate loans and investments
- k. valuation of undertakings or assets of the company, wherever it is necessary
- l. approval of appointment of CFO etc.

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 Statutory and Internal Auditors about their audit methodology, audit planning and significant observations/ suggestions made by them.

Four Audit Committee meetings were held during the year ended 31st March, 2016. The dates on which Meetings were held are as follows:

5th May, 2015, 1st August, 2015, 4th November, 2015 and 3rd February, 2016.

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

Name of the Director	Chairman/Member	No. of Meetings held during the tenure of the respective members	No. of Audit Committee Meetings attended
Ms. Bhavna Doshi	Chairperson	4	4
Mr. S. Mohanchand Dadha	Member	4	4
Prof. Dr. Goverdhan Mehta	Member	4	3
Prof. Dr. Andrea Vasella	Member	4	4

## 5. Nomination and Remuneration Committee

The Nomination and Remuneration Committee presently comprises of four Non-Executive and Independent Directors, Mr. S. Mohanchand Dadha, Prof. Dr. Goverdhan Mehta, Prof. Dr. Andrea Vasella and Ms. Bhavna Doshi. Mr. S. Mohanchand Dadha is the Chairman of the Committee. Mr. Debashis Dey, Company Secretary is the Secretary of the Nomination and Remuneration Committee.

The terms of reference of the Committee, inter alia, includes the following:

- a. To determine the company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment.
- b. To review, recommend and/or approve remuneration to Whole Time Directors
- c. To review and recommend the Remuneration Policy of the Company.
- d. To approve grant of Stock options to Directors and employees

- e. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board the appointment & removal and carry out evaluation of every director's performance.
- f. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- g. To formulate criteria for evaluation of performance of Independent Directors and the Board of Directors
- h. To devise a policy on Board Diversity.

Four meetings of the Committee were held during the year ended on 31st March, 2016 on the following dates:

5th May, 2015, 1st August, 2015, 4th November, 2015 and 3rd February, 2016.

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

Name of the Director	Chairman/Member	No. of Meeting held during the tenure of the respective members	No. of Committee Meetings attended
Mr. S. Mohanchand Dadha	Chairman	4	4
Prof. Dr. Goverdhan Mehta	Member	4	3
Prof. Dr. Andrea Vasella	Member	4	4
Ms. Bhavna Doshi	Member	4	4

The Nomination and Remuneration Committee, at its meeting held on 31st July, 2014 have approved and recommended the Remuneration Policy for the Directors, Key Managerial Personnel and Other Employees of the Company which has been approved by the Board of Directors at its meeting held on 31st July, 2014. The Key highlights of the said Policy are as follows:

- A. Guiding Principles for remuneration: The Company shall remunerate all its personnel reasonably and sufficiently as per industry benchmarks and standards. The remuneration shall be commensurate to retain and motivate the human resources of the Company. The compensation package will, inter alia, take into account the experience of the personnel, the knowledge and skill required including complexity of the job, work duration and risks associated with the work, and attitude of the worker like, positive outlook, team work, loyalty etc.
- B. Components of Remuneration: The following will be the various remuneration components which may be paid to the personnel of the Company based on the designation and class of the personnel.
  - a. Fixed compensation: The fixed salaries of the Company's personnel shall be competitive and based on the individual personnel's responsibilities and performance.
  - b. Variable compensation: The personnel of the Company may be paid remuneration by way of variable salaries based on their performance evaluation. Such variable salaries should be based on the performance of the individual against his short and long term performance objectives and the performance of the Company.
  - c. Share based payments: The Board may, on the recommendation of the Nomination and Remuneration Committee, issue to certain class of personnel a share and share price related incentive program.
  - d. Non-monetary benefits: Senior management personnel of the Company may, on a case to case basis, be awarded customary non-monetary benefits such as discounted salary advance / credit facility, rent free accommodation, Company cars with or without chauffeur's, share and share price related incentive, reimbursement of electricity and telephone bills etc.
  - e. Gratuity/group insurance: Personnel may also be awarded to group insurance and other key man insurance protection. Further as required by the law necessary gratuity shall be paid to the personnel.
  - f. Commission: The directors may be paid commission if approved by the shareholders. The shareholders may authorise the Board to declare commission to be paid to any director of the Board.

- C. Entitlement: The authority to determine the entitlement to various components as aforesaid for each class and designation of personnel shall be as follows:

Designation/ Class	To be determined by
Director	Members on recommendation of Nomination and Remuneration Committee and the Board of Directors.
Key Managerial Personnel	Board of Directors on recommendation of the Nomination and Remuneration Committee
Other employees	Human Resources Head

**Details of remuneration paid / payable to all the Directors for the year:**

Mr. Dilip S. Shanghvi, Chairman & Managing Director and Mr. Sudhir V. Valia, Director & Chief Financial Officer do not draw any remuneration from the Company.

The Non-Executive Directors were paid sitting fees at the rate of ₹ 30,000/- for attending each meeting of the Board and / or of Committee thereof.

None of the Independent Directors have any pecuniary relationship with the Company other than the sitting fees received by them for attending the meeting of the Board and/or of Committee thereof.

The details of the remuneration paid/payable to the Directors for the year 2015-2016 are given below:

(₹ In Lakhs)					
Name of the Director	Salary	Bonus	Perquisites / Benefits	Sitting Fees	Total
Mr. Dilip S. Shanghvi	-	-	-	-	-
Mr. Sudhir V. Valia	-	-	-	-	-
Dr. T. Rajamannar	-	-	-	3.60	3.60
Mr. S. Mohanchand Dadha	-	-	-	3.90	3.90
Prof. Dr. Goverdhan Mehta	-	-	-	3.60	3.60
Prof. Dr. Andrea Vasella	-	-	-	4.80	4.80
Ms. Bhavna Doshi	-	-	-	5.40	5.40

**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.
- Mr. Sudhir V. Valia has been re-appointed as the Chief Financial Officer and consequentially a Whole-time Director of the Company w.e.f 1st January, 2016 upto 31st December, 2017. Mr. Valia is entitled to resign from his position/ He may be removed from his position by giving a notice in writing as per the Company Policy.
- 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).

## 6. Stakeholders Relationship Committee

The Stakeholders Relationship Committee comprises of Dr. T. Rajamannar, Prof. Dr. Goverdhan Mehta, Prof. Dr. Andrea Vasella and Mr. Sudhir V. Valia. Dr. T. Rajamannar is the Chairman of the Committee. Mr. Debashis Dey, Company Secretary is the Secretary of the Stakeholders Relationship Committee.

The terms of reference of the Committee inter alia includes the following:

- To look into redressal of grievances of shareholders, debenture holders and other security holders of the Company.
- To consider and resolve grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.
- To approve issue of duplicate share certificates and to oversee and review all matters connected with the transfer, transmission and issue of securities.
- To oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor services.
- To investigate any activity within its terms of reference.
- To seek information from share transfer agents
- To obtain outside legal or other professional advice on stakeholders grievance related matters and to secure attendance of outsiders with relevant expertise, if it considers necessary and have full access to the information contained in the records of the Company, relating to stakeholders.

Four meetings of the Committee were held during the year ended 31st March, 2016. The dates on which Meetings were held are as follows:

5th May, 2015, 1st August, 2015, 4th November, 2015 and 3rd February, 2016.

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

Name of the Director	Chairman/ Member	No. of Meetings held during the tenure of the respective members	No. of Committee Meetings attended
Dr. T. Rajamannar	Chairman	4	4
Mr. Sudhir V. Valia	Member	4	3
Prof. Dr. Goverdhan Mehta	Member	4	3
Prof. Dr. Andrea Vasella	Member	4	4

Ms. Meetal Sampat, was the Compliance Officer of the Company upto 5th May, 2015. Mr. Debashis Dey, Company Secretary is the Compliance Officer of the Company w.e.f 6th May, 2015.

#### Shareholders' Complaints:

The total number of shareholder complaints received and resolved during the year under review, were as follows:

No. of Shareholder Complaints pending at the beginning of the year.	-
No. of Shareholder Complaints received during the year	3
No. of Shareholder Complaints resolved during the year	3
No. of Shareholder Complaints pending at the end of the year.	-

## 7. Corporate Social Responsibility Committee

In compliance with the requirements of Section 135 of the Companies Act, 2013 and the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors of the Company at its meeting held on 3rd May, 2014 constituted a Corporate Social Responsibility Committee. The Committee consists of Mr. Sudhir V. Valia, Mr. Dilip S. Shanghvi, Mr. S. Mohanchand Dadha and Ms. Bhavna Doshi. Mr. Sudhir V. Valia is the Chairman of the Committee.

Mr. Debashis Dey, Company Secretary acts as the Secretary of the Committee.

The terms of reference of the Corporate Social Responsibility Committee, inter alia, includes the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013.
- To monitor the Corporate Social Responsibility Policy (CSR Policy) of the Company from time to time.
- To recommend the amount of expenditure to be incurred on the activities referred above.
- To monitor amount spent on the CSR initiatives of the Company as per the CSR policy.

One meeting of the Committee was held on 5th May, 2015 during the financial year 2015-16, which was attended by all the members.

As recommended by the Committee, the Board of Directors of the Company has at its meeting held on 30th January, 2015 approved the CSR Policy of the Company. A summary of the CSR Policy of the Company may be accessed through the web link <http://www.sunpharma.in/regulatory-compliance.htm>

## 8. Rights Issue Committee

The Board of Directors of the Company, in its meeting held on 1st August, 2015 constituted a Rights Issue Committee to oversee the proposed Rights Issue and take all decisions as may be required in respect of the same. The Committee consists of Mr. Dilip Shanghvi, Mr. Sudhir Valia, Dr. T Rajamannar and Ms. Bhavna Doshi. Mr. Dilip Shanghvi is the Chairman of the Committee.

Mr. Debashis Dey, Company Secretary acts as the Secretary of the Committee.

Three meetings of the Committee were held on 4th November, 2015 and 3rd February, 2016 and 14th March, 2016 during the financial year 2015-16.

The attendance of each member of the committee is given below:

Name of the Director	Chairman/ Member	No. of Meetings held during the tenure of the respective Director	No. of Committee Meetings attended
Mr. Dilip S. Shanghvi	Chairman	3	3
Mr. Sudhir V. Valia	Member	3	2
Dr. T. Rajamannar	Member	3	3
Ms. Bhavna Doshi	Member	3	3

## 9. Subsidiary Companies

The Company does not have any subsidiary company.

## 10. General Body Meetings

(i) Location and time, where last three Annual General Meetings (AGM) were held, are as follows:

Year	Meeting	Location	Date	Time	Special Resolutions passed at the AGM
2012-13	Eighth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara-390 020 Gujarat	30th July, 2013	11.30 A.M	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".

Year	Meeting	Location	Date	Time	Special Resolutions passed at the AGM
2013-14	Ninth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara-390 020 Gujarat	31st July, 2014	11.15 A.M	<p>1) Consent given to the Board of Directors of the Company including any committee thereof under section 180(1)(a) of the Companies Act, 2013 for creation of charges, mortgages and hypothecations in respect of any Loans, for which the charge is to be created, 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, shall not 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.</p> <p>2) Consent given to the Board of Directors of the Company including any committee thereof under section 180(1)(c) of the Companies Act, 2013 for borrowing any sum or sums of monies which together with the monies already borrowed by the Company 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.</p> <p>3) Approval under Section 186 of the Companies Act, 2013 authorising the Board of Directors of the Company to make loan(s) and/or give guarantee(s)/provide any security(ies) in connection with loans made to and to make investments in shares, debentures and/or any other securities of other body corporates whether in India or outside India or in various schemes of mutual funds exceeding the limits specified in Section 186 of the Companies Act 2013, up to a maximum of ₹ 250 Crores (Rupees Two Hundred and Fifty Crores Only).</p>



Year	Meeting	Location	Date	Time	Special Resolutions passed at the AGM
2014-15	Tenth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara-390 020 Gujarat	1st August, 2015	11.15 A.M	<p>1) Ratification and approval of the appointment of Mr. Sudhir V. Valia as the Chief Financial Officer &amp; consequentially a Whole-time Director of the Company w.e.f: 31st July, 2014 to 31st December, 2015.</p> <p>2) Approval/ratification of the shareholders for entering into further transactions with Sun Pharma Global FZE., a 'Related Party', pursuant to the Technology Development Agreement dated 18th February, 2013, for undertaking development program in respect of Liposomal Doxorubicin Drug Delivery Technology.</p> <p>3) Approval/ratification of the shareholders for entering into further transactions with Sun Pharmaceutical Industries Limited., a 'Related Party', pursuant to the Master Support Service Agreement dated 15th February, 2014.</p> <p>4) Approval/ratification of the shareholders for entering into further transactions with Sun Pharma Global FZE., a 'Related Party', pursuant to the Master License Agreement dated 20th January, 2014.</p> <p>5) Approval/ratification of the shareholders for entering into further transactions with Sun Pharma Laboratories Limited, a 'Related Party', pursuant to the Master License Agreement dated 15th January, 2014.</p> <p>6) Approval/ratification of the shareholders for entering into further transactions with Sun Pharmaceutical Industries Limited., a 'Related Party', pursuant to the Master License Agreement dated 20th January, 2014.</p>

During the previous financial year, no special resolution was passed by the Company through postal ballot.

At present, the Company does not propose to pass any special resolution through Postal Ballot.

## 11. Disclosures

- No transaction of a material nature has been entered into by the Company with the related parties that may have a potential conflict with the interests of the Company at large. The Register of contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. The transactions with the related parties are disclosed in the Financial Statements.
- 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.
- The Company has laid down procedures to inform Board members about the risk assessment and its minimization, which is periodically reviewed to ensure that risk control is exercised by the management effectively.

- The Board of Directors of the Company at its meeting held on 3rd May, 2014 have approved a whistle blower policy and put in place a mechanism to monitor the actions taken on complaints received under the said policy. This policy also outlines the reporting procedure and investigation mechanism to be followed in case an employee blows the whistle for any wrongdoing in the Company. Employees are given protection in two important areas - confidentiality and against retaliation. It is ensured that Employees can raise concerns regarding any violation or potential violation easily and free of any fear of retaliation, provided they have raised the concern in good faith. An ombudsperson/s has been appointed to receive the complaints through portal or email or letters who would investigate the complaints with an investigating committee. The final decision would be taken by the Ombudsperson in consultation with the management and the Audit Committee. The Policy is expected to help to draw the Company's attention to unethical, inappropriate or incompetent conduct which has or may have detrimental effects either for the organisation or for those affected by its functions. A copy of the Company's Whistle Blower Policy may be accessed at [www.sunpharma.in/regulatory-compliance.htm](http://www.sunpharma.in/regulatory-compliance.htm). No personnel has been denied access to the Audit Committee.
- Details of compliance with mandatory requirements and adoption/ non-adoption of the Non- mandatory requirements:
  - (i) The Company complies with all the mandatory requirements specified under clause 49 of the Listing Agreement (upto 30th November, 2015) and the SEBI (LODR) Regulations (w.e.f. 1st December, 2015).
  - (ii) The Company does not send half-yearly financial results including summary of the significant events in the last six months to the household of each shareholder as the financial results are published in the newspapers and also posted on the website of the Company and the websites of BSE and NSE.
  - (iii) The Financial statements of the Company have not been qualified by the Auditors.
  - (iv) The Company does not have separate position for Chairman & Managing Director.
  - (v) The Company has appointed M/s. K C Mehta & Associates as the Internal Auditors of the Company. The Internal Auditor reports their findings to the Audit Committee of the Company.
- The Company does not have any Policy on Material Subsidiaries since it does not have any Subsidiary.
- The Policy of the Company on dealing with Related Party Transactions is available on the website of the Company and can be accessed through the web link: <http://www.sunpharma.in/regulatory-compliance.htm>
- Since the Company is engaged in purely pharmaceutical research & development activity, it does not face significant commodity price risk.

## 12. Means of Communication

- \* **Website:** The Company's website [www.sunpharma.in](http://www.sunpharma.in) contains a separate dedicated section 'Investors' where shareholders information is available. Full Annual Report is also available on the website in a user friendly and downloadable 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 posted by the Company on its website [www.sunpharma.in](http://www.sunpharma.in). These are also submitted to the Stock Exchanges in accordance with the SEBI(LODR) Regulations and published in all English Editions and Gujarati Edition of 'Financial Express' published in the state of Gujarat.
- \* **Annual Report:** Annual Report containing, inter alia, Audited Financial Statements, Board's Report, Auditors' Report, and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report and Business Responsibility Report (BRR) forms part of the Annual Report.
- \* **Corporate filing:** Announcements, Quarterly Results, Shareholding Pattern etc. of the Company are regularly filed by the Company with the Stock Exchanges and are available on the website of BSE Ltd. - [www.bseindia.com](http://www.bseindia.com), National Stock Exchange of India Ltd. - [www.nseindia.com](http://www.nseindia.com)

### 13. General Shareholder Information

#### 13.1 Annual General Meeting:

- Date and Time : Friday, 29th July, 2016, at 11:15 a.m.
- Venue : Sir Sayajirao Nagargruh, Akota, Vadodara - 390 020, Gujarat.

