



SPARC/Sec/SE/2020-21/020

7th September 2020

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

BSE Limited
P J Towers,
Dalal street,
Mumbai - 400001

Dear Sirs,

Sub: Submission of Annual Report of the Company for the year ended 31st March 2020 and Notice of 15th Annual General Meeting of the Company

Scrip Code: BSE: 532872; NSE: SPARC

In compliance with regulation 34 (1) (a) and clause 12 of Part A of Schedule III read with regulation 30 of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 we are pleased to enclose herewith the Annual Report of the Company for the financial year ended 31st March 2020 along with Notice of the 15th Annual General Meeting of the Company to be held on **Wednesday, 30th September 2020 at 4:00 p.m. IST** through Video Conferencing (“VC”) / Other Audio-Visual Means (“OAVM”). The aforesaid documents are being dispatched electronically to those Members whose email IDs are registered with the Company/ Link Intime India Private Limited (“Registrar and Transfer Agent” of the Company) or the Depositories.

The electronic copy of the Annual Report of the Company for the financial year ended 31st March 2020 and the Notice of the 15th Annual General Meeting is also available on the website of the Company i.e. www.sparc.life.

Sun Pharma Advanced Research Company Ltd.

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 | CIN: L73100GJ2006PLC047837 | Website: www.sparc.life

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

Further, pursuant to regulation 42 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 we hereby inform you that the voting rights of members shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of **Wednesday, 23rd September 2020**. Members shall have one vote for every one fully paid shares of the Company held by them as on the cut-off date. For shareholders holding shares in physical mode, Register of Members and Share Transfer Books of the Company shall remain closed from **Thursday, 24th September, 2020** up to **Wednesday, 30th September, 2020** (both days inclusive).

You are requested to kindly take the same on record.

Yours faithfully,

For Sun Pharma Advanced Research Company Ltd.,



Debashis Dey
Company Secretary

Encls: A/a.

CC:

- 1) **National Securities Depository Limited**
Trade World, Kamala Mills Compound,
Lower Parel, Mumbai - 400012
- 2) **Central Depository Services (India) Limited.**
P J Towers, 17th Floor, Dalal Street, Mumbai -400001
- 3) **Link Intime India Pvt. Ltd.**
C 101, 247 Park, L B S Marg, Vikhroli West,
Mumbai 400 083

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INNOVATIONS INSPIRED BY LIFE

ANNUAL REPORT 2019-20



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www.sparc.life

Disclaimer:

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

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CORPORATE INFORMATION

Board of Directors

Mr. Dilip S. Shanghvi

Chairman & Managing Director

Mr. Sudhir V. Valia

Non-Executive Director

Dr. T. Rajamannar

Non-Executive Director

Ms. Bhavna Doshi

Independent Director

Dr. Ferzaan Engineer

Independent Director

Mr. Mark Simon

Independent Director
(upto 28th February 2020)

Dr. Robert J. Spiegel

Additional Director (Independent)
(w.e.f. 1st June 2020)

Chief Executive Officer

Mr. Anilkumar Raghavan

Chief Financial Officer

Mr. Chetan Rajpara

Company Secretary

Mr. Debashis Dey

Auditors

S R B C & Co. LLP

(Registration No. 324982E/E300003)

Bankers

ICICI Bank Ltd.

IndusInd Bank Ltd.

Offices

Registered Office

Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara – 390 020.

Corporate Office & Research Centre

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

Research Centres

- Plot No. 5 & 6/1, Savli G.I.D.C. Estate, Savli – Vadodara Highway, Manjusar, District Vadodara – 391 775.
- F.P.- 27, Part Survey No. 27, C.S. No. 1050, T.P.S. No. 24, Tandalja, Vadodara – 390 012.
- 907/4, GIDC, Makarpura, Vadodara – 390 010.

Registrar & Transfer Agent

Link Intime India Pvt. Ltd.

C 101, 247 Park, LBS Marg, Vikhroli West, Mumbai – 400 083.

Tel: +91 22 4918 6000 | +91 22 4918 6270

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MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Global Pharmaceutical Industry

As FY 2019–20 comes to a close, we can reflect on the past 12 months as one of the most transformative periods for our generation. The last fiscal year was partially defined by a series of mega-mergers as top tier pharmaceutical companies sought value creation through consolidation of R&D pipelines, reducing concentrated risk on a single product and cost synergies. Beyond these mega-mergers, a series of bolt-on acquisitions at large pharma allowed companies to continue their pivot into higher growth areas such as oncology, immunology, gene therapy and rare diseases. New technologies and modalities continued their convergence with the pharma value chain, as R&D teams leverage information technology, artificial intelligence (AI), machine learning (ML), data analytics and computational power for the drug development process.

The areas of gene and cell therapies continue to transform the way specific, narrowly-defined diseases are treated, but the number of patients benefitting from these therapies remains modest. Beyond consolidation and innovation, the industry was confronted by an unprecedented challenge with the emergence of the COVID-19 pandemic. However, this global outbreak triggered an unparalleled level of collaboration between the industry and regulatory agencies, with a potential to accelerate what is already considered the golden age of biotechnology. Specifically, companies are sharing data and cooperating in ways that has never been seen before, such by re-profiling blockbuster drugs on the market that are now in clinical evaluation for hospitalized COVID-19 patients and applying a "more public health lens" to their product portfolios. With the vast and sudden disruption inflicted by the epidemic, the industry overnight began to adapt in a very broad way, to the unprecedented change in the external environment. More than ever, companies are re-designing clinical trials to reduce the burden on patients, rapidly adopting remote access technologies, reallocating and reprioritizing their resources/budgets and adopting a "COVID-19 time" paradigm-rapid and streamlined decision-

making. Regulatory agencies are also revamping internal procedures to allow a rapid turnaround. The regulatory mindset has seen a shift, to focus on the cost of delaying treatment to patients that can benefit from the previous emphasis on protecting the public from potentially adverse events.

The largest global pharma players that were not vaccine players/anti-infective players have quickly aligned with smaller players to have agents that could serve as vaccine candidates. The speed of consummating these collaborations and the challenges for scaling it up are being discussed and addressed in ways that have never been observed before the sharing and pooling of resources, funding, and information.

The global pharmaceutical industry is estimated to grow between 3%-6% CAGR over the next five years to be worth US\$1.5 trillion by 2023¹. In 2023, the North America (NAM) region is likely to continue its lead of the global pharmaceuticals market with 45.33% market share. While, Asia Pacific (APAC) is likely to retain the second position with a 24.07% market share, closely followed by Europe with 20.24% in the same time frame.² Advances in basic and translational science are outpacing the traditional, regulatory framework and the pricing and reimbursement systems that the industry is built and relied on. But these are likely to evolve much faster than expected. One example is the emerging disconnect between patients and payers on the astronomically high prices of the ultra-rare orphan diseases. Are these premium prices sustainable in a global public health environment where resources are under even more pressure with the COVID-19 pandemic? For these expensive therapies that address very few patients, new annuity payment systems are likely to be needed with a more "rigorous" pay for performance metrics. If the patient benefit is less than expected, significant rebates are likely to be offered to the payer. This "buyer protection" concept will likely spread to payments outside of rare diseases and this is another driver on pursuing drugs where the benefit to risk ratio is clear and can be easily measured.

¹ Murray A. et. al.; The global use of medicine in 2019 and outlook to 2023; IQVIA institute for human data science; Jan. 2019

² NAVADHI Market Research; Global pharmaceuticals industry analysis and trends 2023; Mar 2019

Business model of today's pharmaceutical industry

Supply drivers

Medical & patient data

Electronic health records (EHRs), health sensors, social media, and genomics create rich new data sources for analytics

Big Data analytics

Cheap computing power and sophisticated analytics drive insight into patient behaviour, treatment costs and R&D

Mobile/m Health

Pervasive mobile and smart phone adoption creates new engagement models within daily routines

Healthcare professional digital workflow

Increasing integration of EHRs and telehealth driving new digital-enabled coordinated workforce models of care

Demand drivers

Emphasis on improved processes

Rollout business models tied to patient outcomes and reduced medical errors and improved quality

Superior treatment

Discover and deliver targeted and personalised therapies designed to ensure exceptional treatment

Beyond care

Influence patient behaviours 'beyond the pill' and sustain engagement outside the traditional care setting

Efficient patient management

Drive population management, protocol driven patient risk pool and stratification management



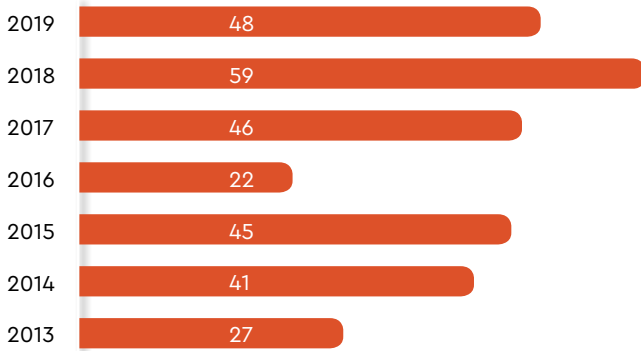
New Drug Approvals

2019 was another significant year in terms of productivity. While the US Food and Drug Administration (USFDA) approved 48 new drugs in 2019, compared to 59 new drug approvals in 2018, first-in-class medications represented 42% of approvals in 2019 compared to 32% in 2018.³ The industry also continued its shift beyond the traditional paradigm of small molecules and antibodies. Institutional capital continued to be allocated into promising new modalities, with significant flows targeted to next-generation cell therapies, the innovative gene editing landscape, and classes of therapeutic interventions called protein degraders.

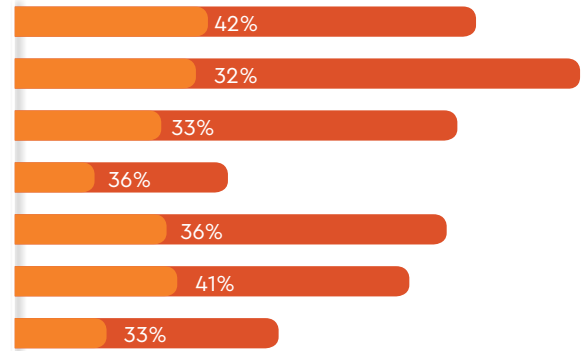
Over the last two decades, 2017, 2018, and 2019 proved to be the most productive USFDA approval years with more than 120 new drug approvals in just three years. Despite a word of caution from some analysts, the continuous rise in the approvals of new agents has been a major catalyst in the industry's overall robust health. Many believe that this success can be attributed to smart investments in superior technologies and effective data mining.

Statutes of the Approved Drugs³

Drugs approved



First in class



■ Percentage share in total ■ Total

³ Lisa M. J.; The new drugs of 2019; C&EN; Jan. 2020

Despite the influx of new modalities, small molecules continued to account for the lion's share of new molecular entities (NMEs), making up 69% of overall approvals in 2019.³ The list also included several classes of more complex agents such as antibody-drug conjugates, antisense oligonucleotide therapy and therapy based on RNA interference (RNAi).

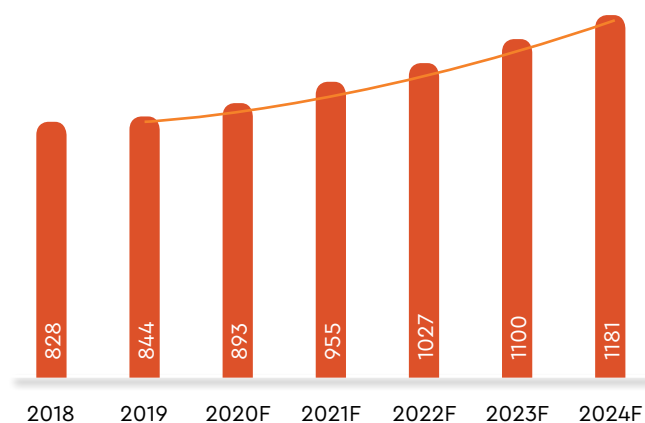
Another encouraging trend was the introduction of innovative therapies for diseases that impact more economically disadvantaged populations. Standout approvals include two new drugs for sickle cell anemia and an antibiotic for treatment-resistant tuberculosis.

A total of 11 new drugs related to cancer treatment were approved in 2019, accounting for 23% of the total approval and at par with the 5-year average of 25%. Neurological products did better than usual, with 9 (19%) approvals, as did non-cancer, hematology products with 6 (13%) approvals. Infectious disease products were down at 5 (10%) approvals, as were metabolism and endocrine products, with no approvals. According to experts, this diverse set of approved products includes some possible blockbuster wins and some of them may garner revenues worth US\$3 billion or more per year, in annual global sales.⁴

Global Prescription Drug Sales

The global prescription drug sales grew by just 2% on a y-o-y basis in 2019 from 2018. Global prescription drug sales reached US\$844 billion in 2019 compared to US\$828 billion in 2018. But growth is expected to pick up in 2020 and the global sales is expected to reach US\$1,181 billion by 2024.⁵

Worldwide Prescription Drug Sales (US\$ billion)⁵



New drug approvals in orphan diseases, immuno-oncology, and novel technologies such as cell and gene therapy are expected to drive the next leg of growth for the global prescription drug market with additional sales estimated to be over US\$100 billion.

Patent expirations between 2019 and 2024 are likely to impact the overall sales of up to US\$198 billion.⁵ Despite the top-line sales risk, the new drug launches in segments like oncology, immunosuppressants and dermatology are likely to offset the decline. Oncology is expected to hold almost 20% share of the worldwide market by 2024, growing at a CAGR of 11.4%.⁵

Immunosuppressants are likely to grow the fastest, at a CAGR of 16.9% during this period and are likely to command a 3% market share by 2024. Closely following the immunosuppressants is the dermatological segment, which is expected to grow at a CAGR of 12.6%, between 2019 and 2024.⁶

An average of 54 new active substance (NAS) launches per year are expected over the next five years. About two-thirds of the launches will be speciality products, lifting the speciality share of spending to nearly 50% by 2023, in most developed markets.⁷

All of these projections were drawn prior to the COVID-19 pandemic and it remains to be seen whether the industry can return to its normal trajectory.

Industry Consolidation

The changing landscape of the pharmaceutical industry resulted in a large number of mega-mergers in 2019 as well as a series of large bolt-on acquisitions as companies seek to strengthen their presence in expected growth areas and reduce their exposure to maturing markets. BMS acquired Celgene for US\$74 billion, which created a combined company with eight blockbuster products in core disease areas of oncology, immunology and inflammation and cardiovascular and near-term launch opportunities according to the companies.

AbbVie announced a US\$63 billion acquisition of Allergan to position itself from near term biosimilar competition to Humira (adalimumab), by bringing in new therapeutic areas such as aesthetic dermatology, women's health, ophthalmology and virology. Takeda completed its US\$62 billion acquisition of Shire in January 2019. With the acquisition of Shire, Takeda gained complementary positions in GI and neuroscience and provided it with franchises in rare diseases and plasma-derived therapies to complement its existing

⁴ Asher M, News & analysis; 2019 FDA drug approvals; Nature, Vol. 19: Feb. 2020

⁵ Greg R.; Global life sciences outlook 2020; Deloitte insights

⁶ EvaluatePharma world preview 2019, outlook to 2024; 12th Edition; Jun 2019.

⁷ Murray A. et. al.; The global use of medicine in 2019 and outlook to 2023; IQVIA institute for human data science; Jan. 2019

position in oncology, an area that Takeda enhanced with its US\$5.1 billion acquisition of Ariad Pharmaceuticals in 2017.

Novartis, Roche and Pfizer all sought to bolster their R&D pipelines into new emerging areas: Novartis and Roche in gene therapy with their acquisition of Spark Therapeutics and AveXis, respectively and Pfizer into oncology with its acquisition of Array Biopharma. Other notable acquisitions included Eli Lilly's acquisition of Loxo Oncology, GSK's acquisition of Tesaro in oncology, and Novartis' acquisition of The Medicine's Company in cardiovascular disease. These strategic directions illustrate the changing business models in pharma where the established

industry players, increasingly look to externally developed candidates to bolster their pipelines to drive growth.

In contrast, 2019 also brought the merger of Pfizer's off-patent branded and generic established medicines business with Mylan, to form a new pharmaceutical company, Viatrix. This merger is indicative of the changing landscape of the off-patent branded and generic drugs space where increasing pricing pressure continues to erode value and modest incremental innovations even related to quality and patient convenience are not being commensurately reimbursed by payers.

Major Trends in the Global Pharmaceutical Research and Development Segment

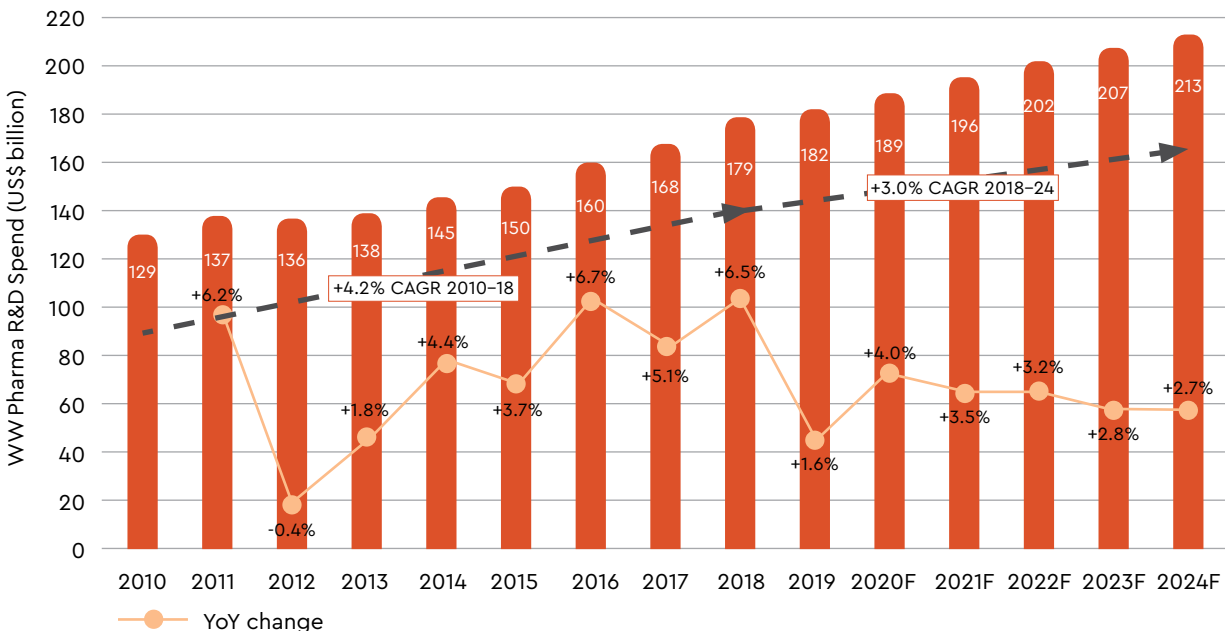
Scientific progress and innovation have always driven the growth of the pharmaceutical industry, but today, R&D has become all the more important with the emergence of scientific breakthroughs and corresponding new technologies. The future success of pharmaceutical companies is expected to be very much dependent on how successful these companies are in decision-making with their R&D resources and activities. With the speed of technological innovations and improved capabilities, the approach to pharmaceutical R&D is being modified virtually every day.

Real-time monitoring, effective utilization of the multiple sources of data and the enhanced application of artificial

intelligence and machine learning have led to a firm convergence of technology and biology. It has blurred the line between medical devices and continuous diagnostics. Further, Med Tech companies are also trying to implement solutions such as internet of things (IoT), machine learning, additive manufacturing and augmented reality to drive efficiencies and tackle difficult challenges.

