

SUN PHARMA
ADVANCED RESEARCH
COMPANY LTD.



Letter of Offer
March 14, 2016
For our Equity Shareholders only

SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED

Our Company was incorporated on March 1, 2006 as 'Sun Pharma Advanced Research Company Limited' under the provisions of the Companies Act, 1956 having registration number 047837 of 2006 with the Registrar of Companies, Ahmedabad, Gujarat. Our Company has received its Certificate of Commencement of Business dated March 22, 2006, from the Registrar of Companies, Gujarat at Ahmedabad. The Corporate Identification Number of our Company is L73100GJ2006PLC047837.

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

Tel: +91 265 2330 815, **Fax:** +91 265 2354 897

Mumbai Office: 17-B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai – 400 093, Maharashtra, India

Tel: +91 22 6645 5645, **Fax:** +91 22 6645 5685

Contact Person: Mr. Debashis Dey, Company Secretary and Compliance Officer, **E-mail:** debashis.dey@sparcmail.com, **Website:** www.sunpharma.in

Promoter of the Company: Mr. Dilip Shanghvi

FOR PRIVATE CIRCULATION TO THE EQUITY SHAREHOLDERS OF SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED (THE "COMPANY" OR THE "ISSUER") ONLY

ISSUE OF 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. MARCH 17, 2016 ("THE ISSUE"). THE ISSUE PRICE FOR THE EQUITY SHARE IS 245 TIMES THE FACE VALUE OF THE EQUITY SHARE. FOR FURTHER DETAILS, PLEASE SEE THE SECTION "TERMS OF THE ISSUE" ON PAGE 149.

GENERAL RISKS

Investment in equity and equity related securities involve a degree of risk and investors should not invest any funds in the Issue unless they can afford to take the risk of losing their investment. Investors are advised to read the risk factors carefully before taking an investment decision in the Issue. For taking an investment decision, investors must rely on their own examination of the Issuer and the Issue including the risks involved. The securities being offered in the Issue have not been recommended or approved by Securities and Exchange Board of India ("SEBI") nor does SEBI guarantee the accuracy or adequacy of this Letter of Offer. **Investors are advised to refer to the section "Risk Factors" on page 10 before making an investment in this Issue.**

ISSUER'S ABSOLUTE RESPONSIBILITY

The Issuer, having made all reasonable inquiries, accepts responsibility for and confirms that this Letter of Offer contains all information with regard to the Issuer and the Issue, which is material in the context of the Issue, that the information contained in this Letter of Offer is true and correct in all material aspects and is not misleading in any material respect, that the opinions and intentions expressed herein are honestly held and that there are no other facts, the omission of which makes this Letter of Offer as a whole or any such information or the expression of any such opinions or intentions misleading in any material respect.

LISTING

The existing Equity Shares are listed on the BSE Limited ("BSE") and the National Stock Exchange of India Limited ("NSE"), (together the "Stock Exchanges"). We have received "in-principle" approvals from BSE and NSE for listing the Rights Issue Equity Shares to be allotted in the Issue *vide* their letters dated October 14, 2015 and October 9, 2015, respectively. For the purposes of the Issue, the Designated Stock Exchange is BSE.

LEAD MANAGERS TO THE ISSUE


Ernst & Young Merchant Banking Services Private Limited
14th Floor, The Ruby
29 Senapati Bapat Marg, Dadar (West)
Mumbai – 400 028, Maharashtra, India
Tel. No. : +91 22 6192 0000
Fax No. : +91 22 6192 1000
E-mail: sparcrightissue2@in.ey.com
Investor Grievance ID: investorgrievances@in.ey.com
Website: www.ey.com/india
Contact Person: Mr. Abhishek Sureka
SEBI Registration: INM000010700



Inga Capital Private Limited[#]
Naman Midtown
21st Floor, 'A' Wing
Senapati Bapat Marg, Elphinstone (West)
Mumbai – 400 013, Maharashtra, India
Tel. No. : +91 22 4031 3489
Fax No. : +91 22 4031 3379
E-mail: sparc.rights@ingacapital.com
Investor Grievance E-mail: investors@ingacapital.com
Website: www.ingacapital.com
Contact Person: Mr. Ashwani Tandon
SEBI Registration No: INM000010924

REGISTRAR TO THE ISSUE



Link Intime India Private Limited
Pannalal Silk Mills Compound, L.B.S. Marg
Bhandup (West), Mumbai - 400 078
Maharashtra, India
Tel No.: +91 22 61715400
Fax No.: +91 22 2596 0329
E-mail: sparc.rights@linkintime.co.in
Investor Grievance E-mail: sparc.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Mr. Dinesh Yadav
SEBI Registration: INR000004058

ISSUE PROGRAMME

ISSUE OPENS ON	LAST DATE FOR RECEIPT OF REQUEST FOR SPLIT APPLICATION FORMS	ISSUE CLOSES ON
March 28, 2016	April 4, 2016	April 11, 2016

[#] Inga Capital Private Limited is an associate of the Company as per the SEBI Merchant Bankers Regulations. Inga Capital Private Limited has signed the due diligence certificate and accordingly has been disclosed as a Lead Manager. Further, in compliance with the proviso of Regulation 21A of SEBI Merchant Bankers Regulations and Regulation 5(3) of the SEBI ICDR Regulations, Inga Capital Private Limited would be involved only in the marketing of the Issue.

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SECTION I – GENERAL

DEFINITIONS AND ABBREVIATIONS

Definitions

In this Letter of Offer, unless the context otherwise requires, the terms defined and abbreviations expanded below shall have the same meaning as stated in this section. References to statutes, rules, regulations, guidelines and policies will be deemed to include all amendments and modifications notified thereto.

In this Letter of Offer, unless otherwise indicated or the context otherwise requires, all references to “Sun Pharma Advanced Research Company Limited”, “the/our” “Company”, “SPARC”, “Issuer”, “we”, “our” and “us” are to “Sun Pharma Advanced Research Company Limited” and references to “you” are to the prospective investors in the Issue.

Company Related Terms

Term	Description
“our Company”, “the Company”, “we”, “us”, “our”, “the Issuer Company”, “the Issuer” and “SPARC”	Sun Pharma Advanced Research Company Limited
Articles/ AoA/ Articles of Association	Our articles of association, as amended
Auditors	Our statutory auditors, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm’s Registration No. 117366W/W-100018)
Board of Directors/Board	Our board of directors or any duly constituted committees thereof
CFO	Chief Financial Officer of the Company
Directors	Directors of our Company
Equity Shares	Equity shares of face value of ₹ 1 each of our Company
Group Companies	<p>Group Companies includes such companies as covered under the applicable accounting standards and also other companies as considered material by the board of our Company.</p> <p>The policy (as adopted by the Board of our Company vide circular resolution dated September 8, 2015) to define the materiality requirement for a company to be considered as a Group Company of our Company is as follows:</p> <p>“A Company shall be considered to be Material for purpose of its inclusion as a Group Company in terms of the requirements of SEBI (ICDR) Regulations, 2009 if and only if it fulfils ALL of the following criteria’s:</p> <ul style="list-style-type: none">(i) It is a Company as defined under section 2(20) of the Companies Act, 2013; and(ii) It has been identified as a Related Party of the Company as defined under section 2(76) of the Companies Act, 2013, including the Rules made thereunder; and(iii) If the transaction / transactions to be entered into individually or taken together with previous transactions during a financial year with such Company exceeds ten percent of the annual consolidated turnover of the Company as per the last audited Audited Annual Financial Statements of the Company.”
Internal Auditors	M/s. K.C.Mehta & Co., Chartered Accountants
Memorandum/ MoA/ Memorandum of Association	The memorandum of association of our Company, as amended
Mumbai Office	17-B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai- 400 093, Maharashtra, India
Promoter	Mr. Dilip Shanghvi
Promoter Group	Persons and entities constituting the promoter group of our Company in

Term	Description
	terms of Regulation 2(1)(zb) of the SEBI ICDR Regulations
Registered Office	Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara – 390 020, Gujarat, India
SPIL	Sun Pharmaceutical Industries Limited
SPLL	Sun Pharma Laboratories Limited
Sun Pharma Mexico	Sun Pharma de Mexico SA de CV

Issue Related Terms

Term	Description
2012 Rights Issue	Rights Issue, undertaken by our Company, vide the Letter of Offer dated August 10, 2012
Abridged Letter of Offer	The abridged letter of offer to be sent to the Equity Shareholders with respect to the Issue in accordance with the SEBI ICDR Regulations
Allotment/ Allot	Allotment of Rights Issue Equity Shares pursuant to the Issue
Allottee(s)	Persons to whom Rights Issue Equity Shares will be Allotted pursuant to the Issue
Application	Unless the context otherwise requires, refers to an application for Allotment of Rights Issue Equity Shares in this Issue
Application Money	Aggregate amount payable in respect of the Securities applied for in the Issue at the Issue Price
Application Supported by Blocked Amount/ ASBA	The application (whether physical or electronic) used by ASBA Investors to make an application authorizing the SCSB to block the amount payable on application in ASBA Account
ASBA Account	Account maintained with a SCSB and specified in the CAF or plain paper application, as the case may be, for blocking the amount mentioned in the CAF, or the plain paper application, as the case may be
ASBA Investor/ASBA Applicant	Equity Shareholders proposing to subscribe to the Issue through ASBA process and: <ul style="list-style-type: none"> (a) Who are holding our Equity Shares in dematerialized form as on the Record Date and have applied for their Rights Entitlements and/ or additional Equity Shares in dematerialized form; (b) Who have not renounced their Rights Entitlements in full or in part; (c) Who are not Renounees; and (d) Who are applying through blocking of funds in a bank account maintained with SCSBs. All QIBs and other Investors whose application value exceeds ₹ 2 lakhs complying with the above conditions may participate in this Issue through the ASBA process only
Bankers to the Company	ICICI Bank Limited, Kotak Mahindra Bank Limited, IndusInd Bank Limited and State Bank of India Limited
Banker to the Issue	Kotak Mahindra Bank Limited
Composite Application Form/ CAF	The form used by an Investor to make an application for the Allotment of Rights Issue Equity Shares in the Issue
Consolidated Certificate	In case of holding of Equity Shares in physical form, the certificate that would be issued for the Rights Issue Equity Shares Allotted to 1 folio
Controlling Branches of the SCSBs	Such branches of the SCSBs which coordinate with the Lead Managers, the Registrar to the Issue and the Stock Exchanges, a list of which is available on http://www.sebi.gov.in
Designated Stock Exchange	BSE
Designated Branches	Such branches of the SCSBs which shall collect application forms used by ASBA Investors and a list of which is available on http://www.sebi.gov.in
Draft Letter of Offer	The draft letter of offer dated September 15, 2015 filed with SEBI for its observations which does not contain complete particulars of the Issue
Equity Shareholders/ Eligible	A holder/beneficial owner of our Equity Shares as on the Record Date

Term	Description
Equity Shareholder(s)	
EYMBS	Ernst & Young Merchant Banking Services Private Limited
Investor(s)	The Equity Shareholders(s) on the Record Date, applying in this Issue, and the Renouncees who have submitted an Application to subscribe to the Issue
Inga	Inga Capital Private Limited
Issue/ Rights Issue	Issue of 1,02,04,081 Equity Shares of face value of ₹ 1 each for cash at a price of ₹ 245 per Equity Share including a share premium of ₹ 244 per Equity Share aggregating up to ₹ 25,000 lakhs to our existing Equity Shareholders on a rights basis in the ratio of 5 Equity Shares for every 116 Equity Shares held by them on the Record Date
Issue Closing Date	April 11, 2016
Issue Opening Date	March 28, 2016
Issue Price	₹ 245 per Rights Issue Equity Share
Issue Size	Amount up to ₹ 25,000 lakhs
Issue Proceeds	The gross proceeds to be raised through this Issue
Lead Managers	Ernst & Young Merchant Banking Services Private Limited and Inga Capital Private Limited
Letter of Offer	The letter of offer dated March 14, 2016 filed with the Stock Exchanges after incorporating the observations received from the SEBI on the Draft Letter of Offer
Net Proceeds	The Issue Proceeds less the Issue related expenses. For further details, please see section “ <i>Objects of the Issue</i> ” on page 65
Non-ASBA Investor	Investors other than ASBA Investors who apply in the Issue otherwise than through the ASBA process
Non-Institutional Investors	Investor, including any company or body corporate, other than a Retail Individual Investor and a QIB
Qualified Foreign Investors/ QFI	Qualified Foreign Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (as amended), registered with SEBI under applicable laws in India. A Qualified Foreign Investor may buy, sell or otherwise continue to deal in securities without registration as Foreign Portfolio Investors subject to compliance with conditions specified in the SEBI (Foreign Portfolio Investors) Regulations, 2014
QIBs or Qualified Institutional Buyers	Qualified institutional buyers as defined under Regulation 2(1)(zd) of the SEBI ICDR Regulations
Record Date	March 17, 2016
Refund Banker	Kotak Mahindra Bank Limited
Registrar to the Issue/ Registrar and Transfer Agent/ RTA	Link Intime India Private Limited
Renouncee(s)	Any person(s) who has/ have acquired Rights Entitlements from Equity Shareholders
Retail Individual Investors	Individual Investors who have applied for Rights Issue Equity Share for an amount not more than ₹ 2 lakhs (including HUFs applying through their Karta)
Rights Entitlement	The number of Rights Issue Equity Share that an Investor is entitled to in proportion to the number of Equity Shares held by the Investor on the Record Date
Rights Issue Equity Shares	Equity Shares of the Company to be allotted pursuant to this Rights Issue.
SAF(s)	Split Application Form(s)
SCSB(s)	A Self Certified Syndicate Bank, registered with SEBI, which acts as a banker to the Issue and which offers the facility of ASBA. A list of all SCSBs is available at http://www.sebi.gov.in
SEBI LODR Regulations	The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations 2015, as amended.
Stock Exchange(s)	BSE and NSE, where our Equity Shares are presently listed

Term	Description
Uniform Listing Agreement	The uniform listing agreement entered between the Stock Exchanges and our Company, pursuant to the SEBI LODR Regulations and SEBI Circular No. CIR/CFD/CMD/6/2015 dated October 13, 2015, in relation to the listing of the Rights Issue Equity Shares on the Stock Exchanges.
Working Days	Any day, other than Saturdays and Sundays, on which commercial banks in Delhi or Mumbai are open for business, provided however, for the purpose of the time period between the Issue Closing Date and listing of the Securities on the Stock Exchanges, "Working Days" shall mean all days excluding Sundays and bank holidays in Delhi or Mumbai in accordance with the SEBI circular no. CIR/CFD/DIL/3/2010 dated April 22, 2010

Conventional and General Terms/ Abbreviations

Term	Description
Act/ Companies Act	The Companies Act, 1956 and the notified provisions of the Companies Act, 2013
AGM	Annual General Meeting
AS	Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014
BSE	BSE Limited
CAGR	Compounded Annual Growth Rate
Companies Act 1956	The Companies Act, 1956, as amended
Companies Act 2013	The Companies Act, 2013, to the extent notified
CDSL	Central Depository Services (India) Limited
Depositories Act	The Depositories Act, 1996, as amended
Depository	A depository registered with SEBI under the SEBI (Depositories and Participant) Regulations, 1996
Depository Participant/ DP	A depository participant as defined under the Depositories Act
DIN	Director Identification Number
DP ID	Depository Participant Identity
EC	Extension Counter
EGM	Extra-Ordinary General Meeting
EPS	Earnings per Share
FDI	Foreign Direct Investment
FEMA	The Foreign Exchange Management Act, 1999, including the regulations framed thereunder, as amended
FII	Foreign Institutional Investor as defined under the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 (as amended) and registered with SEBI and as repealed by Foreign Portfolio Investors defined under the SEBI (Foreign Portfolio Investors) Regulations, 2014. A Foreign Institutional Investor or a sub account and may buy, sell or otherwise continue to deal in securities without registration as Foreign Portfolio Investors subject to compliance with conditions specified in the SEBI (Foreign Portfolio Investors) Regulations, 2014.
FPI	Foreign Portfolio Investor as defined under the Securities and Exchange Board of India (Foreign Portfolio Investors) Regulations, 2014 (as amended), registered with SEBI under applicable laws in India
Financial Year/ Fiscal/ FY	Period of 12 months ended March 31 of that particular year
FIPB	Foreign Investment Promotion Board, Ministry of Finance, GoI
FVCI	Foreign Venture Capital Investors as defined under the Securities and Exchange Board of India (Foreign Venture Capital Investors) Regulations, 2000 (as amended) registered with SEBI under applicable laws in India
GAAP	Generally Accepted Accounting Principles

Term	Description
GoI	Government of India
HUF	Hindu Undivided Family
ICAI	Institute of Chartered Accountants of India
IFRS	International Financial Reporting Standards
IFSC	Indian Financial System Code
ISIN	International Securities Identification Number
IT Act	The Income Tax Act, 1961, as amended
Indian GAAP	Generally accepted accounting principles followed in India
MICR	Magnetic Ink Character Recognition
Mutual Fund/ MF	A mutual fund registered with SEBI under the SEBI (Mutual Funds) Regulations, 1996
NAV	Net Asset Value
NECS	National Electronic Clearing Services
NEFT	National Electronic Funds Transfer
Net Worth	Aggregate of the paid up share capital and reserves and surplus (excluding revaluation reserve, if any) as reduced by the unamortized share issue expenses
NR	Non-Resident
NRI	Non-Resident Indian
NRE Account	Non-Resident External Account
NRO Account	Non-Resident Ordinary Account
NSDL	National Securities Depository Limited
NSE	National Stock Exchange of India Limited
OCB	Overseas Corporate Body
p.a.	Per Annum
PAN	Permanent Account Number under the IT Act
PAT	Profit After Tax
PBT	Profit Before Tax
RBI	Reserve Bank of India
Registrar of Companies/ RoC	Registrar of Companies, Ahmedabad at Gujrat
Regulation S	Regulation S under the Securities Act
Rupees/ INR/ Rs/ ₹.	Indian Rupees
RTGS	Real Time Gross Settlement
SEBI	Securities and Exchange Board of India
SEBI Act	Securities and Exchange Board of India Act, 1992
SEBI ICDR Regulations/ SEBI Regulations	Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009, as amended
SEBI Merchant Bankers Regulations	Securities and Exchange Board of India (Merchant Bankers) Regulations, 2012, as amended
Securities Act	U.S. Securities Act of 1933, as amended
Takeover Regulations	Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011, as amended
U.S./ US/ USA/United States	United States of America

Industry Related Terms

Term	Description
API	Active Pharmaceutical Ingredient
ADF	Abuse Deterrent Formulations
ADME	Absorption, Distribution, Metabolism and Excretion
BAK	Benzalkonium Chloride
CML	Chronic Myeloid Leukemia
CNS	Central Nervous System
COPD	Chronic Obstructive Pulmonary Disease
Contract Research Organisation /	A person or an organization (commercial, academic, or other) contracted

Term	Description
CRO	by the sponsor to perform one or more of a sponsor's trial-related duties and functions
CRL	Complete Response Letter
CQAs	Critical Quality Attributes
DICN	Docetaxel Injection Concentrate for Nanodispersion
DCGI	Drugs Controller General of India
DDPB	Drug Development Promotion Board
DPI	Dry Powder Inhaler
Drug Candidates/Drug Discovery	The process of developing a therapeutically active substance for a defined target molecule or pathway
DSIR	Department of Scientific and Industrial Research
DST	Department of Science and Technology
EMA	European Medicines Evaluation Agency
ER	Extended Release
FDA	Food and Drug Administration
GCP	Good Clinical Practices
GFR	Gel Free Reservoir
GRID	Gastro Retentive Innovative Device
GRS	Gastro Retentive System
IND	Investigational New Drug
NCE	New Chemical Entity
NDA	New Drug Application
Nanotecton	Nanotechnology based delivery systems
NDDS	Novel Drug Delivery Systems
OD	Once a day
PICN	Paclitaxel Injection Concentrate for Nanodispersion
QTPP	Quality Target Product Profile
SMM	Swollen Micelle Microemulsion
SPA	Special Protocol Assessment
TPP	Target Product Profile
USFDA / US FDA	United States Food and Drug Administration
XR	Extended Release

The words and expressions used but not defined herein shall have the same meaning as is assigned to such terms under the Companies Act, as amended, the Securities Contracts (Regulation) Act, 1956, the Depositories Act, 1996 and the rules and regulations made thereunder.

NOTICE TO OVERSEAS SHAREHOLDERS

The distribution of the Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession the Draft Letter of Offer, Letter of Offer, Abridged Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to the Equity Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs to such shareholders who have provided an Indian address. Those overseas shareholders who do not update our records with their Indian address or the address of their duly authorized representative in India, prior to the date on which we propose to dispatch the Letter of Offer / Abridged Letter of Offer and CAFs, shall not be sent the Letter of Offer / Abridged Letter of Offer and CAFs. No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer was filed with SEBI for observations. Accordingly, the rights or Equity Shares may not be offered or sold, directly or indirectly, and the Letter of Offer/ Abridged Letter of Offer and CAFs may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction. Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Letter of Offer must be treated as sent for information only and should not be acted upon for subscription to rights or Equity Shares and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the rights or Equity Shares, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the rights or Equity Shares referred to in this Letter of Offer. Envelopes containing a CAF should not be dispatched from any jurisdiction where it would be illegal to make an offer, and all persons subscribing for the Equity Shares in this Issue must provide an Indian address.

Any person who makes an application to acquire rights and the Equity Shares offered in this Issue will be deemed to have declared, represented, warranted and agreed that he is authorised to acquire the rights and the Equity Shares in compliance with all applicable laws and regulations prevailing in his jurisdiction. We, the Registrar, the Lead Managers or any other person acting on behalf of us reserve the right to treat any CAF as invalid where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements and we shall not be bound to allot or issue any Equity Shares or Rights Entitlement in respect of any such CAF. Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to the date of this Letter of Offer.

The contents of this Letter of Offer should not be construed as legal, tax or investment advice. Prospective investors may be subject to adverse foreign, state or local tax or legal consequences as a result of the offer of Equity Shares. As a result, each investor should consult its own counsel, business advisor and tax advisor as to the legal, business, tax and related matters concerning the offer of Equity Shares. In addition, neither our Company nor the Lead Managers is making any representation to any offeree or purchaser of the Equity Shares regarding the legality of an investment in the Equity Shares by such offeree or purchaser under any applicable laws or regulations.

CERTAIN CONVENTIONS, USE OF FINANCIAL, INDUSTRY AND CURRENCY OF PRESENTATION

Certain Conventions

References in this Letter of Offer to “India” are to the Republic of India and the “Government” or the “Central Government” is to the Government of India (“GoI”) and to the ‘US’ or ‘U.S.’ or the ‘United States’ are to the United States of America and its territories and possessions.

Financial Data

Unless stated otherwise, the financial data in this Letter of Offer is derived from our financial statements prepared in accordance with Indian GAAP. Our fiscal year commences on April 1 of each year and ends on March 31 of the succeeding year, so all references to a particular “fiscal year” or “Fiscal” are to the 12 month period ended on March 31 of that year. Our Audited financial statements for the Fiscal 2015 and the Unaudited financial results for the quarter and six months ended September 30, 2015 and Unaudited financial results for the quarter and nine months ended December 31, 2015 (the “**Financial Statements**”) that appear in this Letter of Offer have been prepared by our Company in accordance with Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards prescribed by the Institute of Chartered Accountants of India and other applicable statutory and / or regulatory requirements. For further details of such financial statements, see the section “*Financial Information*” on page 93.

We publish our financial statements in Indian Rupees.

Unless stated otherwise, throughout this Letter of Offer, all figures have been expressed in lakhs.

Figures of Fiscal 2014 have been regrouped / reclassified wherever necessary and rounded off to Lakhs with two decimal points to correspond with Fiscal 2015 classification / disclosure.

In this Letter of Offer, any discrepancies in any table between the total and the sums of the amounts listed are due to rounding off, and unless otherwise specified, all financial numbers in parenthesis represent negative figures. Numerical values have been rounded off to two decimal places.

Currency of Presentation

All references in this Letter of Offer to “Rupees”, “₹”, “₹.”, “Indian Rupees” and “INR” are to Indian Rupees, the official currency of India.

Please Note:

- One million is equal to 10 Lakhs /1,000 thousand
- One billion is equal to 1,000 million
- One Lakh is equal to 100 thousand
- One crore is equal to 10 million/100 Lakhs

FORWARD LOOKING STATEMENTS

Certain statements in this Letter of Offer that are not statements of historical fact constitute 'forward looking statements'. Investors can generally identify forward-looking statements by terminologies such as "will", "may", "aim", "is likely to result", "believe", "expect", "continue", "anticipate", "estimate", "intend", "plan", "contemplate", "seek to", "future", "objective", "goal", "project", "should", "pursue" and similar expressions or variations of such expressions, that are "forward looking statements". Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements. By their nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved.

All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement. Important factors that could cause actual results to differ materially from plans, objectives, estimates, intentions and expectations expressed in such forward looking statements include, but are not limited to:

- Our ability to successfully implement our growth strategy and expansion plans, and to successfully launch and implement various projects and business plans;
- Our ability to complete our NCE and NDDS programs and obtain regulatory approvals for launch of our products in a timely manner;
- Fluctuations in operating costs and impact on the financial results;
- Our ability to renew our agreements or arrangement with the CROs of favourable terms;
- Our ability to attract and retain qualified personnel;
- Our ability to retain our existing clients;
- Our ability to successfully bring in a new molecule or develop a commercially viable Drug Candidate;
- Our ability to successfully commercialise a Drug Candidate
- Our ability to obtain and renew licenses and approvals required for our business;
- Changes in laws and regulations relating to the industry in which we operate;
- Changes in government policies and regulatory actions that apply to or affect our business;
- Changes in political, economic, social conditions in India, the monetary policies of India and other countries, inflation, deflation, unanticipated turbulence in interest rates, equity prices or other rates or prices;
- General economic and business conditions in the markets in which we operate;
- Increasing competition in or other factors affecting the industry;
- Changes in the value of the Rupee and other currency changes;
- Changes in the foreign exchange control regulations in India;
- The performance of the financial markets in India and globally; and
- Our ability to manage risks that arise from these factors.

For a further discussion of factors that could cause our actual results to differ, please see the sections "*Risk Factors*" on page 10. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated.

The forward-looking statements contained in this Letter of Offer are based on the beliefs of management, as well as the assumptions made by, and information currently available to, management of our Company. Whilst our Company believes that the expectations reflected in such forward-looking statements are reasonable at this time, it cannot assure investors that such expectations will prove to be correct. Given these uncertainties, Investors are cautioned not to place undue reliance on such forward-looking statements. Neither we nor the Lead Managers nor any of their respective affiliates employees or directors make any representation, warranty or prediction that the results anticipated by such forward-looking statements will be achieved, and such forward-looking statements represent, in each case, only one of many possible scenarios and should not be viewed as the most likely or standard scenario. Neither we nor the Lead Managers nor any of their respective affiliates or employees or directors have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition. In accordance with SEBI/ Stock Exchanges requirements, our Company and the Lead Managers will ensure that Investors in India are informed of material developments until the time of the grant of listing and trading permissions by the Stock Exchanges for the Equity Shares allotted pursuant to this Issue.

SECTION II - RISK FACTORS

An investment in our Equity Shares involves a degree of risk. You should consider all information in this Letter of Offer, including the risks and uncertainties described below, before making an investment in our Equity Shares. Investors should carefully consider all the information contained in the section titled "Financial Information" on page 93 for the information related to the financial performance of our Company. If any of the following risks or any of the risks and uncertainties discussed in this Letter of Offer or other risks that are not currently known or are now deemed immaterial, actually occur, our business, cash flow, financial condition and results of operations could suffer, the trading price of our Equity Shares could decline and you may lose all or part of your investment.

The risk set out in this Letter of Offer may not be exhaustive and additional risk and uncertainties not presently known to us, or which may arise or may become material in the future. Further, some events may have a material impact from a qualitative perspective rather than a quantitative perspective and may be material collectively rather than individually. Investors are advised to read the risk factors carefully before taking an investment decision in this offering. Before making an investment decision, investors must rely on their own examination of the offer and us.

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

INTERNAL RISK FACTOR

- FIPB has granted approval to our Company, vide its approval dated November 2, 2015, ("Approval") to issue and allot equity shares to FIIs, FPIs, NRIs and OCBs pursuant to the proposed Rights Issue, whether by way of renunciation or otherwise, upto an aggregate amount of ₹ 25,000 lakhs. The Approval is interalia subject to compounding by RBI, within 90 days of the issuance of the Approval.***

FIPB has granted approval to our Company, vide its approval dated November 2, 2015, ("Approval") to issue and allot equity shares to FIIs, FPIs, NRIs and OCBs pursuant to the proposed Rights Issue, whether by way of renunciation or otherwise, upto an aggregate amount of ₹ 25,000 lakhs. The Approval is interalia subject to compounding by RBI, within 90 days of the issuance of the Approval.

Our Company has received Approval to issue and allot equity shares to FIIs, FPIs, NRIs and OCBs pursuant to the proposed Rights Issue, whether by way of renunciation or otherwise, upto an aggregate amount of ₹ 25,000 lakhs. The Approval is interalia subject to compounding by RBI ("Compounding"), within 90 days of the issuance of the Approval. Further, our Company vide its online application dated January 13, 2016 ("Application") and letter dated January 19, 2016 requested FIPB to cancel/delete the condition in relation to the Compounding, based on the contention that the increase in the foreign shareholding beyond 4.67% was on account of transactions in the secondary market and not due to allotment of Equity Shares, to foreign shareholders, by our Company, under the 2012 Rights Issue. FIPB in its meeting held on March 7, 2016, considered our Application for waiver of the Compounding condition. However, pending receipt of the outcome of the meeting, our Company vide its letter dated March 9, 2016 applied to the RBI for compounding. There can be no certainty that FIPB will cancel or delete the condition for Compounding. RBI may interalia levy in relation to the contravention of the conditions of the Approval granted during the 2012 Rights Issue, penalty up to thrice the sum involved, where the amount is quantifiable; or up to two lakh rupees where the amount is not quantifiable. RBI may also impose penalty which may extend to five thousand Rupees for every day, after the first day during which the contravention continues. For more details in relation to the Approval please see the chapter titled "Government and other approvals" beginning on page 133."

- The clinical trials involving the 1 NCE and 4 NDDS projects, for which Issue Proceeds amounting to ₹ 19,474.37 lakhs will be deployed, may not yield successful results***

We are an innovative pharmaceutical research and development company focusing on developing new proprietary drugs through two pathways namely; NDDS and NCEs. The process of discovery of novel drug delivery system ("NDDS") and / or new chemical entities ("NCE") are dependent on various steps and each step in the new drug discovery process is dependent on the success of the prior step; the

overall success of the NDDS and / or NCE process is dependent on the success of each of the steps carried out in the process. Clinical trial is one of the important steps in the process of NCEs and NDDSs. In the event any of the steps in discovery including clinical trial of the NDDS and / or NCE fails due to any reason, the particular NDDS/NCE program may not obtain regulatory approval for commercialization; or there could be delay in approval or management may decide to terminate the program if it becomes economically unviable to do further research. Thus there is no guarantee that, the 1 NCE and 4 NDDS projects in which the Issue Proceeds amounting to ₹ 19,474.37 lakhs will be deployed, will be successful and yield results.

3. ***We depend on a limited number of CROs for conducting clinical trials. Our inability to renew our agreements / arrangements with such CROs on terms acceptable to us or at all could adversely affect our business, results of operations and future prospects. Further, any future conflicts with such CROs may also adversely affect our business, results of operations and future prospects.***

We depend on a limited number of CROs for conducting clinical trials. We cannot assure you that we will be able to renew our agreements with the CROs on commercially acceptable terms or at all. In the event our existing agreements are terminated, we will be required to re-negotiate the terms of agreements with the existing CROs or new CROs for clinical trials and we cannot assure that the new arrangements will be on commercially acceptable terms. In the event we are unable to enter into new agreements, or renew or extend the term of the existing agreements with the CROs on terms acceptable to us or at all, our business, results of operations and future prospects could be adversely be affected.

While we have long standing relationships with the CROs, we are unable to assure you that these relationships shall continue without any conflict. In the event any conflict arises, which cannot be settled between the parties, our business, results of operations and cash flows could be adversely affected. We are also unable to assure you that we shall be able to identify alternate CROs in a timely and cost effective manner, or at all, which could also adversely affect our business, results of operations and future prospects.

4. ***Substantial part of our revenue is generated from transactions with our related party entities namely Sun Pharmaceutical Industries Limited and its subsidiaries. Our inability to sustain historical levels of business from these related party entities may adversely affect our business, financial condition, results of operations and profitability.***

99.37% and 99.71% of our Company's total revenues from operations in Fiscal 2014 and Fiscal 2015 respectively is generated from our Company's transactions with Sun Pharmaceutical Industries Limited and/or its subsidiaries. Following are the details of the total revenues from operations with related party entities and others:

Particulars	Fiscal 2014		Fiscal 2015	
	Amount (₹ in lakhs)	%	Amount (₹ in lakhs)	%
Sun Pharma Global FZE	12,949.72	77.53%	12,474.08	80.10%
Sun Pharma Laboratories Limited	3,571.78	21.38%	1,562.56	10.03%
Sun Pharmaceutical Industries Limited	76.28	0.46%	1,491.86	9.58%
Total revenue from operations with related parties	16,597.78	99.37%	15,528.50	99.71%
Revenue from operations with other parties	105.19	0.63%	45.25	0.29%
Total revenue from operations	16,702.97	100.00%	15,573.75	100.00%

The revenue earned from these related party entities is likely to vary from year to year. Any loss of these clients, may adversely impact our business, revenues and profitability. Further, in the past, we have not commercialized any of our NCE and NDDS programs through any client other than Sun Pharmaceutical Industries Limited and/or its subsidiaries. We cannot assure you that we will be able to maintain the historical levels of business from these clients. Our inability to sustain historical levels of business from these clients may adversely affect our business, financial condition, results of operations and profitability.

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

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

The State of Gujarat and Regional Officer of the Gujarat Pollution Control Board, Bharuch have filed a criminal complaint against SPIL, Mr. Dilip Shanghvi (our Promoter), Mr. Sudhir Valia and Mr. Mohanchand Dadha in their capacity as directors of that Company (collectively referred to as “**Respondents**”) before the Judicial Magistrate First Class, Vagra, Bharuch alleging that the Respondents have undertaken certain constructions without obtaining the requisite prior approvals thereby contravening the provisions of the Environment (Protection) Act, 1986 and the Notification S.O. 1533 (E) in the 2006 EIA Notification. Though Respondents have filed an application for quashing the above criminal complaint, the matter is currently pending. No assurance can be given that this case will be settled in favour of our Promoter and the relevant Directors or that no further liability will arise out of this claim.

The Vadodara Municipal Corporation has filed a criminal complaint on May 19, 2003, bearing number CC No 4555 of 2003 before the Additional Chief Judicial Magistrate, Vadodara against SPIL(our group entity) and our Directors namely Mr. Dilip Shanghvi our Promoter, Mr. Sudhir Valia and Mr. S. Mohanchand Dadha, our directors and others alleging offence under section 398 and 402 of the Bombay Provincial Municipal Corporation Act and rule 22 and 34 of the Vadodara Octroi Rules alleging non payment of Octroi along with penalty. The amount involved is ₹ 21.84 million. The matter is pending before the Court as all accused have not been served with the summons.

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

6. ***Restrictive or penal order may be passed against certain entities of Promoter Group & Group Companies and some of the Directors of Group Companies by SEBI in an ongoing investigation that could restrict, stop or hamper their operations or services, or a part thereof, or levy penalties in connection therewith, which may in turn adversely affect our reputation and consequently may affect our business, financial condition and profitability, and our results of operations.***

SEBI had issued summons to produce documents and information, to certain entities of Promoter Group and Group Companies and some of the Directors of Group Companies (including some of our Directors), in relation to certain trading activities in the scrip of erstwhile Ranbaxy Laboratories Limited around the time when the scheme of arrangement between Ranbaxy Laboratories Limited and Sun Pharmaceutical Industries Limited (“Scheme”) was announced. SEBI vide its email dated March 8, 2016 (“Email”) requested SPIL to provide certain information (“Information”) in relation to the Scheme, by March 10, 2016. SPIL vide its email dated March 10, 2016 sought additional time till March 21, 2016 to provide information to SEBI. SEBI vide its email dated March 10, 2016 granted SPIL additional time till March 21, 2016 to submit the Information. While the respective entities, other than SPIL, have provided their responses along with the information requested by SEBI, we cannot assure that the enquiry by SEBI will not result in issuance of a show cause notice to these entities and/or any other proceedings under the applicable provisions. Any adverse order arising from such show cause notice if received and/or legal action if initiated by SEBI against these entities may affect our reputation and consequently may affect our business and financial condition, and our results of operations.

7. ***There are legal proceedings currently outstanding involving our Company. Any adverse decision may render us liable to liabilities/penalties and may adversely affect our business, results of operations and profitability.***

Our Company is involved in certain legal proceedings and claims in relation to taxation incidental to our business and operations. These legal proceedings are pending at different levels of adjudication

before various courts and tribunals. Any adverse decision may render us liable to liabilities/penalties and may adversely affect our business, results of operations and profitability. A summary of material legal and other proceedings involving our Company is given in the following table

Type of Proceedings	Number of cases	Amount to the extent quantifiable (₹ in lakhs)
Cases filed against our Company		
Tax Proceedings	4	1,812.11
Indirect Tax	1	Not Ascertainable
Total	5	1,812.11

For further details please see to the section “*Outstanding Litigations and Defaults*” on page 131.

8. *We have in the past entered into related party transactions and we may continue to do so in the future. In the event, contracts or arrangements with related parties are not approved by the Board of Directors and the shareholders of the Company, as the case may be, our Company’s ability to enter into such contracts and / or arrangements may be impaired, which may have an adverse effect on our business, results of operations and financial condition.*

We have in the past entered into significant transactions with certain entities promoted / and or controlled by our Promoter and other related parties. Disclosure with respect to AS-18 on related party disclosures, for Fiscal 2014 and Fiscal 2015 are as follows:

Particulars	March 31,	March 31,
	2014	2015
	₹ in Lakhs	₹ in Lakhs
Sun Pharmaceutical Industries Ltd		
Sale of Services - License Fees / Royalty on Technology / R&D Services	76.28	1,491.86
Purchase of Goods	167.22	154.75
Rent Paid	12.12	12.12
Interest Expenses	537.70	-
Receiving of Research and Development Services	-	1,653.31
Reimbursement of Expenses	392.48	551.65
Reimbursement of Expenses incurred	52.37	2.63
Loans Received	3,110.00	-
Loans Repaid	10,494.10	-
Outstanding Balance Payable	608.48	224.28
Sun Pharma Laboratories Ltd		
Sale of Services - License Fees / Royalty on Technology	3,571.78	1,562.56
Purchase of Goods	4.34	0.32
Reimbursement of Expenses incurred	-	0.03
Outstanding Balance Receivable	854.51	315.13
Sun Pharma Global FZE		
Sale of Products - Technology / Know-how	2,622.57	245.98
Sale of Services - License Fees / Royalty on Technology	10,327.15	12,228.10
Outstanding Balance Receivable	1,908.88	1,658.48
Sun Pharmaceutical Industries Inc.		
Reimbursement of Expenses	3.02	326.93
Purchase of Goods / Product Development charges	44.13	-
Outstanding Balance Payable	45.23	317.59
Taro Pharmaceuticals Inc.		
Purchase of Goods	3.60	0.41
Outstanding Balance Payable	3.60	0.41
Alfa Infraprop Pvt. Ltd.		
Sale of Vehicle	-	4.04
Remuneration to Key Managerial Personnel		

Particulars	March 31, 2014	March 31, 2015
	₹ in Lakhs	₹ in Lakhs
Remuneration - Wholetime Director	341.27	21.84
Interest on Salary Advances	0.28	-
Outstanding Balance - Remuneration Payable - Wholetime Director	59.40	-

Further, pursuant to the Companies Act, 2013, all related party transactions require the consent of the Board of Directors of the Company and in certain cases the approval of the shareholders. For further details of the related party transactions, see the section “*Financial Information*” on page 93.

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

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

We are part of a diversified pharmaceutical group which has grown organically and inorganically over a period of time. There are a number of companies in the group which are engaged/may be engaged in the similar line of business or offer services that are related to the business of our Company.

Some of our Group Companies including SPIL, Sun Pharma Global FZE, Sun Pharmaceutical Industries Inc, Sun Pharma Laboratories Limited, SPARC Bio-Research Private Limited, Taro Pharmaceutical Industries Limited, Taro Pharmaceuticals Canada Ltd, Taro International Limited and Ranbaxy Malaysia Sdn Bhd, Terapia SA, Ohm Laboratories Inc. are engaged in similar businesses similar to that of our Company i.e. of Pharmaceutical Research & Development. This may be a potential source of conflict of interest for our Company and may have an adverse effect on our operations. Further there is no assurance that a conflict of interest may not occur between our business and the business of our Group Companies in the future, or that we will be able to suitably resolve such a conflict without an adverse effect on our business or operations.

10. *We have in the past altered the objects of the issue. Due to inherent unpredictability in the Research and Development activities we may alter the object of this Issue.*

In October 2012, our Company had issued 29,588,056 Equity Shares of a face value of ₹ 1.00 each aggregating to ₹ 19,824.00 lakhs to the equity shareholders on rights basis (“**Rights Issue 2012**”). The aforesaid amount was raised for funding the pharmaceutical research and development activities - clinical trials; repayment of identified loan facilities availed from Group Entities; and General Corporate purposes.

The deployment of net proceeds from Rights Issue 2012, is as below:

Name of the Project	Net Proceeds to be utilized as per LOF	Utilized till March 31, 2013	(₹ in Lakhs)
			Total utilization as on September 30, 2015
Research and development activities – Clinical Trials (Baclofen GRS Capsule and PICN)	10,298.20	766.56	8,339.08
Research and development activities *	0.00	0.00	1,959.12
Sub Total	10,298.20	766.56	10,298.20
Repayment of unsecured loans to	6,100.00	6,100.00	6,100.00

Name of the Project	Net Proceeds to be utilized as per LOF	Utilized till March 31, 2013	Total utilization as on September 30, 2015
group entities			
General Corporate Purposes	3,255.80	3,255.80	3,255.80
Total	19,654.00	10122.36	19,654.00

**Due to the inherent unpredictability in clinical trial results and in the best interests of the Company and its members, our Company passed a special resolution dated May 11, 2013 through postal ballot to include the utilisation of the issue proceeds for the purpose of carrying out clinical trials on projects such as S0597 nasal, latanoprost plus timolol combination eye drops, and dry powder inhaler in addition to the clinical trial projects as stated in the Letter of Offer and subsequently, vide special resolution dated July 30 2013 passed in the AGM to vary the utilization of proceeds to any Research and Development activities/expenses, including incidental, ancillary and/or support activities. However, as on September 30, 2015, our Company has utilized ₹ 8,339.08 lakhs on Baclofen GRS Capsule and PICN, out of the proceeds of the rights issue.*

Similarly, due to the inherent unpredictability in clinical trial results, our Company may have to alter the object of this Issue, in accordance with the provisions of the Companies Act 2013 and other applicable laws.

11. *Our Promoter, Promoter Group entities and our Company may be penalized for not being in compliance with applicable laws which could materially and adversely affect our reputation and goodwill*

On August 27, 2014, Virtuous Share Investments Pvt. Ltd., one of our Promoter Group entities was penalized by SEBI for ₹ 3 lakhs for violation of the provisions of Regulation 13(1) of SEBI (Prohibition of Insider Trading) Regulations, 1992, due to acquisition of additional shares in the 2012 Rights Issue. In the future too if any such penalty is imposed on our Company, our Promoter, or any of its Promoter Group entities our reputation and goodwill may be adversely affected.

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

Our Company has expended substantial funds to discover and develop our Drug Candidates in the past and additional substantial funds will be required for further development, including pre-clinical testing and clinical trials of any product candidates we develop. Due to uncertainty around successful development of our products, we are unable to precisely estimate the actual funds we will require to develop them. The actual amount and timing of our future capital requirements may differ from estimates as a result of, among other things, unforeseen delays or cost overruns in developing our products, changes in business plans due to prevailing economic conditions, unanticipated expenses and regulatory changes. To the extent our planned expenditure requirements exceed our available resources or there is an increase in our planned pharmaceutical research and development activities, we will be required to seek additional debt or equity financing. Additional debt financing could increase our interest costs and require us to comply with additional restrictive covenants in our financing agreements. Additional equity financing could dilute our earnings per Equity Share and your interest in the Company, and could adversely impact our Equity Share price.

Our ability to obtain additional financing when needed and on favorable terms, if at all, will depend on a number of factors, including our future financial condition, results of operations and cash flows, the amount and terms of our existing indebtedness, general market conditions and market conditions for financing activities and the economic, political and other conditions in the markets where we operate.

We cannot assure you that we will be able to raise additional financing on acceptable terms in a timely manner or at all. Our failure to renew arrangements for existing funding or to obtain additional financing on acceptable terms and in a timely manner, may require us to reduce our research and

development activities or curtail our operations thereby affecting our prospects, business and financial condition adversely.

- 13. *The success of the NCE and NDDS is dependent on various steps carried out in the process of drug discovery, which may or may not be in control of the Company. In the event, the NCE and NDDS projects of the Company fail at any step, our business, operating results and future prospects will adversely affected.***

The process of NCE and NDDS technology is dependent on various steps. Every step in the process is dependent on the success of the prior step. At any point in time due to either failure of a particular step or commercial unviability of the new drug the research and development activities related to the NCE process may be suspended or discontinued. The success of the new drug discovery depends on internal and external factors, the important ones being, government policies, laws, rules and regulations affecting the business or industry in which we operate, human resources with expertise in the strategic therapy area, early decision making, commercial viability, differences in the responses observed in animal/human models vis-à-vis responses in patient population, national policies, infrastructure both in terms of internal and external e.g. clinical trial set up, approvals/delay in approval by ethics committees, site selection, patient recruitment rate during clinical trials, etc, efficacy and safety outcomes in clinical trials, changing treatment landscape, additional data requirement by regulatory authorities after New Drug Application (“NDA”) submissions. Similarly, the success of the NDDS technology depends on various external as well internal factors, being, government policies, laws, rules and regulations affecting our business or the industry in which we operate, commercial viability, formulation development and optimization, establishing bio-equivalence, scale up challenges, infrastructure both in terms of internal and external e.g. clinical trial set up, approvals/delay in approval by ethics committees, site selection, patient recruitment rate during clinical trials, etc, efficacy and safety outcomes in clinical trials, changing treatment landscape, safety and efficacy associated with the formulation. Any failure at any of the stages of the process may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular purpose. In the event, the NCE and NDDS projects of the Company fail at any step, our business, operating results and future prospects will be adversely affected.

- 14. *Our clinical trials create a risk of liability and increased regulations, which may have an adverse impact on our business and results of operations.***

Clinical services involve the testing of new drugs, biologics and devices on animal and human volunteers. This testing creates risks of liability for personal injury, sickness or death of patients resulting from their participation in the study and trials. These risks include, unforeseen adverse side effects, improper application or administration of a new drug, biologic, or device, and the professional malpractice of medical care providers.

Some of our volunteer patients may be seriously ill or be at heightened risk of future illness or death. We could be held liable for errors or omissions in connection with the trials conducted by the CROs we engage, in relation to the clinical trials including, but not limited to, adverse reactions to the administration of drugs. We may be held liable for injury or loss of life or damage to any body organ of any volunteer/ patient on account of any clinical trial conducted by the CROs we engage. We may be required to pay substantial damages or incur legal costs in connection with defending any claims arising out of injury or loss of life or damage to any body organ of any volunteer/ patient on account of any clinical trial conducted by us. The insurance taken by us may not be sufficient to cover damages in case of loss of life, injury to body organs, etc. If we are required to pay damages or bear the costs of defending any claim for loss of life or damage to any body organ of any volunteer/ patient on account of any clinical trial that is beyond the level of any insurance coverage, our business and results of operations may be adversely impacted.

In addition, regulatory agencies may introduce newer stricter regulations that prevent or restrict clinical studies and trials. Our clinical studies and trials may also be the focus of negative attention from special interest groups that oppose clinical trials on ethical grounds. Any inability to conduct clinical trials would have a material adverse effect on our business and results of operations.

- 15. *If our research and development efforts do not succeed, this may hinder the introduction of new products, which could adversely affect our business, prospects and results of operations***

In order to remain competitive, we must develop, test and manufacture new products, which meet the regulatory standards and receive requisite regulatory approvals. To accomplish this, we commit substantial effort, funds and other resources towards research and development. Our ongoing investments in new product launches and research and development for future products could result in higher costs without a proportionate increase in revenues. The research and development, both for NDDS and NCE can have varying time frames. Delays in any part of the process or our inability to obtain necessary regulatory approvals for our research and development related activities or our products or failure of a product to be successful at any stage and therefore not reaching the market could adversely affect our goodwill and affect our operating results. We may or may not be able to take our research and development innovations through the different testing stages without repeating our research and development efforts or incurring additional amounts towards such research. Additionally, our competitors may commercialize similar products before us. If our research and development efforts do not succeed, it may hinder the introduction of new products, which could adversely affect our business, prospects and results of operations.

16. *Our Company may not be able to commercialize the product or receive royalty or milestone based revenues unless a commercially viable Drug Candidate is invented. The royalty or milestone revenue earned by our Company may not be in consonance with the expenses incurred to develop such drug.*

Our results of operations will depend upon our ability to successfully develop and licence pharmaceutical NCEs / NDDS programs. We should develop, test and manufacture new products, which meet the regulatory standards and receive requisite regulatory approvals. The decisions by regulatory authorities on whether and when to approve our drug applications, the speed with which regulatory authorizations are received, pricing approvals, product launches and competitive developments could affect the availability or commercial potential of our products. The drug development and commercialisation process is time consuming, expensive and uncertain. If we do not successfully licence/commercialise our products under development, or if our licensing/commercialisation is delayed, it may adversely affect our operating results. Since pharmaceutical research and development entails a high risk of failure and/or delay, our Company may not receive sufficient or any royalty or milestone based revenues for several years. Additionally, the royalty or milestone based revenue earned by our Company may not be commensurate with the expenses incurred to develop the drug or to smoothly conduct our research operations. Further the customers with whom we enter into agreement of commercialization typically determines the price and if such price is set high, we may be adversely affected. Further more, we may not be successful in entering into licensing agreements on favorable terms, including upfront, milestone, royalty and/or license payments, as a result of factors which may be outside of our control. These factors include:

- creating valuable proprietary drugs targeting potential market opportunities;
- the success or failure, and timing, of pre-clinical and clinical trials for our proprietary programs;
- competitors developing similar product

If we are unable to enter into licensing agreements and do not realize milestone based revenues and/or upfront fees when anticipated, our liquidity and our ability to continue with research operations on other products may be hampered or delayed, which in turn may adversely affect our business.

17. *Our Company has de-prioritised and / or dropped certain NCE and NDDS programs in the past and may further choose not to commercialize a Drug Candidate at any time during development, which would have an adverse effect on our financial condition and profitability.*

Our Company has *de-prioritised and / or dropped certain NCE and NDDS programs in the past and may further choose not to commercialize a Drug Candidate* at any time during development. Further, we may de-prioritise a Drug Candidate in a certain geography.

Certain de-prioritised and / or dropped programs in the past are (a). SUN 1334H Anti Allergic (Oral Tablets) [Respiratory]; (b). SUN 1334H Anti Allergic (Ophthalmic Solution) [Ophthalmology]; (c). SUN 597 (Nasal) [Respiratory]; (d). SUN 597 (Inhalant) [Respiratory]; (e). SUN B09 [Central Nervous System]; (f). SUN G44 [Central Nervous System]; (g). SUN L731 [Respiratory] (De-prioritised for USA and Europe) within NCE programs and (h). Venlafaxine ER 300mg [Central Nervous System];

(i). Baclofen GRS (alcohol dependence) [Central Nervous System] within NDDS programs. As per management information system (MIS), the expenses incurred on the de-prioritised and / or dropped projects therapeutic area wise are mentioned below:

(₹ in Lakhs)

Sl. No.	Therapeutic Area	No. of Products	Expenses incurred till September 30, 2015#
1	Central Nervous System	4	266.78
2	Ophthalmology	1	1,587.66
3	Respiratory	4	3,662.29
	Total	9	5,516.73

Some of the projects have been de-prioritised only for specific indication but we continue to work for some other indication. Some of the projects are de-prioritised for USA and Europe only.

In case we suspend, terminate or de-prioritise a program in which our Company has deployed significant resources, we will not be able to receive any return on such deployment of funds, thereby missing the opportunity to have allocated those resources to other potential productive uses. As a result, our business, financial condition, results of operations and profitability could be adversely affected.

18. ***Our Company has had negative cash flows from operating activities and from financing activities in the past including Fiscal 2015, details of which are given below. Sustained negative cash flow could impact our growth and business.***

Negative cash flows for the last three financial years:

(₹ in lakhs)

Particulars	For the financial period ended		
	March 31, 2015	March 31, 2014	March 31, 2013
Net cash from/(used in) operating activities	(3,957.59)	3,689.55	(9,534.39)
Net cash from/(used in) investing activities	5,140.65	4,359.44	(9,930.54)
Net cash from/(used in) financing activities	(125.94)	(8,083.57)	19,437.77

Cash flow of a company is a key indicator to show the extent of cash generated from the operations of a company to meet capital expenditure, pay dividends, repay loans and make new investments without raising finance from external resources. If we are not able to generate sufficient cash flows, it may adversely affect our business and financial operations. For details, see the section “Financial Information” on page no. 93.

19. ***We require certain approvals and licenses in the ordinary course of our business and are required to comply with certain rules and regulations to operate our business, and the failure to obtain or retain or renew such approvals and licences or comply with such rules and regulations, in a timely manner or at all may adversely affect our our business, financial condition and results of operations.***

Our business is subject to extensive government regulation and we require certain approvals, licenses, registrations and permissions for operating our business, some of which may have expired and for which we may have either made or are in the process of making an application for obtaining the approval or its renewal. In addition, we may not be in compliance with certain conditions prescribed by such approvals or licences. For further information, see section “Government and Other Approvals” on page 133. There can be no assurance that the licenses, permits and approvals from third parties required for the operation of our facilities or facilities operated by the CROs we engage for our projects will be issued or granted in a timely manner or at all to allow the uninterrupted operations of the facilities. If we fail to obtain or retain any of these approvals or licenses, or renewals thereof, in a timely manner, may adversely affect the continuity of our business and may hinder our operations in the future. Further, these approvals and licenses could be subject to several conditions, and we cannot assure you that we would be able to continuously meet such conditions or be able to prove compliance with such conditions to the statutory authorities, and this may lead to cancellation, revocation or suspension of relevant approvals or licenses, which may result in the interruption of our operations and may adversely affect our business, financial condition and results of operations.