#### 13.2 Financial Calendar (tentative)

- : Results for quarter ending 30th June, 2016– Last week of July, 2016.
- : Results for quarter ending 30th September, 2016– Last week of October, 2016 / First week of November, 2016.
- : Results for quarter ending 31st December, 2016– Last week of January, 2017/ First week of February, 2017
- : Audited Results for year ended 31st March, 2017– First or Second week of May, 2017.

#### 13.3 Details of Book Closure For Equity Shareholders

- : Saturday, 23rd July, 2016 to Friday 29th July, 2016 (both days inclusive).

#### 13.4 Dividend Payment Date

- : N.A.

#### 13.5 (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 2016-17 have been paid, within the stipulated time, to BSE Limited and National Stock Exchange of India Ltd, where the Company's Equity Shares continue to be listed.

#### 13.6 Stock Code:

##### Equity Shares

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

**532872**  
**SPARC**

**ISIN No.**  
**INE232I01014**

#### 13.7 Market Price Data

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

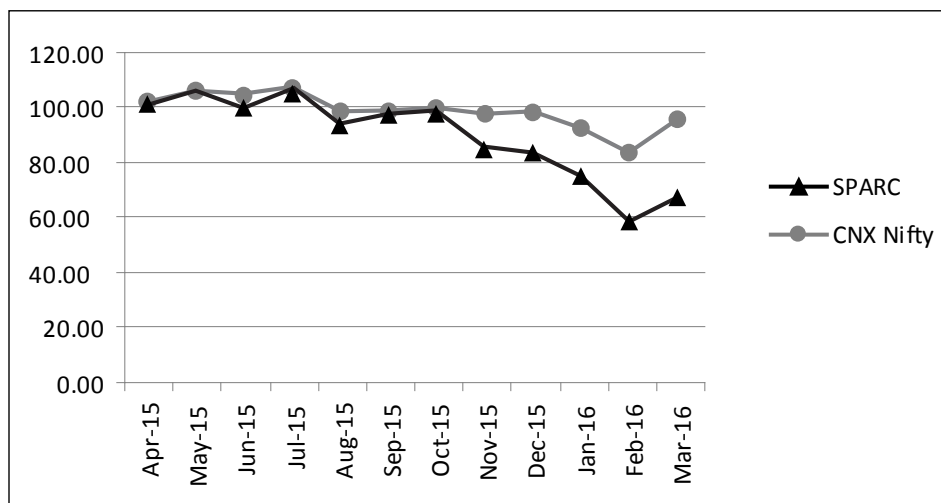
Equity Shares of ₹ 1/- each:

	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 2015	522.75	388.85	522.50	388.55
May 2015	425.15	376.05	425.45	375.70
June 2015	417.65	368.00	418.45	368.60
July 2015	441.75	395.95	442.30	396.85
August 2015	432.95	371.85	432.75	371.60
September 2015	387.15	348.15	388.20	348.70
October 2015	401.40	374.50	401.85	374.75
November 2015	392.35	339.30	393.30	339.05
December 2015	368.35	340.30	368.15	339.75
January 2016	336.95	263.60	336.55	264.25
February 2016	310.35	248.15	310.65	247.50
March 2016	299.30	263.60	299.10	263.85

(Source: BSE and NSE website)

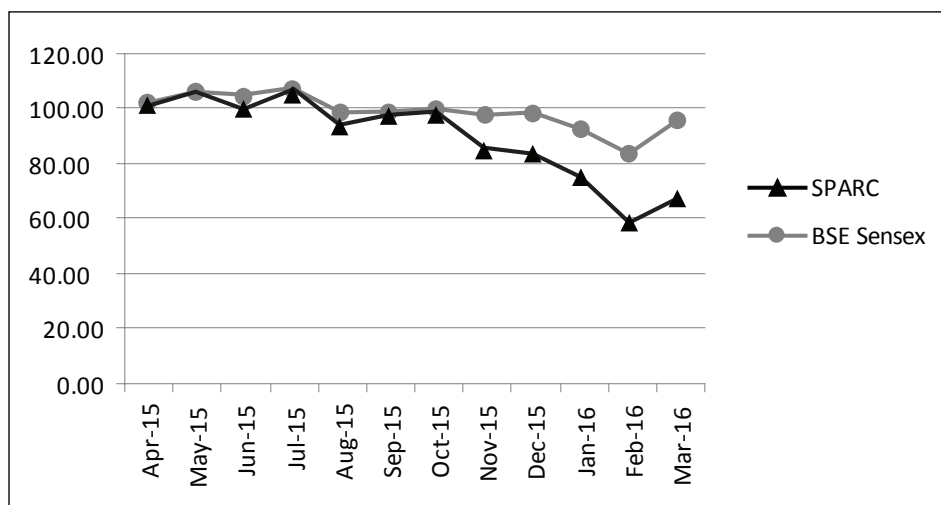
### 13.8 Share price performance in comparison to broad-based indices – BSE Sensex and NSE Nifty:

(a) SPARC share price performance versus CNX Nifty



(Source: NSE website)

(b) SPARC share price performance versus BSE Sensex



(Source: BSE website)

### 13.9 Registrars & Transfer Agent

(To handle 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](mailto:sparc@linkintime.co.in)  
[rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Tel: 022-25946970-78, Fax : 022- 25946969

### 13.10 Share Transfer System

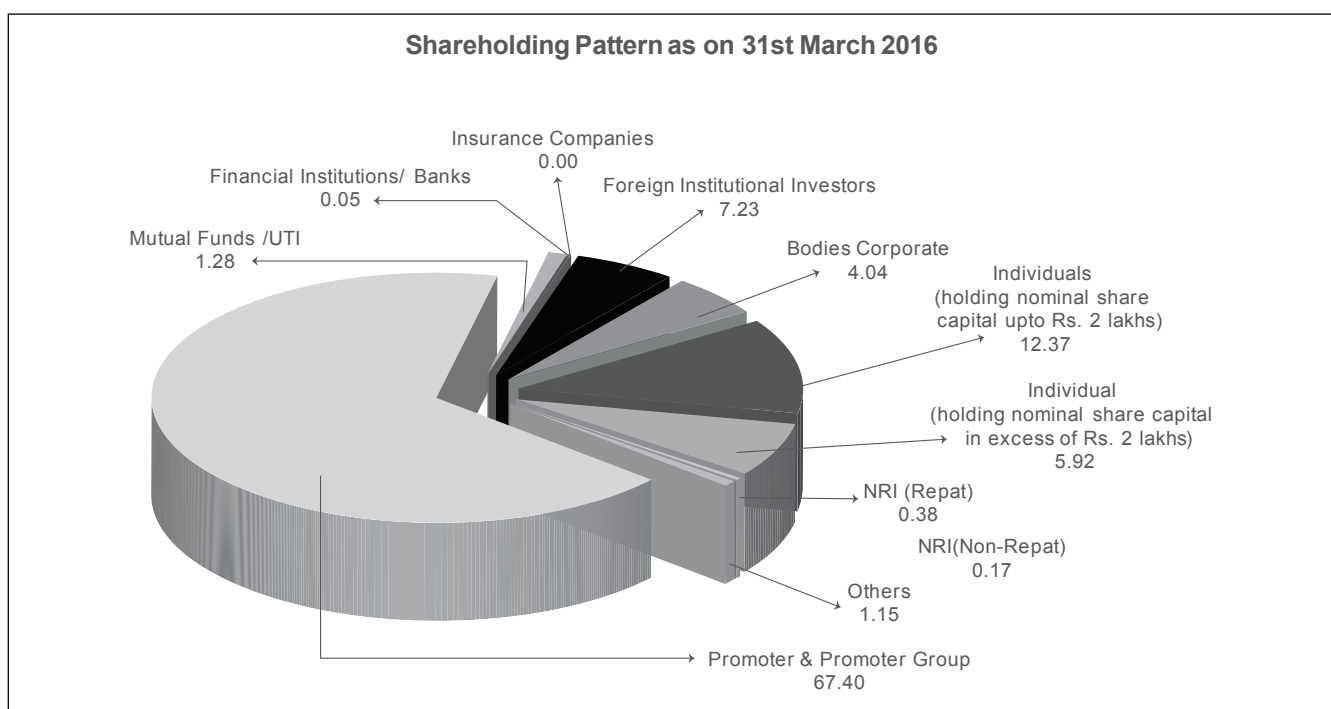
Presently, the share transfers which are received in physical form are processed and transferred by Registrar and Share Transfer Agents and the share certificates are returned within a period of 15 to 16 days from the date of receipt, subject to the documents being valid and complete in all respects 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.

### 13.11 Distribution of Shareholding as on 31st March, 2016

No. of Equity Shares held	No. of Accounts		Shares of face value ₹ 1/- each	
	Numbers	% to total accounts	Numbers	% to total shares
Upto 500	82109	88.54	8388755	3.54
501 - 1000	4597	4.96	3571215	1.51
1001 - 2000	3726	4.02	5198768	2.20
2001 - 3000	804	0.87	2049170	0.87
3001 - 4000	309	0.33	1101526	0.46
4001 - 5000	269	0.29	1261006	0.53
5001 - 10000	436	0.47	3183659	1.35
10001 and above	485	0.52	211933255	89.54
<b>Total</b>	<b>92735</b>	<b>100.00</b>	<b>236687354</b>	<b>100.00</b>

**13.12 Shareholding Pattern of the Company as on 31st March, 2016**

Particulars	No. of Shares	Percentage
Promoter & Promoter Group	159526730	67.40%
Mutual Funds /UTI	3040970	1.28%
Financial Institutions/ Banks	129096	0.05%
Insurance Companies	0	0.00%
Foreign Portfolio Investors	17114067	7.23%
Bodies Corporate	9558721	4.04%
Individuals (holding nominal share capital upto ₹ 1 lakh)	29283365	12.37%
Individual (holding nominal share capital in excess of ₹ 1 lakh)	14018524	5.92%
NRI (Repat)	900956	0.38%
NRI(Non-Repat)	390563	0.17%
Others	2724362	1.15%
<b>Total</b>	<b>236687354</b>	<b>100.00%</b>





### 13.13 Dematerialization of Shares

Out of the total share capital, 23,54,68,028 equity shares of the Company representing about 99.48% of the total equity shares of the Company are held in dematerialized mode as on 31st March, 2016.

#### Liquidity:

The equity shares of the Company 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 2015-2016 is given below:

	NSE	BSE	NSE + BSE
No. of share (in Thousands)	618.21	202.30	820.51
Value of shares (₹ Millions)	245.31	79.91	325.22

(Source: BSE and NSE website)

### 13.14 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.

### 13.15 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.

### 13.16 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, KantilalMagamlal 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.

secretarial@sparcmail.com

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

- (c) Any query on Annual Report

#### Mr. Narendra Lakkad

#### Mr. Debashis Dey

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

narendra.lakkad@sparcmail.com

debashis.dey@sparcmail.com

secretarial@sparcmail.com

#### For and on behalf of the Board of Directors

#### DILIP S. SHANGHVI

Chairman & Managing Director

Mumbai, 6th May, 2016

## **ANNEXURE TO CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31st MARCH, 2016**

### **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: 6<sup>th</sup> May, 2016

# INDEPENDENT AUDITOR'S CERTIFICATE

TO THE MEMBERS OF  
SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED

1. We have examined the compliance of conditions of the Corporate Governance by **SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED** ("the Company"), for the year ended on March 31, 2016, as stipulated in:
  - Clause 49 [excluding clause 49(VII)(E)] of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
  - Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
  - Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
  - Regulations 17 to 27 [excluding regulation 23(4)] and clauses (b) to (i) of Regulation 46(2) and paras C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements and Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paras C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. 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)

Rajesh K. Hiranandani  
Partner  
(Membership No. 36920)

Place: Mumbai  
Date: May 06, 2016

# INDEPENDENT AUDITOR'S 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 2016, 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 Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to 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 principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, 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.

#### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order under section 143 (11) of the Act.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. 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 financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, 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 on the financial statements.

#### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements 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, of the state of affairs of the Company as at 31st March 2016, and its loss and its cash flows for the year ended on that date.

#### Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:
  - a) We have sought and 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 aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
  - e) On the basis of the written representations received from the directors as on 31st March 2016 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2016 from being appointed as a director in terms of Section 164 (2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
    - i. The financial statements disclose the impact of pending litigations on the financial position of the Company - Refer Notes 24(i) (b) and (c) to the financial statements;
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
    - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

**Rajesh K. Hiranandani**

Partner

(Membership No. 36920)

Place: Mumbai

Date: 6th May 2016

## **ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT** **(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

### **Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of **SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED** ("the Company") as of 31st March 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

### **Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("the ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

### **Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Act, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls,

material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March

2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Deloitte Haskins & Sells LLP**

Chartered Accountants

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

**Rajesh K. Hiranandani**

Partner

Place: Mumbai

Date: 6th May 2016

(Membership No. 36920)



## ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT (Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us in respect of title deeds of immovable property based on the examination of the High Court Order for Demerger dated 28th March 2007, provided to us, we report the following:
- (ii) According to the information and explanation given to us and having regard to the nature of the Company's business, the Company does not have any inventories during the year 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 and discrepancies noticed on physical verification were material, does not arise.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013 ("the Act").
- (iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause 3(iv) of the Companies (Auditor's Report) order, 2016 ("the CARO 2016") is not applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit and the provisions of Sections 73 to 76 of the Act, are not applicable and hence reporting under clause 3(v) of CARO 2016 is also not applicable.
- (vi) In respect of maintenance of Cost records under section 148 (1) of the Act, having regard to the nature of the Company's business / activities, reporting under clause 3(vi) of the CARO 2016 is not applicable.
- (vii) 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, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. Having regard to the nature of the Company's business / activities, statutory dues in respect of Excise duty are not applicable to the Company.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31st March 2016 for a period of more than six months from the date they became payable.

Particulars of building	Gross Block (as at 31st March, 2016) Rs. in Lakhs	Net Block (as at 31st March, 2016) Rs. in Lakhs	Remarks
R&D buildings located at Tandalja, Vadodara (Gujrat) admeasuring 9601.82m <sup>2</sup>	1,838.21	1,535.52	The buildings were transferred (pending registration) to the Company pursuant to a scheme of arrangement in the nature of demerger and transfer of Innovative Research and Development business of Sun Pharmaceutical Industries Limited under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Court of Gujarat. The agreements are in the name of Sun Pharmaceutical Industries Limited.
R&D building located at Mahakali Caves Road, Andheri, Mumbai admeasuring 1041.29m <sup>2</sup>	285.99	228.87	

- (c) Details of dues of Income-tax, Value Added Tax and Sales Tax which have not been deposited as on 31st March 2016 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs. in lakhs)	Amount Paid under protest (Rs. in Lakhs)	Amount Unpaid (Rs. in lakhs)
The Income Tax Act, 1961	Income Tax and Interest	Commissioner of Income Tax (Appeals)	Assessment Year 2011-12	1,812.00	907.58	904.42
Central Sales Tax, 1956	Central Sales Tax, Interest and Penalty	Commercial Tax Department-Vadodara	Assessment Year 2011-12	29.84	6.00	23.84

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans to banks and government. The Company has not taken any borrowings from financial institutions and has not issued any debentures.
- (ix) In our opinion and according to the information and explanations given to us, the Company has utilised the term loans for the purposes for which they were obtained. The Company has not raised moneys by way of initial public offer/ further public offer (including debt instruments).
- (x) 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 by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us, the Company has not paid managerial remuneration and the provisions of section 197 read with Schedule V to the Act, are not applicable and hence reporting under clause (xi) of CARO 2016 is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause 3(xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us, the Company is in compliance with Sections 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, and hence reporting under clause 3(xvi) of the CARO 2016 is not applicable.