Global R&D spend is expected to grow at a CAGR of 3% between 2018-2024.⁸ In 2019, there were 16,181 drugs in the pharmaceutical pipeline, compared to 15,267 in 2018, an increase of almost 6%.⁹ Out of the total pipeline drugs, 8,520 were in the preclinical stage, 2,281 in Phase I, 2576 in Phase II and 1,009 in Phase III.⁹ The increased focus on R&D is visible in terms of an increasing number of new USFDA approvals, rebounding from 22 NMEs in 2016 to 59 in 2018 and 48 in 2019.¹⁰

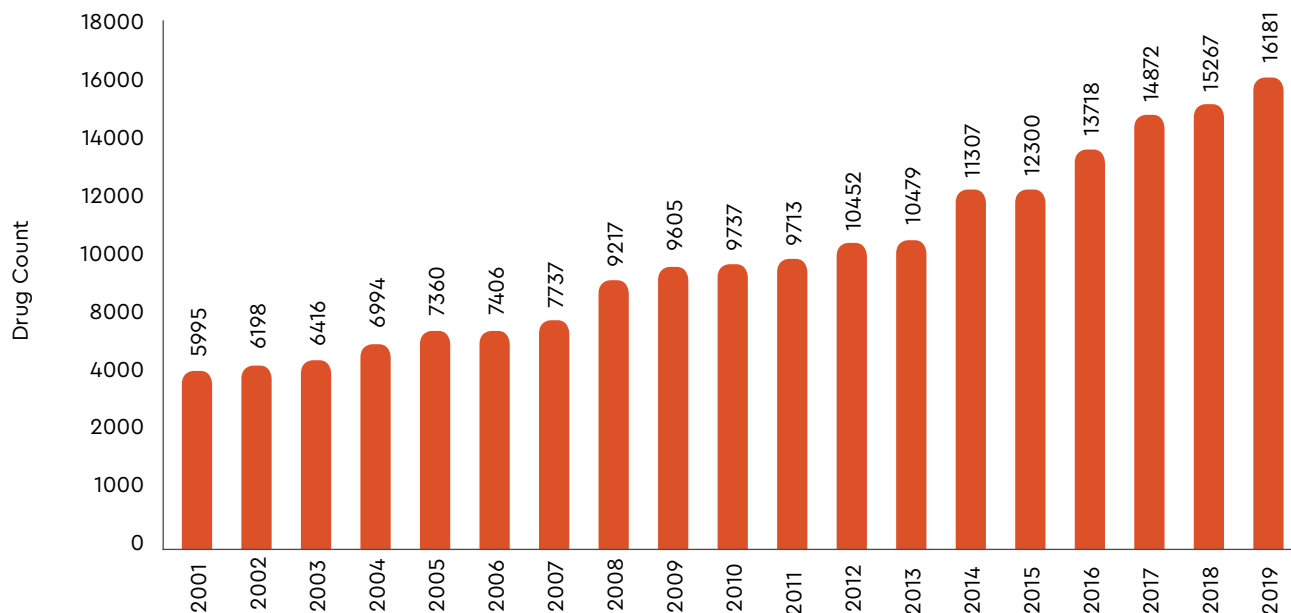
Worldwide (WW) Pharmaceutical R&D Spend⁸



⁸ EvaluatePharma world preview 2019, outlook to 2024; 12th Edition; Jun 2019.

⁹ Ian L., Pharma R&D annual review 2019; Informa UK; Feb. 2019

¹⁰ Lisa M. J.; The new drugs of 2019; C&EN; Jan. 2020

R&D Pipeline Size⁹

Among all the R&D spend, oncology continues to be the main focus area for the biopharma industry. Clinical development expenditure related to oncology witnessed the largest investment in 2019 and therefore, resulted in the highest number of FDA approvals in any therapy area. Other focus areas that attracted substantial investments are amyotrophic lateral sclerosis (ALS), other degenerative musculoskeletal conditions, rare diseases related to the gastrointestinal (GI) tract and non-narcotic pain treatments.

Influence of Artificial Intelligence on R&D

AI is beginning to be a game-changer for the R&D segment of the pharma industry. The MELLODDY (Machine Learning Ledger Orchestration for Drug Discovery), a block-chain based solution, was launched in January 2019 and aims to establish a machine learning platform that would make it possible to learn from multiple sets of proprietary data while respecting their highly confidential nature. The MELLODDY aims to demonstrate the feasibility of this approach with an unprecedented volume of competitive data in the form of over a billion drug development relevant data points and hundreds of terabytes of image data that annotate the biological effects of more than 10 million small molecules. The platform would also take a federated machine learning approach, meaning that the learning effort is not centralized but spread over different, physically separated partners. The hope is that this solution will deliver insights that will advance drug development by making it easier to identify which small molecules show the most promise and which ones are less attractive for further research.

How can AI be helpful?

- To reduce timelines for drug discovery and improve the agility of the research process
- To increase the accuracy of predictions on the efficacy and safety of drugs
- To improve the opportunity to diversify drug pipelines
- To spur the productivity of the entire R&D process
- To address targets perceived as undruggable
- To identify patients prospectively more likely to benefit or unlikely to benefit from an intervention.

Generating novel candidates, aggregating and synthesizing information, designing drugs, understanding disease mechanisms, validating and optimizing drug candidates, designing clinical trials and preclinical experiments, analyzing real-world evidence and publishing data are some of the areas where AI has played an exponential role.

With nearly 180 start-ups involved in applying AI to drug discovery, as of December 2019, these companies are starting to transform the way in which new drugs are discovered and developed. As of November 2019, 34 pharma companies have aligned with different AI start-ups to accelerate different R&D processes. Alliances have begun to form to coordinate and advance the adoption of AI in R&D. Leading the partnerships with AI start-ups, pharma companies are exploring AI-driven R&D and many are laying the groundwork for more advanced data strategies.¹¹

SPARC has been augmenting its capabilities for data driven drug discovery. SPARC has built in-house capability for structure-based drug design and has collaborated with global organizations like Schrodinger and Hitgen to further its discovery effort in the areas of Oncology and Neuro-degeneration. SPARC has also collaborated with leading academic institutions for data driven drug discovery.

With the help of these collaborations, SPARC expects to shorten the development cycle and to identify novel drugs for targets currently considered undruggable or "intractable".

Orphan Drugs, Next Generation Cell and Gene Therapies

Many dynamics converged to drive the pursuit of rare diseases (addressing a patient population that is under 200,000 in USA). These orphan drugs now form an integral part of the pharma industry. Worldwide, orphan drug sales are expected to grow at a CAGR of 12.3% to reach US\$242 billion by 2024. Constituting nearly 20.3% of the worldwide prescription drug sales, the orphan drug market is likely to double its size within the overall prescription drug market by 2024.¹²

Personalized medicine (PM) and orphan drugs are likely to drive R&D investments in large-molecule products. Hematology, the central nervous system and respiratory diseases are expected to be the leading orphan drug segments in the therapeutic

area, making up ~50% of the non-oncology market. The strong growth trajectory demonstrates the industry's belief in orphan drugs and its continued commitment to invest in niche patient populations, suffering from these rare diseases as measured by prevalence.

With the first cell and gene therapies entering the commercial segment in highly innovative areas like oncology, spinal muscular dystrophy and hemophilia, pharma companies are considering the application of such remedies across other broader segments like Parkinson's disease.

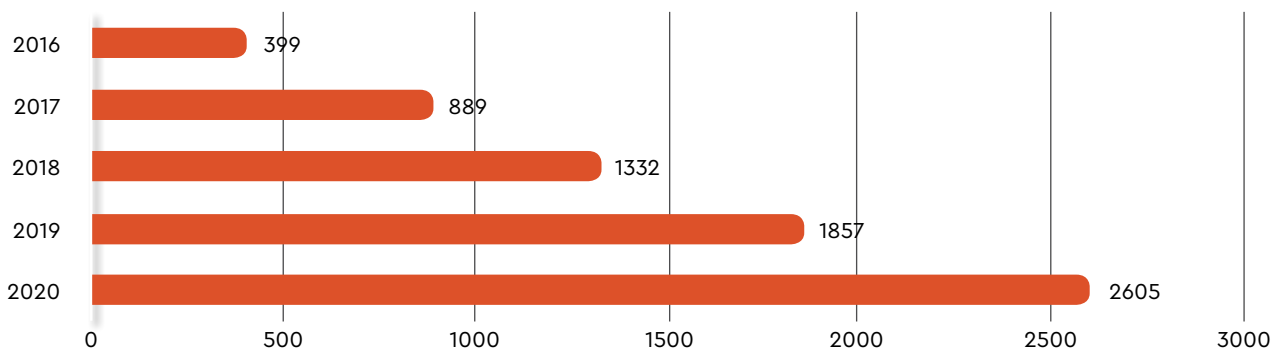
SPARC's novel BCR-ABL inhibitor vodobatinib (SCO-088) was recently granted orphan drug designation (ODD) for the treatment of chronic myeloid leukemia (CML). Additionally, SPARC's novel phenobarbital formulation was also granted ODD for treatment of neonatal seizures.

The Orphan Drug Act provides economic incentives to encourage the development of drugs for rare diseases in the United States. ODD allows up to seven years of US market exclusivity upon approval. Additional incentives provided by USFDA include waiver of user fee and assistance in clinical trial design.

Growing Importance of Immuno-oncology

As an extremely complex area in the pharma industry, many industry insiders expect immuno-oncology to emerge as a dominant modality within the cancer arsenal to treat oncology patients. Immunotherapy strives to enable the detection of a cancer cell as a foreign invader and not part of one's normal constitution, thereby arming the cancer patient's own immune system to recognize it as abnormal and perform its day-to-day job to eliminate it in the same way as it would with a pathogen. In a cancer patient the immune system fails to identify and remove the pathogen. The entire immuno-oncology market is in a position to grow and emerge as the pillar of cancer care joining radiotherapy, surgery, cytotoxic chemotherapy and molecular targeted therapy.

No. of Active Drugs in Immuno-oncology Therapy*



¹¹ Greg R.; Global life sciences outlook 2020; Deloitte insights

¹² EvaluatePharma orphan drug report 2019; 6th Edition; Apr 2019

Oncology drugs are expected to hold almost 20% share of the global pharmaceutical drug sales by 2024, after growing at a CAGR of 11.4%.¹³

SPARC has taken a conscious decision to remodel its pipeline and oncology assets constitute more than 50% of SPARC's current development pipeline.

Rise of Personalized Medicine

Leveraging the benefits of modern technology such as AI, ML and data analytics, scientists have made a breakthrough in PM, with an aim to offer customized and high-quality medical care to patients. PM provides the much-needed opportunity to develop highly specific agents targeted for clearly defined patient populations that do not respond as well to certain non-targeted medications and therefore, do not fare as well with traditional health systems.

Valued at around US\$1,351 billion, the current healthcare system across the world is rapidly moving towards PM, owing to genetic insights, genetic engineering and advanced technology. Blurring the fine lines between physical, biological, or digital therapeutics, PM is expected to reduce less effective treatments. The PM sales is expected to grow at a CAGR of 10.2% during the 2019–2025 period.¹⁴

Indian Pharmaceutical Industry

The Indian pharmaceutical industry has some unique capabilities which allows it to stand out from other regions. There are several factors that contribute to India's unique positioning in the pharma industry. Branded generics dominate the Indian market and it accounts for nearly 70% to 80% of the retail segment.¹⁵ Capabilities for low-cost formulation development and early, smart investments by local players help them to enjoy a dominant market position.

Increased consumer spending, improved accessibility, world-class capabilities in formulation development and growing exports place India's pharma sector in a favorable position, poised for robust growth in the years ahead, even as pricing and cost headwinds could force players to pause and consolidate their positions. The Indian pharmaceutical industry is set to grow at 9%-11% over the previous year and is likely to touch US\$41.9 billion in FY 2019–20.¹⁶

Indian companies continued to seek new markets for their mainstay generics in 2019 and the year also saw some early gains from investments in innovative R&D, alongside momentum in the speciality and biosimilars businesses. The Indian pharmaceutical industry may be at the cusp of significant change and a large part of this change is likely to be driven by greater focus on R&D. As a result, the industry's focus on amplifying its skills and capabilities in R&D has become a necessity for Indian pharma companies to generate intellectual property, to improve product life-cycle management and to gain cost as well as market differentiation.

To attain the desired success, it is pivotal for the Indian pharma companies to continue to evolve their R&D strategy. The agility and responsiveness which allowed them historically to succeed in the generic marketplace may need to be replicated but with very different metrics and mindsets to produce robust and very high quality data. As the global pharma industry is undergoing transformation, the Indian companies need to re-align their R&D approaches to maintain competitiveness with the global pharmaceutical players.

Key factors which can help improve the R&D processes

- Greater focus on digitization and better usage of AI and data to accelerate quality and compliance
- Implementation of new R&D models and methodologies to boost innovation
- Innovation through co-opetition
- Adoption of good laboratory practices (GLP) for a better and efficient R&D lifecycle management
- Intense focus on data and quality
- Significant longer term horizon mindset

Opportunities and Challenges

Building on the foundation of unique capabilities in key areas of the value chain, such as sourcing, manufacturing, product development and process innovation, the Indian pharma industry has grown in size and diversity. However, in recent times, the industry has been facing headwinds, both domestically and in key global markets and it has softened the growth rate. Nevertheless, many opportunities still exist for Indian pharmaceutical companies to chart an accelerated growth path.

¹³ Greg R.; Global life sciences outlook 2020; Deloitte insights

¹⁴ Personalized Medicine Market, IndustryARC LLP; Aug. 2019

¹⁵ India pharma 2020 propelling access and acceptance realising true potential; McKinsey & Company

¹⁶ Nirmalya B.; Indian pharma industry likely to grow by 11% to \$41.9 bn in FY20; Business standard; Jun. 2019

Opportunities

Taking advantage of India's huge skilled yet cost-efficient workforce: Every year, on an average, more than 200,000 pharmacy students graduate from India's education system compared to USA's 17,000 students.¹⁷ This allows the industry to select from a wide range of skilled professionals who can actively contribute to clinical research. Further, availability of a wide and diverse patient pool makes India one of the most interesting destinations for clinical research. Coupled with these, the average manpower cost in India is nearly 33% lower than its western counterparts.¹⁷

Favourable government policies: To augment the research and development of new drugs, the government introduced new policies such as New Drugs and Clinical Trial Rules, 2019 and the Atal Innovation Mission. These policies were formulated with the single aim to help evolve the R&D space in the country through entrepreneurship and innovation promotion via mentorship and competition. Conducting high quality clinical trials is an important component of innovation and competitive advantage; and the government has been trying to streamline the norms and rules.

Challenges

Modest growth in the innovation space: Indian pharma companies witnessed slow growth in the innovation space owing to limitations in government-supported research ecosystems and a lack of research scholars with advanced skills. Enhanced government support for innovation-focused research initiatives coupled with simple and less time-consuming approval processes can result in quicker turnaround time for clinical trials, ensuring a predictable and consistent outcome.

High investment: R&D generally requires quite a heavy expenditure, and currently in India only the large pharmaceutical companies can allocate significant resources for R&D to introduce new products. There is a huge scope for improvement in collaboration between government institutions and industry on innovation-focused research initiatives to raise efficiency.

COVID-19

A discussion of the prior fiscal year would not be complete without a mention of COVID-19, the disease caused by SARS-COVID-2 coronavirus. By the end of March, the infection had spread to almost every country in the world killing thousands of people. Most countries went on high alert and instituted quarantine measures in an effort to combat the rising infection rate.

As of this writing, the number of infections and death is still increasing. There is no question that COVID-19 will have an impact on the pharmaceutical sales and R&D. The impact across the industry is so far unknown, but it will be immense and vast. By the middle of March, even before quarantine measures were fully instituted, overall patient office visits had declined by 40%. In person promotional detailing declined by 62%. On the R&D side, 482 trial sponsors reported delays in 608 clinical studies due to the ongoing COVID-19 pandemic. 98 planned trials have delayed initiation, 90 ongoing trials impacted due to slower enrolment, 420 ongoing trials have suspended enrolment for the time being.¹⁸

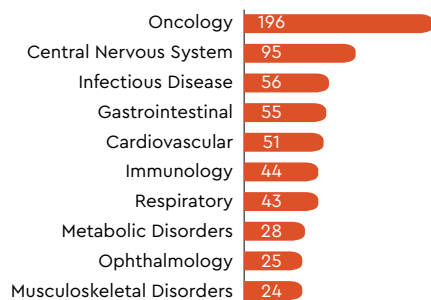
Trials disrupted due to COVID-19

Overall trials disrupted due to the COVID-19 pandemic	608
Planned trials that have delayed initiation	98
Ongoing trials impacted due to slower enrolment	90
Ongoing trials that have suspended enrolment (includes trials suspended before initiation)	420

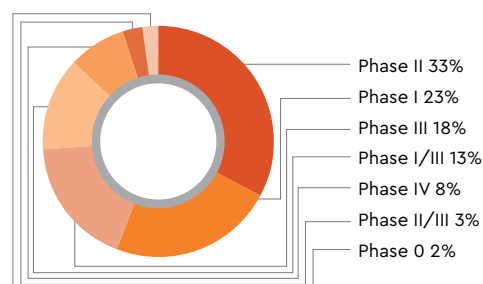
Companies reporting trial disruption due to COVID-19

All sponsor (Industry and non-industry)	482
Companies in a role as sponsor, collaborator or CRO	282
Companies in a role only as sponsor or CRO	220

Disrupted Clinical Trials by Therapy Area¹⁸



Disrupted Clinical Trials by Phases¹⁸



¹⁷ Nirmalya B.; Indian pharma industry likely to grow by 11% to \$41.9 bn in FY20; Business standard; Jun. 2019

¹⁸ GlobalData; COVID-19 executive briefing; Apr. 2020

SPARC is also not insulated from the pandemic and has been impacted. The patient recruitment in the ongoing clinical trials have been severely impacted due to measures taken by several governments across the world to ensure the safety of the patients and the citizens. Initiation of new studies have been put on hold until normalcy is restored. This delay severely impacts the overall timelines projected for each of our programs and in turn the potential revenues.

Another major effect of the pandemic has been in the way we used to run our daily operations. The usual physical presence of the employees at the workplace has been replaced by virtual presence in most of the functions. In laboratories, the physical attendance is stripped to minimum and highly regulated. Although, this has been a challenge it seems to be a new normal, physical interactions to virtual presence can be the new way forward. While this presents an opportunity with regards to cost saving for physical infrastructure, the organizations need to ensure the necessary infrastructure required for remote working.

While the pandemic has presented several challenges, it has also created an opportunity to develop novel vaccine for treatment of COVID-19. Since vaccine is not an area of expertise for SPARC, we are not pursuing any development effort in this area.

The industry has responded to this generational pandemic with unprecedented collaboration. Government, regulatory agencies, manufacturers, scientists, financiers and philanthropists are working together in ways that they have never before.

Performance Snapshot

The FY 2019–20 was an important year for SPARC marked with several notable milestones for the company.

SPARC executed its 1st in-licensing agreement with Bioprojet (France) obtaining exclusive global rights of SCD-044. SPARC also established first commercial partnership with China Medical Systems Ltd., out-licensing commercial rights of five assets (Xelpros™, Elepsia™, Taclantis™, PDP-716 and SDN-037). Industry collaboration is paramount to success and SPARC will continue to seek strategic collaborations across the industry where it makes sense.

SPARC continues to fortify its collaborations with academic centers across the US. In January 2020, we signed an agreement with University of Michigan Drug Discovery to fund up to US\$10 million and in-kind support to advance various promising drug discovery projects toward the ultimate goal of developing new therapies for patients. Partnership with academic institutions and novel discovery companies like Schrodinger and Hitgen allows us to fully leverage emerging

and cutting-edge technologies while selectively bringing in these key capabilities in-house, as and when needed.