20. ***The drug research and development industry is highly competitive. If our competitors succeed in developing products that are more effective, more popular or cheaper than any product we may develop, our business and financial results may be adversely affected.***

The pharmaceutical industry is characterized by rapid and continuous technological innovation. We compete globally with some companies that offer broader range of capabilities and have better access to resources than we have. Our products face intense competition from products commercialized or under development by competitors in all of our therapeutic areas. We compete with local companies, multi-national corporations and companies from the rest of the world. Many of our competitors may have greater financial, manufacturing, research and development, marketing and other resources, more experienced in obtaining regulatory approvals, greater geographic reach, broader product ranges and stronger sales forces than we have. Further, we and our CROs also face competition with other clinical trial organisations for eligible patients. Our competitors may succeed in developing products that are more effective, more popular or cheaper as compared to the products developed by us, which may render our products obsolete or uncompetitive and adversely affect our business and financial results. Further development of a competitive product may also adversely affect our milestone based revenues and royalty income. If our competitors gain significant market share at our expense, particularly in the therapeutic areas in which we are focused such as oncology, ophthalmology, dermatology, respiratory and CNS program, our business, results of operations and financial condition could be adversely affected.

- 21. *There is a matter of emphasis in the auditors' report of our Company in the audited financial statements for Fiscal 2015. Further the Companies (Auditor's Report) Order, 2003 ("CARO") for the Fiscal 2015 contains certain auditors' remarks. Further there is an auditors' remarks in the review report accompanying the statement of unaudited financial results of our Company for the three months ended June 30, 2015, quarter and six months ended September 30, 2015 and quarter and nine months ended December 31, 2015.***

There is a matter of emphasis in the auditors' report of our Company in the audited financial statements for Fiscal 2015. The details of which are as under:

Emphasis of Matter for Fiscal 2015:

"We draw attention to Note 42 to the financial statements relating to managerial remuneration paid which is in excess of the limits approved by the Central Government to the extent of ₹. 214.45 lakhs (for the year ₹14.79 lakhs). In this regard, the Company has made further representations to the Central Government, the response in respect of which is awaited. Our opinion is not modified in respect of this matter."

Note 42 to the financial statements:

"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 is in excess of the limits approved by the Central Government. In this regard, the Company has made further representations to the Central Government providing the rationale for the remuneration, the response in respect of which is awaited. In case the requisite approval is not received from the Central Government, the excess remuneration paid would be recovered from the Whole-time Director."

Auditors' remarks in the CARO for Fiscal 2015:

"The accumulated losses i.e. deficit in the Statement of Profit and Loss of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses during the current financial year but has not incurred any cash loss during the immediately preceding financial year."

Auditors' remarks in the review report accompanying the statement of unaudited financial results of our Company for the three months ended June 30, 2015:

"Managerial remuneration paid is in excess of the limits approved by the Central Government to the extent of ₹Nil for the quarter ended June 30, 2015 (₹214.45 Lakhs upto June 30, 2015). In this regard, we have been informed by the Management of the Company that they have made further representations to the Central Government, the response in respect of which is awaited."

Our report is not qualified in respect of this matter.”

Auditors’ remarks in the review report accompanying the statement of unaudited financial results of our Company for the quarter and six months ended September 30, 2015:

“Managerial remuneration paid is in excess of the limits approved by the Central Government to the extent of ₹ Nil for the quarter and six months ended September 30, 2015 (₹ 214.45 Lakhs upto September 30, 2015). In this regard, we have been informed by the Management of the Company that they have made further representations to the Central Government, the response in respect of which is awaited.

Our report is not modified in respect of this matter.”

Auditors’ remarks in the review report accompanying the statement of unaudited financial results of our Company for the quarter and nine months ended December 31, 2015:

“Managerial remuneration paid is in excess of the limits approved by the Central Government to the extent of ₹ Nil for the quarter and nine months ended December 31, 2015 (₹ 214.45 Lakhs upto December 31, 2015). In this regard, we have been informed by the Management of the Company that they have made further representations to the Central Government, the response in respect of which is awaited.

Our report is not modified in respect of this matter.”

For further details in relation to the Auditors’ remark in the CARO and the Emphasis of Matter for Fiscal 2015, see section titled “*Financial Information*” on page 93. For further details in relation to the Auditors’ remarks in the review report accompanying the statement of unaudited financial results of our Company for the quarter and six months ended September 30, 2015 and quarter and nine months ended December 31, 2015 see chapter titled “*Material Developments*” on page 124.

22. *We have a number of contingent liabilities, and our profitability could be adversely affected if any of these contingent liabilities materialise*

As of March 31, 2015, our contingent liabilities that have not been provided for are as set out below:

<i>(₹ in lakhs)</i>		
Particulars	As at March 31, 2014	As at March 31, 2015
a) Guarantees given by the bankers against License Scheme	430.20	201.17
b) Disputed demands by Income Tax Authorities	-	1,812.11
c) Disputed demands by Sales Tax Authorities	-	51.15
Amount paid under protest is classified under short term loans & advances*	-	6.30

*As on March 31, 2015 the Company has made under protest the following payments:

- (a) Gujarat Value Added Tax amounting to ₹ 29,933/- for the financial year 2009 – 2010 and
- (b) Central Sales Tax, amounting to ₹ 600,000/- for the financial year 2010 – 2011.

Reasons for payment under protest:

Against the demands of the above Tax authorities, our Company decided to go for appeals with the respective Appellate Authorities, after depositing a partial amount of the demand with the authorities, as required under appeal process. Depending upon the outcome, our Company will get either the refund of deposited amount or will pay the balance amount demanded.

Our contingent liabilities may become actual liabilities. In the event that any of our contingent liabilities materialize, our business, financial condition and results of operations may be adversely affected. Furthermore, there can be no assurance that we will not incur similar or increased levels of

contingent liabilities in the current fiscal year or in the future. For further details, see section, “Financial Information” on page 93.

23. ***Our Company has incurred losses in the Fiscal 2015. Any future financial losses may be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation and business operations.***

Our Company has incurred losses in Fiscal 2015 amounting to ₹ 3,952.00 lakhs and for the nine months ended December 31, 2015 amounting to ₹ 6,041 lakhs. Further, our Company has also incurred cash losses during Fiscal 2015. Our Company’s financial position may accordingly be perceived adversely by external parties such as customers, bankers, and suppliers, which may affect our reputation and business operations. For further details see section “Financial Information” on page 93.

24. ***Our Company has been incurring significant expenditure on research and development. We cannot assure you that we will be able to realise any profits from such expenditure on research and development in a timely manner, or at all.***

Our Company has been incurring significant expenditure on research and development during the last five years. Details of the research and development expenses, as compared to our turnover, for the last five fiscals, are as under:

(₹ in lakhs)

Particulars	As on March 31, 2015	As on March 31, 2014	As on March 31, 2013	As on March 31, 2012	As on March 31, 2011
Capital Expenditure	975.09	260.51	505.01	422.81	515.92
Revenue	19,083.36	13,353.89	10,404.45	9,891.71	6,497.31
Expenditure					
Total research and development expenditure	20,058.45	13,614.40	10,909.46	10,314.52	7,013.99
Total research and development expenditure as a % of revenue from operations	128.80%	81.50%	125%	356%	120%

We make significant investments in research and development of new products, which may result in significant cost with no assurances of future revenues or profits. The time from commencing research and development activity to a possible licensing of a product involves multiple stages during which the product may be abandoned as a result of factors such as developmental problems, the inability to achieve clinical goals and the inability to obtain necessary regulatory approvals in a timely manner or at all. Our products currently under development, if and when fully developed and tested, may not perform as we expect.

We expect to continue to make substantial expenditures in the future too in relation to research and development, which may result in us incurring future losses. We cannot assure you that we will be able to realise any profits from such proposed projects/programs in a timely manner, or at all. If we continue to incur substantial expenditures on research and development in the future too, we may be unable to achieve or sustain our profitability, materially and adversely affecting our business and prospects.

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

Our Company usually outsources conducting of clinical trials to CROs, who in turn work with multiple investigators and investigator sites i.e. doctors and hospitals. We are highly dependent on these CROs, investigators and investigator sites for conducting trials to evaluate the performance i.e. safety and efficacy of our drugs and the observations obtained from these studies form the basis of our decision to license the same. In the event their observations from these studies are inaccurate our decision on licensing may not be commercially viable, which may have an adverse effect on our business.

26. ***Our Drug Candidates in both NCEs and NDDS platforms are at various stages of development and we may not successfully develop or there may be a delay in the Drug Candidate becoming commercially viable. If our licensing /commercialisation is delayed this may harm our operating results. If we are unable to successfully develop and licence or commercialise our new Drug Candidate products or if our licensing /commercialisation is delayed, our business, results of operation and financial condition may be adversely affected.***

Our future results of operations will depend upon our ability to successfully develop and licence pharmaceutical products/drug delivery systems. The drug discovery and development process is highly uncertain and we may not be successful in developing a Drug Candidate that ultimately leads to a commercially viable drug. Promising results in preclinical development or early clinical trials may not be indicative of the results which may be obtained in later clinical trials.

Pharmaceutical companies experience significant setbacks in advanced clinical trials, even after obtaining promising results in earlier preclinical and clinical trials. At any time the USFDA or any other regulatory authority may place a clinical trial on hold, or temporarily or permanently stop the trial, for a variety of reasons, principally for safety concerns. We may experience numerous unforeseen events during, or as a result of, the clinical development process that could delay or prevent our Drug Candidates from being approved, including, failure to achieve clinical trial results that indicate a candidate is effective in treating a specified condition or illness in humans, presence of harmful side effects, determination by the USFDA or any regulatory authority that the submitted data do not satisfy the criteria for approval, lack of commercial viability of the drug, failure to acquire, on reasonable terms, intellectual property rights necessary for commercialization; and development of newer therapeutics that are more effective.

If we are unable to successfully develop and licence or commercialise our new Drug Candidate products or if our licensing /commercialisation is delayed, our business, results of operation and financial condition may be adversely affected.

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

We estimate the timing of various preclinical, clinical, regulatory and other milestones for planning purposes, including when a Drug Candidate is expected to enter clinical trials, when a clinical trial will be completed, when and if additional clinical trials will commence, or when an application for regulatory approval will be filed. We base our estimates on facts that are currently known to us and on a variety of assumptions that may prove incorrect, many of which are beyond our control. In addition, in preparing these estimates we rely on the timeliness and accuracy of information and estimates reported or provided to us by our CROs.

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

- obtain regulatory approval to commence a clinical trial;
- reach agreement on acceptable terms with prospective drug manufacturers, CROs and trial sites;
- selection of CROs, trial sites and where necessary, contract manufacturers;
- manufacture sufficient quantities of a product candidate for use in clinical trials;
- obtain approvals of the Institutional Review Board (“IRB”) in USA for clinical trials in the USA and approval to conduct a clinical trial at a prospective site;
- recruit and enroll patients to participate in clinical trials, which can be impacted by many factors outside our and /or our CRO’s control, including but not limited to competition from other clinical trial programs; and
- retain patients who have initiated a clinical trial but may withdraw due to side effects from the therapy, lack of efficacy or personal issues.

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

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

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

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

28. ***If we fail to successfully conduct clinical trials, we may not be able to receive associated regulatory approval for the drug program which would adversely affect the timeframe of the drug program which in turn may have an adverse affect on our product strategies, our business and results of operations.***

Before any of our Drug Candidates can be sold commercially, we have to conduct clinical trials that demonstrate that the drug is safe and effective for use in humans and for the indications sought. The results of these clinical trials form the basis of obtaining the regulatory approval from various governmental / regulatory authorities. Conducting clinical trials is a complex, time-consuming and expensive process that requires an appropriate number of trial sites and patients to support the product claims. The time duration, number of trial sites and number of patients required for clinical trials vary substantially according to their type, complexity, novelty and the Drug Candidate’s intended use and therefore, we may spend several years for completing certain trials.

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

Further, we conduct clinical trials in territories outside the India through CROs such as the USA, Europe and geographies where may have limited experience in conducting clinical trials. Some or all of these foreign jurisdictions may impose stricter requirements on the clinical trial service providers or on the contract manufacturers that are more stringent than those imposed by the DCGI, which may delay the development and approval of our drug candidates.

If we or our CROs are unable to successfully manage the increasing number, size or complexity of clinical trials, the clinical trials and corresponding regulatory approvals may be delayed or we or our

CROs may fail to gain approval for our drug candidates altogether which would adversely affect the timeframe of the drug program which in turn may have an adverse affect on our product strategies, our business and results of operations.

- 29. *Drug candidates that we develop with our CROs and intend to commercialise may not receive regulatory approval or may be withdrawn after approval has been granted. If any of these events occur it could prevent us from generating revenue from commercialization of the drugs or cause us to incur significant additional costs which may have an adverse affect on our business.***

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

Approval of a drug candidate as safe and effective for use in humans is never certain and regulatory agencies may delay or deny approval of drug candidates for commercialization or may seek additional information not envisaged earlier. These agencies may also delay or deny approval based on additional government regulation or administrative action, on changes in regulatory policy during the period of clinical trials in humans and regulatory review or on the availability of alternative treatments. If we or our customers cannot obtain this approval, we will not realize milestone or royalty payments based on commercialization goals for these drug candidates. Based on these studies, if a regulatory authority does not believe that the drug demonstrates a clinical benefit to patients, it could limit the indications for which a drug may be sold or revoke the drug's marketing approval. Even if regulatory authorities approves the drug candidates, the manufacture, labeling, storage, recordkeeping, distribution, marketing and sale of these drugs will be subject to strict and ongoing regulations.

In addition, identification of certain side effects after a drug is in the market may result in a subsequent withdrawal of approval, reformulation of a drug, additional preclinical and clinical trials, changes in labeling or distribution, or our licensees may be required by FDA to develop and implement a risk evaluation and mitigation strategies to ensure the safe use of our proprietary drug program. Any of these events could delay or prevent us from generating revenue from the commercialization of these drugs and cause us to incur significant additional costs which may have an adverse affect on our business.

- 30. *Due to our reliance on CROs, investigators and other third parties to conduct our clinical trials, we are unable to directly control the timing, quality and expense of our clinical trials. Further, our inability to find a substitute or suitable replacement organization to carry out the clinical trials may adversely affect our business, results of operations.***

We rely primarily on third parties to conduct our clinical trials. As a result, we have had and will continue to have less control over the conduct of our clinical trials, the timing and completion of the trials, the required reporting of adverse events and the management of data developed through the trial. Communicating with outside parties can also be challenging, potentially leading to mistakes as well as difficulties in coordinating activities. Outside parties may have staffing difficulties, may undergo changes in priorities or may become financially distressed, adversely affecting their ability to conduct our trials. We may experience unexpected cost increases that are beyond our control. Problems with the timeliness or quality of the work of a contract manufacturing or CROs may lead us to seek to terminate the relationship and use an alternative service provider. We cannot assure you that we will be able to find a replacement organization that can conduct our trials in the manner, time and cost as desired by us. In the event we are unable to find a suitable replacement organization in time, or at all, to carry out

the clinical trials, our business, results of operations and future prospects could be adversely be affected.

31. *If our drug candidates do not gain market acceptance, we may be unable to generate significant sales, which will have an adverse affect on the our revenue from operations*

Even if our drug candidates are approved for sale, they may not be successful in the market. Market acceptance of any of our drug candidates will depend on a number of factors including but not limited to, demonstration of clinical effectiveness and safety, potential advantages of our drug candidates over alternative treatments, ability to offer our drug candidates for sale at competitive prices and effectiveness of marketing and distribution methods for the products. If our drug candidates does not gain market acceptance among physicians, patients and others in the medical community, our ability to generate meaningful royalties from our drug candidates would be limited, which will have an adverse effect on the our revenue from operations and we may be unable to recover the expenses incurred by us in development of the product.

32. *Our Company's ability to create a viable drug candidate is dependent on numerous factors. In the event our research and development capabilities is unable to deliver a viable drug candidates our business and results of operations may be adversely affected.*

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

33. *Delay in raising funds from the Issue could adversely impact the implementation schedule which may adversely affect our cash flow position, our business, results of operations and financial condition.*

Our Company's proposed objects of the Issue are to be funded from the proceeds of this Issue. Any failure or any delay on our Company's part to mobilize the required resources through this Issue or any shortfall in the Issue proceeds may delay the implementation schedule. Our Company therefore, cannot assure that it would be able to execute the proposed plans within the given time frame, or within the costs as originally estimated by us. Any time overrun or cost overrun may adversely affect our cash flow position, our business, results of operations and financial condition. For details on schedule of implementation and use of proceeds see section "*Objects of the Issue*".

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

In an effort to maintain the confidentiality and ownership of our trade secrets and proprietary information, we require our employees, consultants, advisors and CROs to execute confidentiality and proprietary information agreements. However, these agreements may not provide us with adequate protection against improper use or disclosure of confidential information and there may not be adequate remedies in the event of unauthorized use or disclosure.

Furthermore, we may from time to time hire scientific personnel formerly employed by other companies involved in a similar business as that of ours. In some situations, our confidentiality and proprietary information agreements may conflict with, or be subject to, the rights of third parties with whom our employees, consultants, CROs or advisors have prior employment or consulting relationships. Although we require our employees and consultants to maintain the confidentiality of all proprietary information of their previous employers, these individuals, or we, may be subject to allegations of trade secret misappropriation or other similar claims as a result of their prior affiliations.

Also, others may independently develop substantially equivalent proprietary information and techniques or otherwise gain access to our trade secrets. Our failure or inability to protect our proprietary information and techniques may inhibit or limit our ability to compete effectively, or exclude certain competitors from the market.

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

We depend significantly on the expertise, experience and continued efforts of our key managerial personnel. If one or more members of our senior managerial personnel are unable or unwilling to continue in his/ her present position, it could be difficult to find a replacement and our business could be adversely affected. Our future success will also depend on our ability to attract highly skilled personnel. Competition for senior managerial personnel in our industry is intense and it is possible that we may not be able to retain our existing senior managerial personnel or may fail to attract / retain new employees at equivalent positions in the future. As such, the loss of our senior managerial personnel could adversely affect our business, results of operations and financial condition.

36. ***Our Directors and senior managerial personnel may have interests in us other than reimbursement of expenses incurred or normal remuneration or benefits.***

Our Directors and senior managerial personnel are also interested in us to the extent of their shareholding, dividend entitlement and remuneration paid to them for services rendered as our Directors and key managerial personnel and reimbursement of expenses payable to them.

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

Our activities in pharmaceutical research and development require our Company to engage highly qualified employees, like scientists, with specialised training. As on January 31, 2016, there were 349 employees of our Company including scientists holding doctoral degrees, MBBS or master degree. Our Company's expenses towards personnel and employees constituted 28.31% and 23.09% of our total business expenditure in Fiscal 2014 and Fiscal 2015, respectively. Increase in employee compensation in India may adversely affect our business or operations as it may reduce our Company's profit margins. While we consider our current employee relations to be satisfactory, there can be no assurance that we will be able to attract and retain trained employees in accordance with our requirements at all times or that we will not experience future disruptions to our operations due to disputes with our employees or other problems with employees which may adversely affect our business or operations. We expect that our employee costs will continue to increase over the coming years due to continued escalation in salaries and benefits as well as headcount growth. Non-availability of requisite number of employees or trained employees or inability to attract and retain trained employees or attract employees at increased compensation levels may adversely affect our business, results of operations, profit margins and financial condition.

38. ***We do not own our Registered Office and other premises from which we operate***

We do not own our Registered Office premises situated at Akota Road, Akota, Vadodara – 390 020, Gujarat, and some of our research and development facilities and administration offices are occupied by us on a leasehold basis, which are leased to us either by one of our Group Companies or third parties. Additionally, our lease deeds may not be registered with the registrar of sub-assurances. Further, lease deeds for our properties may not be adequately stamped and consequently, may not be accepted as evidence in a court of law and we may be required to pay penalties for inadequate stamp duty. The lease periods and rental amounts vary on the basis of their locations. We cannot assure you that we will be able to renew our leases on commercially acceptable terms or at all. In the event that we are required to vacate our current premises, we would be required to make alternative arrangements for new offices

and other infrastructure and we cannot assure that the new arrangements will be on commercially acceptable terms.

39. ***Twenty three of our applications made for registration of the trademark and logo and tradenames owned by us is still pending with the relevant trademark authorities and has not yet been registered. We may be unable to adequately protect our intellectual property. Furthermore, our Company may be subject to claims alleging breach of third party intellectual property rights.***



Our Company has applied for registration of its trademark and logo and tradenames under the provisions of the Trademarks Act, 1999, even though we have received registration under classes 9, 10 and 42.

Our Company has filed an additional 23 applications for the registration of the trademark and logo and tradenames of our Company under different classes of the Trademarks Act, 1999. We are yet to receive registration under classes 1, 3, 5, 10 and 42 of the Trademarks Act, 1999. While we have applied for registration of the trademark and the logo and the tradename which we currently use, we cannot assure you that they will be registered with the Trademark Registry in a timely manner, or at all. Since, our Company does not enjoy the statutory protections accorded to a registered trademark, there can be no assurance that third parties will not infringe our intellectual property, causing damage to our business prospects, reputation and goodwill. Any misuse of our logo by third parties could adversely affect our reputation which could in turn adversely affect our financial performance and the market price of our Equity Shares. If our logo and trademark is registered in favour of a third party, we may not be able to claim registered ownership of such trademarks and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities. Our inability to obtain or maintain these registrations may adversely affect our competitive business position.

40. ***We are yet to receive certain registrations in connection with the protection of our intellectual property rights, especially trademarks relating to our products. Such failure to protect our intellectual property rights could adversely affect our competitive position, business, financial condition and profitability.***

We depend heavily on our intellectual property. We have applied for certain registrations in connection with the protection of our intellectual property relating to trademarks of our products. Certain of our trademarks, including those for products which we currently sell, are unregistered, been opposed, withdrawn, objected or are otherwise under dispute. If any of our unregistered trademarks are registered in favor of a third party, we may not be able to claim registered ownership of such trademarks, and consequently, we may be unable to seek remedies for infringement of those trademarks by third parties other than relief against passing off by other entities. Our inability to obtain or maintain these registrations may adversely affect our competitive business position.

41. ***If we are unable to patent new processes and protect our proprietary information, our business may be adversely affected. Further, if we are unable to negotiate licenses for patents with third parties our business and results of operations may be adversely affected***

We rely on a combination of patents, non-disclosure agreements and non-competition agreements to protect our proprietary intellectual property. While we intend to defend against any threats to our intellectual property, we cannot assure you that our patents, or other agreements will adequately protect our intellectual property. Our patent rights may not prevent our competitors from developing, using or commercializing products that are functionally equivalent or similar to our products. The process of seeking patent protection can be lengthy and expensive. Further, our patent applications may fail to result in patents being issued, and our existing and future patents may be insufficient to provide us with meaningful protection or a commercial advantage. We cannot assure you that our pending patent applications will result in grant of patents, that patents issued to or licensed by us in the past or in the future will not be challenged or circumvented by competitors or that such patents will be found to be valid or sufficiently broad to protect our technology or to provide us with any competitive advantage. We may be required to negotiate licenses for patents from third parties to conduct our business. We

cannot assure you that we may be able to negotiate licenses for patents with third parties at mutually acceptable terms or at all. In the event we are unable to negotiate licenses for patents with third parties at mutually acceptable terms or at all our business and results of operations may be adversely affected.

42. *If we inadvertently infringe on the patents of others, our business cash flows, financial condition and results of operations may be adversely affected.*

We operate in an industry characterized by extensive patent litigation, including frivolous litigation by competitors to delay grant of patent. Patent litigation can result in significant damages being awarded and injunctions that could prevent the manufacture and sale of certain products or require us to pay significant royalties in order to continue to manufacture or sell such products. While it is not possible to predict the outcome of patent litigation, we believe any adverse result of such litigation could include an injunction preventing us from selling our products or payment of significant damages or royalty, which would affect our ability to sell current or future products or prohibit us from enforcing our patent and proprietary rights against others. The occurrence of any of these risks could adversely affect our business, cash flows, financial condition and results of operations.

43. *Patent laws allowing innovator companies to extend their patents could delay the introduction of products which may adversely affect our business and future prospects.*

In many countries, patent holders have the option of extending the terms of their patents. The United States Patent and Trademark Office allows companies to extend the terms of their patents to make up for the time lost while awaiting USFDA approval. Companies are also known to make additional patents publicly known close to patent expiry of a molecule, which effectively extends the patent life and delays competition, a practice called submarining. If a company introduced, authorized or assisted another company to bring an authorized generic to the market, then the appeal of a product for which we intend to file a patent challenge may be reduced. The extension of patent terms or the extension of exclusivity in the marketplace by these or other means may delay our introduction of products which may adversely affect our business and future prospects.

44. *Out of total borrowings of our Company, as on March 31, 2015, loans amounting to ₹ 39.55 lakhs may be recalled on demand by the lenders at any time. If any such loan is recalled on demand this could adversely and materially affect cash flow position, business, results of operations and financial condition of our Company.*

Certain loans taken by our Company amounting to, ₹ 39.55 lakhs as on March 31, 2015 may be subject to repayment on demand by the lenders at any time. Further, our Company had entered into an agreement dated September 9, 2015, to avail an unsecured inter corporate loan for an amount of ₹ 5,000.00 lakhs, repayable after 12 months from the date of the respective disbursement carrying an interest rate of 10.20% p.a. payable at the end of every month. As on January 31, 2016, our Company has drawn down a sum of ₹ 4,900.00 lakhs. If any of these loans are recalled on demand our business, cash flow position, financial condition and results of operations may be adversely affected.

45. *Our lenders have imposed certain restrictive conditions on us under the financing arrangements. Such restrictions could restrict our ability to conduct our business and grow our operations, which would adversely affect our business, prospects, results of operations and financial condition.*

We have entered into agreements and arrangements with certain banks and departments for long-term and short-term borrowings and we are subject to certain restrictive covenants. Our financing agreements generally include conditions and covenants that require us to obtain lender consents prior to carrying out certain activities and entering into certain transactions and also covenants such as material change in the management set-up of the Company, material changes in shareholding pattern, changing the capital structure of our Company; formulating any scheme of amalgamation or reconstruction. Our ability to make payments on our indebtedness will depend on our future performance and our ability to generate cash, which to a certain extent is subject to general economic, financial, competitive, legislative, legal, regulatory and other factors, many of which are beyond our control. If our future cash flows from operations and other capital resources are insufficient to pay our debt obligations, meet our contractual obligations, or to fund our other liquidity needs, we may be forced to sell assets or attempt to restructure or refinance our existing indebtedness. Any refinancing of our debt could be at higher

interest rates and may require us to comply with more onerous covenants, which could further restrict our business operations. The terms of existing or future debt instruments may restrict us from adopting some of these alternatives. In addition, any failure to make payments of interest and principal on our outstanding indebtedness on a timely basis would likely result in a reduction of our creditworthiness. Further, during any period in which we are in default, we may be unable to raise, or face difficulties raising, further financing. Any of these circumstances or other consequences could adversely affect our business, prospects, results of operations and financial condition.

- 46. *Our Promoter and two of our Directors are on the board of some other companies which are in the same and/ or similar line of business. This may be a potential source of conflict of interest for us and which may have an adverse effect on our operations.***

Our Promoter, Mr. Dilip Shanghvi and two of our Directors namely Mr. Sudhir Valia and Prof. Dr. Goverdhan Mehta are on the board of other companies which are in the same and / or in the similar line of business as that of our Company. Mr. Dilip Shanghvi is on the board of Taro Pharmaceutical Industries Limited and Sun Pharmaceutical Industries Inc. Mr. Sudhir Valia is on the board of Sun Pharmaceutical Industries Inc., Taro Pharmaceutical Industries Limited, Taro International Limited and Taro Pharmaceuticals Canada Ltd. Prof. Dr. Goverdhan Mehta is on the board of Piramal Enterprises Limited and Dr. Reddy's Institute of Life Science. Our Promoter, directors, and executive officers may have an interest in pursuing transactions that, in their judgment, enhance the value of such companies, even though such transactions may involve risks to the holders of our Equity Shares. We cannot assure you that our promoter and directors will be able to address these or other conflicts of interests in an impartial manner.

- 47. *The Objects of the Issue are based on the internal estimates of our management, and have not been appraised by any bank or financial institution.***

Our funding requirements and the deployment of part of the proceeds of the Issue, to be utilised for pharmaceutical research and development activities, are based on management estimates and have not been appraised by any bank or financial institution or any independent agency. The internal management estimates are based on proposals/quotations received from multinational CROs for the identified projects and/or based on similar kind of studies undertaken in past by our Company and/or based on quotations/proposals received for similar kind of programs undertaken by multinational CROs. Normally, these quotations/proposals from multinational CROs are valid for the period of 60 – 90 days. Though these quotations and/or proposals are the basis of our estimates, the validity of the proposals/quotations have expired. Hence this may result in re-negotiation leading to cost escalation. Any change in CROs or cost escalation can significantly increase the cost of the objects of the issue, having a bearing on our expected revenues and earnings. For further details, see section “*Objects of the Issue*” on page 65.

- 48. *Our Promoter and Promoter Group will continue to control us after the Issue, which will enable them to control our business, influence material policies and outcome of matters submitted to shareholders for approval in circumstances where Promoters' interests may not align with or may be adverse to other shareholders' or our interests. After the completion of the Issue, our Promoter will continue to have certain rights under our Articles of Association.***

Upon completion of the Issue, our Promoter and Promoter Group are expected to hold, majority of our post-Issue equity share capital. As a result, our Promoter and Promoter Group will have the ability to exercise significant influence over our business, policies and affairs of the Company that requires shareholders' approval. In addition, for so long as our Promoter and Promoter Group continue to exercise significant control over us; they may influence our material policies in a manner that could conflict with the interests of our other shareholders. Our Promoter and Promoter Group may have interests that are adverse to the interests of our other shareholders and may take positions with which our other shareholders do not agree. Under the AoA of our Company, our Promoter has the right to appoint one third of the Board of the Company, right to appoint the chairman and vice-chairman of the Board, right to appoint the managing director of the Board and to terminate the service of any such managing director so appointed, of our Company, certain of the foregoing rights are exercisable subject to Promoter maintaining a minimum level of shareholding. Further, in relation to the meeting of the Board of Directors of the Company, no meetings of the Board can be held unless two directors nominated by the promoters attend the said meeting and in case decision of questions arise out of the

meeting of the Board, the same shall be decided by a majority of votes provided such majority includes the affirmative vote of at least two non-retiring directors appointed by our promoter.

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

The projects intended to be financed from the Net Proceeds are currently in different phases of clinical trial. We have not entered into any definitive contracts or placed any orders for some of the programs. Our inability to complete the identified programs in accordance with our stated schedules of implementation may lead to cost overruns and impact our future profitability. Pending utilization of the Net Proceeds for the purposes described above, we intend to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of the Reserve Bank of India Act, 1934. For further details, see section “*Objects of the Issue*” on page 65.

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

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

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

Some agreements entered into by our Company with various parties are not stamped and some are not adequately stamped. The potential consequence of this could be that the said agreements may not be admissible as evidence in a court of law, until the relevant stamp duties are paid, if required, and the required registration is done. Any claim or adverse order / finding in connection with these agreements could adversely affect the operations of our Company.

Further, the penalties imposed for enforcing inadequately stamped and/or unregistered agreements would vary depending on the provisions of such state laws and the tenure of the agreement. For such agreements to be admitted/enforced in a court of law, stamp duty together with penalty has to be paid as per the provisions of the applicable law. Payment of such penalties for the enforceability of such agreements may adversely affect our financial position and business operations.

Further, some of these agreements entered into with various parties across the world contain clauses which provide for dispute resolution outside India, in foreign jurisdictions. In case disputes arise in respect of the same which require us to approach judicial or alternative dispute resolution fora, the costs of dispute resolution could be extremely or prohibitively high.

52. *Our Company is exposed to foreign currency fluctuations. In case our hedging arrangements are not adequate to mitigate the adverse impact of currency fluctuations our results of operations and financial condition may be adversely affected.*

Our Company incurs significant expenses in the nature of foreign exchange on account of import of R&D materials, professional charges and travel expenses. Further, our Company receives significant revenue in the nature of foreign exchange on account of sale of products i.e technology / know-how and sale of services - license fees / royalty on technology. Given below is the table with the break-up of the revenue from operation arising out of India and outside India in the last two fiscals:

(₹ in lakhs)		
Particulars	Fiscal 2014	Fiscal 2015
Total Revenue from Operations	16,702.97	15,573.75
Of which (a) Within India	3,753.25	3,099.67
(b) Outside India	12,949.72	12,474.08

Given below is the table with the break-up of total expenses incurred in India and outside India in the last two fiscals:

(₹ in lakhs)		
Particulars	Fiscal 2014	Fiscal 2015
Total Expenses	14,233.92	20,006.6
Of which (a) Within India	7,320.11	9,456.06
(b) Outside India	6,913.81	10,550.54

Given below is the table with the net gain/loss on foreign currency transaction in the last three fiscals.

Particulars	For the financial period ended		
	March 31, 2015	March 31, 2014	March 31, 2013
Net Gain /(Loss) on Foreign Currency Transactions and Translation	(10.17)	140.57	(19.70)

As on the date of this Letter of Offer, there are no outstanding forward exchange contracts, entered into by our Company. Further Exchange rate fluctuations could affect, and has in the past affected, the amount of income and expenditure, we recognize. In addition, the policies of the Reserve Bank of India ("RBI") may also change from time to time, which may limit our ability to effectively hedge our foreign currency exposures and may have an adverse effect on our results of operations.

Further, our future capital expenditures, including any imported equipment and machinery, may be denominated in foreign currencies. Consequently, a decline in the value of the Indian Rupee against such other currencies could increase the Indian Rupee cost of making such expenditures. The exchange rate between the Indian Rupee and the U.S. dollar has varied substantially in recent years and may continue to fluctuate significantly in the future.

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

We have incurred ₹ 800.79 lakhs and ₹ 1,009.65 lakhs in Fiscal 2014 and Fiscal 2015 respectively on account of R&D material. The R&D materials required by our Company may not be easily available in domestic markets. The prices of R&D materials may fluctuate, depending on among other factors, the number of producers/suppliers and their production volumes or prices and changes in demand in the principal drug markets. Our Company does not have any long term agreement with suppliers for the purchase of the R&D materials, among others. We are exposed to and will have to absorb any fluctuations in the prices of these R&D materials, which may adversely affect financials of our business and financial condition.

54. ***Our inability to manage growth could disrupt our business and reduce our profitability. Any inability on our part to manage our growth or implement our strategies effectively could have a material adverse effect on our business, results of operations and financial condition.***

Our growth strategies are subject to and involve risks and difficulties, many of which are beyond our control and, accordingly, there can be no assurance that we will be able to implement our strategy or growth plans, or complete them within the budgeted cost and timelines. Further, on account of changes in market conditions, industry dynamics, technological improvements, changes in regulatory or trading policies or changes therein and any other relevant factors, our growth strategy and plans may undergo changes or modifications, and such changes or modifications may be substantial, and may even include limiting or foregoing growth opportunities if the situation so demands. Additionally, there can be no assurance that debt or equity financing or our internal accruals will be available or sufficient to meet the funding of our growth plans. Any inability on our part to manage our growth or implement our

strategies effectively could have a material adverse effect on our business, results of operations and financial condition.

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

Our Company is approved and registered with Ministry of Science and Technology, Department of Scientific and Industrial Research (“**DSIR**”) as a commercial research and development company and is eligible for deduction under Section 80 (IB) (8A) of the IT Act, 1961 of 100% of our profits and gains for ten consecutive assessment years commencing with the initial assessment year, i.e. the year prior to which the approval of DSIR was obtained subject to compliance with conditions specified under the IT Act. It may be noted that such deduction under Section 80-IB (8A) is admissible for our Company, only up to Assessment Year 2016-17 (i.e. Fiscal 2016). As per provisions of Section 35 (1) (iv) of the IT Act, our Company is eligible to claim deduction of capital expenditure in connection with the scientific research related to the business carried on by our Company, subject to the provisions of Section 35(2) of the IT Act. If these tax benefits are withdrawn or are unavailable to our Company, this may adversely affect our financial condition and results of operation. For further details of the tax benefits of our Company, please see section “*Statement of Tax Benefits*” on page 79.

56. ***Our future issue of capital or securities and/or loans, may be prejudicial to the interest of the shareholders depending upon the terms on which the capital is eventually raised.***

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

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

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

58. ***We do not have documentary proof for certain details included in the Director biographies under the section “Our Management”.***

We do not have documentary proof for certain details included in the Director biographies under the section “*Our Management*” on page 86. The details included in the section are based on the details provided by the Directors and are supported by affidavits executed by such Directors, certifying the authenticity of the information provided.

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

Advancements in technology may require us to incur additional capital expenditure for upgrading our facilities and equipment and/or write-downs of assets so as to compete with our competitors on a global scale. In the event that we are not able to respond to such technological advancements in a timely manner, we may become less competitive thereby adversely affecting our business, results of operations and financial condition. Our failure to anticipate or to respond adequately to changing technical, market demands and/or client requirements could adversely affect our business and results of operations. Further, the cost of implementing new technologies could be significant and could adversely affect our financial condition and results of operations.

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

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

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

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

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

62. *Our profitability may be adversely affected in the event any of our trade receivables turn into bad debts.*

The trade receivable for the Fiscals 2014 and 2015 stands at ₹ 2,799.89 lakhs and ₹ 1,988.68 lakhs, respectively, out of this 98.70% and 99.24% for Fiscal 2014 and Fiscal 2015, respectively is receivable from the Group Companies. Our trade receivable is subject to a number of significant risks that arise from the nature of their businesses. Thus, any change in the financial position of our clients that adversely affects their ability to pay us may in turn materially and adversely affect our cash flows, business prospects, financial condition and results of operations.

63. *Our operations could be interrupted by damage to our R&D facilities which could adversely effect our financial condition.*

We use dangerous materials including flammable and explosive materials in our R&D facilities and are therefore subject to the risk of loss arising from fire. In catastrophic events, including fires or explosions, could damage our laboratories, equipment, scientific data, work in progress or inventories of chemical compounds and may materially interrupt our business. We employ safety precautions in our laboratory activities in order to reduce the likelihood of the occurrence of these catastrophic events. However, we cannot eliminate the chance that such an event will occur. The rebuilding of our facilities could be time consuming and result in substantial delays in fulfilling our objectives. Due to these factors our financial condition could be affected adversely.

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

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

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

EXTERNAL RISK FACTORS

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

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

2. ***There could be political, economic or other factors that are beyond our control but may have a material adverse impact on our business and results of operations should they materialize.***

The following external risks may have a material adverse impact on our business and results of operations should any of them materialize:

- Political instability, a change in the Government or a change in the economic and deregulation policies could adversely affect economic conditions in India in general and our business in particular;
- A slowdown in economic growth in India could adversely affect our business and results of operations. The growth of our business and our performance is linked to the performance of the overall Indian economy. We are also impacted by consumer spending levels and businesses such as ours would be particularly affected should Indian consumers in our target segment have reduced access to disposable income;
- Civil unrest, acts of violence, terrorist attacks, regional conflicts or situations or war involving India or other countries could materially and adversely affect the financial markets which could impact our business. Such incidents could impact economic growth or create a perception that investment in Indian companies involves a higher degree in risk which could reduce the value of our Equity Shares;
- Natural disasters in India may disrupt or adversely affect the Indian economy, the health of which our business depends on;
- Any downgrading of India's sovereign rating by international credit rating agencies may negatively impact our business and access to capital. In such event, our ability to grow our business and operate profitably would be severely constrained;
- Instances of corruption in India have the potential to discourage investors and derail the growth prospects of the Indian economy. Corruption creates economic and regulatory uncertainty and could have an adverse effect on our business, profitability and results of operations; and
- The Indian economy has had sustained periods of high inflation. Should inflation continue to increase sharply, our profitability and results of operations may be adversely impacted. High rates of inflation in India could increase our employee costs, decrease the disposable income available to our customers and decrease our operating margins, which could have an adverse effect on our profitability and results of operations.

3. ***Public companies in India, including our Company, may be required to prepare financial statements under IFRS or IndAS (a variation of IFRS). The transition to IFRS or IndAS in India is very recent and still unclear and our Company may be negatively affected by such transition.***

The Company currently prepares its annual and interim financial statements under Indian GAAP. Public companies in India, including the Company, may be required to prepare annual and interim financial statements under Indian Accounting Standard 101 “First-time Adoption of Indian Accounting Standards (“**IndAS**”). On February 16, 2015, the Ministry of Corporate Affairs, Government of India (“**MCA**”) announced the revised roadmap for the implementation of IndAS (on a voluntary as well as mandatory basis) for companies other than banking companies, insurance companies and non-banking finance companies through a press release (“**Press Release**”).

The Press Release specifies that IndAS will be required to be implemented on a mandatory basis by companies whose securities are either listed or proposed to list, on any stock exchange in India or outside India, based on their respective net worth as set out below:

Sr. No.	Net Worth	First Period of Reporting
1.	₹ 50,000 lakhs or more	FY commencing on or after April 1, 2016
2.	less than ₹ 50,000 lakhs	FY commencing on or after April 1, 2017

In addition, any holding, subsidiary, joint venture or associate companies of the companies specified above shall also comply with such requirements from the respective periods specified above.

There is not yet a significant body of established practice on which to draw informing judgments regarding its implementation and application. Additionally, IndAS differs in certain respects from IFRS and therefore financial statements prepared under IndAS may be substantially different from financial statements prepared under IFRS. There can be no assurance that the Company’s financial condition, results of operations, cash flow or changes in shareholders’ equity will not be presented differently under IndAS than under Indian GAAP or IFRS. When our Company adopts IndAS reporting, it may encounter difficulties in the ongoing process of implementing and enhancing its management information systems. There can be no assurance that the adoption of IndAS by our Company will not adversely affect its results of operations or financial condition. Any failure to successfully adopt IndAS in accordance with the prescribed timelines may have an adverse effect on the financial position and results of operations of our Company.

4. *Investors may not be able to enforce a judgment of a foreign court against us.*

The enforcement by investors in the Equity Shares of civil liabilities, including the ability to affect service of process and to enforce judgments obtained in courts outside of India may be affected adversely by the fact that we are incorporated under the laws of the Republic of India and almost all of our executive officers and directors reside in India. Nearly all of our assets and the assets of our executive officers and directors are also located in India. As a result, it may be difficult to enforce the service of process upon us and any of these persons outside of India or to enforce outside of India, judgments obtained against us and these persons in courts outside of India.

5. *Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect our business and the Indian financial markets.*

Any major hostilities involving India or other acts of violence, including civil unrest or similar events that are beyond our control, could have a material adverse effect on India’s economy and our business and may adversely affect the Indian stock markets where our Equity Shares will trade as well the global equity markets generally. Such acts could negatively impact business sentiment as well as trade between countries, which could adversely affect our Bank’s business and profitability. Our insurance policies for assets cover, among other things, terrorism, fire and earthquakes. However, our insurance policies may not be adequate to cover the loss arising from these events, which could adversely affect our results of operations and financial condition.

India has also witnessed civil disturbances in recent years and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have an adverse impact on us. Regional or international hostilities, terrorist attacks or other acts of violence of war could have a significant adverse impact on international or Indian financial markets or economic conditions or on Government policy. Such incidents could also create a greater perception that investment in Indian companies involves a higher degree of risk and could have an adverse impact on our business and the price of the Equity Shares.

6. ***You may be subject to Indian taxes arising out of capital gains. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as result of which no Securities Transaction Tax (STT) has been paid, will be subject to capital gains tax in India.***

Under current Indian tax laws and regulations, capital gains arising from the sale of shares in an Indian company are generally taxable in India. Any gain realised on the sale of listed equity shares on a stock exchange held for more than 12 months will not be subject to capital gains tax in India if the STT has been paid on the transaction. The STT will be levied on and collected by a domestic stock exchange on which equity shares are sold. Any gain realised on the sale of equity shares held for more than 12 months to an Indian resident, which are sold other than on a recognised stock exchange and as result of which no STT has been paid, will be subject to capital gains tax in India. Further, any gain realised on the sale of listed equity shares held for a period of 12 months or less will be subject to capital gains tax in India.

Capital gains arising from the sale of the Equity Shares will be exempt from tax in India in cases where such exemption is provided under the tax treaty between India and the country of which the seller is a resident. Generally, Indian tax treaties do not limit India's ability to impose tax on capital gains. As a result, residents of certain countries may be liable for tax in India, as well as in their own jurisdictions on gain upon a sale of the Equity Shares.

7. ***Financial instability in other countries could disrupt our business and cause the price of our Equity Shares to decrease***

The Indian market and the Indian economy are, to a certain extent, influenced by economic and market conditions in other countries, particularly market conditions in the United States and Europe. Although, financial turmoil elsewhere in the world in past years has had limited impact on the Indian economy, investors should be aware that there is a recent history of financial crises and boom-bust cycles in multiple markets in both the emerging and developed economies which leads to risks for all financial institutions, including us. Although economic conditions are different in each country, investors' reactions to developments in one country can have adverse effects on the securities of companies in other countries, including India. A loss of investor confidence in the financial systems of India or other markets may cause volatility in the Indian financial markets and indirectly, in the Indian economy in general. This could negatively impact the Indian economy, including the movement of exchange rates, interest rates and flow of funds in India. Any significant financial disruption could have an adverse effect on our business, future financial condition and the price of our Equity Shares. Although the recent financial crisis has had a limited direct impact on us, we remain subject to the risks posed by the indirect impact of the global credit crisis on the economy, some of which cannot be anticipated and the vast majority of which are not in our control. We also remain subject to counterparty risk to financial institutions that fail or are otherwise unable to meet their obligations to us.

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

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

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

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

The Issue Price of ₹ 245 per Rights Share may not be indicative of the market price for our Equity Shares after the Issue. The market price of our Equity Shares could be subject to significant fluctuations after the Issue, and may decline below the Issue Price. There can be no assurance that the Investor will be able to sell their shares at or above the Issue Price. Among the factors that could affect our share price are:

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

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

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

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

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

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

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

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

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

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

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

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

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

PROMINENT NOTES

1. Issue of 1,02,04,081 Equity Shares of face value of ₹ 1 each for cash at a price of ₹ 245 per Equity Share including a share premium of ₹ 244 per Equity Share aggregating up to ₹ 25,000 lakhs to the existing Equity Shareholders on a rights basis in the ratio of 5 Equity Shares for every 116 Equity Shares held by them on the Record Date .
2. As on March 31, 2015, our Net Worth was ₹ 9,924.14 lakhs as described in the section “*Financial Information*” on page 93.
3. For details of our transactions with the related parties during Fiscal 2015 as per AS 18, the nature of such transactions and the cumulative value of such transactions, please see the section “*Financial Information*” on page 93.
4. There has been no financing arrangement whereby the Promoter Group, our Directors and their relatives have financed the purchase by any other person of our securities other than in the normal course of business of the financing entity during the period of six months immediately preceding the date of filing of the Draft Letter of Offer with SEBI.

Investors may contact the Lead Managers for any complaint, clarifications and information pertaining to the Issue. Any clarification or information relating to this Issue shall be made available by the Lead Managers to the public and investors at large and no selective or additional information would be made available only to a section of the investors in any manner. All grievances relating to ASBA process may be addressed to the Registrar to the Issue, with a copy to the relevant SCSBs, giving full details such as name, address of the applicants, application number, number of Equity Shares applied for, Bid Amounts blocked, ASBA Account number and the Designated Branch of the SCSBs where the ASBA Bid-cum-Application Form has been submitted by the ASBA Bidder. For contact details please see section “*General Information*” on page 45.

SECTION III- INTRODUCTION

SUMMARY OF THE ISSUE

The following is a summary of the Issue. This summary should be read in conjunction with, and is qualified in its entirety by, more detailed information in the section “Terms of the Issue” on page 149.

This issue of Equity Shares is being made by us as set forth below:

Equity Shares offered in this Issue	1,02,04,081 Equity Shares
Rights Entitlement	5 Equity Share(s) for every 116 Equity Share(s) held on the Record Date.
Record Date	March 17, 2016
Face Value per Equity Share	₹ 1
Issue Price per Equity Share	₹ 245
Issue Size	Up to ₹ 25,000 lakhs
Paid-up Equity Shares outstanding prior to the Issue	23,66,87,354 Equity Shares
Equity Shares outstanding after the Issue (assuming full subscription for and Allotment of the Rights Issue Equity Shares)	24,68,91,435 Equity Shares
Terms of the Issue	For more information, please see the section “ <i>Terms of the Issue</i> ” on page 149.
Use of Issue Proceeds	For further information, please see the section “ <i>Objects of the Issue</i> ” on page 65.
Scrip Code	ISIN: INE232I01014 BSE: 532872 NSE: SPARC

Terms of Payment

The full amount of Issue Price ₹ 245 per Equity Share is payable on Application.

SUMMARY OF FINANCIAL INFORMATION

The following tables set forth the summary financial information derived from our audited financial statements as on and for Fiscal 2015 prepared in accordance with Companies Act, the Indian GAAP, applicable standards and guidance notes specified by the Institute of Chartered Accountants of India, applicable accounting standards and other applicable statutory and / or regulatory requirements. Unless stated otherwise, the summary of financial information presented below, is in ₹ in lakhs and should be read in conjunction with the financial information and the notes thereto included in the section titled “Financial Information”, of this Letter of Offer.

BALANCE SHEET AS AT 31ST MARCH, 2015

(₹ In lakhs)

Particulars	As at 31st March, 2015	As at 31st March, 2014
EQUITY AND LIABILITIES		
Shareholders' Funds		
Share Capital	2,366.83	2,366.80
Reserves and Surplus	7,613.03	11,563.07
	9,979.86	13,929.87
Non-current Liabilities		
Long-term Borrowings	327.14	381.66
Deferred Tax Liabilities (Net)	-	-
Other Long-term Liabilities	7.86	15.72
Long-term Provisions	237.33	147.68
	572.33	545.06
Current Liabilities		
Short-term Borrowings	39.55	82.37
Trade Payables	2,701.07	2,974.63
Other Current Liabilities	897.51	757.62
Short-term Provisions	76.65	64.35
	3,714.78	3,878.97
Total	14,266.97	18,353.90
ASSETS		
Non-current Assets		
Fixed Assets		
Tangible Assets	6,679.11	6,448.82
Capital Work-in-Progress	2.41	76.10
	6,681.52	6,524.92
Long-term Loans and Advances	1,262.30	759.99
Other Non-current Assets	29.68	57.34
	7,973.50	7,342.25
Current Assets		
Current Investments	-	650.02
Trade Receivables	1,988.68	2,799.89
Cash and Cash Equivalents	1,734.41	655.51
Short-term Loans and Advances	2,542.52	6,493.91
Other Current Assets	27.86	412.32
	6,293.47	11,011.65
Total	14,266.97	18,353.90

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ In Lakhs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Revenue from Operations	15,573.75	16,702.97
Other Income	303.40	1,000.30
Total Revenue	15,877.15	17,703.27
Expenses		
Cost of Materials Consumed	1,009.65	800.79
Employee Benefits Expense	4,579.27	4,039.72

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
Clinical Trials and Professional Charges	11,061.30	5,273.71
Finance Costs	21.83	559.73
Depreciation Expense	723.96	357.23
Other Expenses	2,433.14	3,239.67
Total Expenses	19,829.15	14,270.85
Profit / (Loss) Before Tax	(3,952.00)	3,432.42
Tax Expense - Current Tax	-	400.00
Profit / (Loss) for the Year	(3,952.00)	3,032.42
Earnings / (Loss) per Share		
Basic (₹)	(1.67)	1.28
Face Value per Equity Share - ₹ 1		

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

(₹ In Lakhs)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
A. Cash Flow From Operating Activities:		
Profit / (Loss) before Tax	(3,952.00)	3,432.42
Adjustments for:		
Depreciation Expense	723.96	357.23
Loss on Sale of Fixed Assets	2.39	1.91
Finance Costs	21.83	559.73
Interest Income	(275.91)	(389.98)
Gain on Sale of Current Investments	(22.38)	(463.51)
Sundry Balances (Written Back) (Net)	-	(0.21)
Amortisation of Share Issue Expenses	27.86	27.86
Unrealised Foreign Exchange Gain (Net)	(4.49)	(2.84)
	473.26	90.19
Operating Profit / (Loss) Before Working Capital Changes	(3,478.74)	3,522.61
Changes in Working Capital:		
Adjustment for (Increase) / Decrease in Operating Assets:		
Long-term Loans and Advances	(297.27)	51.70
Trade Receivables	811.48	(326.41)
Short-term Loans and Advances	(1,048.61)	(489.02)
Other Current Assets	384.46	(225.23)
Adjustment for Increase / (Decrease) in Operating Liabilities:		
Long-term Provisions	89.65	(24.87)
Trade Payables	(273.40)	1,729.58
Other Current Liabilities	106.39	368.55
Short-term Provisions	12.30	(104.37)
	(215.00)	979.93
Net Cash from / (used in) Operations	(3,693.74)	4,502.54
Net Income Tax paid	(263.85)	(812.99)
Net Cash Flow from / (used in) Operating Activities (A)	(3,957.59)	3,689.55
B. Cash Flow From Investing Activities :		
Capital Expenditure on Fixed Assets, including Capital Advances	(809.49)	(367.40)
Proceeds from Sale of Fixed Assets	18.47	7.47
Bank Balances not considered as Cash and Cash Equivalents		
- Margin Money Deposits placed	(16.64)	(666.04)

Particulars	Year ended 31st March, 2015	Year ended 31st March, 2014
- Margin Money Deposits matured		650.58
Inter Corporate Deposits placed	-	(10,000.00)
Inter Corporate Deposits matured	5,000.00	5,000.00
Current Investments not considered as Cash and Cash Equivalents		
- Purchased	(3,850.00)	(58,857.95)
- Proceeds from sale	4,522.40	68,362.03
Interest Received on Bank Deposits and Others	275.91	230.75
Net Cash Flow from / (used in) Investing Activities (B)	5,140.65	4,359.44
C. Cash Flow From Financing Activities:		
Repayment of Long-term Borrowings	(54.52)	(54.52)
Net (Decrease) / Increase in Working Capital Borrowings from a Bank	(42.81)	(130.08)
Proceeds from Short-term Borrowings		3,110.00
Repayment of Short-term Borrowings		(10,160.00)
Proceeds from Issue of Equity Shares on Rights basis	2.03	54.39
Finance Costs	(30.64)	(903.36)
Net Cash Flow (used in) / from Financing Activities (C)	(125.94)	(8,083.57)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)	1,057.12	(34.58)
Cash and Cash equivalents at the beginning of the year	0.95	32.63
Effect of Exchange Differences on Restatement of Foreign Currency Cash and Cash Equivalents	5.35	2.90
Cash and Cash equivalents at the end of the year	1,063.42	0.95

GENERAL INFORMATION

Registered Office of our Company

Sun Pharma Advanced Research Company Limited

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

Company Registration No.: 047837

Corporate Identity No.: L73100GJ2006PLC047837

Our Mumbai Office

17-B, Mahal Industrial Estate,
Mahakali Caves Road,
Andheri (East),
Mumbai – 400 093
Maharashtra, India
Tel No.: +91 22 6645 5645
Fax No.: +91 22 6645 5685
Website: www.sunpharma.in
Email: secretarial@sparcmail.com

Address of the Registrar of Companies

Registrar of Companies, Gujarat

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

Company Secretary and Compliance Officer

Mr. Debashis Dey

Sun Pharma Advanced Research Company Limited
17-B, Mahal Industrial Estate,
Mahakali Caves Road,
Andheri (East),
Mumbai – 400 093
Maharashtra, India
Tel No.: +91 22 6645 5645
Fax No.: +91 22 6645 5685
Website: www.sunpharma.in
Email: debashis.dey@sparcmail.com

Investors may contact the Registrar to the Issue or the Company Secretary and Compliance Officer for any pre-Issue/ post-Issue related matter. All grievances relating to the ASBA process may be addressed to the Registrar to the Issue, with a copy to the SCSB, giving full details such as name, address of the applicant, number of Equity Shares applied for, Amount blocked, ASBA Account number and the Designated Branch of the SCSB where the CAF was submitted by the ASBA Investors.