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

Place: Mumbai  
Date: 6th May 2016

**Rajesh K. Hiranandani**  
Partner  
(Membership No. 36920)

# BALANCE SHEET

as at 31st March, 2016

₹ in Lakhs

	Note	As at 31st March, 2016		As at 31st March, 2015	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	2,366.97		2,366.83	
Reserves and Surplus	2	623.30	2,990.27	7,613.03	9,979.86
Share Application Money Pending Allotment			189.97		-
<b>Non-current Liabilities</b>					
Long-term Borrowings	3	272.61		327.14	
Deferred Tax Liabilities (Net)	4	-		-	
Other Long-term Liabilities	5	-		7.86	
Long-term Provisions	6	329.60	602.21	237.33	572.33
<b>Current Liabilities</b>					
Short-term Borrowings	7	5,247.62		39.55	
Trade Payables					
(a) total outstanding dues of Micro Enterprises and Small Enterprises (Refer Note 32)		-		-	
(b) total outstanding dues of creditors other than Micro Enterprises and Small Enterprises		5,815.11		2,701.07	
Other Current Liabilities	8	1,208.55		897.51	
Short-term Provisions	9	212.28	12,483.56	76.65	3,714.78
<b>TOTAL</b>			16,266.01		14,266.97
<b>ASSETS</b>					
<b>Non-current Assets</b>					
<b>Fixed Assets</b>					
Tangible Assets	10	6,995.64		6,679.11	
Capital Work-in-Progress		87.30		2.41	
		7,082.94		6,681.52	
Long-term Loans and Advances	11	2,403.65		1,262.30	
Other Non-current Assets	12	120.32	9,606.91	29.68	7,973.50
<b>Current Assets</b>					
Trade Receivables	13	915.96		1,988.68	
Cash and Cash Equivalents	14	1,274.85		1,734.41	
Short-term Loans and Advances	15	4,409.10		2,542.52	
Other Current Assets	16	59.19	6,659.10	27.86	6,293.47
<b>TOTAL</b>			16,266.01		14,266.97
See accompanying notes forming part of the Financial Statements	1-42				

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

For and on behalf of the Board  
**DILIP S. SHANGHVI**  
Chairman & Managing Director

**RAJESH K. HIRANANDANI**  
Partner  
Mumbai, 6th May, 2016

**DEBASHIS DEY**  
Company Secretary

**SUDHIR V. VALIA**  
Director and Chief Financial Officer  
Mumbai, 6th May, 2016

# STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2016

₹ in Lakhs

	Note	Year ended 31st March, 2016	Year ended 31st March, 2015
Revenue from Operations	17	16,128.24	15,573.75
Other Income	18	293.67	303.40
<b>Total Revenue</b>		<b>16,421.91</b>	<b>15,877.15</b>
<b>Expenses</b>			
Cost of Materials Consumed	19	1,886.81	1,009.65
Employee Benefits Expense	20	5,660.32	4,579.27
Clinical Trials and Professional Charges		11,954.50	11,104.68
Finance Costs	21	215.69	21.83
Depreciation Expense	10	757.86	723.96
Other Expenses	22	2,945.93	2,389.76
<b>Total Expenses</b>		<b>23,421.11</b>	<b>19,829.15</b>
<b>Loss Before Tax</b>		<b>6,999.20</b>	<b>3,952.00</b>
Tax Expense - Current Tax		-	-
<b>Loss for the Year</b>		<b>6,999.20</b>	<b>3,952.00</b>
<b>Earnings per Share</b>			
Basic and Diluted (₹)	34	(2.96)	(1.67)
Face Value per Equity Share - ₹ 1			
<b>See accompanying notes forming part of the Financial Statements</b>	<b>1-42</b>		

In terms of our report attached  
For **Deloitte Haskins & Sells LLP**  
Chartered Accountants

For and on behalf of the Board  
**DILIP S. SHANGHVI**  
Chairman & Managing Director

**RAJESH K. HIRANANDANI**  
Partner  
Mumbai, 6th May, 2016

**DEBASHIS DEY**  
Company Secretary

**SUDHIR V. VALIA**  
Director and Chief Financial Officer  
Mumbai, 6th May, 2016

# CASH FLOW STATEMENT

for the year ended 31st March, 2016

₹ in Lakhs

Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>A. Cash Flow From Operating Activities:</b>		
Loss before Tax	6,999.20	3,952.00
<u>Adjustments for:</u>		
Depreciation Expense	(757.86)	(723.96)
Loss on Fixed Assets sold/Discedred	(13.64)	(2.39)
Finance Costs	(215.69)	(21.83)
Interest Income	73.16	275.91
Gain on Sale of Current Investments	5.28	22.38
Amortisation of Share Issue Expenses	(27.86)	(27.86)
Unrealised Foreign Exchange Gain (Net)	11.91	4.49
	(924.70)	(473.26)
<b>Operating Loss Before Working Capital Changes</b>	<b>6,074.50</b>	<b>3,478.74</b>
<b><u>Changes in Working Capital:</u></b>		
Adjustment for Increase / (Decrease) in Operating Assets:		
- Long-term Loans and Advances	(311.09)	297.27
- Trade Receivables	(1,075.77)	(811.48)
- Short-term Loans and Advances	1,866.58	1,048.61
- Other Current Assets	-	(225.23)
Adjustment for (Increase) / Decrease in Operating Liabilities:		
- Long-term Provisions	(92.27)	(89.65)
- Trade Payables	(3,110.65)	273.40
- Other Current Liabilities	(181.75)	(106.39)
- Short-term Provisions	(135.63)	(12.30)
	(3,040.58)	374.23
Net Cash used in Operations	3,033.92	3,852.97
Net Income Tax paid	1,387.24	263.85
<b>Net Cash Flow used in Operating Activities (A)</b>	<b>4,421.16</b>	<b>4,116.82</b>
<b>B. Cash Flow From Investing Activities :</b>		
Capital Expenditure on Fixed Assets including Capital Advances	1,232.83	809.49
Proceeds from Sale of Fixed Assets	(52.09)	(18.47)
Bank Balances not considered as Cash and Cash Equivalents		
- Margin Money Deposits placed	667.88	652.55
- Margin Money Deposits matured	(653.93)	(635.91)
- In Escrow Account (Share Application Money Pending Allotment)	189.97	-
Inter Corporate Deposits matured	-	(5,000.00)
Current Investments not considered as Cash and Cash Equivalents		
- Purchased	1,680.00	3,850.00
- Proceeds from sale	(1,685.28)	(4,522.40)
Interest Received on Bank Deposits and Others	(71.44)	(435.14)
<b>Net Cash Flow used in / (from) Investing Activities (B)</b>	<b>1,307.94</b>	<b>5,299.88</b>

₹ in Lakhs		
Particulars	Year ended 31st March, 2016	Year ended 31st March, 2015
<b>C. Cash Flow From Financing Activities:</b>		
Repayment of Long-term Borrowings	54.52	54.52
Net (Increase) / Decrease in Working Capital	(308.07)	42.81
Borrowings from a Bank		
Proceeds from Short-term Borrowings	(4,900.00)	-
Expense towards Rights Issue	148.04	-
Proceeds from calls received on Issue of Equity Shares on Rights basis	(9.65)	(2.03)
Proceeds from share Application Money Pending Allotment	(189.97)	-
Finance Costs	150.40	30.64
<b>Net Cash Flow (from) / used in Financing Activities (C)</b>	<b>(5,054.73)</b>	<b>125.94</b>
<b>Net Decrease / (Increase) in Cash and Cash Equivalents (A+B+C)</b>	<b>674.37</b>	<b>(1,057.12)</b>
Cash and Cash equivalents at the beginning of the year	1,063.42	0.95
Effect of Exchange Differences on Restatement of Foreign Currency Cash and Cash Equivalents	10.96	5.35
<b>Cash and Cash equivalents at the end of the year (Refer Note 14)</b>	<b>400.01</b>	<b>1,063.42</b>

**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 specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act").
- Rights issue of the Company comprising 102,04,081 (one crore two lakhs four thousand eighty one) equity shares of ₹ 1/- each at a price of ₹ 245/- (including premium of ₹ 244/- each) per equity share aggregating to ₹ 25,000 lakhs to its existing equity shareholders was made open for subscription on March 28, 2016 and concluded on April 13, 2016. The Share application money pending allotment received upto March 31, 2016 is held in escrow account. The Company has allotted aforesaid shares on April 27, 2016.
- Previous year's figure have been regrouped / reclassified wherever necessary and rounded off to Lakhs with two decimal points to correspond with the current year's classification / disclosure.

**See accompanying notes forming part of the Financial Statements 1-42**

In terms of our report attached  
 For **Deloitte Haskins & Sells LLP**  
 Chartered Accountants

For and on behalf of the Board  
**DILIP S. SHANGHVI**  
 Chairman & Managing Director

**RAJESH K. HIRANANDANI**  
 Partner  
 Mumbai, 6th May, 2016

**DEBASHIS DEY**  
 Company Secretary

**SUDHIR V. VALIA**  
 Director and Chief Financial Officer  
 Mumbai, 6th May, 2016

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

	As at 31st March, 2016		As at 31st March, 2015	
	Number of Equity Shares	₹ in Lakhs	Number of Equity Shares	₹ in Lakhs
<b>1 Share Capital</b>				
<b>Authorised</b>				
Equity Shares of ₹ 1 each	266,500,000	2,665.00	266,500,000	2,665.00
	266,500,000	2,665.00	266,500,000	2,665.00
<b>Issued, Subscribed and Fully Paid Up (Refer Note 26)</b>				
Equity Shares of ₹ 1 each	236,687,354	2,366.87	236,704,447	2,367.04
Less: Calls unpaid		-		0.21
Add : Amount Paid upon 17,093 Equity Shares Forfeited @ ₹ 0.60 each		0.10		-
		2,366.97		2,366.83

	As at 31st March, 2016		As at 31st March, 2015	
	₹ in Lakhs			
<b>2 Reserves and Surplus</b>				
<b>Securities Premium Account</b>				
Opening Balance	19,514.10		19,512.14	
Add : Premium on calls paid (Refer Note 26 (iv) & (v))	9.47		1.96	
Closing Balance	19,523.57		19,514.10	
<b>General Reserve</b>				
As per Last Balance Sheet	3,397.66		3,397.66	
<b>Deficit in Statement of Profit and Loss</b>				
Opening Balance	15,298.73		11,346.73	
Add : Loss for the Year	6,999.20		3,952.00	
Closing Balance	22,297.93		15,298.73	
	623.30		7,613.03	

<b>3 Long-term Borrowings</b>				
Term Loan from Department of Science and Technology (DST), Government of India under the "Drug and Pharmaceutical Research Program" (Unsecured)				
[Repayable in 6 (Previous Year 7) Annual Installments of ₹ 54.52 Lakhs each. Last installment is due on 1st September, 2021]. For the current maturities of long term debt refer Note 8 Other Current Liabilities.	272.61		327.14	
	272.61		327.14	

<b>4 Deferred Tax Liabilities (Net)</b>				
<b>Deferred Tax Liability</b>				
Depreciation on Fixed Assets	2,189.00		2,061.80	
Less :				
<b>Deferred Tax Assets</b>				
Provision for Employee Benefits	187.53		108.71	





# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

₹ in Lakhs

	As at 31st March, 2016	As at 31st March, 2015
Unabsorbed Business Losses / Capital Expenditure (unabsorbed depreciation) (Restricted to the extent of deferred tax liability on depreciation on account of uncertainty of future taxable income) (Refer Note 30)	2,001.47	1,953.09
	2,189.00	2,061.80
	-	-
<b>5 Other Long-term Liabilities</b>		
Interest Accrued but not due on borrowings	-	7.86
	-	7.86
<b>6 Long-term Provisions</b>		
Provision for Employee Benefits - Compensated Absences	329.60	237.33
	329.60	237.33
<b>7 Short-term Borrowings</b>		
Loans Repayable on Demand		
From Banks		
Bank Overdraft Facility (Unsecured)	220.11	-
Cash Credit Facility (Secured by Lien on Margin Money Deposits)	127.51	39.55
	347.62	39.55
From Others		
Unsecured Loan	4,900.00	-
	5,247.62	39.55
<b>8 Other Current Liabilities</b>		
Current Maturities of Long-term Debt - Unsecured Term Loan from DST	54.52	54.52
Interest Accrued but not Due on Borrowings	13.58	14.54
Interest Payable	74.12	-
Unclaimed excess Share Application Money	1.24	1.20
Other Payables		
Statutory Remittances	564.44	231.90
Payables on Purchase of Fixed Assets	124.32	66.94
Contractually Reimbursable Expenses	-	492.01
Security Deposits Received	53.30	36.40
Advances from Customers	323.03	-
	1,065.09	827.25
	1,208.55	897.51

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

₹ in Lakhs

	As at 31st March, 2016	As at 31st March, 2015
<b>9 Short-term Provisions</b>		
Provision for Employee Benefits		
Provision for Compensated Absences	119.84	76.65
Provision for Gratuity	92.44	-
	212.28	76.65

## 10 Fixed Assets

₹ in Lakhs

Description of Assets	Gross Block (At Cost)			Accumulated Depreciation				Net Block		
	As at 1st April, 2015	Additions during the year	Deductions during the Year	As at 31st March, 2016	As at 1st April, 2015	For the year	Deductions during the Year	As at 31st March, 2016	As at 31st March, 2016	As at 31st March, 2015
<b>Owned Assets</b>										
<b>Tangible Assets</b>										
Buildings*	2,124.20	-	-	2,124.20	324.29	35.53	-	359.82	1,764.38	1,799.91
	(2,122.58)	(1.62)	-	(2,124.20)	(288.79)	(35.50)	-	(324.29)	(1,799.91)	(1,833.79)
Plant and Equipment	7,061.76	1,033.77	75.18	8,020.35	2,477.83	656.30	20.79	3,113.34	4,907.01	4,583.93
	(6,200.55)	(861.29)	(0.08)	(7,061.76)	(1,848.17)	(629.67)	(0.01)	(2,477.83)	(4,583.93)	(4,352.38)
Furniture and Fixtures	105.52	20.86	-	126.38	45.39	12.08	-	57.47	68.91	60.13
	(99.19)	(6.33)	-	(105.52)	(32.03)	(13.36)	-	(45.39)	(60.13)	(67.16)
Vehicles	346.04	85.49	20.80	410.73	110.90	53.95	9.46	155.39	255.34	235.14
	(275.73)	(105.86)	(35.55)	(346.04)	(80.24)	(45.43)	(14.77)	(110.90)	(235.14)	(195.49)
<b>TOTAL</b>	<b>9,637.52</b>	<b>1,140.12</b>	<b>95.98</b>	<b>10,681.66</b>	<b>2,958.41</b>	<b>757.86</b>	<b>30.25</b>	<b>3,686.02</b>	<b>6,995.64</b>	<b>6,679.11</b>
Previous Year	(8,698.05)	(975.10)	(35.63)	(9,637.52)	(2,249.23)	(723.96)	(14.78)	(2,958.41)	(6,679.11)	

\*Pending registration

Previous Year figures are in brackets



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

₹ in Lakhs

	As at 31st March, 2016	As at 31st March, 2015
<b>11 Long-term Loans and Advances</b>		
(Unsecured - Considered Good)		
Capital Advances	75.47	10.27
Advances for Supply of Goods and Services	-	302.92
Loans and Advances to Employees	71.12	76.74
Prepaid Expenses	5.08	7.63
Security Deposits	0.11	0.11
Advance Income Tax [Net of Provisions ₹ 400.00 Lakhs (Previous Year ₹ 400.00 Lakhs)]	2,251.87	864.63
	<b>2,403.65</b>	<b>1,262.30</b>
<b>12 Other Non-current Assets</b>		
Unamortised Share Issue Expenses	118.43	27.86
Balances held as Margin Money with Bank against Guarantees	1.89	1.82
	<b>120.32</b>	<b>29.68</b>
<b>13 Trade Receivables</b>		
(Unsecured – Considered Good)		
Outstanding for a period exceeding six months from the date they are due for payment	18.19	4.37
Other Trade Receivables	897.77	1,984.31
	<b>915.96</b>	<b>1,988.68</b>
<b>14 Cash and Cash Equivalents</b>		
<b>Balances that meet the definition of Cash and Cash Equivalent as per AS 3 - Cash Flow Statements</b>		
Cash on Hand	0.39	1.55
Balances with Banks		
In Current Accounts	21.56	321.55
In EEFC Accounts	378.06	740.32
	<b>399.62</b>	<b>1,061.87</b>
	<b>400.01</b>	<b>1,063.42</b>
<b>Other Bank balances</b>		
Fixed deposit [includes ₹ 294.42 lakhs (Previous Year ₹ 291.51 Lakhs) towards Margin Money against Guarantees]	683.72	669.84
In Earmarked Accounts		
- Share Application money pending allotment	189.97	-
- Share Application money refund account	1.15	1.15
	<b>1,274.85</b>	<b>1,734.41</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