SPARC's vodobatinib was granted orphan drug designation for treatment of CML

SPARC faced some challenges during the year. Out-licensing of Elepsia™ is yet to be completed and Taclantis™ approval has been delayed. Both these events impacted our projected revenues. In addition, SPARC made a strategic decision to exit several NDDS programs. Responding to the contracting value of the modified generics space, SPARC intends to solely focus on NCEs or NBEs going forward. In addition, we expect to pursue not only validated targets with novel chemistry, but with novel biology and new targets as well.

Finally, SPARC completed the fit out of our new facility at Savli which is now fully functional.

Progress on Key Programs

1. Taclantis™

Taclantis™ is cremophor and albumin-free formulation of paclitaxel. SPARC filed NDA for Taclantis™, however, USFDA issued a CRL requesting additional clinical data and particle size variability data amongst other details. SPARC plans to file an appeal against the additional clinical data request as the bio-equivalence path for registration was agreed with USFDA.

We remain hopeful that the USFDA would have a constructive view on our appeal and we can agree on a path forward. The issuance of the CRL has delayed the commercialization of Taclantis™ and thereby the revenues associated with it.

We are fully cognizant of the fact that generating any additional clinical data will significantly delay the NDA approval of Taclantis™, limiting the potential of the program.

2. PDP-716

PDP-716 is a novel once-a-day formulation of brimonidine for the treatment of glaucoma. The futility analysis conducted in Nov 2019 indicated that SPARC should continue with the clinical study as planned.

Until 15 May 2020, 651 patients were randomized against as target randomization of 666 patients. Due to COVID-19, we anticipate some drop-outs as patients are likely to miss clinic visits. We plan to screen additional patients to achieve targeted no. of subjects.

The topline results from the pivotal study are expected by December 2020.

3. SDN-037

SDN-037 is a novel twice-a-day formulation of an approved steroid. SPARC completed the patient randomization in the pivotal clinical study. The topline results from the pivotal study are expected by September 2020.

4. SCC-138 (Vodobotinib for Parkinson's Disease)

SCC-138, a c-Abl inhibitor is being pursued for treatment of neuro-degenerative diseases.

SPARC has randomized 39 patients in the ongoing Phase II study of SCC-138 for treatment of Parkinson's disease. Four patients have completed the treatment. No serious adverse events were observed amongst the patients that are currently under treatment.

Due to the COVID-19 pandemic, the enrolment of new patients on the PROSEEK study slowed down and we expect the study to be delayed.

During the lockdown, remote site initiations were scheduled so that patients can be randomized to study as soon as they are able to report to hospitals.

During the year, SPARC also commenced the investigator initiated study of SCC-138 in Lewy Body Dementia. The study is being conducted by Georgetown University at Washington. This study will provide a quick proof of concept for SCC-138 as a neuroprotective agent.

5. SCO-088 (Vodobotinib for CML)

SCO-088, a novel BCR ABL inhibitor for treatment resistant chronic myeloid leukemia. The Phase I study was completed and no serious adverse events were reported during the Phase I study. 31 of the 47 patients enrolled in Phase I study continue to be on treatment. More than 12% (6/47) patients have been on treatment for over 2 years and 40% (19/47) patients completed one year of treatment with SCO-088 (per Mar 2020 cut-off).

Based on feedback received from the USFDA, the pivotal registration study was started in patients who failed 3 lines of treatment including ponatinib. This global study was initiated in Q4 FY 2019-20 and patient enrolment has started. Recruitment is significantly impacted due to the

pandemic and we hope for it to be back on track once the condition normalizes. The study is expected to be completed by FY 2023-24.

During the year, the USFDA granted orphan drug designation to SCO-088 for treatment of chronic myeloid leukemia.

6. SCD-044

SCD-044 is a novel S1P1R agonist being developed for auto-immune disorders. SCD-044 was jointly identified by SPARC & Bioprojet. During the year, SPARC in-licensed Bioprojet's share of IP and became the sole owner of the asset.

SPARC completed Phase I study of SCD-044. In the course of the year and part of the prioritization exercise, SPARC identified SCD-044 as an asset to be out-licensed at its current stage i.e. end of Phase I. SPARC has out-licensed global rights of SCD-044 to Sun Pharmaceutical Industries Limited (SPIL). SPARC received US\$20 million as upfront licensing fee and will be eligible to receive up to US\$125 million contingent upon the achievement of clinical, regulatory and sales milestones, as well as tiered royalties on sales.

As part of the agreement, SPIL will pursue further development of SCD-044. SPIL has initiated start-up activities of Phase II study for SCD-044. The study is expected to be complete in a year's time.

7. SCO-120

SCO-120 is a novel selective estrogen receptor degrader (SERD) for the treatment of hormone receptor positive (HR +ve) metastatic breast cancer. Most of the HR +ve metastatic breast cancer patients are treated with aromatase inhibitors, however, over a period of time they fail to respond to aromatase inhibitors.

SPARC filed IND for SCO-120 which was accepted by the USFDA. SPARC initiated Phase I study of SCO-120 in healthy volunteers to assess the PK, safety and tolerability of the compound. The objective of Phase I study is to assess the safety and to identify the recommended Phase II dose of SCO-120.

Key Financial Ratios

Sr.	Particulars	Unit	FY 2019-20	FY 2018-19	Reason
1	Debtors Turnover Ratio	Time	5.86	13.19	Due to lower revenues
2	Inventory Turnover Ratio	Time	N.A.	N.A.	Due to nil inventory
3	Interest Coverage Ratio	Time	N.A.	N.A.	Due to higher losses
4	Current Ratio	Time	0.29	2.71	Due to increase in creditors
5	Debt Equity Ratio	Time	(3.64)	0.00	Due to increase in borrowing
6	Operating Profit Margin	%	(403.22)	(79.48)	Due to lower revenues
7	Net Profit Margin	%	(406.70)	(79.53)	Due to lower revenues
8	Return on Net Worth	%	N.A.	N.A.	Due to negative net worth

Outlook

SPARC has initiated clinical trials for multiple assets including first-in-class compounds. In the coming year, some trials, namely SCO-120 and SCD-044 may be fully enrolled and provide data points for next steps. The Lewy Body Dementia study for vodobatinib is also expected to enrol a significant proportion of the targeted patients in the year ahead. The pivotal study in CML and the PROSEEK study for vodobatinib have been initiated, however, the recruitment rate on these trials is slower than expected due to COVID-19. SPARC is in a state of readiness and intends to get the enrolment back on track as soon as the condition normalizes and the patients start to visit their treatment centres in various geographies across the world.

SPARC's effort to partner with academic institutions has been picking up pace over the years and will be a focus for next year as well. The objective of these alliances is to work in close collaboration with researchers to develop novel drugs in areas of oncology, neuro-degeneration and immunology. Additionally, SPARC intends to increase its ongoing effort in the area of biologics and will forge alliances with select research groups to further its mission.

The rigorous portfolio evaluation process will continue to reassess the assets under development and weed out assets with low commercial and therapeutic value. During the last portfolio assessment, SPARC decided to scale down its non-oral formulation capabilities and going forward SPARC will assess the competencies and capabilities required for the emerging pipeline.

Expenses during the year increased due to the initiation of the clinical studies of our programs. Ongoing clinical trials will account for the bulk of the expenses during the coming year. SPARC is in process of addressing the need for capital and evaluating several potential options including the licensing of early stage assets or collaborations to fund ongoing clinical studies.

An important change that the industry confronted during the year was the COVID-19 pandemic. The pandemic has

disrupted several old paradigms and has forced companies to work differently. SPARC is quickly adopting to this new normal and has taken steps to ensure the continuity of business. New technologies and processes are being applied to ensure business continuity. The effects of pandemic are expected to remain for coming year as well and SPARC will adapt to the new normal of working anticipated in the post COVID-19 era.

Some of the key milestones for SPARC in the year ahead include data read outs from pivotal studies of PDP-716 and SDN-037, licensing of additional assets and feedback from USFDA for Taclantis.

Human Resource Strategy

Over the last few years, SPARC's strategic focus shifted from delivery systems innovation to novel chemistry & biologics. In line with this direction, SPARC has scaled down its non-orals formulation & analytical capabilities while ramping up investments into a host of new development capabilities relevant to its future. As on 31st March, 2020, the Company has a dedicated team of 429 people, of which 80% are scientists. We will remain focused on identifying the right talent at the right time and nurturing their quest for innovation till it becomes an integral part of our culture. We shall further intensify our efforts to provide learning and development opportunities to our employees. We have invested ~10000 hours in learning and organizational development interventions during the year, covering 93% employees across the functions.

Key focus for the next financial year will be to upgrade our processes to a more targets and accountability driven framework, in sync with our business objectives. Identifying critical positions and developing succession options by creating a talent pool of high potential employees will also be a priority. Ensuring employee engagement and professional development are parts of our ongoing pursuit of building a sustainable business focused on developing and leveraging world-class human capital. We hope to ride on an engaged workforce's passion for excellence and creativity in taking SPARC to newer heights.

We are targeting a transformation in the midst of a pandemic. In these trying times, there is a need to adopt new ways of working built on seamless collaboration, transparent and open communication enabled through agile processes and infrastructure. We are committed to making sure that our business continues to thrive in these chaotic & uncertain times. Upholding psychological and emotional health of employees in such tough times is going to be very crucial in order to drive the vital projects through the finish line. The focus will continue to be on employees' safety & wellbeing without compromising on productivity.

Risks and Concerns

Pharmaceutical R&D carries notable risk as it traverses uncharted paths and evaluates untested ideas. We are developing programs that are within our risk tolerance level. However, we are subject to certain risks and uncertainties related to product development, regulatory approvals, market acceptance, scope of the patent and proprietary rights, competition and technological changes. Our revenues and cash flows can also be impacted by fluctuations in foreign exchange rates and interest rates. We undertake a thorough risk management process, identifying the main risks to our business, their possible impact and take necessary actions to mitigate the same.

Beyond the standard risk associated with pharmaceutical drug development, we must consider the risk to SPARC from COVID-19. The pharmaceutical industry is normally shielded from incremental downturns in the economy. However, the COVID-19 pandemic is unprecedented in modern times and its impact is not fully understood. Recruitment for clinical studies is expected to become more difficult. Fewer patients are visiting their physicians leading to lower prescription volume. Elective surgery is being delayed to relieve the hospitals of their burden. All of these factors are headwinds for SPARC. Funding and resources for drug development is readily available for innovative projects. While the challenges have increased so has the unmet need and stakeholder support for the healthcare industry.

Internal Control Systems and Their Adequacy

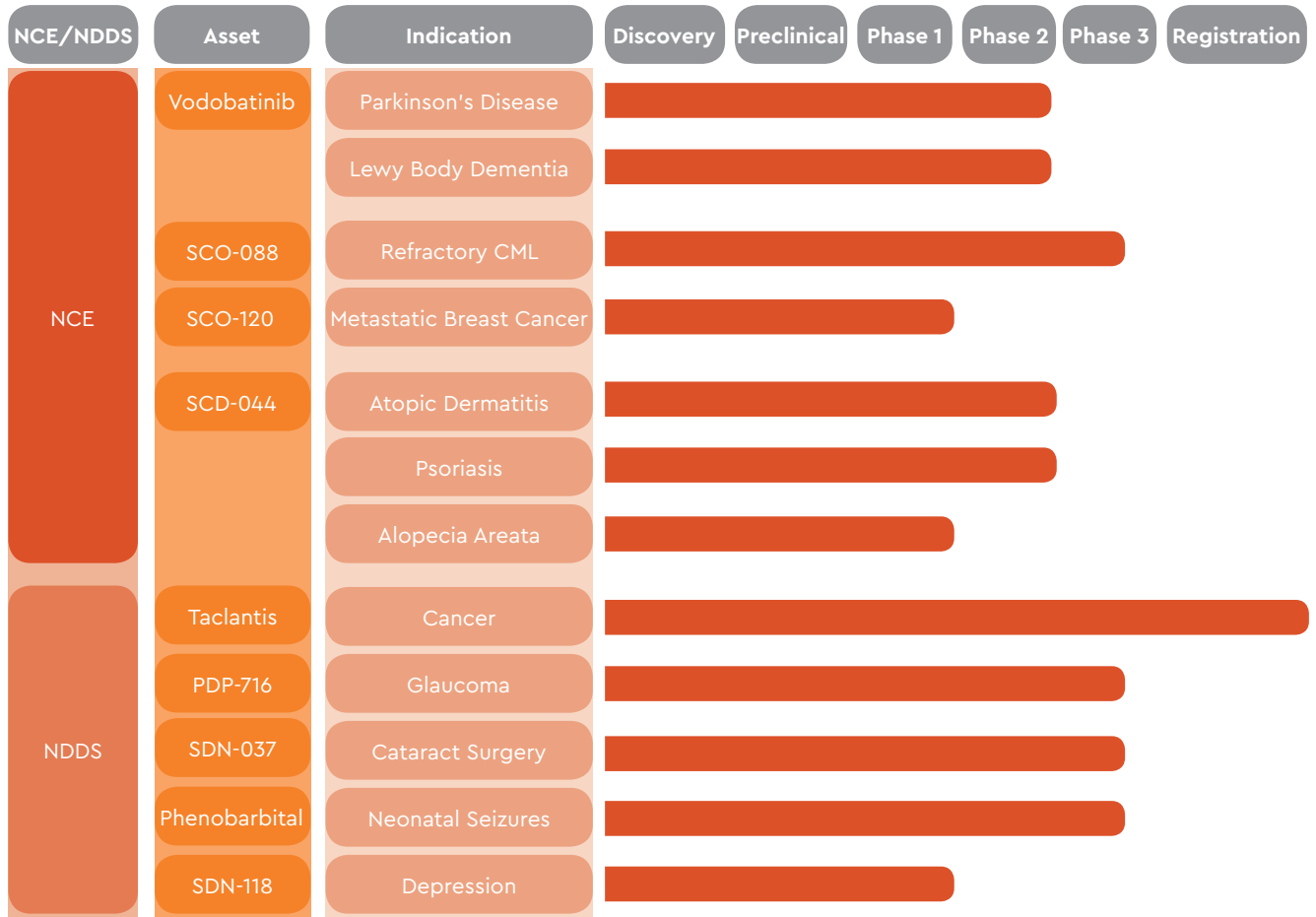
SPARC is a responsible public company committed to maintaining the highest standards of ethics and transparency. Our accountability to patients we seek to serve, investors who enable us and commitment to sustainable progress are the key components of our identity.

We have well-defined and adequate internal controls for efficient operations. We are cognizant of applicable laws and regulations, particularly those related to the protection of intellectual properties, resources, assets, accurate reporting of financial transactions and our internal policies adequately cover all evolving needs. The internal control systems are supplemented by extensive internal audits conducted by an independent audit firm.

Disclaimer

Certain statements in the MD&A section concerning future prospects may be forward-looking statements which involve a number of underlying identified / non identified risks and uncertainties that could cause actual results to differ materially. In addition to the foregoing changes in the macro-environment, global pandemic like COVID-19 may pose an unforeseen, unprecedented, unascertainable and constantly evolving risk(s), inter-alia, to the Company and the environment in which it operates. The results of these assumptions made, relying on available internal and external information, are the basis for determining certain facts and figures stated in the report. Since the factors underlying these assumptions are subject to change over time, the estimates on which they are based, are also subject to change accordingly. These forward-looking statements represent only the Company's current intentions, beliefs or expectations, and any forward-looking statement speaks only as of the date on which it was made. The Company assumes no obligation to revise or update any forward-looking statements, whether as a result of new information, future events, or otherwise.

R&D Pipeline



Board's Report

Your Directors take pleasure in presenting the Fifteenth Annual Report and Audited Financial Statements for the financial year ended 31st March, 2020.

Financial Results

(₹ in Lakhs)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Total Income	8,657.72	19,637.68
Profit/(Loss) before Finance Cost, Depreciation & Tax	(30,024.80)	(13,778.45)
Finance Cost	267.49	9.39
Depreciation	948.05	755.24
Profit/ (Loss) before Exceptional Item and Tax	(31,240.34)	(14,543.08)
Tax Expense	-	-
Profit/ (Loss) after Exceptional Item and Tax	(31,240.34)	(14,543.08)
Other Comprehensive Income	(247.06)	71.32
Total Comprehensive Income	(31,487.40)	(14,471.76)
Impact on account of adoption of Ind AS 115	-	1,877.10
Balance brought forward from Previous Year	(70,439.75)	(54,090.89)
Balance carried to Balance Sheet	(101,927.15)	(70,439.75)

Our Company made significant strides towards achieving its research goals during the financial year ended 31st March, 2020. The Company had made progress on clinical trials of its late stage assets and some of its early clinical assets advanced to later phases of clinical evaluation as the Company continues to collaborate with several globally reputed organizations to fortify its pipeline.

Dividend

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

Dividend Distribution Policy

In compliance with the requirements of regulation 43A of the Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI (LODR) Regulations'), the Board of Directors of the Company has, formulated a Dividend Distribution Policy, which is available on the website of the company www.sparc.life and may be accessed through the web link <https://www.sparc.life/policies-and-codes>. The Dividend Distribution Policy is also enclosed as **Annexure A** to this Report.

Extract of Annual Return

The extract of Annual Return as provided under sub-section (3) of section 92 of the Companies Act, 2013 in prescribed form MGT-9 forms a part of this Report and is enclosed as **Annexure 1**.

Pursuant to clause (a) of sub-section (3) of section 134 of the Companies Act, 2013 same is also available on the website of the Company www.sparc.life and may be accessed through the web link <https://www.sparc.life/annual-reports> as a part of the digital copy of this Annual Report.

Subsidiary/ Joint Venture/ Associate Company

The Company does not have any subsidiary, joint venture or associate company. The Company is a subsidiary of Shanghvi Finance Pvt. Ltd.

Share Capital & Preferential Issue

During the year, there was no change in paid-up capital of the Company.

Shares lying in Unclaimed Suspense Account

In compliance with the requirements of regulation 39 (4) of the SEBI (LODR) Regulations, the Company had transferred 1,620 shares belonging to 14 shareholders to "SPARC Unclaimed Suspense Account", after sending three reminders to the concerned shareholders and following the procedures laid down under Schedule VI of the aforesaid Regulations.

As on 31st March 2020, 1,584 shares belonging to 13 shareholders were lying unclaimed in the aforesaid account.

In compliance with the requirements of the SEBI (LODR) Regulations, all corporate benefits declared by the Company in future, in respect of the aforesaid shares shall be transferred to the aforesaid account until the rightful shareholders claim for the aforesaid shares. The voting rights on the aforesaid shares shall also remain frozen till the rightful owners claim the shares.

Directors & Key Managerial Personnel

Mr. Mark Simon (DIN: 07807378), Independent Director of the Company resigned from his office with effect from 28th February 2020 due to his personal commitments. The Board acknowledges and puts on record its appreciation for the valuable contributions made by him during his tenure as Director of the Company. The Board of Directors of the Company, on the recommendation of the Nomination & Remuneration Committee, in its meeting held on 1st June, 2020 appointed Dr. Robert J Spiegel (DIN: 00025758) as Additional Director of the Company under section 161 of the Companies Act, 2013.

Ms. Bhavna Doshi (DIN: 00400508) and Dr. Ferzaan Engineer (DIN: 00025758), Independent Directors of the Company hold office upto the ensuing Annual General Meeting of the Company.

In view of the commendable performance of Ms. Bhavna Doshi and Dr. Ferzaan Engineer during their association with the Company and impressive qualifications & experience of Dr. Robert Spiegel, the Board, on the recommendation of the Nominaton & Remuneration Committee has recommended the appointment of Dr. Robert J Spiegel and the re-appointment of Ms. Bhavna Doshi and Dr. Ferzaan Engineer as Independent Directors of the Company for a Term of 5 years.