Lead Managers to the Issue

Ernst & Young Merchant Banking Services Private Limited

14th Floor, The Ruby,
29, Senapati Bapat Marg,
Dadar (W), Mumbai – 400 028.
Maharashtra, India
Tel.: +91 22 6192 0000
Fax: + 91 22 6192 1000
Website: www.ey.com/india
E-mail: sparcrightsissue2@in.ey.com
Investor Grievance E-mail: investorgrievances@in.ey.com
Contact Person: Abhishek Sureka
SEBI Registration No.: INM000010700

Inga Capital Private Limited[#]

Naman Midtown,
21st Floor, 'A' Wing,
Senapati Bapat Marg,
Elphinstone (West),
Mumbai 400 013,
Maharashtra, India.
T: +91 22 4031 3489
F: +91 22 4031 3379
Website: www.ingacapital.com
E-mail: sparc.rights@ingacapital.com
Investor Grievance E-mail: investors@ingacapital.com
Contact Person: Ashwani Tandon
SEBI Registration No.: INM000010924

[#]Inga Capital Private Limited is an associate of the Company as per the SEBI Merchant Bankers Regulations. Inga Capital Private Limited has signed the due diligence certificate and accordingly has been disclosed as a Lead Manager. Further, in compliance with the proviso of Regulation 21A of SEBI Merchant Bankers Regulations and Regulation 5(3) of the SEBI ICDR Regulations, Inga Capital Private Limited would be involved only in the marketing of the Issue.

Legal Counsel to the Issue

Khaitan & Co

One Indiabulls Centre,
Tower 1, 13th Floor,
841 Senapati Bapat Marg,
Mumbai – 400 013,
Maharashtra, India.
Tel: +91 22 6636 5000
Fax: +91 22 6636 5050

Legal Advisor to the Company

BATHIYA LEGAL

909, Hubtown Solaris,
N. S. Phadke Road,
Near East West Flyover,
Andheri (East),
Mumbai- 400069,
Maharashtra, India
Tel: +91 22 23523811/ 40045494

Registrar to the Issue

Link Intime India Private Limited

Pannalal Silk Mills Compound,
L.B.S. Marg,
Bhandup (West), Mumbai - 400 078,
Maharashtra, India.

Tel No.: +91 22 6171 5400

Fax No.: +91 22 2596 0329

Email: sparc.rights@linkintime.co.in

Investor Grievance E-mail: sparc.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Dinesh Yadav

SEBI Registration: INR000004058

Statutory Auditors of the Company

Deloitte Haskins & Sells LLP

Chartered Accountants
Indiabulls Finance Centre,
Tower 3,
27th – 32rd Floor,
Senapati Bapat Marg, Elphistone Road (West)
Mumbai-400 013, Maharashtra, India

Tel: + 91 22 6185 4000

Fax: +91 22 6185 4601

Firm Registration No.: 117366W/W-100018

Email: rajhiranandani@deloitte.com

Bankers to the Company

IndusInd Bank Ltd.

World Business House,
M.G.Road, Near Parimal Garden,
Ellisbridge,
Ahmedabad-380006,
Gujarat, India

Contact Person: Mr. Shetal Mehta

Tel: +91 79 6663 8320

Fax: + 91 79 2656 4292

Email: shetal.mehta@indusind.com

Website: www.indusind.com

Kotak Mahindra Bank Ltd.

27, BKC, 3rd Floor,
Plot No C-27, G-Block,
Bandra-Kurla-Complex,
Bandra (East),
Mumbai – 400 051,
Maharashtra, India.

Contact person: Akshay Kumar Jain

Tel: +91 22 6160 0000

Fax: +91 22 6713 2415

Email: akshay.jain1@kotak.com

Website: www.kotak.com

ICICI Bank Ltd.

Corporate Head Office,
ICICI Bank Towers,
Bandra-Kurla Complex,

Bandra (East),
Mumbai – 400 051,
Maharashtra, India.
Contact person: Girish Kapur
Tel: +91 22 2653 6564
Fax:+91 22 2653 1374
Email: girish.kapur@icicibank.com
Website: www.icicibank.com

State Bank of India

Industrial Finance Branch,
Andheri, Natraj 102,
1st Floor, 194, Sir M V Road,
Western Express Highway,
Andheri (East),
Mumbai – 400 069,
Maharashtra, India.
Contact person: Mr. A Neelakantan
Tel.: +91 22 2681 9890
Fax.: +91 22 2683 3001
Email: sbi.04732@sbi.co.in
Website: www.sbi.co.in

Self Certified Syndicate Banks

The list of banks that have been notified by SEBI to act as SCSB for the ASBA process is provided on <http://www.sebi.gov.in>. Details relating to designated branches of SCSBs collecting the ASBA application forms are available at the above mentioned link.

Banker to the Issue

Kotak Mahindra Bank Ltd.
Kotak Infiniti, 6th Floor,
Building No. 21, Infinity Park,
Off Western Express Highway,
General AK Vaidya Marg,
Malad (E), Mumbai – 400097,
Maharashtra, India
Contact Person: Prashant Sawant
Tel: 022-66056588
Fax: 022 67132416
E-mail: cmsipo@kotak.com
Website: www.kotak.com
SEBI Registration Number: INBI00000927

Credit rating

This being a rights issue of Equity Shares, no credit rating is required.

Statement of responsibility of the Lead Managers

The responsibilities of EYMBS and Inga[#], *inter alia*, are as follows:

S. No	Activities	Responsibility	Coordinator
1.	Capital structuring with relative components and formalities such as type of instruments, etc.	EYMBS and Inga	EYMBS
2.	Undertaking due diligence documents and together with legal counsels assist in drafting of the Offer Documents and of advertisement/publicity material including newspaper	EYMBS and Inga	EYMBS

S. No	Activities	Responsibility	Coordinator
	advertisements and brochure/ memorandum containing salient features of the Offer Document. Compliance with the SEBI Regulations and other stipulated requirements and completion of prescribed formalities with Stock Exchanges and SEBI.		
3.	Selection of various agencies connected with the Issue, namely Registrars to the Issue, printers, Bankers to the Issue and advertisement agencies.	EYMBS	EYMBS
4.	Assisting, together with other advisors and legal counsels in securing all necessary regulatory approvals for the Issue and assisting in filing of the Issue related documents with SEBI, Stock Exchanges or any other regulatory authorities.	EYMBS	EYMBS
5.	Marketing of the issue, which shall cover, inter alia, formulating marketing strategies, preparation of publicity budget, arrangements for selection of (i) ad-media, (ii) bankers to the issue, (iii) collection centres, and (iv) underwriters and underwriting arrangement, distribution of publicity and issue material including application form, letter of offer and brochure and deciding upon the quantum of issue material	EYMBS and Inga [#]	EYMBS
6.	The post-issue activities will involve essential follow-up steps, which must include finalization of basis of allotment/ weeding out of multiple applications, listing of instruments and dispatch of certificates and refunds, with the various agencies connected with the work such as Registrars to the Issue, Bankers to the Issue, and bank handling refund business. Even if many of these post-issue activities would be handled by other intermediaries, the Lead Managers shall be responsible for ensuring that these agencies fulfill their functions and enable him to discharge this responsibility through suitable agreements with the Issuer.	EYMBS	EYMBS

[#]Inga Capital Private Limited is an associate of the Company as per the SEBI Merchant Bankers Regulations. Inga Capital Private Limited has signed the due diligence certificate and accordingly has been disclosed as a Lead Manager. Further, in compliance with the proviso of Regulation 21A of SEBI Merchant Bankers Regulations and Regulation 5(3) of the SEBI ICDR Regulations, Inga Capital Private Limited would be involved only in the marketing of the Issue.

Debenture Trustee

This being an issue of equity shares, a debenture trustee is not required.

Appraisal Agency

None of the purposes for which the Net Proceeds are proposed to be utilised have been financially appraised by any bank or financial institution.

Monitoring Agency

Since the proceeds from the Issue are less than ₹ 50,000 lakhs, in terms of Regulation 16(1) of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue.

Underwriters and details of Underwriting Agreement

Our Company has not entered into any underwriting arrangement for the Issue.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of cheques being returned unpaid or withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by

applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under the section titled ‘*Terms of the Issue - Basis of Allotment*’ on page 170.

Principal Terms of Loans and Assets charged as security

As on the date of this LOF, we do not have any secured term loans. For the principal terms of loans and assets charged as security, see the section “*Financial Information*” on page 93. Further, our Company had entered into an agreement dated September 9, 2015, to avail an unsecured inter corporate loan for an amount of ₹ 5,000.00 lakhs, repayable after 12 months from the date of the respective disbursement carrying an interest rate of 10.20% p.a. payable at the end of every month. As on January 31, 2016 our Company has drawn down a sum of ₹ 4,900 lakhs.

Issue Schedule

Issue Opening Date:	March 28, 2016
Last date for receipt of request for SAFs:	April 4, 2016
Issue Closing Date:	April 11, 2016
Finalisation of basis of allotment with the Designated Stock Exchange	on or about April 22, 2016
Initiation of Refunds	on or about April 26, 2016
Credit of Rights Issue Equity Shares to demat accounts of Allotees	on or about April 26, 2016
Commencement of trading of Rights Issue Equity Shares on the Stock Exchanges	on or about April 27, 2016

The Board of Directors or a duly authorized committee thereof will have the right to extend the Issue period as it may determine from time to time, provided that the Issue will not be kept open in excess of 30 days from the Issue Opening Date.

CAPITAL STRUCTURE

Our share capital and related information as on the date of this Letter of Offer, prior to and after the proposed Issue, is set forth below:

	Aggregate Nominal Value	Aggregate Value at Issue Price
Authorised Share Capital		
26,65,00,000 Equity Shares of face value ₹ 1.00 each	26,65,00,000	-
Issued and subscribed capital ^(#Note 1)		
23,67,04,447 Equity Shares of face value ₹ 1.00 each fully paid-up	23,67,04,447	-
Paid up capital ^(#Note 1)		
23,66,87,354 Equity Shares of face value ₹ 1.00 each fully paid-up	23,66,87,354	
Present Issue being offered to the Equity Shareholders through this Letter of Offer		
Upto 1,02,04,081 Rights Issue Equity Shares of face value ₹ 1.00 each at a premium of ₹ 244 i.e. at an Issue Price of ₹ 245 ^(#Note 2)	1,02,04,081	2,49,99,99,845
Issued and subscribed capital after the Issue (assuming full subscription for and allotment of the Rights Entitlement)		
Upto 24,69,08,528* Equity Shares ^(##Note 3) of face value ₹ 1.00 each fully paid-up	Upto 24,69,08,528	-
Paid up capital after the Issue (assuming full subscription for and allotment of the Rights Entitlement)		
Upto 24,68,91,435* Equity Shares ^(##Note 3) of face value ₹ 1.00 each fully paid-up	24,68,91,435	
Securities premium account		
Existing securities premium account	195,16,83,558	
Securities premium account after the Issue*	4,44,14,79,322	

Notes:

This issue has been authorized by the Board of Directors under section 62(1)(a) and other provisions of the Companies Act, 2013 in its meetings held on May 12, 2015.

Note 1: During Fiscal 2013, our Company had allotted 2,95,88,056 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. Out of the above our Board of Directors, vide circular resolution dated July 24, 2015, has forfeited 17,093 equity shares, on account of non payment of call money.

Note 2: The present Issue of Equity Shares on a rights basis is in the ratio of 5 Equity Shares for every 116 Equity Shares held by our existing equity shareholders on the Record Date i.e. March 17, 2016.

Note 3: As on the date of this letter of Offer 22,030 Equity Shares of the Company are in abeyance.

**Assuming full subscription and Allotment of the Rights Issue Equity Shares in the Issue.*

Notes to the Capital Structure

- There are no outstanding warrants, options, or rights to convert debentures, loan or other instruments into Equity Shares as on the date of this Letter of Offer except the rights entitlements on the equity shares kept in abeyance. We have no partly paid up equity shares or call in arrears as on the date of the Letter of Offer. As on date, 6 fully paid equity shares of the Company are reflected in the partly paid ISIN on account of failure to credit the equity shares into the demat account of the respective equity share holder.

2. The shareholding pattern of our Company as on December 31, 2015 is as follows

Table I - Summary Statement holding of specified securities as on December 31, 2015

Category	Category of shareholder	Number of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities				No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form
								No of Voting Rights			Total as a % of (A+B+C)			No. (a)	As a % of total Shares held(b)	No. (a)	As a % of total Shares held(b)	
								Class eg: X	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII)As a % of (A+B+C 2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)	(XIII)		(XIV)		
(A)	Promoter & Promoter Group	32	159524730	0	0	159524730	67.40%	159524730	0	159524730	67.40%	0	67.40%	0	0.00%	1178066	0.74%	159523530
(B)	Public	91502	77162624	0	0	77162624	32.60%	77162624	0	77162624	32.60%	0	32.60%	0	0.00%	0	0.00%	75930026
(C)	Non Promoter - Non Public				0				0		0.00%	0			0.00%	0	0.00%	
(C1)	Shares Underlying DRs	0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
(C2)	Shares Held By Employee Trust	0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.00%	0	0.00%	0
	Total	91534	236687354	0	0	236687354	100.00%	236687354	0	236687354	100.00%	0	100.00%	0	0.00%	1178066	0.50%	235453556

Table II (I)(a)- Statement showing shareholding pattern of the Promoter and Promoter Group

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957) As a % of (A+B+C2)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form		
									Class eg: X	Class eg: y	Total			No. (a)	As a % of total Shares held (b)	No. (a)	As a % of total Shares held (b)			
	(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII)	(IX)			(X)	(XI) = (VII)+(X) As a % of (A+B+C2)	(XII)		(XIII)		(XIV)		
1	Indian			12	31720223	0	0	31720223	13.40%	31720223	0	31720223	13.40%	0	13.40%	0	0.00	1178066	3.7083	31720223
(a)	Individuals / Hindu Undivided Family																			
	Dilip Shantilal Shanghvi			26809395	0	0	26809395	11.33%	26809395	0	26809395	11.33%	0	11.33%	0	0.00	0	0.0000	26809395	
	Sudhir Vrundavandas Valia			1758169	0	0	1758169	0.74%	1758169	0	1758169	0.74%	0	0.74%	0	0.00	0	0.0000	1758169	
	Jayant Shantilal Sanghvi [#]			1164123	0	0	1164123	0.49%	1164123	0	1164123	0.49%	0	0.49%	0	0.00	1162066	99.8233	1164123	
	Vibha Dilip Shanghvi			670871	0	0	670871	0.28%	670871	0	670871	0.28%	0	0.28%	0	0.00	0	0.0000	670871	
	Kumud Shantilal Shanghvi			380440	0	0	380440	0.16%	380440	0	380440	0.16%	0	0.16%	0	0.00	0	0.0000	380440	
	Aalok Dilip Shanghvi			334045	0	0	334045	0.14%	334045	0	334045	0.14%	0	0.14%	0	0.00	0	0.0000	334045	
	Vidhi Dilip			328245	0	0	328245	0.14%	328245	0	328245	0.14%	0	0.14%	0	0.00	0	0.0000	328245	

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares	No. of shares underlying Deposits	Total nos. shares held	Shareholding as a % of total no. of shares	Number of Voting Rights held in each class of securities			No. of Shares Underlying	Shareholding, as a % assuming full conversion	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form			
	Shanghvi																		
	Kirit Valia			196771	0	0	196771	0.08%	196771	0	196771	0.08%	0	0.08%	0	0.00	16000	8.1313	196771
	Dipti Nirmal Modi			27871	0	0	27871	0.01%	27871	0	27871	0.01%	0	0.01%	0	0.00	0	0.0000	27871
	Varsha Kiran Doshi			25100	0	0	25100	0.01%	25100	0	25100	0.01%	0	0.01%	0	0.00	0	0.0000	25100
	Jitendra Vrundavandas Valia			24193	0	0	24193	0.01%	24193	0	24193	0.01%	0	0.01%	0	0.00	0	0.0000	24193
	Ajay Varundavandas Valla			1000	0	0	1000	0.00%	1000	0	1000	0.00%	0	0.00%	0	0.00	0	0.0000	1000
(b)	Central Government / State Government(s)		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.00	0	0.0000	0
(c)	Financial Institutions / Banks		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.00	0	0.0000	0
(d)	Any Other (Specify)		20	127804507	0	0	127804507	54.00%	127804507	0	127804507	54.00%	0	54.00%	0	0.00	0	0.0000	127803307
	Promoter Trust		1	147791	0	0	147791	0.06%	147791	0	147791	0.06%	0	0.06%	0	0.00	0	0.0000	147791
	Shanghvi Family & Friends Benefit Trust			147791	0	0	147791	0.06%	147791	0	147791	0.06%	0	0.06%	0	0.00	0	0.0000	147791
	Firm		1	407513	0	0	407513	0.17%	407513	0	407513	0.17%	0	0.17%	0	0.00	0	0.0000	407513
	Vishakha Sanghvi, Partner Pratham Investments			407513	0	0	407513	0.17%	407513	0	407513	0.17%	0	0.17%	0	0.00	0	0.0000	407513
	Bodies Corporat		15	117402500	0	0	117402500	49.60%	117402500	0	117402500	49.60%	0	49.60%	0	0.00	0	0.0000	117401300

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares	No. of shares underlying Deposits	Total nos. shares held	Shareholding as a % of total no. of shares	Number of Voting Rights held in each class of securities			No. of Shares Underlying	Shareholding, as a % assuming full conversion	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form	
	Viditi Investment Pvt. Ltd.			23555458	0	0	23555458	9.95%	23555458	0	23555458	9.95%	0	9.95%	0	0.0000	23555458
	Tejaskiran Pharmachem Industries Pvt. Ltd.			23122598	0	0	23122598	9.77%	23122598	0	23122598	9.77%	0	9.77%	0	0.0000	23122598
	Quality Investments Pvt. Ltd.			22735998	0	0	22735998	9.61%	22735998	0	22735998	9.61%	0	9.61%	0	0.0000	22735998
	Family Investment Private Limited			22578841	0	0	22578841	9.54%	22578841	0	22578841	9.54%	0	9.54%	0	0.0000	22578841
	Virtuous Share Investments Private Limited			11968080	0	0	11968080	5.06%	11968080	0	11968080	5.06%	0	5.06%	0	0.0000	11968080
	Virtuous Finance Private Limited [#]			11262658	0	0	11262658	4.76%	11262658	0	11262658	4.76%	0	4.76%	0	0.0000	11261458
	Sholapur Organics Private Limited			1859870	0	0	1859870	0.79%	1859870	0	1859870	0.79%	0	0.79%	0	0.0000	1859870
	Jeevanrekha Investrade Pvt. Ltd.			169657	0	0	169657	0.07%	169657	0	169657	0.07%	0	0.07%	0	0.0000	169657
	Package Investrade Pvt. Ltd.			104092	0	0	104092	0.04%	104092	0	104092	0.04%	0	0.04%	0	0.0000	104092
	Shanghvi Finance Private Limited			32867	0	0	32867	0.01%	32867	0	32867	0.01%	0	0.01%	0	0.0000	32867
	Asawari Investment			5668	0	0	5668	0.00%	5668	0	5668	0.00%	0	0.00%	0	0.0000	5668

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding	Shareholding, as a % assuming full conversion of	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form	
	And Finance Private Limited			2426	0	0	2426	0.00%	2426	0	2426	0.00%	0	0.00%	0	0.0000	2426
	Flamboyant Finance Private Limited			1800	0	0	1800	0.00%	1800	0	1800	0.00%	0	0.00%	0	0.0000	1800
	Sanghvi Properties Private Limited			1670	0	0	1670	0.00%	1670	0	1670	0.00%	0	0.00%	0	0.0000	1670
	Gujarat Sun Pharmaceutical Industries Pvt Ltd			817	0	0	817	0.00%	817	0	817	0.00%	0	0.00%	0	0.0000	817
	Nirmit Exports Private Limited																
	Persons Acting In Concert		3	9846703	0	0	9846703	4.16%	9846703	0	9846703	4.16%	0	4.16%	0	0.0000	9846703
	Aditya Medisales Limited			4663156	0	0	4663156	1.97%	4663156	0	4663156	1.97%	0	1.97%	0	0.0000	4663156
	Raksha S.Valia			3973941	0	0	3973941	1.68%	3973941	0	3973941	1.68%	0	1.68%	0	0.0000	3973941
	Unimed Investments Limited			1209606	0	0	1209606	0.51%	1209606	0	1209606	0.51%	0	0.51%	0	0.0000	1209606
	Sub Total (A)(I)		32	159524730	0	0	159524730	67.40%]	159524730	0	159524730	67.40%	0	67.40%	0	0.0000	159523530
2	Foreign																
(a)	Individuals (Non-Resident Individuals /			0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding	Shareholding, as a % assuming full conversion of	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form			
	Foreign Individuals)																		
(b)	Government		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.00	0	0.0000	0
(c)	Institutions		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.00	0	0.0000	0
(d)	Foreign Portfolio Investor		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.00	0	0.0000	0
(e)	Any Other (Specify)		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.00	0	0.0000	0
	Sub Total (A)(2)		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.00	0	0.0000	0
	Total Shareholding Of Promoter And Promoter Group (A)= (A)(1)+(A)(2)		32	159524730	0	0	159524730	67.40%	159524730	0	159524730	67.40%	0	67.40%	0	0.00	1178066	0.7402	159523530
	[#] Includes 2057 shares held by Mr. Jayant Shanghvi on behalf of Pratham Investments in his capacity as a Partner of the Firm																		
	^{##} Out of the total shares held - 1200 shares are in physical form, since the same is under dispute																		

Table III - Statement showing shareholding pattern of the Public shareholder

Category	Category & Name of shareholders	PAN	Nos. of share holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
									No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
									Class eg: X	Class eg: y	Total								
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)	(XIII)		(XIV)			
1	Institutions																		
(a)	Mutual Fund		18	2516689	0	0	2516689	1.06%	2516689	0	0	1.06%	0	1.06%	0	0.0000	0	0.0000	2267545
(b)	Venture Capital Funds		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	0
(c)	Alternate Investment Funds		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	0
(d)	Foreign Venture Capital Investors		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	0
(e)	Foreign Portfolio Investor		23	795417	0	0	795417	0.34%	795417	0	0	0.34%	0	0.34%	0	0.0000	0	0.0000	795417
(f)	Financial Institutions / Banks		13	224041	0	0	224041	0.09%	224041	0	0	0.09%	0	0.09%	0	0.0000	0	0.0000	223957
(g)	Insurance Companies		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	0
(h)	Provident Funds/ Pension Funds		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	0
(i)	Any Other (Specify)		46	15373945	0	0	15373945	6.50%	15373945	0	0	6.50%	0	6.50%	0	0.0000	0	0.0000	15372645
	Foreign Institutional Investors		44	15012663	0	0	15012663	6.34%	15012663	0	0	6.34%	0	6.34%	0	0.0000	0	0.0000	15011463
	Matthews India Fund			4713434	0	0	4713434	1.99%	4713434	0	0	1.99%	0	1.99%	0	0.0000	0	0.0000	4713434
	Seafarer Overseas Growth And Income Fund			3695157	0	0	3695157	1.56%	3695157	0	0	1.56%	0	1.56%	0	0.0000	0	0.0000	3695157
	Jpmorgan India Fund			2747568	0	0	2747568	1.16%	2747568	0	0	1.16%	0	1.16%	0	0.0000	0	0.0000	2747568

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
									No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
									Class eg: X	Class eg: y	Total								
	UTI		2	361282	0	0	361282	0.15%	361282	0	0	0.15%	0	0.15%	0	0.0000	0	0.0000	361182
	Sub Total (B)(1)		100	18910092	0	0	18910092	7.99%	18910092	0	0	7.99%	0	7.99%	0	0.0000	0	0.0000	18659564
2	Central Government/ State Government(s)/ President of India						0	0.00%				0.00%		0.00%	0	0.0000	0	0.0000	0
	Sub Total (B)(2)		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	0
3	Non-Institutions						0	0.00%				0.00%		0.00%	0	0.0000	0	0.0000	0
(a)	Individuals			0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	0
	i. Individual shareholders holding nominal share capital up to ₹. 2 lakhs.		85793	28958991	0	0	28958991	12.24%	28958991	0	0	12.24%	0	12.24%	0	0.0000	0	0.0000	28006094
	ii. Individual shareholders holding nominal share capital in excess of ₹. 2 lakhs.		15	14642105	0	0	14642105	6.19%	14642105	0	0	6.19%	0	6.19%	0	0.0000	0	0.0000	14642105
	Sun Pharmaceutical Industries Key Employees Benefit Trust			9244217	0	0	9244217	3.91%	9244217	0	0	3.91%	0	3.91%	0	0.0000	0	0.0000	9244217
(b)	NBFCs registered with RBI		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	0
(c)	Employee Trusts		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	0
(d)	Overseas Depositories (holding DRs)		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	0
(e)	Any Other (Specify)		5594	14651436	0	0	14651436	6.19%	14651436	0	0	6.19%	0	6.19%	0	0.0000	0	0.0000	14622263
	Trusts		7	30293	0	0	30293	0.01%	30293	0	0	0.01%	0	0.01%	0	0.0000	0	0.0000	30293

Category	Category & Name of shareholders	PAN	Nos. of share holders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
									No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
									Class eg: X	Class eg: y	Total								
	Foreign Nationals		1	100	0	0	100	0.00%	100	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	100
	Hindu Undivided Family		2369	2099990	0	0	2099990	0.89%	2099990	0	0	0.89%	0	0.89%	0	0.0000	0	0.0000	2099990
	Non Resident Indians (Non Repat)		375	406843	0	0	406843	0.17%	406843	0	0	0.17%	0	0.17%	0	0.0000	0	0.0000	406843
	Other Directors		2	74642	0	0	74642	0.03%	74642	0	0	0.03%	0	0.03%	0	0.0000	0	0.0000	74642
	Non Resident Indians (Repat)		1285	888479	0	0	888479	0.38%	888479	0	0	0.38%	0	0.38%	0	0.0000	0	0.0000	875345
	Individuals / Hindu Undivided Family		0	0	0	0	0	0.00%	0	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	0
	Overseas Bodies Corporates		1	9600	0	0	9600	0.00%	9600	0	0	0.00%	0	0.00%	0	0.0000	0	0.0000	9600
	Clearing Member		351	614907	0	0	614907	0.26%	614907	0	0	0.26%	0	0.26%	0	0.0000	0	0.0000	614907
	Bodies Corporate		1203	10526582	0	0	10526582	4.45%	10526582	0	0	4.45%	0	4.45%	0	0.0000	0	0.0000	10510543
	Lakshdeep Investments & Finance (P) Ltd.			3911542	0	0	3911542	1.65%	3911542	0	0	1.65%	0	1.65%	0	0.0000	0	0.0000	3911542
	Sub Total (B)(3)		91402	58252532	0	0	58252532	24.61%	58252532	0	0	24.61%	0	24.61%	0	0.0000	0	0.0000	57270462
	Total Public Shareholding (B)= (B)(1)+(B)(2) +(B)(3)		91502	77162624	0	0	77162624	32.60%	77162624	0	0	32.60%	0	32.60%	0	0.0000	0	0.0000	75930026

Details of the shareholders acting as persons in Concert with the Promoter/ Promoter Group including their Shareholding (No. and %):*

Aditya Medisales Limited				4663156	0	0	4663156	1.97%	4663156	0	0	1.97%	0	1.97%	0	0.00	0	0.0000	4663156
Raksha S. Valia				3973941	0	0	3973941	1.68%	3973941	0	0	1.68%	0	1.68%	0	0.00	0	0.0000	3973941
Unimed Investments				1209606	0	0	1209606	0.51%	1209606	0	0	0.51%	0	0.51%	0	0.00	0	0.0000	1209606

Category	Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding, as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares		Number of Shares pledged or otherwise encumbered		Number of equity shares held in dematerialised form	
									No of Voting Rights					Total as a % of (A+B+C)	No. (a)	As a % of total Shares held(b)	No. (a)		As a % of total Shares held(b)
									Class eg: X	Class eg: y	Total								

Limited

* The Shareholding of above shareholders have also been disclosed as a part of the Promoter & Promoter Group in Table II

Details of Shares which remain unclaimed may be given hear along with details such as number of shareholders, outstanding shares held in demat/unclaimed suspense account, voting rights which are frozen etc.

Table IV - Statement showing shareholding pattern of the Non Promoter- Non Public shareholder

Category & Name of shareholders	PAN	Nos. of shareholders	No. of fully paid up equity shares held	No. of Partly paid-up equity shares held	No. of shares underlying Depository Receipts	Total nos. shares held	Shareholding as a % of total no. of shares (calculated as per SCRR, 1957)	Number of Voting Rights held in each class of securities			No. of Shares Underlying Outstanding convertible securities (including Warrants)	Shareholding , as a % assuming full conversion of convertible securities (as a percentage of diluted share capital)	Number of Locked in shares	Number of Shares pledged or otherwise encumbered	Number of equity shares held in dematerialised form	As a % of total Shares held(b)	
								No of Voting Rights		Total as a % of Total Voting Rights							
								Class eg: X	Class eg: y				Total	No. (a)	As a % of total Shares held(b)		No. (a)
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII) = (IV)+(V)+(VI)	(VIII) As a % of (A+B+C2)	(IX)			(X)	(XI)= (VII)+(X) As a % of (A+B+C2)	(XII)	(XIII)	(XIV)		
1 Custodian/DR Holder			0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000
2 Employee Benefit Trust (under SEBI (Share based Employee Benefit) Regulations, 2014)			0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000
Total Non-Promoter- Non Public Shareholding (C)= (C)(1)+(C)(2)			0	0	0	0	0.0000	0	0	0	0.0000	0	0.0000	0	0.0000	0	0.0000

Note:

(1) PAN would not be displayed on website of Stock Exchange(s).

(2) The above format needs to disclose name of all holders holding more than 1% of total number of shares

(3) W.r.t. the information pertaining to Depository Receipts, the same may be disclosed in the respective columns to the extent information available

1. Our Company does not have any employee stock option scheme.
2. Our Promoter and Promoter Group (holding Equity Shares) have confirmed, vide letters on even date (dated September 15, 2015) that, they intend to either through themselves or through other members of the Promoter and/or Promoter Group subscribe to their Rights Entitlement in full in the Issue, in compliance with regulation 10(4) of Takeover Regulations. Our Promoter and Promoter Group have also confirmed that they intend to (i) subscribe to additional Equity Shares, and (ii) subscribe for unsubscribed portion in the Issue, if any. Such subscription to additional Equity Shares and the unsubscribed portion, if any, shall be in accordance with regulation 10(4) of Takeover Regulations subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the Equity Listing Agreement.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Equity Shares of the Company shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (a) and (b) of the Takeover Regulations.

3. Other than the change in the shareholding of Mr. Jitendra Valia, Mr. Ajay Valia and Pratham Investments, neither our Promoter nor members forming a part of Promoter Group have acquired any Equity Shares during the period of one year immediately preceding the date of filing of the Draft Letter of Offer with SEBI. In the shareholding pattern for the quarter ended June 30, 2015, the shareholding of Jayant Shantilal Shanghvi in our Company was reflected as 11,64,123 shares i.e an increase of 2,057 shares in comparison to the shareholding reflected for the quarter ended March 31, 2015. The increase in the shareholding by the said additional 2,057 shares was on account of, our Company, clubbing shareholding of each promoter group individual/entity based on their PAN, irrespective of the fact that whether such shares are held by such promoter group individual/entity in its individual capacity or on behalf of others. The said additional 2,057 shares were held by Jayant Shantilal Shanghvi on behalf of the partnership firm Pratham Investment (wherein he is a partner) and not in his personal capacity. Our Company has with effect from December 31, 2015 made the following changes in the Promoter Group (1) Mr. Sudhir Valia who was earlier identified as a person acting in concert has been identified as part of the Promoter Group (2) Mr. Kirit Valia, Mr. Jitendra Valia and Mr. Ajay Valia have been included as part of the Promoter Group and (3) Pratham Investments, a partnership firm, in which Mr. Jayant Shanghvi, brother of our Promoter Mr. Dilip Shanghvi, holds majority stake, has been included as a part of the Promoter Group. Accordingly, shares held by the firm through Ms. Vishakha Shanghvi in her capacity as a partner of the firm has been included and disclosed as a part of the Promoter Group holding. The aforesaid changes, of inclusion in the Promoter Group ("Inclusion in the Promoter Group"), have been made by our Company consequent to the enforcement of the SEBI LODR Regulations with effect from December 1, 2015, the Promoter and Promoter Group of the Company have been revised by the Company for disclosure under regulation 31(1) (b) of SEBI LODR Regulations with effect from the quarter ended Decemner 31, 2015 to align the same with the definition prescribed under regulation 2(1)(w) of the SEBI LODR Regulations. Further as on September 5, 2014, Ms. Vishakha Sanghvi, Mr. Kirit Valia, Mr. Jitendra Valia and Mr. Ajay Valia held 75,500; 1,96,771; 37,960; and 0 Equity Shares respectively compared to holding 48,314; 1,96,771; 24,193 and 1,000 Equity Shares respectively, as on September 18, 2015. Further NSE vide letter dated February 6, 2016, requested our Company to explain the changes in the shareholding of Promoter/Promoter Group as reflected in the difference in shareholding for the quarter ended December 31, 2015 compared to the shareholding for the quarter ended September 01, 2015. Our Company replied to NSE vide letter dated February 10, 2016, explaining the Inclusion in the Promoter Group. Our Company has not received any further communication from NSE in this regard.
4. None of the Equity Shares of our Company are locked in as of the date of this Letter of Offer.
5. Except 11,62,066 Equity Shares, held by Jayant Shantilal Shanghvi and 16,000 Equity Shares, held by Kirit Valia, which are encumbered, as on date of this Letter of Offer, none of the Equity Shares held by the Promoter and Promoter Group are pledged or otherwise encumbered.
6. The present Issue being a rights issue, as per regulation 34(c) of the SEBI Regulations, the requirements of promoters' contribution and lock-in are not applicable.

7. All the Equity Shares are fully paid-up as on the date of this Letter of Offer, there are no partly paid-up Equity Shares.
8. The ex-rights price of the Equity Shares as per regulation 10(4)(b) of the Takeover Regulations is ₹ 297.85 .

OBJECTS OF THE ISSUE

The Net Proceeds of the Issue are estimated to be approximately ₹ 24,746.59 lakhs.

Our Company intends to utilize the Net Proceeds for the following objects:

- (i) Meeting costs related to Pharmaceutical Research and Development – Clinical Trials; and
- (ii) For General Corporate Purposes.

The main objects and objects incidental and ancillary to the main objects set out in the Memorandum of Association enable our Company to undertake its existing activities and the activities for which funds are being raised by our Company through the Issue.

The details of the Net Proceeds are summarised in the table below:

Particulars	Amount (₹ in lakhs)
Gross proceeds of the Issue	25,000.00
(Less) Issue related expenses	253.41
Net Proceeds	24,746.59

Utilization of the Net Proceeds

The proposed utilization of the Net Proceeds is set forth in the table below:

(₹ in Lakhs)				
Sr. No	Particulars of Objects	Total Estimated Cost	Amount Deployed as on January 31, 2016	Amount to be funded from the Net Proceeds ³
1	Expenditure related to Pharmaceutical Research and Development (i.e. Clinical Trials Expenses to be incurred on identified 1 NCE and 4 NDDS projects)	19,615.11 ¹	140.74 ²	19,474.37
2	General Corporate Purposes	5,272.22	-	5,272.22
Total		24,887.33	140.74	24,746.59

¹The quotations/proposals are from the multinational CROs in USD and Euro and the exchange ratio applied is 1 USD = ₹ 63 and 1 Euro = ₹ 69. The cost may undergo a change due to exchange rate fluctuations.

²Based on the certificate dated February 29, 2016 from M/s K. C. Mehta & Co., Chartered Accountants.

³Amount to be funded from the Net Proceeds is determined after deducting the amount deployed as on January 31, 2016 from the total estimated cost.

The fund requirements for the objects of the Issue are based on internal management estimates and the past experience of our management for the current business plans of our Company and have not been appraised by any bank or financial institution. The internal management estimates are based on proposals/quotations received from multinational CROs for the identified projects and/or based on similar kind of studies undertaken in past by our Company and/or based on quotations/proposals received for similar kind of programs undertaken by multinational CROs. Normally, these quotations/proposals from multinational CROs are valid for the period of 60 – 90 days. Though these quotations and/or proposals are the basis of our estimates, the validity of the proposals/quotations have expired. Hence this may result in re-negotiation leading to cost escalation. Any change in CROs or cost escalation can significantly increase the cost of the objects of the issue. Please see the section titled “Risk Factors” on page 10 of the LOF for the risk associated with the project funding and cost escalation. Our Company may have to revise its research and development fund requirements due to external and internal factors, including but not limited to, change in government policies, laws, rules and regulations affecting our business or the industry in which we operate, human resources with expertise in the strategic therapy area, commercial viability, delay in receipt of approval by ethics committees, site selection, patient recruitment rate during clinical trials, efficacy and safety outcomes in clinical trials, changing treatment landscape, additional data requirement by regulatory authorities after NDA submissions, or our financial condition, business or strategy, economic and business conditions, increased competition and government policies in relation to pharmaceutical industry, which may not be within the control of our management.

The nature of our business may require us to revise our requirements and deployment of Issue proceeds, since the process of discovery of novel drug delivery system (“NDDS”) and / or new chemical entities (“NCE”) are dependent on various steps and each step in the new drug discovery process is dependent on the success of the prior step; the overall success of the NDDS and / or NCE process is dependent on the success of each of the steps carried out in the process. In the event any of the steps in discovery of the NDDS and / or NCE fails due to any reason, the research and development activities related to the drug discovery process of that particular NDDS/NCE may be suspended or de-prioritised. This may entail rescheduling or revising the planned expenditure and funding requirements, including the expenditure for a particular NDDS/NCE project/product or replacing a particular NDDS/NCE project/product with another/new/expansion of NDDS/NCE project/product at the discretion of our management. We may also reallocate expenditure to newer projects or those with earlier completion dates in the case of delays (including delays that may be caused in obtaining, regulatory or local approvals and permits) in our projects. We may also engage in other new projects and/or further expand our existing projects in the future, and/or further change the CROs at the discretion of the management of our Company. Consequently, our fund requirements may also change accordingly. Any such change in our plans may require rescheduling of our expenditure programs, starting projects that are not currently planned, discontinuing projects currently planned and an increase or decrease in the expenditure for a particular project, at the discretion of the management of our Company. In case of any surplus after utilization of the Net Proceeds for the stated objects and/or utilization of the Net Proceeds towards clinical trials on new/another/revised NDDS/NCE project/product, we may use such surplus towards future growth opportunities, if required and General Corporate Purposes.

If surplus funds are unavailable, we may explore a range of options including utilising our internal accruals and seeking additional debt from existing and future lenders. We believe that such alternate arrangements would be available to fund any such shortfalls.

Amount Deployed in the Projects

Our Company has deployed a sum of ₹ 140.74 lakhs for the clinical trials on the identified 1 NCE and 4 NDDS projects till January 31, 2016 as certified by M/s K.C. Mehta & Co., Chartered Accountant *vide* their certificate dated February 29, 2016. The details of the funds deployed on the projects are as given below:

			(₹ in Lakhs)
Project Type	No of Projects		Amount spent till January 31, 2016
NDDS	4 (comprising 7 clinical studies)		140.74
NCE	1 (comprising 1 clinical study)		0.00
Total			140.74

Schedule of Implementation and Deployment of the Net Proceeds

The Net Proceeds are currently expected to be deployed in accordance with the schedule set forth below:

			(₹ in Lakhs)	
Sr. No	Particulars of objects	Amount to be funded from the Net Proceeds	Estimated schedule of deployment of Net Proceeds for Fiscal	
			Fiscal 2017	Fiscal 2018
1	Expenditure related to Pharmaceutical Research and Development (i.e. Clinical Trials Expenses to be incurred on identified 1 NCE and 4 NDDS projects)	19,474.37	12,707.85	6,766.52
2	General Corporate Purposes	5,272.22	5,272.22	0.00
	Total	24,746.59	17,980.07	6,766.52

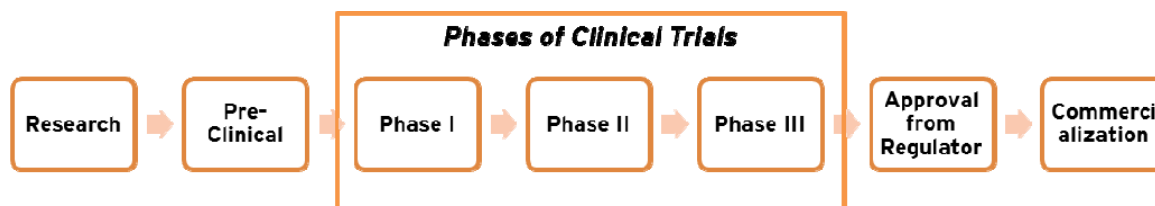
Details of the Objects of the Issue

A. Expenditures related to Research and Development – Clinical Trials

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

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

Broadly, the Pharmaceutical Research & Development activities carried out in the following process:



The above highlighted three phases of clinical trials are elaborated below:

(i) Phase I clinical study

A small group of healthy volunteers (20 to 100) are identified and administered ascending doses of the selected drug candidate starting with sub therapeutic. The purpose of this study is to evaluate for its safety and preliminary pharmacokinetics, and to determine a safe dose range (or the maximum tolerated dose) for efficacy. In the Oncology therapeutic arena, safety and tolerability of the investigational agent is also required to be determined in the intended patient sub-populations.

(ii) Phase II clinical study

The drug candidate is administered to a larger number of patients (100-300) suffering from the targeted disease condition to assess its efficacy and safety. A second part of the study is also to establish the optimal dose for efficacy and safety.

(iii) Phase III clinical study

The drug is finally assessed in a very large group of patients (300-2000) depending on the therapeutic area to confirm its effectiveness, monitor side effects, sometimes to compare it with current treatment options available in the clinical management of the disease and collect information that will allow its safe use. Once the dosing regimen, efficacy and safety are established in the clinical trials, a New Drug Application (NDA) is filed with the regulatory agencies seeking approval to sale and market the now approved new drug.

Clinical trial projects mainly consist of the following costs:

- Investigator Fees:** Clinical trials are conducted at hospitals under the supervision of qualified doctors (investigators and sub-investigators) and their teams comprising research coordinators, and other technical staff. They are paid by the sponsor for performing trial specific activities as mentioned in protocol approved by the ethics committee and regulatory authorities. These amounts are known as investigator fees.
- Ethics Committee Fees:** A clinical trial project can be started only after approval from ethics committees and regulatory authorities such as Drugs Controller General of India (the “DCGI”) in India and Food and Drug Administration (the “FDA”) in USA. The protocol, forms, patient information and informed consent documents, and dossiers containing information on the drug to be tested are reviewed and an approval letter is released to the investigator (by ethics committee) and sponsor (by regulatory authority). The fees charged for this activity and associated expense is shown as ethics committee fees.

- (c) **Study Conduct and Monitoring Costs:** The act of overseeing the progress of a clinical trial, and of **ensuring** that it is conducted, recorded, and reported in accordance with the protocol, standard operating procedures, good clinical practice, and the applicable regulatory requirements. There are at times, specific tests and investigations to be conducted to evaluate safety and efficacy of the drug in question. The costs associated with these activities are study conduct and monitoring costs.
- (d) **Project Management Costs:** To manage and plan activities with the groups involved viz. investigator team, monitoring team, data management and biostatistics team, safety and pharmacovigilance team, report writing team, logistics to ensure timely project completion. Costs associated with these activities are project management costs.
- (e) **Data Management and Biostatistics Costs:** All protocol required information is recorded on forms known as case record forms (the “CRFs”), these are retrieved and the data is entered into a validated database. Once data from all CRFs is entered, the database is locked and statistics applied to obtain efficacy/safety tables and output analysis. The cost associated with these activities is data management and biostatistics cost.
- (f) **Study Report Costs:** A written description of a trial conducted in which the clinical and statistical discussion, presentations, and analyses are fully integrated into a single report. This is generated after the output from statistical analysis is obtained at the end of the study. The report is submitted to the investigators, ethics committees and the regulatory authorities. This serves as a decision for future plans for clinical development/ marketing approval of the drug. The costs associated with these activities are termed as study report costs.
- (g) **Pass through costs:** This includes travel, training, supplies, communication, record archival and storage costs associated with the project. The costs associated with these activities are termed as Pass through costs.

Proposed Deployment of Funds:

The estimated cost of identified clinical trials expenses of 1 NCE and 4 NDDS projects is ₹ 19,615.11 Lakhs. The 4 NDDS projects comprises of 7 clinical studies. The details of the proposed utilization of the net proceeds of the issue are given in the table below:

(₹ in Lakhs)

Clinical Trial Expenses	Total Estimated Costs ¹	Amount deployed as on January 31, 2016 ²	Amount to be funded from the Net Proceeds	Estimated utilization of Net Proceeds	
				Fiscal 2017	Fiscal 2018
Investigator Fees	6,017.78	31.72	5,986.06	3,817.31	2,168.75
Ethics committee fees	116.67	17.35	99.32	61.53	37.79
Study conduct and monitoring costs	6,492.42	34.90	6,457.52	4,285.40	2,172.12
Project management	3,020.39	4.76	3015.64	1,916.75	1,098.89
Data management and biostatistics	1,231.55	12.68	1,218.86	829.10	389.76
Study report costs	154.79	4.44	150.35	105.17	45.18
Pass through costs	2,581.51	34.89	2,546.62	1,692.59	854.03
Total	19,615.11	140.74	19,474.37	12,707.85	6,766.52

¹The quotations/proposals are from multinational CROs in USD and Euro and the exchange ratio applied is 1 USD = ₹ 63 and 1 Euro = ₹ 69. The cost may undergo a change due to exchange rate fluctuations.

² Based on certificate dated February 29, 2016 from M/s K. C. Mehta & Co., Chartered Accountants.

The process of new drug discovery is dependent on various steps. Every step in the new drug discovery process is dependent on the success of the prior step. The overall success of the new drug discovery process is dependent on the success of each of the steps carried out in the process. At any point in time due to either failure of a particular step or commercial unviability of the new drug the research and development activities related to the new drug discovery process may be suspended or de-prioritized. Further, the success of the new drug

discovery also depends on internal and external factors, the important ones being, government policies, laws, rules and regulations affecting the business or industry in which we operate, human resources with expertise in the strategic therapy area, early decision making, commercial viability, differences in the responses observed in animal/human models vis-à-vis responses in patient population, national policies, infrastructure both in terms of internal and external e.g. clinical trial set up, approvals/delay in approval by ethics committees, site selection, patient recruitment rate during clinical trials, etc, efficacy and safety outcomes in clinical trials, changing treatment landscape, additional data requirement by regulatory authorities after NDA submissions.

Current Status of our Pharmaceutical Research & Development

NCE Program

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

We have currently three compounds in our NCEs portfolio that are now under pre-clinical and clinical development, namely, (a) SUN-597; (b) SUN-731; and (c) SUN-K706.

In the recent Past, we have deprioritized SUN - L731 and SUN - 597 nasal/inhalation based on our commercial assessment analysis and portfolio reorganisation for the United States of America and the European Union, however, we continue to evaluate development of SUN - L731 and SUN - 597 for India and other emerging markets. We have deprioritized SUN 1334H Anti Allergic (Oral Tablets), SUN 597 (Ophthalmic), SUN G44 for commercial reasons and for focusing on therapeutic areas of choice i.e. Oncology, Dermatology, Ophthalmology and CNS.

The thrust areas of our research programs for new molecules or new chemical entities are to design and develop therapies for:

Cancer

Our molecule, SUN-K706 for chronic myeloid leukaemia (CML) especially for the resistant form of CML has been screened in a high throughput kinase panel. We have now developed an optimized formulation of SUN-K706 which is suitable for clinical studies. The efficacy, safety and toxicology studies required for IND are completed.

Inflammation/Dermatitis

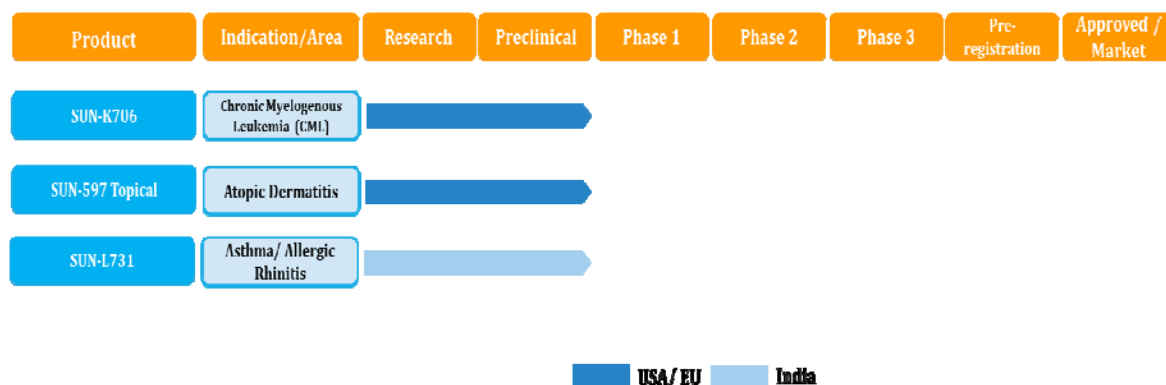
SUN-0597 is 'soft steroid' being currently developed for steroid responsive dermatoses. SUN-597 topical is a novel corticosteroid. We have completed our Pre-IND meeting.

Asthma and Rhinitis

SUN - L731 is a highly selective and potent LTD₄ antagonist being currently developed for asthma and rhinitis for Indian Market.

We have deprioritized SUN - L731 and SUN - 597 nasal/inhalation based on our commercial assessment analysis and portfolio reorganisation for the United States of America and the European Union. However, we continue to evaluate development of SUN - L731 and SUN - 597 for India and other emerging markets. We have deprioritized SUN 1334H Anti Allergic (Oral Tablets), SUN 597 (Ophthalmic), SUN G44 for commercial reasons and for focusing on therapeutic areas of choice i.e. Oncology, Dermatology, Ophthalmology and CNS.

Current Status of NCE projects of our Company



NDDS Program

NDDS programs focus on improving therapeutic index and addressing limitations of the currently approved and marketed drugs. NDDS programs are developed for existing drugs to improve efficacy, patient compliance and drug safety. NDDS are a new way of effectively delivering a known or new drug in the body or improvising existing technologies to enhance the safety and patient compliance of the drug. These drug delivery systems are patient- friendly, as they are less cumbersome, and more convenient for the patient to take as well as the nursing staff to administer.

In the last 9 years we have developed 7 propriety drug delivery platforms across oral, injectable and topical drug delivery systems, namely, WRAP Matrix Technology, Gastro Retentive Innovative Device (“**GRID**”), Swollen Micelle Microemulsion (“**SMM**”), Gel Free Reservoir (“**GFR**”) Technology, Nanotecton Platform, Abuse Deterrent Formulations (“**ADF**”) and Dry Powder Inhaler Device (“**DPI**”), with established clinical proof of concept and at least one product each registered in India using 6 of these 7 platforms, namely: (i) Leviteracetam Extended Release Tablet (Wrap Matrix Technology); (ii) FDC Latanoprost 50 mcg + Timolol Maleate IP Eq. to Timolol 5 mg (Preservative free) ophthalmic solution (SMM); (iii) Baclofen E.R. capsules (GRID); (iv) Fixed dose combination (FDC) of Salmeterol – Xinafoate Eq. to Salmeterol IP 25 mcg/25 mcg/ 25 mcg + Fluticasone Propionate IP 50 mcg / 125 mcg / 250 mcg powder for Inhalation (DPI); (v) Paclitaxel Injection Concentrate for Nanodispersion 100 mg and 300 mg (Nanotecton Platform); (vi) Latanoprost Ophthalmic Solution (Microemulsion) (SMM); and (vii) Timolol Maleate Ophthalmic Solution (GFR).