₹ in Lakhs

	As at 31st March, 2016	As at 31st March, 2015
<b>15 Short-term Loans and Advances</b>		
(Unsecured – Considered Good)		
Loans and Advances to Employees	88.28	92.17
Security Deposit	125.00	-
Prepaid Expenses	74.56	115.40
Balances with Government Authorities	3,456.09	2,173.13
Advances for Supply of Goods and Services	665.17	161.82
	<b>4,409.10</b>	<b>2,542.52</b>
<b>16 Other Current Assets</b>		
(Unsecured – Considered Good)		
Unamortised Share Issue Expenses	57.47	27.86
Interest Accrued but not due on Fixed Deposits	1.72	-
	<b>59.19</b>	<b>27.86</b>
<b>17 Revenue from Operations</b>		
Sale of Products - Technology / Know-how	-	291.22
Sale of Services - License Fees / Royalty on Technology / R&D Services	16,128.24	15,282.53
	<b>16,128.24</b>	<b>15,573.75</b>
<b>18 Other Income</b>		
Interest on:		
Deposits with Banks	57.17	58.60
Inter Corporate Deposits	-	197.09
Loans and Advances to Employees	12.90	10.22
Income Tax Refund	0.40	10.00
Others	2.69	-
	<b>73.16</b>	<b>275.91</b>
Gain on Sale of Current Investments	5.28	22.38
Insurance Claims	-	5.10
Miscellaneous Income (Refer note 40 )	215.23	0.01
	<b>293.67</b>	<b>303.40</b>
<b>19 Cost of Materials Consumed</b>		
R&D Materials Consumed	1,886.81	1,009.65
	<b>1,886.81</b>	<b>1,009.65</b>
<b>20 Employee Benefits Expense</b>		
Salaries and Wages	4,660.52	3,923.75
Contribution to Provident and Other Funds	493.57	263.82
Staff Welfare Expenses	506.23	391.70
	<b>5,660.32</b>	<b>4,579.27</b>



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

₹ in Lakhs

	As at 31st March, 2016	As at 31st March, 2015
<b>21 Finance Costs</b>		
Interest on:		
Borrowings	214.53	21.83
Others	1.16	-
	215.69	21.83
<b>22 Other Expenses</b>		
Consumption of Stores and Spare Parts	203.12	358.66
Power and Fuel	449.23	478.01
Rates and Taxes	42.99	14.11
Rent (Refer Note 37)	12.23	12.12
Insurance	24.09	31.25
Repairs		
Building	21.57	13.85
Machinery	309.33	215.96
Others	15.18	18.76
Printing and Stationery	28.30	37.95
Travelling and Conveyance	472.42	367.15
Professional Fees	264.42	147.17
Communication	49.62	43.21
Loss on Fixed Assets Sold / Discarded	13.64	2.39
License and Fees	149.63	96.56
Labour Charges	205.84	178.98
Maintenance Charges	38.23	27.54
Membership Fees and Subscription	22.83	18.69
Net Loss on Foreign Currency Transactions and Translation	20.94	10.17
Payments to Auditors (Net of Service Tax)		
As Auditors	12.50	8.00
For Other Services	4.50	3.00
Reimbursement of Expenses	0.66	0.15
Software Expenses	111.31	24.94
Amortisation of Share Issue Expenses	27.86	27.86
Miscellaneous Expenses	445.49	253.28
	2,945.93	2,389.76

## 23 Significant Accounting Policies

### i Basis of Preparation of Financial Statements

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

## ii Use of Estimates

The preparation 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 (Tangible Assets)

Fixed Assets are stated at historical cost less accumulated depreciation thereon and impairment losses, if any. Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value. Depreciation on fixed assets has been provided on the Straight Line Method as per the useful life prescribed in Schedule II to the Companies Act, 2013. Assets costing ₹ 5,000/- or less are charged off as expense in the year of purchase. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

## iv Leases

Lease arrangements where risk and rewards incidental to ownership of the asset substantially vest with lessor are recognised as operating lease. Lease rental for assets taken on operating lease are recognised in the Statement of Profit and Loss on a straight line basis over the period of lease.

## 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 or where 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, Service 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 the value of such investments.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

## viii Foreign Currency Transactions and Translation

### Initial recognition

Transactions in foreign currencies entered into by the Company are accounted at the exchange rate prevailing on the date of the transaction or at rate that closely approximate the rate at the date of the transaction.

### Measurement at the balance sheet date

Foreign currency monetary items (other than derivative contracts) of the Company, outstanding at the balance sheet date are restated at the year-end rates. Non-monetary items of the Company are carried at historical cost.

### Accounting for forward contracts

Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortised over the period of the contracts if such contracts relate to monetary items as at the balance sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

## ix Derivative Contracts

Derivative contracts in the nature of currency forward contracts with an intention to hedge existing assets and liabilities are accounted as per the policy stated for Foreign currency transactions and translation.

All other derivative contracts entered into for hedging the future foreign currency fluctuation risk are accounted for on the principles of prudence as enunciated in Accounting Standard 1. Pursuant to this, losses if any on mark to market basis are recognised in Statement of Profit and Loss.

## x Government Grants / Subsidies

Government grants are accounted when there is reasonable assurance that the Company 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 accounting income that originate in one period and are capable of being reversed in one or more subsequent period 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

Employee benefits include provident fund, employee state insurance scheme, gratuity and compensated absences

### Defined contribution plans

The Company's contribution to provident fund and employee state insurance scheme are considered as defined contribution plans and are charged as an expense based on the amount of contribution required to be made and when services are rendered by the employees



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

## Long-term employee benefits

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related service are recognised as a liability at the present value of the defined benefit obligation as at the balance sheet date ascertained on actuarial basis by an independent valuer and provided as per Company's rules.

## Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

## Gratuity

With respect to gratuity liability, Company contributes to LIC under Employee Group Gratuity Scheme. The cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested.

## **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 uncertain 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.

## **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.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

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

	As at 31st March, 2016	As at 31st March, 2015
	₹ in Lakhs	₹ in Lakhs
<b>i Contingent Liabilities</b>		
a) Guarantees given by the bankers against custom licenses	187.99	173.96
b) Disputed demands by Income Tax Authorities *	1,812.00	1,812.11
c) Disputed demands by Sales Tax Authorities *	29.84	51.15
* Amount paid under protest is classified under Short Term Loans & Advances	913.59	6.30

Future cash outflows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/authorities. The Company does not expect the outcome of the matters stated above to have material adverse impact on the Company's financial condition, results of operation or cash flows. The Company doesn't envisage any likely reimbursement in respect of the above.

	As at 31st March, 2016	As at 31st March, 2015
	₹ in Lakhs	₹ in Lakhs
<b>ii Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	61.67	117.29

## 25 Status of Utilisation of rights issue proceeds:

Particulars	Total Projected utilisation	Projected utilisation up to 31.03.2016	Actual utilisation upto 31.03.2016	Projected utilisation for the year 31.03.2016	Actual utilisation for the year ended 31.03.2016
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Any Research and Development activities / expenses *	10,316.20	10,316.20	10,311.58	14.22	9.60
	(10,316.20)	(10,316.20)	(10,301.98)	(5,158.70)	(5,159.78)
Repayment of identified loans availed from Group Entities	6,100.00	6,100.00	6,100.00	-	-
	(6,100.00)	(6,100.00)	(6,100.00)	-	-
General corporate purposes	3,255.80	3,255.80	3,255.80	-	-
	(3,255.80)	(3,255.80)	(3,255.80)	-	-
Issue expenses	152.00	152.00	152.00	-	-
	(152.00)	(152.00)	(152.00)	-	-
Funds utilised	19,824.00	19,824.00	19,819.38	14.22	9.60
	(19,824.00)	(19,824.00)	(19,809.78)	(5,158.70)	(5,159.78)
Calls unpaid	-	-	-	-	-
Shares Forfeited due to non-payment of call money			4.62		4.62
<b>Total</b>	<b>19,824.00</b>	<b>19,824.00</b>	<b>19,824.00</b>	<b>14.22</b>	<b>14.22</b>
<b>Total</b>	<b>(19,824.00)</b>	<b>(19,824.00)</b>	<b>(19,809.78)</b>	<b>(5,158.70)</b>	<b>(5,159.78)</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

\* 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.

Previous year figures are in brackets.

## 26 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, 2016		As at 31st March, 2015	
	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%

### 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, 2016		As at 31st March, 2015	
	No. of Equity Shares held	₹ in Lakhs	No. of Equity Shares held	₹ in Lakhs
Opening Balance	236,704,447	2,366.83	236,704,447	2,366.80
Add: Unpaid Call received during the year	-	0.14	-	0.03
Less: Shares forfeited during the year	17,093	-	-	-
Closing Balance	236,687,354	2,366.97	236,704,447	2,366.83

iv During the year ended 31st March 2013, 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 NIL (Previous Year 52,677) equity shares, calls have remained unpaid towards equity share capital @ ₹ 0.40 per equity share aggregating to ₹ NIL (Previous Year ₹ 0.21 Lakhs) reduced from Share Capital in Note 1 above and towards securities premium @ ₹ 26.60 per equity share aggregating to ₹ NIL (Previous Year ₹ 14.02 Lakhs).

v During the year, the Company has forfeited 17,093 Equity Shares of ₹ 1 each (paid up amount ₹ 0.60 per share) due to non-payment of call money / which is included in Share Capital in Note 1 above. These shares were originally allotted on October 3, 2012 and the final call money of ₹ 27 per share was outstanding at the time of forfeiture (consisting of ₹ 0.40 per share and ₹ 26.60 per share towards Share Capital and Share Premium respectively).

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

27 During the year ended 31st March 2015, pursuant to the notification of schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company had revised the estimated useful life of some of its assets to align with the useful life with those specified in Schedule II.

## 28 Information Relating to Consumption of Materials

	As at 31st March, 2016		As at 31st March, 2015	
	%	₹ in Lakhs	%	₹ in Lakhs
<b>Imported and indigenous</b>				
R & D Materials Consumed				
Imported	28.17	531.42	27.65	279.12
Indigenous	71.83	1,355.39	72.35	730.53
	100.00	1,886.81	100.00	1,009.65

## 29 Income / Expenditure in Foreign Currency

	Year ended 31st March, 2016	Year ended 31st March, 2015
	₹ in Lakhs	₹ in Lakhs
<b>Income</b>		
Sale of Products - Technology / Know-how	-	245.98
Sale of Services - License Fees / Royalty on Technology / R&D Services	11,852.91	12,228.10
<b>Expenditure</b>		
R & D Materials Consumed (CIF basis)	531.42	278.38
Capital Goods (CIF basis)	851.30	581.80
Clinical Trials and Professional charges	9,914.60	8,868.73
Others	1,131.30	821.63

30 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 ₹ 5,524.85 Lakhs (Previous Year ₹ 4,081.82 Lakhs) in relation to the above has not been recognised in the financial statements 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.

31 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 (₹ 17.49 Lakhs) (Previous Year (₹ 11.27 Lakhs)).

32 Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. There are no outstanding dues to Micro Enterprises and Small Enterprises during the year. Hence, there is no additional disclosure required to be made in this regard.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

## 33 Accounting Standard (AS-17) on Segment Reporting

### i Primary Segment

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

	Year ended 31st March, 2016	Year ended 31st March, 2015
	₹ in Lakhs	₹ in Lakhs
ii Secondary Segment (by Geographical Segment)		
Within India	4,275.33	3,099.67
Outside India	11,852.91	12,474.08
Total Revenue from Operations	16,128.24	15,573.75

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

## 34 Accounting Standard (AS-20) on Earnings Per Share

	Year ended 31st March, 2016	Year ended 31st March, 2015
Loss used as Numerator for calculating Earnings per Share (₹ in Lakhs)	6,999.20	3,952.00
Weighted Average number of Shares used in computing basic and diluted earnings per share	236,685,452	236,681,814
Nominal / Face Value Per Share (in ₹)	1.00	1.00
Basic and Diluted Earnings Per Share (in ₹)	(2.96)	(1.67)

35 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.

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

## 37 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. 22

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

## 38 Details of Unhedged Foreign Currency Exposures

- i During the year Company had not entered into any forward foreign currency contracts.  
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, 2016		As at 31st March, 2015	
	Foreign Currency	₹ in Lakhs Rupee (₹)	Foreign Currency	₹ in Lakhs Rupee (₹)
Amounts receivable in foreign currency :				
US Dollar	10.90	722.47	26.54	1,658.48
Euro	0.10	7.44	-	-
Amounts payable in foreign currency :				
US Dollar	41.01	2,717.35	22.75	1,421.59
AUD	-	-	0.01	0.61
CAD	0.01	0.47	0.01	0.61
CHF	0.10	6.68	0.07	4.77
Euro	1.86	139.97	7.94	533.56
GBP	0.08	7.89	0.02	2.27
JPY	8.45	4.98	2.90	1.51
SEK	-	-	0.45	2.90
NZD	0.00	0.20	0.00	0.20
SGD	0.03	1.30	-	-

## 39 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 ₹ 224.46 Lakhs (Previous Year ₹ 188.21 Lakhs) is included in contribution to Provident and Other funds in Note 20.

	Year ended 31st March, 2016	Year ended 31st March, 2015
	₹ in Lakhs	₹ in Lakhs
Contribution to Provident and Family Pension Fund	222.14	185.14
Contribution to Employees State Insurance Scheme (E.S.I.C.)	0.37	0.90
Contribution to Labour Welfare Fund	0.03	0.03
Contribution to Employee Deposit Linked Insurance (E.D.L.I.)	1.92	2.14

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 ₹ 449.44 Lakhs (Previous Year ₹ 313.98 Lakhs) 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, 2016

## Disclosure In respect of gratuity (Funded):

	31st March, 2016 ₹ in Lakhs	31st March, 2015 ₹ in Lakhs
<b>Reconciliation of liability / (asset) recognised in the Balance sheet</b>		
Present value of commitments (as per Actuarial Valuation)	957.69	656.76
Fair value of plan assets	865.25	692.87
Net liability / (asset) in the Balance sheet	92.44	(36.11)
<b>Movement in net liability / (asset) recognised in the Balance sheet</b>		
Net (asset) / liability as at beginning of the year	(36.11)	(99.00)
Net expense recognised in the Statement of Profit and Loss	266.46	72.89
Contribution during the year	(137.91)	(10.00)
Net liability / (asset) as at the end of the year	92.44	(36.11)
<b>Expense recognised in the Statement of Profit and Loss</b>		
Current service cost	72.68	41.35
Interest cost	52.74	(9.22)
Expected return on plan assets	(55.64)	(59.07)
Actuarial loss	196.68	40.77
Expense charged to the Statement of Profit and Loss	266.46	13.83
<b>Return on plan assets</b>		
Expected return on plan assets	55.64	59.07
Actuarial gain / (loss)	3.27	(2.11)
Actual return on plan assets	58.91	56.96
<b>Reconciliation of defined-benefit commitments</b>		
Commitments as at the beginning of the year	656.76	535.45
Current service cost	72.68	41.35
Interest cost	52.74	49.84
Paid benefits	(24.44)	(8.54)
Actuarial loss	19.94	38.66
Commitments as at the end of the year	777.68	656.76
<b>Reconciliation of plan assets</b>		
Plan assets as at beginning of the year	692.87	634.45
Expected return on plan assets	55.64	59.07
Contributions during the year	137.91	10.00
Paid benefits	(24.44)	(8.54)
Actuarial gain / (loss)	3.27	(2.11)
Plan assets as at the end of the year	865.25	692.87

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.



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

Discount rate	7.56%	8.03%
Expected return on plan assets	7.56%	8.03%
Expected rate of salary increase	10.00%	8.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate
	₹ in Lakhs	
	Year Ended	
	31st March, 2016	31st March, 2015
		31st March, 2014
		31st March, 2013
		31st March, 2012
Experience adjustment		
On plan liabilities - Loss / (Gain)	47.09	(122.27)
On plan assets - Gain / (Loss)	3.27	(2.11)
Present value of benefit obligation	777.68	656.76
Fair value of plan assets	865.25	692.87
Excess of (obligation over plan assets) / plan assets over obligation	92.44	(36.11)

### 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.

- 40 The managerial remuneration paid to the extent of ₹ 199.66 Lakhs during the financial year 2013-14 and ₹ 14.79 Lakhs during the financial year 2014-15 was in excess of the limits approved by the Central Government. In this regard, the Company had made representations to the Central Government providing the rationale for the remuneration paid and seeking its approval for non recovery of the same. Since the Company did not receive any response from Ministry of Corporate Affairs in respect of the above, the Company has recovered the excess remuneration paid from the then Whole-time Director during the year.
- 41 Rights issue of the Company comprising 102,04,081 (one crore two lakhs four thousand eighty one) equity shares of ₹ 1/- each at a price of ₹ 245/- (including premium of ₹ 244/- each) per equity share aggregating to ₹ 25,000 lakhs to its existing equity shareholders was made open for subscription on March 28, 2016 and concluded on April 13, 2016. The Share application money pending allotment received upto March 31, 2016 is held in escrow account. The Company has allotted aforesaid shares on April 27, 2016.
- 42 Previous year's figure have been regrouped / reclassified wherever necessary and rounded off to Lakhs with two decimal points to correspond with the current year's classification / disclosure.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

Annexure : 'A'

## Accounting Standard (AS-18) " Related Party Disclosures "

Names of related parties and description of relationship

### 1. Key Management Personnel

Mr. Dilip S. Shanghvi, Chairman & Managing Director

Mr. Sudhir V. Valia, Chief Financial Officer & 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.