Dr. T. Rajamannar (DIN:01415412), retires by rotation at the ensuing Annual General Meeting, and being eligible, offers himself for re-appointment. In view of his commendable performance during his past association, the Board of Directors recommend his re-appointment.

There were no changes in the Key Managerial Personnel of the Company during the year.

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

Declaration by Independent Directors

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

Policy on Directors' Appointment and Remuneration

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

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

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

Number of Meetings of the Board

The Board of Directors of the Company met five times during the year on 6th May, 2019, 7th May, 2019, 29th July, 2019, 4th November, 2019 and 31st January, 2020. The particulars of attendance of the Directors at the said meetings are detailed in the Corporate Governance Report which forms a part of this Report. The intervening gaps between the meetings were within the period prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations.

Evaluation of Performance of the Board, Its Committees and Individual Directors

In view of Securities and Exchange Board of India's ('SEBI') notification no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January, 2016 on 'Guidance Note on Board Evaluation', the Board of Directors, on the recommendation of the Nomination & Remuneration Committee, have adopted a set of criteria, aligned with the recommendations of SEBI, for evaluation of

the Board of Directors of the Company, including the individual Directors and the Committees of the Board.

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

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of various criteria such as Structure of the Board, Meetings of the Board, Functions of the Board, Board and Management, Professional Development, etc.

The performance of each committee was evaluated by the board after seeking inputs from the committee members on the basis of criteria such as Mandate and composition, Effectiveness of the Committee, Structure of the Committee and meetings, Independence of the Committee from the Board, Contribution to decisions of the Board etc.

The Board and the Nomination & Remuneration Committee reviewed the performance of the individual Non-Independent Directors on the basis of criteria such as qualifications, experience, knowledge & competency, fulfilment of functions, ability to function as a team, initiative, availability and attendance, commitment (as a Director), contribution & integrity.

The performance of each individual Independent Director was reviewed, based on the additional criteria of Independence and Independent Views & Judgment. Similarly, the performance of the Chairman was evaluated based on additional criteria such as effectiveness of leadership and ability to steer the meetings, impartiality, commitment (as Chairperson) and ability to keep shareholders' interests in mind.

Pursuant to regulation 25(4) of the SEBI(LODR) Regulations, in a separate meeting of Independent Directors, performance of Non-Independent directors, performance of the various Committees of the Board and the Board as a whole and performance of the Chairman was evaluated, taking into account the views of the executive directors and non-executive directors. The same was discussed in the board meeting that followed the meeting of Independent Directors, at which the performance of the Board, its committees and individual Directors were also discussed.

Human Resources

As on 31st March, 2020, our Company had a dedicated team of 429 people, of which around 80% are highly qualified and experienced scientists. During the previous year, the Company has considerably strengthened its team by attracting top quality scientific talent, with extensive experience in drug research internationally.

In addition to increasing the Company's participation at international Conferences for continuous knowledge up-gradation, the Company have also put in place effective training and career progression plans for its employees.

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

Information as per Section 197 (12) of the Companies Act, 2013, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is annexed as **Annexure 2** to this Report. Further, pursuant to section 136 (1) of the Companies Act, 2013, the Annual Report and the accounts are being sent to the members excluding the information under rule 5(2) & 5(3) aforesaid. In terms of section 136 of the Act, the said Annexure is available for inspection at the Registered Office of the Company. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

Disclosure Under the Sexual Harassment of women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and has submitted the Annual Returns to the local authorities, as required under the above mentioned Act.

During the year ended 31st March, 2020, no complaint pertaining to sexual harassment was received by the Company.

Auditors

Statutory Auditors

The Company's Auditors M/s. S R B C & Co. LLP, Chartered Accountants, (ICAI Firm Regn. No. 324982E/E300003), were appointed as the Statutory Auditors of the Company for a term of five years, upto the conclusion of the 17th Annual General Meeting of the Company.

The Auditor's Report for the financial year ended March 31, 2020, has been issued with an unmodified opinion, by the Statutory Auditors.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed KJB & Co. LLP, Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company for the financial year 2019-20.

The Secretarial Audit Report for the year does not contain any qualification, reservation or adverse remark.

The Secretarial Audit Report is annexed herewith as **Annexure 3**.

The Boards of Directors, have in their meeting held on 2nd June, 2020 re-appointed KJB & Co. LLP, Practicing Company Secretaries as Secretarial Auditors of the Company for the Financial year 2020-21.

Secretarial Standards

The Company has complied with the applicable Secretarial Standards as amended from time to time.

Loans, Guarantees & Investments

The particulars of loans, guarantees and investments have been disclosed under Notes to the financial statements.

Related Party Transactions

All contracts/arrangements entered by the Company during the year with the related parties were in the 'Ordinary Course of Business' and on 'Arm's Length Basis'.

There were no materially significant Related Party Transactions between the Company and the Directors, the management or the relatives. As required under Section 134(3)(h) of the Act, details of transactions entered with related parties under the Act exceeding ten percent of the annual consolidated turnover as per the last audited financial statements are given in Form AOC-2 (**Annexure 4**).

The policy on Related Party Transactions as approved by the Board is available on the website of the company www.sparc.life and may be accessed through the web link <https://www.sparc.life/policies-and-codes>.

Your Directors also draw your attention to "Annexure A" to the Notes on the Financial Statements, which sets out Related Party Disclosures.

Audit Committee Composition

The details of composition of Audit Committee are included in the Corporate Governance Report, which forms a part of this Report.

Risk Management

The Board of Directors has developed & implemented an adequate Risk Management Policy, which lays down the procedure to identify, monitor and mitigate the key elements of risks that threaten the existence of the Company. Further, in compliance with the requirements of regulation 21 of the SEBI (LODR) Regulations as amended from time to time, the Board of Directors of the Company, at its meeting held on 4th February, 2019 constituted a Risk Management Committee to oversee risk mitigation measures in the Company. The details of composition of Risk Management Committee are included in the Corporate Governance Report which forms a part of this Report.

The Risk Management Committee and the Audit Committee reviews, at regular intervals, the status of key risks and steps taken by the Company, to mitigate such risks.

Internal Financial Controls

The Company has in place a well-defined organizational structure and adequate internal controls for efficient operations which is cognizant of applicable laws and regulations, particularly those related to protection of intellectual properties, resources, assets, and the accurate reporting of financial transactions in the financial statements. The Company continually upgrades these systems. The internal control systems are supplemented by extensive internal audits, conducted by an independent firm of chartered accountants.

Corporate Social Responsibility

In compliance with the requirements of section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility Committee. The details of membership of the Committee & the meetings held are given in the Corporate Governance section of the Report.

The CSR Policy of the Company as approved by the Board on the recommendation of the Corporate Social Responsibility Committee is available on the website of the company www.sparc.life and may be accessed through the web link <https://www.sparc.life/policies-and-codes>.

Since the Company incurred losses during the three immediately preceding financial years, the Company was not required to spend any money on CSR activities during the previous financial year. However, in compliance with the requirements of Companies (Corporate Social Responsibility) Rules, 2014, a Report on 'CSR Activates' as per prescribed format, is enclosed with as **Annexure 5**.

Public Deposits

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

Management Discussion and Analysis

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

Corporate Governance Report

Report on Corporate Governance and Certificate of the Auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in Schedule V read with regulation 34(3), of the SEBI (LODR) Regulations, are provided in a separate section and forms part of this Report.

Business Responsibility Report

The Business Responsibility Report of the Company for the year ended 31st March, 2020 describing the initiatives taken by the Company from an environmental, social and governance perspective, in the format as specified by the Board, as required under Clause 34 (2) (f) of the SEBI (LODR) Regulations, forms part of this Report and is also available on the website of the Company www.sparc.life and may be accessed through the web link <https://www.sparc.life/annual-reports> as a part of this Report.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed as **Annexure 6**.

Significant and Material orders passed by the regulators or courts or tribunals

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

Whistle Blower Policy/Vigil Mechanism

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

The Policy is available on the website of the Company www.sparc.life and may be accessed through the web link <https://www.sparc.life/policies-and-codes>.

Directors' Responsibility Statement

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

- a) in the preparation of the annual accounts for the financial year ended 31st March, 2020, the applicable accounting standards have been followed along with proper explanation relating to material departures;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2020 and of the loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis; and
- e) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.
- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

Acknowledgements

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

For and on behalf of the Board of Directors

Dilip S. Shanghvi

Chairman & Managing Director

(DIN: 00005588)

Place: Mumbai

Date: June 02, 2020

Annexure 1

FORM MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2020

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:	L73100GJ2006PLC047837
ii)	Registration date:	1-Mar-06
iii)	Name of the Company:	Sun Pharma Advanced Research Company Limited
iv)	Category/ Sub-category of the Company:	Company Limited By Shares
v)	Address of the Registered Office and Contact details:	SPARC, Akota Road, Akota, Vadodara 390020, Gujarat Tel no: + 91 265 2330815
vi)	Whether listed company:	Yes
vii)	Name, Address, and Contact details of Registrar and Transfer Agent:	Link Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel no: + 91 22 4918 6000

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

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

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

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Shanghvi Finance Pvt. Ltd F.P. 145, Ram Mandir Road, Vile Parle East, Mumbai - 400 057	U65910MH1989PTC053111	Holding	52.36%	2 (87) (ii)

IV SHAREHOLDING PATTERN (Equity Share Breakup as percentage of Total Equity)

i) Category-wise shareholding

Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2019)				No. of Shares held at the end of the year (31st March 2020)				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A Promoter*									
1) Indian									
a) Individual/HUF	35878251	0	35878251	13.69%	35878251	0	35878251	13.69%	0.00%
b) Central Government/ State Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corporate	143372857	1200	143374057	54.71%	143372857	1200	143374057	54.71%	0.00%
d) Financial Institutions/ Bank	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any other :				0.00%				0.00%	0.00%
Trust	154922	0	154922	0.06%	154922	0	154922	0.06%	0.00%
Sub total (A) (1)	179406030	1200	179407230	68.46%	179406030	1200	179407230	68.46%	0.00%
2) Foreign									
a) Individuals (NRIs)	0	0	0	0.00%	0	0	0	0.00%	0.00%
b) Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c) Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%	0.00%
d) Financial Institutions/ Bank	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Any other	0	0	0	0.00%	0	0	0	0.00%	0.00%
Sub total (A) (2)	0	0	0	0.00%	0	0	0	0.00%	0.00%
Total shareholding of Promoter & Promoter group (A)=(A)(1)+(A)(2)	179406030	1200	179407230	68.46%	179406030	1200	179407230	68.46%	0.00%
B Public Shareholding									
1) Institutions									
a) Mutual Funds	2860831	100	2860931	1.09%	10744	100	10844	0.00%	-1.09%
b) Financial Institutions/ Bank	480903	84	480987	0.18%	794085	84	794169	0.30%	0.12%
c) Central Government/ State Government	0	0	0	0.00%	668	0	668	0.00%	0.00%
d) Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
e) Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
f) FIs/ FPIs	11712505	1200	11713705	4.47%	8557783	1200	8558983	3.27%	-1.20%
g) Foreign Venture Capital	0	0	0	0.00%	0	0	0	0.00%	0.00%
j) Any other (specify):									
Sub total (B) (1)	15054239	1384	15055623	5.75%	9363280	1384	9364664	3.57%	-2.17%
2) Non- Institutions									
a) Bodies Corporate									
i) Indian	13846416	12426	13858842	5.29%	17014454	11826	17026280	6.50%	1.21%
ii) Overseas	9600	0	9600	0.00%	9600	0	9600	0.00%	0.00%
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	25911089	802024	26713113	10.19%	27702574	732566	28435140	10.85%	0.66%

Category of Shareholders		No. of Shares held at the beginning of the year (1st April 2019)				No. of Shares held at the end of the year (31st March 2020)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	13541630	0	13541630	5.17%	14555136	0	14555136	5.55%	0.39%
c)	Others (specify)									
i)	Non Resident Indians(Repat)	731505	11112	742617	0.28%	700125	10428	710553	0.27%	-0.01%
ii)	Non Resident Indians(Non-Repat)	323704	0	323704	0.12%	330614	0	330614	0.13%	0.00%
iv)	Clearing Member	497499	0	497499	0.19%	419962	0	419962	0.16%	-0.03%
v)	Trusts	10320070	0	10320070	3.94%	10318890	0	10318890	3.94%	0.00%
ix)	Hindu Undivided Family	1480771	0	1480771	0.57%	1466974	0	1466974	0.56%	-0.01%
x)	Others (specify)	96807	0	96807	0.04%	2463	0	2463	0.00%	-0.04%
	Sub total (B) (2)	66759091	825562	67584653	25.79%	72520792	754820	73275612	27.96%	2.17%
	Total Public shareholding (B)= (B)(1)+(B)(2)	81813330	826946	82640276	31.54%	81884072	756204	82640276	31.54%	0.00%
C	Shares held by Custodian for GDRs & ADRs (C)	0	0	0	0.00%	0	0	0	0.00%	0.00%
	GRAND TOTAL (A)+(B)+(C)	261219360	828146	262047506	100.00%	261290102	757404	262047506	100.00%	0.00%

* Includes Promoter Group and Person acting in concert with the Promoter Group

ii) Shareholding of Promoter

Sr No.	Shareholder's Name	Shareholding at the beginning of the year (1st April 2019)			Shareholding at the end of the year (31st March 2020)			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Mr. Dilip S. Shanghvi	28102795	10.72%	0	28102795	10.72%	0	NIL

iii) Change in Promoters' Shareholding

Sr. No	Name	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Shareholding -Cumulative/ at the end of the year	
		No. of shares	% of total shares	Date*	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Mr. Dilip S. Shanghvi	28102795	10.72%	-	-	No change during the year	28102795	10.72%

*Date of download of beneficiary data by the Company.

iv) Shareholding Pattern of top ten[#] Shareholders (other than Directors, Promoter and Holders of GDRs and ADRs):

Sr. No	Name	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Shareholding -Cumulative/ at the end of the year	
		No. of shares	% of total shares	Date*	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Shanghvi Finance Pvt. Ltd. [®]	137211787	52.36%		NA		137211787	52.36%
2	Sun Pharmaceutical Industries Key Employees Benefit Trust	10317377	3.94%		NA		10317377	3.94%
3	Lakshdeep Investments & Finance Pvt. Ltd.	5080142	1.94%		NA		5080142	1.94%
4	Aditya Medisales Pvt. Ltd. [®]	4888126	1.87%		NA		4888126	1.87%
5	Ms. Raksha Valia [®]	4145231	1.58%		NA		4145231	1.58%
6	Mr. Vijay Mohanlal Parikh	2469109	0.94%		NA		2469109	0.94%
7	Mr. Paresh Mohanlal Parekh	2454424	0.94%		NA		2454424	0.94%
8	Mr. Sudhir V. Valia [®]	1833951	0.70%		NA		1833951	0.70%
9	Gagandeep Credit Capital Private Limited	259000	0.10%	19 Jul 2019	400000	Transfer	659000	0.25%
				26 Jul 2019	895000	Transfer	1554000	0.59%
				02 Aug 2019	101376	Transfer	1655376	0.63%
				09 Aug 2019	3624	Transfer	1659000	0.63%
10	Government Pension Fund Global	1577086	0.60%		NA		1577086	0.60%
11 [#]	Vanguard Total International Stock Index Fund	1266674	0.48%	26 Apr 2019	(33066.00)	Transfer	1233608	0.47%
				02 Aug 2019	65339.00	Transfer	1298947	0.50%
				09 Aug 2019	101539.00	Transfer	1400486	0.53%
				07 Feb 2020	106624.00	Transfer	1507110	0.58%
12 [#]	Vanguard Emerging Markets Stock Index Fund	1104509	0.42%	02 Aug 2019	151590.00	Transfer	1256099	0.48%
13 [#]	Axis Bank Limited	113620	0.04%	05 Apr 2019	(19442.00)	Transfer	94178	0.04%
				12 Apr 2019	6286.00	Transfer	100464	0.04%
				19 Apr 2019	47718.00	Transfer	148182	0.06%
				26 Apr 2019	(10192.00)	Transfer	137990	0.05%
				03 May 2019	(9368.00)	Transfer	128622	0.05%
				10 May 2019	(13346.00)	Transfer	115276	0.04%
				17 May 2019	(43466.00)	Transfer	71810	0.03%
				24 May 2019	(560.00)	Transfer	71250	0.03%
				31 May 2019	36322.00	Transfer	107572	0.04%
				07 Jun 2019	(6466.00)	Transfer	101106	0.04%
				14 Jun 2019	(14563.00)	Transfer	86543	0.03%
				21 Jun 2019	(6642.00)	Transfer	79901	0.03%
				29 Jun 2019	(8697.00)	Transfer	71204	0.03%
				05 Jul 2019	11538.00	Transfer	82742	0.03%
12 Jul 2019	1984.00	Transfer	84726	0.03%				
19 Jul 2019	(12169.00)	Transfer	72557	0.03%				
26 Jul 2019	(5179.00)	Transfer	67378	0.03%				
02 Aug 2019	1504.00	Transfer	68882	0.03%				
09 Aug 2019	(8339.00)	Transfer	60543	0.02%				
16 Aug 2019	5541.00	Transfer	66084	0.03%				

Sr. No	Name	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Shareholding -Cumulative/ at the end of the year	
		No. of shares	% of total shares	Date*	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
				23 Aug 2019	8137.00	Transfer	74221	0.03%
				30 Aug 2019	(3362.00)	Transfer	70859	0.03%
				06 Sep 2019	3355.00	Transfer	74214	0.03%
				13 Sep 2019	(2265.00)	Transfer	71949	0.03%
				20 Sep 2019	(7841.00)	Transfer	64108	0.02%
				27 Sep 2019	403993.00	Transfer	468101	0.18%
				30 Sep 2019	(707.00)	Transfer	467394	0.18%
				04 Oct 2019	(6064.00)	Transfer	461330	0.18%
				11 Oct 2019	10104.00	Transfer	471434	0.18%
				18 Oct 2019	266.00	Transfer	471700	0.18%
				25 Oct 2019	(1867.00)	Transfer	469833	0.18%
				01 Nov 2019	(2940.00)	Transfer	466893	0.18%
				08 Nov 2019	4549.00	Transfer	471442	0.18%
				15 Nov 2019	(6054.00)	Transfer	465388	0.18%
				22 Nov 2019	4254.00	Transfer	469642	0.18%
				29 Nov 2019	4959.00	Transfer	474601	0.18%
				06 Dec 2019	5727.00	Transfer	480328	0.18%
				13 Dec 2019	(17996.00)	Transfer	462332	0.18%
				20 Dec 2019	(4887.00)	Transfer	457445	0.17%
				27 Dec 2019	(22.00)	Transfer	457423	0.17%
				31 Dec 2019	(133.00)	Transfer	457290	0.17%
				03 Jan 2020	24021.00	Transfer	481311	0.18%
				10 Jan 2020	15232.00	Transfer	496543	0.19%
				17 Jan 2020	(3796.00)	Transfer	492747	0.19%
				24 Jan 2020	394907.00	Transfer	887654	0.34%
				31 Jan 2020	(4109.00)	Transfer	883545	0.34%
				07 Feb 2020	11351.00	Transfer	894896	0.34%
				14 Feb 2020	(13157.00)	Transfer	881739	0.34%
				21 Feb 2020	908.00	Transfer	882647	0.34%
				28 Feb 2020	(2570.00)	Transfer	880077	0.34%
				06 Mar 2020	(37516.00)	Transfer	842561	0.32%
				13 Mar 2020	350777.00	Transfer	1193338	0.46%
				20 Mar 2020	(9745.00)	Transfer	1183593	0.45%
				27 Mar 2020	4222.00	Transfer	1187815	0.45%
				31 Mar 2020	250.00	Transfer	1188065	0.45%
14 [#]	Mr. Sanjay Bhikhalal Valia	979629	0.37%		NA		979629	0.37%

Note: Shareholding has been consolidated on the basis of PAN.