In the recent past, we have deprioritised our research and development activities on Venlafaxine Extended Release product and Latanoprost +Timolol fixed dose combination for the US market after discussion on the programme with the United States Food and Drug Administration (“**USFDA**”); and Baclofen GRS alcohol dependence program due to the regulatory and economic reasons.

The NDDS programs being developed by our Company are the following:

Oral Controlled Releases

A. Gastro Retentive Innovative Device (“**GRID**”)

An innovative Gastro Retentive System (“**GRS**”) has been devised that allows longer retention in the stomach and improves gastrointestinal absorption of drugs that have a narrow absorption window. We have developed Baclofen GRS for the treatment of spasticity. The IND has been filed with US Food and Drug Administration (“**USFDA**”). We have received a special protocol assessment status from the United States of America for Phase-3 clinical trial of Baclofen GRS and trials have accordingly began in the US. Baclofen GRS has already been launched in India.

B. Wrap Matrix system

This technology enables developing a multi-layered matrix based functionally coated tablet which offers controlled release for high dose and high solubility. We have filed NDA with USFDA in relation to Levetiracetam ER 1000 mg and 1500 mg, an anti-epileptic using the wrap matrix technology. We have been granted composition and dose specific patents for Levetiracetam ER in the US.

C. Abuse Deterrent Formulations (ADF)

We believe, USFDA considers the development of abuse deterrent, a priority. We believe, the regulatory environment strongly indicates future development of controlled substance formulations to be abuse-deterrent. We have identified an opportunity in ADF and preliminary proof-of-concept results are encouraging. Further, we have also completed conceptual meeting with USFDA and have filed Patents for ADF.

Targeted drug delivery-injection

D. Nanoparticle based products - Nanotechnology based delivery systems (“**Nanotecton**”) enables selective delivery of cytotoxic drugs to cancerous tissues. In this technology, drugs are encapsulated within nanoscale carriers derived from biocompatible/ biodegradable polymers and lipids. Two of our products, Paclitaxel Injection Concentrate for Nanodispersion (“**PICN**”) and Docetaxel Injection Concentrate for Nanodispersion (“**DICN**”) for treatment of cancer are in clinical trials. PICN has obtained marketing approval in India from Deputy Drugs Controller (India).

Topical drug delivery systems

E. Novel device for inhaled drugs: A newly engineered dry powder inhalation device which enables convenient and uniform dose administration of drugs for asthma and Chronic Obstructive Pulmonary Disease (“**COPD**”), is being developed as per the guidance of the US and European FDA requirements. Phase-3 trials in India has been successfully completed and the product has been launched in India in 2011. We have discussed the outcome and clinical development program of the Pharmacokinetic study with 3 EU regulatory agencies and achieved concurrence with regulatory agencies on the proposed clinical program.

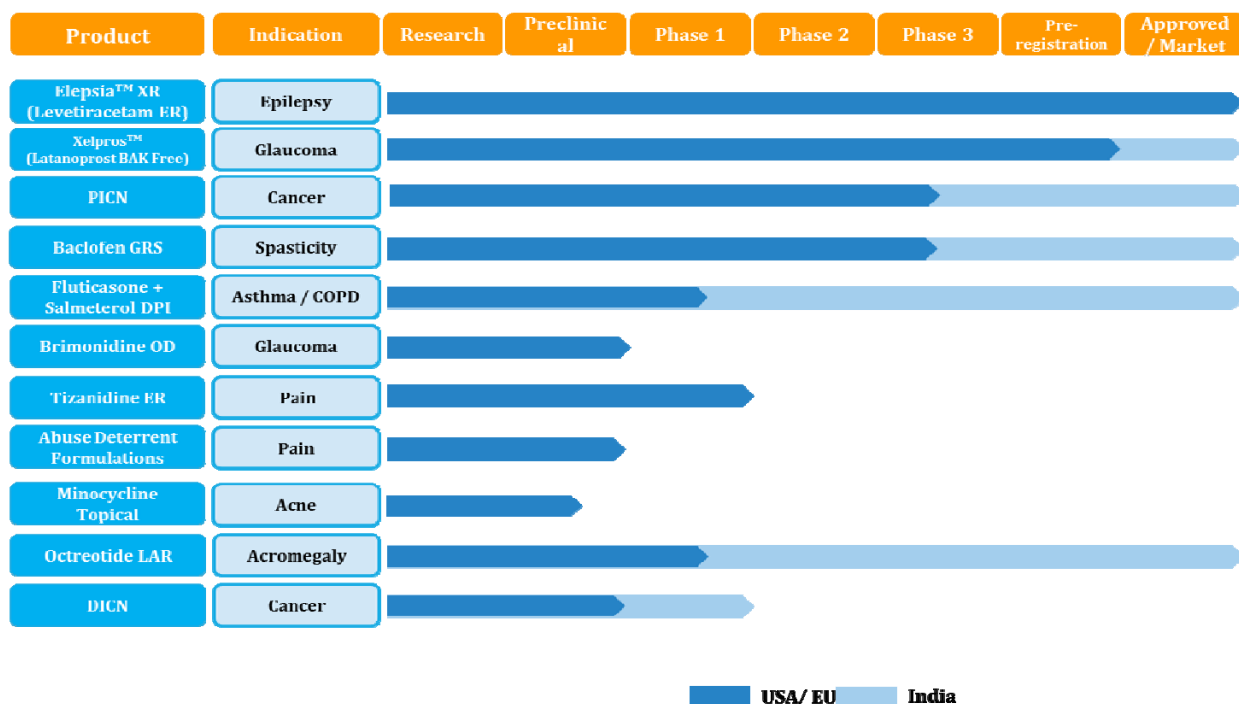
F. SMM technology for ophthalmic solution: SMM is a platform for solubilizing ophthalmic drugs with limited water solubility or completely insoluble ophthalmic drugs. The formulation contains known ocular lubricant which fortifies the lipid layer in formation of tear film, and uncharged coating is soft to eye surface. It has reduced risk of ocular surface damage on chronic use and Prevents drug from environmental temperature and light fluctuations. A BAK-free Latanoprost Ophthalmic Solution (Microemulsion) has been launched in India after obtaining marketing authorization from DCGI. We have received complete response letter (“**CRL**”) from USFDA and have responded to the CRL. The product has been licensed to one of our Group Companies for the US markets.

G. Gel Free Reservoir (GFR) technology for ophthalmic solution: GFR technology platform uses a unique polymer ratio that shows synergistic increase in viscosity without the loss of clarity and flow property. The formulation stabilizes tear film and retains active for prolonged periods.

Using our NDDS technology we have been able to obtain approvals for Leviteracetam Extended Release Tablet (Elepsia™ XR) in US and other products in India i.e., (i) Leviteracetam Extended Release Tablet (Wrap Matrix Technology); (ii) FDC Latanoprost 50 mcg + Timolol Maleate IP Eq. to Timolol 5 mg (Preservative free) ophthalmic solution (SMM); (iii) Baclofen E.R. capsules (GRID); (iv) Fixed dose combination (FDC) of Salmeterol – Xinafoate Eq. to Salmeterol IP 25 mcg/25 mcg/ 25 mcg + Fluticasone Propionate IP 50 mcg / 125 mcg / 250 mcg powder for Inhalation (DPI); (v) Paclitaxel Injection Concentrate for Nanodispersion 100 mg and 300 mg (Nanotecton Platform); (vi) Latanoprost Ophthalmic Solution (Microemulsion) (SMM); and (vii) Timolol Maleate Ophthalmic Solution (GFR).

In the recent past, we have deprioritised our research and development activities on Venlafaxine Extended Release product and Latanoprost +Timolol fixed dose combination for the US market after discussion on the programme with the USFDA; and Baclofen GRS alcohol dependence program due to the regulatory and economic reasons.

Current Status of NDDS projects of our Company



Our Company has incurred ₹ 30,057.15 lakhs as on September 30, 2015 towards the following NCE and NDDS products developed in the past:

Sl. No.	Product		Countries/Region for which approval has been received and Details of Out licensing	Countries/Region for which development/approval under progress
1	Baclofen GRS / ER Caps		India – Out Licensed to SPIL/SPLL	USA, EU, Japan, South Africa, Yemen, Belarus, Brazil, Mexico, Russia, Ukraine Vietnam, Sri Lanka
2	Paclitaxel (Concentrate Nanodispersion)	Injection For	India – Out Licensed to SPIL/SPLL	USA, EU, Japan, Philippines, South Africa, Algeria, Vietnam, Myanmar, Morocco, Sri Lanka, Russia, Mexico, Brazil, Ukraine, Belarus and Kazakhstan
3	Salmeterol 50 Mcg & Fluticasone Propionate		India – Out Licensed to SPIL/SPLL	USA, EU, Japan, Kenya, Myanmar, Philippines, South Africa Sri Lanka, Sudan, Tanzania, Venezuela, Yemen, Belarus, Brazil, Kazakhstan, Mexico, Russia, Ukraine, Vietnam, Malaysia, Singapore
4	Latanoprost Solution	Ophthalmic	India, Kazakhstan, Kenya, Mexico, Myanmar – Out Licensed to SPIL/SPLL	USA, EU, Japan, Russia, Belarus, Ukraine, Brazil, Venezuela, Peru, Algeria, Yemen, Morocco, S. Africa, Sudan, Philippines,

Sl. No.	Product	Countries/Region for which approval has been received and Details of Out licensing	Countries/Region for which development/approval under progress
			Vietnam, Thailand, Sri Lanka
5	Timolol Maleate - Latanoprost Ophthalmic Solution	India, Myanmar – Out Licensed to SPIL/SPLL	Russia, Mexico, Algeria, S. Africa, Philippines, Belarus, Brazil, Yemen, Kenya, Vietnam, Sri Lanka, Kazakhstan, Venezuela, Morocco, Sudan, Thailand, Ukraine, Peru Tanzania
6	Timolol Drops; Od	India – Out Licensed to SPIL/SPLL	Russia, Mexico, Algeria, S. Africa, Philippines, Myanmar Belarus, Brazil, Yemen, Kenya, Vietnam, Sri Lanka, Kazakhstan, Venezuela, Morocco, Sudan, Thailand, Ukraine Peru, Tanzania
7	Levetiracetam CR	India, USA, Sri Lanka, Myanmar – Out Licensed to SPIL/SPLL	USA, EU, Japan, Russia, Mexico, S. Africa, Philippines Belarus, Brazil, Vietnam, Ukraine, Venezuela, Kazakhstan
8	Metoprolol Succinate ER Tablets	Philippines, Vietnam, Sri Lanka, Myanmar, Yemen, Uganda – Out Licensed to SPIL/SPLL	No other country
9	Octreotide Depot 1M	India – Out Licensed to SPIL/SPLL	USA, EU, Japan, Poland and Singapore
10	Metoprolol Succinate ER and Olmesartan	India – Out Licensed to SPIL/SPLL	No other country
11	Metoprolol Succinate and Telmisartan	India – Out Licensed to SPIL/SPLL	No other country
12	Pramipexole ER	India – Out Licensed to SPIL/SPLL	No other country

Steps involved in the process of new drug discovery (NCE)

The first step in the exercise is to identify the potential therapeutic target of interest for treating a disorder. Upon identification of the potential therapeutic target of interest for treating a certain disorder, the process of new drug discovery for the target commences. It consists of the following key steps:

A. Non clinical Phase

(i) *Hit Identification*

If the structural characteristics of the therapeutic target is not known, the compound libraries of particular scaffolds are screened using high throughput screening methods. However if the structure of the therapeutic target is known, virtual compound libraries are screened with the help of computer aided drug design group. Few molecules are from the identified scaffolds and are initially synthesized for preliminary in-vitro screening for identification of potential scaffold(s).

(ii) *Lead identification and optimization*

Once hit is identified, its analogues are synthesized and are subjected to a series of tests for assessing potency and selectivity for the therapeutic target. The next step is to perform an early assessment of Absorption, Distribution, Metabolism and Excretion (“ADME”)/ toxicology characteristics *in-vitro* and in *in-vivo* and also screen for their efficacy in animal models of the disease. Based on these results appropriate structural modifications are done so as to optimize the desired attributes for efficacy and ADME characteristics. The most promising candidates are then selected for further assessments.

(iii) *Candidate identification and selection*

The promising candidates are further screened for performance in various disease models. Also, these compounds are assessed for their physicochemical characteristics such as stability, solubility etc., before proceeding for long term toxicological studies. The best compound meeting the requirements of efficacy, safety, pharmacokinetics and physicochemical characteristics is chosen for long term toxicity studies and is selected as a candidate for clinical assessment. Once the regulatory toxicological and safety studies are completed, an investigational new drug (IND) application is filed with the regulatory authorities seeking permission for first in human studies.

B. *Clinical Phase*

(i) *Phase I clinical study*

A small group of healthy volunteers (20 to 100) are identified and administered ascending doses of the selected drug candidate starting with sub therapeutic. The purpose of this study is to evaluate for its safety and preliminary pharmacokinetics, and to determine a safe dose range (or the maximum tolerated dose) for efficacy. In the Oncology therapeutic arena, safety and tolerability of the investigational agent is also required to be determined in the intended patient sub-populations.

(ii) *Phase II clinical study*

The drug candidate is administered to a larger number of patients (100-300) suffering from the targeted disease condition to assess its efficacy and safety. A second part of the study is also to establish the optimal dose for efficacy and safety.

(iii) *Phase III clinical study*

The drug is finally assessed in a very large group of patients (300-2000) depending on the therapeutic area to confirm its effectiveness, monitor side effects, sometimes to compare it with current treatment options available in the clinical management of the disease and collect information that will allow its safe use. Once the dosing regimen, efficacy and safety are established in the clinical trials, a New Drug Application (NDA) is filed with the regulatory agencies seeking approval to sale and market the now approved new drug.

Steps involved in development of products using NDDS platforms.

A. *Literature Search:*

Based on the business potential and the unmet need, product is identified for development using NDDS platforms. Literature search is carried out to collect information about API and dosage forms. Regulatory status, patent status, present manufacturers of drug, physical and chemical properties, method of analysis, mechanism of action of drug is searched for drug substance, whereas, for dosage form, brands in the concerned market, relevant reference product, releases of the drug in body, regulatory requirements for the proposed dosage form and available methods of analysis for finished product is searched.

B. *Creation of TPP (Target Product Profile) / QTPP (Quality Target Product Profile) and Identification of Critical Quality Attributes (COAs)*

Based on the findings of the literature search, the following attributes are proposed for the dosage, i.e (a) desired finished product characteristics including in-vitro release profile; (b) desired pharmacokinetic profile; (c) proposed pack; and (d) proposed shelf life. Also, clinical and non-clinical studies are proposed based on regulatory requirements, collected literature and previous knowledge.

C. *Application for licences & permissions*

Necessary regulatory permissions are applied for in the concerned marketing country, such as test licence for project initiation, no objection certificate from DGCI, license for import of reference

product, application for permission for conducting bioequivalence/ relative bioavailability study/clinical study (if any).

D. Pre-formulation Studies

The phase of pre-formulation studies begins after the Company procures all the necessary permissions, authorisations and raw material, such as, drug substance and excipients (inactive materials) required for each stage. This phase includes analytical method development, characterization of API, API- excipient compatibility study, selection of excipients based on compatibility study, characterization of excipients and packaging materials etc.

E. Analytical Method Development

Analytical methods, if available, in pharmacopoeia may be evaluated on formulations and intermediates to check for safety, efficacy and suitability. Analytical studies are an integral part of pre-formulation. If methods are not available in pharmacopoeias, in-house methods such as stability indicating assay, related substances, dissolution and any other tests will be developed.

F. Formulation Development

The formulation development phase consists of three stages, i.e., exploration and feasibility, confirmation and stability testing and optimization.

- (a) Exploration and feasibility: During the exploration and feasibility phase, feasibility of proposed manufacturing process is evaluated. The use of various excipients and if required, different processes are evaluated. Appropriate analytical feedback is obtained using available analytical methods. Formula is developed to meet all the desired product characteristics.
- (b) Confirmation and stability testing: In this phase the prototype batches are packed suitably and charged for stability studies, taking into consideration the requirements of market country. Multimedia dissolution study carried out for reference product and test product.
- (c) Pilot bioequivalence is carried out as per the regulatory requirement.

G. Optimization of formulation:

Formulation challenge studies are performed to enable optimization of the formula and manufacturing process. At this stage impact of different formulation factors is evaluated. Optimization is carried out till a bioequivalent and stable product is developed. Suitable changes are done after obtaining bioequivalent formulation subject. The formulation is scaled up to pilot plant scale and larger scale.

- H. Pivotal bioequivalence studies and clinical studies (*Clinical Phases as covered under Steps involved in the process of New Drug Discovery*) are carried out. Necessary stability data of exhibit batches along with development data and data of bioequivalence studies and clinical studies are provided to the regulatory agencies for approval.

The process of NDDS technology is dependent on various steps. Every step is dependent on the success of the prior step. At any point in time due to either failure of a particular step or commercial unviability of the formulation the research and development activities may be deprioritized.

The detail of expenditure incurred by our Company on clinical trials and professional charges for the last three financial years is as follows:

(₹ in Lakhs)

Particulars	For year ended March 31, 2015	For year ended March 31, 2014	For year ended March 31, 2013
Clinical Trials and Professional Charges	11,061.30	5,273.71	4,129.59 [#]
Total Revenue	15,877.15	17,703.27	8,889.59
% of Total revenue	69.67%	29.79%	46.45%

[#] Expenditure in relation to the Clinical Trials and Professional Charges for the Financial Year 2013 has been regrouped/ reclassified to correspond with Fiscal 2015 classification / disclosure.

Research and Development Infrastructure Facilities

Our Company has fully integrated research facilities for medicinal chemistry, process research, analytical research, bioanalytical and pharmacokinetics, pharmacology and toxicology, novel drug delivery research and formulation development located at Tandalja, Vadodara and at Andheri, Mumbai. As on January 31, 2016, our research and development team consists of 281 scientists. Our Company's pharmaceutical testing facility at Tandalja has been approved by the USFDA. In addition, our Company's toxicology labs at Vadodara have been accredited by the Association for Assessment and Accreditation of Laboratory Animal Care International ("AAALAC International").

Following is the list of owned and leased facilities of the Company:

Sl. No.	Particulars	Address	Owned / Lease and License
1	Registered Office	Sun Pharma Advanced Research Centre (SPARC), Akota Road, Akota, Vadodara – 390020	Leave and License agreement valid upto February 28, 2017
2	Mumbai Office and Research Centre	17-B, Mahal Industrial Estate, Mahakali Caves Road, Andheri (East), Mumbai – 400093	Owned
3	Research Centre	F.P.27, Part Survey No. 27, C.S. No. 1050, T.P.S. No.24, Village Tandalja, District Vadodara – 390020	Owned
4	Research Centre	907/4, G.I.D.C., Makarpura GIDC, Vadodara – 390 010	Leave and License agreement valid for a period of three years commencing from March 15, 2014

We do not undertake any manufacturing activities as such and get our products manufactured on contract basis at third party manufacturing facilities.

B. General Corporate Purposes

Our Company proposes to deploy the balance Net Proceeds aggregating ₹ 5,272.22 lakhs towards General Corporate Purposes, subject to such utilization not exceeding 25% of the Issue Proceeds, including but not limited to strategic initiatives, partnerships and joint ventures, meeting exigencies which our Company may face in the ordinary course of business, meeting expenses incurred in the ordinary course of business, strengthening our Company's marketing capabilities and any other purpose as may be approved by the Board or a duly appointed committee from time to time, subject to compliance with the necessary provisions of the Companies Act.

Our Company's management, in response to the competitive and dynamic nature of the industry, will have the discretion to revise its business plan from time to time, and consequently, our funding requirement and deployment of funds may also change. In accordance with the policies of our Board, our management will have flexibility in utilizing the proceeds earmarked for General Corporate Purposes.

Means of Finance

We propose to meet our expenditure towards the objects of the Issue entirely out of the proceeds of the Issue and hence, no amount is proposed to be raised through any other means of finance. Accordingly, Clause (VII) (D) of Part E of Schedule VIII of the SEBI Regulations (which requires firm arrangements of finance through verifiable means for 75% of the stated means of finance, excluding the amount to be raised through the proposed issue) does not apply. In case of a shortfall in the Net Proceeds, we may explore a range of options including utilizing our internal accruals, and/or seeking additional debt from existing and or other lenders.

Bridge Financing Facilities

Our Company has not raised any bridge loans from any bank or financial institution as on the date of this Letter of Offer, which are proposed to be repaid from the Net Proceeds. However, depending on business requirements, our Company may consider raising bridge financing facilities, pending receipt of the Net Proceeds.

Interim use of Net Proceeds

Our management will have flexibility in deploying the Net Proceeds. Pending utilization for the purposes described above, we intend to temporarily deposit the funds in the scheduled commercial banks included in the second schedule of Reserve Bank of India Act, 1934.

Issue Expenses

The total expenses of the Issue are estimated to be approximately ₹ 253.41 lakhs. The Issue related expenses include, among others, fees to various advisors, printing and distribution expenses, advertisement expenses, and registrar and depository fees. The break-up of estimated Issue related expenses are as follows:

Activity	Expense (in ₹ lakhs) *	Expense (% of total expenses)*	Expense (% of Issue Size)*
Fees of Lead Managers, bankers to the Issue, legal advisor, registrar to the Issue and out of pocket expenses	127.09	50.15%	0.51%
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	38.63	15.24%	0.15%
Regulatory fees, filing fees, listing fees, depository fees, auditor fees and miscellaneous expenses	87.69	34.60%	0.35%
Total estimated Issue expenses	253.41	100.00%	1.01%

* Assuming full subscription and Allotment of the Rights Issue Equity Shares in the Issue.

Monitoring of the utilization of funds

Since the proceeds from the Issue are less than ₹ 50,000 lakhs, in terms of Regulation 16(1) of the SEBI Regulations, our Company is not required to appoint a monitoring agency for the purposes of this Issue. As required under the SEBI LODR Regulations, the Audit Committee appointed by the Board shall monitor the utilization of the proceeds of the Issue. We will disclose the details of the utilization of the Net Proceeds of the Issue, including interim use, under a separate head in our financial statements specifying the purpose for which such proceeds have been utilized or otherwise disclosed as per the disclosure requirements.

As per the requirements of Regulation 18 of the SEBI LODR Regulations, we will disclose to the audit committee the uses/ applications of funds on a quarterly basis as part of our quarterly declaration of results. Further, on an annual basis, we shall prepare a statement of funds utilized for purposes other than those stated in this Letter of Offer and place it before the audit committee. The said disclosure shall be made till such time that the full proceeds raised through the Issue have been fully spent. The statement shall be certified by our Auditors.

Further, in terms of Regulation 32 of the SEBI LODR Regulations, we will furnish to the Stock Exchanges on a quarterly basis, a statement indicating material deviations, if any, in the use of proceeds from the objects stated in this Letter of Offer. Further, this information shall be furnished to the Stock Exchanges along with the interim or annual financial results submitted under Regulation 33 of the SEBI LODR Regulations and will be published in the newspapers simultaneously with the interim or annual financial results, after placing it before the audit committee in terms of Regulation 18 of the SEBI LODR Regulations.

Appraising Entity

None of the objects of the Issue for which the Net Proceeds will be utilised have been appraised.

Other Confirmations

Our Company does not undertake any manufacturing activities as such and gets our products manufactured on

contract basis at third party manufacturing facilities.

In recent past, USFDA has rescinded its earlier approval in relation to ELEPSIA XR (Levetiracetam Extended Release Tablets 1000mg/1500mg), citing that the compliance status of the manufacturing facility at Halol was not acceptable, being operated by SPIL.

Further, the compliance status of the manufacturing facility at Halol not being as per the USFDA standards, the approval from USFDA in relation to XELPROS (Latanoprost Ophthalmic Emulsion 0.005%) has been delayed.

The above has delayed in generating revenue from these two products namely, ELEPSIA XR (Levetiracetam Extended Release Tablets 1000mg/1500mg) and XELPROS (Latanoprost Ophthalmic Emulsion 0.005%) in USA.

No part of the Issue Proceeds will be paid by us to our Promoter and Promoter Group, Directors, Key Management Personnel, Associates or Group Companies, except in the usual course of business.

SECTION IV –STATEMENT OF TAX BENEFITS

The Board of Directors,
Sun Pharma Advanced Research Company Limited,
17/B, Mahal Industrial Estate
Mahakali Caves Road
Andheri (East)
Mumbai – 400 093

Respected Sir,

Sub: Certificate of possible Special Tax Benefit in connection with the issue of Right Shares by Sun Pharma Advanced Research Company Ltd. (“the Company”) pursuant to Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations 2009 (“SEBI Regulations”).

We are being appointed by the company, in pursuance to the SEBI Regulations, to list out the possible tax benefits available both to the company and to its shareholders under as per the provisions of the Income Tax Act, 1961 (“the Act”). The same are dealt with in a summary manner in the Annexure - A and is not a complete analysis or listing of all potential tax consequences to the subscription, ownership and disposal of equity shares, under the current tax laws presently in force in India. Several of these benefits are dependent on the Company or its shareholders fulfilling the conditions prescribed under the relevant provision of the statute. The scope of this certificate shall not therefore in any way be construed as substitute of professional advice or as the case may be an option on the aspect.

Limitations:

1. Several of the listed benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions, which, based on commercial imperatives a shareholder faces, may or may not choose to fulfill.
2. The following overview is not exhaustive or comprehensive and is not intended to be a substitute for professional advice.
3. Investors are advised to consult their own tax consultant with respect to the tax implications of an investment in the Shares particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.
4. The contents stated in Annexure – A are based on the information, explanations and representations obtained from the company.
5. This statement is intended to provide general information to guide the investors and it is neither anticipated nor outlined as a substitute for professional advice.
6. Shareholders are advised to consult their/her/his own tax consultant with respect to tax implication of investment in the capital of the company particular in view of the fact that the admissibility and eligibility for any tax claim depends upon the facts and fulfillment of condition. That recently enacted legislation may not have any precedent and thus it may lead to have different interpretations on the subject.
7. It is reiterated that the present certificate in no way express any opinion or as the case may be an assurance as to whether ;
 - (a) the company or its shareholders will continue to obtain these benefits in future;
 - (b) the conditions prescribed for availing the tax benefits have been or as the case may be would be met by them; or
 - (c) the revenue authorities or the court would concur or acknowledged the said view expressed herein below.

8. The benefits sets out herein below are based on the prevailing law in force in India and therefore it is subject to any amendment or enactment time to time. We do not assume any responsibility to update the views so expressed herein below to update the changes.
9. In exercise of powers granted under section 145(2) of the Act the Central Government vide notification dated 31st March 2015 vide S.O. No 892(E) has notified the **Income Computation and Disclosure Standards** (“ICDS” in short) which are to be followed by all the Assessee following either mercantile system of accounting for the purpose of computation of income chargeable to Income Tax under the head “Profits and gains of Business or Profession” or “Income from other sources”. This notification shall come into force with effect from 1st April 2015 and shall accordingly apply to the Assessment Year 2016-17 and subsequent Assessment years. There are certain ICDS which may affect the computation of income and thus at the moment, we are not commenting upon the anticipated tax implication arising from the adoption of said ICDS in future.
10. In the **Budget 2015**, it was proposed to rationalize corporate tax regime by reducing the corporate tax rate from 30% to 25% in a phased manner over a period of next 4 years. This is what has been mentioned by the Hon’ble Finance Minister in his budget speech. The impact of this change at the moment cannot be anticipated unless it is enacted by the Finance Act for the relevant year.

It is reiterated that this statement is intended solely for your information and for inclusion in Draft Letter of Offer/Letter of Offer in connection with the proposed Right Issue of Shares of the Company in view of the representation made by the Company to us in view of the SEBI regulation and it not to be used, referred to or distributed for any other purpose without our prior written consent.

For M/s K. C. Mehta & Co.
Chartered Accountants

Darshana Mankad
Designation: Partner
Membership No.: 35421
Firm Registration No.: 106237W
Date: September 15, 2015
Place: Vadodra

ANNEXURE - A

The incentives under the present tax regime is being classified and categories as under for ease of understanding;

1. Under the Income Tax Act 1961
I. Incentives to Company
Special Tax Incentives available to Company
Incentives to Shareholders
II. Resident Shareholder
III. Non-resident Shareholder (Other than FII)
IV. Non-resident Indian
V. Benefits available to Foreign Institutional Investors ('FIIs') Special tax benefits
Special Tax Incentives available to Company
VI. Benefits available to Venture Capital Company/Alternate Investment Funds
VII. Benefits to Mutual Funds
2. Under the Wealth Tax Act, 1957

1. Under the Income-tax Act, 1961 ("the Act")

A. INCENTIVES TO COMPANY

1. Research and Development Expenditure

As per the provision of section 35(1)(iv) r.w.s. 35(2) of the Income Tax Act, 1961 ("the Act"), the company is eligible to claim deduction of capital expenditure in connection with the scientific research related to the business carried on by the company subject to fulfillment of prescribed conditions.

2. Deduction u/s 80IB(8A) of the Act:

The company is approved and registered with Minister of Science and Technology, Department of Scientific and Industrial Research (DSIR) as a commercial Research and Development Company and is eligible for deduction u/s 80IB(8A) of the Act at the rate hundred percent of its profits and gain for ten consecutive assessment years commencing with the initial assessment year. The initial assessment year being the Assessment Year 2007-08 year in which approval was granted by DSIR subject to fulfillment of such conditions as prescribed, the company is eligible for such tax incentives admissible under section 80IB(8A) till Assessment year 2016-17 (till year ending on March 2016).

3. The Company will be entitled to claim contribution made to an approved institution engaged in carrying eligible project or scheme under section 35AC as deduction from the business income.

4. Under section 35CCD where a company incurs any expenditure (not being expenditure in the nature of cost of any land or building) on any skill development project there shall be allowed a deduction of a sum equal to one and one – half time of such expenditure subject to certain terms and conditions.

5. Under section 35DD of the Act, for any expenditure incurred wholly and exclusively for the purposes of amalgamation or demerger, the company is eligible for deduction of an amount equal to one-fifth of such expenditure for each of the five successive years beginning with the year in which amalgamation or demerger takes place.

6. The company will be entitled to claim expenditure incurred in respect of voluntary retirement scheme under section 35DDA of the Act in five equal annual installments subject to conditions specified in that section.

B. INCENTIVES TO SHAREHOLDERS

1. As per section 10(34) of the Act, any income by way of dividends referred to in section 115-O of the Act received on the shares of any Indian company is exempt from tax.
2. As per section 10(38) of the Act, LTCG arising from the transfer of a long term capital asset being an equity share of the company, where such transaction is chargeable to securities transaction tax, will be exempt in the hands of the shareholder.
3. In accordance with section 112 of the Act, LTCG to the extent not exempt under section 10(38) of the Act would be subject to tax at the rate of 20% (plus applicable surcharge and education cess) with indexation benefits. However, as per the proviso to section 112 of the Act, if the tax on LTCG is resulting from transfer of listed securities (other than units) or zero coupon bonds, then LTCG will be chargeable to tax at the rate lower of the following: -
 - (a) 20% (plus applicable surcharge and education cess) of the capital gains as computed after indexation of the cost; or
 - (b) 10% (plus applicable surcharge and education cess) of the capital gains as computed without indexation
4. As per section 111A of the Act, STCG arising from the sale of equity shares of the company, where such transaction is chargeable to STT, will be taxable at the rate of 15% (plus applicable surcharge and education cess). Further, STCG as computed above that are not liable to securities transaction tax would be subject to tax as calculated under the normal provisions of the Act. No deduction under Chapter VIA of the Act shall be allowed from such income.
5. Under section 36 (1) (xv) of the Act, the amount of securities transaction tax paid by a resident shareholder in respect of taxable securities transactions offered to tax as "Profits and gains of Business or profession" shall be allowable as a deduction against such Business Income.
6. No income tax is deductible at source from income by way of capital gains from transfer of capital asset being equity shares listed on recognized stock exchange under the present provisions of the Act in case of residents.

C. Special tax benefits available to Non-Resident Indians

1. As per section 115C(e) of the Act, the term "non-resident Indian" means an individual, being a citizen of India or a person of Indian origin who is not a "resident". A person shall be deemed to be of Indian origin if he, or either of his parents or any of his grand-parents, was born in undivided India.
2. As per section 115E of the Act, in the case of a shareholder being a non-resident Indian, and subscribing to the shares of the Company in convertible foreign exchange, in accordance with and subject to the prescribed conditions, LTCG on transfer of the shares of the Company (in cases not covered under section 10(38) of the Act) will be subject to tax at the rate of 10% (plus applicable surcharge and education cess), without any indexation benefit.
3. As per section 115F of the Act and subject to the conditions specified therein, in the case of a shareholder being a non-resident Indian, gains arising on transfer of a long term capital asset being shares of the Company will not be chargeable to tax if the entire net consideration received on such transfer is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act. If part of such net consideration is invested within the prescribed period of six months in any specified asset or savings certificates referred to in section 10(4B) of the Act then this exemption would be allowable on a proportionate basis. Further, if the specified asset or saving certificates in which the investment has been made is transferred within a period of three years from the date of investment, the amount of capital gains tax exempted earlier would become chargeable to tax as long term capital gains in the year in which such specified asset or savings certificates are transferred.

4. As per section 115G of the Act, Non-Resident Indians are not obliged to file a return of income under section 139(1) of the Act, if their only source of income is income from specified investments or long term capital gains earned on transfer of such investments or both, provided tax has been deducted at source from such income as per the provisions of Chapter XVII-B of the Act.
5. As per section 115H of the Act, where Non-Resident Indian becomes assessable as a resident in India, he may furnish a declaration in writing to the Assessing Officer, along with his return of income for that year under section 139 of the Act to the effect that the provisions of Chapter XII-A shall continue to apply to him in relation to investment income derived from any foreign exchange asset being an asset of the nature referred to in sub clause (ii) or sub clause (iii) or sub clause (iv) or sub clause (v) of clause (f) of Section 115C of the Act for that year and subsequent assessment years until assets are converted into money.
6. As per section 115I of the Act, a Non-Resident Indian may elect not to be governed by the provisions of Chapter XII-A for any assessment year by furnishing a declaration along with his return of income for that assessment year under section 139 of the Act, that the provisions of Chapter XII-A shall not apply to him for that assessment year and accordingly his total income for that assessment year will be computed in accordance with the other provisions of the Act.
7. In respect of non-resident Indian, the tax rates and consequent taxation mentioned above will be further subject to any benefits available under the Tax Treaty, if any, between India and the country in which the non-resident is considered resident in terms of such Tax Treaty. As per the provisions of section 90(2) of the Act, the provisions of the Act would prevail over the provisions of the Tax Treaty to the extent they are more beneficial to the non-resident.

As per section 90(4) of the Act, the non-resident Indians shall not be entitled to claim relief under section 90(2) of the Act, unless a certificate of their being a resident in any country outside India, is obtained by them from the government of that country or any specified territory. As per section 90(5) of the Act, the non-resident Indians shall be required to provide such other information, as has been notified.

D. *Tax benefits available to Foreign Institutional Investors ('FIIs')*

1. Under section 115AD(1)(ii) of the Act, income by way of STCG arising to the FPI on transfer of shares shall be chargeable at a rate of 30%, where such transactions are not subjected to securities transaction tax, and at the rate of 15% if such transaction of sale is entered on a recognized stock exchange in India and is chargeable to securities transaction tax. The above rates are to be increased by applicable surcharge and education cess.

Under section 115AD(1)(iii) of the Act, income by way of LTCG arising from the transfer of shares (in cases not covered under section 10(38) of the Act) held in the company will be taxable at the rate of 10% (plus applicable surcharge and education cess). The benefits of indexation of cost and of foreign currency fluctuations are not available to FPIs.

2. As per section 196D(2) of the Act, no deduction of tax at source will be made in respect of income by way of capital gain arising from the transfer of securities referred to in section 115AD.
3. As per section 9A introduced by the Finance Act 2015, it has been clarified that subject to fulfillment of conditions the fund management activity carried out through eligible fund manager acting on behalf of such fund shall not constitute 'Business Connection' in India.

E. *Benefits available to venture capital companies/funds*

1. Under section 10(23FB) of the Act, any income of Venture Capital Company registered with SEBI or Venture Capital Fund registered under the provision of the Registration Act, 1908 (set up to raise funds for investment in venture capital undertaking notified in this behalf), would be exempt from income tax, subject to conditions specified therein.

Venture capital companies / funds are defined to include only those companies / funds which have been granted a certificate of registration, before the 21st day of May, 2012 as a Venture Capital Fund.

‘Venture capital undertaking’ means a venture capital undertaking as defined in clause (n) of regulation 2 of the Venture Capital Funds Regulations.

As per section 115U of the Act, any income accruing/arising/received by a person from his investment in Venture Capital Company/Venture Capital Fund would be taxable in the hands of the person making an investment in the same manner as if it were the income accruing/arising/received by such person had the investments been made directly in the venture capital undertaking.

Further, as per section 115U(5) of the Act, the income accruing or arising to or received by the venture capital company/funds from investments made in a venture capital undertaking if not paid or credited to a person (who has investments in a Venture Capital Company /Fund) shall be deemed to have been credited to the account of the said person on the last day of the tax year in the same proportion in which such person would have been entitled to receive the income had it been paid in the tax year.

2. The Finance Act 2015 introduced a new section 115UB to exempt any income of an “Investment Fund”, other than the income chargeable under the head “Profit and gains of business or profession”. Correspondingly, the income accrued or received by a unit holder is proposed to be taxable in their hands. Income from investments paid/ credited by fund will be deemed to be of same nature and proportion in the hands of Unit Holder as such income is received by/or accrued to Investment Fund. Income from profits and gains of business will be taxable in the hands of such Investment Fund. Income (other than business income) accrued or paid by the Investment Fund to a Unit Holder shall be subject to deduction of tax at source at 10% as per section 194LBB of the Act under Chapter XVII-B of the Act
“Investment fund” means any fund established or incorporated in India in the form of a trust or a company or a limited liability partnership or a body corporate which has been granted a certificate of registration as a Category I or a Category II AIF and is regulated under AIF Regulations.

F. Special tax benefits available to Mutual Funds

As per section 10(23D) of the Act, any income of Mutual Funds registered under the Securities and Exchange Board of India Act, 1992 or Regulations made thereunder, Mutual Funds set up by public sector banks or public financial institutions and Mutual Funds authorised by the Reserve Bank of India will be exempt from income tax, subject to such conditions as the Central Government may, by notification in the Official Gazette, specify in this behalf.

2. *Benefits available under the Wealth Tax Act, 1957*
The Finance Act 2015 has abolished the Wealth Tax Act, 1957 with effect from assessment year 2016-17. However, information relating to assets which is currently required to be furnished in the wealth-tax return will be captured by modifying the income-tax return form.

NOTES:

1. The above benefits are as per the current tax law stood as per the Finance Act, 2015 (“the FA”).
2. This statement does not discuss any tax consequences in the country outside India of an investment in the shares. The shareholders / investors in the country outside India are advised to consult their own professional advisors regarding possible Income tax consequences that apply to them.
3. As per the FA, surcharge is to be levied on individuals, HUF, AOP, body of individuals, artificial juridical person, co-operative society, local authorities (residents as well as non-residents) at the rate of 12% if the total income exceeds ₹. 1 Crore.
4. As per the FA, surcharge is to be levied on domestic companies at the rate of 7% where the income exceeds ₹ 1 crore but does not exceed ₹. 10 crores and at the rate of 12% where the income exceeds ₹. 10 crores.
5. As per the FA, surcharge is to be levied on every company other than domestic company at the rate of 2% where the income exceeds ₹. 1 crore but does not exceed ₹. 10 crores and at the rate of 5% where the income exceeds ₹. 10 crores.

6. 2% education cess and 1% secondary and higher education cess on the total income is payable by all categories of taxpayers.
7. The above statement of possible direct tax benefits sets out the provisions of law in a summary manner only and is not a complete analysis or listing of all potential tax consequences of the purchase, ownership and disposal of Shares.
8. In respect of non-residents, the tax rates and the consequent taxation mentioned above shall be further subject to any benefits available under the Double Tax Avoidance Agreement, if any, between India and the country in which the non- resident has fiscal domicile.
9. This statement is intended only to provide general information to the investors and is neither designed nor intended to be substituted for professional tax advice. In view of the individual nature of tax consequences, each investor is advised to consult his/her own tax advisor with respect to specific tax consequences of his/her participation in the scheme.
10. No assurance is given that the revenue authorities/courts will concur with the views expressed herein. Our views are based on the existing provisions of law and its interpretation, which are subject to changes from time to time. We do not assume responsibility to update the views consequent to such changes.

Above are the possible tax benefits available to the shareholders under the current tax laws in India. Several of these benefits are dependent on the shareholders fulfilling the conditions prescribed under the relevant tax laws. Hence, the ability of the shareholders to derive the tax benefits is dependent upon fulfilling such conditions. The benefits discussed above are not exhaustive. This statement is only intended to provide general information to the investors and is neither designed nor intended to be a substitute for professional tax advice. In view of the individual nature of the tax consequences and the changing tax laws, each investor is advised to consult his or her own tax consultant with respect to the specific tax implications arising out of their participation in the issue particularly in view of the fact that certain recently enacted legislation may not have a direct legal precedent or may have a different interpretation on the benefits, which an investor can avail.

SECTION V -OUR MANAGEMENT

Board of Directors

Under our Articles of Association, our Company is required to have not less than 3 Directors and unless otherwise determined by our Company in a General Meeting not more than twelve (12) Directors, subject to the Companies Act.

Currently, our Company has 7 Directors out of which 4 are Independent Directors. The composition of the Board of Directors is governed by the provisions of the Companies Act, the SEBI LODR Regulations and the Uniform Listing Agreement and the norms of the code of corporate governance as applicable to listed companies in India.

Name, Designation, Occupation, DIN, Address, Date of appointment and Term	Nationality	Age (Years)	Other Directorships
<p>Mr. Dilip Shanghvi</p> <p>Designation: Chairman & Managing Director</p> <p>Occupation: Industrialist</p> <p>DIN: 00005588</p> <p>Address: Plot No. 17, "Tirth", New India Housing Society, N.S. Road No 12, JVPD, Juhu, Mumbai – 400 049, Maharashtra, India</p> <p>Date of appointment: March 1, 2006</p> <p>Term: Commencing from March 1, 2012 to February 28, 2017 or till such date when he becomes liable to retire by rotation.</p>	Indian	60	<p>Public limited companies</p> <ol style="list-style-type: none"> Sun Pharmaceutical Industries Limited <p>Private limited companies</p> <ol style="list-style-type: none"> Sun Petrochemicals Private Limited Alfa Infracorp Private Limited Aditya Clean Power Ventures Private Limited <p>Bodies corporate</p> <ol style="list-style-type: none"> Sun Pharmaceutical Industries Inc. Sun Pharma de Mexico SA de CV SFIL de Mexico SA de CV Taro Pharmaceutical Industries Limited. MSD - Sun, FZ - LLC <p>Section 8 company under the Companies Act, 2013</p> <ol style="list-style-type: none"> Shantilal Shanghvi Foundation
<p>Mr. Sudhir Valia</p> <p>Designation: Chief Financial Officer & Whole Time Director</p> <p>Occupation: Business</p> <p>DIN: 00005561</p> <p>Address: 801, Alaap Building, 8th Floor, 173, Sir Balchandra Road, Dadar (East), Mumbai-400 014, Maharashtra, India</p> <p>Date of appointment: March 01, 2006</p> <p>Term: Appointed as CFO and Whole-Time Director w.e.f. January 01, 2016 to December 31, 2017. Liable to retire by rotation.</p>	Indian	59	<p>Public limited companies</p> <ol style="list-style-type: none"> Sun Pharmaceutical Industries Limited Sun Pharma Laboratories Limited <p>Private limited companies</p> <ol style="list-style-type: none"> Alfa Infracorp Private Limited Universal Enterprises Private Limited Karad Chemicals & Allied Products Private Limited Kopta Estate Private Limited Sun Petrochemicals Private Limited Fasttrack Housing Finance Private Limited Aditya Clean Power Ventures Private Limited. Aditya Thermal Energy Private Limited Suraksha Asset Reconstruction

Name, Designation, Occupation, DIN, Address, Date of appointment and Term	Nationality	Age (Years)	Other Directorships
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Private Limited

Bodies corporate

1. Caraco Pharma Inc.
2. Taro Pharmaceutical Industries Limited, Israel
3. Taro Development Corporation
4. Taro Pharmaceutical North America Inc.
5. Taro Pharmaceutical Inc. Canada
6. Taro Pharmaceutical Canada Limited
7. Taro Pharmaceutical USA, Inc.
8. Taro International Limited, Israel
9. Sun Pharmaceuticals (SA) (PTY) Limited
10. Sun Pharmaceutical Industries (Europe) B.V
11. Sun Global Canada PTY Limited
12. Sun Pharmaceutical Industries Inc
13. Sun Pharma de Mexico SA de CV
14. SPIL de Mexico SA de CV
15. Alkaloida Chemical Company Exclusive Group Limited
16. Aditya Acquisitions Company Limited

Section 8 Company under the Companies Act, 2013

1. Shantilal Shanghvi Foundation
2. Krishna Vrundavan Pratishtan

Dr. Rajamannar Thennati	Indian	54	Private limited companies
Designation: Non - Executive Director & Non - Independent Director			1. SPARC Bio - Research Private Limited
Occupation: Service			
DIN: 01415412			
Address: 17A/17B, Pratham Avenue, Opp. Gateway Hotel, Akota Road, Akota, Vadodara - 390 020, Gujarat, India			
Date of appointment: June 4, 2007			
Term: Liable to retire by rotation			
Prof. Dr. Goverdhan Mehta	Indian	72	Public limited companies
Designation: Non - Executive & Independent Director			1. Piramal Enterprises Limited
			Section 8 Company under the Companies Act, 2013

Name, Designation, Occupation, DIN, Address, Date of appointment and Term	Nationality	Age (Years)	Other Directorships
Occupation: Professional DIN: 00350615 Address: A-45 South Campus, University of Hyderabad, Gachibowli, Hyderabad – 500046, Andhra Pradesh, India Date of appointment: June 4, 2007 Term: Upto the 11 th Annual general Meeting of the Company.			1. Dr. Reddy's Institute of Life Sciences
Mr. Mohanchand Dadha Designation: Non - Executive & Independent Director Occupation: Business DIN: 00087414 Address: New No. 250/Old No. 268, Lloyds Road, Royapettah, Chennai - 600 014, Tamil Nadu, India Date of appointment: June 4, 2007 Term: Upto the 11 th Annual general Meeting of the Company.	Indian	79	Public limited companies 1. Sun Pharmaceutical Industries Limited 2. Netmeds Marketplace Limited 3. Sun Pharma Laboratories Limited Private limited companies 1. Dadha Pharma Private Limited 2. Wardex Pharmaceuticals Private Limited 3. Vitalic Health Private Limited 4. Dadha Pharma Distribution Private Limited 5. Tresara Health Pvt. Ltd. 6. Vitalic Nutrition Pvt. Ltd.
Prof. Dr. Andrea Thaddaus Vasella Designation: Non - Executive & Independent Director Occupation: Professional DIN: 01653058 Address: Zollhaus 1, CH 7413, Furstenaubruck, Switzerland Date of appointment: June 4, 2007 Term: Upto the 11 th Annual general Meeting of the Company.	Swiss	72	<i>Nil</i>
Ms. Bhavna Doshi Designation: Non - Executive & Independent Director Occupation: Professional DIN: 00400508	Indian	62	Public limited companies 1. Peninsula Land Limited 2. LIC Pension Fund Limited 3. Everest Industries Limited 4. Walchandnagar Industries Limited 5. Gujarat Guardian Limited 6. Future Generali Indian Life Insurance Company Limited

Name, Designation, Occupation, DIN, Address, Date of appointment and Term	Nationality	Age (Years)	Other Directorships
<p>Address: 402, Hamilton Court, Tagore Road, Santacruz (W), Mumbai – 400054</p> <p>Date of appointment: October 31, 2014</p> <p>Term: Upto the 15th Annual general Meeting of the Company.</p>			<p>7. Future Generali India Insurance Company Limited</p> <p>8. Torrant Power Limited</p> <p><i>Private limited companies</i></p> <p>1. Connect Capital Private Limited</p> <p>2. Connect Infotain Private Limited</p> <p><i>Section 8 Company under the Companies Act, 2013</i></p> <p>1. Indian Merchants Chambers</p>

Relationship between Directors

Except Mr. Dilip Shanghvi who is the brother in law of Mr. Sudhir Valia, none of the Directors are related to each other as per the provisions of the Companies Act, 2013.

Brief Profile of our Directors

Mr. Dilip Shanghvi, aged 60 years, is the Chairman & Managing Director of our Company. He has been a Director of our Company since incorporation. Mr. Shanghvi holds a Bachelor's degree in Commerce from the University of Kolkata. Mr. Shanghvi was the founding partner of M/s. Sun Pharmaceutical Industries, a partnership firm which was later converted into Sun Pharmaceutical Industries Limited in 1993. He is also the current Managing Director of Sun Pharmaceutical Industries Limited. He has extensive experience in the pharmaceutical industry. As the promoter of SPIL, he has been actively involved in international pharmaceutical markets, business strategy, business development and research and development functions in our Company. He was awarded '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 & 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 & 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)

Mr. Sudhir Valia, aged 59 years, is the Chief Financial Officer and Whole Time Director of our Company. He has been associated with the Company since incorporation. Mr. Valia holds a Bachelor's degree in Commerce from University of Mumbai and is also a qualified Chartered Accountant with approximately 30 years of experience in finance and taxation. Mr. Valia has been awarded the "CFO of the Year" in the healthcare sector for 2006 and the pharmaceutical sector for 2009, by CNBC. Mr. Valia has also received the Best Performing CFO in the pharma / healthcare sector at the CNBC TV18 CFO awards- 2012. He has also been awarded the "Adivasi Sevak Puraskar 2008-2009" by the Government of Maharashtra for his contribution towards the welfare of tribals, in the field of education in his capacity as the Director of Shantilal Shanghvi Foundation.

Dr. Rajamannar Thennati, aged 54 years, is a Non-Executive Director of our Company. Dr. Rajamannar holds a Masters degree in Science from the University of Chennai, a Doctorate in Organic Chemistry from India Institute of Technology, Chennai and holds a Post-Doctoral degree from University of Zurich, Switzerland. He has approximately 26 years of experience in the pharmaceutical research, drug discovery and identification project and research management. Prior to joining us he was employed with Sun Pharmaceutical Industries Limited since 1993 and has been associated with our Company pursuant to the Scheme of Demerger. Dr. Rajamannar has various research publications in international journals and numerous patent applications filed, to his credit. He is a Council Member of Chemical Research Society of India and was a member of National Organic Symposium Trust. He is a Ph.D. guide and M.Sc. Curriculum expert member at Faculty of Science and Technology, M.S. University of Baroda. He was a faculty for Ph. D. course work programme in Organic Chemistry at National Chemical Laboratory, Pune.

Prof. Dr. Goverdhan Mehta, aged 72 years, is an Independent Director of our Company. 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. He has in his career authored various research papers in leading international journals and delivered numerous lectures in different parts of the world. Prof. Dr. Mehta is a Fellow of leading science academies like the Indian National Academy, Royal Society, London (FRS), Russian Academy of Sciences, Third World Academy of Sciences (FTWAS) and Indian Academy of Sciences (FASc). He has also received various awards nationally and internationally and the most notable among them is the Trieste Science Prize (2007) awarded by TWAS. He has been President of the Chemical Research Society of India (CRSI) and the Indian National Science Academy (INSA) and has been conferred 'Chevalier de la Legion d'Honneur' and Padmashri by the Governments of France and India, respectively. He has been nominated as the first "Lily International Grantee Scholar-Jubilant Bhartia Chair Professor" awarded jointly by the Eli Lilly and Company and Jubilant Bhartia Foundation. He has also been named as the 'National Research Professor' by the Government of India.

Mr. Mohanchand Dadha, aged 79 years, is an Independent Director of our Company. Mr. Dadha has done his Intermediate in Science from A.M. Jain College. He was the promoter and managing director of Tamilnadu Dadha Pharmaceuticals Limited 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.

Prof. Dr. Andrea Vasella, aged 72 years, is an Independent Director of our Company. Prof. Dr. 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.

Ms. Bhavna Doshi, aged 62 years, is an Independent Director of the Company. Ms. Doshi has experience of over 30 years in the fields of taxation, accounting, restructuring and allied subjects. She is a qualified Chartered Accountant and also holds a Masters Degree in Commerce from the University of Mumbai. She was a partner of Bharat S Raut & Co. (a full member firm of KPMG in India). She is an Independent Director on the boards of several listed companies. She is actively associated with activities of Institute of Chartered Accountants of India and has served for four terms as elected Member of the Council and participated in formulation of accounting standards and research projects. She is the only person from India to serve as a Member of the Compliance Advisory Panel of the International Federation of Accountants headquartered in New York. She has served on the Government Accounting Standards Advisory Board constituted by Comptroller and Auditor General of India. Ms. Doshi was the President of the Indian Merchants' Chamber (IMC), a leading trade and industry Chamber in 2011-12. She also served as President of Ladies' Wing of the Chamber which works towards women empowerment. She has served as a member of committees of CII and ASSOCHAM and was also a member of a Group constituted by the Tax Administration Reforms Commission in 2014.

Terms of Appointment of Mr. Dilip Shanghvi as the Chairman and Managing Director of the Company

Mr. Dilip Shanghvi shall hold office as the Chairman and Managing Director of the Company for a period of 5 years with effect from March 1, 2012. Subject to the control and supervision of the Board of Directors and subject to the provisions of the Companies Act, the Chairman and Managing Director shall have the 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, 1956 or any other Act or by the Memorandum or Articles of Association of the Company or otherwise to be exercised or done by the Company in General meeting or by the Board of Directors at their meeting only. Mr. Dilip Shanghvi will perform such duties and exercise such powers as are additionally entrusted to him by Board. The Appointee shall perform such duties and exercise such powers as are additionally entrusted to him by the Board. No remuneration shall be payable to Mr. Dilip Shanghvi for appointment as the Chairman and Managing Director of the Company.