Sun Pharmaceutical Industries Europe

Taro Pharmaceuticals Inc.

Alfa Infraprop Pvt. Ltd.

Particulars	31st March, 2016	31st March, 2015
	₹ in Lakhs	₹ in Lakhs
<b>Sun Pharmaceutical Industries Ltd</b>		
Sale of Services - License Fees / Royalty on Technology / R&D Services	2,249.68	1,491.86
Purchase of Goods	662.76	154.75
Rent Paid	12.12	12.12
Receiving of Research and Development Services	1,521.55	1,653.31
Sale of Fixed Assets	40.48	-
Reimbursement of Expenses to the Company	415.78	551.65
Reimbursement of Expenses by the Company	42.16	2.63
Outstanding Balance Payable	1,344.93	224.28
<b>Sun Pharma Laboratories Ltd</b>		
Sale of Services - License Fees / Royalty on Technology	1,981.65	1,562.56
Purchase of Goods	0.15	0.32
Reimbursement of Expenses by the Company	-	0.03
Outstanding Balance (Payable) / Receivable	(128.95)	315.13
<b>Sun Pharma Global FZE</b>		
Sale of Products - Technology / Know-how	-	245.98
Sale of Services - License Fees / Royalty on Technology	11,205.57	12,228.10
Reimbursement of Expenses by the Company	214.81	-
Outstanding Balance Receivable	722.47	1,658.48



## NOTES FORMING PART OF THE FINANCIAL STATEMENTS

for the year ended 31st March, 2016

Particulars	31st March, 2016	31st March, 2015
	₹ in Lakhs	₹ in Lakhs
<b>Sun Pharmaceutical Industries Inc.</b>		
Sale of Services - License Fees / Royalty on Technology	639.90	-
Reimbursement of Expenses to the Company	348.37	326.93
Purchase of Goods / Product Development charges	322.13	-
Outstanding Balance Payable	668.40	317.59
<b>Sun Pharmaceutical Industries Europe</b>		
Purchase of Goods	2.30	-
Outstanding Balance Payable	2.28	-
<b>Taro Pharmaceuticals Inc.</b>		
Purchase of Goods	-	0.41
Outstanding Balance Payable	-	0.41
<b>Alfa Infraprop Pvt. Ltd.</b>		
Sale of Vehicle	-	4.04
<b>Remuneration to Key Managerial Personnel</b>		
Remuneration - Wholetime Director (Refer Note 40)	-	21.84

# NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the **Eleventh 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 Friday, the 29th July, 2016, at 11.15 a.m.**, to transact the following business:

## ORDINARY BUSINESS:

1. To consider and adopt the audited financial statement of the Company for the financial year ended 31st March 2016 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dilip S. Shanghvi (DIN: 00005588), who retires by rotation and being eligible, offers himself for reappointment.
3. To ratify the continuation of Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Auditors of the Company from the conclusion of this Annual General Meeting, till the conclusion of the next Annual General Meeting, and in this regard to consider and if thought fit to pass the following resolution as an **Ordinary Resolution**:

**"RESOLVED THAT** pursuant to the resolution passed by the members in the 9th Annual General Meeting of the Company held on 31st July 2014 and pursuant to the provisions of section 139, 142 and all other applicable provisions, if any of the Companies Act, 2013, and the rules framed thereunder, as amended from time to time, the Company hereby ratifies the continuation of M/s. Deloitte Haskins & Sells LLP, having Firm's Registration No. 117366W/W-100018, as Auditors of the Company to hold office from the conclusion of this Annual General Meeting till the conclusion of the 12th Annual General Meeting of the Company, 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 modifications(s), the following resolution as a SPECIAL RESOLUTION.**

**"RESOLVED THAT** Prof. Dr. Andrea Vasella (DIN: 01653058), who holds office as an Independent Director of the Company upto the date of this Annual General Meeting be and is hereby re-appointed as an Independent Director of the Company, for another term of 1 year, to hold office upto the conclusion of the 12th Annual General Meeting of the Company pursuant to Section 149, 152 read with Schedule IV and such other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015."

5. **To consider and, if thought fit, to pass with or without modifications(s), the following resolution as a SPECIAL RESOLUTION.**

**"RESOLVED THAT** Prof. Dr. Goverdhan Mehta (DIN: 00350615), who holds office as an Independent Director of the Company upto the date of this Annual General Meeting be and is hereby re-appointed as an Independent Director of the Company, for another term of 1 year, to hold office upto the conclusion of the 12th Annual General Meeting of the Company pursuant to Section 149, 152 read with Schedule IV and such other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015"

6. **To consider and, if thought fit, to pass with or without modifications(s), the following resolution as a SPECIAL RESOLUTION.**

**"RESOLVED THAT** Mr. S Mohanchand Dadha (DIN: 00087414), who holds office as an Independent Director of the Company upto the date of this Annual General Meeting be and is hereby re-appointed as an Independent Director of the Company, for another term of 1 year, to hold office upto the conclusion of the 12th Annual General Meeting of the Company pursuant to Section 149, 152 read with Schedule IV and such other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015."

7. **To consider and, if thought fit, to pass with or without modifications(s), the following resolution as an ORDINARY RESOLUTION.**

**"RESOLVED THAT** pursuant to the provisions of Section 196, 197, 203 and other applicable provisions, if any, of the Companies Act, 2013 read with Schedule V to the Companies Act, 2013 and subject to such sanction(s) as may be necessary

in law, Mr. Dilip S. Shanghvi (DIN: 00005588), who is also the Managing Director of Sun Pharmaceutical Industries Limited, be and is hereby reappointed as the Managing Director of the Company without any remuneration, for a further period of 5 years effective from 1st March, 2017, on the following terms and conditions:

- 1) Subject to the control and supervision of the Board of Directors and subject to the provisions of the Companies Act, the Managing Director shall have the powers for general conduct and management of the affairs the Company and he shall be entitled to exercise all such powers and to do all such acts and things the Company is authorised to exercise and all such powers, acts or things which are directed or required by the Companies Act, 2013 including any Rules made thereunder or any other Act or by the Memorandum or Articles of Association of the Company or otherwise, except those to be exercised or done by the Company in General meeting or by the Board of Directors at their meeting only.
- 2) Mr. Dilip S. Shanghvi shall perform such duties and exercise such powers as are additionally entrusted to him by the Board.

3) REMUNERATION :

No remuneration shall be payable to Mr. Dilip S. Shanghvi during his tenure / term as Managing Director of the Company.

**"RESOLVED FURTHER THAT** the Board of the Directors be and is hereby authorised to alter, vary and modify the terms and conditions which is hereby specifically approved, in the conformity with the requirements in such manner as may be agreed to between the Board and Mr. Dilip S. Shanghvi."

**"RESOLVED FURTHER THAT** any of Directors of the Company and the Company Secretary be and is hereby authorised to take such steps as may be expedient or desirable to give effect to this Resolution."

**8. To consider and, if thought fit, to pass with or without modifications(s), the following resolution as an ORDINARY RESOLUTION.**

**"RESOLVED THAT** pursuant to the provisions of section 196(4), section 203 and other applicable provisions of the Companies Act, 2013 and the Rules made thereunder and subject to such sanction(s) as may be necessary in law, the Company hereby ratifies and approves the re-appointment of Mr. Sudhir V. Valia as the Chief Financial Officer & consequentially a Whole-time Director of the Company (hereinafter referred to as the 'Director & CFO'), without any remuneration, for a period of two years, w.e.f: 1st January 2016 to 31st December 2017, on the following terms and conditions:

- 1) Subject to the control and supervision of the Board of Directors and subject to the provisions of the Companies Act, the Director & CFO shall have the powers for general conduct and management of the financial affairs the Company and he shall be entitled to exercise all such powers and to do all such acts and things the Company is authorised to exercise and all such powers, acts or things which are directed or required by the Companies Act, 2013 or any Rules thereunder or any other Act or by the Memorandum or Articles of Association of the Company or otherwise, except those to be exercised or done by the Company in General meeting or by the Board of Directors at their meeting only.
- 2) Mr. Sudhir V Valia shall perform such duties and exercise such powers as are additionally entrusted to him by the Board.

3) REMUNERATION :

No remuneration shall be payable to Mr. Sudhir V Valia during his tenure / term as Director & CFO of the Company.

**"RESOLVED FURTHER THAT** the Board of the Directors be and is hereby authorised to alter, vary and modify the terms and conditions of Appointment which is hereby specifically approved, in conformity with the requirements in such manner as may be agreed to between the Board and Mr. Sudhir V Valia."

**"RESOLVED FURTHER THAT** any of Directors of the Company and the Company Secretary be and is hereby authorised to take such steps as may be expedient or desirable to give effect to this Resolution."

**9. To consider and, if thought fit, to pass with or without modifications(s), the following resolution as an ORDINARY RESOLUTION:**

**"RESOLVED THAT** pursuant to applicable provisions of the Companies Act, 2013 including the Rules made thereunder and the provisions of regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), ratification / approval of the Company be and is hereby accorded to the Board of Directors, to enter into a Master License Agreement with Sun Pharmaceutical Industries Inc., USA, a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and regulation 2(zb) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 for Licensing of Product Technology / Know how on the terms and conditions as placed before this meeting duly initialled by the Chairman for the purpose of identification.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do or cause to be done all such acts, deeds and things , settle any queries, difficulties, doubts that may arise with regard to any transactions with the related party, and make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution in the best interest of the Company."

**10. To consider and, if thought fit, to pass with or without modifications(s), the following resolution as an ORDINARY RESOLUTION:**

**"RESOLVED THAT** pursuant to applicable provisions of the Companies Act, 2013 including the Rules made thereunder and the provisions of regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), ratification / approval of the Company be and is hereby accorded to the Board of Directors, to enter into a Master Service Agreement with Sun Pharma Global FZE, UAE, a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and regulation 2(zb) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 for providing certain range of research & development activities and other support services on the terms and conditions as placed before this meeting duly initialled by the Chairman for the purpose of identification.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do or cause to be done all such acts, deeds and things , settle any queries, difficulties, doubts that may arise with regard to any transactions with the related party, and make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution in the best interest of the Company."

**11. To consider and, if thought fit, to pass with or without modifications(s), the following resolution as an ORDINARY RESOLUTION:**

**"RESOLVED THAT** pursuant to applicable provisions of the Companies Act, 2013 including the Rules made thereunder and the provisions of regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), ratification / approval of the Company be and is hereby accorded to the Board of Directors, entering into a Master Support Service Agreement with Taro Pharmaceutical Industries Ltd., Israel, a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and regulation 2(zb) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 for rendering / availing of certain range of research & development activities and other support services, on the terms and conditions as placed before this meeting duly initialled by the Chairman for the purpose of identification.

**RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to do or cause to be done all such acts, deeds and things , settle any queries, difficulties, doubts that may arise with regard to any transactions with the related party, and make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution in the best interest of the Company."

**12. To consider and, if thought fit, to pass with or without modifications(s), the following resolution as an ORDINARY RESOLUTION:**

**RESOLVED THAT** pursuant to regulation 31A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and subject to such sanction(s)/ approval(s) as may be necessary in law, the consent of the Company be and is hereby given to re-classify the following shareholders (hereinafter individually & jointly referred to as 'the applicants') from "Promoter & Promoter Group Category" to "Public Category":

<b>Sr. No.</b>	<b>Name of the Applicant</b>
1.	Jayant Shantilal Sanghvi
2.	Kirit Valia
3.	Jitendra Vrundavandas Valia
4.	Ajay Varundavandas Valla
5.	Pratham Investments
6.	Dipti Nirmal Modi
7.	Varsha Kiran Doshi

**"RESOLVED FURTHER THAT** the approval of the Company be and is hereby also given for re-classification of the following entities, if any, to the "Public Category":

- i. All bodies corporate in which ten per cent. or more of the equity share capital is held by the applicants, either individually or jointly, but not by the remaining promoter group entities or a firm or Hindu Undivided Family in which none of the existing promoters except the applicants(s) is/are member(s);
- ii. Any body corporate in which a body corporate as provided in (i) above holds ten per cent. or more, of the equity share capital;
- iii. Any Hindu Undivided Family or firm in which the aggregate shareholding of the applicants, either individually or jointly (but not by the remaining promoter group entities), is equal to or more than ten per cent. of the total;

**"RESOLVED FURTHER THAT** any of Directors of the Company and the Company Secretary be and is hereby authorised to take such steps as may be expedient or desirable to give effect to this Resolution."

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

**Debashis Dey**  
Company Secretary

Place: Mumbai

Date: 6th May, 2016

**Registered Office:**

Sun Pharma Advanced Research Centre (SPARC),  
Akota Road, Akota, Vadodara – 390 020.  
CIN: L73100GJ2006PLC047837  
Website: [www.sunpharma.in](http://www.sunpharma.in)

## Notes:

1. The relative Explanatory Statement pursuant to Section 102 of Companies Act, 2013 relating to the Special Business to be transacted at the Meeting under Item No. 4 to 12 of the Notice, is annexed hereto. The relevant details as required under regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and clause 1.2.5 of SS-2 Secretarial Standard on General Meeting issued by the Institute of Company Secretaries of India, in respect of the person seeking appointment/ re-appointment as Director is also annexed.
2. A MEMBER OF THE COMPANY ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND A PROXY NEED NOT BE A MEMBER.
3. 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.
4. 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.
5. The Register of Members and Share Transfer Books of the Company shall be closed from Saturday, 23rd July, 2016 up to Friday, 29th July, 2016 (both days inclusive).
6. The Notice of the Annual General Meeting along with the Annual Report 2015-16 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any Member has requested for a physical copy of the same. For Members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. To support the 'Green Initiative' Members who have not registered their e-mail addresses are requested to register the same with our Registrar & Share Transfer Agent M/s. Linkintime India Pvt. Ltd./ Depositories.
7. Relevant documents/ agreements referred to in the accompanying Notice and the Explanatory Statement are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during the business hours upto the date of the Meeting.
8. In case of Joint Holders attending the Meeting, the Member whose name appears as the first holder in the order of names as per Register of members will be entitled to vote.
9. 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.
10. Members/ proxies should bring the attendance slips duly filled in for attending the meeting
11. Voting through electronic means (Remote e-voting):
  - i. In accordance with the applicable provisions of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 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 11th Annual General Meeting of the Company. The Company has appointed Central Depository Services (India) Ltd. (CDSL) to provide remote e-voting facility to its members.
  - ii. 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 July 23, 2016.
  - iii. The remote e-voting period begins on Tuesday, July 26, 2016 at 09:00 hours (IST) and ends on Thursday, July 28, 2016 at 17.00 hours (IST). During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of July 23, 2016 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.



- iv. The facility for voting by ballot or polling paper shall also be made available at the meeting and Members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The Members who have cast their vote by remote e-voting or by ballot form prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- v. Mr. Jatin N Thakkar, Partner, M/s. Bathiya & Associates LLP, Chartered Accountants has been appointed by the Board of Directors of the Company, as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.
- vi. The Procedure and Instructions for remote e-voting are as under:
  - a. The shareholders should log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com).
  - b. Click on 'SHAREHOLDERS'.
  - c. Now Enter your User ID
    - For CDSL: 16 digits beneficiary ID,
    - For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - d. Next enter the Image Verification as displayed and Click on Login.
  - e. If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.
  - f. If you are a first time user follow the steps given below:

	<b>For Members holding shares in Demat Form and Physical Form</b>
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> <li>Members who have not updated their PAN with the Company/Depository Participant are requested to use the sequence number which is printed on Postal Ballot / Attendance Slip indicated in the Password field.</li> </ul>
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> <li>If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field.</li> </ul>

- g. After entering these details appropriately, click on "SUBMIT" tab.
- h. Members holding shares in physical form will then directly reach 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.
- i. For Members holding shares in physical form, the details can be used only for remote e-voting on the resolutions contained in this Notice.