@ Forming part of promoter group/ person acting in concert.

Since the particulars of 4 shareholders forming 'Promoter group entities/persons acting in concert' are included herein, the list of top 14 shareholders other than Directors, Promoter and Holders of GDRs and ADR is given.

* Date of download of beneficiary data by the Company.

v) Shareholding of Directors and Key Managerial Personnel:

Sr. No	Name	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Shareholding -Cumulative/ at the end of the year	
		No. of shares	% of total shares	Date	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Mr. Dilip S. Shanghvi Chairman & Managing Director	28102795	10.72%		NA		28102795	10.72%
2	Mr. Sudhir V. Valia Non-Executive Director	1833951	0.70%		NA		1833951	0.70%
3	Dr. T Rajamannar Non-Executive Director	35657	0.01%		NA		35657	0.01%
4	Ms. Bhavna Doshi Independent Director	-	-		NA		-	-
5	Dr. Ferzaan Engineer Independent Director	-	-		NA		-	-
6	Mr. Mark Simon* Independent Director	-	-		NA		-	-
7	Mr. Chetan Rajpara CFO	10285	0.00%		NA		10285	0.00%
8	Mr. Debashis Dey Company Secretary	-	-		NA		-	-

* Mr. Mark Simon resigned as an Independent Director with effect from 28.02.2020

v) INDEBTEDNESS

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

(₹ in lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	163.57	-	163.57
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	2.86	-	2.86
Total (i+ii+iii)	-	166.43	-	166.43
Change in Indebtedness during the financial year				
i) Addition	-	6,000.00	-	6,000.00
ii) Reduction	-	(54.52)	-	(54.52)
Net Change (i-ii)	-	5,945.48	-	5,945.48
Indebtedness at the end of the financial year				
i) Principal Amount	-	6,109.04	-	6,109.04
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	1.91	-	1.91
Total (i+ii+iii)	-	6,110.95	-	6,110.95

VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in lakhs)

Sr. no.	Particulars of Remuneration	Mr. Dilip S. Shanghvi Chairman & Managing Director	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as a % of profit	-	-
	others (sepcify)	-	-
5	Others, please specify	-	-
	Total (A)	-	-
	Ceiling as per the Act	NA	NA

B) Remuneration to other directors:

(₹ in Lakhs)

Sr. no.	Particulars of Remuneration	Name of Directors					Total Amount
		Ms. Bhavna Doshi	Mr. Mark Simon	Dr. Ferzaan Engineer	Dr. T Rajamannar	Mr. Sudhir V. Valia	
1	Independent Directors						
	i) Fee for attending board committee meetings	6.00	5.70	5.70			17.40
	ii) Commission	-	-	-			-
	iii) Others, please specify	-	-	-			-
	Total (1)	6.00	5.70	5.70			17.40
2	Other Non-Executive Directors						
	i) Fee for attending board committee meetings				2.70	3.90	6.60
	ii) Commission				-	-	-
	iii) Others, please specify				-	-	-
	Total (2)				2.70	3.90	6.60
	Total Managerial Remuneration (1+2)	6.00	5.70	5.70	2.70	3.90	24.00
	Overall Ceiling as per the Act						NA

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

(₹ In Lakhs)

Sr. no.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Debashis Dey Company Secretary	Mr. Chetan Rajpara CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	33.63	150.46	184.09
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.05	0.97	1.02
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock Option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
	- as % of profit	-	-	-
	- others (please specify)	-	-	-
5	Others – Performance Bonus	-	-	-
	Total	33.68	151.43	185.11

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Annexure 2

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

- (i) Ratio of the remuneration[#] of each director to the median remuneration of the employees of the company for the financial year:

Name of Director	Ratio of remuneration of each Director/ to median remuneration of employees
Mr. Dilip S. Shanghvi	NA
Mr. Sudhir V. Valia	0.35
Dr. T Rajamannar	0.24
Ms. Bhavna Doshi	0.54
Dr. Ferzaan Engineer	0.52
Mr. Mark Simon	0.52

[#] Remuneration includes sitting fees paid

- (ii) Percentage increase in remuneration[#] of each Director and Key Managerial Personnel, if any, in the financial year

Name & Designation of Director & KMP	% increase in Remuneration in the Financial Year 2019-20
Mr. Dilip S. Shanghvi (Chairman & Managing Director)	NIL
Mr. Sudhir V. Valia (Director)	- 27.78%
Dr. T Rajamannar (Director)	- 18.18%
Ms. Bhavna Doshi (Independent Director)	- 13.04%
Dr. Ferzaan Engineer (Independent Director)	- 5.00%
Mr. Mark Simon (Independent Director)	- 5.00%
Mr. Chetan Rajpara (Chief Financial Officer)	7.00%
Mr. Debashis Dey (Company Secretary)	10.80%

[#] Remuneration includes sitting fees paid

- (iii) the percentage increase in the median remuneration of employees in the financial year (*Median -2019-20/Median 2018-19*)

12.06%

- (iv) the number of permanent employees on the rolls of company as on 31st March 2020:

429

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

Average percentage increase in salary of employees other than managerial personnel: 10.90%

Average percentage increase in salary of managerial personnel: 8.90%

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

Note : All the details of remuneration given above are as per section 17 of the Income Tax Act, 1961, and the ratios are calculated on that basis.

Annexure 3

Form No. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2020.

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2020, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and By-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable during the period under review of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India ("SEBI") Act, 1992:
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereto from time to time ("LODR Regulations");
 - b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments made thereto;
 - c. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 – **Not applicable to the Company for the year under review;**
 - d. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not applicable to the Company for the year under review;**
 - e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – **Not applicable to the Company for the year under review;**
 - f. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 – **Not applicable to the Company for the year under review;**
 - g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable to the Company for the year under review;**
 - h. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – **Not applicable to the Company for the year under review;**
 - i. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **Not applicable to the Company for the year under review;**

We have also examined compliance with the applicable clauses of the Secretarial Standards with respect to meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above and responded in respect of clarification sought from the Company wherever necessary.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors except for intermittent period fall during the period under review to fill up vacancy arises due to resignation of Independent Director with effect from 28th February 2020 and which is permissible under the provisions of the Act and LODR Regulations. The change in the composition of the Board of Directors took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings and Meetings of Committees except in some cases where the meeting was held on a shorter notice with the consent of all the directors / committee members. Agenda and detailed notes on agenda were sent in advance in adequate time before the meetings and a system exists for Directors for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. On verification of minutes, we have not found any dissent/ disagreement on any of the agenda items discussed in the Board and Committee meetings from any of the Directors and all the decisions are carried through.

Based on the information received and records maintained, we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on the basis of the representations made by the respective plant heads of R&D centers, the Company has identified and complied with the following laws applicable to the Company:

- Drugs and Cosmetics Act, 1940;
- Environment Protection Act, 1986;
- Factories Act, 1948

Note: We relied on the representation made to us by the management wherever required due to several restrictions imposed by the Central and State government on the travel, movement and transportation considering public health and safety measures due to COVID 19, which had impact on the audit assessment due to limited access to information / documents / data as required for audit assessment.

For KJB & CO LLP
Practicing Company Secretaries

Alpeshkumar Panchal

Partner

Mem No. – 49008

C. P. No. – 20120

UDIN: A049008B000311523

Date: June 02, 2020

Place: Mumbai

This report is to be read with our letter of even date which is annexed as **Annexure 1** and forms an integral part of this report.

ANNEXURE 1

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

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

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

For KJB & CO LLP,
Practicing Company Secretaries

Alpeshkumar Panchal

Partner

Mem No. – 49008

C. P. No. – 20120

UDIN: A049008B000311523

Date: June 02, 2020

Place: Mumbai

Annexure 4

FORM NO. AOC. 2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

- 1. Details of contracts or arrangements or transactions not at arm's length basis** : NIL
- (a) Name(s) of the related party and nature of relationship : NA
- (b) Nature of contracts/arrangements/transactions : NA
- (c) Duration of the contracts/arrangements/transactions : NA
- (d) Salient terms of the contracts or arrangements or transactions including the value, if any : NA
- (e) Justification for entering into such contracts or arrangements or transactions : NA
- (f) Date(s) of approval by the Board : NA
- (g) Amount paid as advances, if any : NA
- (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 : NA

2. Details of material contracts or arrangement or transactions at arm's length basis:

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Sun Pharmaceutical Industries Ltd. (Majority stake owned and controlled by the Promoter and Promoter Group of Sun Pharma Advanced Research Company Ltd. (SPARC))	Master Licensing Agreement (License Fees / Royalty on Technology)	Valid until terminated in accordance with the terms & condition of the Agreement.	Pursuant to the contract, individual products/ technologies/know how may be licensed under this Master Agreement by way of Product Specific Licensing Exhibits. The Contract provides clauses for entering into exclusive licence under certain licensed rights in respect of certain licensed products in certain licensed fields in certain licensed territory.	Not Applicable	Nil
			<p>Pricing:</p> <p>License fees shall be based on the 'net present value' split from revenues from commercialization of the licensed product, provided however that normally such net present value split shall not be less than 10% in favour of the Company and not more than 40% in favour of the Company.</p>		

Name(s) of the related party and nature of relationship	Nature of contracts/arrangements/transactions	Duration of the contracts/arrangements/transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Sun Pharma Laboratories Ltd (Wholly owned subsidiary of Sun Pharmaceutical Industries Ltd. whose majority stake is owned and controlled by the Promoter and Promoter Group of SPARC).	Master Licensing Agreement (License Fees / Royalty on Technology)	Valid until terminated in accordance with the terms & condition of the Agreement.	Pursuant to the contract, individual products/ technologies/know how may be licensed under this Master Agreement by way of Product Specific Licensing Exhibits. The Contract provides clauses for entering into exclusive licence under certain licensed rights in respect of certain licensed products in certain licensed fields in certain licensed territory. Pricing: License fees shall be based on the 'net present value' split from revenues from commercialization of the licensed product, provided however that normally such net present value split shall not be less than 10% in favour of the Company and not more than 40% in favour of the Company.	Not Applicable	Nil
Shanghvi Finance Private Limited. (Owned and controlled by the Promoter and Promoter Group of SPARC).	Loan Agreement	Valid until terminated	Pursuant to this Contract, the Company has availed a Line of Credit for up to ₹ 200 crores (Rupees Two hundred crores only) in one or more tranches from Shanghvi Finance Private Limited. Terms & Conditions: Interest Rate: 10.50% p.a. on the outstanding principal amount, payable quarterly. Facility Period: 12 months.	4th November 2019	Nil

Annexure 5

ANNUAL REPORT ON CSR ACTIVITIES FOR THE FINANCIAL YEAR 2019-20

Details	Particulars
1. A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken.	The CSR policy of the Company encompasses its philosophy towards Corporate Social Responsibility and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large. The Company has identified health, education & livelihood, environment protection, water management and disaster relief as the areas where assistance may be provided on a need-based and case-to-case basis.
2. Reference to the web-link to the CSR policy and projects or programs	A summary of the CSR Policy of the Company may be accessed through the web link https://www.sparc.life/policies-and-codes .
3. The Composition of the CSR Committee.	Mr. Sudhir V. Valia , Chairman Mr. Dilip S. Shanghvi, Member Ms. Bhavna Doshi, Member
4. Average net profit of the company for last three financial years	The average net profits of the Company for the last three financial years was negative, due to loss incurred in last preceding three years.
5. Prescribed CSR Expenditure (two per cent. of the amount as in item 4 above) :	Nil
6. Details of CSR spent during the financial year:	
(a) Total amount to be spent for the financial year;	Nil
(b) Amount unspent, if any;	Nil
(c) Manner in which the amount spent during the financial year is detailed below:	

Sr. No.	CSR Project or Activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Sub-heads: (1) Direct expenditure on projects or programs (2)Overheads:	Cumulative expenditure upto to the reporting period	Amount spent: Direct or through implementing agency *
- Nil/Not Applicable -							

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For Sun Pharma Advanced Research Company Limited

Dilip S. Shanghvi

(Chairman & Managing Director
and Member – CSR Committee)
(DIN: 00005588)

Sudhir V. Valia

(Chairman – CSR Committee)
(DIN: 00005561)

Annexure 6

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

I) Conservation of Energy

Power and Fuel Consumption

Our processes are not energy exhaustive. However, the Company undertakes actions to optimize the use of energy and has taken measures to minimise wastage and has used the latest technology & equipment.

II) Technology Absorption

Research and Development

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

SPARC's Research & Development efforts are directed towards bringing novel treatments to address unmet medical needs for global markets like US, EU, China & Japan, as well as for India and Emerging markets.

The Company develops New Chemical Entities to address unmet medical needs in the therapeutic areas of Oncology, Inflammation, Neurodegenerative Diseases.

The Company's current business model is to license out its products to potential partners and to generate revenue from royalty, upfront and milestone payments.

i. New Chemical Entities (NCE)

a. Inflammation

SCD-044, SIP receptor 1 agonist is being developed for autoimmune disorders. SPARC in-licensed the IP rights of SCD-044 from Bioprojet. Phase II study start up activities are underway.

b. Anticancer

SCO - 088 a potent, orally active and highly selective Bcr-Abl Tyrosine Kinase Inhibitors (TKIs) being developed for treatment of Chronic Myeloid Leukaemia (CML). SPARC has initiated pivotal study of SCO-088.

c. Neurodegeneration

SCC - 138 is being evaluated as a potentially disease modifying agent for treatment of Parkinson's Disease. The Phase II proof-

of-concept study (PROSEEK) is recruiting patients with Parkinson's disease.

SCC-138 is also being evaluated in another indication i.e. Lewy Body Dementia in collaboration with Georgetown University, Washington.

ii. Novel Drug Delivery Systems (NDDS)

a. Gastric retention system (GRS)

SPARC's innovative Gastric Retention System (GRS) allows longer retention of drug in the stomach and improves gastrointestinal absorption of drugs that have a narrow absorption window. SPARC has developed Baclofen GRS once - a - day using this technology for the treatment of spasticity.

b. Wrap Matrix™ Technology

This technology helps to develop multi-layered matrix-based functionally coated tablet, which offers controlled release for high dose and high solubility drugs. Once-a-day dosing can be achieved using this technology.

SPARC has developed Elepsia™ XR (Levetiracetam ER 1000 mg and 1500 mg), using Wrap Matrix™ Technology. USFDA approved Elepsia™ XR NDA.

c. Nanotecton Technology

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

SPARC has developed Taclantis™ (PICS) using Nanotecton™ technology.

d. Lipexelletm Technology For Ophthalmic Formulations

Lipexelle™ technology is a quaternary ammonium preservative/surfactant (BAK)-free solubilizing technology.

Xelpros™ is a BAK (Benzalkonium Chloride) -free Latanoprost eye drops developed with the Company's proprietary Lipexelle™ technology. Xelpros™ is commercialised by our partner in USA.

e. TearAct™ Technology

SPARC has developed PDP – 716 eye drops for Glaucoma based on its proprietary TearAct™ Technology.

SPARC's Phase III study of PDP – 716 is nearing completion.

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

SPARC persistent efforts to address unmet medical needs is based on New Drug Delivery Systems and New Chemical Entities.

The new drug delivery systems under development are platform technologies that can utilized for different drugs. The drugs under development are expected to improve both quality and quantity of life of patients.

3. FUTURE PLAN OF ACTION

This is covered with the description of each product in (1) above. For more information, please refer to Management Discussion & Analysis (MD&A) section.

4. EXPENDITURE ON R&D

	₹ in Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
a) Capital	6,400.03	3,408.85
b) Revenue	38,682.52	33,416.13
c) Total R&D expenditure	45,082.55	36,844.68
d) Total R&D expenditure as % of Total Turnover	586.90	201.48

III. Foreign Exchange Earnings and Outgo

	₹ in Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Earnings	718.65	13,571.99
Outgo	22,767.25	19,424.70

Annexure A

Sun Pharma Advanced Research Company Limited – Dividend Distribution Policy

(in terms of Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015)

1. OBJECTIVES AND SCOPE

The Board of Directors (the "Board") of the Sun Pharma Advanced Research Company Limited (the "Company") recognizes the need to lay down a broad framework for considering decisions by the Board of the Company, with regard to distribution of dividend to its shareholders and/ or retaining or plough back of its profits.

The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the shareholders. The Policy is not an 'alternative' but a 'Guide' to the decision of the Board for recommending dividend, which is made every year after taking into consideration all the relevant circumstances enumerated hereunder and such other factors as may be decided as relevant by the Board.

Declaration of dividend on the basis of parameters outside the elements of this Policy resulting in amendment of any element or the Policy will be regarded as deviation. Any such deviation on elements of this Policy in extraordinary circumstances, when deemed necessary in the interests of the Company, along with the rationale will be disclosed in the Annual Report by the Board of Directors.

The Policy reflects the intent of the Company to reward its shareholders by sharing a portion of its profits after adjusting for accumulated losses, if any, and also retaining sufficient funds for future growth of the Company. The Company intends to pay, subject to the circumstances and factors enlisted hereon, dividend, which shall be consistent with the performance of the Company over the years.

Subject to the considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management including the CFO, and other relevant factors. The Board may also, where appropriate, resolve to capitalize the accumulated profits and distribute the same to the shareholders in form of shares or other securities of the Company.

The Policy shall not apply to:

- Determination and declaring dividend on preference shares, if any.

- Distribution of dividend in kind, i.e. by issue of bonus shares or other securities.
- Buyback of securities.

2. RELEVANT REGULATIONS

The Securities and Exchange Board of India ("SEBI") vide its Notification dated July 08, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalization calculated as on the 31st day of March of every year.

3. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. 28th October, 2016.

4. CATEGORY OF DIVIDENDS

The Board of Directors shall have the power to recommend final dividend to the shareholders for their approval in the Annual General Meeting of the Company. The Board of Directors shall also have the absolute power to declare interim dividend during the financial year out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared, as and when they consider it fit. Interim Dividend may be paid in order to supplement the annual dividend or in exceptional circumstances.

5. PAYMENT OF DIVIDEND FROM RESERVES

Dividend shall normally be declared from the profit earned by the Company during the relevant financial year after adjusting for accumulated losses & unabsorbed depreciation, if any. However, under special circumstances, Dividend may be declared out of the accumulated profits earned by it in previous years and transferred by it to the free reserves, subject to compliance with the requirements of the relevant provisions of the Companies Act, 2013 including the Rules made thereunder.

6. CIRCUMSTANCES TO BE CONSIDERED WHILE DETERMINING DIVIDEND PAY-OUT

The Board shall consider the circumstances provided below before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the stakeholders and the business requirement of the Company.

- **Accumulated Losses, if any**

The profits earned by the Company during any financial year shall be first utilized to set off the accumulated losses/ unabsorbed depreciation, if any of the Company from the previous financial years.

- **Operating cash flow of the Company**

The Board will consider the impact of proposed dividend on the operating cash flow of the Company and shall satisfy itself of its adequacy before taking a decision on whether to declare dividend or retain its profits.

- **Transfer to Reserves and other Statutory Requirements**

The Board shall examine the implication of relevant statutory requirements including payment of Dividend Distribution Tax, transfer of a certain portion of profits to Reserves etc., if applicable, on the financials of the Company at the time of taking decision with regard to dividend declaration or retention of profit.

- **Covenants with lenders/ Debenture Trustees, if any**

The decision of dividend pay-out shall also be subject to compliance with covenants contained in any agreement entered into by the Company with the Lenders/ Debenture Trustee's, from time to time, if any.

- **Prudential & Strategic requirements**

The Board shall analyse the prospective projects and strategic decisions including need for replacement of capital assets, expansion and modernization etc., before recommending Dividend Pay-out for any financial year with an object to build a healthy reserve of retained earnings to augment long term strength and to build a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company;

- **Expectations of major stakeholders, including small shareholders**

The Board, while considering the decision of dividend pay-out or retention of a certain amount or entire profits of the Company, shall, as far as possible, consider the expectations of the major stakeholders including the small shareholders of the Company who generally expects a regular dividend payout.