Terms of Appointment of Mr. Sudhir V. Valia as the Chief Financial Officer and Whole Time Director of Our Company

Mr. Sudhir V. Valia shall hold office as the Chief Financial Officer and Whole Time Director of the Company January 01, 2016 to December 31, 2017 Subject to the control and supervision of the Board of Directors and subject to the provisions of the Companies Act, Mr. Sudhir V. Valia shall have the powers for general conduct and financial management of the Company and he shall be entitled to exercise all such powers and to do all such acts and things the Company may exercise pursuant to the Companies Act, 2013 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 Board of Directors at their meeting only. Pursuant to the resolution passed by the Board of Directors of the Company in its meeting held on November 4, 2015. Mr. Sudhir V Valia has been re-appointed as Chief Financial Officer from January 1, 2016 to December 31, 2017 subject to the approval of the shareholders at their ensuing General Meeting. Mr. Sudhir V. Valia shall perform such duties and exercise such powers as are additionally entrusted to him by the Board. No remuneration shall be payable to Mr. Sudhir V. Valia during his tenure / term as the Chief Financial Officer and Whole Time Director of the Company.

Past directorships in listed companies

We confirm that none of our Directors is or was a director of any listed company during the last five years preceding the date of filing of this Letter of Offer, whose shares have been or were suspended from being traded on the BSE or the NSE, during the term of their directorship in any such company.

Further, none of our Directors is or was a director of any listed company which has been or was delisted from the stock exchanges during the term of their directorship in such company.

Remuneration of Directors

Non-Executive Directors

The Non-Executive Directors are paid remuneration by way of sitting fees and other expenses (travelling, boarding and lodging incurred for attending the Board / committee meetings).

The Company has paid sitting fees of ₹ 20,000 per meeting upto October 31, 2014 and ₹ 30,000 per meeting thereafter, to the Non-Executive Directors for attending meetings of the Board and / or of Committees thereof.

The sitting fees paid to our Non-Executive Directors for Fiscal 2015 is given below:

		<i>(Amount in ₹)</i>
Sr. No.	Name	Total
1.	Prof. Dr. Goverdhan Mehta	570,000
2.	Mr. Mohanchand Dadha	390,000
3.	Prof. Dr. Andrea Vasella	570,000
4.	Ms. Bhavna Doshi	1,70,000
5.	Dr. Rajamannar Thennati	240,000

Mr. Sudhir V Valia who was a Non – Executive Director for part of the Fiscal 2015, was paid sitting fees amounting to ₹ 1.20 lakhs, during Fiscal 2015.

Executive Directors

The remuneration paid to our Chairman and Managing Director and our Whole-time directors for Fiscal 2015 is given below:

(₹in lakhs)

Name	Salary	Bonus	Perquisites and benefits	Total
Mr. Dilip S. Shanghvi	-	-	-	Nil
Mr. Sudhir Valia	-	-	-	Nil
Dr. Rajamannar Thennati	14.04	1.53	5.43	21.00 ^{##}

Dr. Rajamannar Thennati, has ceased to be the whole-time director of the Company with effect from, April 24, 2014, and is a non-executive director of the Company from April 24, 2014.

^{##} *It may be noted that figures of remuneration paid to Dr. Rajmanner Thennati appearing in Director's Report of the Annual Report of 2015 is not matching with figures appearing in Corporate Governance Report of the Annual Report of 2015. The reason for the same being that the, reporting requirements for Director's Report requires us to give the figures of remuneration as per section 17 of The Income Tax Act, 1961 whereas the figures appearing in Corporate Governance Report contains the numbers as per Financial Statements of the company. Bonus for the financial year is paid after the end of the year i.e. Next financial year. For income tax purposes the same is considered in the income of the employee in the year in which it is actually paid. In the instant case, figure of bonus appearing in Corporate Government Report (₹ 1.53 lakhs) is considered as expense in financial books for 2014-15, but the same will be paid in financial year 2015-16 and will be included in the taxable income of 2015-16. Similarly, bonus of 2013-14 was paid in 2014-15 and has been included in the taxable income of Mr. Rajamannar in 2014-15. Further, our Board has passed a resolution dated February 3, 2016 for realising back the remuneration paid in excess of the limit approved by the Central Government from Mr. Rajamannar, ideally before March 31, 2016, without charging any interest and without waiting for the response from the Central Government against the application filed by the our Company (in relation to payment of excess remuneration to Mr. Rajamannar). Our Company has vide letter dated February 24, 2016 requested Mr. Rajamannar to refund the remuneration paid, to him, in excess of the limit approved by the Central Government.*

Other confirmations

We have not entered into any service contracts with our Directors for providing benefits upon termination of employment. As of the date of this Letter of Offer, there are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which we have appointed any of our Directors or member of senior management.

SECTION VI – FINANCIAL INFORMATION

INDEPENDENT AUDITORS REPORT TO THE MEMBERS OF SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED** (“the Company”), which comprise the Balance Sheet as at 31st March, 2015, the Statement of Profit and Loss, 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. 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.

We conducted our audit 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, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. 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, 2015, and its loss and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to Note 42 to the financial statements relating to managerial remuneration paid which is in excess of the limits approved by the Central Government to the extent of ₹. 214.45 lakhs (for the year ₹.14.79 lakhs. In this regard, the Company has made further representations to the Central Government, the response in respect of which is awaited.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2015 ("the Order"), issued by the Central Government in terms of Section 143(11) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. 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 specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
 - (e) On the basis of the written representations received from the directors as on 31st March, 2015 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2015 from being appointed as a director in terms of Section 164(2) of the Act.
 - (f) 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 Company has disclosed the impact of pending litigations on its financial position in its financial statements included in Note no. 26 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; and
 - (iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Place of Signature: MUMBAI
Date: 5th May, 2015

ANNEXURE TO THE INDEPENDENT AUDITORS REPORT

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

Having regard to the nature of the Company's business / activities / results during the year, clauses v, vi and xi of paragraph 3 of the Order are not applicable to the Company.

- (i) In respect of its fixed assets:
- (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.
- (ii) According to the information and explanations given to us and having regard to the nature of the Company's business, the Company does not have any inventories as at the balance sheet date since, procurements are issued directly for consumption to the user department and therefore, the question of reporting on whether; physical verification has been carried out at reasonable intervals; procedures of physical verification of inventories were reasonable and adequate; and discrepancies noticed on physical verification were material, does not arise. On the basis of our examination of records of R&D Materials, in our opinion, the Company has generally maintained proper records of its R&D Materials.
- (iii) The Company has not granted any loans, secured or unsecured, to companies, firms or other parties covered in the Register maintained under Section 189 of the Companies Act, 2013.
- (iv) In our opinion and according to the information and explanations given to us, having regard to the nature of the Company's business, a comparison of prices could not be made, in respect of sale of goods (technology / know-how) and services, in the absence of similar transactions with other parties and in respect of items purchased which are of special nature, in the absence of similar transactions with other parties or suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of R&D Materials and fixed assets and the sale of goods (technology / know-how) and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (v) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Value Added Tax and other material statutory dues applicable to it with the appropriate authorities. Having regard to the nature of the Company's business / activities / results, 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, Wealth Tax, Service Tax, Customs Duty, Value Added tax and other material statutory dues in arrears as at 31st March, 2015 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax which have not been deposited as on 31st March, 2015 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 (₹in lakhs)
Income Tax Act, 1961	Income tax and Interest	Commissioner of Income Tax (Appeals)	Assessment Year:- 2011-2012	1,812.11

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹in lakhs)
Central Sales Tax, 1956	Central Sales Tax, Interest & Penalty	Joint Commissioner of Commercial Tax - Vadodara	Assessment Years:- 2010-2011 and 2011-2012	44.75
Gujarat Value Added Tax Act, 2002	Penalty	Joint Commissioner of Commercial Tax - Vadodara	Assessment Year:- 2011-2012	0.10

There are no dues of Wealth Tax, Service Tax, and Customs Duty which have not been deposited as on 31st March, 2015 on account of disputes.

- (d) There are no amounts that are due to be transferred to the Investor Education and Protection Fund in accordance with the relevant provisions of the Companies Act, 1956 (1 of 1956) and Rules made thereunder.
- (vi) The accumulated losses i.e. deficit in the Statement of Profit and Loss of the Company at the end of the financial year are not less than fifty percent of its net worth and the Company has incurred cash losses during the current financial year but has not incurred any cash loss during the immediately preceding financial year.
- (vii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to banks. The Company does not have any dues to financial institutions and has not issued any debentures.
- (viii) According to the information and explanations given to us, the Company has not given guarantees for loans taken by others from banks and financial institutions.
- (ix) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

MUMBAI, 5th May, 2015

BALANCE SHEET AS AT 31ST MARCH, 2015

	Note No.	As at 31st March, 2015		As at 31st March, 2014	
		₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
EQUITY AND LIABILITIES					
Shareholders' Funds					
Share Capital	1	2,366.83		2,366.80	
Reserves and Surplus	2	7,613.03		11,563.07	
			9,979.86		13,929.87
Non-current Liabilities					
Long-term Borrowings	3	327.14		381.66	
Deferred Tax Liabilities (Net)	4	-		-	
Other Long-term Liabilities	5	7.86		15.72	
Long-term Provisions	6	237.33		147.68	
			572.33		545.06
Current Liabilities					
Short-term Borrowings	7	39.55		82.37	
Trade Payables	8	2,701.07		2,974.63	
Other Current Liabilities	9	897.51		757.62	
Short-term Provisions	10	76.65		64.35	
			3,714.78		3,878.97
	TOTAL		14,266.97		18,353.90
ASSETS					
Non-current Assets					
Fixed Assets					
Tangible Assets	11	6,679.11		6,448.82	
Capital Work-in-Progress		2.41		76.10	
		6,681.52		6,524.92	
Long-term Loans and Advances	12	1,262.30		759.99	
Other Non-current Assets	13	29.68		57.34	
			7,973.50		7,342.25
Current Assets					
Current Investments	14	-		650.02	
Trade Receivables	15	1,988.68		2,799.89	
Cash and Cash Equivalents	16	1,734.41		655.51	
Short-term Loans and Advances	17	2,542.52		6,493.91	
Other Current Assets	18	27.86		412.32	
			6,293.47		11,011.65
	TOTAL		14,266.97		18,353.90
See accompanying notes forming part of the Financial Statements					

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2015

	Note No.	Year ended 31st March, 2015	Year ended 31st March, 2014
		₹ in Lakhs	₹ in Lakhs
Revenue from Operations	19	15,573.75	16,702.97
Other Income	20	303.40	1,000.30
Total Revenue		15,877.15	17,703.27
Expenses			
Cost of Materials Consumed	21	1,009.65	800.79
Employee Benefits Expense	22	4,579.27	4,039.72
Clinical Trials and Professional Charges		11,061.30	5,273.71
Finance Costs	23	21.83	559.73
Depreciation Expense (Refer Note 29)	11	723.96	357.23
Other Expenses	24	2,433.14	3,239.67
Total Expenses		19,829.15	14,270.85
Profit / (Loss) Before Tax		(3,952.00)	3,432.42
Tax Expense - Current Tax		-	400.00
Profit / (Loss) for the Year		(3,952.00)	3,032.42
Earnings / (Loss) per Share			
Basic (₹)	36	(1.67)	1.28
Face Value per Equity Share - ₹ 1			
See accompanying notes forming part of the Financial Statements			

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2015

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
A. Cash Flow From Operating Activities:				
Profit / (Loss) before Tax		(3,952.00)		3,432.42
Adjustments for:				
Depreciation Expense	723.96		357.23	
Loss on Sale of Fixed Assets	2.39		1.91	
Finance Costs	21.83		559.73	
Interest Income	(275.91)		(389.98)	
Gain on Sale of Current Investments	(22.38)		(463.51)	
Sundry Balances (Written Back) (Net)	-		(0.21)	
Amortisation of Share Issue Expenses	27.86		27.86	
Unrealised Foreign Exchange Gain (Net)	(4.49)		(2.84)	
		473.26		90.19
Operating Profit / (Loss) Before Working Capital Changes		(3,478.74)		3,522.61
Changes in Working Capital:				
Adjustment for (Increase) / Decrease in Operating Assets:				
Long-term Loans and Advances	(297.27)		51.70	
Trade Receivables	811.48		(326.41)	
Short-term Loans and Advances	(1,048.61)		(489.02)	
Other Current Assets	384.46		(225.23)	
Adjustment for Increase / (Decrease) in Operating Liabilities:				
Long-term Provisions	89.65		(24.87)	
Trade Payables	(273.40)		1,729.58	
Other Current Liabilities	106.39		368.55	
Short-term Provisions	12.30		(104.37)	
		(215.00)		979.93
Net Cash from / (used in) Operations		(3,693.74)		4,502.54
Net Income Tax paid		(263.85)		(812.99)
Net Cash Flow from / (used in) Operating Activities (A)		(3,957.59)		3,689.55
B. Cash Flow From Investing Activities :				
Capital Expenditure on Fixed Assets, including Capital Advances	(809.49)		(367.40)	
Proceeds from Sale of Fixed Assets	18.47		7.47	
Bank Balances not considered as Cash and Cash Equivalents				
- Margin Money Deposits placed	(16.64)		(666.04)	
- Margin Money Deposits matured			650.58	
Inter Corporate Deposits placed	-		(10,000.00)	
Inter Corporate Deposits matured	5,000.00		5,000.00	
Current Investments not considered as Cash and Cash Equivalents				
- Purchased	(3,850.00)		(58,857.95)	
- Proceeds from sale	4,522.40		68,362.03	
Interest Received on Bank Deposits and Others	275.91		230.75	
Net Cash Flow from / (used in) Investing Activities (B)		5,140.65		4,359.44
C. Cash Flow From Financing Activities:				
Repayment of Long-term Borrowings	(54.52)		(54.52)	
Net (Decrease) / Increase in Working Capital	(42.81)		(130.08)	

Particulars	Year ended 31st March, 2015		Year ended 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Borrowings from a Bank				
Proceeds from Short-term Borrowings			3,110.00	
Repayment of Short-term Borrowings			(10,160.00)	
Proceeds from Issue of Equity Shares on Rights basis	2.03		54.39	
Finance Costs	(30.64)		(903.36)	
Net Cash Flow (used in) / from Financing Activities (C)		(125.94)		(8,083.57)
Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)		1,057.12		(34.58)
Cash and Cash equivalents at the beginning of the year		0.95		32.63
Effect of Exchange Differences on Restatement of Foreign Currency Cash and Cash Equivalents		5.35		2.90
Cash and Cash equivalents at the end of the year		1,063.42		0.95
(Refer Note 16)				
Notes:				
1. 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013.				
2. 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				

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH, 2015

1. Share Capital

	As at 31st March, 2015		As at 31st March, 2014	
	Number of Equity Shares	₹ in Lakhs	Number of Equity Shares	₹ in Lakhs
Authorised				
Equity Shares of ₹ 1 each	26,65,00,000.00	2,665.00	26,65,00,000.00	2,665.00
	26,65,00,000.00	2,665.00	26,65,00,000.00	2,665.00
Issued, Subscribed and Fully Paid Up				
Equity Shares of ₹ 1 each (Refer Note 28)	23,67,04,447.00	2,366.83	23,67,04,447.00	2,366.80
Issued, Subscribed and Fully Paid Up				
Equity Shares of ₹ 1 each (Refer Note 28)	23,67,04,447.00	2,367.04	23,67,04,447.00	2,367.04
Less: Calls unpaid		0.21		0.24
	23,67,04,447.00	2,366.83	23,67,04,447.00	2,366.80

2. Reserves and Surplus

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Securities Premium Account				
Opening Balance	19,512.14		19,458.56	
Add : Premium on shares issued (Refer Note 28 (iv))	1.96		53.58	
Closing Balance		19,514.10		19,512.14
General Reserve				
As per Last Balance Sheet		3,397.66		3,397.66
Deficit in Statement of Profit and Loss				
Opening Balance	(11,346.73)		(14,379.15)	
Add: Profit / (Loss) for the Year	(3,952.00)		3,032.42	
Closing Balance		(15,298.73)		(11,346.73)
		7,613.03		11,563.07

3. Long-term Borrowings

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Term Loan from Department of Science and Technology (DST), Government of India under the "Drug and Pharmaceutical Research Program" (Unsecured) [Repayable in 7 (Previous Year 8) Annual Instalments of ₹ 54.52 Lakhs each. Last instalment is due on 1st September, 2021]. For the current maturities of long term borrowings refer Note 9 Other Current Liabilities.		327.14		381.66
		327.14		381.66

4. Deferred Tax Liabilities (Net)

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Deferred Tax Liability				
Depreciation on Fixed Assets		2,061.80		1,974.98
Less :				
Deferred Tax Assets				
Provision for Employee Benefits	108.71		72.07	
Unabsorbed Business Losses / Capital Expenditure (Restricted to the extent of deferred tax liability on depreciation on account of uncertainty of future taxable income) (Refer Note 32)	1,953.09		1,902.91	
		2,061.80		1,974.98

5. Other Long-term Liabilities

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Interest Accrued but not due on borrowings		7.86		15.72
		7.86		15.72

6. Long-term Provisions

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Provision for Employee Benefits - Compensated Absences		237.33		147.68
		237.33		147.68

7. Short-term Borrowings

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Loans Repayable on Demand - From Banks				
Bank Overdraft Facility (Unsecured)		-	59.94	
Cash Credit Facility (Secured by Lien on Margin Money Deposits)	39.55	39.55	22.43	82.37
		39.55		82.37

8. Trade Payables

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Due to Micro and Small Enterprises (Refer Note 34)		-		-
Others		2,701.07		2,974.63
		2,701.07		2,974.63

9. Other Current Liabilities

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Current Maturities of Long-term Debt - Unsecured Term Loan from DST		54.52		54.52
Interest Accrued but not Due on Borrowings		14.54		15.49
Unclaimed excess Share Application Money		1.20		1.16
Other Payables				
Statutory Remittances	231.90		526.11	
Payables on Purchase of Fixed Assets (Refer Note 34)	66.94		33.82	
Contractually Reimbursable Expenses (Refer Note 34)	492.01		98.02	
Interest Accrued on Others				
Security Deposits Received	36.40		28.50	
		827.25		686.45
		897.51		757.62

10. Short-term Provisions

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Provision for Employee Benefits				
Provision for Compensated Absences		76.65		64.35
		76.65		64.35

11. Fixed Assets

Description of Assets	Gross Block (At Cost) ₹ in Lakhs				Accumulated Depreciation ₹ in Lakhs			Net Block ₹ in Lakhs		
	As at	Additions	Deductions	As at	As at	For the	On	As at	As at	As at
	1st April 2014	during the year	during the Year	31st March, 2015	1st April 2014	year**	Deductions during the year	31st March, 2015	31st March, 2015	31st March, 2014
Tangible Assets										
Buildings*	2,122.58	1.62	-	2,124.20	288.79	35.50	-	324.29	1,799.91	1,833.79
	(2,113.38)	(9.20)	-	(2,122.58)	(254.30)	(34.49)	-	(288.79)	(1,833.79)	(1,859.08)
Plant and Equipment	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
	(6,023.84)	(176.71)	-	(6,200.55)	(1,554.68)	(293.49)	-	(1,848.17)	(4,352.38)	(4,469.16)
Furniture and Fixtures	99.19	6.33	-	105.52	32.03	13.36	-	45.39	60.13	67.16
	(93.84)	(5.35)	-	(99.19)	(26.34)	(5.69)	-	(32.03)	(67.16)	(67.50)
Vehicles	275.73	105.86	35.55	346.04	80.24	45.43	14.77	110.90	235.14	195.49
	(225.68)	(69.25)	(19.20)	(275.73)	(66.50)	(23.56)	(9.82)	(80.24)	(195.49)	(159.18)
TOTAL	8,698.05	975.10	35.63	9,637.52	2,249.23	723.96	14.78	2,958.41	6,679.11	6,448.82
Previous Year	(8,456.74)	(260.51)	(19.20)	(8,698.05)	(1,901.82)	(357.23)	(9.82)	(2,249.23)	(6,448.82)	

*Pending registration; ** Refer Note 29; Previous Year figures are in brackets

12. Long-term Loans and Advances

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(Unsecured - Considered Good)				
Capital Advances		10.27		69.08
Advances for Supply of Goods and Services		302.92		-
Loans and Advances to Employees		76.74		80.24
Prepaid Expenses		7.63		9.78
Security Deposits		0.11		0.11
Advance Income Tax [Net of Provisions ₹ 400.00 Lacs (Previous Year ₹ 400.00 Lacs)]		864.63		600.78
		1,262.30		759.99

13. Other Non-current Assets

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Unamortised Share Issue Expenses [Refer Note 25(xv)]		27.86		55.72
Balances held as Margin Money with Bank against Guarantees		1.82		1.62
		29.68		57.34

14. Current Investments (At lower of cost and fair value)

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
In Mutual Funds - Unquoted (Fully Paid up)				
Nil (Previous Year 32,261) Units of Face Value of ₹ 1,000 each in SBI Mutual Fund - LD72SG SBI Premier Liquid Fund - Direct Plan - Growth		-		650.02
		-		650.02

15. Trade Receivables

	As at 31st March, 2015		As at 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(Unsecured – Considered Good)				
Outstanding exceeding Six Months from the date they are due for payment		4.37		-
Other Trade Receivables		1,984.31		2,799.89
		1,988.68		2,799.89

16. Cash and Cash Equivalents

	Year ended 31st March, 2015		Year ended 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Balances that meet the definition of Cash and Cash Equivalent as per AS 3 - Cash Flow Statements				
Cash on Hand		1.55		0.41
Balances with Banks				
In Current Accounts		321.55		0.54
In EEFC Accounts		740.32		-
		1,061.87		0.54
		1,063.42		0.95

	Year ended 31st March, 2015		Year ended 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Other Bank balances				
Balances held as Margin Money against Guarantees [includes deposits of ₹ 1.75 Lakhs (Previous Year ₹ 3.72 Lakhs) having original maturity of more than 12 months]		669.84		653.40
In Earmarked Accounts				
Share Application money Refund Account		1.15		1.16
		1,734.41		655.51

17. Short-term Loans and Advances

	Year ended 31st March, 2015		Year ended 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(Unsecured – Considered Good)				
Loans and Advances to Employees		92.17		85.09
Prepaid Expenses		115.40		159.89
Balances with Government Authorities		2,173.13		881.69
Inter Corporate Deposits		-		5,000.00
Advances for Supply of Goods and Services		161.82		367.24
		2,542.52		6,493.91

18. Other Current Assets

	Year ended 31st March, 2015		Year ended 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
(Unsecured – Considered Good)				
Unamortised Share Issue Expenses [Refer Note 25(xv)]		27.86		27.86
Interest Accrued on Inter Corporate Deposits		-		159.23
Cenvat credit available on payment		-		225.23
		27.86		412.32

19. Revenue from Operations

	Year ended 31st March, 2015		Year ended 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Sale of Products - Technology / Know-how		291.22		2,727.76
Sale of Services - License Fees / Royalty on Technology / R&D Services		15,282.53		13,975.21
		15,573.75		16,702.97

20. Other Income

	Year ended 31st March, 2015		Year ended 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Interest on:				
Deposits with Banks		58.60		56.80
Inter Corporate Deposits		197.09		316.84
Loans and Advances to Employees		10.22		13.74

	Year ended 31st March, 2015		Year ended 31st March,2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Income Tax Refund	10.00		-	
Others	-	275.91	2.60	389.98
Gain on Sale of Current Investments		22.38		463.51
Net Gain on Foreign Currency Transactions and Translation		-		140.57
Sundry Balances Written Back (Net)		-		0.21
Insurance Claims		5.10		6.00
Miscellaneous Income		0.01		0.03
		303.40		1,000.30

21. Cost of Materials Consumed

	Year ended 31st March, 2015		Year ended 31st March,2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
R&D Materials Consumed		1,009.65		800.79
		1,009.65		800.79

22. Employee Benefits Expense

	Year ended 31st March, 2015		Year ended 31st March,2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Salaries and Wages		3,923.75		3,562.22
Contribution to Provident and Other Funds		263.82		182.53
Staff Welfare Expenses		391.70		294.97
		4,579.27		4,039.72

23. Finance Costs

	Year ended 31st March, 2015		Year ended 31st March,2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Interest Expense on:				
Borrowings		21.83		559.73
		21.83		559.73

24. Other Expenses

	Year ended 31st March, 2015		Year ended 31st March, 2014	
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Consumption of Stores and Spare Parts		358.66		344.33
Power and Fuel		478.01		395.07
Rates and Taxes		14.11		34.83
Rent (Refer Note 39)		12.12		12.12
Insurance		31.25		15.33
Repairs				
Building	13.85		10.89	
Machinery	215.96		309.14	
Others	18.76	248.57	10.39	330.42
Printing and Stationery		37.95		41.26
Travelling and Conveyance		367.15		200.93
Professional Fees		147.17		11.24
Communication		43.21		64.08
Loss on Sale of Fixed Assets		2.39		1.91
License and Fees		139.94		1,441.50
Labour Charges		178.98		143.62
Maintenance Charges		27.54		25.40
Membership Fees and Subscription		18.69		17.42
Net Loss on Foreign Currency Transactions and Translation		10.17		-
Payments to Auditors (Net of Service Tax)				
As Auditors	8.00		7.00	
For Other Services	3.00		2.75	
Reimbursement of Expenses	0.15	11.15	0.06	9.81
Software Expenses		24.94		23.25
Amortisation of Share Issue Expenses		27.86		27.86
Miscellaneous Expenses		253.28		99.29
		2,433.14		3,239.67

25. 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, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 ("the 2013 Act") / Companies Act, 1956 ("the 1956 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.

(ii) Use of Estimates

The presentation of financial statements in conformity with the Generally Accepted Accounting Principles in India requires estimates and assumptions to be made that affect the reported amount of assets and liabilities and disclosure of contingent liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

(iii) Fixed Assets and Depreciation

Fixed Assets are stated at historical cost less accumulated depreciation thereon and impairment losses, if any. 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.

(iv) Leases

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 and risk and rewards of ownership of the products are passed on to the customers, which is generally as per agreement. License Fees / Royalty Income is recognised on accrual basis as per relevant agreement. Sales are stated net of returns, VAT/ Sales Tax, if any.

(vii) Investments

Investments are classified into Current and Long-term Investments. Current Investments are valued at lower of cost and fair value. Long-term Investments are stated at cost less provision, if any, for other than temporary diminution in the value of such investments.

(viii) Foreign Currency Transactions

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 Accounting

Derivative contracts in the nature of currency forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign currency transactions and translations.

All other derivative contracts are marked-to-market and losses are recognised in the Statement of Profit and Loss. Gains arising on the same are not recognised, until realised, on grounds of prudence.

(x) Government Grants

Government grants are accounted when there is reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital subsidy in nature of Government Grants related to specific fixed assets is accounted for where collection is reasonably certain and the same is shown as a deduction from the gross value of the asset concerned in arriving at its book value and accordingly the depreciation is provided on the reduced book value.

(xi) Taxes on Income

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

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

For defined benefit plans in the form of gratuity fund, 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.

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

	As at 31st March, 2015	As at 31st March, 2014
	₹ in Lakhs	₹ in Lakhs
(i) Contingent Liabilities		
a) Guarantees given by the bankers against License Scheme	201.17	430.20
b) Disputed demands by Income Tax Authorities	1,812.11	-
c) Disputed demands by Sales Tax Authorities	51.15	-
Amount paid under protest is classified under short term loans & advances	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.		
(ii) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	117.29	104.55

27. Status of Utilisation of rights issue proceeds:

Particulars	Total Projected utilisation	Projected utilisation up to 31.03.2015	Actual utilisation upto 31.03.2015	Projected utilisation for the year 31.03.2015	Actual utilisation for the year ended 31.03.2015
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Any Research and Development activities / expenses *	10,298.20	10,298.20	10,301.98	5,158.70	5,159.78
	(10,298.20)	(5,139.50)	(5,142.20)	(4,375.64)	(4,375.64)
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	170.00	170.00	152.00	-	-
	(170.00)	(170.00)	(152.00)	-	-
Funds utilised	19,824.00	19,824.00	19,809.78	5,158.70	5,159.78
	(19,824.00)	(14,665.30)	(14,650.00)	(4,375.64)	(4,375.64)
Un-utilised rights issue proceeds	-	-	-	-	-
	-	(5,158.70)	(5,157.78)	-	-
	19,824.00	19,824.00	19,809.78	5,158.70	5,159.78
	(19,824.00)	(19,824.00)	(19,807.78)	(4,375.64)	(4,375.64)
Calls unpaid	-	-	14.22	-	-
	-	-	(16.22)	-	-
Total	19,824.00	19,824.00	19,824.00	5,158.70	5,159.78
Previous Year Total	(19,824.00)	(19,824.00)	(19,824.00)	(4,375.64)	(4,375.64)

* 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

28. Disclosures relating to Share Capital

i. Rights, Preferences and Restrictions attached to Equity Shares

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

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

Name of the Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of Equity Shares held	% of Holding	No. of Equity Shares held	% of Holding
Dilip Shantilal Shanghvi	2,68,09,395	11.33%	2,68,09,395	11.33%
Viditi Investment Private Limited	2,35,55,458	9.95%	2,35,55,458	9.95%
Tejaskiran Pharmachem Industries Private Limited	2,31,22,598	9.77%	2,31,22,598	9.77%
Quality Investments Private Limited	2,27,35,998	9.61%	2,27,35,998	9.61%

Name of the Shareholder	As at 31st March, 2015		As at 31st March, 2014	
	No. of Equity Shares held	% of Holding	No. of Equity Shares held	% of Holding
Family Investments Private Limited	2,25,78,841	9.54%	2,25,78,841	9.54%
Virtuous Share Investment Private Limited	1,19,68,080	5.06%	1,19,68,080	5.06%

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

Equity Shares of ₹ 1 each	As at 31st March, 2015		As at 31st March, 2014	
	No. of Equity Shares	₹ in Lakhs	No. of Equity Shares	₹ in Lakhs
Opening Balance	23,67,04,447	2,366.80	23,67,04,447	2,365.99
Add: Shares Issued during the year	-	-	-	-
Add: Unpaid Call received during the year	-	0.03	-	0.81
Closing Balance	23,67,04,447	2,366.83	23,67,04,447	2,366.80

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 52,677 (Previous Year 60,071) equity shares, calls has remained unpaid towards equity share capital @ ₹ 0.40 per equity share aggregating to ₹ 0.21 Lakhs (Previous Year ₹ 0.24 Lakhs) reduced from Share Capital in Note 1 above and towards securities premium @ ₹ 26.60 per equity share aggregating to ₹ 14.02 Lakhs (Previous Year ₹ 15.98 Lakhs).

29. During the year, pursuant to the notification of Schedule II to the Companies Act, 2013 with effect from April 1, 2014, the Company revised the estimated useful life of some of its assets to align with the useful life with those specified in Schedule II.

Pursuant to the transition provisions prescribed in Schedule II to the Companies Act, 2013, the Company has fully depreciated the carrying value of assets, net of residual value, where the remaining useful life of the asset was determined to be nil as on April 1, 2014, and has adjusted an amount of ₹ 34.48 Lakhs in the Statement of Profit and Loss.

The depreciation expense in the Statement of Profit and Loss for the year is higher by ₹ 289.35 Lakhs consequent to the change in the useful life of the assets.

30. **Information Relating to Consumption of Materials**

	Year ended 31st March, 2015		Year ended 31st March, 2014	
	%	₹ in Lakhs	%	₹ in Lakhs
Imported and indigenous				
R & D Materials Consumed				
Imported	27.65	279.12	37.40	299.46
Indigenous	72.35	730.53	62.60	501.33
Total	100.00	1,009.65	100.00	800.79

31. **Income / Expenditure in Foreign Currency**

	Year ended 31st March, 2015	Year ended 31st March, 2014
	₹ in Lakhs	₹ in Lakhs
Income		
Sale of Products - Technology / Know-how	245.98	2,622.57
Sale of Services - License Fees / Royalty on Technology / R&D Services	12,228.10	10,327.15
Expenditure		
R & D Materials Consumed (CIF basis)	278.38	239.36
Capital Goods (CIF basis)	581.80	77.37
Spare and Components (CIF basis)	114.84	220.63
Clinical Trials and Professional charges	8,868.73	4,821.79
Travel Expenses	115.51	41.94
Licence and Fees	-	1,435.19
Others	591.28	77.53

32. 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 ₹ 4081.82 Lakhs (Previous Year ₹ 4129.92 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.
33. 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 (₹ 11.27 Lakhs) (Previous Year ₹ 523.64 Lakhs).
34. Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

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

35. Accounting Standard (AS-17) on Segment Reporting

(a) Primary Segment

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

(b) Secondary Segment (by Geographical Segment)

	Year ended 31st March, 2015	Year ended 31st March, 2014
	₹ in Lakhs	₹ in Lakhs
Within India	3,099.67	3,753.25
Outside India	12,474.08	12,949.72
Total Revenue from Operations	15,573.75	16,702.97
In view of the interwoven / intermix nature of business, other segmental information is not ascertainable.		

36. Accounting Standard (AS-20) on Earnings Per Share

	Year ended 31st March, 2015	Year ended 31st March, 2014
Profit / (Loss) used as Numerator for calculating Earnings per Share (₹ in Lakhs)	(3,952.00)	3,032.42
Weighted Average number of Shares used in computing basic earnings per share	23,66,81,814	23,66,55,848
Nominal / Face Value Per Share (in ₹)	1.00	1.00
Basic Earnings / (Loss) Per Share (in ₹)	(1.67)	1.28

37. 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.

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

39. Accounting Standard (AS-19) on Leases

(a) 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.

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

40. Details of Unhedged Foreign Currency Exposures

(a) 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, 2015		As at 31st March, 2014		
	in Lakhs		in Lakhs		
	Foreign Currency	Rupee (₹)	Foreign Currency	Rupee (₹)	
Amounts receivable in foreign currency on account of the following :					
Sale of Products - Technology / Know-how	US Dollar	-	-	1.60	96.00
Sale of Services - License Fees / Royalty on Technology	US Dollar	26.54	1,658.48	30.21	1,812.88
Amounts payable in foreign currency on account of the following :					
Reimbursement of Expenses	Euro	7.32	492.01	1.19	98.02

	Currency	As at 31st March, 2015		As at 31st March, 2014	
		in Lakhs		in Lakhs	
		Foreign Currency	Rupee (₹)	Foreign Currency	Rupee (₹)
Import of Goods and Services	US Dollar	22.75	1,421.59	23.75	1,424.77
	AUD	0.01	0.61	0.03	1.44
	CAD	0.01	0.61	0.08	4.50
	CHF	0.07	4.77	0.03	2.13
	Euro	0.62	41.55	1.10	90.59
	GBP	0.02	2.27	0.15	14.93
	JPY	2.90	1.51	18.84	11.01
	SEK	0.45	2.90	-	-
	NZD	0.00	0.20	-	-
	SGD	-	-	0.01	0.27

41. 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 ₹ 188.21 Lakhs (Previous Year ₹ 165.71 Lakhs) is included in contribution to Provident and Other funds in Note 22.

	Year ended 31st March, 2015	Year ended 31st March, 2014
	₹ in Lakhs	₹ in Lakhs
Contribution to Provident and Family Pension Fund	185.14	164.16
Contribution to Employees State Insurance Scheme (E.S.I.C.)	0.90	0.64
Contribution to Labour Welfare Fund	0.03	0.02
Contribution to Employee Deposit Linked Insurance (E.D.L.I.)	2.14	0.89

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 ₹ 313.98 Lakhs (Previous Year ₹ 212.03 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.

Disclosure In respect of gratuity (Funded):	31st March, 2015	31st March, 2014
	₹ in Lakhs	₹ in Lakhs
Reconciliation of liability / (asset) recognised in the Balance sheet		
Present value of commitments (as per Actuarial Valuation)	656.76	535.45
Fair value of plan assets	692.87	634.45
Net (asset) / liability in the Balance sheet	(36.11)	(99.00)
Movement in net liability / (asset) recognised in the Balance sheet		
Net liability as at beginning of the year	(99.00)	120.52
Net expense recognised in the Statement of Profit and Loss	72.89	13.50
Employees transferred to the Company	-	42.06
Employees transferred from the Company	-	(128.39)

	Year ended 31st March, 2015	Year ended 31st March, 2014
	₹ in Lakhs	₹ in Lakhs
Contribution during the year	(10.00)	(146.69)
Net (asset) / liability as at the end of the year	(36.11)	(99.00)
Expense recognised in the Statement of Profit and Loss		
Current service cost	41.35	46.71
Interest cost	(9.22)	46.66
Expected return on plan assets	(59.07)	(36.71)
Actuarial (gain) / loss	40.77	(43.16)
Expense charged to the Statement of Profit and Loss	13.83	13.50
Return on plan assets		
Expected return on plan assets	59.07	36.71
Actuarial gain	(2.11)	13.98
Actual return on plan assets	56.96	50.69
Reconciliation of defined-benefit commitments		
Commitments as at the beginning of the year	535.45	565.52
Current service cost	41.35	46.71
Interest cost	49.84	46.66
Employees transferred to the Company	-	42.06
Employees transferred from the Company	-	(128.39)
Paid benefits	(8.54)	(7.93)
Actuarial (gain) / loss	38.66	(29.18)
Commitments as at the end of the year	656.76	535.45
Reconciliation of plan assets		
Plan assets as at beginning of the year	634.45	445.00
Expected return on plan assets	59.07	36.71
Contributions during the year	10.00	146.69
Paid benefits	(8.54)	(7.93)
Actuarial gain	(2.11)	13.98
Plan assets as at the end of the year	692.87	634.45
The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense.		
Discount rate	8.03%	9.31%
Expected return on plan assets	8.03%	9.31%
Expected rate of salary increase	8.00%	7.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

42. 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 is in excess of the limits approved by the Central Government. In this regard, the Company has made further representations to the Central Government providing the rationale for the remuneration, the response in respect of which is awaited. In case the

requisite approval is not received from the Central Government, the excess remuneration paid would be recovered from the Whole-time Director.

43. 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.

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

Annexure : 'A'

Names of related parties and description of relationship

1. **Key Management Personnel**
Mr. Dilip S. Shanghvi, Chairman & Managing Director
Mr. Sudhir V. Valia, Chief Financial Officer & Director
Dr. T. Rajamannar, Wholetime Director (up to 24th April, 2014) Director (w.e.f. 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. (Formerly known as Caraco Pharmaceutical Laboratories Ltd.)
Alfa Infraprop Pvt. Ltd.
Taro Pharmaceuticals Inc.

Particulars	31st March, 2015 ₹ in Lakhs	31st March, 2014 ₹ in Lakhs
Sun Pharmaceutical Industries Ltd		
Sale of Services - License Fees / Royalty on Technology / R&D Services	1,491.86	76.28
Purchase of Goods	154.75	167.22
Rent Paid	12.12	12.12
Interest Expenses	-	537.70
Receiving of Research and Development Services	1,653.31	-
Reimbursement of Expenses	551.65	392.48
Reimbursement of Expenses incurred	2.63	52.37
Loans Received	-	3,110.00
Loans Repaid	-	10,494.10
Outstanding Balance Payable	224.28	608.48
Sun Pharma Laboratories Ltd		
Sale of Services - License Fees / Royalty on Technology	1,562.56	3,571.78
Purchase of Goods	0.32	4.34
Reimbursement of Expenses incurred	0.03	-
Outstanding Balance Receivable	315.13	854.51
Sun Pharma Global FZE		
Sale of Products - Technology / Know-how	245.98	2,622.57
Sale of Services - License Fees / Royalty on Technology	12,228.10	10,327.15
Outstanding Balance Receivable	1,658.48	1,908.88
Sun Pharmaceutical Industries Inc.		
Reimbursement of Expenses	326.93	3.02
Purchase of Goods / Product Development charges	-	44.13
Outstanding Balance Payable	317.59	45.23
Taro Pharmaceuticals Inc.		
Purchase of Goods	0.41	3.60
Outstanding Balance Payable	0.41	3.60
Alfa Infraprop Pvt. Ltd.		
Sale of Vehicle	4.04	-

Particulars	31st March, 2015 ₹ in Lakhs	31st March, 2014 ₹ in Lakhs
Remuneration to Key Managerial Personnel		
Remuneration - Wholetime Director (Refer Note 42)	21.84	341.27
Interest on Salary Advances	-	0.28
Outstanding Balance - Remuneration Payable - Wholetime Director	-	59.40

ACCOUNTING RATIOS AND CAPITALISATION STATEMENT

Accounting Ratios

The following tables present certain accounting and other ratios on basis derived from our audited financial statements as at and for the Fiscal 2014 and Fiscal 2015 included in the chapter “Financial Information” on page 93.

Particulars	Year Ended March 31, 2015	Year Ended March 31, 2014
Earnings Per Share		
(a) Basic Earnings Per Share (before/after extraordinary items)	(1.67)	1.28
(b) Diluted Earnings Per Share (before/after extraordinary items)	(1.67)	1.28
Return on Net Worth (after excluding revaluation reserves and extra-ordinary items)	(39.82%)	21.90%
Net Asset Value/Book Value per Equity Share of ₹ 1 each (after excluding revaluation reserves)	4.19	5.88

The Ratios have been computed as below:

Ratios	Computation
Net assets value per share	$\frac{\text{Net Worth at the end of the period}}{\text{Total number of weighted average equity share outstanding at the end of the year/period}}$
Return on Net worth %	$\frac{\text{Net profit / (loss) after tax attributable to equity shareholders (annualised)}}{\text{Net worth at the end of the period}}$
Basic and diluted earnings per share	$\frac{\text{Net profit / (loss) after tax attributable to equity shareholders}}{\text{Total number of weighted average equity shares outstanding at the end of the year/period}}$

Capitalisation Statement:

The statement on our capitalisation as at and for the financial period ended March 31, 2015 is as set out below:
Amount (₹ in Lakhs)

Particulars	Pre Issue As at 31 March 2015	Post Issue ^{##}
Borrowings		
Long Term Debt	327.14	327.14
Short Term Debt	39.55	39.55
Current Maturities of Long-term Debt	54.52	54.52
Total Debt (A)	421.21	421.21
Shareholder's Fund		
Equity Share Capital	2,366.83	2,468.87
Reserves & Surplus	7,613.03	32,510.99
Total Shareholders' Fund before Unamortised share issue expenses	9,979.86	34,979.86
Less: Unamortised share issue expenses	55.72	309.13
Total Shareholders' Fund after Unamortised share issue expenses (B)	9924.14	34,670.73

Particulars	Pre Issue As at 31 March 2015	Post Issue^{##}
Total Debt/Equity Ratio (A/B)	0.04	0.01
^{##} <i>Assuming full subscription and Allotment of the Rights Issue Equity Shares in the Issue.</i>		

STOCK MARKET DATA FOR EQUITY SHARES

The Equity Shares of the Company are listed on the BSE and the NSE with effect from July 18, 2007. Stock market data for our Equity Shares has been given separately for the BSE and the NSE. As our Equity Shares are actively traded on both BSE and NSE, stock market data has been given separately for each of these Stock Exchanges.

The high, low prices and average of closing prices recorded on the BSE and the NSE for the preceding three Financial Years and the number of Equity Shares traded on the days the high and low prices were recorded are stated below:

BSE

Year ending March 31	High (₹)	Date of High	No. of Shares traded on date of high	Total Volume of traded on date of high (₹ in lakhs)	Low (₹)	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (₹ in lakhs)	Average price for the year (₹)*
Mar-15	598.00	10-Mar-15	22,81,033	12,732.91	145.55	01-Apr-14	1,38,373	203.52	225.66
Mar-14	179.50	09-Dec-13	8,90,467	1,553.30	105.20	07-Aug-13	1,25,306	135.68	142.08
Mar-13	145.80	04-Jan-13	3,26,496	469.74	66.75	15-Jun-12	26,236	17.88	94.05

(Source: www.bseindia.com)

* Average of the daily closing prices.

High and low prices are based on the high and low of the daily prices.

NSE

Year ending March 31	High (₹)	Date of High	No. of Shares traded on date of high	Total Volume of traded on date of high (₹ in lakhs)	Low (₹)	Date of Low	No. of Shares traded on date of low	Total Volume of traded on date of low (₹ in lakhs)	Average price for the year (₹)*
Mar-15	598.00	10-Mar-15	80,12,695	44,779.50	145.00	01-Apr-14	2,75,153	404.20	225.67
Mar-14	179.75	09-Dec-13	19,49,440	3,412.93	105.30	07-Aug-13	1,57,114	171.12	142.14
Mar-13	145.95	04-Jan-13	7,28,545	1,046.69	66.60	15-Jun-12	1,71,066	116.22	94.10

(Source: www.nseindia.com)

* Average of the daily closing prices.

High and low prices are based on the high and low of the daily prices.

We have not considered the trading details pertaining to partly paid-up equity shares in the above table.

The high and low prices and volume of the Equity Shares traded on the respective dates during the last six months is as follows:

BSE

Month	High (₹)	Date of High	Volume (No. of Shares)	Low (₹)	Date of Low	Volume (No. of Shares)	Average Price for the Month (₹)*	Total No of Trading Days
Feb-16	320.90	01-Feb-16	1,24,371	245.10	25-Feb-16	2,09,631	269.29	21
Jan-16	342.85	04-Jan-16	60,995	260.55	20-Jan-16	87,844	304.70	20
Dec-15	384.75	04-Dec-15	7,09,688	329.10	21-Dec-15	2,12,771	347.52	22
Nov-15	399.00	04-Nov-15	3,46,377	338.05	23-Nov-15	1,46,347	357.71	19
Oct-15	411.20	29-Oct-15	2,84,299	373.30	16-Oct-15	73,626	385.81	20
Sep-15	404.75	22-Sep-15	2,21,827	345.50	08-Sep-15	1,49,412	371.65	20

(Source: www.bseindia.com)

* Average of the daily closing prices.

NSE

Month	High (₹)	Date of High	Volume (No. of Shares)	Low (₹)	Date of Low	Volume (No. of Shares)	Average Price for the Month (₹)*	Total No of Trading Days
Feb-16	320.40	01-Feb-16	3,20,121	245.20	25-Feb-16	6,98,231	269.72	21
Jan-16	342.90	04-Jan-16	2,07,773	260.10	20-Jan-16	4,00,693	304.91	20
Dec-15	384.90	04-Dec-15	27,32,847	329.00	21-Dec-15	6,90,364	347.54	22
Nov-15	398.40	04-Nov-15	8,46,680	338.00	18-Nov-15	4,14,036	358.14	19
Oct-15	410.90	29-Oct-15	9,35,397	373.00	15-Oct-15	1,61,221	386.09	20
Sep-15	405.00	22-Sep-15	7,80,301	345.05	08-Sep-15	4,82,863	371.98	20

(Source: www.nseindia.com)

* Average of the daily closing prices.

In the event the high or low or closing price of the Equity Shares are the same on more than one day, the day on which there has been higher volume of trading has been considered for the purposes of this chapter.

The closing price of the Equity Shares as on May 13, 2015 was ₹ 381.25 and ₹ 381.50 on the BSE and the NSE respectively, the trading day immediately following the day on which Board approved the Issue.

Week end closing prices of the Equity Shares for the last four weeks on the BSE and NSE are as below:

BSE

Week Ended on	Closing Price (₹)	Highest Price (₹)	Date of High	Lowest Price (₹)	Date of Low
11-Mar-16	287.85	301.00	10-Mar-16	286.10	11-03-16
04-Mar-16	293.20	300.95	04-Mar-16	250.65	29-02-16
26-Feb-16	259.85	270.50	22-Feb-16	245.10	25-02-16
19-Feb-16	264.20	274.75	18-Feb-16	256.00	17-02-16

(Source: www.bseindia.com)

NSE

Week Ended on	Closing Price	Highest Price	Date of High	Lowest Price(₹)	Date of Low
11-Mar-16	287.20	300.85	08-Mar-16	285.70	11-03-16
04-Mar-16	292.85	301.00	03-Mar-16	251.00	29-02-16
26-Feb-16	260.65	270.30	22-Feb-16	245.20	25-02-16
19-Feb-16	265.10	274.90	18-Feb-16	255.00	16-02-16

(Source: www.nseindia.com)

The closing market price of our Equity Shares as on March 11, 2016, the trading day immediately prior to the date of the Letter of Offer, was ₹ 287.85 and ₹ 287.20 on BSE and NSE, respectively.

MATERIAL DEVELOPMENTS

In accordance with circular no.F.2/5/SE/76 dated February 5, 1977 issued by the Ministry of Finance, Government of India, as amended by Ministry of Finance, Government of India through its circular dated March 8, 1977, our working results for the period from April 1, 2015 to January 31, 2016 are set out in the table below:

	(₹ in lakhs)
Particulars	Amount
Sales/ Income from operations	13,067.61
Other Income	85.81
Estimated Gross Profit /(Loss) excluding Depreciation & Taxes	(5,679.24)
Provision for Depreciation	624.66
Provision for Taxation	-
Estimated Net Profit/(Loss)	(6,303.90)

Material changes and commitments, if any, affecting our financial position

There are no material changes and commitments, other than as disclosed below, which are likely to affect our financial position since March 31, 2015 till date of the Letter of Offer.

- (a) On July 24, 2015, our Company forfeited 17,093 partly paid up shares for non payment of call money;
- (b) Our Company received complete response letter from USFDA to its New Drug Application for Latanoprost BAK-free eyedrops;
- (c) In recent past, USFDA has rescinded its earlier approval in relation to ELEPSIA XR (Levetiracetam Extended Release Tablets 1000mg/1500mg), citing that the compliance status of the manufacturing facility at Halol was not acceptable, being operated by Sun Pharmaceutical Industries Limited.

Further, the compliance status of the manufacturing facility at Halol not being as per the USFDA standards, the approval from USFDA in relation to XELPROS (Latanoprost Ophthalmic Emulsion 0.005%) has been delayed.

The above has delayed in generating revenue from these two products namely, ELEPSIA XR (Levetiracetam Extended Release Tablets 1000mg/1500mg) and XELPROS (Latanoprost Ophthalmic Emulsion 0.005%) in USA

Recent Developments

- (a) In compliance with the SEBI LODR Regulations, we have approved and filed the following unaudited financial results for six months ended September 30, 2015 and nine months ended December 31, 2015 with the Stock Exchanges:

INDEPENDENT AUDITORS' REVIEW REPORT

INDEPENDENT AUDITORS' REVIEW REPORT TO THE BOARD OF DIRECTORS OF SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED

1. We have reviewed the accompanying Statement of Unaudited Financial Results of **SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED** ("the Company") for the quarter and six months ended September 30, 2015 ("the Statement"), being submitted by the Company pursuant to the requirement of Clause 41 of the Listing Agreements with the Stock Exchanges, except for the disclosures in Part II - Select Information referred to in paragraph 5 below. This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity', issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, read with paragraph 4 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Managerial remuneration paid is in excess of the limits approved by the Central Government to the extent of ₹ Nil for the quarter and six months ended September 30, 2015 (₹ 214.45 Lakhs upto September 30, 2015). In this regard, we have been informed by the Management of the Company that they have made further representations to the Central Government, the response in respect of which is awaited.

Our report is not modified in respect of this matter.

5. Further, we also report that we have traced the number of shares as well as the percentage of shareholding in respect of the aggregate amount of public shareholding and the number of shares as well as the percentage of shares pledged/encumbered and non-encumbered in respect of the aggregate amount of promoters and promoter group shareholding in terms of Clause 35 of the Listing Agreements with the Stock Exchanges and the particulars relating to investor complaints disclosed in Part II - Select Information for the quarter and six months ended September 30, 2015 of the Statement, from the details furnished by the Management.

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

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, November 4, 2015

Sun Pharma Advanced Research Company Limited
 Regd Office: Sun Pharma Advanced Research Centre,
 Akota Road, Akota, Vadodara – 390 020. Tel. No.0265-2330815
 CIN No.: L73100GJ2006PLC047837 Web Site : www.sunpharma.in

Part I Statement of Unaudited Financial Results for the Quarter and Six Months ended September 30, 2015						
Particulars	₹ in Lakhs					
	3 Months ended			6 Months ended		Year ended
	30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Income from Operations						
Income from Operations	4,312	4,344	4,591	8,656	8,176	15,574
Total Income from Operations	4,312	4,344	4,591	8,656	8,176	15,574
Expenses						
Cost of Materials Consumed	624	296	195	920	379	1,010
Employee Benefits Expense	1,362	1,365	1,126	2,727	2,239	4,579
Clinical Trials and Professional Charges	2,747	2,155	2,683	4,902	5,406	11,104
Depreciation Expense	189	182	206	371	366	724
Other Expenses	1,169	527	591	1,696	1,106	2,390
Total Expenses	6,091	4,525	4,801	10,616	9,496	19,807
Profit / (Loss) from Operations before Other Income and Finance Costs	(1,779)	(181)	(210)	(1,960)	(1,320)	(4,233)
Other Income	21	21	68	42	210	303
Profit / (Loss) from ordinary activities before Finance Costs	(1,758)	(160)	(142)	(1,918)	(1,110)	(3,930)
Finance Costs	16	5	5	21	11	22
Profit / (Loss) from ordinary activities before Tax	(1,774)	(165)	(147)	(1,939)	(1,121)	(3,952)
Tax Expense	-	-	-	-	-	-
Net Profit / (Loss) for the period	(1,774)	(165)	(147)	(1,939)	(1,121)	(3,952)
Paid-up Equity Share Capital - Face Value ₹ 1 each	2,367	2,367	2,367	2,367	2,367	2,367
Reserves excluding Revaluation Reserve	-	-	-	-	-	7,613
Earnings Per Share of ₹ 1 each – in ₹ (Basic and Diluted)	(0.75)	(0.07)	(0.06)	(0.82)	(0.47)	(1.67)
See accompanying Notes to the financial results						

Part II Select information for the Quarter and Six Months ended September 30, 2015						
Particulars	3 Months ended			6 Months ended		Year Ended
	30.09.2015	30.06.2015	30.09.2014	30.09.2015	30.09.2014	31.03.2015
Particulars of Shareholding						
Public Shareholding						
No. of Equity Shares of ₹ 1 each	7,77,92,101	7,78,09,194	7,78,11,251	7,77,92,101	7,78,11,251	7,78,11,251
Percentage of Shareholding	32.87	32.87	32.87	32.87	32.87	32.87
Promoters and Promoter Group Shareholding						
a) Pledged / Encumbered						
No. of Equity Shares of ₹ 1 each	11,62,066	11,62,066	6,75,000	11,62,066	6,75,000	11,62,066
Percentage of Equity Shares (as a % of the total shareholding of promoter and promoter group)	0.73	0.73	0.42	0.73	0.42	0.73
Percentage of Equity Shares (as a % of the total share capital of the Company)	0.49	0.49	0.29	0.49	0.29	0.49
b) Non-encumbered						
No. of Equity Shares of ₹ 1 each	15,77,33,187	15,77,33,187	15,82,18,196	15,77,33,187	15,82,18,196	15,77,31,130
Percentage of Equity Shares (as a % of the total shareholding of promoter and promoter group)	99.27	99.27	99.58	99.27	99.58	99.27
Percentage of Equity Shares (as a % of the total share capital of the Company)	66.64	66.64	66.84	66.64	66.84	66.64

1 Statement of Assets and Liabilities		₹ in Lakhs	
Particulars		As at 30.09.2015 Unaudited	As at 31.03.2015 Audited
A	EQUITY AND LIABILITIES		
i	Shareholders' Funds		
	(a) Share Capital	2,367	2,367
	(b) Reserves and Surplus	5,683	7,613
	Sub-total - Shareholders' Fund	8,050	9,980
ii	Non-current Liabilities		
	(a) Long-term Borrowings	273	327
	(b) Deferred Tax Liabilities (Net)	-	-
	(c) Other Long-term Liabilities	-	8
	(d) Long-term Provisions	265	237
	Sub-total - Non-current Liabilities	538	572
iii	Current Liabilities		
	(a) Short-term Borrowings	1,644	40
	(b) Trade Payables	5,070	2,701
	(c) Other Current Liabilities	1,480	898
	(d) Short-term Provisions	89	77
	Sub-total - Current Liabilities	8,283	3,716
	TOTAL - EQUITY AND LIABILITIES	16,871	14,268
B	ASSETS		
i	Non-current Assets		
	(a) Fixed Assets	6,879	6,682
	(b) Long-term Loans and Advances	2,048	1,262
	(c) Other Non-current Assets	16	30
	Sub-total - Non-current assets	8,943	7,974
ii	Current Assets		
	(a) Trade Receivables	4,077	1,989
	(b) Cash and Cash Equivalents	677	1,734
	(c) Short-term Loans and Advances	3,146	2,543
	(d) Other Current Assets	28	28
	Sub-total - Current assets	7,928	6,294
	TOTAL ASSETS	16,871	14,268

2 The above unaudited financial results of the Company have been reviewed by the Audit Committee and approved by the Board of Directors at their respective meetings held on November 4, 2015 and have been subjected to a limited review by the Statutory Auditors of the Company.