- j. Click on the EVSN for Sun Pharma Advanced Research Company Ltd.. to vote.
  - k. 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.
  - l. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
  - m. 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.
  - n. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
  - o. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
  - p. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
  - q. Shareholders can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows phone users can download the app from the App Store and the Windows Phone Store respectively on or after 30th June 2016. Please follow the instructions as prompted by the mobile app while voting on your mobile.
  - r. Note for Non – Individual Shareholders and Custodians
    - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to [www.evotingindia.com](http://www.evotingindia.com) and register themselves as Corporates.
    - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
    - After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
    - The list of accounts linked in the login should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
    - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.
  - s. 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.com](http://www.evotingindia.com), under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- 12) The Scrutinizer shall, immediately after the conclusion of voting at the general meeting, would count the votes cast at the meeting, thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and make, not later than three days of conclusion of the meeting, a consolidated Scrutinizer's report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.
  - 13) The results declared along with the Scrutinizer's Report shall be placed on the Company's website [www.sunpharma.in](http://www.sunpharma.in) immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.

**Pursuant to regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, and clause 1.2.5 of SS-2 Secretarial Standard on General Meeting issued by the Institute of Company Secretaries of India, the particulars of Directors who are proposed to be appointed/reappointed are given below.**

Particulars	Mr. Dilip S. Shanghvi	Mr. Sudhir V Valia	Prof Dr. Andrea Vasella	Prof. Dr. Goverdhan Mehta	Mr. S. Mohanchand Dadha
DIN	00005588	00005561	01653058	00350615	00087414
Date of Birth	01.10.1955	26.07.1956	29.04.1943	26.06.1943	23.10.1936
Qualification & experience	<p>Mr. Dilip S. Shanghvi (55 years), is a commerce graduate in commerce from Kolkata University. He is the Chairman and Managing Director of the Company. Mr. Shanghvi was the founding partner of M/s. Sun Pharmaceutical Industries, a partnership firm which was later converted into Sun Pharmaceutical Industries Limited in 1993. He is also the current Managing Director of Sun Pharmaceutical Industries Limited (SPL).</p> <p>He has extensive experience in the pharmaceutical industry. As the promoter of SPL, he has been actively involved in international pharmaceutical markets, business strategy, business development and research and development functions in our Company.</p> <p>Mr. Shanghvi was conferred with the prestigious 'Padma Shri' award by the Hon'ble President of India in the year 2016. He is also the winner of numerous other awards including 'Businessman of the Year' by Business India for the year 2011, 'Indian of the Year - Business' by CNN-IBN for the year 2011, 'Entrepreneur of the Year' by Ernst &amp; Young for the year 2010, 'Economic Times Entrepreneur of the Year' by Economic Times in 2008, 'CEO of the Year' by Business Standard in 2008, 'First Generation Entrepreneur of the Year' by CNBC-TV 18 at the India Business Leader Awards in 2007, 'Entrepreneur of the Year' in the Healthcare and Life Sciences category by Ernst &amp; Young for the year 2005 and IMC Juran Quality Medal presented by the Indian Merchants Chamber for 2008, Forbes's Entrepreneur of the Year Award (2014), 'Economic Times' Business Leader of the Year (2014).</p>	<p>Mr. Sudhir V. Valia holds a Bachelor's degree in Commerce from University of Mumbai and is also a qualified Chartered Accountant with more than three decades of taxation and finance experience. He has been the director of Sun Pharmaceutical Industries Limited since 1993 and is also on the board of Taro Pharmaceuticals Ltd.</p> <p>Mr. Valia is the promoter of Suraksha Realty which is in the business of real estate development. He is also involved with Fortune Financial Services India Ltd. Fortune is into Merchant Banking and it provides all kinds of financial service products.</p> <p>Mr. Valia has won several awards including CNBC TV18's CFO of the Year in the Pharmaceutical and Healthcare Sectors for two consecutive years (2011 and 2012).</p> <p>He is also actively involved in the field of social activities and he has also been awarded the Advaita Sevak Puraskar (2008-09) by the Government of Maharashtra for his contribution towards the welfare of tribals, particularly in the field of education in his capacity as visionary and director of Krishna Vrundavan Pratishthan.</p>	<p>Prof. Dr. Andrea Vasella 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 at Kings College, London, and Harvard University. He has also received an Honorary Doctoral Degree from the INSERM, Rouen, France and an Honorary Fellow of the Chemical Research Society of India (CRSI). Prior to joining our Company he worked as an Oberassistent in ETH Zurich, as an assistant professor in 1974 and at the University of Fribourg in 1977 and as an associate professor and a full time professor at the University of Zurich. He has been associated with ETH Zurich since 1993. He is a member of the Board of Trustees of Janggen Pohn Foundation and is a consultant/ member of the Scientific Advisory Board of leading National and International Companies. He has research publications and a patent application, to his credit. He is the recipient of the Kern Medal (ETH), the Werner Award of the Swiss Chemical Society, the Roy L. Whistler Award of the International Carbohydrate Organisation and of the Haworth Memorial Lecture and Medal in the year 2009. Presently, he is a member of the Swiss Chemical Society and of the Royal Society of Chemistry.</p>	<p>Prof. Dr. Mehta holds a Masters Degree in Science from University of Rajasthan, a Doctoral Degree in Organic Chemistry from University of Poona, a Post- Doctoral research at Michigan State University and at the Ohio State University on the Chemistry of Strained Polycyclic Systems that lead to the first preparation of the long south parent cyclopropenyl cation. Prof. Dr. Mehta has held position as an honorary professor of Organic Chemistry and Bhatnagar Fellow at the Indian Institute of Science, Bangalore. In the past, he has held important positions as Vice-Chancellor-University of Hyderabad, Ramanujam Research Professor of the Indian National Science Academy, Director of the India Institute of Science, Bangalore.</p> <p>He has in his career authored various research papers in leading international journals and delivered numerous lectures in different parts of the world. Prof. Dr. Mehta is a Fellow of leading science academies like the Indian National Academy, Royal Society, London (FRS), Russian Academy of Sciences, Third World Academy of Sciences (FTWAS) and Indian Academy of Sciences (FASc). He has also received various awards nationally and internationally and the most notable among them is the Trieste Science Prize (2007) awarded by TWAS. He has been President of the Chemical Research Society of India (CRSI) and the Indian National Science Academy (INSA) and has been conferred 'Chevalier de la Legion d'Honneur' and Padmashri by the Governments of France and India, respectively. He has been nominated as the first "Lily International Grantee Scholar-Jubilant Chair Professor" awarded jointly by the Eli Lilly and Company and Jubilant Bharatia Foundation. He has also been named as the 'National Research Professor' by the Government of India.</p>	<p>Mr. Dadha has done his Intermediate in Science from A.M. Jain College. He was the promoter and managing director of Taminadu Dadha Pharmaceuticals Limited prior to its merger with Sun Pharmaceutical Industries Limited. He is a trustee of several charitable institutions, a member of the Drug Advisory Committee and the Committee for the development of Drug Industries in Tamil Nadu, committees formed by the government of Tamil Nadu. He has over 55 years of experience in the pharma industry.</p>

Particulars	Mr. Dilip S. Shanghvi	Mr. Sudhir V Valia	Prof Dr. Andrea Vasella	Prof. Dr. Goverdhan Mehta	Mr. S. Mohanchand Dadha
Expertise in specific functional area	Extensive experience in the pharmaceutical industry.	Wide experience in accountancy & finance field.	Extensive experience in scientific research & development.	Extensive experience in scientific research & development.	Wide experience in the pharmaceutical Industry.
Relationship with other Directors, Manager and other Key Managerial Personnel of the Company	Mr. Dilip S. Shanghvi is Brother in law of Mr. Sudhir V. Valia	Mr. Sudhir V. Valia is the Brother-in law of Mr. Dilip S. Shanghvi	Prof. Dr. Andrea Vasella is not related to any other Directors or Key Managerial Personnel of the Company	Prof. Dr. Goverdhan Mehta is not related to any other Directors or Key Managerial Personnel of the Company	Mr. S Mohanchand Dadha is not related to any other Directors or Key Managerial Personnel of the Company
Directorship held in other Companies	<b>Indian Companies:</b> <ul style="list-style-type: none"><li>- Sun Pharmaceutical Industries Ltd.</li><li>- Sun Petrochemicals Pvt. Ltd.</li><li>- Shantilal Shanghvi Foundation</li><li>- Alfa Infraprop Pvt. Ltd.</li><li>- Aditya Clean Power Ventures Pvt. Ltd.</li></ul> <b>Foreign Companies:</b> <ul style="list-style-type: none"><li>- Sun Pharmaceutical Industries Inc.</li><li>- Sun Pharma De Mexico SA DE CV</li><li>- SPIL De Mexico SA DE CV</li><li>- Taro Pharmaceutical Industries Limited</li><li>- MSD-Sun, FZ-LLC</li></ul>	<b>Indian Companies:</b> <ul style="list-style-type: none"><li>- Sun Pharmaceutical Industries Limited</li><li>- Sun Pharma Laboratories Limited</li><li>- Aditya Clean Power Ventures Pvt. Ltd.</li><li>- Shantilal Shanghvi Foundation</li><li>- Krishna Vrundavan Pratishthan</li><li>- Sun Petrochemicals Pvt. Ltd.</li><li>- Karad Chemicals &amp; Allied Products Pvt. Ltd.</li><li>- Suraksha Asset Reconstruction Pvt. Ltd.</li><li>- Aditya Thermal Energy Pvt. Ltd.</li><li>- Fasttrack Housing Finance Private Limited</li><li>- Kopta Estate Pvt. Ltd.</li><li>- Alfa Infraprop Pvt. Ltd.</li><li>- Universal Enterprises Pvt. Ltd.</li></ul> <b>Foreign Companies:</b> <ul style="list-style-type: none"><li>- Sun Pharmaceutical Industries Inc.</li><li>- Sun Pharma De Mexico SA DE CV</li><li>- SPIL De Mexico SA DE CV</li><li>- Aditya Acquisitions Company Ltd.</li><li>- Alkaloida Chemical Company Exclusive Group Ltd.</li><li>- Sun Pharmaceutical Industries (Europe) B.V</li><li>- Sun Pharmaceuticals (SA) (PTY) Ltd.</li><li>- Sun Global Canada PTY Ltd.</li><li>- Caraco Pharma Inc.</li><li>- Taro Pharmaceutical Industries Ltd.</li><li>- Taro Development Corporation</li><li>- Taro Pharmaceutical North America Inc.</li><li>- Taro Pharmaceuticals Inc.</li><li>- Taro Pharmaceuticals USA Inc.</li><li>- Taro International Ltd.</li><li>- Taro Pharmaceuticals Canada Ltd.</li></ul>	<b>Indian Companies:</b> <ul style="list-style-type: none"><li>- Piramal Enterprises Limited</li><li>- Dr. Reddy's Institute of Life Sciences</li><li>- Novitas Research Lab Pvt. Ltd.</li></ul> <b>Foreign Companies:</b> <ul style="list-style-type: none"><li>- Juvabis Gmbh</li></ul>	<b>Indian Companies:</b> <ul style="list-style-type: none"><li>- Piramal Enterprises Limited</li><li>- Dr. Reddy's Institute of Life Sciences</li><li>- Novitas Research Lab Pvt. Ltd.</li></ul> <b>Foreign Companies:</b> <ul style="list-style-type: none"><li>- Nil</li></ul>	<b>Indian Companies:</b> <ul style="list-style-type: none"><li>- Sun Pharmaceutical Industries Limited,</li><li>- Sun Pharma Laboratories Limited</li><li>- Dadha Pharma Pvt. Ltd.</li><li>- Wardex Pharmaceuticals Pvt. Ltd.</li><li>- Netmeds Marketplace Limited</li><li>- Tresara Health Pvt. Ltd.</li><li>- Vitalic Health Pvt. Ltd.</li><li>- Dadha Pharma Distribution Pvt. Ltd.</li><li>- Vitalic Nutrition Pvt. Ltd.</li></ul> <b>Foreign Companies:</b> <ul style="list-style-type: none"><li>- Nil</li></ul>

Particulars	Mr. Dilip S. Shanghvi	Mr. Sudhir V Valia	Prof Dr. Andrea Vasella	Prof. Dr. Goverdhan Mehta	Mr. S. Mohan Chand Dadha
Membership (M) / Chairmanships (C) of Committees of other Indian Companies	Sun Pharmaceutical Industries Limited - Stakeholders Relationship Committee (M) - Risk Management Committee (C) - Committee of Directors (Allotment) (M) - CSR Committee (C)	Sun Pharmaceutical Industries Limited - Stakeholders Relationship Committee (M) - Risk Management Committee (M) - CSR Committee (M) - Committee of Directors (Allotment) (C) Sun Pharma Laboratories Ltd. - Audit Committee (M) - CSR Committee (C)	Nil	Piramal Enterprises Limited - CSR Committee (C)	Sun Pharmaceutical Industries Limited - Audit Committee (M) - Stakeholders Relationship Committee (C) - Committee of Directors (Allotment) (M) Sun Pharma Laboratories Limited - Audit Committee (C) - Nomination & Remuneration Committee (C)
No. of Shares held in the Company as on 31st March 2016	2,68,09,395	17,58,169	Nil	Nil	Nil

# Explanatory Statement pursuant to section 102(1) of the Companies Act, 2013

## Item No. 4, 5 & 6

The Shareholders of the Company had in their 9th Annual General Meeting held on 31st July 2014 appointed Prof. Dr. Andrea Vasella, Prof. Dr. Goverdhan Mehta and Mr. S Mohanchand Dadha as Independent Directors of the Company for a term of two years, to hold office upto the conclusion of the 11th Annual General Meeting of the Company.

The performance of the above Directors were evaluated by the Board on the basis of criterias such as Transparency, Analytical Capabilities, Performance, Leadership, Ethics and ability to take balanced decisions regarding stakeholders, etc. and was found satisfactory. In view of the commendable performance of the Directors during their association with the Company, it is proposed to re-appoint Prof. Dr. Andrea Vasella, Prof. Dr. Goverdhan Mehta and Mr. S Mohanchand Dadha as Independent Directors of the Company pursuant to Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 and SEBI (Listing Obligation and Disclosure Requirement) Regulations, 2015 for a further term of one year, to hold office upto the conclusion of the 12th Annual General Meeting of the Company.

A brief profile of the Directors including age, qualifications, experience, shareholding in the company, relationship with other Directors, Manager and other Key Managerial Personnel of the Company, and other Directorships, Membership/ Chairmanship of Committees of other Boards is annexed to this notice. The terms & conditions of appointment of Independent Directors is available on the web-site of the Company [www.sunpharma.in](http://www.sunpharma.in) and can be accessed through the web link <http://www.sunpharma.in/regulatory-compliance.htm>.

The attendance of the Directors at the Board/ Committee Meetings during the previous financial year was as follows:

Name of the Director	Board Meeting	Audit Committee Meeting	Nomination & Remuneration Committee Meeting	Stakeholders Relationship Committee Meeting	CSR Committee Meeting
Prof. Dr. Andrea Vasella	4/4	4/4	4/4	4/4	Not a member
Prof. Dr. Goverdhan Mehta	3/4	3/4	3/4	3/4	Not a member
Mr. S Mohanchand Dadha	4/4	4/4	4/4	Not a member	1/1

The Company has received declarations from the aforesaid 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 re-appointment of aforesaid Independent Directors.

In the opinion of the Board also they fulfill the conditions specified in the said Act for appointment/ re-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 as Special Resolution.

## Item No. 7

Mr. Dilip S. Shanghvi was re-appointed as the Managing Director of the Company by the Shareholders at the 6th Annual General Meeting of the Company held on 8th August, 2012 for a period of 5 years, effective from 1 March, 2012. His term of office expires on 28th February, 2017. In view of the commendable performance of Mr. Dilip S. Shanghvi as the Managing Director of the Company, the Board of Directors of the Company is of the opinion that it is in the interest of the Company to re-appoint Mr. Dilip S. Shanghvi as the Managing Director of the Company to manage the day to day affairs of the Company and have therefore recommended the re-appointment of Mr. Dilip S. Shanghvi as the Managing Director of the Company, without any remuneration, for a further period of 5 years effective from 1 March, 2017.

Mr. Dilip S. Shanghvi has been a Director of this Company since its incorporation and his brief profile including age, qualifications,

experience, shareholding in the company, relationship with other Directors, Manager and other Key Managerial Personnel of the Company, and other Directorships, Membership/ Chairmanship of Committees of other Boards is annexed to this notice. Mr. Dilip S. Shanghvi attended all Board Meetings and meetings of the Committees in which he is a member during the previous financial year. Mr. Dilip S. Shanghvi does not draw any remuneration from the Company at present.

Mr. Dilip S. Shanghvi is also the Managing Director of Sun Pharmaceutical Industries Ltd. ("SPIL"), and consent of the Board of Directors of SPIL will be obtained before re-appointment of Mr. Dilip S. Shanghvi as Managing Director of your Company.