7. THE FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING/ RECOMMENDING DIVIDEND

In addition to the circumstances covered under point 6 above, the Board shall, *inter alia*, consider the following financial parameters, while taking decisions of a dividend payout during a particular year-

- **Extent of realized profits**

The extent of 'realized profits' as against the profits calculated as per the applicable Accounting Standards, shall affect the Board's decision of determination of dividend for a particular financial year.

- **Return on invested capital**

The efficiency with which the Company uses its capital will impact the decision of dividend declaration.

- **Magnitude of earnings of the Company**

Since dividend is directly linked with the availability of earning over the long haul, the magnitude of earnings will significantly impact the dividend declaration decisions of the Company.

- **Cost of borrowings**

The Board will analyze the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company and the viability of the options in terms of cost of raising necessary funds from outsiders such as bankers, lending institutions or by issuance of debt securities or plough back its own funds.

- **Obligations to creditors**

The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time. Considering the volume of such obligations and time period of repayment, the decision of dividend declaration shall be taken.

- **Adequacy of profits**

If during any financial year, the Board determines that the profits of the Company are inadequate, the Board may decide not to declare dividends for that financial year.

- **Post dividend Earning Per Share (EPS)**

The post dividend EPS can have strong impact on the funds of the Company, thus, impacting the overall operations on day-to-day basis and therefore, affects the profits and can impact the decision for dividend declaration during a particular year.

8. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

- **Internal Factors**

- Product/ Project expansion plan

The Company's growth oriented decision to conserve cash in the Company for future expansion plan impacts shareholders expectation for the long run which shall have to be considered by the Board before taking dividend decision.

- Stage of ongoing Projects

The Company is a purely pharmaceutical Research Company. Accordingly, the amount of investment required to be made by it increases significantly as a project advances towards clinical study phase. Accordingly, the internal cash flow requirements of the Company shall be much higher as the proportion of the number of projects in the advanced research/ clinical study stage increases, in the overall portfolio of the Company. The Board will therefore give due consideration to the 'stage' of the projects in the pipeline before recommending/ declaring any dividend.

- General Working capital requirement

In addition to the above, the general working capital requirement within the Company will also impact the decision of dividend declaration.

- Past performance/ reputation of the Company

The trend of the performance/ reputation of the Company that has been during the past years determine the expectation of the shareholders.

- **External Factors**

- Macroeconomic conditions

Considering the state of economy in the Country, the policy decisions that may be formulated by the

Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, during uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

- Capital Market

When the markets are favorable, dividend payout can be liberal. However, in case of unfavorable Capital market conditions, Board may resort to a conservative dividend payout in order to conserve cash outflows.

- Statutory Restrictions

The Board will keep in mind Any restrictions on payment of dividends by virtue of any regulation or loan covenant, as may be applicable to the Company at the time of declaration of dividend.

- Tax implications

Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be applicable at the time of declaration of dividend shall have bearing on the quantum of Dividend declared by the Company.

9. RANGE OF DIVIDEND PAY-OUT

The Company is committed to deliver sustainable value to all its stakeholders. The Company strives to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the shareholders, in the form of dividend. As explained in the earlier part of this Policy, determining the dividend payout is dependent upon several factors, both internal to a business and external to it. Taking into consideration the aforementioned factors, the Board shall have absolute discretion to determine & recommend appropriate Dividend pay-out for the relevant financial year.

10. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better utilisation of the available funds and increase the value of the stakeholders in the long run. The retained earnings of the Company may, *inter alia*, be utilized for the following purposes:

- To meet the working capital/ business needs of the Company

- To fund the project expansion plans of the Company;
- To fund the research expenditures of ongoing research projects specifically those in the advanced development stages
- Towards Replacement/ up-gradation/Modernization of equipment's & plants;
- Towards investment in long term/ short term strategic joint ventures & partnerships;
- To fund new acquisitions & investments.
- Towards Diversification of business;
- Such other manner as the Board may deem fit from time to time.

11. REVIEW AND AMENDMENT

The Board may review and amend or modify this policy in whole or in part, at any time.

Corporate Governance Report

In compliance with regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended "SEBI (LODR) Regulations", the Company submits the report for the year ended 31st March, 2020 on the matters mentioned in the said regulations and lists the practices on Corporate Governance followed by the Company.

1. Company's Philosophy on Corporate Governance

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

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

2. Code of Conduct

The Board of Directors of the Company has laid down the Code of Conduct for all board members and employees of the Company. In compliance with the requirements of regulation 17(5) of the SEBI (LODR) Regulations, the Code of Conduct, *inter alia*, incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. All the directors and senior management employees have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Chairman & Managing Director is annexed to this Report as **Annexure 1**. The Code of Conduct is available on the website of the Company www.sparc.life and may be accessed through the web link <https://www.sparc.life/policies-and-codes>.

3. Board of Directors

3.1 Composition and category of Directors:

The Board of Directors of your Company ('hereinafter referred to as 'the Board' or the 'Board of Directors') as on 31st March, 2020 comprised of five Directors as detailed below:

Name of Directors	Category	Inter-se Relationship between Directors
Mr. Dilip S. Shanghvi (Chairman and Managing Director)	Promoter Executive Director	Brother-in-law of Mr. Sudhir V. Valia
Mr. Sudhir V. Valia	Promoter Non-Executive Director	Brother-in-law of Mr. Dilip S. Shanghvi
Dr. T. Rajamannar	Non Executive & Non Independent Director	
Ms. Bhavna Doshi	Independent Director	
Dr. Ferzaan Engineer	Independent Director	

- Mr. Mark Simon, Independent Director resigned from the Board of Directors of the Company with effect from 28th February 2020 to pursue an employment opportunity which may constrain his ability to function as an Independent Director of the company. Mr. Simon has further confirmed to the Board that there was no material reason other than mentioned above for his resignation.
- The Board of Directors have, on the recommendation of the Nomination & Remuneration Committee, in their meeting held on 2nd June 2020, appointed Dr. Robert Spiegel as an Additional Director (Independent) of the

Company. They have further recommended the appointment of Dr. Spiegel as an Independent Director of the Company for a term of five years.

- The present term of office of Ms. Bhavna Doshi and Dr. Ferzaan Engineer with end after the conclusion of the ensuing Annual General Meeting. The Board of Directors of the Company have, on the recommendation of the Nomination & Remuneration Committee, in their meeting held on 2nd June 2020, recommended the re-appointment of Ms. Bhavna Doshi and Dr. Ferzaan Engineer as Independent Directors of the Company for a further Term of five years, to hold office upto the conclusion of the twentieth Annual General Meeting of the Company.

3.2 Attendance of Directors and Number of Directorship:

Attendance of each director at the Board meetings held during the previous financial year, previous Annual General Meeting (AGM), and number of other Directorships and Memberships/Chairmanships of Committee is given below:

Name of Director	Number of Board meetings held during the year	Attendance Particulars for the year		No. of other directorships and committee memberships / chairmanships as of 31st March, 2020			Directorship in other listed companies as of 31st March, 2020
		Board Meetings	14th AGM	Other Directorships ¹	Committee Memberships ²	Committee Chairmanships ²	
Mr. Dilip S. Shanghvi	5	5	Yes	1	1	-	Sun Pharmaceutical Industries Limited - Managing Director
Mr. Sudhir V. Valia	5	3	Yes	5	3	1	Sun Pharmaceutical Industries Limited - Non-Executive Director
Dr. T. Rajamannar	5	5	Yes	-	-	-	-
Ms. Bhavna Doshi	5	5	Yes	7	6	4	1. Torrent Power Limited - Ind. Director 2. Everest Industries Limited - Ind. Director 3. Indusind Bank Limited - Ind. Director
Dr. Ferzaan Engineer	5	5	Yes	-	-	-	-
Mr. Mark Simon ³	5	5	Yes	-	-	-	-

¹Does not include Directorships, Committee Memberships / Chairmanships in Private Companies, Foreign Body Corporates and Companies incorporated under section 8 the Companies Act, 2013.

²For Audit and Stakeholders' Relationship Committee only.

³Resigned as an Independent Director with effect from 28th February 2020.

3.3 No. of Board Meeting held:

Five Board meetings were held during the financial year ended 31st March, 2020 on following dates:

(i) 6th May, 2019, (ii) 7th May, 2019 (iii) 29th July 2019, (iv) 4th November, 2019 and (v) 31st January, 2020.

The Board of Directors of the Company were presented with all the information as set out in Part A of Schedule II read with regulation 17(7) of the SEBI (LODR) Regulations to the extent they were applicable and relevant. Such information was submitted either as a part of the agenda papers in advance of the respective meetings or by way of presentations and discussions during the meetings.

3.4 Shares held by Non-Executive Directors:

Details of Equity Shares held by Non-Executive Directors as on 31st March, 2020

Name of Director	No. of Shares
Mr. Sudhir V. Valia	18,33,951
Dr. T. Rajamannar	35,657
Ms. Bhavna Doshi	NIL
Dr. Ferzaan Engineer	NIL
Mr. Mark Simon ¹	NIL

¹Resigned w.e.f. 28th February 2020

3.5 Familiarization Program for Independent Directors:

The Company has put in place a system to familiarize its Independent Directors about the Company, its products, the Industry and business model of the Company. In addition, it also undertakes various measures to update the Independent Directors about the ongoing events and development relating to the Company.

All the Independent Directors of the Company are made aware of their role, rights & responsibilities at the time of their appointment/ re-appointment, through a formal letter of appointment, which also stipulates various terms and conditions of their appointment/re-appointment.

In compliance with regulation 25(7) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 the details of Familiarization sessions for the Independent Directors, held during the financial year ended 31st March 2020 are available on the website of the Company www.sparc.life and can be accessed through the web link - <https://www.sparc.life/announcements-disclosures>.

3.6 Skills/expertise/competence of the Board

In compliance with SEBI (LODR) (Amendment) Regulations 2018, the Board of Directors at its meeting held on 4th February 2019, on the recommendation of the Nomination & Remuneration Committee, had approved the 'list of core skills/expertise/competencies identified by the board of directors as required in the context of its business(es) and sector(s) for it to function effectively and those actually available with the board. The particulars of such skills/expertise competence and Directors who possess the same are as follows:

Sr. No.	Category	Particulars	Dilip S. Shanghvi	Sudhir V. Valia	T Rajamannar	Bhavna Doshi	Ferzaan Engineer
1	Knowledge/ Experience	The Board Member possessing 'Specialist Knowledge' in any one or more of the following fields					
		Technical	✓		✓		✓
		Finance & Accounts	✓	✓		✓	
		Legal/ Regulatory		✓			
		Governance	✓	✓	✓	✓	✓
		Industry Knowledge	✓	✓	✓		✓
		Business & Risk Management	✓	✓	✓	✓	✓
		Human Resource	✓				
		Public Relations/Media	✓	✓			

Sr. No.	Category	Particulars	Dilip S. Shanghvi	Sudhir V. Valia	T Rajamannar	Bhavna Doshi	Ferzaan Engineer
2	Skills	The Board Member possessing following skills required for effective execution of Board's responsibility					
		Strategic Thinking/ Planning Skills	✓	✓	✓	✓	✓
		Critical Thinking/ Problem Solving Skills	✓	✓	✓	✓	✓
		Analytical Skills	✓	✓	✓	✓	✓
		Decision Making Skills	✓	✓	✓	✓	✓
		Leadership Skills	✓	✓	✓	✓	✓
3	Behavioral traits	Board Members shall possess following key behavioral attributes and competencies					
		Integrity	✓	✓	✓	✓	✓
		Genuine interest	✓	✓	✓	✓	✓
		Curiosity and courage	✓	✓	✓	✓	✓
		Instinct	✓	✓	✓	✓	✓
		Inter-personal skills/ communication	✓	✓	✓	✓	✓
		Active Contributor	✓	✓	✓	✓	✓

3.7 Confirmation

The Board confirms that, in their opinion, the Independent Directors fulfill the conditions specified in the SEBI (LODR) Regulations as amended from time to time and they are independent from the management.

Mr. Mark Simon, Independent Director of the Company resigned from the Company with effect from 28th February 2020 to pursue an employment opportunity which may constrain his ability to function as an Independent Director of the company. Mr. Simon has further confirmed to the Board that there was no material reason other than mentioned above for his resignation. Apart from Mr. Mark Simon, none of the other Independent Directors resigned from the Company during the previous year.

4. Audit Committee

As on 31st March 2020, the Audit Committee of the Company comprised of two Independent Directors viz. Ms. Bhavna Doshi, Dr. Ferzaan Engineer and one Non-executive Director – Mr. Sudhir V. Valia. Mr. Mark Simon ceased to be a member of the Committee consequent to his resignation from the Board with effect from 28th February 2020. The Board of Directors, have in their meeting held on 1st June 2020 appointed Dr. Robert Spiegel as a new member of the Committee.

Ms. Bhavna Doshi is the Chairperson and Mr. Debashis Dey, Company Secretary is the secretary of the Audit Committee.

The Committee acts as a link between the Management, Statutory & Internal auditors and the Board of Directors of the Company.

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

- To oversee of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
- To recommend remuneration and terms of appointment of auditors of the company;
- To Approve payment to statutory auditors for any other services rendered by the statutory auditors;
- To Review with the management, quarterly and annual financial statements and auditor's report thereon before submission to the Board for approval.

- e. To review with the Management, the statement of application of funds raised through an Issue (Public Issue, Rights Issue, Preferential Issue, etc.), including the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice;
- f. To review the utilization of loans and advances from the holding company;
- g. To review and monitor the Auditor's independence and performance, and effectiveness of audit process;
- h. To approve or any subsequent modification of transactions of the Company with Related Parties;
- i. Scrutinise inter-corporate loans and investments;
- j. To valuation of undertakings or assets of the Company, wherever necessary;
- k. To evaluate of Internal Financial Controls and Risk Management Systems;
- l. To Review with the Management, performance of Statutory and Internal Auditors, adequacy of the Internal Control Systems;
- m. To discuss with Internal Auditors of any significant findings, and follow up there on;
- n. To discuss with Statutory Auditors before the Audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- o. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any,
- p. To review the functioning of the Whistle Blower/Vigil Mechanism;
- q. To approval appointment of CFO (i.e., the Whole-Time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

Executives from the finance department, representatives of the Statutory Auditors and Internal Auditors are also invited to attend the Audit Committee meetings.

The Committee has discussed with the Statutory Auditors and Internal Auditors about their audit methodology, audit planning and significant observations / suggestions.

Four Audit Committee Meetings were held during the financial year ended 31st March, 2020 on the following dates:

(i) 7th May, 2019 (ii) 29th July 2019, (iii) 4th November, 2019 and (iv) 31st January, 2020. The attendance of each member of the Committee is given below:

Name of Director	Chairperson/ Member	No. of meetings held during the year	No. of meetings attended
Ms. Bhavna Doshi	Chairperson	4	4
Dr. Ferzaan Engineer	Member	4	4
Mr. Sudhir V. Valia	Member	4	3
Mr. Mark Simon	Member ¹	4	4

¹Upto 28th February 2020

5. Nomination & Remuneration Committee

As on 31st March 2020, the Nomination & Remuneration Committee presently comprises of two Independent Directors. Dr. Ferzaan Engineer and Ms. Bhavna Doshi. Mr. Mark Simon ceased to be a member of the Committee consequent to his resignation from the Board with effect from 28th February 2020. The Board of Directors, have in their meeting held on 1st June 2020 appointed Dr. Robert Spiegel as a new member of the Committee.

Dr. Ferzaan Engineer is the Chairman and Mr. Debashis Dey, Company Secretary, is the secretary of the Committee. The terms of reference of the Committee, *inter alia*, include the following:

- a. To identify persons who are qualified to become directors and who may be appointed in Senior Management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- b. To devise a policy on Board Diversity.
- c. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- d. To specify the manner and formulate criteria for evaluation of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination & Remuneration Committee or by an independent external agency and review its implementation and compliance.
- e. To recommend whether to extend or continue the terms of appointment of Independent Directors on the basis of the Report of Performance evaluation of Independent Directors.
- f. To review, recommend and/or approve remuneration to Executive Directors including pension rights and any compensation payment.
- g. To approve grant of stock options to Directors and employees
- h. To recommend to the board, all remuneration, in whatever form, payable to 'Senior Management'.

Four meetings of the Committee were held during the financial year ended 31st March, 2020 on the following dates:

(i) 7th May, 2019 (ii) 29th July 2019, (iii) 4th November, 2019 and (iv) 31st January, 2020.

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

Name of Director	Chairperson/ Member	No. of meetings held	No. of meetings attended
Dr. Ferzaan Engineer	Chairman	4	4
Ms. Bhavna Doshi	Member	4	4
Mr. Mark Simon	Member ¹	4	4

¹Upto 28th February 2020

5.1 Remuneration of Directors

a. Criterion for Performance evaluation of individual Directors

Based on the recommendation of the Nomination & Remuneration Committee and as approved by the Board, the performance of the individual Non-Independent Directors is evaluated annually on basis of criteria such as qualifications, experience, knowledge & competency, fulfillment of functions, ability to function as a team, initiative, availability and attendance, commitment (as a Director), contribution & integrity.

Each individual Independent Director is reviewed, based on the additional criteria of independence and independent views & judgment. Similarly, the performance of the Chairman is evaluated based on the additional criteria such as effectiveness of leadership and ability to steer the meetings, impartiality, commitment (as Chairperson) and ability to keep shareholders' interests in mind.

b. Remuneration Policy

The key highlights of the Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company as approved by the Board on the recommendation of the Nomination & Remuneration Committee are as follows:

- i) **Guiding principles for remuneration:** The Company shall remunerate all its personnel reasonably and sufficiently as per industry benchmarks and standards. The remuneration shall commensurate to retain and

motivate the human resources of the Company. The compensation package will, *inter alia*, take into account the experience of the personnel, the knowledge & skills required including complexity of the job, work duration & risks associated with the work and attitude of the worker e.g. positive outlook, team spirit, loyalty etc.

- **Components of remuneration:** The following will be the various remuneration components which may be paid to the personnel of the Company based on the designation and class of the personnel.
 - **Fixed compensation:** The fixed salaries of the Company's personnel shall be competitive and based on the individual personnel's responsibilities and performance.
 - **Variable compensation:** The personnel of the Company may be paid remuneration by way of variable salaries based on their performance evaluation. Such variable salaries should be based on the performance of the individual against his short & long term performance objectives and the performance of the Company.
 - **Share based payments:** The Board may, on the recommendation of the Nomination & Remuneration Committee, issue to certain class of personnel, a share and share price related incentive program.
 - **Non-monetary benefits:** Senior Management Personnel of the Company, on a case to case basis, may be awarded customary non-monetary benefits such as discounted salary advance / credit facility, rent free accommodation, Company cars with or without chauffeur's, reimbursement of electricity and telephone bills, etc:
 - **Gratuity & group insurance:** Personnel may also be awarded to group insurance and other key man insurance protection. Further, as required by the law, necessary gratuity shall be paid to the personnel.
 - **Commission:** The Directors may be paid commission, if approved by the shareholders. The shareholders may authorise the Board to declare commission to be paid to any Director of the Board.
- ii) **Entitlement:** The authority to Determine the entitlement to various components as aforesaid for each class and designation of personnel shall be as follows:

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

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

Mr. Dilip S. Shanghvi, Chairman & Managing Director did not draw any remuneration from the Company.

The Non-Executive Directors are paid sitting fees of ₹ 30,000 for attending each meeting of the Board and/or of Committee thereof. In addition, professional fees for consultancy services can be paid to the Non-Executive Directors with the prior approval of the Audit Committee and the Board, which are given by them purely in their professional capacity, and the terms & conditions of which are determined on arms-length basis and in the ordinary course of business.