3 The Company has only one reportable business segment namely 'Pharmaceutical Research & Development'.

4 Status of Utilisation of rights issue proceeds:

Particulars	Total Projected utilisation	Projected utilisation up to 31.03.2015	Actual utilisation upto 31.03.2015	Actual utilisation upto 30.09.2015
	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs	₹ in Lakhs
Any Research and Development activities / expenses *	10,316	10,316	10,302	10,311
Repayment of identified loans availed from Group Entities	6,100	6,100	6,100	6,100
General corporate purposes	3,256	3,256	3,256	3,256
Issue expenses	152	152	152	152
Funds utilized	19,824	19,824	19,810	19,819
Calls unpaid	-	-	14	-
Shares Forfeited due to non-payment of call money	-	-	-	5
Total	19,824	19,824	19,824	19,824

* 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.

5 "During the quarter, 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. 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)."

The amount of ₹ 0.10 Lakhs received with respect to the face value of 17,093 forfeited Equity shares is disclosed under head "Share Capital" as at September 30, 2015.

- 6 On September 18, 2015, the Company has filed a Draft Letter of Offer with Securities and Exchange Board of India (SEBI) for further issuance of equity shares of ₹ 1 each, on rights basis to the shareholders of the Company, at such ratio and price and premium as may be decided, for an amount aggregating not in excess of ₹ 25,000 Lakhs.
- 7 Figures for the previous periods have been regrouped / reclassified, wherever considered necessary.

Mumbai, November 4, 2015

By order of the Board

Dilip S. Shanghvi
Chairman and Managing Director

**TO THE BOARD OF DIRECTORS OF
SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED**

1. We have reviewed the accompanying Statement of Standalone Unaudited Financial Results of **SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED** (“the Company”) for the Quarter and Nine months ended December 31, 2015 (“the Statement”), being submitted by the Company pursuant to the requirement of the Regulation 33 of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. This Statement which is the responsibility of the Company’s Management and approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Accounting Standard for Interim Financial Reporting (AS 25), prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.
2. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 ‘Review of Interim Financial Information Performed by the Independent Auditor of the Entity’, issued by the Institute of Chartered Accountants of India. This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and, accordingly, we do not express an audit opinion.
3. Based on our review conducted as stated above, read with paragraph 4 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the aforesaid Accounting Standards and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing and Disclosure Requirements) Regulations, 2015, including the manner in which it is to be disclosed, or that it contains any material misstatement.
4. Managerial remuneration paid is in excess of the limits approved by the Central Government to the extent of ₹ Nil for the quarter and nine months ended December 31, 2015 (₹ 214.45 Lakhs upto December 31, 2015). In this regard, we have been informed by the Management of the Company that they have made further representations to the Central Government, the response in respect of which is awaited. Our report is not modified in respect of this matter.

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

Rajesh K. Hiranandani
Partner
(Membership No. 36920)

Mumbai, February 3, 2016

Particulars	₹ in Lakhs					
	3 Months ended			9 Months ended		Year ended
	31.12.2015	30.09.2015	31.12.2014	31.12.2015	31.12.2014	31.03.2015
	Unaudited	Unaudited	Unaudited	Unaudited	Unaudited	Audited
Income from Operations						
Income from Operations	3,355	4,312	3,128	12,011	11,304	15,574
Total Income from Operations	3,355	4,312	3,128	12,011	11,304	15,574
Expenses						
Cost of Materials Consumed	507	624	325	1,427	704	1,010
Employee Benefits Expense	1,342	1,362	1,150	4,069	3,389	4,579
Clinical Trials and Professional Charges	4,795	2,747	2,940	9,697	8,346	11,104
Depreciation Expense	191	189	180	562	546	724
Other Expenses	612	1,169	511	2,293	1,574	2,390
Total Expenses	7,447	6,091	5,106	18,048	14,559	19,807
Profit / (Loss) from Operations before Other Income and Finance Costs	-4,092	-1,779	-1,978	-6,037	-3,255	-4,233
Other Income	55	21	93	82	260	303
Profit / (Loss) from ordinary activities before Finance Costs	-4,037	-1,758	-1,885	-5,955	-2,995	-3,930
Finance Costs	65	16	6	86	17	22
Profit / (Loss) from ordinary activities before Tax	-4,102	-1,774	-1,891	-6,041	-3,012	-3,952
Tax Expense	-	-	-	-	-	-
Net Profit / (Loss) for the period	-4,102	-1,774	-1,891	-6,041	-3,012	-3,952
Paid-up Equity Share Capital - Face Value ₹ 1 each	2,367	2,367	2,367	2,367	2,367	2,367
Reserves excluding Revaluation Reserve	-	-	-	-	-	7,613
Earnings Per Share of ₹ 1 each – in ₹ (Basic and Diluted)	-1.73	-0.75	-0.8	-2.55	-1.27	-1.67

See accompanying Notes to the financial results

Notes:

- The above results are as per of the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and have been taken on record by the Board of Directors at its meeting held on February 3, 2016 after being reviewed by the Audit Committee and have been subjected to a limited review by the Statutory Auditors of the Company.
- The Company has only one reportable business segment namely 'Pharmaceutical Research & Development'.
- On September 18, 2015, the Company has filed a Draft Letter of Offer with Securities and Exchange Board of India (SEBI) for further issuance of equity shares of ₹ 1 each, on rights basis to the shareholders of the Company, at such ratio and price and premium as may be decided, for an amount aggregating not in excess of ₹ 25,000 Lakhs.
- Figures for the previous periods have been regrouped / reclassified, wherever considered necessary.

By order of the Board

Mumbai, February 3, 2016

Dilip S. Shanghvi
Chairman and Managing Director

- (b) Our Company had entered into an agreement dated September 9, 2015, to avail an unsecured inter corporate loan for an amount of ₹ 5,000.00 lakhs, repayable after 12 months from the date of the respective disbursement carrying an interest rate of 10.20% p.a. payable at the end of every month. As on January 31, 2016 our Company has drawn down a sum of ₹ 4,900.00 lakhs.

SECTION VII – LEGAL AND OTHER INFORMATION

OUTSTANDING LITIGATIONS AND DEFAULTS

Except as described below, there are no outstanding litigations including, suits, criminal or civil prosecutions and taxation related proceedings against us that would have a material adverse effect on our business. Further, there are no defaults, non-payment of statutory dues including, institutional/ bank dues and dues payable to holders of any debentures, bonds and fixed deposits that would have a material adverse effect on our business other than unclaimed liabilities against us as of the date of this Letter of Offer.

Further, except as disclosed below, we are not aware of any litigation against us involving moral turpitude, material violations of statutory regulations and or proceedings relating to economic offences which have arisen since our incorporation.

Further, except as disclosed below, we are not subject to:

- (a) *Any other outstanding litigations which impact our future revenues which have monetary value of more than 1% of our networth, for the last completed financial year.*
- (b) *Any other outstanding litigations which impact our future revenues, which have monetary value of more than 1% of our revenue, for the last completed financial year.*

Further from time to time, we have been and continue to be involved in legal proceedings filed by and against us, arising in the ordinary course of our business. These legal proceedings are both in the nature of civil, labour and tax proceedings. We believe that the number of proceedings in which we are/ were involved is not unusual for a company of our size doing business in India.

Litigation against our Company

Tax Litigations:

Direct Tax cases

1. Our Company received notices on September 8, 2011 and January 13, 2012 for assessment of income under Section 143(2) and Section 142(1) of the Income Tax Act, 1961 (“**IT Act**”) for the Assessment Year (“**AY**”) 2010-2011. Further, on December 31, 2013 we received a questionnaire from the Assistant Commissioner of Income Tax (“**ACIT**”) which was responded by us. The Transfer Pricing Officer (“**TPO**”) *vide* his order dated January 24, 2014 made an upward adjustment of ₹ 1,535.76 lakhs to the total income of our Company (“**TP Order**”). Our Company had in the past on January 27, 2012 contested, that the expenditures are of a capital nature on scientific research related to the business and that they were entitled to claim a deduction of ₹ 851.69 lakhs under Section 35(1)(iv) of the IT Act. As the claim of said deduction by the Company was not found to be appropriate, a show cause notice was issued by the ACIT on January 28, 2014 (“**Show Cause Notice**”). On February 6, 2014, the Company responded to the Show Cause Notice stating that they are eligible for deduction under Section 35(1)(iv) as our Company was fulfilling the conditions laid down under this section (“**Show Cause Notice Response**”). Based on the Show Cause Notice Response, the ACIT passed an order on April 8, 2014 (“**ACIT Order**”). The ACIT Order held that the Company had furnished inaccurate particulars by claiming deductions as mentioned above and thus, it is a case for initiation of penal proceedings. Additionally, the order disallowed the losses amounting to ₹ 7,268.94 lakhs to be carried forward, but permitted losses of ₹ 3,409.24 lakhs to be carried forward. Subsequent to the ACIT Order, we have received a notice of demand from the ACIT; and a notice from the ACIT initiating penalty proceedings for concealing the particulars of our income or furnishing inaccurate particulars of such income for the AY 2010-2011. Our Company filed an appeal dated May 16, 2014 before the Commissioner of Income Tax (Appeals) – III, Baroda against the order of the ACIT. The matter is currently pending.
2. Our Company received notices on August 27, 2010 and January 24, 2011 for assessment of income for Assessment Year (“**AY**”) 2009-2010 under Section 143(2) and Section 142(1) of the Income Tax Act, 1961 (“**IT Act**”). Further, on July 15, 2011 we had received a questionnaire from Assistant Commissioner of Income Tax (“**ACIT**”) which was responded by us. The Transfer Pricing Officer (“**TPO**”) *vide* his order dated January 30, 2013 made upward adjustment of ₹1791.66 lakhs to the

arm's length price of the transaction entered into by the Company and certain other parties ("**TPO Order**"). In the submissions before both i.e. the ACIT and TPO our Company contended that the other parties are not associated enterprises. Based on the averments and submissions made by the Company, the ACIT on April 25, 2013 passed an order ("**ACIT Order**"). The ACIT Order held that our Company's claim of deduction under Section 35(1)(iv) of the IT Act on capital work in progress ("**CWIP**") including advances on capital account is not justifiable on grounds that our Company had not provided any submissions in support of CWIP including advances on capital account. In pursuance of the same, the claim of ₹ 604.22 lakhs was disallowed by the ACIT Order. Additionally, the ACIT Order also held that the Company was liable to pay an amount of ₹ 41.03 lakhs in lieu of leave encashment rejecting the Company's contention that it is disallowed to pay the same under Section 43B of the IT Act as the unpaid leave encashment liability is not a statutory liability. Our Company received a notice of demand dated April 25, 2013 from the ACIT, wherein the ACIT has initiated penalty proceedings on grounds of concealing the particulars of our income or furnishing inaccurate particulars of such income for the AY 2009-2010. Subsequently, our Company filed an appeal dated May 31, 2013 before the Commissioner of Income Tax (Appeals) – III, Baroda against the order of the ACIT. The matter is currently pending.

3. Our Company's assessment of income for A Y 2008-2009 was completed on October 25, 2010 under Section 143(3) of the Income Tax Act, 1961 ("**IT Act**"). The original assessment was reopened under Section 147 of the IT Act on account of entering into international transactions with certain other associated parties for the Assessment Year ("**AY**") 2008-2009. Subsequently, on August 20, 2014, the Transfer Pricing Officer ("**TPO**") passed an order making an upward adjustment of ₹ 3,398.06 lakhs to the arm's length price of the international transactions with certain other parties. Pursuant to the same, our Company in its submission dated November 7, 2014 stated that we are entitled to deduction under Section 35(1)(iv) of the IT Act. On December 16, 2014, the Assistant Commissioner of Income Tax ("**ACIT**") passed an order disallowing the claim of deduction under Section 35(1)(iv) as it failed to prove that the capital expenditure is incurred on the scientific research; the scientific research is related to the business; and the business was carried on by the Company ("**ACIT Order**"). Subsequent to the ACIT Order we have received a notice of demand from the ACIT; and a notice from ACIT initiating penalty proceedings for concealing the particulars of our income or furnishing inaccurate particulars of such income for the AY 2008-2009. Our Company filed an appeal dated January 9, 2015 before the Commissioner of Income Tax (Appeals) – II, Baroda against the order of the ACIT. The matter is currently pending.
4. Our Company received notices on September 21, 2012 and June 3, 2013 for assessment of income under section 143(2) and section 142(1) of the Income Tax Act, 1961 ("**IT Act**") for the Assessment Year ("**AY**") 2011-2012. Further, on August 19, 2014 our Company received a questionnaire from the Assistant Commissioner of Income Tax ("**ACIT**") which was duly responded to by us. The Transfer Pricing Officer ("**TPO**") vide his order dated November 14, 2014 made an upward adjustment of ₹ 6,226.22 lakhs ("**TP Order**"). As the claim of the Company in its return of income was not found to be appropriate a show cause notice was issued by the ACIT on October 7, 2014 ("**Show Cause Notice**"). On October 28, 2014 our Company responded to the Show Cause Notice stating that they are eligible for a deduction of ₹ 441.09 lakhs under Section 35(1)(iv) of the IT Act ("**Show Cause Notice Response**"). Based on the Show Cause Notice Response, the ACIT passed an order on February 3, 2015 ("**ACIT Order**"). The ACIT Order held that the Company had furnished inaccurate particulars by claiming deductions and thus, it is a case for initiation of penal proceedings. Subsequent to the ACIT Order we have received a notice of demand from the ACIT raising tax demand of ₹ 1,812.10 lakhs from our Company for the AY 2011-2012. Our Company filed an appeal dated March 2, 2015 before the Commissioner of Income Tax (Appeals) – II, Baroda against the order of the ACIT. The matter is currently pending.

Indirect Tax cases

1. The Vadodara Municipal Corporation has filed a complaint before the Additional Chief Judicial Magistrate, Vadodara against our Company, SPIL (our group entity) and its Directors alleging offence under section 398 and 402 of the Bombay Provincial Municipal Corporation Act and rule 22 and 34 of the Vadodara Octroi Rules alleging non payment of Octroi. The matter is currently pending.

GOVERNMENT AND OTHER APPROVALS

We have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and to undertake the Issue and no further material approvals are required for carrying on our present activities. In addition, except as mentioned in this section “*Government and Other Approvals*”, as on the date of this Letter of Offer, there are no pending regulatory and government approvals and no pending renewals of licenses or approvals in relation to the activities undertaken by us or in relation to the Issue.

I. Approvals for the Issue:

1. Board resolutions dated May 12, 2015 approving the Issue.
2. In-principle approval from BSE dated October 14, 2015.
3. In-principle approval from NSE dated October 9, 2015.
4. Letter issued by RBI in relation to the renunciation of the Rights Entitlement i.e. letter no. FED.CO.FID. No. 6199/10.21.360/2015-16 dated November 30, 2015 read with letter issued by RBI in relation to the renunciation of the Rights Entitlement i.e. letter no. FED.CO.FID.No. 10373/10.21.360/2015-16 dated March 11, 2016.
5. FIPB approval dated November 2, 2015*(“Approval”) in relation to allotment of Equity Shares to persons resident outside India.

* FIPB vide its Approval has interalia granted, to our Company, approval to issue and allot equity shares to FIIs, FPIs, NRIs and OCBs pursuant to the proposed Rights Issue, whether by way of renunciation or otherwise, upto an aggregate amount of ₹ 25,000 lakhs. The said approval also has a condition which requires us to undertake compounding by RBI (“Compounding”) in relation to for the increase in foreign shareholding beyond the approved 4.67% obtained in the year 2012, within 90 days of the issuance of the Approval.

In this regard, our Company vide letter dated November 10, 2015 addressed to the Chairman, FIPB, requested removal of the condition relating to Compounding interalia stating that the Foreign Direct Investment in our Company has never breached the aforesaid limit of 4.67%, on account of allotment of equity shares, to foreign shareholders. Our Company further clarified that the increase in total foreign shareholding in our Company has been on account of transactions only in the secondary market.

Subsequently, FIPB vide email dated December 17, 2015 directed our Company to initiate the Compounding within 90 days of the date of the Approval.

Further, our Company vide online application dated January 13, 2016 (“Application”) and letter dated January 19, 2016 requested FIPB to waive the condition in relation to Compounding. Also our Company had vide letter dated December 16, 2015 requested RBI to issue a confirmation letter stating that our Company had never breached the limit of increase in foreign shareholding beyond 4.67%, on account of reasons stated above. In response RBI vide its letter dated January 14, 2016 advised our Company to abide by the instructions issued by FIPB in relation to the Compounding. Our Company vide its letter dated February 2, 2016, to RBI, interalia annexed a copy of the Application filed with FIPB. Also vide letter dated February 6, 2016, to the Chief General Manager RBI, interalia requested to issue a clarification stating that our Company is not liable for compounding. RBI vide letter, dated February 25, 2016 intimated our Company, interalia that our contention are noted. FIPB in its meeting held on March 7, 2016, considered our Application for waiver of the Compounding condition. However, pending receipt of the outcome of the meeting, our Company vide its letter dated March 9, 2016 applied to the RBI for compounding.

II. Approvals for its business:

Except as stated below under the heading “Government and Other Approvals”, we have received the necessary consents, licenses, permissions and approvals from the Government of India and various governmental agencies required for our present business and no further material approvals are required for carrying on our present activities.

APPROVALS APPLIED FOR BUT NOT YET RECEIVED AS ON DATE OF DLOF

A. Product Related Approvals

(i) Test Licenses

Sr. No.	Name of Drugs	Therapeutic Category	Date of application	Authority before whom the application is made
Applications pertaining to our Mumbai unit:				
1	Baclofen Extended Release (GRS) Capsules, 70 mg	Anti-Spastic	February 5, 2016	Joint Commissioner Brihan Mumbai
2	Baclofen GRS (Extended Release) Capsules, 20 mg	Anti-Spastic	February 5, 2016	Joint Commissioner Brihan Mumbai
3	Baclofen GRS (Extended Release) Capsules, 30 mg	Anti-Spastic	February 5, 2016	Joint Commissioner Brihan Mumbai
4	Baclofen GRS (Extended Release) Capsules, 40 mg	Anti-Spastic	February 5, 2016	Joint Commissioner Brihan Mumbai
5	Tapentadol Extended Release tablets 100mg	Analgesic	February 5, 2016	Joint Commissioner Brihan Mumbai
6	Tapentadol Extended Release tablets 150mg	Analgesic	February 5, 2016	Joint Commissioner Brihan Mumbai
7	Tapentadol Extended Release tablets 200mg	Analgesic	February 5, 2016	Joint Commissioner Brihan Mumbai
8	Tapentadol Extended Release tablets 250mg	Analgesic	February 5, 2016	Joint Commissioner Brihan Mumbai
9	Tapentadol Extended Release tablets 50mg	Analgesic	February 5, 2016	Joint Commissioner Brihan Mumbai
10	L0731-Na Capsules 1mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
11	L0731-Na Capsules 20mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
12	L0731-Na Capsules 2mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
13	L0731-Na Capsules 3mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
14	L0731-Na Capsules 50mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
15	L0731-Na Capsules 5mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
16	L0731-Na Capsules 10 mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
17	L0731-Na Tablets 5mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
18	L0731-Na Tablets 10 mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
19	L0731-Na Tablets 1mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
20	L0731-Na Tablets 20mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
21	L0731-Na Tablets 2mg	Anti-Asthmatic	February 19,	Joint Commissioner

Sr. No.	Name of Drugs	Therapeutic Category	Date of application	Authority before whom the application is made
			2016	Brihan Mumbai
22	L0731-Na Tablets 3mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
23	L0731-Na Tablets 50mg	Anti-Asthmatic	February 19, 2016	Joint Commissioner Brihan Mumbai
24	Ropinirole Extended Release Tablets, 1 mg	Anti-Parkinson	February 19, 2016	Joint Commissioner Brihan Mumbai
25	Ropinirole Extended Release Tablets, 2 mg	Anti-Parkinson	February 19, 2016	Joint Commissioner Brihan Mumbai
26	Ropinirole Extended Release Tablets, 4 mg	Anti-Parkinson	February 19, 2016	Joint Commissioner Brihan Mumbai
27	Tizanidine Extended Release Tablet 10 mg (For Export Only)	Muscle relaxant	February 19, 2016	Joint Commissioner Brihan Mumbai
28	Tizanidine Extended Release Tablet 12 mg (For Export Only)	Muscle relaxant	February 19, 2016	Joint Commissioner Brihan Mumbai
29	Tizanidine Extended Release Tablet 16 mg (For Export Only)	Muscle relaxant	February 19, 2016	Joint Commissioner Brihan Mumbai
30	Tizanidine Extended Release Tablet 18 mg (For Export Only)	Muscle relaxant	February 19, 2016	Joint Commissioner Brihan Mumbai
31	Tizanidine Extended Release Tablet 4 mg (For Export Only)	Muscle relaxant	February 19, 2016	Joint Commissioner Brihan Mumbai
32	Tizanidine Extended Release Tablet 6 mg (For Export Only)	Muscle relaxant	February 19, 2016	Joint Commissioner Brihan Mumbai
33	Tizanidine Extended Release Tablet 8 mg (For Export Only)	Muscle relaxant	February 19, 2016	Joint Commissioner Brihan Mumbai
34	Tizanidine Once a Day Tablet 18 mg (For Export Only)	Muscle relaxant	February 19, 2016	Joint Commissioner Brihan Mumbai
35	Tizanidine Once a Day Tablet 8 mg (For Export Only)	Muscle relaxant	February 19, 2016	Joint Commissioner Brihan Mumbai

(ii) Clinical Study Approvals

Sr. No.	Protocol No.	Molecule/ Device Name	Public Title	Health conditions on whom clinical trial has been conducted	DCGI/Other Regulatory Approval	Ethics Committee Approval
1.	CLR_12_04	Paclitaxel Injection Concentrate for Nano-dispersion	A Phase 1. Open Label, Dose-Ranging Pharmacokinetic, Safety, and Efficacy Study of Paclitaxel Injection Concentrate for Nano-Dispersion Administration.	Every three weeks in subjects with Solid Tumors and without Hepatic Impairment.	Received	Pending
2.	CLR_14_14	Brimonidine tartrate ophthalmic suspension 0.35%	Safety and efficacy of Brimonidine Tartrate ophthalmic suspension 0.35% once daily and Alphagan 0.1% thrice daily.	Patients with open-angle glaucoma or ocular hypertension	Not Received	Pending
3.	CLR_15_02	Paclitaxel Injection Concentrate for Nano-dispersion (PICN)	A Randomized, Open Label, Two Period, Single Dose, Crossover, Bioavailability Study of Paclitaxel Injection Concentrate for Nanodispersion (PICN) and Abraxane® in Subjects with Locally Recurrent or Metastatic Breast Cancer	Locally Recurrent or Metastatic Breast Cancer	Regulatory submissions not yet applied for	CEC approval received from France and Spain. CEC submissions not yet applied in other countries.
4.	CLR_15_12	Paclitaxel Injection Concentrate for Nano-dispersion (PICN)	A randomized, open label, two period, single dose, crossover, Bioavailability study of paclitaxel injection concentrate for Nano-dispersion (picn) and abraxane® in subjects with locally Recurrent or metastatic breast cancer	Locally Recurrent or metastatic breast cancer	Not Received	Pending
5.	CLR_15_10	L0731-Na tablet 1 mg, 2 mg, 5 mg, 10 mg, 30 mg and 60 mg	A randomized, double-blind, placebo-controlled, parallel-group, Single and multiple dose escalating study to assess the safety and Pharmacokinetics of l0731-na in healthy human subjects	Healthy human subjects	Not Received	EC submission not done yet
6.	CLR_15_03	K0706 capsules	A Multipart Phase 1/2 Study to Determine Safety, Tolerability, Pharmacokinetics, and Activity of K0706, a Novel Tyrosine Kinase Inhibitor (TKI), in Healthy Subjects and in Subjects with Chronic Myeloid Leukemia (CML) or Philadelphia Chromosome Positive Acute Lymphoblastic Leukemia (Ph+ ALL)	Healthy Subjects and in Subjects with Chronic Myeloid Leukemia (CML) or Philadelphia Chromosome Positive Acute Lymphoblastic Leukemia (Ph+ ALL)	Received	EC submission not done yet
7.	CLR_15_11	SUN Dry	A randomized, open-label,	Healthy adult	Not Received	Pending

Sr. No.	Protocol No.	Molecule/ Device Name	Public Title	Health conditions on whom clinical trial has been conducted	DCGI/Other Regulatory Approval	Ethics Committee Approval
		Powder Inhaler (DPI)	two-way crossover study to examine inspiratory flow profiles generated with the SUN Dry Powder Inhaler and Seretide Accuhaler and to assess handling, usability and user satisfaction of both medication free devices in healthy adult subjects, children with asthma, adult	subjects, children with asthma, adult patients with asthma and adult patients with Chronic Obstructive Pulmonary Disease		

(iii) *Patents*

Our Company has filed applications for registration of various patents before the issuing authorities in various jurisdictions such as United States of America, India, Japan, Brazil, Canada, Mexico, China, Australia, South Africa, Ecuador, Vietnam, Indonesia, Egypt, Argentina, Thailand, Russia, Morocco, Philippines, Singapore, Israel, Colombia, New Zealand, Tunisia, Ukraine, Algeria, Hong Kong, Hungary, Poland, Taiwan, Europe (and its European member states) and also under the Patent Co-operation Treaty.

(iv) *Trademarks*

Our Company has filed applications for registration of various trademarks under various classes including classes 1, 3, 5, 9, 10, 16, 42 and 44 before the Trademarks Registry, Mumbai under the Trademarks Act, 1999. Our Company has also filed applications for registration of trademarks under various classes of which certain trademarks have been objected against/opposed.

Further, our Company has also filed applications for registration of various trademarks before the United States Patent and Trademarks Office.

OTHER REGULATORY AND STATUTORY DISCLOSURES

Authority for the Issue

The Issue of Equity Shares to the Eligible Equity Shareholders is being made in accordance with the resolution passed by our Board of Directors under Sections 62(1)(a) and other provision of the Companies Act, at its meeting held on May 12, 2015.

The Board of Directors or Committee thereof in their meeting held on March 5, 2016 have determined the Issue Price as ₹ 245 per Equity Share and the Rights Entitlement as 5 Equity Share(s) for every 116 Equity Share(s) held on the Record Date. The Issue Price has been arrived at in consultation with the Ernst & Young Merchant Banking Services Private Limited.

Prohibition by SEBI or RBI

Neither we, the Promoter, the Promoter Group entities, the Directors nor any other company to which the above persons are associated as promoters, directors or persons in control, have been prohibited from accessing or operating in the capital markets, or restrained from buying, selling or dealing in securities under any order or direction passed by the SEBI.

None of the directors of the Company are associated with the capital market in any manner. SEBI has not initiated action against any entity with which the Directors are associated.

Further neither us, the Promoter, the Promoter Group entities, the Group Companies nor the relatives of the Promoter have been declared willful defaulters by the RBI or any other authority and no violations of securities laws have been committed by them in the past and no proceedings in relation to such violations are currently pending against them.

Except as stated in the section titled “*Our Management*” on page 86, none of our directors hold current or have held directorships in the last five years in a listed company whose shares have been suspended from trading on BSE or NSE or in a listed company that has been/ was delisted from any stock exchange.

Eligibility for the Issue

We are a Company incorporated under the Companies Act, 1956 and our Equity Shares are listed on BSE and NSE. We are eligible to undertake the Issue in terms of Chapter IV of the SEBI ICDR Regulations.

We are eligible to make disclosures in this Letter of Offer as per clause (5) Part E of Schedule VIII of the SEBI ICDR Regulations as we are in compliance with the following:

- (a) we have been filing periodic reports, statements and information in compliance with the listing agreement for the last three years immediately preceding the date of filing the Draft Letter of Offer with SEBI;
- (b) the reports, statements and information referred to in sub-clause (a) above are available on the website of the BSE and the NSE which are recognised stock exchange with nationwide trading terminals;
- (c) we have an investor grievance-handling mechanism which includes meeting of the Shareholders’ or Investors’ Grievance Committee at frequent intervals, appropriate delegation of power by the Board as regards share transfer and clearly laid down systems and procedures for timely and satisfactory redressal of investor grievances.

Compliance with Regulation 4(2) of the SEBI Regulations

Our Company is in compliance with the conditions specified in Regulation 4(2) of the SEBI Regulations, to the extent applicable

DISCLAIMER CLAUSE OF SEBI

AS REQUIRED, A COPY OF THE DRAFT LETTER OF OFFER HAS BEEN SUBMITTED TO SEBI. IT IS TO BE DISTINCTLY UNDERSTOOD THAT THE SUBMISSION OF THE DRAFT LETTER OF OFFER TO SEBI SHOULD NOT, IN ANY WAY BE DEEMED OR CONSTRUED THAT THE SAME HAS BEEN CLEARED OR APPROVED BY SEBI. SEBI DOES NOT TAKE ANY RESPONSIBILITY EITHER FOR THE FINANCIAL SOUNDNESS OF ANY SCHEME OR THE PROJECT FOR WHICH THE ISSUE IS PROPOSED TO BE MADE, OR FOR THE CORRECTNESS OF THE STATEMENTS MADE OR OPINIONS EXPRESSED IN THE DRAFT LETTER OF OFFER. THE LEAD MANAGERS, ERNST & YOUNG MERCHANT BANKING SERVICES PRIVATE LIMITED AND INGA CAPITAL PRIVATE LIMITED, HAVE CERTIFIED THAT THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE GENERALLY ADEQUATE AND ARE IN CONFORMITY WITH SEBI (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 IN FORCE FOR THE TIME BEING. THIS REQUIREMENT IS TO FACILITATE INVESTORS TO TAKE AN INFORMED DECISION FOR MAKING INVESTMENT IN THE PROPOSED ISSUE.

IT SHOULD ALSO BE CLEARLY UNDERSTOOD THAT WHILE THE COMPANY IS PRIMARILY RESPONSIBLE FOR THE CORRECTNESS, ADEQUACY AND DISCLOSURE OF ALL RELEVANT INFORMATION IN THE DRAFT LETTER OF OFFER, THE LEAD MANAGERS ARE EXPECTED TO EXERCISE DUE DILIGENCE TO ENSURE THAT THE COMPANY DISCHARGES ITS RESPONSIBILITY ADEQUATELY IN THIS BEHALF AND TOWARDS THIS PURPOSE THE LEAD MANAGERS, ERNST & YOUNG MERCHANT BANKING SERVICES PRIVATE LIMITED AND INGA CAPITAL PRIVATE LIMITED, HAVE FURNISHED TO SEBI A DUE DILIGENCE CERTIFICATE DATED SEPTEMBER 15, 2015 WHICH READS AS FOLLOWS:

- (1) WE HAVE EXAMINED VARIOUS DOCUMENTS INCLUDING THOSE RELATING TO LITIGATION LIKE COMMERCIAL DISPUTES, PATENT DISPUTES, DISPUTES WITH COLLABORATORS, ETC. AND OTHER MATERIAL IN CONNECTION WITH THE FINALISATION OF THE DRAFT LETTER OF OFFER PERTAINING TO THE ISSUE;
- (2) ON THE BASIS OF SUCH EXAMINATION AND THE DISCUSSIONS WITH THE COMPANY, ITS DIRECTORS AND OTHER OFFICERS, OTHER AGENCIES, AND INDEPENDENT VERIFICATION OF THE STATEMENTS CONCERNING THE OBJECTS OF THE ISSUE, PRICE JUSTIFICATION AND THE CONTENTS OF THE DOCUMENTS AND OTHER PAPERS FURNISHED BY THE COMPANY, WE CONFIRM THAT:
 - (a) THE DRAFT LETTER OF OFFER FILED WITH SEBI IS IN CONFORMITY WITH THE DOCUMENTS, MATERIALS AND PAPERS RELEVANT TO THE ISSUE;
 - (b) ALL THE LEGAL REQUIREMENTS RELATING TO THE ISSUE AS ALSO THE REGULATIONS GUIDELINES, INSTRUCTIONS, ETC. FRAMED/ ISSUED BY SEBI, THE GOVERNMENT OF INDIA AND ANY OTHER COMPETENT AUTHORITY IN THIS BEHALF HAVE BEEN DULY COMPLIED WITH; AND
 - (c) THE DISCLOSURES MADE IN THE DRAFT LETTER OF OFFER ARE TRUE, FAIR AND ADEQUATE TO ENABLE THE INVESTORS TO MAKE A WELL INFORMED DECISION AS TO THE INVESTMENT IN THE PROPOSED ISSUE AND SUCH DISCLOSURES ARE IN ACCORDANCE WITH THE REQUIREMENTS OF THE COMPANIES ACT, 1956, THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 AND OTHER APPLICABLE LEGAL REQUIREMENTS.
- (3) WE CONFIRM THAT BESIDES OURSELVES, ALL THE INTERMEDIARIES NAMED IN THE DRAFT LETTER OF OFFER ARE REGISTERED WITH SEBI AND THAT UNTIL DATE SUCH REGISTRATION IS VALID.
- (4) WE HAVE SATISFIED OURSELVES ABOUT THE CAPABILITY OF THE UNDERWRITERS TO FULFIL THEIR UNDERWRITING COMMITMENTS – NOT APPLICABLE. OUR COMPANY HAS NOT ENTERED INTO ANY UNDERWRITING ARRANGEMENT FOR THE ISSUE.

- (5) WE CERTIFY THAT WRITTEN CONSENT FROM PROMOTERS HAS BEEN OBTAINED FOR INCLUSION OF THEIR SPECIFIED SECURITIES AS PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN AND THE SPECIFIED SECURITIES PROPOSED TO FORM PART OF PROMOTERS' CONTRIBUTION SUBJECT TO LOCK-IN SHALL NOT BE DISPOSED/ SOLD/ TRANSFERRED BY THE PROMOTERS DURING THE PERIOD STARTING FROM THE DATE OF FILING THE DRAFT RED HERRING PROSPECTUS/ RED HERRING PROSPECTUS WITH SEBI TILL THE DATE OF COMMENCEMENT OF LOCK-IN PERIOD AS STATED IN THE DRAFT RED HERRING PROSPECTUS/ RED HERRING PROSPECTUS – NOT APPLICABLE
- (6) WE CERTIFY THAT REGULATION 33 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, WHICH RELATES TO SPECIFIED SECURITIES INELIGIBLE FOR COMPUTATION OF PROMOTERS CONTRIBUTION, HAS BEEN DULY COMPLIED WITH AND APPROPRIATE DISCLOSURES AS TO COMPLIANCE WITH THE SAID REGULATION HAVE BEEN MADE IN THE DRAFT RED HERRING PROSPECTUS / RED HERRING PROSPECTUS – NOT APPLICABLE
- (7) WE UNDERTAKE THAT SUB-REGULATION (4) OF REGULATION 32 AND CLAUSE (C) AND (D) OF SUB-REGULATION (2) OF REGULATION 8 OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 SHALL BE COMPLIED WITH. WE CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE RECEIVED AT LEAST ONE DAY BEFORE THE OPENING OF THE ISSUE. WE UNDERTAKE THAT AUDITORS' CERTIFICATE TO THIS EFFECT SHALL BE DULY SUBMITTED TO SEBI. WE FURTHER CONFIRM THAT ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT PROMOTERS' CONTRIBUTION SHALL BE KEPT IN AN ESCROW ACCOUNT WITH A SCHEDULED COMMERCIAL BANK AND SHALL BE RELEASED TO THE ISSUER ALONG WITH THE PROCEEDS OF THE PUBLIC ISSUE – NOT APPLICABLE
- (8) WE CERTIFY THAT THE PROPOSED ACTIVITIES OF THE COMPANY FOR WHICH THE FUNDS ARE BEING RAISED IN THE PRESENT ISSUE FALL WITHIN THE "MAIN OBJECTS" LISTED IN THE OBJECT CLAUSE OF THE MEMORANDUM OF ASSOCIATION OR OTHER CHARTER OF THE COMPANY AND THAT THE ACTIVITIES WHICH HAVE BEEN CARRIED OUT UNTIL NOW ARE VALID IN TERMS OF THE OBJECT CLAUSE OF ITS MEMORANDUM OF ASSOCIATION.
- (9) WE CONFIRM THAT NECESSARY ARRANGEMENTS HAVE BEEN MADE TO ENSURE THAT THE MONEYS RECEIVED PURSUANT TO THE ISSUE ARE KEPT IN A SEPARATE BANK ACCOUNT AS PER THE PROVISIONS OF SUB-SECTION (3) OF SECTION 73 OF THE COMPANIES ACT, 1956 AND THAT SUCH MONEYS SHALL BE RELEASED BY THE SAID COMPANY ONLY AFTER PERMISSION IS OBTAINED FROM ALL THE STOCK EXCHANGES MENTIONED IN THE DRAFT LETTER OF OFFER. WE FURTHER CONFIRM THAT THE AGREEMENT ENTERED INTO BETWEEN THE BANKERS TO THE ISSUE AND THE ISSUER SPECIFICALLY CONTAINS THIS CONDITION. – NOTED FOR COMPLIANCE (INCLUDING THE CORRESPONDING SECTION 40 UNDER THE COMPANIES ACT, 2013).TRANSFER OF MONIES RECEIVED PURSUANT TO THE ISSUE SHALL BE RELEASED TO THE COMPANY AFTER FINALISATION OF THE BASIS OF ALLOTMENT IN COMPLIANCE WITH REGULATION 56 OF THE SEBI REGULATIONS.
- (10) WE CERTIFY THAT A DISCLOSURE HAS BEEN MADE IN THE DRAFT LETTER OF OFFER THAT THE INVESTORS SHALL BE GIVEN AN OPTION TO GET THE SHARES IN DEMAT OR PHYSICAL MODE.
- (11) WE CERTIFY THAT ALL THE APPLICABLE DISCLOSURES MANDATED IN THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 HAVE BEEN MADE IN ADDITION TO

DISCLOSURES WHICH, IN OUR VIEW, ARE FAIR AND ADEQUATE TO ENABLE THE INVESTOR TO MAKE A WELL INFORMED DECISION.

- (12) WE CERTIFY THAT THE FOLLOWING DISCLOSURES HAVE BEEN MADE IN THE DRAFT LETTER OF OFFER:
- (a) AN UNDERTAKING FROM THE ISSUER THAT AT ANY GIVEN TIME, THERE SHALL BE ONLY ONE DENOMINATION FOR THE EQUITY SHARES OF THE COMPANY; AND
 - (b) AN UNDERTAKING FROM THE COMPANY THAT IT SHALL COMPLY WITH SUCH DISCLOSURE AND ACCOUNTING NORMS SPECIFIED BY SEBI FROM TIME TO TIME.
- (13) WE UNDERTAKE TO COMPLY WITH THE REGULATIONS PERTAINING TO ADVERTISEMENT IN TERMS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009 WHILE MAKING THE ISSUE.
- (14) WE ENCLOSE A NOTE EXPLAINING HOW THE PROCESS OF DUE DILIGENCE HAS BEEN EXERCISED BY US IN VIEW OF THE NATURE OF CURRENT BUSINESS BACKGROUND OR THE ISSUER, SITUATION AT WHICH THE PROPOSED BUSINESS STANDS, THE RISK FACTORS, PROMOTERS EXPERIENCE, ETC.
- (15) WE ENCLOSE A CHECKLIST CONFIRMING REGULATION-WISE COMPLIANCE WITH THE APPLICABLE PROVISIONS OF THE SECURITIES AND EXCHANGE BOARD OF INDIA (ISSUE OF CAPITAL AND DISCLOSURE REQUIREMENTS) REGULATIONS, 2009, CONTAINING DETAILS SUCH AS THE REGULATION NUMBER, ITS TEXT, THE STATUS OF COMPLIANCE, PAGE NUMBER OF THE DRAFT LETTER OF OFFER WHERE THE REGULATION HAS BEEN COMPLIED WITH AND OUR COMMENTS, IF ANY.
- (16) WE ENCLOSE STATEMENT ON 'PRICE INFORMATION OF PAST ISSUES HANDLED BY MERCHANT BANKER BELOW (WHO IS RESPONSIBLE FOR PRICING THIS ISSUE)', AS PER FORMAT SPECIFIED BY SEBI THROUGH THE CIRCULAR DATED SEPTEMBER 27, 2011 – NOT APPLICABLE
- (17) WE CERTIFY THAT PROFITS FROM RELATED PARTY TRANSACTIONS HAVE ARISED FROM LEGITIMATE BUSINESS TRANSACTIONS. – COMPLIED WITH, IN RELIANCE ON THE CERTIFICATE DATED SEPTEMBER 15, 2015 OF M/S K. C. MEHTA & CO., CHARTERED ACCOUNTANTS, FIRM REGISTRATION NUMBER 106237W ISSUED IN ACCORDANCE WITH ACCOUNTING STANDARD 18.

THE FILING OF THE DRAFT LETTER OF OFFER DOES NOT, HOWEVER, ABSOLVE THE COMPANY FROM ANY LIABILITIES UNDER SECTION 34 OR SECTION 36 OF THE COMPANIES ACT, 2013 OR FROM THE REQUIREMENT OF OBTAINING SUCH STATUTORY OR OTHER CLEARANCE AS MAY BE REQUIRED FOR THE PURPOSE OF THE PROPOSED ISSUE. SEBI FURTHER RESERVES THE RIGHT TO TAKE UP, AT ANY POINT OF TIME, WITH THE LEAD MANAGERS ANY IRREGULARITIES OR LAPSES IN THE DRAFT LETTER OF OFFER.

Caution

Disclaimer clauses from the Company and the Lead Managers

We and the Lead Managers accept no responsibility for statements made otherwise than in this Letter of Offer or in any advertisement or other material issued by us or by any other persons at our instance and anyone placing reliance on any other source of information would be doing so at his own risk.

We and the Lead Managers shall make all information available to the Equity Shareholders and no selective or additional information would be available for a section of the Equity Shareholders in any manner whatsoever including at presentations, in research or sales reports etc. after filing of this Letter of Offer with SEBI.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Letter of Offer. You must not rely on any unauthorized information or representations. This Letter of Offer is an offer to sell only the Equity Shares and rights to purchase the Equity Shares offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Letter of Offer is current only as of its date.

Investors who invest in the Issue will be deemed to have represented to us and Lead Managers and their respective directors, officers, agents, affiliates and representatives that they are eligible under all applicable laws, rules, regulations, guidelines and approvals to acquire Equity Shares, and are relying on independent advice/ evaluation as to their ability and quantum of investment in the Issue.

Disclaimer with respect to jurisdiction

This Letter of Offer has been prepared under the provisions of Indian laws and the applicable rules and regulations thereunder. Any disputes arising out of the Issue will be subject to the jurisdiction of the appropriate court(s) in Mumbai, India only.

Designated Stock Exchange

The Designated Stock Exchange for the purpose of the Issue will be BSE.

Disclaimer Clause of BSE

As required, a copy of the Draft Letter of Offer has been submitted to the BSE. The Disclaimer Clause as intimated by the BSE to us, post scrutiny of the Draft Letter of Offer, vide its in- principle approval dated October 14, 2015, is as under:

“BSE Limited (“the Exchange”) has given vide its letter dated October 14, 2015, permission to this Company to use the Exchange’s name in the Letter of Offer as one of the stock exchanges on which this Company’s securities are proposed to be listed. The Exchange has scrutinized the letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Company. The Exchange does not in any manner;

- (a) warrant, certify or endorse the correctness or completeness of any of the contents of the letter of offer; or
- (b) warrant that this Company’s securities will be listed or will continue to be listed on the Exchange; or
- (c) take any responsibility for the financial or other soundness of this Company, its promoters, its management or any scheme or project of this Company;

And it should not for any reason be deemed or construed that the letter of offer has been cleared or approved by the Exchange. Every person who desires to apply for or otherwise acquires any securities of this Company may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription/acquisition whether by reason of anything stated or omitted to be stated herein or for any other reason whatsoever.”

Disclaimer Clause of NSE

As required, a copy of the Draft Letter of Offer has been submitted to the NSE. The Disclaimer Clause as intimated by the NSE to us, post scrutiny of the Draft Letter of Offer, vide its in- principle approval dated October 9, 2015, is as under:

“As required, a copy of the letter of offer has been submitted to National Stock Exchange of India Limited (hereinafter referred to as NSE). NSE has given vide its letter Ref. No. NSE/LIST/45861 dated October 09, 2015 permission to the Issuer to use the Exchange’s name in the letter of offer as one of the stock exchanges on which this Issuer’s securities are proposed to be listed. The Exchange has scrutinized the letter of offer for its limited internal purpose of deciding on the matter of granting the aforesaid permission to this Issuer. It is to be distinctly understood that the aforesaid permission given by NSE should not in any way be deemed or construed

that the letter of offer has been cleared or approved by NSE; nor does it in any manner warrant, certify or endorse the correctness or completeness of any of the contents of the letter of offer; nor does it warrant that this Issuer's securities will be listed or will continue to be listed on the Exchange; nor does it take any responsibility for the financial or other soundness of this Issuer, its promoters, its management or any scheme or project of this Issuer.

Every person who desires to apply for or otherwise acquire any securities of this Issuer may do so pursuant to independent inquiry, investigation and analysis and shall not have any claim against the Exchange whatsoever by reason of any loss which may be suffered by such person consequent to or in connection with such subscription /acquisition whether by reason of anything stated or omitted to be stated herein or any other reason whatsoever."

Filing

The Draft Letter of Offer has been filed with the Corporation Finance Department of the SEBI, located at Ahmedabad, Gujarat, India for its observations. Pursuant to receipt of SEBI's observations dated January 22, 2016, the Letter of Offer is being filed with the Designated Stock Exchange as per the provisions of the Companies Act.

Selling Restrictions

The distribution of this Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by the legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer may come are required to inform themselves about and observe such restrictions. We are making this Issue of Equity Shares on a rights basis to our Eligible Equity Shareholders and will dispatch the Letter of Offer/ Abridged Letter of Offer and CAFs to the Eligible Equity Shareholders who have provided an Indian address.

No action has been or will be taken to permit this Issue in any jurisdiction where action would be required for that purpose, except that the Draft Letter of Offer is filed with SEBI for observations. Accordingly, the rights or Equity Shares may not be offered or sold, directly or indirectly, and this Letter of Offer may not be distributed in any jurisdiction, except in accordance with legal requirements applicable in such jurisdiction.

Receipt of this Letter of Offer will not constitute an offer in those jurisdictions in which it would be illegal to make such an offer and, under those circumstances, this Letter of Offer must be treated as sent for information only and should not be copied or redistributed. Accordingly, persons receiving a copy of this Letter of Offer should not, in connection with the issue of the rights or Equity Shares or rights, distribute or send the same in or into the United States or any other jurisdiction where to do so would or might contravene local securities laws or regulations. If this Letter of Offer is received by any person in any such territory, or by their agent or nominee, they must not seek to subscribe to the Equity Shares or the rights referred to in this Letter of Offer.

Neither the delivery of this Letter of Offer nor any sale hereunder, shall under any circumstances create any implication that there has been no change in the Company's affairs from the date hereof or that the information contained herein is correct as at any time subsequent to this date.

IMPORTANT INFORMATION FOR INVESTORS – ELIGIBILITY AND TRANSFER RESTRICTIONS

As described more fully below, there are certain restrictions regarding the rights and Equity Shares that affect potential investors. These restrictions are restrictions on the ownership of Equity Shares by such persons following the offer.

The rights and the Equity Shares have not been and will not be registered under the Securities Act or any other applicable law of the United States and, unless so registered, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act) ("U.S. Persons") except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws.

The rights and the Equity Shares have not been and will not be registered, listed or otherwise qualified in any jurisdiction outside India and may not be offered or sold, and bids may not be made by persons in any such jurisdiction, except in compliance with the applicable laws of such jurisdiction.

Until the expiry of 40 days after the commencement of the Issue, an offer or sale of rights or Equity Shares within the United States by a dealer (whether or not it is participating in the Issue) may violate the registration requirements of the Securities Act.

Eligible Investors

The rights or Equity Shares are being offered and sold only to persons who are outside the United States and are not U.S. Persons, nor persons acquiring for the account or benefit of U.S. Persons, in offshore transactions in reliance on Regulation S under the Securities Act and the applicable laws of the jurisdiction where those offers and sales occur. All persons who acquire the rights or Equity Shares are deemed to have made the representations set forth immediately below.

Equity Shares and Rights Offered and Sold in this Issue

Each purchaser acquiring the rights or Equity Shares, by its acceptance of this Letter of Offer and of the rights or Equity Shares, will be deemed to have acknowledged, represented to and agreed with us and the Lead Managers that it has received a copy of this Letter of Offer and such other information as it deems necessary to make an informed investment decision and that:

- (1) the purchaser is authorized to consummate the purchase of the rights or Equity Shares in compliance with all applicable laws and regulations;
- (2) the purchaser acknowledges that the rights and Equity Shares have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state of the United States and, accordingly, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act;
- (3) the purchaser is purchasing the rights or Equity Shares in an offshore transaction meeting the requirements of Rule 903 of Regulation S under the Securities Act;
- (4) the purchaser and the person, if any, for whose account or benefit the purchaser is acquiring the rights or Equity Shares, is a non-U.S. Person and was located outside the United States at each time (i) the offer was made to it and (ii) when the buy order for such rights or Equity Shares was originated, and continues to be a non-U.S. Person and located outside the United States and has not purchased such rights or Equity Shares for the account or benefit of any U.S. Person or any person in the United States or entered into any arrangement for the transfer of such rights or Equity Shares or any economic interest therein to any U.S. Person or any person in the United States;
- (5) the purchaser is not an affiliate of the Company or a person acting on behalf of an affiliate;
- (6) if, in the future, the purchaser decides to offer, resell, pledge or otherwise transfer such rights or Equity Shares, or any economic interest therein, such rights or Equity Shares or any economic interest therein may be offered, sold, pledged or otherwise transferred only (A) outside the United States in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act and (B) in accordance with all applicable laws, including the securities laws of the states of the United States. The purchaser understands that the transfer restrictions will remain in effect until the Company determines, in its sole discretion, to remove them, and confirms that the proposed transfer of the rights or Equity Shares is not part of a plan or scheme to evade the registration requirements of the Securities Act;
- (7) the purchaser agrees that neither the purchaser, nor any of its affiliates, nor any person acting on behalf of the purchaser or any of its affiliates, will make any “directed selling efforts” as defined in Regulation S under the Securities Act in the United States with respect to the rights or the Equity Shares;

- (8) the purchaser understands that such rights or Equity Shares (to the extent they are in certificated form), unless the Company determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

THE EQUITY SHARES REPRESENTED HEREBY HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”) OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, AND IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES.

- (9) the purchaser agrees, upon a proposed transfer of the rights or the Equity Shares, to notify any purchaser of such rights or Equity Shares or the executing broker, as applicable, of any transfer restrictions that are applicable to the rights or Equity Shares being sold;
- (10) the Company will not recognize any offer, sale, pledge or other transfer of such rights or Equity Shares made other than in compliance with the above-stated restrictions; and
- (11) the purchaser acknowledges that the Company, the Lead Managers, their respective affiliates and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements and agrees that, if any of such acknowledgements, representations and agreements deemed to have been made by virtue of its purchase of such rights or Equity Shares are no longer accurate, it will promptly notify the Company, and if it is acquiring any of such rights or Equity Shares as a fiduciary or agent for one or more accounts, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of such account.

Each person in a Member State of the EEA which has implemented the Prospectus Directive (each, a “Relevant Member State) who receives any communication in respect of, or who acquires any rights or Equity Shares under, the offers contemplated in this Letter of Offer will be deemed to have represented, warranted and agreed to and with each Lead Managers and the Company that in the case of any rights or Equity Shares acquired by it as a financial intermediary, as that term is used in Article 3(2) of the Prospectus Directive:

- (i) the rights or Equity Shares acquired by it in the placement have not been acquired on behalf of, nor have they been acquired with a view to their offer or resale to, persons in any Relevant Member State other than qualified investors, as that term is defined in the Prospectus Directive, or in circumstances in which the prior consent of the Lead Managers has been given to the offer or resale; or
- (ii) where rights or Equity Shares have been acquired by it on behalf of persons in any Relevant Member State other than qualified investors, the offer of those rights or Equity Shares to it is not treated under the Prospectus Directive as having been made to such persons.