The re-appointment will be for a period of 5 years which may be terminated by either party giving to the other 30 days notice in writing or upon Mr. Dilip S. Shanghvi's ceasing to be a Director of the Company.

The terms and conditions of Mr. Dilip S. Shanghvi's re-appointment as stated in the resolution may also be treated as an abstract of the terms and conditions of Appointment of Mr. Dilip S. Shanghvi under Section 196 of the Companies Act, 2013.

Mr. Dilip S. Shanghvi is the Brother in Law of Mr. Sudhir V. Valia. None of the Directors or Key managerial Persons and their relatives except Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia and their relatives, is concerned or interested financially or otherwise in the proposed resolution.

Your Directors, recommend the resolution as set out at item nos. 7 of the Notice for approval of the Members.

#### Item No. 8

The Board of Directors of the Company had in its meeting held on 31st July 2014 appointed Mr. Sudhir V. Valia, who was already performing the functions of the Chief Financial Officer of the Company, as the Whole-time Chief Financial Officer of the Company pursuant to section 203 of the Companies Act, 2013, and consequentially a Whole-time Director of the Company from 31st July 2014 to 31st December 2015.

Further, the Board of Directors of the Company had in its meeting held on 4th November, 2015 re-appointed Mr. Sudhir V. Valia as the Wholetime Chief Financial Officer and consequentially a Whole-time Director of the Company, without any remuneration, for a further period of two years commencing from 1st January, 2016. The re-appointment will be for a period of 2 years which may be terminated by either party giving to the other 30 days notice in writing.

Mr. Sudhir V. Valia has been a Director of this Company since its incorporation and his brief profile including age, qualifications, experience, shareholding in the company, relationship with other Directors, Manager and other Key Managerial Personnel of the Company, and other Directorships, Membership/ Chairmanship of Committees of other Boards is annexed to this notice. Mr. Sudhir V. Valia does not draw any remuneration from the Company at present.

The attendance of the Mr. Sudhir V. Valia at the Board/ Committee Meetings during the previous financial year was as follows:

Board Meeting	Stakeholders Relationship Committee Meeting	CSR Committee Meeting	Rights Issue Committee
3/4	3/4	1/1	2/3

Mr. Sudhir V. Valia is the Brother in Law of Mr. Dilip S. Shanghvi. None of the Directors or Key managerial Persons and their relatives except Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia and their relatives, is concerned or interested financially or otherwise in the proposed resolution. Your Directors, recommend the above resolution for your approval.

In the opinion of the Board the re-appointment of Mr. Sudhir V. Valia as the whole-time Chief Financial Officer and consequentially a Whole-time Directors shall be in the best interest of the Company. Accordingly, the Board recommends the Resolution as set out at item no.8 of the Notice for approval of the Members.

#### Item No. 9

As a part of its effort to commercialize its various License Rights, the Company has entered into/ proposes to enter into a Master License Agreement with Sun Pharmaceutical Industries Inc., USA ('Other Party'), under which the Company has agreed to grant to the Other Party, exclusive license under the License Rights in respect of the Licensed Products in the Licensed Field & Territory.



The brief terms & conditions and other particulars of the above are as follows:

Material terms the Contracts / arrangements / transactions	<p>The contracts being placed for approval is a master licensing contract governing in principle, the terms of the licensing arrangement between the Company and Sun Pharmaceutical Industries Inc., USA (hereinafter severally referred to as 'the Other Party'). The contracts sets out broad framework of the licensing arrangement between the Company and the Other Party. Pursuant to the contract, individual products/ technologies/ know how may be licensed under this Master Agreement by way of Product Specific Exhibits.</p> <p>The key terms of the contact contain an enabling clause for entering into licence under certain licensed rights in respect of certain licensed products in certain licensed fields in certain licensed territory (including other rights and obligations which are on arm's length basis.)</p> <p>The licensed technology or the product which is being/to be licensed shall be determined on a case of case basis by way of product specific exhibit signed between the Company and the Other Party.</p>
Monetary Value/Consideration	<p>In consideration of the rights granted pursuant to this Contract, the Other Party agrees to make the payments as mutually agreed in the product specific licensing exhibit. However, all the Parties, in principle, agree to the following method of product valuation for licensing of the licensed product to the Other Party.</p> <p>The net present value split from revenues from commercialization of the licensed product shall be agreed by the Parties based on benchmarking information such as: market analysis, research report, industry trends, business strategies, financial forecasts, third party comparables, valuation reports (if required), management assessment of pricing terms and business justification for the transaction; and comparative analysis, if any, of other such transaction entered into by the Parties. Provided however that such net present value split shall not be less than 10% and not more than 40% in favour of the Company, which will be determined having regard the to the aforesaid factors on a product by product basis and shall be on an arms-length basis.</p>



Other relevant information	<ul style="list-style-type: none"> <li>The Other Party shall pay to the Company royalties on net sales of licensed products in the territory during each financial year at the royalty rates set forth in the product specific licensing exhibit.</li> <li>Parties may perform certain obligations such as: development and manufacturing of the licensed product in accordance with the applicable laws; conducting pilot &amp; pivotal clinical studies, regulatory submissions &amp; fillings; product pricing approvals in the Territory; post-product approval regulatory communications; development of packaging and labelling components for regulatory approval and manufacturing process development and associated validation etc. under this Contract. Cost of the above-mentioned activities will be borne by the parties on a case-by-case basis and product-by-product basis as determined by further case-by-case negotiation between the parties.</li> <li>The term of this Contract shall commence on the date of execution of the respective Agreement and will continue in full force and effect thereafter until terminated in accordance with the terms and conditions of this Contract.</li> </ul>
Are the transactions in the ordinary course of business	Yes
Are the transactions on an arm's length basis	Yes
Whether the transactions have been approved by Audit Committee	Yes

Pursuant to regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 all material Related Party Transactions requires approval of the shareholders in which the concerned related parties are required to abstain from voting. Due to the inherent open-ended nature of the proposed contract, the transactions to be entered into by the Company pursuant to the above contracts may exceed the threshold limit of 'materiality' as per Related Party Transaction Policy of the Company and regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 in future years.

Pursuant to the applicable provisions of the Companies Act, 2013 and the 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, Mr. Dilip S Shanghvi, Chairman & Managing Director, Mr. Sudhir V Valia, Director & CFO, Mr. S Mohanchand Dadha, Director and their relatives are deemed to be interested in the 'Other Parties' since Mr. Dilip S Shanghvi is the Promoter and all of them are shareholders and Directors of Sun Pharmaceutical Industries Limited, which is the holding Company of Sun Pharmaceutical Industries Inc., USA. Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia are also Directors of Sun Pharmaceuticals Industries Inc. Other than Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia, Mr. S. Mohanchand Dadha and their relatives, none of the other Directors or Key Managerial Persons or their relatives are is concerned or interested financially or otherwise in the proposed resolution.

In the opinion of the Board entering into contracts/ arrangements/ transactions pursuant to the aforesaid contracts are in the best interest of the Company. Accordingly, the Board recommends the Resolution as set out at item no. 9 of the Notice for approval of the Members.

#### Item 10:

As a step towards better capacity utilization and expansion of its bussiness activities the Company has entered into/proposes to enter into a Master Service Agreement with Sun Pharma Global FZE, UAE, pursuant to which the Company will provide certain range of research & development activities and other support services to the Other party in its ordinary course of business, based on the requirement of the Other party from time to time.

The brief terms & conditions and other particulars of the above contracts are as follows:

Material terms the Contracts / arrangements / transactions	Based on its requirements from time to time, Sun Pharma Global FZE, UAE ("Other Party") may request the Company to provide certain range of research and development activities and other support services in its ordinary course of business, on various terms and conditions which are on arm's length basis.
Monetary Value /Consideration	<ul style="list-style-type: none"> <li>• In consideration of the services provided by the Company to the Other party, the Other party shall pay to the Company, such amount as may be determined in accordance with the arm's length principles under the Transfer Pricing Regulations which shall consist of the fully absorbed internal costs incurred by the Company in providing the services plus an appropriate mark-up percentage of thirty percent (30%).</li> <li>• If either party establishes to the reasonable satisfaction of the other that the percentage mark-up included in the service fees is greater or less than the percentage mark-up that would be charged in a comparable arms-length transaction for the provision of the services under similar terms and conditions, the parties shall enter into a good faith negotiations to agree to an arms-length percentage mark up for such services</li> </ul>
Other relevant information	<ul style="list-style-type: none"> <li>• As a "master" form of Contract, this Agreement allows the parties to contract for multiple projects through the issuance of multiple Scope of Work ("SOW") under the contract, without having to re-negotiate the basic terms and conditions contained herein. The Company shall provide services to the Other party from time to time as identified and described in a mutually agreed upon SOW.</li> <li>• As applicable for the services, Company shall make available sufficient quantities of materials to carry out the service(s) at the cost of the Other party or such cost sharing mechanism as may be mutually agreed from time to time in connection with the particular SOW.</li> <li>• The Other party may grant the Company and its authorized representatives and/or agents a limited non-exclusive, non-transferable, revocable license to use the technical information and intellectual property rights during the term of the Contract and any extensions thereof for the purpose of rendering the services under the Contract and the respective SOW. The License shall be royalty-free, unless otherwise agreed in writing between the parties.</li> <li>• The term of this Contract shall commence on the date of execution of the Agreement and will continue in full force and effect thereafter until terminated in accordance with the terms and conditions of this Contract.</li> </ul>

Are the transactions in the ordinary course of business	Yes
Are the transactions on an arm's length basis	Yes
Whether the transactions have been approved by Audit Committee	Yes

Pursuant to regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 all material Related Party Transactions requires approval of the shareholders in which the concerned related parties are required to abstain from voting. Due to the inherent open-ended nature of the proposed contract, the transactions to be entered into by the Company pursuant to the above contracts may exceed the threshold limit of 'materiality' as per Related Party Transaction Policy of the Company and regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 in future years.

Pursuant to the applicable provisions of the Companies Act, 2013 and the 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, Mr. Dilip S Shanghvi, Chairman & Managing Director, Mr. Sudhir V Valia, Director & CFO, Mr. S Mohanchand Dadha, Director and their relatives are deemed to be interested in the contract since Mr. Dilip S Shanghvi is the Promoter and all of them are shareholders and Directors of Sun Pharmaceutical Industries Limited, which is the holding Company of Sun Pharma Global FZE, UAE. Other than Mr. Dilip S Shanghvi, Mr. Sudhir V Valia, Mr. S Mohanchand Dadha and their relatives, none of the other Directors or Key Managerial Persons or their relatives are is concerned or interested financially or otherwise in the proposed resolution.

In the opinion of the Board entering into transactions pursuant to the aforesaid contract is in the best interest of the Company. Accordingly, the Board recommends the Resolution as set out at item no. 10 of the Notice for approval of the Members.

#### Item 11:

In order to facilitate easier execution of its research related activities, the Company has entered into/proposes to enter into a Master Support Service Agreement with Taro Pharmaceutical Industries Limited, Israel, pursuant to which both the Companies have agreed to provide certain range of research & development activities and other support services to each other in its ordinary course of business, based on their requirements from time to time.

The brief terms & conditions and other particulars of the above contracts are as follows:

Material terms the Contracts / arrangements / transactions	Based on each parties' requirements from time to time, both parties may request the other party to provide certain range of research and development activities and other support services to each other in its ordinary course of business, on various terms and conditions which are on arm's length basis.
Monetary Value /Consideration	<ul style="list-style-type: none"> <li>In consideration of the services provided by performing party to receiving party, receiving party shall pay to performing party such amount as may be determined in accordance with the arm's length principles under the Transfer Pricing Regulations which shall consist of the fully absorbed internal costs incurred by performing party in providing the services plus an appropriate mark-up percentage of thirty percent (30%).</li> <li>If either party establishes to the reasonable satisfaction of the other that the percentage mark-up included in the service fees is greater or less than the percentage mark-up that would be charged in a comparable arms-length transaction for the provision of the services under similar terms and conditions the parties shall enter into a good faith negotiations to agree to an arms-length percentage mark up for such services</li> </ul>

Other relevant information	<ul style="list-style-type: none"> <li>As a “master” form of Contract, this Agreement allows the parties to contract for multiple projects through the issuance of multiple Scope of Work (“SOW”) under the contract, without having to re-negotiate the basic terms and conditions contained herein. Performing party shall provide services to receiving party from time to time as identified and described in a mutually agreed upon SOW.</li> <li>As applicable for the services, performing party shall make available sufficient quantities of materials to carry out the service(s) at the cost of receiving party or such cost sharing mechanism as may be mutually agreed from time to time in connection with the particular SOW.</li> <li>The Receiving party may grant the performing party and its authorized representatives and/or agents a limited non-exclusive, non-transferable, revocable license to use the technical information and intellectual property rights during the term of this Contract and any extensions thereof for the purpose of rendering the services under the Contract and the respective SOW. The License shall be royalty-free, unless otherwise agreed in writing between the parties.</li> <li>The term of this Contract shall commence on the date of execution of the Agreement and will continue in full force and effect thereafter until terminated in accordance with the terms and conditions of this Contract.</li> </ul>
Are the transactions in the ordinary course of business	Yes
Are the transactions on an arm's length basis	Yes
Whether the transactions have been approved by Audit Committee	Yes

Pursuant to regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 all material Related Party Transactions requires approval of the shareholders in which the concerned related parties are required to abstain from voting. Due to the inherent open-ended nature of the proposed contract, the transactions to be entered into by the Company pursuant to the above contracts may exceed the threshold limit of 'materiality' as per Related Party Transaction Policy of the Company and regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 in future years.

Pursuant to the applicable provisions of the Companies Act, 2013 and the 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, Mr. Dilip S Shanghvi, Chairman & Managing Director, Mr. Sudhir V Valia, Director & CFO, Mr. S Mohanchand Dadha, Director and their relatives are deemed to be interested in the contract since Mr. Dilip S Shanghvi is the Promoter and all of them are shareholders and Directors of Sun Pharmaceutical Industries Limited, which is the holding Company of Taro Pharmaceutical Industries Ltd.. Israel. Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia are also Directors of Taro Pharmaceutical Industries Ltd.. Other than Mr. Dilip S Shanghvi, Mr. Sudhir V Valia, Mr. S Mohanchand Dadha and their relatives, none of the other Directors or Key Managerial Persons or their relatives are is concerned or interested financially or otherwise in the proposed resolution.

In the opinion of the Board entering into transactions pursuant to the aforesaid contract is in the best interest of the Company. Accordingly, the Board recommends the Resolution as set out at item no. 11 of the Notice for approval of the Members.

**Item 12:**

pursuant to regulation 2(w) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 read with clauses (za) and (zb) of sub-regulation 1 of regulation 2 of SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009, the following person/ entities are deemed to be a part of the Promoter Group of the Company:

Sr. No.	Name of the Promoter and Promoter Group entity	No. of shares held as on the date of the Notice	% of shares held as on the date of the Notice
1.	Dilip Shantilal Shanghvi	2,81,02,795	11.38
2.	Sudhir Vrundavandas Valia	18,33,951	0.74
3.	Jayant Shantilal Shanghvi	12,14,299	0.49
4.	Vibha Dilip Shanghvi	7,03,236	0.28
5.	Kumud Shantilal Shanghvi	3,98,795	0.16
6.	Aalok Dilip Shanghvi	3,50,162	0.14
7.	Vidhi Dilip Shanghvi	3,44,081	0.14
8.	Kirit Valia	2,05,771	0.08
9.	Dipti Nirmal Modi	29,072	0.01
10.	Varsha Kiran Doshi	26,311	0.01
11.	Jitendra Vrundavandas Valia	25,756	0.01
12.	Ajay Varundavandas Valia	2,621	0.00
13.	Shanghvi Family & Friends Benefit Trust	1,54,922	0.06
14.	Pratham Investments	4,25,077	0.17
15.	Viditi Investment Pvt. Ltd.	2,46,91,877	10.00
16.	Tejaskiran Pharmachem Industries Pvt. Ltd.	2,42,38,132	9.82
17.	Quality Investments Pvt. Ltd.	2,38,32,880	9.65
18.	Family Investment Private Limited	2,36,68,141	9.59
19.	Virtuous Share Investments Private Limited	1,25,45,473	5.08
20.	Virtuous Finance Private Limited	1,18,05,960	4.78
21.	Sholapur Organics Private Limited	19,49,601	0.79
22.	Jeevanrekha Investrade Pvt. Ltd.	1,77,842	0.07
23.	Package Investrade Pvt. Ltd.	1,09,114	0.04
24.	Shanghvi Finance Private Limited	34,453	0.01
25.	Asawari Investment And Finance Private Limited	5,942	0.00
26.	Flamboyawer Finance Private Limited	2,543	0.00
27.	Sanghvi Properties Private Limited	1,887	0.00
28.	Gujarat Sun Pharmaceutical Industries Pvt Ltd	1,751	0.00
29.	Nirmit Exports Private Limited	857	0.00
30.	Aditya Medisales Limited*	48,88,126	1.98
31.	Raksha S.Valia*	41,45,231	1.68
32.	Unimed Investments Limited*	12,67,963	0.51
	<b>TOTAL</b>	<b>16,71,84,622</b>	<b>67.72</b>

\* Person acting in Concert with Promoter and Promoter Group Entities.