Except professional fee paid to Mr. Mark Simon (since resigned) towards services rendered which are of professional nature, none of the Independent Directors have any pecuniary relationship with the Company other than the sitting fees received by them for attending the meeting of the Board and/or of Committee thereof.

The details of the remuneration paid/payable to the directors for the year 2019-20 are given below:

Particulars	(₹ in Lakhs)				
	Salary	Bonus	Perquisites / Benefits	Sitting Fees	Total
Mr. Dilip S. Shanghvi	-	-	-	-	-
Mr. Sudhir V. Valia	-	-	-	3.90	3.90
Dr. T. Rajamannar	-	-	-	2.70	2.70
Ms. Bhavna Doshi	-	-	-	6.00	6.00
Dr. Ferzaan Engineer	-	-	-	5.70	5.70
Mr. Mark Simon	-	-	-	5.70	5.70

Notes: -

- The terms of appointment of Mr. Dilip S. Shanghvi, as the Managing Director, is for a period of 5 years effective from 1st March 2017. Either party is entitled to terminate the appointment by giving 30 days notice in writing to the other party.
- The Company presently does not have a scheme for grant of stock options either to the Executive Directors or to employees.
- There is no separate provision for payment of severance fees to Whole Time Director(s).
- In addition to the above remuneration in their capacity as Directors of the Company, Mr. Mark Simon had received/eligible to receive ₹ 57.78 lakhs as Professional Fees towards Consultancy/ Advisory Services rendered by him in his Professional capacity.

6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Dr. T. Rajamannar, Dr. Ferzaan Engineer and Mr. Sudhir V. Valia.

Dr. T. Rajamannar is the Chairman and Mr. Debashis Dey, Company Secretary, is the secretary of the Committee.

The terms of reference of the Committee, *inter alia*, include the following:

- To oversee and review all matters connected with resolving the grievances of the security holders of the Company.
- To approve transfer, transmission and issue of share certificates.
- To approve issue of duplicate share certificates
- To oversee the performance of the Registrar and Share Transfer Agent and recommend measures for overall improvement in the quality of investor services and review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.
- Review of measures taken for effective exercise of voting rights by shareholders.
- Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.
- To seek information from the Registrar and Share Transfer Agent

Four meetings of the Committee were held during the financial year ended 31st March, 2020 on following dates:

- 7th May, 2019
- 29th July 2019,
- 4th November, 2019 and
- 31st January, 2020.

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

Name of Director	Chairman/ Member	No. of meetings held during the year	No. of meetings attended
Dr. T. Rajamannar	Chairman	4	4
Mr. Sudhir V. Valia	Member	4	3
Dr. Ferzaan Engineer	Member	4	4

6.1 Shareholders' Complaints:

Mr. Debashis Dey, Company Secretary, is also the Compliance Officer of the Company.

The number of shareholders complaints received and resolved during the year under review, was as follows:

Pending at the beginning of the year.	-
Received during the year	1
Resolved during the year	1
Pending at the end of the year.	-

7. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee of the Company consists of Mr. Sudhir V. Valia, Mr. Dilip S. Shanghvi and Ms. Bhavna Doshi.

Mr. Sudhir V. Valia is the Chairman and Mr. Debashis Dey, Company Secretary, is the secretary of the Committee.

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

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

One meeting of the Committee was held on 7th May, 2019 during the financial year 2019-20, which was attended by Mr. Dilip S. Shanghvi and Ms. Bhavna Doshi.

As recommended by the Committee, the Board of Directors of the Company had at its meeting held on 30th January, 2015 approved the CSR Policy of the Company. During the previous financial year, there was no change in the CSR Policy. A summary of the CSR Policy of the Company may be accessed through the web link <https://www.sparc.life/policies-and-codes>.

8. Fund Management Committee

The Board of Directors of the Company, in its meeting held on 28th October, 2016 constituted a Fund Management Committee to oversee the deployment of funds raised by the Company through new issues/ loans & internal accrual in various research projects & to meet general corporate expenditures of the Company. As on 31st March 2020, the Committee consisted of Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia and Ms. Bhavna Doshi. Mr. Mark Simon ceased to be a member of the Committee consequent to his resignation from the Board with effect from 28th February 2020. The Board of Directors, have in their meeting held on 1st June 2020 appointed Dr. Robert Spiegel as a new member of the Committee.

Mr. Sudhir V. Valia is the Chairman and Mr. Debashis Dey, Company Secretary, is the secretary of the Committee. Four meetings of the Committee were held during the financial year ended 31st March, 2020 on the following dates:

(i) 7th May, 2019 (ii) 29th July 2019, (iii) 4th November, 2019 and (iv) 31st January, 2020

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

Name of Director	Chairman/ Member	No. of meetings held during the year	No. of meetings attended
Mr. Sudhir V. Valia	Chairman	4	3
Mr. Dilip S. Shanghvi	Member	4	4
Ms. Bhavna Doshi	Member	4	4
Mr. Mark Simon	Member ¹	4	4

¹Upto 28th February 2020

9. Securities Allotment Committee

The Board of Directors of the Company, in its meeting held on 5th May, 2017 constituted a Securities Allotment Committee to consider and approve allotment of shares and other securities including warrants and securities convertible into shares that may be issued by the Company from time to time. The Committee consists of Dr. T Rajamannar, Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia and Ms. Bhavna Doshi.

Dr. T Rajamannar is the Chairman and Mr. Debashis Dey, Company Secretary, is the secretary of the Committee. No meeting of the Committee was held during the financial year ended 31st March, 2020.

10. Risk Management Committee

In compliance with the requirements of regulation 21 of the SEBI (LODR) Regulations as amended from time to time, the Board of Directors of the Company, at its meeting held on 4th February, 2019 constituted a Risk Management Committee. The Committee consists of Mr. Sudhir V. Valia, Mr. Dilip S. Shanghvi and Mr. Anil Raghavan, CEO of the Company.

Mr. Dilip S. Shanghvi is the Chairman and Mr. Debashis Dey, Company Secretary, is the secretary of the Committee.

The roles and responsibilities of the Risk Management Committee, *inter alia*, include the following:

- To identify principal risks posing to the Company (including risks that would threaten its business model, future performance, solvency or liquidity) and provide advice on the management and mitigation of those risks;
- To evaluate and prioritize risks;
- To review the effectiveness of the risk management systems;
- To assess financial/ non-financial internal controls including cyber security;
- To ensure that identified risks are being actively managed and mitigated;
- To review and deploy risk mitigation tools;
- Review the risk profiles submitted by the Head of Functions and identify / assess new risks;
- To review adequacy of risk treatment plans;
- To review status of treatment plans implemented for prioritized risks;
- To perform any other role or responsibility as may be mandated under the law or directed by the Board from time to time;

One meeting of the Committee was held on 31st January, 2020 during the financial year 2019–20, which was attended by all the members of the Committee.

11. General Body Meetings

- (i) Location date and time, where General Meetings including Annual General Meetings (AGM) were held during the previous three financial years, are as follows:

Year	Meeting	Location	Date	Time	Special Resolution(s) passed at the AGM
2016-17	Extra-Ordinary General Meeting	Sir Sayajirao Nagar gruh, Akota, Vadodara - 390020, Gujarat	02.06.2017	11:00 AM	1) Issue of 151,51,515 warrants, each convertible into or exchangeable for one fully paid equity share of ₹ 1 each of the Company, to certain Promoter Group & Non-Promoter Group entities, on Preferential Basis.
2016-17	Twelfth AGM	Sir Sayajirao Nagar gruh, Akota, Vadodara-390020, Gujarat	05.08.2017	11:30 AM	Nil
2017-18	Thirteenth AGM	Prof. Chandravadan C. Mehta Auditorium - General Education Center, Maharaja Sayajirao University of Baroda, Pratap Gunj, Vadodara - 390 002, Gujarat	30.07.2018	10:15 AM	1) Increase in Authorized share Capital of the Company from ₹ 26,65,00,000/- to ₹ 32,50,00,000/- 2) Adoption of revised Articles of Association of the Company
2018-19	Fourteenth AGM	Vasvik Auditorium, Trivia Complex, Race Course Rd, Gautam Nagar, Vadiwadi, Vadodara - 390007	29.07.2019	09:45 AM	NIL

- (ii) Postal Ballot - The Company did not pass any resolution by Postal Ballot during FY 2019-20

At present, the Company does not have any proposal to pass any Special Resolution through Postal Ballot.

12. Means of Communication

- Quarterly Financial Results:** The quarterly, half-yearly and annual Financial Results are posted by the Company on its website. These are also submitted to the stock exchanges in accordance with the SEBI (LODR) Regulations and published in all English Editions and in Gujarati (Gujarat Edition) of Financial Express.
- Website:** The Company's website www.sparc.life contains a separate dedicated section 'Investors' where shareholders information is available. Full Annual Report is available on the website in a user friendly and downloadable form. Apart from this, official news releases and media presentations to analysts are displayed on the Company's website.
- Corporate Filing:** Announcements, Quarterly Results, Shareholding Pattern etc. are regularly filed by the Company with the Stock Exchanges and are available on the websites of BSE Ltd. - www.bseindia.com & the National Stock Exchange of India Ltd. - www.nseindia.com.
- Annual Report:** Annual Report containing, *inter alia*, audited Financial Statements, Board's Report, Auditors' Report, and other important information is circulated to Members and others entitled thereto. The Management Discussion & Analysis (MD&A) and Business Responsibility Report (BRR) form part of the Report.
- Presentation to Analyst:** The Company also makes periodic presentations to Analysts and also holds at least one conference call with the Analysts and Investors, to allow them to raise their queries directly to the management. A copy of all such presentations and a transcript of all such conference call is also made available by the Company on its website www.sparc.life.

13. General Shareholder Information

13.1 Annual General Meeting	
(a) Date and Time	: Wednesday, 30th September, 2020, at 4:00 pm (IST).
(b) Mode	: Video Conference (<i>Deemed Venue SPARC, Akota Toad, Akota, Vadodara – 390020</i>)
(c) Details of Book Closure for Equity Shareholders	: Thursday, 24th September, 2020 to Wednesday, 30th September, 2020 (both days inclusive)
13.2 Financial Calendar (tentative)	: The Company follows a financial year from 1st April to 31st March of the following year. The tentative dates for declaration of quarterly & annual financial results for the ensuing financial year are as follows: <ul style="list-style-type: none"> - Results for quarter ending 30th June, 2020 – First week of August 2020. - Results for quarter ending 30th September, 2020 – Last week of October, 2020/ First week of November 2020. - Results for quarter ending 31st December, 2020 – Last week of January, 2021/ First week of February, 2021 - Results for quarter ending 31st March, 2020 – First or Second week of May, 2021
13.3 Dividend Payment Date	NA
13.4 (a) Listing of Equity Shares:	The Equity Shares of the Company are listed on: <ul style="list-style-type: none"> (i) BSE Limited. Phiroze Jeejeebhoy Towers, Dalal street, Mumbai – 400001 (ii) National Stock Exchange of India Ltd. Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
(b) Payment of Listing Fee:	Listing Fees for the financial year 2020–21 have been paid, within the stipulated time, to BSE Limited and National Stock Exchange of India Ltd, where the Company's Equity Shares continue to be listed.
13.5 Stock Code:	
Equity Shares of ₹ 1 each	
(a) Trading Symbol in BSE :	532872
(b) Trading Symbol in NSE :	SPARC
(c) ISIN for Equity Shares held in Demat :	INE232I01014

13.6 Market Price Data

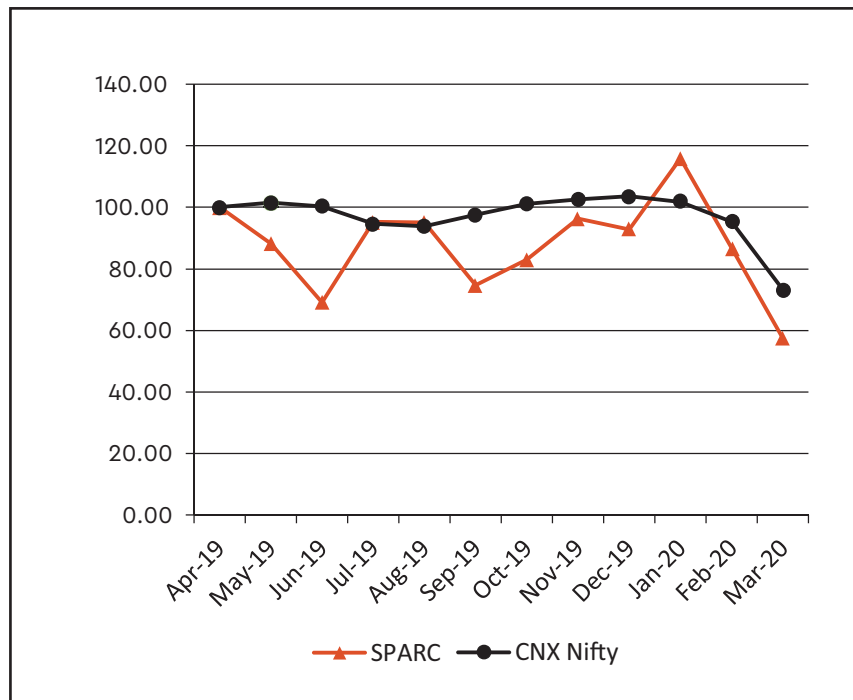
The market price data of the Equity Shares of the Company on BSE and NSE for the financial year 2019-20 are as follows:

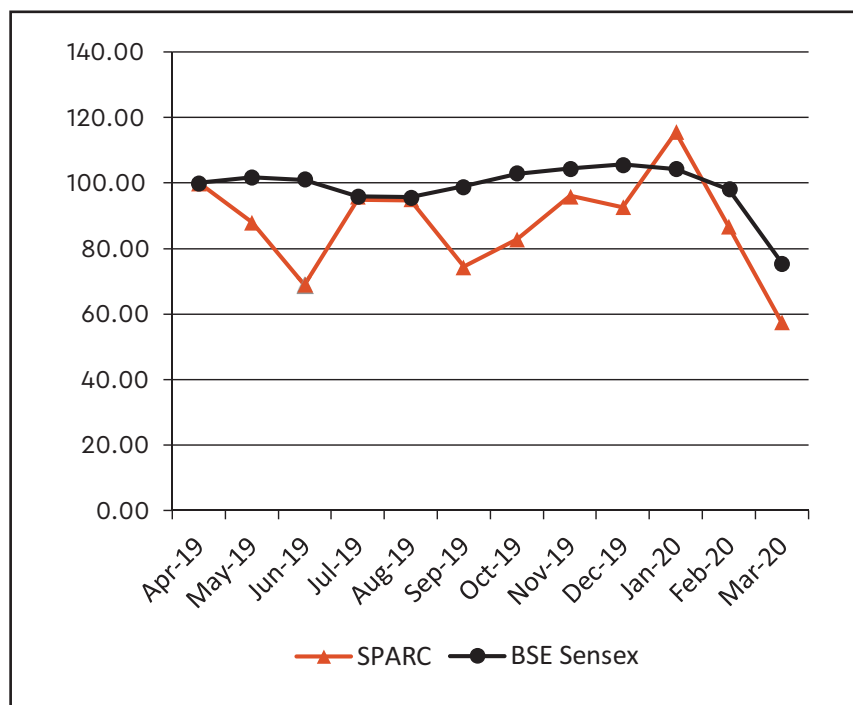
Month	BSE Ltd. (BSE) (in ₹)		National Stock Exchange of India Ltd. (NSE) (in ₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2019	198.00	165.15	197.85	164.95
May 2019	171.55	130.60	171.70	130.00
June 2019	147.75	114.85	148.45	114.45
July 2019	168.50	107.00	168.15	112.30
August 2019	163.80	139.00	163.60	139.00
September 2019	172.00	122.00	171.80	124.55
October 2019	144.80	113.25	144.45	113.40
November 2019	176.00	135.50	175.90	135.20
December 2019	172.00	150.30	172.20	150.20
January 2020	210.70	155.15	210.90	155.20
February 2020	207.30	145.00	207.50	145.05
March 2020	164.00	81.00	164.40	81.00

(Source: BSE and NSE website)

13.7 Share Price Performance in comparison to broad-based indices – BSE Sensex and NSE Nifty

(a) SPARC Share Price Performance in comparison to NSE Nifty



(b) SPARC Share Price Performance in comparison to BSE Sensex**13.8 Registrars & Share Transfer Agent**

(To handle Share transfer and communication regarding share certificate, dividend, change of address, etc.)

Link Intime India Pvt. Ltd.,

C 101, 247 Park,

L B S Marg, Vikhroli West,

Mumbai 400 083

E-Mail: rnt.helpdesk@linkintime.co.in

Tel No: +91 22 49186000 Fax: +91 22 49186060

13.9 Share Transfer System

The share transfers which were received in physical form upto March 31, 2019 were processed and transferred by Registrar and Share Transfer Agents and the share certificates were returned within the stipulated period from the date of receipt, subject to the documents being valid and complete in all respects. Effective from April 1, 2019, SEBI has mandated that shares can be transferred only in demat. Hence no new application for transfer of shares in physical form can be lodged by the shareholders.

Confirmation in respect of the request for dematerialization of shares are sent expeditiously to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Also, the Company may not register a transfer/transmission request when any Statutory Prohibition or any Attachment or Prohibitory Order of a Competent Authority restrains it from transferring the securities from the name of the transferor(s).

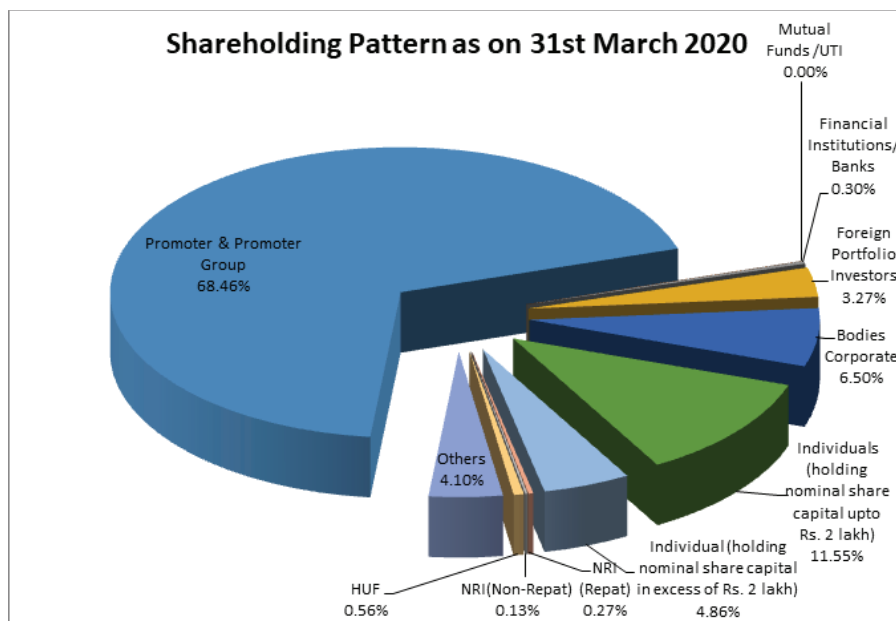
13.10 Distribution of Shareholding as on 31st March, 2020

Equity Shares held	No. of Accounts	% to total	No. of Shares	% to total
Upto 100	52891	61.90	22,47,760	0.86
101- 250	14050	16.44	24,74,203	0.95
251 – 500	7738	9.06	29,65,780	1.13
501 – 1000	4787	5.60	36,23,095	1.38

Equity Shares held	No. of Accounts	% to total	No. of Shares	% to total
1001 – 2000	3575	4.18	49,55,859	1.89
2001 – 3000	841	0.99	21,17,837	0.81
3001 – 4000	325	0.38	11,62,457	0.44
4001 – 5000	249	0.29	11,55,359	0.44
5001 – 10000	471	0.55	33,99,186	1.29
10001 – 20000	214	0.25	30,15,255	1.15
20001 – 30000	86	0.10	21,45,387	0.82
30001 – 40000	36	0.04	12,43,970	0.48
40001 – 50000	19	0.02	8,57,483	0.33
50001 – 100000	55	0.07	39,38,054	1.50
100001 and above	111	0.13	22,67,45,821	86.53
Total	85448	100.00	26,20,47,506	100.00

13.11 Shareholding Pattern of the Company as on 31st March, 2020

Particulars	No. of Shares	Percentage
Promoter & Promoter Group	17,94,07,230	68.46%
Mutual Funds /UTI	10,844	0.00%
Financial Institutions/ Banks	7,94,169	0.30%
Foreign Portfolio Investors	85,58,983	3.27%
Bodies Corporate	1,70,26,280	6.50%
Individuals (holding nominal share capital upto ₹ 2 lakh)	3,02,60,681	11.55%
Individual (holding nominal share capital in excess of ₹ 2 lakh)	1,27,29,595	4.86%
NRI (Repat)	7,10,553	0.27%
NRI(Non-Repat)	3,30,614	0.13%
HUF	14,66,974	0.56%
Others	1,07,51,583	4.10%
TOTAL	26,20,47,506	100.00%



13.12 Dematerialization of Shares

Out of the total share capital of 26,20,47,506 equity shares, 26,12,90,102 equity shares of the Company representing about 99.71% of the total equity shares of the Company are held in dematerialized mode as on 31st March, 2020

Liquidity:

The equity shares of the Company are fairly liquid and are actively traded on BSE and NSE. Relevant data for the average daily turnover for the financial year 2019-20 is given below:

	NSE	BSE	NSE + BSE
No. of share (in Thousands)	864.34	127.07	991.41
Value of shares (₹ Lakhs)	1,338.74	196.62	1535.36

(Source: BSE and NSE website)

13.13 Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and Likely Impact on Equity

The Company does not have any outstanding warrants as on 31st March 2020. Also, the Company has not issued GDRs/ ADRs or any other convertible instruments.