For the purposes of this provision, the expression an “offer of Equity Shares to the public” in relation to any of the rights or Equity Shares in any Relevant Member States means the communication in any form and by any means of sufficient information on the terms of the offer and the rights or Equity Shares to be offered so as to enable an investor to decide to purchase or subscribe for the rights or Equity Shares, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State.

Listing

The existing Equity Shares are listed on the BSE and the NSE. We have made applications to the BSE and the NSE and have obtained in-principle approval in respect of the Rights Issue Equity Shares. We will apply to the BSE and the NSE for listing and trading of the Rights Issue Equity Shares.

If the permission to deal in and for an official quotation of the securities is not granted by any of the Stock Exchanges mentioned above, we shall forthwith repay, without interest, all monies received from applicants in pursuance of the Letter of Offer.

We will issue and dispatch Allotment advice/ share certificates/demat credit and/or letters of regret along with refund order or credit the Allotted Equity Shares to the respective beneficiary accounts, if any, within a period of 15 days from the Issue Closing Date.

If such money is not repaid beyond eight days after our Company becomes liable to repay it, i.e., the date of refusal of an application for such a permission from a Stock Exchange, or on expiry of 15 days from the Issue Closing Date in case no permission is granted, whichever is earlier, then our Company and every Director who is an officer in default shall, on and from such expiry of eight days, be liable to repay the money, with interest as per applicable law.

Consents

Consents in writing of the Directors, the Auditors, the Lead Managers, the Legal Counsel, the Registrar to the Issue, the Refund Bank and the Banker to the Issue to act in their respective capacities have been obtained and such consents have not been withdrawn up to the date of this Letter of Offer.

M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, our Auditors, have given their written consent for the inclusion of their reports appearing in this Letter of Offer and such consent and report have not been withdrawn up to the date of this Letter of Offer.

Expert

Except as stated below, our Company has not obtained any expert opinions:

Our Company has received written consent from the Auditors namely, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants to include its name as an expert under Section 2(38) and Section 26(5) of the Companies Act in this Letter of Offer in relation to the report of the Auditors on Audited Financial Statements dated May 5, 2015, review report on the Statement of Unaudited Financial Results of the Issuer for the quarter and six months ended September 30, 2015 dated November 4, 2015 and review report on the Statement of Unaudited Financial Results of the Issuer for the quarter and nine months ended December 31, 2015 dated February 3, 2016. Our Company has also received written consent from M/s K.C.Mehta & Co., Chartered Accountants, to include its name as an expert under Section 58 of the Companies Act in the Draft Letter of Offer in relation to the report on statement of tax benefits dated September 15, 2015 and such consent has not been withdrawn as of the date of the Draft Letter of Offer. The term “experts” and consent thereof does not represent an expert or consent within the meaning under the 1933 Securities Act of the United States of America

Issue Related Expenses

The Issue related expenses include, *inter alia*, Lead Manager’s fee, printing and distribution expenses, advertisement and marketing expenses and Registrar, legal and depository fees and other expenses and are estimated at ₹ 253.41 lakhs (approximately 1.01 % of the total Issue size) and will be met out of the proceeds of the Issue.

Activity	(₹ in lakhs)		
	Expense (in ₹ lakhs)*	Expense (% of total expenses)*	Expense (% of Issue Size)*
Fees of Lead Managers, bankers to the Issue, legal advisor, registrar to the Issue and out of pocket expenses	127.09	50.15%	0.51%
Expenses relating to advertising, printing, distribution, marketing and stationery expenses	38.63	15.24%	0.15%
Regulatory fees, filing fees, listing fees, depository fees, auditor fees and miscellaneous expenses	87.69	34.60%	0.35%
Total estimated Issue expenses	253.41	100.00%	1.01%

* Assuming full subscription and Allotment of the Rights Issue Equity Shares in the Issue

Investor Grievances and Redressal System

We have adequate arrangements for the redressal of investor complaints in compliance with the corporate

governance requirements under the SEBI LODR Regulations. Additionally, we have been registered with the SEBI Complaints Redress System (“SCORES”) as required by the SEBI Circular no. CIR/ OIAE/ 2/ 2011 dated June 3, 2011. Consequently, investor grievances are tracked online by us.

The share transfer and dematerialization for us is being handled by Link Intime India Private Limited, Registrar and Share Transfer Agent, which is also the Registrar to the Issue. Letters are filed category wise after being attended to. All investor grievances received by us have been handled by the Registrar and Share Transfer agent in consultation with the compliance officer.

Our Stakeholders Relationship Committee comprises of Dr. Rajamannar Thennati, Mr. Sudhir V. Valia, Prof. Dr. Goverdhan Mehta and Dr. Andrea Vasella. Our Stakeholders Relationship Committee oversees the reports received from the Registrar and Share Transfer agent and facilitates the prompt and effective resolution of complaints from our shareholders and investors.

Investor Grievances arising out of the Issue

The investor grievances arising out of the Issue will be handled by Link Intime India Private Limited, the Registrar to the Issue. The Registrar will have a separate team of personnel handling post-Issue correspondences only.

All grievances relating to the Issue may be addressed to the Registrar to the Issue or the SCSB in case of ASBA Applicants giving full details such as folio no. / demat account no., name and address, contact telephone/ cell numbers, email id of the first applicant, number of Equity Shares applied for, CAF serial number, amount paid on application and the name of the bank/ SCSB and the branch where the CAF was deposited, along with a photocopy of the acknowledgement slip. In case of renunciation, the same details of the Renouncee should be furnished.

The average time taken by the Registrar for attending to routine grievances will be within 30 days from the date of receipt of complaints. In case of non-routine grievances where verification at other agencies is involved, it would be the endeavour of the Registrar to attend to them as expeditiously as possible. We undertake to resolve the Investor grievances in a time bound manner.

Registrar to the Issue

Link Intime India Private Limited

Pannalal Silk Mills Compound

L.B.S. Marg

Bhandup (West), Mumbai - 400 078

Maharashtra, India

Tel No.: +91 22 61715400

Fax No.: +91 22 2596 0329

Email: sparc.rights@linkintime.co.in

Investor Grievance E-mail: sparc.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Dinesh Yadav

SEBI Registration: INR000004058

Investors may contact the Compliance Officer in case of any pre-Issue/ post -Issue related problems such as non-receipt of Allotment advice/ share certificates/ demat credit/ refund orders etc. The contact details of the Compliance Officer are as follows:

Mr. Debashis Dey

Sun Pharma Advanced Research Company Limited

17-B, Mahal Industrial Estate

Mahakali Caves Road

Andheri (East)

Mumbai – 400 093

Maharashtra, India

Tel: + 91 22 6645 5645

Fax: + 91 22 6645 5685

Website: www.sunpharma.in
Email: debashis.dey@sparcmail.com

Status of Complaints

- (a) Total number of complaints received during Fiscal 2013: 1 Complaints
- (b) Total number of complaints received during Fiscal 2014: Nil Complaint
- (c) Total number of complaints received during Fiscal 2015: 6 Complaints
- (d) Time normally taken for disposal of various types of investor complaints: 7 – 10 days
 - (a) Share transfer process: Within 15 days after receiving full set of documents
 - (b) Share transmission process: Within 21 days after receiving full set of documents
 - (c) Other Complaints: Within 7 to 10 days from the receipt of the Complaint

Status of outstanding investor complaints

As on the date of the LOF, there were no outstanding investor complaints.

Changes in Auditors during the last three years

There has been no change in Auditors during last three years.

Minimum Subscription

If we do not receive the minimum subscription of 90% of the Issue, we shall refund the entire subscription amount received within 15 days from the Issue Closing Date. In the event that there is a delay of making refunds beyond such period as prescribed by applicable laws, our Company shall pay interest for the delayed period at rates prescribed under applicable laws. The above is subject to the terms mentioned under the section titled '*Terms of the Issue - Basis of Allotment*' on page 170.

SECTION VIII – OFFERING INFORMATION

TERMS OF THE ISSUE

The Rights Issue Equity Shares proposed to be issued are subject to the terms and conditions contained in the Draft Letter of Offer, the Letter of Offer, the Abridged Letter of Offer, including the CAF, the SAF, FIPB approval, the Memorandum of Association and Articles of Association, the provisions of the Companies Act, the terms and conditions as may be incorporated in the FEMA, the SEBI LODR Regulations, applicable guidelines and regulations issued by SEBI and RBI, or other statutory authorities and bodies from time to time, the Uniform Listing Agreements entered into by us, terms and conditions as stipulated in the allotment advice or security certificate and rules as may be applicable and introduced from time to time. All rights/ obligations of Equity Shareholders in relation to application and refunds pertaining to this Issue shall apply to the Renounee(s) as well.

Please note that, in terms of SEBI circular CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all QIBs, Non-Institutional Investors (applicants whose application amount exceeds ₹ 200,000) complying with the eligibility conditions of SEBI circular dated December 30, 2009 can participate in the Issue only through the ASBA process. All Retail Individual Investors complying with the conditions prescribed under the SEBI circular dated December 30, 2009 may optionally apply through the ASBA process. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process. ASBA Investors should note that the ASBA process involves application procedures that may be different from the procedure applicable to non ASBA process. ASBA Investors should carefully read the provisions applicable to such applications before making their application through the ASBA process. For details, please see “*Procedure for Application through the Applications Supported by Blocked Amount (“ASBA”) Process*” on page 161 of this Letter of Offer. Notwithstanding anything contained hereinabove, all Renounees (including Renounees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013, it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues/ rights issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, for ensuring compliance with the applicable regulations.

Please note that in terms of the SEBI (Foreign Portfolio Investors) Regulations, 2014 (“**SEBI FPI Regulations**”), foreign institutional investor or qualified foreign investor who holds a valid certificate of registration shall be deemed to be a foreign portfolio investor till the expiry of the block of three years for which fees have been paid as per the SEBI (Foreign Institutional Investors) Regulations, 1995.

All rights/obligations of the Eligible Equity Shareholders in relation to application and refunds pertaining to the Issue shall apply to the Renounee(s) as well.

Authority for the Issue

The Issue has been authorised by a resolution of our Board passed at its meetings held on May 12, 2015 pursuant to Section 62 of the Companies Act, 2013.

Basis for the Issue

The Rights Issue Equity Shares are being offered for subscription for cash to those existing equity shareholders whose names appear as beneficial owners as per the list to be furnished by the Depositories for the purpose of this Rights Issue in respect of the Equity Shares held in the electronic form and on the register of members in respect of the Equity Shares held in physical form at the close of business hours on the Record Date, fixed in

consultation with the Designated Stock Exchange.

Rights Entitlement

As your name appears as a beneficial owner in respect of the Equity Shares held in the electronic form or appears in the register of members as an Equity Shareholder as on the Record Date, i.e., March 17, 2016, you are entitled to the number of Equity Shares as set out in Part A of the CAFs.

The distribution of this Letter of Offer and the issue of the Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions. Persons into whose possession this Letter of Offer or CAF may come are required to inform themselves about and observe such restrictions. We are making the issue of the Equity Shares on a rights basis to the Equity Shareholders and the Letter of Offer, the Abridged Letter of Offer and the CAFs will be dispatched only to those Equity Shareholders who have a registered address in India or who have provided an Indian address. Any person who acquires Rights Entitlements or the Rights Issue Equity Shares will be deemed to have declared, warranted and agreed, by accepting the delivery of the Letter of Offer, the Abridged Letter of Offer and the CAFs, that it is not and that at the time of subscribing for the Equity Shares or the Rights Entitlements, it will not be, in the United States and in other restricted jurisdictions.

PRINCIPAL TERMS OF THE EQUITY SHARES ISSUED UNDER THIS ISSUE

Face Value

Each Equity Share will have the face value of ₹ 1.

Issue Price

Each Equity Share shall be offered at an Issue Price of ₹ 245 for cash at a premium of ₹ 244 per Equity Share. The Issue Price has been arrived at by us in consultation with Ernst & Young Merchant Banking Services Private Limited.

Rights Entitlement Ratio

The Rights Issue Equity Shares are being offered on a rights basis to the Equity Shareholders in the ratio of 5 Equity Shares for every 116 Equity Shares held on the Record Date.

Terms of Payment

The full amount of Issue Price ₹ 245 per Equity Share is payable on application.

Fractional Entitlements

The Equity Shares are being offered on a rights basis to the existing Equity Shareholders in the ratio of 5 Equity Shares for every 116 Equity Shares held as on the Record Date. For Equity Shares being offered on a rights basis under this Issue, if the shareholding of any of the Equity Shareholders is less than 116 Equity Shares or is not in a multiple of 116 Equity Shares, the fractional entitlement of such Equity Shareholders shall be ignored for computation of the Rights Entitlement. However, Equity Shareholders whose fractional entitlements are being ignored will be given preference in the allotment of one additional Equity Share each, if such Equity Shareholders have applied for additional Equity Shares over and above their Rights Entitlement.

Also, those Equity Shareholders holding less than 24 Equity Shares and therefore entitled to 'Zero' Equity Shares under this Issue shall be despatched a CAF with 'Zero' entitlement. Such Equity Shareholders are entitled to apply for additional Equity Shares and would be given preference in the allotment of one additional Rights Issue Equity Share if, such Equity Shareholders have applied for the additional Equity Shares. However, they cannot renounce the same to third parties. CAFs with zero entitlement shall be non-negotiable/ non – renounceable.

Ranking

The Equity Shares being issued shall be subject to the provisions of our Memorandum of Association and Articles of Association. The Equity Shares issued under this Issue shall rank *pari passu*, in all respects including dividend, with our existing Equity Shares, provided that voting rights and dividend payable shall be in proportion to the paid-up value of Equity Shares held. In terms of Article 9(1) of the Articles of Association, money paid in advance of calls shall not confer a right to dividend or participation in profits of our Company.

Mode of payment of dividend

In the event of declaration of dividend, we shall pay dividend to Equity Shareholders as per the provisions of the Companies Act and the provisions of our Articles of Association.

Listing and trading of Rights Issue Equity Shares proposed to be issued

Our existing Equity Shares are currently listed and traded on BSE (Scrip Code: 532872) and the NSE (Scrip Code: SPARC) under the ISIN – INE232I01014.

The listing and trading of the Equity Shares shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the schedule. Upon Allotment, the Equity Shares shall be traded on Stock Exchanges in the demat segment only.

We have made an application for "in-principle" approval for listing of the Equity Shares to the BSE and the NSE and have received such approval from the BSE and the NSE, dated October 14, 2015 and October 9, 2015, respectively. We will apply to the BSE and the NSE for final approval for the listing and trading of the Equity Shares. No assurance can be given regarding the active or sustained trading in the Equity Shares or that the price at which the Equity Shares offered under the Issue will trade after listing on the Stock Exchanges. All steps for the completion of the necessary formalities for listing and commencement of trading of the Equity Shares to be allotted pursuant to the Issue shall be taken as soon as possible from the finalisation of the basis of allotment but not later than 7 working days of finalization of basis of allotment. The Equity Shares proposed to be issued on a rights basis shall be listed and admitted for trading on the BSE and the NSE under the existing ISIN for Equity Shares.

The listing and trading of the Equity Shares issued pursuant to the Issue shall be based on the current regulatory framework applicable thereto. Accordingly, any change in the regulatory regime would affect the listing and trading schedule.

Rights of the Equity Shareholder

Subject to applicable laws, the Equity Shareholders shall have the following rights:

- Right to receive dividend, if declared;
- Right to attend general meetings and exercise voting powers, unless prohibited by law;
- Right to vote in person or by proxy;
- Right to receive offers for rights shares and be allotted bonus shares, if announced;
- Right to receive surplus on liquidation;
- Right to free transferability of Equity Shares; and
- Such other rights as may be available to a shareholder of a listed public company under the Companies Act and the Memorandum of Association and Articles of Association.

General Terms of the Issue

Market Lot

The Equity Shares of our Company are tradable only in dematerialized form. The market lot for the Equity Shares in dematerialised mode is one Equity Share. In case an Equity Shareholder holds Equity Shares in physical form, we would issue to the allottees one certificate for the Equity Shares allotted to each folio (“**Consolidated Certificate**”). In respect of Consolidated Certificates, we will upon receipt of a request from the respective Equity Shareholders, split such Consolidated Certificates into smaller denominations within one week’s time from the receipt of the request in respect thereof. We shall not charge a fee for splitting any of the Consolidated Certificates.

Joint Holders

Where two or more persons are registered as the holders of any Equity Shares, they shall be deemed to hold the same as joint tenants with the benefit of survivorship subject to the provisions contained in the Articles of Association.

Nomination

In terms of Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and Debentures) Rules, 2014, nomination facility is available in respect of the Equity Shares. An Investor can nominate any person by filling the relevant details in the CAF in the space provided for this purpose.

In case of Equity Shareholders who are individuals, a sole Equity Shareholder or the first named Equity Shareholder, along with other joint Equity Shareholders, if any, may nominate any person(s) who, in the event of the death of the sole holder or all the joint-holders, as the case may be, shall become entitled to the Equity Shares. A person, being a nominee, becoming entitled to the Equity Shares by reason of the death of the original Equity Shareholder(s), shall be entitled to the same advantages to which he would be entitled if he were the registered holder of the Equity Shares. Where the nominee is a minor, the Equity Shareholder(s) may also make a nomination to appoint, in the prescribed manner, any person to become entitled to the Equity Share(s), in the event of death of the said holder, during the minority of the nominee. A nomination shall stand rescinded upon the sale of the Equity Shares by the person nominating. A transferee will be entitled to make a fresh nomination in the manner prescribed. Fresh nominations can be made only in the prescribed form available on request at our Registered Office or such other person at such addresses as may be notified by us. The Investor can make the nomination by filling in the relevant portion of the CAF. In terms of Section 72 of the Companies Act, 2013 any person who becomes a nominee by virtue of the provisions of Section 72 of the Companies Act, 2013 shall upon the production of such evidence as may be required by the Board, elect either:

- to register himself or herself as the holder of the Equity Shares; or
- to make such transfer of the Equity Shares, as the deceased holder could have made.

Further, the Board may at any time give notice requiring any nominee to choose either to be registered himself or herself or to transfer the Equity Shares, and if the notice is not complied with within a period of ninety days, the Board may thereafter withhold payment of all dividends, bonuses or other moneys payable in respect of the Equity Shares, until the requirements of the notice have been complied with.

Only one nomination would be applicable for one folio. Hence, in case the Equity Shareholder(s) has already registered the nomination with us, no further nomination needs to be made for Equity Shares that may be allotted in this Issue under the same folio.

In case the allotment of Equity Shares is in dematerialised form, there is no need to make a separate nomination for the Equity Shares to be allotted in this Issue. Nominations registered with respective Depository Participant (“DP”) of the investor would prevail. Any investor desirous of changing the existing nomination is requested to inform their respective DP.

Offer to Non Resident Eligible Equity Shareholders/ Investors

Applications received from NRs for Equity Shares under the Issue shall be *inter alia*, subject to the conditions laid down in the FIPB Approval and the conditions imposed from time to time by the RBI under FEMA, including the regulations relating to QFIs, in the matter of receipt and refund of Application Money, Allotment, issue of letters of Allotment/ allotment advice/ share certificates, payment of interest and dividends. General permission has been granted to any person resident outside India to purchase shares offered on a rights basis by an Indian company in terms of FEMA and Regulation 6 of notification No. FEMA 20/2000-RB dated May 3, 2000. Our Board of Directors may, at its absolute discretion, agree to such terms and conditions as may be stipulated by RBI while approving the Issue. The Equity Shares purchased on a rights basis by Non-Residents shall be subject to the same conditions including restrictions in regard to the repatriability as are applicable to the original equity shares against which equity shares are issued on a right basis.

Notices

All notices to the Equity Shareholder(s) required to be given by us shall be published in one English national daily with wide circulation, one Hindi national daily with wide circulation and one regional language daily newspaper with wide circulation in the state where our registered office is located and/ or will be sent by ordinary post/ registered post/ speed post to the registered address of the Equity Shareholders in India or the Indian address provided by the Equity Shareholders, from time to time. However, the distribution of the Letter of Offer / Abridged Letter of Offer and the issue of Equity Shares on a rights basis to persons in certain jurisdictions outside India may be restricted by legal requirements prevailing in those jurisdictions.

Subscription by the Promoter and Promoter Group

Our Promoter and Promoter Group (holding Equity Shares) have confirmed, vide letters on even date (dated September 15, 2015) that, they intend to either through themselves or through other members of the Promoter and/or Promoter Group subscribe to their Rights Entitlement in full in the Issue, in compliance with regulation 10(4) of Takeover Regulations. Our Promoters and Promoter Group have also confirmed that they intend to (i) subscribe to additional Equity Shares, and (ii) subscribe for unsubscribed portion in the Issue, if any. Such subscription to additional Equity Shares and the unsubscribed portion, if any, shall be in accordance with regulation 10(4) of Takeover Regulations subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the Equity Listing Agreement.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Equity Shares of the Company shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (a) and (b) of the Takeover Regulations.

For details, please see section titled “*Terms of the Issue - Basis of Allotment*” on page 170 of this Letter of Offer.

Procedure for Application

The CAF for Rights Issue Equity Shares offered as a part of the Issue would be printed for all Eligible Equity Shareholders. In case the original CAFs are not received by the Eligible Equity Shareholders or is misplaced by the Eligible Equity Shareholders, the Eligible Equity Shareholders may request the Registrar to the Issue, for issue of a duplicate CAF, by furnishing the registered folio number, DP ID, Client ID and their full name and address. In case the signature of the Eligible Equity Shareholder(s) does not match with the specimen registered with us, the application is liable to be rejected.

Please note that neither the Company, nor the Lead Managers nor the Registrar shall be responsible for delay in the receipt of the CAF/ duplicate CAF attributable to postal delays or if the CAF/ duplicate CAF are misplaced in the transit.

Please note that QIB applicants, Non-Institutional Investors and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process.

Please also note that by virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Any Equity Shareholder being an OCB is required to obtain prior approval from RBI for applying to this Issue.

The CAF consists of four parts:

- Part A: Form for accepting the Equity Shares offered as a part of this Issue, in full or in part, and for applying for additional Equity Shares;
- Part B: Form for renunciation of Equity Shares;
- Part C: Form for application of Equity Shares by Renouncee(s);
- Part D: Form for request for split Application forms.

Option available to the Equity Shareholders

The CAFs will clearly indicate the number of Equity Shares that the Shareholder is entitled to.

An Eligible Equity Shareholder can:

- Apply for his Rights Entitlement of Equity Shares in full;
- Apply for his Rights Entitlement of Equity Shares in part;
- Apply for his Rights Entitlement of Equity Shares in part and renounce the other part of the Equity Shares;
Apply for his Rights Entitlement in full and apply for additional Equity Shares;
- Renounce his Rights Entitlement in full.

Acceptance of the Issue

You may accept the offer to participate and apply for the Rights Issue Equity Shares, either in full or in part without renouncing the balance by filling Part A of the CAFs and submit the same along with the application money payable to the collection branches of the Banker to the Issue as mentioned on the reverse of the CAFs before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors in this regard. Investors at centres not covered by the branches of the Banker to the Issue can send their CAFs together with the cheque drawn at par on a local bank at Mumbai /demand draft payable at Mumbai to the Registrar to the Issue by registered post / speed post so as to reach the Registrar to the Issue prior to the Issue Closing Date. Please note that neither the Company nor the Lead Managers nor the Registrar to the Issue shall be responsible for delay in the receipt of the CAF attributable to postal delays or if the CAF is misplaced in transit. Such applications sent to anyone other than the Registrar to the Issue are liable to be rejected. For further details on the mode of payment, please see the headings “*Mode of Payment for Resident Equity Shareholders/ Investors*” and “*Mode of Payment for Non-Resident Equity Shareholders/ Investors*” on page 180 of this Letter of Offer.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above your Rights Entitlement, provided that you are eligible to apply under applicable law and have applied for all the Rights Issue Equity Shares offered without renouncing them in whole or in part in favour of any other person(s). Applications for additional Rights

Issue Equity Shares shall be considered and allotment shall be made at the sole discretion of the Board, subject to sectoral caps and in consultation if necessary with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue - Basis of Allotment*” on page 170 of this Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange.

Renunciation

This Issue includes a right exercisable by you to renounce the Equity Shares offered to you either in full or in part in favour of any other person or persons. Your attention is drawn to the fact that we shall not Allot and/ or register the Equity Shares in favour of more than three persons (including joint holders), partnership firm(s) or their nominee(s), minors, HUF, any trust or society (unless the same is registered under the Societies Registration Act, 1860 or the Indian Trust Act, 1882 or any other applicable law relating to societies or trusts and is authorized under its constitution or bye-laws to hold Equity Shares, as the case may be). Additionally, existing Equity Shareholders may not renounce in favour of persons or entities in the United States, or to, or for the account or benefit of a “U.S. Person” (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.

RBI vide its letter no. FED.CO.FID.No. 10373/10.21.360/2015-16 dated March 11, 2016, in relation to the renunciation of the Rights Entitlement has advised our Company that the Issue does not require approval from RBI since FIPB vide its letter dated November 2, 2015 (“FIPB Approval”) conveyed its approval to issue and allot equity shares to FIIs, NRIs and OCBs, pursuant to the Issue, whether by way of renunciation or otherwise, upto an aggregate amount of ₹ 25,000 lakhs. RBI further advised to ensure that Issue complies with the FIPB Approval as well as the relevant provisions of Companies Act, 2013 and SEBI regulations applicable to listed companies.

Renunciations by OCBs

By virtue of the Circular No. 14 dated September 16, 2003 issued by the RBI, Overseas Corporate Bodies (“OCBs”) have been derecognized as an eligible class of investors and the RBI has subsequently issued the Foreign Exchange Management (Withdrawal of General Permission to Overseas Corporate Bodies (OCBs)) Regulations, 2003. Accordingly, the existing Equity Shareholders who do not wish to subscribe to the Equity Shares being offered but wish to renounce the same in favour of Renounee shall not renounce the same (whether for consideration or otherwise) in favour of OCB(s).

The RBI has however clarified in its circular, A.P. (DIR Series) Circular No. 44, dated December 8, 2003 that OCBs which are incorporated and are not under the adverse notice of the RBI are permitted to undertake fresh investments as incorporated non-resident entities in terms of Regulation 5(1) of RBI Notification No.20/ 2000-RB dated May 3, 2000 under FDI Scheme with the prior approval of Government if the investment is through Government Route and with the prior approval of RBI if the investment is through Automatic Route on case by case basis. Shareholders renouncing their rights in favour of OCBs may do so provided such Renounee obtains a prior approval from the RBI. On submission of such approval to us at our Registered Office, the OCB shall receive the Abridged Letter of Offer and the CAF.

Part ‘A’ of the CAF must not be used by any person(s) other than those in whose favour this offer has been made. If used, this will render the application invalid. Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part ‘B’ of the CAF) duly filled in shall be conclusive evidence for us of the fact of renouncement to the person(s) applying for Equity Shares in Part ‘C’ of the CAF for the purposes of Allotment of such Equity Shares. The Renounees applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares. Part ‘A’ of the

CAF must not be used by the Renouncee(s) as this will render the application invalid. Renouncee(s) will have no further right to renounce any Equity Shares in favour of any other person.

Procedure for renunciation

To renounce all the Equity Shares offered to an Equity Shareholder in favour of one Renouncee

If you wish to renounce the offer indicated in Part 'A', in whole, please complete Part 'B' of the CAF. In case of joint holding, all joint holders must sign Part 'B' of the CAF. The person in whose favour renunciation has been made should complete and sign Part 'C' of the CAF. In case of joint Renouncees, all joint Renouncees must sign Part 'C' of the CAF.

To renounce in part/ or renounce the whole to more than one person(s)

If you wish to either accept this offer in part and renounce the balance or renounce the entire offer under this Issue in favour of two or more Renouncees, the CAF must be first split into requisite number of SAFs. Please indicate your requirement of SAFs in the space provided for this purpose in Part 'D' of the CAF and return the entire CAF to the Registrar to the Issue so as to reach them latest by the close of business hours on the last date of receiving requests for SAFs. On receipt of the required number of SAFs from the Registrar, the procedure as mentioned in paragraph above shall have to be followed.

In case the signature of the Equity Shareholder(s), who has renounced the Equity Shares, does not match with the specimen registered with us/ Depositories, the application is liable to be rejected.

Renouncee(s)

The person(s) in whose favour the Equity Shares are renounced should fill in and sign Part 'C' of the CAF and submit the entire CAF to the Banker to the Issue or to any of the collection branches of the Bankers to the Issue as mentioned in the reverse of the CAF on or before the Issue Closing Date along with the application money in full. The Renouncee cannot further renounce.

Change and/ or introduction of additional holders

If you wish to apply for the Rights Issue Equity Shares jointly with any other person(s), not more than three (including you), who is/ are not already a joint holder with you, it shall amount to renunciation and the procedure as stated above for renunciation shall have to be followed. Even a change in the sequence of the name of joint holders shall amount to renunciation and the procedure, as stated above shall have to be followed.

However, this right of renunciation is subject to the express condition that the Board of Directors shall be entitled in its absolute discretion to reject the request for Allotment from the Renouncee(s) without assigning any reason thereof.

Instructions for Options

The summary of options available to the Eligible Equity Shareholder is presented below. You may exercise any of the following options with regard to the Rights Issue Equity Shares offered, using the CAF:

Sr. No	Option Available	Action Required
(i)	Accept whole or part of your Rights Entitlement without renouncing the balance.	Fill in and sign Part A (All joint holders must sign in the same sequence)

Sr. No	Option Available	Action Required
(ii)	Accept your Rights Entitlement in full and apply for additional Rights Issue Equity Shares	Fill in and sign Part A including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign in the same sequence)
(iii)	Accept a part of your Rights Entitlement and renounce the balance to one or more Renouncee(s)	Fill in and sign Part D (all joint holders must sign in the same sequence) requesting for SAFs. Send the CAF to the Registrar to the Issue so as to reach them on or before the last date for receiving requests for SAFs. Splitting will be permitted only once.
	OR	On receipt of the SAF take action as indicated below.
	Renounce your Rights Entitlement of all the Rights Issue Equity Shares offered to you to more than one Renouncee	For the Equity Shares you wish to accept, if any, fill in and sign Part A. For the Rights Issue Equity Shares you wish to renounce, fill in and sign Part B indicating the number of Equity Shares renounced and hand it over to the Renouncee. Each of the Renouncee should fill in and sign Part C for the Equity Shares accepted by them.
(iv)	Renounce your Rights Entitlement in full to one person (Joint Renouncees are considered as one)	Fill in and sign Part B (all joint holders must sign in the same sequence) indicating the number of Equity Shares renounced and hand it over to the Renouncee. The Renouncee must fill in and sign Part C (All joint Renouncees must sign)
(v)	Introduce a joint holder or change the sequence of joint holders	This will be treated as a renunciation. Fill in and sign Part B and the Renouncee must fill in and sign Part C.

In case of Equity Shares held in physical form, applicants must provide information in the CAF as to their respective bank account numbers, name of the bank, to enable the Registrar to print the said details on the refund order. Failure to comply with this may lead to rejection of application. In case of Equity Shares held in demat form, bank account details furnished by the Depositories will be printed on the refund order.

Please note that:

- Options iii-iv will not be available for Equity Shareholders applying through ASBA process.
- Part 'A' of the CAF must not be used by any person(s) other than the Eligible Equity Shareholder to whom the Letter of Offer has been addressed. If used, this will render the application invalid.
- Request for Split Application Forms/ SAF should be made for a minimum of one Equity Share or, in either case, in multiples thereof, and one SAF for the balance Equity Shares, if any.
- Request by the Equity Shareholder for the SAFs should reach the Registrar on or before April 4, 2016.

- Only the Equity Shareholder to whom the Letter of Offer has been addressed shall be entitled to renounce and to apply for SAFs. Forms once split cannot be split further.
- SAFs will be sent to the Equity Shareholder(s) by post at the applicant's sole risk.
- Equity Shareholders may not renounce in favour of persons or entities in the restricted jurisdictions including the United States or to or for the account or benefit of a "U.S. Person" (as defined in Regulation S), or who would otherwise be prohibited from being offered or subscribing for Equity Shares or Rights Entitlement under applicable securities laws.
- Submission of the CAF to the Banker to the Issue at its collecting branches specified on the reverse of the CAF with the form of renunciation (Part 'B' of the CAF) duly filled in shall be conclusive evidence for us of the person(s) applying for Equity Shares in Part 'C' of the CAF to receive Allotment of such Equity Shares.
- While applying for or renouncing their Rights Entitlement, joint Equity Shareholders must sign the CAF in the same order as per specimen signatures recorded with us or the Depositories.
- Non-resident Equity Shareholders: Application(s) received from Non-Resident/ NRIs, or persons of Indian origin residing abroad for allotment of Equity Shares allotted as a part of this Issue shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA in the matter of refund of application money, allotment of Equity Shares, subsequent issue and allotment of Equity Shares, interest, export of share certificates, etc. In case a Non-Resident or NRI Eligible Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.
- Applicants must write their CAF number at the back of the cheque / demand draft.
- The RBI has mandated that CTS 2010 standard non-compliant cheques can be presented in clearing only in reduced frequency, specifically once a week, on Mondays of every week from November 2014 onwards. This would have an impact on timelines for the issuance of final certificates, hence the CAFs accompanied with non-CTS cheques could get rejected.

Availability of duplicate CAF

In case the original CAF is not received, or is misplaced by the Equity Shareholder, the Registrar to the Issue will issue a duplicate CAF on the request of the Eligible Equity Shareholder who should furnish the registered folio number/ DP and Client ID number and his/ her full name and address to the Registrar to the Issue. Please note that the request for duplicate CAF should reach the Registrar to the Issue at least 7 days prior to the Issue Closing Date. Please note that those who are making the application in the duplicate form should not utilize the original CAF for any purpose including renunciation, even if it is received/ found subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of either original CAF or both the applications.

Neither the Registrar nor the Lead Managers or our Company, shall be responsible for postal delays or loss of duplicate CAFs in transit, if any.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF may make an application to subscribe to the Issue on plain paper, along with account payee cheque at par on a local bank at Mumbai / demand draft (after deducting banking and postal charges) payable at Mumbai which should be drawn in favour of “*SPARC Limited – RI - R*” in case of resident shareholders and non-resident shareholders applying on non-repatriable basis and in favour of “*SPARC Limited – RI – NR*” in case of non-resident shareholders applying on repatriable basis and send the same by registered post directly to the Registrar to the Issue so as to reach Registrar to the Issue on or before the Issue Closing Date. The envelope should be superscribed “*SPARC Limited – RI - R*” in case of resident shareholders and Non-resident shareholders applying on non-repatriable basis, and “*SPARC Limited – RI – NR*” in case of non-resident shareholders applying on repatriable basis.

The application on plain paper, duly signed by the applicant(s) including joint holders, in the same order as per specimen recorded with us or the Depositories, must reach the office of the Registrar to the Issue before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Sun Pharma Advanced Research Company Limited ;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;
- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount paid at the rate of ₹ 245 per Equity Share;
- Particulars of cheque/ demand draft;
- Savings/ Current Account Number and name and address of the bank where the Equity Shareholder will be depositing the refund order. In case of Equity Shares allotted in demat form, the bank account details will be obtained from the information available with the Depositories;
- Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN of the Eligible Equity Shareholder and for each Eligible Equity Shareholder in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue; Documentary evidence for exemption to be provided by the applicants;
- Share certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Allotment option preferred - physical or demat form, if held in physical form;
- If the payment is made by a draft purchased from NRE/ FCNR/ NRO account, as the case may be, an account debit certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account;
- Signature of the Equity Shareholders to appear in the same sequence and order as they appear in our records / Depositories; and
- For ASBA Investors, application on plain paper should have details of their ASBA Account.
- Additionally, all such applicants are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933 (the “**US Securities Act**”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “**United States**”) or to, or for the account or benefit of a “U.S. Person” as defined in Regulation S of the US Securities Act (“**Regulation S**”). I/ we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that neither us, nor the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who we, the Registrar, the Lead Managers or any other person acting on behalf of us have reason to believe is, a resident of the United States or a “U.S. Person” (as defined in Regulation S) or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any

jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Equity Shares is/ are, outside the United States, (ii) am/ are not a “U.S. Person” as defined in Regulation S, and (iii) is/ are acquiring the Rights Entitlement and/ or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that we, the Lead Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Eligible Equity Shareholder violates such requirements, he/ she shall face the risk of rejection of both the applications. We shall refund such application amount to the Eligible Equity Shareholder without any interest thereon and no liability shall arise on part of our Company, Lead Managers and its Directors.

Investors are requested to strictly adhere to these instructions. Failure to do so could result in an application being rejected, with our Company, the Lead Managers and the Registrar not having any liability to the Investor.

Last date for Application

The last date for submission of the duly filled in CAF is April 11, 2016. The Board of Directors may extend the said date for such period as it may determine from time to time, subject to the Issue Period not exceeding 30 days.

If the CAF together with the amount payable is not received by the Banker to the Issue/ Registrar to the Issue on or before the close of banking hours on the aforesaid last date or such date as may be extended by the Board or any authorised committee thereof, the invitation to offer contained in the Letter of Offer shall be deemed to have been declined and the Board or any authorised committee thereof shall be at liberty to dispose of the Equity Shares hereby offered, as provided under section titled “*Terms of the Issue – Basis of Allotment*” on page 170 of this Letter of Offer.

PROCEDURE FOR APPLICATION THROUGH THE APPLICATIONS SUPPORTED BY BLOCKED AMOUNT (“ASBA”) PROCESS

This section is for the information of the ASBA Investors proposing to subscribe to the Issue through the ASBA Process. The Lead Managers and we are not liable for any amendments or modifications or changes in applicable laws or regulations, which may occur after the date of the Letter of Offer. Investors who are eligible to apply under the ASBA Process are advised to make their independent investigations and to ensure that the CAF is correctly filled up.

The Lead Managers, we, our directors, affiliates, associates and their respective directors and officers and the Registrar to the Issue shall not take any responsibility for acts, mistakes, errors, omissions and commissions etc. in relation to applications accepted by SCSBs, applications uploaded by SCSBs, applications accepted but not uploaded by SCSBs or applications accepted and uploaded without blocking funds in the ASBA Accounts. It shall be presumed that for applications uploaded by SCSBs, the amount payable on application has been blocked in the relevant ASBA Account.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all applicants who are (i) QIBs, (ii) Non-Institutional Investors or

(iii) other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to them complying with the requirements of SEBI Circular dated December 30, 2009. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renounees (including Renounees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

The list of banks which have been notified by SEBI to act as SCSBs for the ASBA Process is provided on <http://www.sebi.gov.in> and/or such other website(s) as may be prescribed by the SEBI / Stock Exchange(s) from time to time. For details on Designated Branches of SCSBs collecting the CAF, please refer the above mentioned SEBI link.

Equity Shareholders who are eligible to apply under the ASBA Process

The option of applying for Rights Issue Equity Shares through the ASBA Process is available only to the Equity Shareholders on the Record Date.

To qualify as ASBA Applicants, Eligible Equity Shareholders:

- are required to hold Equity Shares in dematerialized form as on the Record Date and apply for (i) their Rights Entitlement or (ii) their Rights Entitlement and Equity Shares in addition to their Rights Entitlement in dematerialized form;
- should not have renounced their Right Entitlement in full or in part;
- should not have split the CAF and further renounced it;
- should not be Renounees;
- should apply through blocking of funds in bank accounts maintained with SCSBs; and
- are eligible under applicable securities laws to subscribe for the Rights Entitlement and the Rights Issue Equity Shares in the Issue.

CAF

The Registrar will dispatch the CAF to all Eligible Equity Shareholders as per their Rights Entitlement on the Record Date for the Issue. Those Eligible Equity Shareholders who must apply or who wish to apply through the ASBA will have to select for this ASBA mechanism in Part A of the CAF and provide necessary details.

Eligible Equity Shareholders desiring to use the ASBA Process are required to submit their applications by selecting the ASBA option in Part A of the CAF. Application in electronic mode will only be available with such SCSBs who provide such facility. The Eligible Equity Shareholder shall submit the CAF to the Designated Branch of the SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the ASBA Account.

More than one ASBA Investor may apply using the same ASBA Account, provided that SCSBs will not accept a total of more than five CAFs with respect to any single ASBA Account as provided for under the SEBI Circular dated December 30, 2009.

Acceptance of the Issue

You may accept the Issue and apply for the Rights Issue Equity Shares either in full or in part, by filling Part A of the respective CAFs sent by the Registrar, selecting the ASBA option in Part A of the CAF and submit the same to the Designated Branch of the SCSB before the close of the banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board of Directors or any committee thereof in this regard.

Mode of payment

The Eligible Equity Shareholder applying under the ASBA Process agrees to block the entire amount payable on application with the submission of the CAF, by authorizing the SCSB to block an amount, equivalent to the amount payable on application, in an ASBA Account.

After verifying that sufficient funds are available in the ASBA Account details of which are provided in the CAF, the SCSB shall block an amount equivalent to the amount payable on application mentioned in the CAF until it receives instructions from the Registrar. Upon receipt of instructions from the Registrar, the SCSBs shall transfer amount to the extent of Equity Shares allotted in the Rights Issue as per the Registrar's instruction from the ASBA Account. This amount will be transferred in terms of the SEBI ICDR Regulations, into the separate bank account maintained by our Company for the purpose of the Issue.. The balance amount blocked shall be unblocked by the SCSBs on the basis of the instructions issued in this regard by the Registrar to the Issue to the respective SCSB.

The Equity Shareholders applying under the ASBA Process would be required to give instructions to the respective SCSBs to block the entire amount payable on their application at the time of the submission of the CAF.

The SCSB may reject the application at the time of acceptance of CAF if the ASBA Account, details of which have been provided by the Equity Shareholder in the CAF does not have sufficient funds equivalent to the amount payable on application mentioned in the CAF. Subsequent to the acceptance of the application by the SCSB, we would have a right to reject the application only on technical grounds.

Please note that in accordance with the provisions of the SEBI circular number CIR/CFD/DIL/1/2011 dated April 29, 2011 all QIBs and Non-Institutional Investors complying with the eligibility conditions prescribed under the SEBI circular dated December 30, 2009 must mandatorily invest through the ASBA process.

Options available to the Eligible Equity Shareholders applying under the ASBA Process

The summary of options available to the Equity Shareholders is presented below. You may exercise any of the following options with regard to the Equity Shares, using the respective CAFs received from Registrar:

Option Available	Action Required
1. Accept whole or part of your Rights Entitlement without renouncing the balance	Fill in and sign Part A of the CAF (All joint holders must sign)
2. Accept your Rights Entitlement in full and apply for additional Equity Shares	Fill in and sign Part A of the CAF including Block III relating to the acceptance of entitlement and Block IV relating to additional Equity Shares (All joint holders must sign)

The Eligible Equity Shareholders applying under the ASBA Process will need to select the ASBA process option in the CAF and provide required necessary details. However, in cases where this option is not selected, but the CAF is tendered to the designated branch of the SCSBs with the relevant details required under the ASBA process option and the SCSBs block the requisite amount, then that CAF would be treated as if the Equity Shareholder has selected to apply through the ASBA process option.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants

and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renounees (including Renounees who are Individuals) shall apply in the Issue only through the non-ASBA process.

Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.

Additional Equity Shares

You are eligible to apply for additional Equity Shares over and above the number of Equity Shares that you are entitled to, provided that you are eligible to apply for the Equity Shares under applicable law and you have applied for all the Equity Shares (as the case may be) offered without renouncing them in whole or in part in favour of any other person(s). Where the number of additional Equity Shares applied for exceeds the number available for Allotment, the Allotment would be made as per the Basis of Allotment in consultation with the Designated Stock Exchange. Applications for additional Equity Shares shall be considered and Allotment shall be made at the sole discretion of the Board, in consultation with the Designated Stock Exchange and in the manner prescribed under “*Terms of the Issue - Basis of Allotment*” on page 170 of this Letter of Offer.

If you desire to apply for additional Equity Shares, please indicate your requirement in the place provided for additional Equity Shares in Part A of the CAF. The Renounee applying for all the Equity Shares renounced in their favour may also apply for additional Equity Shares.

Renunciation under the ASBA Process

ASBA Investors can neither be Renounees, nor can renounce their Rights Entitlement.

Application on Plain Paper

An Equity Shareholder who has neither received the original CAF nor is in a position to obtain the duplicate CAF and who is applying under the ASBA Process may make an application to subscribe to the Issue on plain paper. The Equity Shareholder shall submit the plain paper application to the the Designated Branch of SCSB for authorising such SCSB to block an amount equivalent to the amount payable on the application in the said bank account maintained with the same SCSB. Applications on plain paper from any address outside India will not be accepted.

The envelope should be superscribed “*SPARC Limited – RI - R*” or “*SPARC Limited – RI - NR*”, as the case may be. The application on plain paper, duly signed by the Investors including joint holders, in the same order as per the specimen recorded with us or the Depositories, must reach the office of the Registrar before the Issue Closing Date and should contain the following particulars:

- Name of Issuer, being Sun Pharma Advanced Research Company Limited;
- Name and address of the Equity Shareholder including joint holders;
- Registered Folio Number/ DP and Client ID no.;
- Certificate numbers and distinctive numbers of Equity Shares, if held in physical form;
- Number of Equity Shares held as on Record Date;
- Number of Equity Shares entitled to;
- Number of Equity Shares applied for;

- Number of additional Equity Shares applied for, if any;
- Total number of Equity Shares applied for;
- Total amount to be paid at the rate of ₹ 245 per Equity Share;
- Details of the ASBA Account such as the account number, name, address and branch of the relevant SCSB;
- In case of non-resident investors, details of the NRE/ FCNR/ NRO account such as the account number, name, address and branch of the SCSB with which the account is maintained;
- Except for applications on behalf of the Central or State Government, residents of Sikkim and the officials appointed by the courts (subject to submitting sufficient documentary evidence in support of their claim for exemption, provided that such transactions are undertaken on behalf of the Central and State Government and not in their personal capacity), PAN of the Investor and for each Investor in case of joint names, irrespective of the total value of the Equity Shares applied for pursuant to the Issue;
- Signature of the Shareholders to appear in the same sequence and order as they appear in our records or depositories records; and
- Additionally, all such applicants are deemed to have accepted the following:

“I/ We understand that neither the Rights Entitlement nor the Equity Shares have been, and will be, registered under the United States Securities Act of 1933 (the “**US Securities Act**”) or any United States state securities laws, and may not be offered, sold, resold or otherwise transferred within the United States or to the territories or possessions thereof (the “United States” or to or for the account or benefit of a “U.S. Person” as defined in Regulation S of the US Securities Act (“**Regulation S**”). I/ we understand the Equity Shares referred to in this application are being offered in India but not in the United States. I/ we understand the offering to which this application relates is not, and under no circumstances is to be construed as, an offering of any Equity Shares or Rights Entitlement for sale in the United States, or as a solicitation therein of an offer to buy any of the said Equity Shares or Rights Entitlement in the United States. Accordingly, I/ we understand this application should not be forwarded to or transmitted in or to the United States at any time. I/ we understand that none of us, the Registrar, the Lead Managers or any other person acting on behalf of us will accept subscriptions from any person, or the agent of any person, who appears to be, or who, we, the Registrar, the Lead Managers or any other person acting on behalf of us have reason to believe is, a resident of the United States or a “U.S. Person” as defined in Regulation S, or is ineligible to participate in the Issue under the securities laws of their jurisdiction.

I/ We will not offer, sell or otherwise transfer any of the Equity Shares which may be acquired by us in any jurisdiction or under any circumstances in which such offer or sale is not authorized or to any person to whom it is unlawful to make such offer, sale or invitation except under circumstances that will result in compliance with any applicable laws or regulations. We satisfy, and each account for which we are acting satisfies, all suitability standards for investors in investments of the type subscribed for herein imposed by the jurisdiction of our residence.

I/ We understand and agree that the Rights Entitlement and Equity Shares may not be reoffered, resold, pledged or otherwise transferred except in an offshore transaction in compliance with Regulation S, or otherwise pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the US Securities Act.

I/ We (i) am/ are, and the person, if any, for whose account I/ we am/ are acquiring such Rights Entitlement and/ or the Equity Shares is/ are, outside the United States, (ii) am/ are not a “U.S. Person” as defined in (“Regulation S”), and (iii) is/ are acquiring the Rights Entitlement and/ or the Equity Shares in an offshore transaction meeting the requirements of Regulation S.

I/ We acknowledge that we, the Lead Managers, their affiliates and others will rely upon the truth and accuracy of the foregoing representations and agreements.”

Please note that those who are making the application otherwise than on original CAF shall not be entitled to renounce their rights and should not utilize the original CAF for any purpose including renunciation even if it is received subsequently. If the Investor violates such requirements, he/she shall face the risk of rejection of both the applications. We shall refund such application amount to the Investor without any interest thereon

Option to receive Equity Shares in Dematerialized Form

EQUITY SHAREHOLDERS UNDER THE ASBA PROCESS MAY PLEASE NOTE THAT THE EQUITY SHARES UNDER THE ASBA PROCESS CAN BE ALLOTTED ONLY IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY SUCH ASBA APPLICANT ON THE RECORD DATE.

General instructions for Equity Shareholders applying under the ASBA Process

- Please read the instructions printed on the CAF carefully.
- Application should be made on the printed CAF only and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of the Letter of Offer and the Abridged Letter of Offer are liable to be rejected. The CAF must be filled in English.
- ASBA Applicants are required to select this mechanism in Part A of the CAF and provide necessary details, including details of the ASBA Account, authorizing the SCSB to block an amount equal to the Application Money in the ASBA Account mentioned in the CAF, and including the signature of the ASBA Account holder if the ASBA Account holder is different from the Applicant.
- The CAF in the ASBA Process should be submitted at a Designated Branch of the SCSB and whose ASBA Account/ bank account details are provided in the CAF and not to the Banker to the Issue/ Collecting Banks (assuming that such Collecting Bank is not a SCSB), to us or Registrar or Lead Managers to the Issue.
- All applicants, and in the case of application in joint names, each of the joint applicants, should mention his/ her PAN allotted under the IT Act, irrespective of the amount of the application. Except for applications on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, CAFs without PAN will be considered incomplete and are liable to be rejected. With effect from August 16, 2010, the demat accounts for Investors for which PAN details have not been verified shall be “suspended for credit” and no allotment and credit of Equity Shares shall be made into the accounts of such Investors.
- All payments will be made by blocking the amount in the ASBA Account. Cash payment or payment by cheque/ demand draft/ pay order is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with us and/ or Depositories.
- In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with the depository/ us. In case of joint applicants, reference, if any, will be made in the first applicant’s name and all communication will be addressed to the first applicant.
- All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole applicant Equity Shareholder, folio numbers and CAF number.
- Only the person or persons to whom the Equity Shares have been offered and not renounee(s) shall be eligible to participate under the ASBA process.
- Only persons outside restricted jurisdictions and who are eligible to subscribe for Rights Entitlement and Equity Shares under applicable securities laws are eligible to participate.
- Only the Equity Shareholders holding shares in demat are eligible to participate through ASBA process.

- Equity shareholders who have renounced their entitlement in part/ full are not entitled to apply using ASBA process.
- Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/CFD/DIL/1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investor and other applicants whose application amount exceeds ₹ 200,000 can participate in the Issue only through the ASBA process, subject to their fulfilling the eligibility conditions to be an ASBA Investors. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor. The Investors who are (i) not QIBs, (ii) not Non-Institutional Investors, or (iii) investors whose application amount is less than ₹ 200,000 can participate in the Issue either through the ASBA process or the non ASBA process. Notwithstanding anything contained hereinabove, all Renounees (including Renounees who are Individuals) shall apply in the Issue only through the non-ASBA process.
- Further, in terms of the SEBI circular CIR/CFD/DIL/1/2013 dated January 2, 2013 it is clarified that for making applications by banks on own account using ASBA facility, SCSBs should have a separate account in own name with any other SEBI registered SCSB(s). Such account shall be used solely for the purpose of making application in public issues and clear demarcated funds should be available in such account for ASBA applications. SCSBs applying in the Issue using the ASBA facility shall be responsible for ensuring that they have a separate account in its own name with any other SCSB having clear demarcated funds for applying in the Issue and that such separate account shall be used as the ASBA Account for the application, in accordance with the applicable regulations.
- In case of non – receipt of CAF, application can be made on plain paper mentioning all necessary details as mentioned under the heading “*Application on Plain Paper*” on page 160 of this Letter of Offer.

Do’s:

- Ensure compliance with eligibility conditions prescribed under the SEBI circular dated December 30, 2009.
- Ensure that the ASBA Process option is selected in part A of the CAF and necessary details are filled in.
- Ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as Equity Shares will be allotted in the dematerialized form only.
- Ensure that the CAFs are submitted with the Designated Branch of the SCSBs and details of the correct bank account have been provided in the CAF.
- Ensure that there are sufficient funds (equal to {number of Equity Shares as the case may be applied for} X {Issue Price of Equity Shares, as the case may be}) available in the ASBA Account mentioned in the CAF before submitting the CAF to the respective Designated Branch of the SCSB.
- Ensure that you have authorised the SCSB for blocking funds equivalent to the total amount payable on application mentioned in the CAF, in the ASBA Account, of which details are provided in the CAF and have signed the same.
- Ensure that you receive an acknowledgement from the Designated Branch of the SCSB for your submission of the CAF in physical form.
- Except for CAFs submitted on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, each applicant should mention their PAN allotted under the IT Act.
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF.

- Ensure that the Demographic Details are updated, true and correct, in all respects.
- Ensure that the account holder in whose bank account the funds are to be blocked has signed authorising such funds to be blocked.
- Apply under ASBA process only if you comply with the definition of an ASBA Investor.

