



SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED

Registered Office: SPARC, Akota Road, Akota, Vadodara - 390 020, Gujarat.

PUBLIC ANNOUNCEMENT TO THE EQUITY SHAREHOLDERS

STATUTORY ADVERTISEMENT TO BE ISSUED IN COMPLIANCE OF THE CLAUSE 8.3.5.4 OF THE SEBI (DISCLOSURE & INVESTOR PROTECTION) GUIDELINES, 2000 AND AMENDMENTS THERETO.

1. NAME AND ADDRESS OF THE COMPANY
Name: SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED (SPARC)
Registered Office: SPARC, Akota Road, Akota, Vadodara - 390020, Gujarat.
Phone: 0265-2330815 Fax: 0265-2354897, Website: www.sunpharma.in
* Website under construction.

2. DETAILS OF CHANGE OF NAME AND/OR OBJECT CLAUSE.
There has been no change in the name of the Company since its inception. Changes in Memorandum of Association since the Company's incorporation

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

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

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

3. CAPITAL STRUCTURE - PRE AND POST SCHEME OF ARRANGEMENT. AUTHORISED SHARE CAPITAL

	Pre Demerger	Post Demerger
Authorised Share Capital		
500000 Equity Shares of Re.1/- each	500000	
266500000 Equity Shares of Re.1/- each*		266500000
TOTAL	500000	266500000

*Pursuant to the Order of the Honourable High Court of Gujarat dated 1st March, 2007 issued on 28th March, 2007, the Authorised capital of the Company has been increased.

ISSUED AND PAID UP SHARE CAPITAL

	Pre Demerger	Post Demerger
Issued & Paid Up Share Capital		
500000 Equity Shares of Re.1/- each	500000	
194418898 Equity Shares of Re.1/- each		194418898
TOTAL	500000	194418898

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

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

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

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

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

Category of shareholder	PRE DEMERGER		POST DEMERGER	
	No. of Equity Shares	%	No. of Equity Shares	%
(A) Shareholding of Promoter and Promoter Group				
(1) Indian				
(a) Individuals/Hindu Undivided Family	0	0	30675157	15.78
(b) Central Government/State Government(s)	0	0	0	0
(c) Bodies Corporate	500000*	100.00	101302400	52.11
(d) Financial institutions/Banks	0	0	0	0.00
(e) Any Other (specify)				
(1) TRUSTS			128020	0.07
Sub-Total (A)(1)	500000*	100.00	132105577	67.95
(2) Foreign				0.00
(a) Individuals (Non-Resident Individuals)/Foreign Individuals	0	0	0	0
(b) Bodies Corporate	0	0	0	0
(c) Institutions	0	0	0	0
(d) Any Other (specify)	0	0	0	0
Sub-Total (A)(2)				
Total Shareholding of Promoter and Promoter Group (A)=(A)(1)+(A)(2)	500000*	100.00	132105577	67.95
(B) Public shareholding [3]				
(1) Institutions				
(a) Mutual Funds/UTI	0	0	5755627	2.96
(b) Financial institutions/Banks	0	0	608164	0.31
(c) Central Government/State Government(s)	0	0	0	0
(d) Venture Capital Funds	0	0	0	0
(e) Insurance Companies	0	0	1761389	0.91
(f) Foreign Institutional Investors	0	0	31439854	16.17
(g) Foreign Venture Capital Investors	0	0	0	0
(h) Any Other (specify)	0	0	0	0
1. Foreign Banks	0	0	1160271	0.60
Sub-Total (B)(1)	0	0	40725305	20.95
(2) Non-institutions				
(a) Bodies Corporate			7627921	3.92
(b) Individuals	0	0	0	0.00
i. Individual shareholders holding nominal share capital up to Rs.1 lakh	0	0	9363043	4.82
ii. Individual shareholders holding nominal share capital in excess of Rs.1 lakh	0	0	3921504	2.02
(c) Any Other (specify)	0	0	0	0.00
1. NRI	0	0	243030	0.13
2. Overseas Corporate Bodies	0	0	2400	0.00
3. Clearing members	0	0	7090	0.00
4. Foreign Banks	0	0	0	0
5. Foreign Company	0	0	423028	0.22
Sub-Total (B)(2)	0	0	21588016	11.10
Total Public Shareholding (B)=(B)(1)+(B)(2)	0	0	62313321	32.05
TOTAL (A)+(B)			194418898	100.00
(C) Shares held by Custodians and against which Depository Receipt have been issued				
	0	0	0	0
GRAND TOTAL (A)+(B)+(C)	500000*	100.00	194418898	100.00