The Company has now received application from the following promoter group entities pursuant to regulation 31A of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 for re-classifying them under the Public' category since their names have been included as a part of the Promoter Group merely because they are deemed to be 'Immediate Relatives'/ controlled by the Immediate Relatives of the Promoter of the Company Mr. Dilip S. Shanghvi pursuant to regulation 2 (zb)(ii) of the SEBI (Issue of Capital and Disclosure Requirements) Regulations, 2009 even though they are financially independent person/ entities, who take independent investment decisions, without consulting Mr. Dilip S. Shanghvi and is in no way related to any of the business carried out by the Company. Further they do not hold and have never held any key managerial position in the Company. None of their act influences the decision taken by the Company and they do not have any special right through formal or informal arrangements with the Company or with Mr. Shanghvi, Promoter of the Company. Similarly Mr. Dilip S. Shanghvi has no interest in the profession being carried on by the Applicants:

<b>Sr. No.</b>	<b>Name of the Applicants</b>	<b>No. of shares held as on the date of the Notice</b>	<b>% of shares held as on the date of the Notice</b>
1.	Jayant Shantilal Shanghvi	12,14,299	0.49
2.	Kirit Valia	2,05,771	0.08
3.	Jitendra Vrundavandas Valia	25,756	0.01
4.	Ajay Varundavandas Valia	2,621	0.00
5.	Pratham Investments	4,25,077	0.17
6.	Dipti Nirmal Modi	29,072	0.01
7.	Varsha Kiran Doshi	26,311	0.01
	<b>Total</b>	<b>19,28,907</b>	<b>0.77</b>

In view of the explanations given by the applicants as detailed above, the Board of Directors of the Company, have in their meeting held on 6th May 2016, approved all the applications for reclassification received by the Company as above, subject to the approval of the Shareholders, Stock Exchanges and all other regulatory authorities as may be necessary.

Since the proposed resolution is merely a re-classification and does not have any financial or any other implication on any of the parties except the applicants, none of the Directors or Key Managerial Personnel of the Company and their relatives, are in any way either directly or indirectly, concerned or interested, financially or otherwise, in these Resolutions.

The Board therefore recommends the Resolutions as set out at item nos.12 of the Notice for approval of the Members.

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

**Debashis Dey**  
Company Secretary

Place: Mumbai  
Date: 6th May, 2016

**Registered Office:**  
**Sun Pharma Advanced Research Centre (SPARC),**  
Akota Road, Akota, Vadodara – 390 020.  
CIN: L73100GJ2006PLC047837  
Website: [www.sunpharma.in](http://www.sunpharma.in)



ATTENDANCE SLIP  
ELEVENTH ANNUAL GENERAL MEETING ON FRIDAY, JULY 29, 2016, AT 11.15 A.M.

Sr. No. :  
Folio/D.P. & Client I.D. No. :  
Name :  
Address :

Joint Holder (s) :

I /We hereby record my presence at the **ELEVENTH ANNUAL GENERAL MEETING** of the Company at **Sir Sayajirao Nagargruh, Akota, Vadodara - 390020, on Friday, July 29, 2016, at 11.15 a.m.**

Signature of the Attending Member: \_\_\_\_\_ Signature of Proxy : \_\_\_\_\_

- NOTES:
1. Shareholder/ Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.  
2. **DUE TO REGULATORY RESTRICTIONS, NO COUPONS WOULD BE DISTRIBUTED AT THE MEETING.**

ELECTRONIC VOTING PARTICULARS		
EVSN-Electronic Voting Sequence Number	User ID	Password
160607003		

.....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:

1. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him / her
2. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_ or failing him / her
3. Name: \_\_\_\_\_ Address: \_\_\_\_\_  
E-mail Id: \_\_\_\_\_ Signature: \_\_\_\_\_

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Eleventh Annual General Meeting** of the Company, to be held on the **Friday, July 29, 2016, 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
1.	Adoption of Accounts
2.	Re-appointment of Mr. Dilip Shanghvi, who retires by rotation and being eligible offers himself for re-appointment, as a Director
3.	Ratification of continuation of M/s. Deloitte Haskins and Sells as the Statutory Auditors
4.	Appointment of Prof. Dr. Andrea Vasella as an Independent Director
5.	Appointment of Prof. Dr. Goverdhan Mehta as an Independent Director
6.	Appointment of Mr. S Mohanchand Dadha as an Independent Director
7.	Re-appointment of Mr. Dilip Shanghvi as the Managing Director
8.	Approval of terms and conditions for appointment of Mr. Sudhir Valia as the Chief Financial Officer & consequentially a Whole-time director of the Company.
9.	Approval of transactions with Sun Pharmaceutical Industries Inc., USA under Master License Agreement
10.	Approval of transactions with Sun Pharma Global FZE, UAE under Master Service Agreement
11.	Approval for transactions with Taro Pharmaceutical Industries Ltd., Israel under Master Support Service Agreement
12.	Approval for re-classification of certain promoter group entities as public shareholder.

Signature of Shareholder: \_\_\_\_\_ Signed this..... day of ..... 2016

Signature of Proxy holder(s): \_\_\_\_\_

Affix Revenue  
Stamp of  
Re.1/-

**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.**





## Route Map to Sir Sayajirao Nagargruh, the AGM Venue:







**Sun Pharma Advanced Research Company Ltd.**  
Akota Road, Akota, Vadodara - 390 020.  
CIN: L73100GJ2006PLC047837  
[www.sunpharma.in](http://www.sunpharma.in)

# BUSINESS RESPONSIBILITY REPORT

## Section A: General Information about the Company

1	Corporate Identity Number (CIN) of the Company	L73100GJ2006PLC047837
2	Name of the Company	Sun Pharma Advanced Research Company Limited
3	Registered Address	SPARC, Akota Road, Akota, Vadodara - 390020
4	Website	www.sunpharma.in
5	E-mail id	secretarial@sparcmail.com
6	Financial Year reported	2015-16
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	Pharmaceutical - Research & Drug Discovery
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Xelpros™, Pegylated Liposomal Doxorubicin
9	Total number of locations where business activity is undertaken by the Company	Total 3 locations - Mahakali-Mumbai, Tandalja and Makarpura-Vadodara
	1. Number of International Locations (Provide details of major 5)	NIL
	2. Number of National Locations	Mumbai, Vadodara
10	Markets served by the Company – Local/State/National/International	N. A.

## Section B: Financial Details of the Company

1	Paid-up Capital (INR in Lakh)	2,366.87
2	Total Turnover (INR in Lakh)	16,421.91
3	Total Profit after Taxes (INR in Lakh)	(6,999.20)
4	Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (%)	N. A.*
5	List of activities in which the above expenditure has been incurred	N. A.*

\*Note: Since the average net profit of the company made during the three immediately preceding financial years was negative, the Company could not invest on CSR activities during the previous year.

## Section C: Other Details

1	Does the Company have any Subsidiary Company/Companies?	No
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	N. A.
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	N. A.

Section D: BR Information											
1	a. Details of the Director/Directors responsible for implementation of the BR (Business Responsibility) policy/policies;										
	# DIN Number		00005561								
	# Name		Mr. Sudhir V. Valia								
	# Designation		Director & CFO								
	b. Details of the BR head;										
	# DIN Number (if applicable)		00005561								
	# Name		Mr. Sudhir V. Valia								
	# Designation		Director & CFO								
	# Telephone number		91 22 6645 5645								
	# E-mail id		secretarial@sparcmail.com								
2	Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)	P1	P2	P3	P4	P5	P6	P7	P8	P9	
1	Do you have a policy/policies for	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
2	Has the policy being formulated in consultation with the relevant stakeholders?	All the policies have been formulated in consultation with the Management of the Company and is approved by the Board									
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	All the policies are compliant with the respective principles of NVG guidelines									
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	All the policies have been approved by the Board and have been signed by the Chief Executive Officer									
5	Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?	The Board has appointed Mr. Sudhir V. Valia, Director & CFO, to oversee policy implementation									
6	Indicate the link for the policy to be viewed online?	Copies will be made available on receipt of written request from shareholders									
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to internal stakeholders. The external stakeholders will be communicated in due course									
8	Does the company have in-house structure to implement the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
9	Does the Company have a grievance redressal mechanism to address stakeholders' grievances related to the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	
10	Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?	It may be done in due course									

3 Governance related to BR		
1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO, assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annually
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The BR Report is published by the Company as a part of its Annual Report on an annual basis and can be accessed through the web link <a href="http://www.sunpharma.in/regulatory-compliance.htm">http://www.sunpharma.in/regulatory-compliance.htm</a>

## PRINCIPLE 1 – ETHICS, TRANSPARENCY AND ACCOUNTABILITY

Sustainable growth stems from good governance. SPARC's journey of discovery is steered by integrity, transparency and accountability. Be it respecting regulations or embedding consistent value systems, ethical conduct is the backbone of all facets of the company's operations. This 'research with responsibility' approach results in reinforced stakeholder trust and ensures long-term value for all stakeholders. Some of the enablers of good governance include:

### Leadership

Our Board of Directors lead by example and guide the company on the path of progress through innovation, fair practices and compliance. A mechanism is in place to set forth policies and review its adherence by the Directors and the employees.

### Code of Conduct

Our Code sets forth legal and ethical standards of conduct for all Directors and employees. The aim is to deter wrongdoing and promote practices like:

- Ethical handling of conflicts of interest between personal and professional relationships
- Protection and proper use of corporate assets & confidential Information
- Compliance with governmental laws, rules and regulations
- Prompt internal reporting of violations to an appropriate person

### Safeguarding Governance

A whistle blower policy has been formulated to encourage and enable all employees to flag off any potential infractions of the Code of Conduct of the Company, breaches of copyright or patent and alike. In the financial year, no violations were reported.

## PRINCIPLE 2 – PRODUCT LIFE CYCLE SUSTAINABILITY

Our approach is to leverage the power of science to make people happy and healthy as well as help the planet breathe easy.

We press into action latest science and delivery technologies to explore unreached territories in therapeutic areas. The objective is to cater to the unmet or inadequately-met patient needs. Be it finding an anticancer drug that targets tumour cells or discovering a glaucoma medicine that needs to be instilled only once a day. In doing this, we take care that our practices are sustainable and our processes have a lighter footprint.

A perfect example is SPARC's novel self-dispersing Nanoparticle technology. Water insoluble anticancers have two issues. Firstly, toxic surfactants often have to be used to solubilise the drug. Secondly, such drugs not only reach the tumour tissues, but also reach and penetrate healthy tissues in the body. Our novel self-dispersing Nanoparticle technology platform addresses these challenges with higher drug localisation into the cancer cells, avoiding use of toxic surfactant and the ability to deliver a higher dose.

Our Swollen Micelle Microemulsion (SMM) technology is for solubilising ophthalmic drugs with limited water solubility or completely insoluble ophthalmic drugs. SMM is a Benzalkonium Chloride (BAK)-free solubilising technology, which eliminates use of toxic BAK known to damage ocular surface on chronic use.

Wrap Matrix TM Technology is a novel oral controlled drug delivery system based on pre-defined, precise and selective surface exposure. The technology provides convenience to the patients by reducing the overall pill burden. At the same time, it has a high drug to excipient ratio ensuring that the size of the tablet is reduced, thereby helping patients to easily swallow the tablet.

Note: As SPARC is an R&D facility, most aspects of product life cycle management are not applicable to our business.

### PRINCIPLE 3 – EMPLOYEE WELL-BEING

Employees are the key assets of any organisation, more so in an innovation driven business like ours. Pharma research calls for extensive domain knowledge, technical skills of a high calibre, and passion to make life better.

At SPARC, we nurture the ingenuity of our 250+ scientists by building capabilities, and encouraging them with the right opportunities and the right environment for innovation. We constantly align our HR processes with changing business dynamics and ensure employees well-being by:

- Designing research laboratories and processes with adequate safeguards to ensure operational safety and healthy work environment
- Creating a culture of continuous learning among all our employees.

In the financial year, we invested more than 5,000 hours of learning and developmental activities, taking into fold 58% permanent employees including 39% permanent women employees

- Promoting equality of opportunity and encouraging freedom of communication

We are a close-knit family and regularly engage with our employees to manage their needs and expectations. This is the reason, why our employees have never felt the need to form an employee association.

- Motivating employees with recognition & recreation avenues

#### Employee Strength

Total number of employees	356
Employees hired on temporary/contractual/casual basis	86
Permanent women employees	74

### PRINCIPLE 4 – STAKEHOLDER ENGAGEMENT

We are committed to engage with each stakeholder segment with an aim to consistently align our organisational strategies with our stakeholders' priorities. We pursue this objective by identifying, analysing and addressing their evolving needs, concerns and expectations, including divergent and marginal interests.

The implementation of our Stakeholder Policy is done with integrity, maintaining high standards of transparency and accountability.

The ambit of accountability moves beyond just the customers and investors. We have thus identified all our key stakeholders, internal as well as external:

Employees | Communities | Patients | Healthcare Professionals | Payers, Investors & Shareholders | Regulatory Authorities

We strive to involve each one of them into our decision-making process.

While our company website, annual reports, investor presentations and annual general meetings continue to be our primary source of engagement, we will strive to find new ways to communicate with a broader stakeholder base.

## **PRINCIPLE 5 – HUMAN RIGHTS**

Respecting the dignity of every individual is a moral imperative. At SPARC, we uphold the fundamental rights of a person not just within our organisation, but across our sphere of influence.

We adhere to the following imperatives in letter and spirit:

- Ensure the right to fair wages, freedom of association and collective bargaining
- Open grievance redressal mechanisms to deal with stakeholder concerns on human rights
- Avail a safe working environment, free of discrimination and harassment.
- Strictly condemn child labour, forced labour or any form of involuntary labour; paid or unpaid

In FY 2015-16, we did not receive any complaint from any stakeholder pertaining to human rights violation.

## **PRINCIPLE 6 – ENVIRONMENT**

Natural resource deficiency poses a direct implication on human health. We must mind our action to borrow the least from the Mother Earth. Fortunately, the nature of our business allows us to create more possibilities out of less resources. We are committed to amplify this inherent strength of business by introducing the principles of green chemistry in our laboratory.

Since we are not associated in manufacturing, the potential environmental risks are limited. Still, we have identified possible environmental risks and effective preventive steps as well as actions to be taken, have been implemented.

We comply with all the environmental laws of the land by ensuring resource conservation, use of improved technologies, green processes and continual improvements.

One such initiative is the Company's 'Go Green' initiative, wherein we encourage investors to accept our documents, including Notice of General Meetings and Annual Report, in electronic form instead of physical mode. This has enabled us to save paper and indirectly, trees. Our emissions and waste generation status is well within the permissible limits and we did not receive any notice from CPCB/SPCB in the financial year.

With a view to do our bit, we also have instituted our environment policy.

## **PRINCIPLE 7 – POLICY ADVOCACY**

At heart, SPARC champions the cause of driving effective healthcare via innovation. We collaborate with trade and industry associations, and are members of Indian Merchants Chambers.

## **PRINCIPLE 8 – INCLUSIVE GROWTH**

Any development which is not equitable, will not last long. For the growth to be sustained, it has to be inclusive. At SPARC, we are cognisant of this fact and hence a comprehensive CSR Policy is in place.

Since the average net profit of the Company during the three immediately preceding financial years was negative, we could not invest on CSR activities during the previous year. However, we plan to implement welfare programmes in the future that can usher in sustainable development of the community at large.

## **PRINCIPLE 9 – CUSTOMER VALUE**

We engage with our customers on an on-going basis and maintain clarity in our offerings.

Although we are not required to deal with the end consumers being in the business of innovation, we assume our responsibility towards the patients. Improving the health quotient of the people around the world is our end objective and we pursue it with zealous rigour. Towards this, we have formulated a customer centricity policy stressing on the following principles:

- Focus on patient health, safety and satisfaction at all times
- Follow a sustainable product development cycle which is not just socially responsible, but also ethically robust
- Listen to customers' concerns and address them in a responsive manner

In the financial year, no customer complaint was reported.