Don'ts:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction.
- Do not apply on duplicate CAF after you have submitted a CAF to a Designated Branch of the SCSB.
- Do not pay the amount payable on application in cash, by money order, by pay order or by postal order.
- Do not send your physical CAFs to the Lead Managers to Issue/ Registrar/ Collecting Banks (assuming that such Collecting Bank is not a SCSB)/ to a branch of the SCSB which is not a Designated Branch of the SCSB/ Company; instead submit the same to a Designated Branch of the SCSB only.
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground.
- Do not apply if the ASBA account has already been used for five Eligible Equity Shareholders.
- Do not apply through the ASBA Process if you are not an ASBA Investor.
- Do not instruct the SCSBs to release the funds blocked under the ASBA Process.

Grounds for Technical Rejections under the ASBA Process

In addition to the grounds listed under “*Grounds for Technical Rejections for non-ASBA Investors*” on page 176 of this Letter of Offer, applications under the ASBA Process are liable to be rejected on the following grounds:

- Application on a SAF by a person who has renounced or by a renounee.
- Application for allotment of Rights Entitlements or additional Equity Shares which are in physical form.
- DP ID and Client ID mentioned in CAF not matching with the DP ID and Client ID records available with the Registrar.
- Submission of an ASBA application on plain paper to a person other than a SCSB.
- Sending CAF to a Lead Managers/ Registrar/ Collecting Bank (assuming that such Collecting Bank is not a SCSB)/ to a branch of a SCSB which is not a Designated Branch of the SCSB/ Company.
- Insufficient funds are available with the SCSB for blocking the amount.
- Funds in the bank account with the SCSB whose details have been mentioned in the CAF / Plain Paper Application having been frozen pursuant to regulatory order.
- ASBA Account holder not signing the CAF or declaration mentioned therein.
- CAFs that do not include the certification set out in the CAF to the effect that the subscriber is not a “U.S. Person” (as defined under Regulation S) and does not have a registered address (and is not otherwise located) in the United States or restricted jurisdictions and is authorized to acquire the rights and the securities in compliance with all applicable laws and regulations.
- CAFs which have evidence of being executed in/ dispatched from a restricted jurisdiction or executed by or

for the account or benefit of a U.S. Person (as defined in Regulation S).

- Renounees applying under the ASBA Process.
- Submission of more than five CAFs per ASBA Account.
- QIBs, Non-Institutional Investors and other Equity Shareholders who are eligible ASBA Investors (as per conditions of the SEBI circular dated December 30, 2009) applying for Equity Shares in this Issue for value of more than ₹ 2,00,000 holding Equity Shares in dematerialised form and not renouncing or accepting Equity Shares from an Eligible Equity Shareholder, not applying through the ASBA process.
- QIB applicants and Non-Institutional Investors making an application of below ₹ 2,00,000 and not applying through the ASBA process subject to their fulfilling the eligibility conditions to be an ASBA Investor.
- The application by an Equity Shareholder whose cumulative value of Equity Shares applied for is more than ₹ 200,000 but has applied separately through split CAFs of less than ₹ 200,000 and has not done so through the ASBA process.
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application.
- Submitting the GIR number instead of the PAN.
- An investor, who is not complying with any or all of the conditions for being an ASBA Investor, applies under the ASBA process.
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except applications by minors having valid demat accounts as per the demographic details provided by the Depositories.
- ASBA Bids by SCSBs applying through the ASBA process on own account, other than through an ASBA Account in its own name with any other SCSB.

Depository account and bank details for Equity Shareholders applying under the ASBA Process

IT IS MANDATORY FOR ALL THE ELIGIBLE EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS TO RECEIVE THEIR EQUITY SHARES IN DEMATERIALIZED FORM AND TO THE SAME DEPOSITORY ACCOUNT IN WHICH THE EQUITY SHARES ARE HELD BY THE EQUITY SHAREHOLDER ON THE RECORD DATE. ALL EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS SHOULD MENTION THEIR DEPOSITORY PARTICIPANT'S NAME, DEPOSITORY PARTICIPANT IDENTIFICATION NUMBER AND BENEFICIARY ACCOUNT NUMBER IN THE CAF. EQUITY SHAREHOLDERS APPLYING UNDER THE ASBA PROCESS MUST ENSURE THAT THE NAME GIVEN IN THE CAF IS EXACTLY THE SAME AS THE NAME IN WHICH THE DEPOSITORY ACCOUNT IS HELD. IN CASE THE CAF IS SUBMITTED IN JOINT NAMES, IT SHOULD BE ENSURED THAT THE DEPOSITORY ACCOUNT IS ALSO HELD IN THE SAME JOINT NAMES AND ARE IN THE SAME SEQUENCE IN WHICH THEY APPEAR IN THE CAF / PLAIN PAPER APPLICATIONS, AS THE CASE MAY BE.

Equity Shareholders applying under the ASBA Process should note that on the basis of name of these Equity Shareholders, Depository Participant's name and identification number and beneficiary account number provided by them in the CAF / plain paper applications, as the case may be, the Registrar to the Issue will obtain from the Depository demographic details of these Equity Shareholders such as address, bank account details for printing on refund orders and occupation ("Demographic Details"). Hence, Equity Shareholders applying under the ASBA Process should carefully fill in their Depository Account details in the CAF.

These Demographic Details would be used for all correspondence with such Equity Shareholders including mailing of the letters intimating unblocking of their respective ASBA Accounts. The Demographic Details given by the Equity Shareholders in the CAF would not be used for any other purposes by the Registrar. Hence, Equity Shareholders are advised to update their Demographic Details as provided to their Depository Participants.

By signing the CAFs, the Equity Shareholders applying under the ASBA Process would be deemed to have authorised the Depositories to provide, upon request, to the Registrar to the Issue, the required Demographic Details as available on its records.

Letters intimating Allotment and unblocking the funds would be mailed at the address of the Equity Shareholder applying under the ASBA Process as per the Demographic Details received from the Depositories. The Registrar to the Issue will give instructions to the SCSBs for unblocking funds in the ASBA Account to the extent Equity Shares are not allotted to such Equity Shareholders. Equity Shareholders applying under the ASBA Process may note that delivery of letters intimating unblocking of the funds may get delayed if the same once sent to the address obtained from the Depositories are returned undelivered. In such an event, the address and other details given by the Equity Shareholder in the CAF would be used only to ensure dispatch of letters intimating unblocking of the ASBA Accounts.

Note that any such delay shall be at the sole risk of the Equity Shareholders applying under the ASBA Process and none of us, the SCSBs or the Lead Managers shall be liable to compensate the Equity Shareholder applying under the ASBA Process for any losses caused due to any such delay or liable to pay any interest for such delay.

In case no corresponding record is available with the Depositories that matches three parameters, (a) names of the Equity Shareholders (including the order of names of joint holders), (b) the DP ID, and (c) the beneficiary account number, then such applications are liable to be rejected.

Issue Schedule

Issue Opening Date:	March 28, 2016
Last date for receiving requests for SAFs:	April 4, 2016
Issue Closing Date:	April 11, 2016

The Board may however decide to extend the Issue period, as it may determine from time to time, but not exceeding 30 days from the Issue Opening Date.

Basis of Allotment

Subject to the provisions contained in Draft Letter of Offer, the Letter of Offer, the Articles of Association and the approval of the Designated Stock Exchange, the Board will proceed to Allot the Equity Shares in the following order of priority:

- (i) Full Allotment to those Equity Shareholders who have applied for their Rights Entitlement either in full or in part and also to the Renouncee(s) who has/ have applied for Equity Shares renounced in their favour, in full or in part.
- (ii) Investors whose fractional entitlements are being ignored would be given preference in allotment of one additional Equity Share each if they apply for additional Equity Share. Allotment under this head shall be considered if there are any unsubscribed Equity Shares after allotment under (a) above. If number of Equity Shares required for Allotment under this head are more than number of Equity Shares available after Allotment under (a) above, the Allotment would be made on a fair and equitable basis in consultation with the Designated Stock Exchange, as a part of Issue and will not be a preferential allotment.
- (iii) Allotment to the Equity Shareholders who having applied for all the Equity Shares offered to them as part of the Issue and have also applied for additional Equity Shares. The Allotment of such additional Equity Shares will be made as far as possible on an equitable basis having due regard to the number of Equity Shares held by them on the Record Date, provided there is an unsubscribed portion after making full Allotment in (a) and (b) above. The Allotment of such Equity Shares will be at the sole discretion of the Board/ Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.
- (iv) Allotment to Renouncees who having applied for all the Equity Shares renounced in their favour, have applied for additional Equity Shares provided there is surplus available after making full Allotment under (a), (b) and (c) above. The Allotment of such Equity Shares will be at the sole discretion of the

Board/ Committee of Directors in consultation with the Designated Stock Exchange, as a part of the Issue and will not be a preferential allotment.

- (v) Allotment to any other person that the Board of Directors in their absolute discretion, decide.

Our Promoter and Promoter Group (holding Equity Shares) have confirmed, vide letters on even date (dated September 15, 2015) that, they intend to either through themselves or through other members of the Promoter and/or Promoter Group subscribe to their Rights Entitlement in full in the Issue, in compliance with regulation 10(4) of Takeover Regulations. Our Promoters and Promoter Group have also confirmed that they intend to (i) subscribe to additional Equity Shares, and (ii) subscribe for unsubscribed portion in the Issue, if any. Such subscription to additional Equity Shares and the unsubscribed portion, if any, shall be in accordance with regulation 10(4) of Takeover Regulations subject to their shareholding not exceeding 75% of the issued, outstanding and fully paid up Equity Share capital in accordance with the provisions of the Equity Listing Agreement.

Such subscription for Equity Shares over and above their Rights Entitlement, if allotted, may result in an increase in their percentage shareholding. Any such acquisition of additional Equity Shares of the Company shall not result in a change of control of the management of the Company in accordance with provisions of the Takeover Regulations and shall be exempt in terms of Regulation 10 (4) (a) and (b) of the Takeover Regulations.

Underwriting

Our Company has not entered into any underwriting arrangement, for the Issue.

Allotment Advices/ Refund Orders

Our Company will issue and dispatch allotment advice/ share certificates/ demat credit and/ or letters of regret along with refund order or credit the allotted Equity Shares to the respective beneficiary accounts, if any, within 15 days from the Issue Closing Date. If there is a delay beyond 8 days from the stipulated period (i.e. 15 days from the closure of the Issue) our Company shall be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of our Company in default shall be punishable with imprisonment for a term of one year or with fine which shall not be less than fifty thousand rupees but may extend to three lakh rupees or with both in accordance with Section 40 (5) of the Companies Act, 2013.

Investors residing at centres where clearing houses are managed by the Reserve Bank of India ("RBI"), payment of refund would be done through NECS and for applicants having an account at any of the centres where such facility has been made available to get refunds through direct credit and real time gross settlement ("RTGS").

In case of those Investors who have opted to receive their Rights Entitlement in dematerialized form using electronic credit under the depository system, advice regarding their credit of the Equity Shares shall be given separately. Investors to whom refunds are made through electronic transfer of funds will be sent a letter through ordinary post intimating them about the mode of credit of refund within 15 days of the Issue Closing Date.

In case of those Investors who have opted to receive their Rights Entitlement in physical form and we issue letter of allotment, the corresponding share certificates will be kept ready within two months from the date of Allotment thereof or such extended time as may be approved by the Company Law Board or other applicable provisions, if any. Investors are requested to preserve such letters of allotment, which would be exchanged later for the share certificates.

The letter of allotment/ refund order would be sent by registered post/ speed post to the sole/ first Investor's registered address in India or the Indian address provided by the Equity Shareholders from time to time. Such refund orders would be payable at par at all places where the applications were originally accepted. The same would be marked 'Account Payee only' and would be drawn in favour of the sole/ first Investor. Adequate funds would be made available to the Registrar to the Issue for this purpose.

Our Company shall ensure at par facility is provided for encashment of refund orders or pay orders at the places where applications are accepted.

As regards allotment/refund to Non-residents, the following further conditions shall apply:

In the case of Non-resident Shareholders or Investors who remit their Application Money from funds held in NRE/FCNR Accounts, refunds and/or payment of interest or dividend and other disbursements, if any, shall be credited to such accounts, the details of which should be furnished in the CAF. Subject to the applicable laws and other approvals, in case of Non-resident Shareholders or Investors who remit their application money through Indian Rupee demand drafts purchased from abroad, refund and/or payment of dividend or interest and any other disbursement, shall be credited to such accounts and will be made after deducting bank charges or commission in US Dollars, at the rate of exchange prevailing at such time. Our Company will not be responsible for any loss on account of exchange rate fluctuations for conversion of the Indian Rupee amount into US Dollars. The Share Certificate(s) will be sent by registered post / speed post to the address in India of the Non Resident Shareholders or Investors.

The Letter of Offer/ Abridged Letter of Offer and the CAF shall be dispatched to only such Non-resident Shareholders who have a registered address in India or have provided an Indian address.

Payment of Refund

Mode of making refunds

The payment of refund, if any, would be done through any of the following modes:

- (i) **NECS** – Payment of refund would be done through NECS for Investors having an account at any of centres where such facility has been made available. This mode of payment of refunds would be subject to availability of complete bank account details including the MICR code as appearing on a cheque leaf, from the Depositories/ the records of the Registrar. The payment of refunds is mandatory for Investors having a bank account at any centre where NECS facility has been made available (subject to availability of all information for crediting the refund through NECS).
- (ii) **NEFT** – Payment of refund shall be undertaken through NEFT wherever the Investors' bank has been assigned the Indian Financial System Code (IFSC), which can be linked to a MICR, allotted to that particular bank branch. IFSC Code will be obtained from the website of RBI as on a date immediately prior to the date of payment of refund, duly mapped with MICR numbers. Wherever the Investors have registered their nine digit MICR number and their bank account number with the Registrar or with the depository participant while opening and operating the demat account, the same will be duly mapped with the IFSC Code of that particular bank branch and the payment of refund will be made to the Investors through this method.
- (iii) **RTGS** – If the refund amount exceeds ₹ 200,000, the Investors have the option to receive refund through RTGS. Such eligible Investors who indicate their preference to receive refund through RTGS are required to provide the IFSC code in the CAF. In the event the same is not provided, refund shall be made through NECS or any other eligible mode. Charges, if any, levied by the refund bank for the same would be **borne** by the Company. Charges, if any, levied by the Investor's bank receiving the credit would be borne by the Investor.
- (iv) **Direct Credit** – Investors having bank accounts with the Banker to the Issue shall be eligible to receive refunds through direct credit. Charges, if any, levied by the relevant bank(s) for the same would be borne by us.
- (v) For all other Investors, the refund orders will be despatched through speed post/ registered post. Such refunds will be made by cheques, pay orders or demand drafts drawn in favour of the sole/ first Investor and payable at par.
- (vi) Credit of refunds to Investors in any other electronic manner permissible under the banking laws, which are in force and are permitted by the SEBI from time to time.

Refund payment to Non- resident

Where applications are accompanied by Indian rupee drafts purchased abroad and payable at Mumbai, refunds will be made in the Indian rupees based on the U.S. dollars equivalent which ought to be refunded. Indian rupees will be converted into U.S. dollars at the rate of exchange, which is prevailing on the date of refund. The exchange rate risk on such refunds shall be borne by the concerned applicant and our Company shall not bear any part of the risk.

Where the applications made are accompanied by NRE/FCNR/NRO cheques, refunds will be credited to NRE/FCNR/NRO accounts respectively, on which such cheques were drawn and details of which were provided in the CAF.

Printing of Bank Particulars on Refund Orders

As a matter of precaution against possible fraudulent encashment of refund orders due to loss or misplacement, the particulars of the Investor's bank account are mandatorily required to be given for printing on the refund orders. Bank account particulars, where available, will be printed on the refund orders/ refund warrants which can then be deposited only in the account specified. We will in no way be responsible if any loss occurs through these instruments falling into improper hands either through forgery or fraud.

Allotment advice/ Share Certificates/ Demat Credit

Allotment advice/ share certificates/ demat credit or letters of regret will be dispatched to the registered address of the first named Investor or respective beneficiary accounts will be credited within 15 days, from the Issue Closing Date. Allottees are requested to preserve such allotment advice (if any) to be exchanged later for share certificates. In case our Company issues allotment advice, the respective share certificates will be dispatched within one month from the date of the Allotment.

Upon approval of the Basis of Allotment by the Designated Stock Exchange, the Registrar to the Issue shall send to the Controlling Branches, a list of the ASBA Investors who have been allocated Equity Shares in the Issue, along with:

- The amount to be transferred from the ASBA Account to the separate bank account opened by our Company for the Issue, for each successful ASBA;
- The date by which the funds referred to above, shall be transferred to the aforesaid bank account; and
- The details of rejected ASBA applications, if any, to enable the SCSBs to unblock the respective ASBA Accounts.

Option to receive Equity Shares in Dematerialized Form

Investors shall be allotted the Equity Shares in dematerialized (electronic) form at the option of the Investor. We have signed a tripartite agreement with NSDL and the Registrar to the Issue on April 27, 2007 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates. We have also signed a tripartite agreement with CDSL and the Registrar to the Issue on and May 11, 2007 which enables the Investors to hold and trade in Equity Shares in a dematerialized form, instead of holding the Equity Shares in the form of physical certificates.

In this Issue, the allottees who have opted for Equity Shares in dematerialized form will receive their Equity Shares in the form of an electronic credit to their beneficiary account as given in the CAF, after verification with a depository participant. Investor will have to give the relevant particulars for this purpose in the appropriate place in the CAF. Allotment advice, refund order (if any) would be sent directly to the Investor by the Registrar to the Issue but the Investor's depository participant will provide to him the confirmation of the credit of such Equity Shares to the Investor's depository account. CAFs, which do not accurately contain this information, will be given the Equity Shares in physical form. No separate CAFs for Equity Shares in physical and/ or dematerialized form should be made.

INVESTORS MAY PLEASE NOTE THAT THE EQUITY SHARES CAN BE TRADED ON THE STOCK EXCHANGE ONLY IN DEMATERIALIZED FORM.

The procedure for availing the facility for Allotment of Equity Shares in this Issue in the electronic form is as under:

- Open a beneficiary account with any depository participant (care should be taken that the beneficiary account should carry the name of the holder in the same manner as is registered in our records. In the case of joint holding, the beneficiary account should be opened carrying the names of the holders in the same order as registered in our records). In case of Investors having various folios with different joint holders, the Investors will have to open separate accounts for such holdings. Those Equity Shareholders who have already opened such beneficiary account(s) need not adhere to this step.
- For Equity Shareholders already holding Equity Shares in dematerialized form as on the Record Date, the beneficiary account number shall be printed on the CAF. For those who open accounts later or those who change their accounts and wish to receive their Equity Shares by way of credit to such account, the necessary details of their beneficiary account should be filled in the space provided in the CAF. It may be noted that the Allotment of Equity Shares arising out of this Issue may be made in dematerialized form even if the original Equity Shares are not dematerialized. Nonetheless, it should be ensured that the depository account is in the name(s) of the Equity Shareholders and the names are in the same order as in our records.
- The responsibility for correctness of information (including Investor's age and other details) filled in the CAF vis-à-vis such information with the Investor's depository participant, would rest with the Investor. Investors should ensure that the names of the Investors and the order in which they appear in CAF should be the same as registered with the Investor's depository participant.
- If incomplete/ incorrect beneficiary account details are given in the CAF, then such shares will be credited to a demat suspense a/c which shall be opened by the Company as specified in the SEBI circular no. SEBI/CFD/DIL/LA/1/2009/24/04 dated April 24, 2009.
- The Equity Shares allotted to applicants opting for issue in dematerialized form, would be directly credited to the beneficiary account as given in the CAF after verification. Allotment advice, refund order (if any) would be sent directly to the applicant by the Registrar to the Issue but the applicant's depository participant will provide to the applicant the confirmation of the credit of such Equity Shares to the applicant's depository account. It may be noted that Equity Shares in electronic form can be traded only on the Stock Exchanges having electronic connectivity with NSDL and CDSL.
- Renounees will also have to provide the necessary details about their beneficiary account for Allotment of Equity Shares in this Issue. In case these details are incomplete or incorrect, the application is liable to be rejected.
- Non-transferable allotment advice/refund orders will be directly sent to the Investors by the Registrar.
- Dividend or other benefits with respect to the Equity Shares held in dematerialized form would be paid to those Equity Shareholders whose names appear in the list of beneficial owners given by the Depository Participant to our Company as on the date of the book closure.

General instructions for non-ASBA Investors

- (i) Please read the instructions printed on the CAF carefully.
- (ii) Applicants that are not QIBs or are not Non – Institutional Investor or whose Application Money does not exceed ₹ 200,000 may participate in the Issue either through ASBA or the non-ASBA process. Eligible Equity Shareholders who have renounced their entitlement (in full or in part), Renounees and Applicants holding Equity Shares in physical form and/or subscribing in the Issue for Allotment in physical form may participate in the Issue only through the non ASBA process.
- (iii) Application should be made on the printed CAF, provided by us except as mentioned under the head “*Application on Plain Paper*” on page 160 of this Letter of Offer and should be completed in all respects. The CAF found incomplete with regard to any of the particulars required to be given therein, and/ or which are not completed in conformity with the terms of this Letter of Offer or Abridged Letter of Offer are liable to be rejected and the money paid, if any, in respect thereof will be refunded without interest and after deduction of bank commission and other charges, if any. The CAF must be filled in

English and the names of all the Investors, details of occupation, address, father's/ husband's name must be filled in block letters.

- (iv) Eligible Equity Shareholders participating in the Issue other than through ASBA are required to fill Part A of the CAF and submit the CAF along with Application Money before close of banking hours on or before the Issue Closing Date or such extended time as may be specified by the Board in this regard. The CAF together with the cheque/ demand draft should be sent to the Banker to the Issue/ Collecting Bank or to the Registrar to the Issue and not to us or Lead Managers to the Issue. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges and send their CAFs to the Registrar to the Issue by registered post / speed post. If any portion of the CAF is/ are detached or separated, such application is liable to be rejected. **CAF's received after banking hours on closure day will be liable for rejection.**
- (v) Applications where separate cheques/ demand drafts are not attached for amounts to be paid for Equity Shares are liable to be rejected.
- (vi) Except for applications on behalf of the Central and State Government, the residents of Sikkim and the officials appointed by the courts, all Investors, and in the case of application in joint names, each of the joint Investors, should mention his/ her PAN allotted under the I.T. Act, irrespective of the amount of the application. CAFs without PAN will be considered incomplete and are liable to be rejected.
- (vii) Investors, holding Equity Shares in physical form, are advised that it is mandatory to provide information as to their savings/ current account number and the name of the bank with whom such account is held in the CAF to enable the Registrar to the Issue to print the said details in the refund orders, if any, after the names of the payees. Application not containing such details is liable to be rejected.
- (viii) All payment should be made by cheque/ demand draft only. Application through the ASBA process as mentioned above is acceptable. Cash payment is not acceptable. In case payment is effected in contravention of this, the application may be deemed invalid and the application money will be refunded and no interest will be paid thereon.
- (ix) Signatures should be either in English or Hindi or in any other language specified in the Eighth Schedule to the Constitution of India. Signatures other than in English or Hindi and thumb impression must be attested by a Notary Public or a Special Executive Magistrate under his/ her official seal. The Equity Shareholders must sign the CAF as per the specimen signature recorded with us/ Depositories.
- (x) In case of an application under power of attorney or by a body corporate or by a society, a certified true copy of the relevant power of attorney or relevant resolution or authority to the signatory to make the relevant investment under this Issue and to sign the application and certified true a copy of the Memorandum and Articles of Association and/ or bye laws of such body corporate or society must be lodged with the Registrar to the Issue giving reference of the serial number of the CAF. In case the above referred documents are already registered with us, the same need not be a furnished again. In case these papers are sent to any other entity besides the Registrar to the Issue or are sent after the Issue Closing Date, then the application is liable to be rejected. In no case should these papers be attached to the application submitted to the Banker to the Issue.
- (xi) In case of joint holders, all joint holders must sign the relevant part of the CAF in the same order and as per the specimen signature(s) recorded with us or the Depositories. Further, in case of joint Investors who are Renouncees, the number of Investors should not exceed three. In case of joint Investors, reference, if any, will be made in the first Investor's name and all communication will be addressed to the first Investor.
- (xii) Application(s) received from NRs/ NRIs, or persons of Indian origin residing abroad for Allotment of Equity Shares shall, inter alia, be subject to conditions, as may be imposed from time to time by the RBI under FEMA, including regulations relating to QFI's, in the matter of refund of application money, Allotment of Equity Shares, subsequent issue and Allotment of Equity Shares, interest, export of share certificates, etc. In case a NR or NRI Equity Shareholder has specific approval from the RBI, in connection with his shareholding, he should enclose a copy of such approval with the CAF.

Additionally, applications will not be accepted from NRs/ NRIs in the United States or its territories and possessions, or any other jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.

- (xiii) All communication in connection with application for the Equity Shares, including any change in address of the Equity Shareholders should be addressed to the Registrar to the Issue prior to the date of Allotment in this Issue quoting the name of the first/ sole Investor, folio numbers and CAF number. Please note that any intimation for change of address of Equity Shareholders, after the date of Allotment, should be sent to our Registrar and Transfer Agent, in the case of Equity Shares held in physical form and to the respective depository participant, in case of Equity Shares held in dematerialized form.
- (xiv) SAFs cannot be re-split.
- (xv) Only the Equity Shareholder(s) and not Renouncee(s) shall be entitled to obtain SAFs.
- (xvi) Investors must write their CAF number at the back of the cheque/ demand draft.
- (xvii) Only one mode of payment per application should be used. The payment must be by cheque/ demand draft drawn on any of the banks, including a co-operative bank, which is situated at and is a member or a sub member of the Bankers Clearing House located at the centre indicated on the reverse of the CAF where the application is to be submitted.
- (xviii) A separate cheque/ draft must accompany each CAF. Outstation cheques/ demand drafts or post-dated cheques and postal/ money orders will not be accepted and applications accompanied by such outstation cheques/ outstation demand drafts/ money orders or postal orders will be rejected.
- (xix) No receipt will be issued for application money received. The Banker to the Issue/ Collecting Bank/ Registrar will acknowledge receipt of the same by stamping and returning the acknowledgment slip at the bottom of the CAF.
- (xx) The distribution of the Letter of Offer and issue of Equity Shares and Rights Entitlements to persons in certain jurisdictions outside India may be restricted by legal requirements in those jurisdictions. Persons in such jurisdictions are instructed to disregard the Letter of Offer and not to attempt to subscribe for Equity Shares.
- (xxi) Investors are requested to ensure that the number of Equity Shares applied for by them do not exceed the prescribed limits under the applicable law.
- (xxii) The Reserve Bank of India has issued standard operating procedure in terms of paragraph 2(a) of RBI circular number DPSS.CO.CHD.No./133/04.07.05/2013-14 dated July 16, 2013, detailing the procedure for processing CTS 2010 and Non-CTS 2010 instruments in the three CTS grid locations. As per this circular, processing of non-CTS cheques shall be done only on three days of the week. As prescribed by the SEBI Circular No.CIR/CFD/DIL/3/2010 dated April 22, 2010, the Equity Shares are required to be listed within 12 Working Days of the closure of the issue. In order to enable compliance with the above timelines, investors are advised to use CTS cheques or use ASBA facility to make payment. Investors using non-CTS cheques are cautioned that applications accompanied by such cheques are liable to be rejected due to any clearing delays beyond 6 working days from the date of the closure of the issue, in terms of the aforesaid SEBI Circular.

Do's for non-ASBA Investors:

- Check if you are eligible to apply i.e. you are an Equity Shareholder on the Record Date;
- Read all the instructions carefully and ensure that the cheque/ draft option is selected in part A of the CAF and necessary details are filled in;
- In the event you hold Equity Shares in dematerialised form, ensure that the details about your Depository Participant and beneficiary account are correct and the beneficiary account is activated as the Equity Shares

will be allotted in the dematerialized form only;

- Ensure that your Indian address is available to us and the Registrar, in case you hold Equity Shares in physical form or the depository participant, in case you hold Equity Shares in dematerialised form;
- Ensure that the value of the cheque/ draft submitted by you is equal to the {(number of Equity Shares applied for) X (Issue Price of Equity Shares, as the case may be)} before submission of the CAF. Investors residing at places other than cities where the branches of the Banker to the Issue have been authorised by us for collecting applications, will have to make payment by demand draft payable at Mumbai of an amount net of bank and postal charges;
- Ensure that you receive an acknowledgement from the collection branch of the Banker to the Issue for your submission of the CAF in physical form;
- Ensure that you mention your PAN allotted under the I.T. Act with the CAF, except for Applications on behalf of the Central and State Governments, residents of the state of Sikkim and officials appointed by the courts;
- Ensure that the name(s) given in the CAF is exactly the same as the name(s) in which the beneficiary account is held with the Depository Participant. In case the CAF is submitted in joint names, ensure that the beneficiary account is also held in same joint names and such names are in the same sequence in which they appear in the CAF;
- Ensure that the demographic details are updated, true and correct, in all respects.

Don'ts for non-ASBA Investors:

- Do not apply if you are not eligible to participate in the Issue under the securities laws applicable to your jurisdiction;
- Do not apply on duplicate CAF after you have submitted a CAF to a collection branch of the Banker to the Issue;
- Do not pay the amount payable on application in cash, by money order or by postal order;
- Do not submit the GIR number instead of the PAN as the application is liable to be rejected on this ground;
- Do not submit Application accompanied with Stock invest;

Grounds for Technical Rejections for non-ASBA Investors

Investors are advised to note that applications are liable to be rejected on technical grounds, including the following:

- Amount paid does not tally with the amount payable;
- Bank account details (for refund) are not given and the same are not available with the DP (in the case of dematerialized holdings) or the Registrar (in the case of physical holdings);
- Submission of CAFs to the SCSBs;
- Submission of plain paper Applications to any person other than the Registrar to the Issue;
- Age of Investor(s) not given (in case of Renounees);
- Except for CAFs on behalf of the Central or State Government, the residents of Sikkim and the officials appointed by the courts, PAN not given for application of any value;
- In case of CAF under power of attorney or by limited companies, corporate, trust, relevant documents are

not submitted;

- If the signature of the Equity Shareholder does not match with the one given on the CAF and for Renouncee(s) if the signature does not match with the records available with their Depositories;
- CAFs are not submitted by the Investors within the time prescribed as per the CAF and the Letter of Offer;
- CAFs not duly signed by the sole/ joint Investors;
- CAFs/ SAFs by OCBs not accompanied by a copy of an RBI approval to apply in this Issue;
- CAFs accompanied by Stockinvest/ outstation cheques/ post-dated cheques/ money order/ postal order/ outstation demand draft;
- In case no corresponding record is available with the Depositories that matches three parameters, namely, names of the Investors (including the order of names of joint holders), the Depository Participant's identity (DP ID) and the beneficiary's identity;
- CAFs that do not include the certifications set out in the CAF to the effect that the subscriber is not a "U.S. Person" (as defined in Regulation S) and does not have a registered address (and is not otherwise located) in the United States or other restricted jurisdictions and is authorized to acquire the Rights Entitlements and Equity Shares in compliance with all applicable laws and regulations;
- CAFs which have evidence of being executed in/ dispatched from restricted jurisdictions;
- CAFs by ineligible non-residents (including on account of restriction or prohibition under applicable local laws) and where the registered address in India has not been provided;
- CAFs where we believe that CAF is incomplete or acceptance of such CAF may infringe applicable legal or regulatory requirements;
- In case the GIR number is submitted instead of the PAN;
- CAFs submitted by Renounees where Part B of the CAF is incomplete or is unsigned. In case of joint holding, all joint holders must sign Part 'B' of the CAF;
- Applications by persons not competent to contract under the Contract Act, 1872, as amended, except bids by minors having valid demat accounts as per the demographic details provided by the Depositories.
- Applications by Renounees who are persons not competent to contract under the Indian Contract Act, 1872, including minors;
- Multiple CAFs, including cases where an Investor submits CAFs along with a plain paper application; and
- Applications from QIBs, Non-Institutional Investors (including applications for less than ₹ 200,000) or Investors applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000, not through ASBA process.

Please read the Letter of Offer or Abridged Letter of Offer and the instructions contained therein and in the CAF carefully before filling in the CAF. The instructions contained in the CAF are an integral part of the Letter of Offer and must be carefully followed. The CAF is liable to be rejected for any non-compliance of the provisions contained in the Letter of Offer or the CAF.

Investment by FPIs

SEBI recently notified the SEBI FPI Regulations whereby FIIs, sub-accounts and QFIs categories of investors were merged to form a new category called 'Foreign Portfolio Investors'. Prior to the notification of the SEBI FPI Regulations, portfolio investments by FIIs and sub-accounts were governed by SEBI under the FII Regulations and portfolio investments by QFIs were governed by various circulars issued by SEBI from time to time ("**QFI circulars**"). Pursuant to the notification of the SEBI FPI Regulations, the FII Regulations were

repealed and the QFI circulars were rescinded.

Under the SEBI FPI Regulations, purchase of equity shares by an FPI or an investor group should be below 10% of the total issued capital of an Indian company.

However, portfolio investments by FIIs and QFIs are also governed by RBI under FEMA and RBI has not yet notified the corresponding amendments to regulations under FEMA. Under the FEMA regulations, no single FII can hold more than 10% of the paid up capital of an Indian company. In respect of an FII investing on behalf of its eligible sub-accounts, the investment on behalf of each eligible sub account shall not exceed 10% of the paid up capital, or 5% of the paid up capital in case such eligible sub-account is a foreign corporate or an individual. The total equity share holding of all FIIs in a company is subject to a cap of 49% of the paid up capital of the company. The 49% limit can be increased up to the applicable sectoral cap by passing a resolution by the board of the directors followed by passing a special resolution to that effect by the shareholders of the company.

The individual and aggregate investment limits for Eligible QFIs in equity shares of a listed Indian company, under the FEMA regulations, are 5% and 10%, respectively, of the paid up capital. Further, wherever there are composite sectoral caps under the extant FDI policy, these limits for Eligible QFI investment in equity shares shall also be within such overall FDI sectoral caps.

In light of the notification of FPI Regulations and the absence of any RBI notification on corresponding amendments to regulations under FEMA, FIIs and Eligible QFIs should consult their advisors regarding the investment limits applicable to them.

Under the FPI Regulations and subject to compliance with all applicable Indian laws, FPIs may issue, subscribe or otherwise deal in offshore derivative instruments (defined under the FPI Regulations as any instrument, by whatever name called, which is issued overseas by a FPI against securities held by it that are listed or proposed to be listed on any recognized stock exchange in India, as its underlying security), directly or indirectly, only in the event (i) such offshore derivative instruments are issued only to persons who are regulated by an appropriate foreign regulatory authority; and (ii) such offshore derivative instruments are issued after compliance with 'know your client' norms. Further, Category II FPIs under the SEBI FPI Regulations which are unregulated broad based funds and Category III FPIs under the SEBI FPI Regulations shall not issue, subscribe or otherwise deal in such offshore derivative instruments directly or indirectly. In addition, FPIs are required to ensure that further issue or transfer of any offshore derivative instruments by or on behalf of it is made only to person regulated by an appropriate foreign regulatory authority.

Pursuant to a circular dated January 13, 2012, the RBI has permitted Eligible QFIs to invest in equity shares of Indian companies on a repatriation basis subject to certain terms and conditions. Eligible QFIs have been permitted to invest in equity shares of Indian companies which are offered to the public in India in accordance with the SEBI Regulations.

Eligible QFIs shall open a single non-interest bearing Rupee account with an AD category-I bank in India for routing the payment for transactions relating to purchase of equity shares (including investment in equity shares in public issues) subject to the conditions as may be prescribed by the RBI from time to time.

Applications will not be accepted from FPIs in restricted jurisdictions-

FPIs which are QIBs, Non-Institutional Investors or whose application amount exceeds ₹ 2,00,000 can participate in the Rights Issue only through the ASBA process. Further, FPIs which are QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 2,00,000.

Investment by NRIs

Investments by NRIs are governed by the Portfolio Investment Scheme under Regulation 5(3)(i) of the Foreign Exchange Management (Transfer or Issue of Security by a Person Resident Outside India) Regulations, 2000. Applications will not be accepted from NRIs in restricted jurisdictions.

Only Applications accompanied by payment in Indian Rupees or freely convertible foreign exchange will be considered for Allotment. Eligible NRIs intending to make payment through freely convertible foreign exchange and Applying on a repatriation basis could make payments through Indian Rupee drafts purchased abroad or cheques or bank drafts or by debits to their Non-Resident External ("NRE") or Foreign Currency Non-Resident

("FCNR") accounts, maintained with banks authorized by the RBI to deal in foreign exchange. Eligible NRIs Applying on a repatriation basis are advised to use the CAF meant for Non-Residents, accompanied by a bank certificate confirming that the payment has been made by debiting to the NRE or FCNR account, as the case may be. Payment for Applications by non-resident Applicants Applying on a repatriation basis will not be accepted out of Non-Resident Ordinary ("NRO") accounts.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/ CFD/ DIL/ 1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000 shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor.

Procedure for Applications by Mutual Funds

A separate application can be made in respect of each scheme of an Indian mutual fund registered with the SEBI and such applications shall not be treated as multiple applications. The applications made by asset management companies or custodians of a mutual fund should clearly indicate the name of the concerned scheme for which the application is being made.

Please note that pursuant to the applicability of the directions issued by SEBI vide its circular bearing number CIR/ CFD/ DIL/ 1/ 2011 dated April 29, 2011, all applicants who are QIBs, Non-Institutional Investors or are applying in this Issue for Equity Shares for an amount exceeding ₹ 200,000 shall mandatorily make use of ASBA facility, subject to their fulfilling the eligibility conditions to be an ASBA Investor. Further, all QIB applicants and Non-Institutional Investors are mandatorily required to use ASBA, even if application amount does not exceed ₹ 200,000, subject to their fulfilling the eligibility conditions to be an ASBA Investor.

Procedure for Applications by AIFs, FVCIs and VCFs

The SEBI (Venture Capital Funds) Regulations, 1996, as amended ("SEBI VCF Regulations") and the SEBI (Foreign Venture Capital Investor) Regulations, 2000, as amended ("SEBI FVCI Regulations") prescribe, amongst other things, the investment restrictions on VCFs and FVCIs registered with SEBI. Further, the SEBI (Alternative Investments Funds) Regulations, 2012 ("SEBI AIF Regulations") prescribe, amongst other things, the investment restrictions on AIFs.

As per the SEBI VCF Regulations and SEBI FVCI Regulations, VCFs and FVCIs are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by VCFs or FVCIs will not be accepted in this Issue.

Venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, are not permitted to invest in listed companies pursuant to rights issues. Accordingly, applications by venture capital funds registered as category I AIFs, as defined in the SEBI AIF Regulations, will not be accepted in this Issue. Other categories of AIFs are permitted to apply in this Issue subject to compliance with the SEBI AIF Regulations.

Such AIFs having bank accounts with SCSBs that are providing ASBA in cities / centres where such AIFs are located are mandatorily required to make use of the ASBA facility. Otherwise, applications of such AIFs are liable for rejection.

Mode of payment for Resident Equity Shareholders/ Investors

- All cheques/ drafts accompanying the CAF should be drawn in favour of "SPARC Limited - RI - R" crossed 'A/c Payee only' ;
- Investors residing at places other than places where the bank collection centres have been opened by us for collecting applications, are requested to send their CAFs together with Demand Draft for the full application amount, net of bank and postal charges , crossed 'A/c Payee only' and marked "SPARC Limited - RI - R" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. We, the Lead Managers or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.

Applications through mails should not be sent in any other manner except as mentioned above. The CAF along with the application money must not be sent to our Company or the Lead Managers. Applicants are requested to strictly adhere to these instructions.

Mode of payment for Non-Resident Equity Shareholders/ Investors

- As regards the application by non-resident Equity Shareholders/ Investors, the following conditions shall apply:
- Individual non-resident Indian applicants who are permitted to subscribe for Equity Shares by applicable local securities laws can also obtain application forms from the following address:

Link Intime India Private Limited

Pannalal Silk Mills Compound

L.B.S. Marg

Bhandup (West), Mumbai - 400 078

Maharashtra, India

Tel No.: +91 22 61715400

Fax No.: +91 22 2596 0329

Email: sparc.rights@linkintime.co.in

Investor Grievance E-mail: sparc.rights@linkintime.co.in

Website: www.linkintime.co.in

Contact Person: Dinesh Yadav

SEBI Registration: INR000004058

Note: The Letter of Offer/ Abridged Letter of Offer and CAFs to NRIs shall be sent only to their Indian address, if provided.

- Applications will not be accepted from non-resident from any jurisdiction where the offer or sale of the Rights Entitlements and Equity Shares may be restricted by applicable securities laws.
- All non-resident investors should draw the cheques/ demand drafts for the full application amount, net of bank and postal charges and which should be submitted along with the CAF to the Banker to the Issue/ collection centres or to the Registrar to the Issue.
- Non-resident investors applying from places other than places where the bank collection centres have been opened by the Company for collecting applications, are requested to send their CAFs together with demand draft for the full application amount, net of bank and postal charges, and marked "SPARC Limited- RI - R" payable at Mumbai directly to the Registrar to the Issue by registered post so as to reach them on or before the Issue Closing Date. The Company or the Registrar to the Issue will not be responsible for postal delays or loss of applications in transit, if any.
- Payment by non-residents must be made by demand draft payable at Mumbai / cheque payable drawn on a bank account maintained at Mumbai or funds remitted from abroad in any of the following ways:

Application with repatriation benefits

- (i) By Indian Rupee drafts purchased from abroad and payable at Mumbai or funds remitted from abroad (submitted along with Foreign Inward Remittance Certificate);
- (ii) By local cheque / bank drafts remitted through normal banking channels or out of funds held in Non-Resident External Account (NRE) or FCNR Account maintained with banks authorized to deal in foreign currency in India, along with documentary evidence in support of remittance;
- (iii) By Rupee draft purchased by debit to NRE/ FCNR Account maintained elsewhere in India and payable in Mumbai;
- (iv) FIIs/FPIs registered with SEBI must remit funds from special non-resident rupee deposit account;
- (v) Non-resident investors applying with repatriation benefits should draw cheques/ drafts in favour of

'SPARC Limited- RI - NR' and must be crossed 'account payee only' for the full application amount;

- (vi) Investors may note that where payment is made by drafts purchased from NRE/ FCNR accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.

Application without repatriation benefits

- (i) As far as non-residents holding Equity Shares on non-repatriation basis are concerned, in addition to the modes specified above, payment may also be made by way of cheque drawn on Non-Resident (Ordinary) Account maintained in India or Rupee draft purchased out of NRO Account maintained elsewhere in India but payable at Mumbai. In such cases, the Allotment of Equity Shares will be on non-repatriation basis.
- (ii) All cheques/ drafts submitted by non-residents applying on a non-repatriation basis should be drawn in favour of **'SPARC Limited- RI – R'** and must be crossed 'account payee only' for the full application amount. The CAFs duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- (iii) Investors may note that where payment is made by drafts purchased from NRE/ FCNR/ NRO accounts, as the case may be, an Account Debit Certificate from the bank issuing the draft confirming that the draft has been issued by debiting the NRE/ FCNR/ NRO account should be enclosed with the CAF. Otherwise the application shall be considered incomplete and is liable to be rejected.
- (iv) New demat account shall be opened for holders who have had a change in status from resident Indian to NRI. Any application from a demat account which does not reflect the accurate status of the Applicant are liable to be rejected.

Notes:

- In case where repatriation benefit is available, interest, dividend, sales proceeds derived from the investment in Equity Shares can be remitted outside India, subject to tax, as applicable according to the I.T. Act.
- In case Equity Shares are allotted on a non-repatriation basis, the dividend and sale proceeds of the Equity Shares cannot be remitted outside India.
- The CAF duly completed together with the amount payable on application must be deposited with the Collecting Bank indicated on the reverse of the CAFs before the close of banking hours on or before the Issue Closing Date. A separate cheque or bank draft must accompany each CAF.
- In case of an application received from non-residents, Allotment, refunds and other distribution, if any, will be made in accordance with the guidelines/ rules prescribed by RBI as applicable at the time of making such Allotment, remittance and subject to necessary approvals.

Impersonation

As a matter of abundant caution, attention of the Investors is specifically drawn to the provisions of sub-section (1) of section 38 of the Companies Act, 2013 which is reproduced below:

“Any person who makes in a fictitious name an application to a Company for acquiring, or subscribing for, any shares therein, or otherwise induces a Company to allot, or register any transfer of shares therein to him, or any other person in a fictitious name, shall be punishable with imprisonment for a term which may extend to five years”.

Payment by Stockinvest

In terms of RBI Circular DBOD No. FSC BC 42/ 24.47.00/ 2003-04 dated November 5, 2003, the Stockinvest Scheme has been withdrawn. Hence, payment through Stockinvest would not be accepted in this Issue.

Disposal of application and application money

No acknowledgment will be issued for the application moneys received by us. However, the Banker to the Issue/ Registrar to the Issue/ Designated Branch of the SCSBs receiving the CAF will acknowledge its receipt by stamping and returning the acknowledgment slip at the bottom of each CAF.

The Board reserves its full, unqualified and absolute right to accept or reject any application, in whole or in part, and in either case without assigning any reason thereto.

In case an application is rejected in full, the whole of the application money received will be refunded. Wherever an application is rejected in part, the balance of application money, if any, after adjusting any money due on Equity Shares allotted, will be refunded to the Applicant within a period of 15 days from the Issue Closing Date. If there is a delay beyond 8 days from the stipulated period (i.e. 15 days from the closure of the Issue) our Company shall be punishable with a fine which shall not be less than five lakh rupees but which may extend to fifty lakh rupees and every officer of our Company in default shall be punishable with imprisonment for a term of one year or with fine which shall not be less than fifty thousand rupees but may extend to three lakh rupees or with both in accordance with Section 40 (5) of the Companies Act, 2013.

For further instructions, please read the CAF carefully.

Utilisation of Issue Proceeds

Our Board declares that:

- (a) All monies received out of the Issue shall be transferred to a separate bank account;
- (b) Details of all monies utilised out of the Issue shall be disclosed, and continue to be disclosed till the time any part of the Issue Proceeds remains unutilised, under an appropriate separate head in the balance sheet of our Company indicating the purpose for which such monies have been utilised;
- (c) Details of all unutilised monies out of the Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of our Company indicating the form in which such unutilised monies have been invested; and
- (d) Our Company may utilise the funds collected in the Issue only after the Basis of Allotment is finalized.

Undertakings by us

We undertake the following:

- (i) The complaints received in respect of the Issue shall be attended to by us expeditiously and satisfactorily.
- (ii) All steps for completion of the necessary formalities for listing and commencement of trading at all Stock Exchange where the Equity Shares are to be listed will be taken within 7 working days from the date of finalization of the Basis of Allotment.
- (iii) The funds required for making refunds to unsuccessful applicants as per the modes disclosed shall be made available to the Registrar to the Issue by us.
- (iv) We undertake that where refunds are made through electronic transfer of funds, a suitable communication shall be sent to the Investor within 15 days of the Issue Closing Date, giving details of the banks where refunds shall be credited along with amount and expected date of electronic credit of refund.
- (v) Adequate arrangements shall be made to collect all ASBA applications and to consider them similar to non-ASBA applications while finalising the basis of Allotment.
- (vi) The certificates of the securities/ refund orders to the non-resident Indians shall be dispatched within the specified time.

- (vii) Except as disclosed in section titled “*Capital Structure*” in this Letter of Offer, no further issue of securities affecting our equity capital shall be made till the securities issued/ offered through the Letter of Offer Issue are listed or till the application money are refunded on account of non-listing, under-subscription etc.
- (viii) At any given time there shall be only one denomination of our Equity Shares.
- (ix) We accept full responsibility for the accuracy of information given in the Letter of Offer and confirm that to the best of our knowledge and belief, there are no other facts the omission of which makes any statement made in the Letter of Offer misleading and further confirms that we have made all reasonable enquiries to ascertain such facts.
- (x) All information shall be made available by the Lead Managers and the Issuer to the Investors at large and no selective or additional information would be available for a section of the Investors in any manner whatsoever including at road shows, presentations, in research or sales reports etc.
- (xi) We shall comply with such disclosure and accounting norms specified by SEBI from time to time.
- (xii) We shall utilize the funds collected in the Issue only after finalisation of the Basis of Allotment.

Minimum Subscription

If our Company does not receive the minimum subscription of 90% of the Issue, or the subscription level falls below 90%, after the Issue Closing Date on account of withdrawal of applications, our Company shall refund the entire subscription amount received within 15 days from the Issue Closing Date. If such money is not repaid within a period of 30 days from the date of the Issue Closing Date, the application money has to be returned within such period as may be prescribed. In the event of any failure to refund the application money within the specified period, a penalty of ₹ 1,000 for each day during which the default continues or ₹ 100,000, whichever is less as per Section 39(3) of the Companies Act, 2013.

Important

- Please read the Letter of Offer carefully before taking any action. The instructions contained in the accompanying CAF are an integral part of the conditions and must be carefully followed; otherwise the application is liable to be rejected.
- All enquiries in connection with the Letter of Offer or accompanying CAF and requests for SAFs must be addressed (quoting the Registered Folio Number/ DP and Client ID number, the CAF number and the name of the first Equity Shareholder as mentioned on the CAF and super scribed ‘**SPARC Limited- RI**’ on the envelope and postmarked in India) to the Registrar to the Issue at the following address:

Link Intime India Private Limited
Pannalal Silk Mills Compound
L.B.S. Marg
Bhandup (West), Mumbai - 400 078
Maharashtra, India
Tel No.: +91 22 61715400
Fax No.: +91 22 2596 0329
Email: sparc.rights@linkintime.co.in
Investor Grievance E-mail: sparc.rights@linkintime.co.in
Website: www.linkintime.co.in
Contact Person: Dinesh Yadav
SEBI Registration: INR000004058

It is to be specifically noted that this Issue of Equity Shares is subject to the risk factors mentioned in section titled “*Risk Factors*” on page 10 of this Letter of Offer.

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

MATERIAL CONTRACTS AND DOCUMENTS FOR INSPECTION

The contracts referred to in para (A) below (not being contracts entered into in the ordinary course of business carried on by us) which are or may be deemed material have been entered into by us.

The contracts together with the documents referred to in para (B) below may be inspected at the Registered Office of the Company between 11.00 a.m. to 5.00 p.m. on any working day from the date of this Letter of Offer until the closure of the subscription list.

(A) MATERIAL CONTRACTS

1. Issue Agreement dated September 15, 2015 between the Company, Ernst & Young Merchant Banking Services Private Limited and Inga Capital Private Limited, Lead Managers to the Issue
2. Agreement dated August 14, 2015 between the Company and Link Intime, Registrar to the Issue.
3. Tripartite Agreement dated April 27, 2007 between the Company, National Securities Depository Limited and Link Intime.
4. Tripartite Agreement dated May 11, 2007 between the Company, Central Depository Services (India) Limited and Link Intime.
5. Banker to the Issue Agreement dated March 11, 2016 amongst our Company, the Lead Managers, the Registrar to the Issue and the Banker to the Issue.

(B) DOCUMENTS FOR INSPECTION

1. Memorandum and Articles of Association.
2. Certificate of incorporation dated March 1, 2006 and Commencement of Business dated March 22, 2006.
3. Resolution of the Board of Directors under section 62(1)(a) of Companies Act, 2013 passed in its meeting dated May 12, 2015 authorising the Issue.
4. Consents of the Directors, Company Secretary and Compliance Officer, Statutory Auditors, Lead Managers to the Issue, Legal Advisor to the Company, Legal Advisor to the Issue, Banker to the Issue and Refund Bank and Registrar to the Issue to include their names in the Letter of Offer to act in their respective capacities.
5. Annual reports of the Company for last 5 financial years.
6. The Report of the Auditors being, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as set out therein dated May 5, 2015 in relation to our audited financial information.
7. The Review Report of the Auditors being, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as set out therein dated November 4, 2015 in relation to unaudited financial results for the six months ended September 30, 2015.
8. The Review Report of the Auditors being, M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as set out therein dated February 3, 2016 in relation to unaudited financial results for the nine months ended December 31, 2015.
9. Statement of Tax Benefits dated September 15, 2015 by M/s. K.C.Mehta & Co., Chartered Accountants.
10. Due Diligence Certificate dated September 15, 2015 by Ernst & Young Merchant Banking Services Private Limited and Inga Capital Private Limited, Lead Managers to the Issue.

11. In-principle listing approvals dated October 14, 2015 and October 9, 2015 from the BSE and the NSE, respectively.
12. Observation letter no. WRO/AD/OW/1714/1/2016 dated January 22, 2016 received from SEBI.
13. Copy of letter of offer dated August 10, 2012 for the rights issue of equity shares by the Company.
14. Approval Letter issued by FIPB approving issuance and allotment of equity shares pursuant to the proposed rights issue i.e. letter no. 37/(2012)/13(2012) dated June 1, 2012 and November 2, 2015.
15. Letter issued by RBI in relation to the renunciation of the Rights Entitlement i.e. letter no. FED.CO.FID. No. 6199/10.21.360/2015-16 dated November 30, 2015 read with letter issued by RBI in relation to the renunciation of the Rights Entitlement i.e. letter no. FED.CO.FID.No. 10373/10.21.360/2015-16 dated March 11, 2016.

Any of the contracts or documents mentioned in this Letter of Offer may be amended or modified at any time, if so required, in our interest or if required by the other parties, without reference to the Equity Shareholders, subject to compliance with applicable law.

DECLARATION

We hereby certify that no statement made in this Letter of Offer contravenes any of the provisions of the Companies Act, the SEBI Act or the rules made thereunder or regulations issued thereunder, as the case may be. We further certify that all the legal requirements connected with the Issue as also the guidelines, instructions, etc., issued by SEBI, the Government of India and any other competent authority in this behalf, have been duly complied with. We further certify that all disclosures made in this Letter of Offer are true and correct.

Signed by the Board of Directors of the Company

Name	Signature
Dilip Shanghvi Chairman and Managing Director	
Sudhir Valia Chief Financial Officer and Whole Time Director	
Rajamannar Thennati Non - Executive Director and Non - Independent Director	
Goverdhan Mehta Non - Executive and Independent Director	
Mohanchand Dadha Non - Executive and Independent Director	
Andrea Thaddaus Vasella Non - Executive and Independent Director	
Bhavna Doshi Non - Executive and Independent Director	

Signed by the Chief Executive Officer of the Company

Name	Signature
Anil Raghavan Chief Executive Officer	

Place: Mumbai

Date: March 14, 2016