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

List of the persons/entities comprising Promoter group

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

* being persons acting in concert

5. LIST OF TOP 10 SHAREHOLDERS OF THE COMPANY AND THE NUMBER OF EQUITY SHARES HELD BY THEM

Top ten shareholders on the date of filing the Information Memorandum

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

6. DETAILS OF PROMOTERS OF THE COMPANY - EDUCATIONAL QUALIFICATIONS, EXPERIENCE, ADDRESS. PROMOTERS

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

Details of Promoters

Shri Dilip S. Shanghvi
Mr. Dilip S. Shanghvi (51), the Chairman & Managing Director of the Company is a graduate from Calcutta University and has launched Sun Pharma in 1982 and carries wide extensive industrial experience in the Pharmaceutical industry and at present he is the Chairman and Managing Director of Sun Pharmaceutical Industries Limited. Under the leadership of Mr. Dilip S. Shanghvi, Sun Pharmaceutical Industries Ltd. has recorded an all-round growth in the business. He is a Director on the Board of following companies: Caraco Pharmaceutical Laboratories Ltd., Detroit, USA, Sun Speciality Chemicals Pvt. Ltd., Sun Resins & Polymers Pvt. Ltd., Sun Fastin Services Pvt. Ltd., Sun Petrochemicals Private Limited, SPARC Bio-Research Private Limited, Sun Pharma Global Inc., British Virgin Island, Sun Pharma De Mexico SA DE CV, SPIL De Mexico SA DE CV and Shantilal Shanghvi Foundation.

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

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

*being persons acting in concert

Details of Name, Address and Other Directorships of the Promoter

Sr. No.	Name, Age, Designation, Fathers' Name, Address, Occupation	Other Directorships
1	Mr. Dilip S. Shanghvi Age: 51 years Designation: Chairman & Managing Director S/o Late Mr. Shantilal N. Shanghvi Address: Abhay Building, 8th Floor, NS, 9th Road, Juhu, Mumbai - 400 049 Occupation: Industrialist	Sun Pharmaceutical Industries Ltd. Caraco Pharmaceutical Laboratories Ltd. Sun Fastin Services Pvt. Ltd. Sun Petrochemicals Pvt. Ltd. Sun Pharma Global Inc. Sun Resins & Polymers Pvt. Ltd. Sun Speciality Chemicals Pvt. Ltd. Sun Pharma De Mexico SA DE CV SPIL De Mexico SA DE CV Shantilal Shanghvi Foundation

7. BUSINESS OF THE COMPANY AND MANAGEMENT

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

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

The Board of Directors of the Company is as follows:

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

8. REASON FOR DEMERGER

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

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

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

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

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

(f) The Board of Directors of the Demerger Company are of the opinion that

the demerger would benefit the shareholders, employees and other stakeholders of the Demerger Company.

9. FINANCIAL INFORMATION FOR THE PREVIOUS 3 YEARS PRIOR TO THE DATE OF LISTING.

The company has been incorporated on 1st March, 2006 and therefore only the Financial Information relating to the period ended 31st March, 2006 and year ended 31st March, 2007 is available and stated below.

10. LATEST AUDITED FINANCIAL STATEMENTS OF THE COMPANY
SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED
BALANCE SHEET AS AT 31ST MARCH, 2007

	As at 31st March, 2007	As at 31st March, 2006
SOURCES OF FUNDS		
Shareholders' Funds		
Share Capital	-	500
Share Capital Suspense	193,402	-
Reserves and Surplus	353,481	546,883
Deferred Tax Liability (Net)	31,489	-
TOTAL	578,372	500
APPLICATION OF FUNDS		
Fixed Assets		
Gross Block	340,923	-
Less: Depreciation	41,209	-
Net Block	299,714	299,714
Current Assets, Loans and Advances		
Cash and Bank Balances	137	500
Loans and Advances	252,727	-
	252,864	500
Less: Current Liabilities and Provisions		
Current Liabilities	16,608	33
Provisions	7,472	-
	24,080	33
Net Current Assets	228,784	467
Profit and Loss account (Debit Balance)		
	49,874	33
TOTAL	578,372	500

Note: 1) The scheme of Arrangement has been given effect to in these financial statements. On giving effect of the Scheme, all the assets and liabilities of the Innovative Research & Development business including Novel Drug Delivery System (NDDS) division of SPIL's Research & Development undertaking stands transferred and vested in the Company, with effect from the appointed date i.e. February 28, 2007.

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

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH, 2007

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

face value per share Re.1

Significant Accounting Policies And Notes to Financial Statements

A. Significant Accounting Policies

i. Basis of Accounting

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

ii. Use of Estimates

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

iii. Fixed Assets and Depreciation

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

iv. Research and Development

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

v. Foreign Currency Transactions

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

vi. Taxes on Income

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

vii. Terminal Benefits

(a) The Company's contribution in respect of provident fund is charged to Profit and Loss Account each year.

(b) The Company's contribution to Life Insurance Corporation of India (LIC) for group gratuity policy is charged to Profit and Loss Account each year. The contribution for Group Gratuity Policy is based on values as actuarially determined and demanded by LIC at the year end.

(c) Liability for accumulated earned leave of employees is ascertained on actuarial valuation basis and provided for as per company rules.

viii. Provisions, Contingent Liabilities and Contingent Assets

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

B.