13.14 Commodity Price Risk/ Foreign Exchange Risk and Hedging Activities

The Company being in the business of Research & Development does not face any significant Commodity Price Risk. During the year, the Company had managed the foreign exchange risk to the extent considered adequate. During the year, the Company did not enter into any forward foreign currency contracts. The details of foreign currency exposures, that have not been hedged by a derivative instrument or otherwise, are disclosed in the Financial Statements.

13.15 R&D Centres

- Plot No. 5 & 6, /1, Savli G.I.D.C. Estate, Savli Vadodara Highway, Manjusar, Gujarat – 391775
- 17/B, Mahal Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai – 400 093
- F.P. 27 Part Survey No. 27, C.S. No. 1050, T.P.S. No.24, Tandalja, Vadodara – 390012
- 907/4, GIDC, Makarpura, Vadodara – 390 010, Gujarat

13.16 Investor Correspondence

- For transmission, transposition, dematerialisation or any other query relating to the shares held in Physical Form and any other general queries:

Link Intime Pvt. Ltd.

C 101, 247 Park,

L B S Marg, Vikhroli West, Mumbai 400 083

E-Mail: rnt.helpdesk@linkintime.co.in

Tel: +91 22 49186000,

Fax: +91 22 49186060

(For Shares held in dematerialized form please contact your Depository Participant.)

- Institutional Investors and for query on Annual Report

Mr. Jaydeep Issrani

17/B, Mahal Industrial Estate,

Off. Mahakali Caves Road, Andheri (East), Mumbai – 400 093

E-Mail: jaydeep.issrani@sparcmail.com

Tel: +91 22 6645 5645

- (c) For any other query or grievances (including escalation of any query/ grievances not resolved through above means):

Mr. Debashis Dey

17/B, Mahal Industrial Estate,

Off. Mahakali Caves Road, Andheri (East), Mumbai – 400 093

E-Mail: debashis.dey@sparcmail.com

Tel: +91 22 6645 5645

- (d) E-mail id designated by the Company for Investor Complaints:
secretarial@sparcmail.com.

13.17 List of Credit Ratings

The Company has not obtained any credit ratings.

14. Disclosures

- (a) No transaction of a material nature has been entered into by the Company with any Related Parties that may have a potential conflict with the interests of the Company at large. The Register of Contracts containing details of contracts, in which any Director or their relatives are interested, is placed before the Audit Committee and the Board of Directors regularly. The transactions with the Related Parties are also disclosed in the Financial Statements.
- (b) There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties/ strictures imposed on the Company by the Stock Exchange or SEBI or any Statutory Authority during the previous three financial years.
- (c) The Company has laid down procedures to inform Board members about the risk assessment and its mitigation measures, which is periodically reviewed to ensure that proper control is exercised by the Management effectively. With effect from 4th February 2019, the board has also constituted a Risk Management Committee to further strengthen the Risk Management process. The Risk Management Committee of the Company had its first meeting on 1st January 2020.
- (d) The Board of Directors of the Company has approved a Whistle Blower Policy and put in place a mechanism to monitor the actions taken on complaints received under the said policy. This Policy also outlines the reporting procedure and investigation mechanism to be followed in case an employee blows the whistle for any wrong-doing in the Company. Employees are given protection in two important areas – confidentiality and against retaliation. It is ensured that employees can raise concerns regarding any violation or potential violation easily and free of any fear of retaliation, provided they have raised the concern in good faith. The Chairperson of the Audit Committee has been appointed as the Ombudsperson to receive any complaints through a designated independent third party portal, email or letters, who would investigate the complaints. The final decision would be taken by the Ombudsperson in consultation with the Management and the Audit Committee. The Policy is expected to help to draw the Management's attention to unethical, inappropriate or incompetent conduct which has or may have detrimental effects either for the Organisation or for those affected by its functions. A copy of the Company's Whistle Blower Policy is available on the website of the Company www.sparc.life and may be accessed at <https://www.sparc.life/policies-and-codes>. No personnel have been denied access to the Ombudsperson or the Audit Committee.
- (e) Details of compliance with mandatory requirements and adoption / non-adoption of the discretionary requirements:
- (i) The Company complies with all the mandatory requirements specified under the SEBI (LODR) Regulations.
 - (ii) The Chairman of the Company is Executive of the Company.
 - (iii) The Company does not send half-yearly financial results including summary of the significant events in the last six months, to the household of each shareholder as the financial results are published in the newspapers and also posted on the website of the Company and the websites of BSE and NSE.
 - (iv) The Financial Statements of the Company contains Unmodified Opinion by Auditors.
 - (v) The Company does not have separate position for Chairman and Managing Director.
 - (vi) Aneja Assurance Private Limited are the Internal Auditors of the Company. The Internal Auditors report their findings to the Audit Committee of the Company.
- (f) The Company does not have any policy on material subsidiaries since it does not have any subsidiary.
- (g) The policy of the Company on dealing with Related Party Transactions is available on the website of the Company and can be accessed through the web link: <https://www.sparc.life/policies-and-codes>.

- (h) The Company being in the business of Research & Development does not face any significant Commodity Price Risk.
- (i) Utilization of funds raised through preferential allotment:

The Company had raised ₹ 50,000 lakhs by Preferential Issue of Warrants and their subsequent conversion into equity shares of the Company. As disclosed in the Notice of Extra-Ordinary General Meeting dated 5th May 2017, in which the approval of the members were sought for the Issue, the objective for raising the fund was to utilize the same for "Utilised for R & D activity and general corporate purpose". During the year, there were no deviations in the utilization of the fund from the specified in the Notice of Extra-Ordinary General Meeting dated 5th May 2017. Details pertaining to utilization of funds raised through preferential allotment of warrants as on 31st March 2020 are as follows:

Description	₹ in Lakhs
	Amount
Fund received	50,000
Utilised for R & D activity and general corporate purpose	50,000
Balance available	NIL

- (j) A certificate issued by M/s. Veenit Pal & Associates Practicing Company Secretaries, certifying that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by SEBI/ Ministry of Corporate Affairs or any such Statutory Authority has been attached as – **Annexure 2** to this Corporate Governance Report.
- (k) During the Year, the Board accepted all recommendations made to it by its duly constituted Committee's.
- (l) Total fees for all services paid by Sun Pharma Advanced Research Company Limited to S R B C & CO LLP (statutory auditor of the Company) and other firms in the network entity of which the statutory auditor is a part, as included in the financial statements of the Company for the year ended March 31, 2020, is as follows:

Fees for audit and related services paid to S.R. Batliboi & Affiliates firms and to entities of the network of which the statutory auditor is a part ₹ 24.56 lakhs:

No other fee was paid by the Company to any other entities in the network firm/network entity of which the Statutory Auditor is a part.

- (m) Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are as follows:

Number of complaints filed during the financial year 2019-20	Number of complaints disposed of during the financial year 2019-20	Number of complaints pending as on 31st March 2020
Nil	Nil	Nil

- (n) The Company has complied with all the requirements of Corporate Governance Report as prescribed under Part C of Schedule V of SEBI (LODR) Regulations.
- (o) The Company has complied with all the Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (LODR) Regulations.

For and on behalf of the Board

Dilip S. Shanghvi
Chairman & Managing Director
(DIN: 00005588)

Place: Mumbai

Date: 2nd June, 2020

Annexure – 1 to Corporate Governance

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT FOR THE YEAR ENDED 31ST MARCH, 2020

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

For Sun Pharma Advanced Research Company Limited

Dilip S. Shanghvi

Chairman & Managing Director
(DIN: 00005588)

Place: Mumbai

Date: 2nd June, 2020

Annexure – 2 to Corporate Governance

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

(Pursuant to Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015)

To,

The Members,

SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED,

Akota Road, Akota Vadodara, Gujarat-390020

CIN:- L73100GJ2006PLC047837

I have examined the relevant registers, records, forms, return and disclosures received from the Directors of SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED having CIN L73100GJ2006PLC047837 and having registered office at Akota Road, Akota Vadodara, Gujarat-390020 (hereinafter referred to as 'the company'), produced before me by the company for the purpose of issuing this certificate, in accordance with Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

In my opinion and to the best of my information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanation furnished to me by the Company and its officer, I hereby certify that none of the Directors on the Board of Directors of the Company as stated below for the financial year ending on 31st March, 2020 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in Company
1	Sudhir Varundavandas Valia	00005561	01.03.2006
2	Dilip Shantilal Shanghvi	00005588	01.03.2006
3	Ferzaan Nariman Engineer	00025758	05.05.2017
4	Bhavna Gautam Doshi	00400508	31.10.2014
5	Rajamannar Thennati	01415412	04.06.2007

Ensuring the eligibility for the appointment/continuity of every director on the board is the responsibility of the management of the Company. Our responsibility is to express an opinion on these based on our verification.

This certificate is neither an assurance as to the future viability of the Company nor of the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For Veenit Pal & Associates
Company Secretaries

Veenit Pal

(Proprietor)

ACS: 25565

CP: 13149

UDIN: A025565B000284747

Place: Mumbai

Date: 26th May 2020

Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended

The Members of Sun Pharma Advanced Research Company Limited

1. The Corporate Governance Report prepared by Sun Pharma Advanced Research Company Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) of sub - regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") for the year ended March 31, 2020 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.

3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.

5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews

of Historical Financial Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:

- Read and understood the information prepared by the Company and included in its Corporate Governance Report;
- Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
- Obtained and read the Register of Directors as on March 31, 2020 and verified that atleast one independent woman director was on the Board of Directors throughout the year;
- Obtained and read the minutes of the following committee meetings / other meetings held April 01, 2019 to March 31, 2020:
 - Board of Directors;
 - Audit Committee;
 - Annual General Meeting (AGM);
 - Nomination and Remuneration Committee;
 - Stakeholders Relationship Committee;
 - Risk Management Committee;
 - Corporate social responsibility committee; and
 - Fund management committee.
- Obtained necessary declarations from the directors of the Company.
- Obtained and read the policy adopted by the Company for related party transactions.
- Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

- viii. Performed necessary inquiries with the management and also obtained necessary specific representations from management.
8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.
11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2020, referred to in paragraph 4 above.

Other matters and Restriction on Use

10. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 20105754AAAACX1518

Place of Signature: Pune
Date: June 02, 2020

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

- Corporate Identity Number (CIN) of the Company:** L73100GJ2006PLC047837
- Name of the Company:** Sun Pharma Advanced Research Company Limited
- Registered address:** SPARC, Akota Road, Akota, Vadodara 390 020, India
- Website:** <https://www.sparc.life>
- E-mail id:** secretarial@sparcmail.com
- Financial Year reported:** 1st April 2019 to 31st March 2020
- Sector(s) that the Company is engaged in (industrial activity code-wise):**

Group	Class	Sub Class	Description
721	7210	72100	Research and experimental development on natural sciences and engineering

- List three key products/services that the Company manufactures/provides (as in balance sheet):**
The Company does not manufacture any products.
- Total number of locations where business activity is undertaken by the Company:**
 - Number of International Locations (Provide details of major 5): NIL
 - Number of National Locations: 3
- Markets served by the Company - Local/State/National/International:** NA

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital (₹ in lakhs):** Rs. 2620.47
- Total Turnover (₹ in lakhs):** Rs. 8657.72
- Total profit/(loss) after taxes (₹ in Lakhs):** (30024.80)

- Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** NIL*
- List of activities in which expenditure in 4 above has been incurred:** NA.

* In view of the negative average net profit of the Company during the three immediately preceding financial years, the Company was unable to spend on CSR activities.

SECTION C: OTHER DETAILS

- Does the Company have any Subsidiary Company/Companies?:** No
- Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s):** NA
- Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company?** No

SECTION D: BR INFORMATION

- Details of Director/Directors responsible for BR:**
 - Details of the Director responsible for implementation of the BR policy/policies:
 - DIN Number: 00005561
 - Name: Sudhir V. Valia
 - Designation: Non- Executive Director
 - Details of the BR head:

No.	Particulars	Details
1	DIN Number (if applicable)	NA
2	Name	Mr. Anilkumar Raghavan
3	Designation	CEO
4	Telephone Number	+91 22 6645 5645
5	E-mail Id	anil.raghavan@sparcmail.com

2. Principle-wise (as per NVGs) BR Policy/policies:

(a) Details of compliance (Reply in Y/N)

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	Do you have a policy/ policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy being formulated in consultation with the relevant stakeholders?	Yes. After due consultation with the concerned Management Team, the Business Responsibility and other related policies have been formulated. Subsequently, the Board of Directors have approved these final policies.								
3	Does the policy conform to any national / international standards? If yes, specify?	Yes. The policies do comply with the respective principles under the NVG guidelines.								
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Yes. The Board of Directors have approved the policies and they have been signed by the Chief Executive Officer.								
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	To oversee policy implementation, the Board has appointed Mr. Sudhir V. Valia, a Director of the company.								
6	Indicate the link for the policy to be viewed online?	The copies can be made available to the concerned stakeholders, on receipt of request.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to all internal stakeholders. They will be communicated to the external stakeholders in due course.								
8	Does the company have in-house structure to implement the policy/ policies.	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes, any grievances pertaining to the Policy can be forwarded to Mr. Anil Raghavan, CEO, for appropriate action/ resolution.								
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Independent audit/evaluation is under consideration.								

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options):

No.	Questions	P 1	P 2	P 3	P 4	P 5	P 6	P 7	P 8	P 9
1	The company has not understood the Principles.	NA								
2	The company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles.									
3	The company does not have financial or manpower resources available for the task.									
4	It is planned to be done within next 6 months.									
5	It is planned to be done within the next 1 year.									
6	Any other reason (please specify).									

3. **Governance related to BR:**

(a) **Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company:**

The BR performance of the Company is assessed by the Board on an Annual basis.

(b) **Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?**

The Company' BR Report is published annually, and it forms a part of the Annual Report. It is available on the Company's website, www.sparc.life at <http://www.sparc.life/annual-reports>.

- Ensure safety of confidential information related to the Company or its clients.
- Protect the Company's assets and ensure its proper utilization.
- Considering all statutory compliances as important.
- Enable reporting of incidents of infringements or non-compliance, following necessary internal processes and procedures.

Upholding Governance with Whistle-Blower Policy

The Company's Whistle Blower Policy clearly mentions the process for reporting violation, breach, noncompliance, infringement, or infraction of the Code of Conduct. It also precisely states the provision for protection.

During the year, no violations to the Code of Conduct was reported.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1

Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

Organizations are guided by values and it aims to pursue growth while keeping responsibilities intact. The focus lies on ensuring organic growth, with a holistic approach. The company's core values of Transparency, Integrity, good governance and accountability forms the heart of an organization's code of conduct and it strives to stand by it at all times. The Company also believes in adhering to statutory regulations and it helps the Company to retain stakeholder trust while creating long term value for them.

The following constitute the Company's guiding principles:

a. **Leading by example**

The responsibility to lead by example lies with the Company's top management and the desire to practice and uphold values and fair business practices is passed on from the top to the bottom of the organizational hierarchy. The Board of Directors play a key role to set an example for others to follow. The board also emphasizes on adherence to compliance norms set by the Company and facilitating mechanisms to review and monitor the business responsibility functions of the organization.

b. **Abiding by a comprehensive Code of Conduct**

The Company has a well-defined Code of Conduct and its Directors and employees operate within this framework. A legal and ethical code guides this framework and is designed to intercept misconduct by clearly highlighting certain practices:

- Resolve conflicts ethically, as a priority over personal and professional relationships.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company? Does it extend to the Group/ Joint Ventures/ Suppliers/Contractors/NGOs /Others?**

The Policy extends only to the Company.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

The Company had received 1 complaint during the year from one of its Shareholder which has been resolved.

Principle 2

Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

The Company is consistently trying to find ways to utilize science for improving and enriching human life, to guide them on a path of health and happiness. The Company's expertise and scientific research capabilities enable it to deliver therapeutic solutions that serve a wide range of patient requirements. Treatment and cure for a broad spectrum of healthcare needs is addressed through its research facilities. In its journey to ensure better healthcare, the Company remains dedicated to pursue sustainability standards across its processes and practices.

Our quest for sustainability can be explained through the following measures:

- **Novel Self-Dispersing Nanoparticle Technology** – To combat the challenges that existed in the water-insoluble anti-cancer medication, the Company pioneered this technology to enable drug localization in cancer cells. It not only stalls the use of toxic surfactant but, provides the added advantage of delivering higher doses.

- **Lipixelle™ Technology** – This helps to overcome the hitch of solubilising ophthalmic drugs using Benzalkonium Chloride (BAK)-free solubilising technology. This helps to eradicate the use of toxic BAK, which is known to damage ocular surfaces, if used regularly.
- **Wrap Matrix™ Technology** – It has led to an ingenious oral drug delivery system with a high drug to incipient ratio. It has reduced pill sizes to allow patients to easily swallow them. New Drug Delivery Platforms like GRID, Wrap Matrix Technology and TM discovering new drugs are used by the Company to develop a number of advanced products.

Note: As the Company does not manufacture any product and primarily focuses on R&D, the following queries are not applicable.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.**
NA
2. **For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):**
 - (a) **Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain?**
NA
 - (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**
NA
3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**
NA
4. **Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**
NA
5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**
NA

Principle 3

Businesses should promote the well-being of all employees.

1. **Please indicate the total number of employees:**
Total 429 employees as on 31st March 2020
2. **Please indicate the total number of employees hired on temporary/contractual/casual basis:**
Retainers / Advisors 03; Third Party Employees: 127
3. **Please indicate the number of permanent women employees:**
120
4. **Please indicate the number of permanent employees with disabilities:**
1
5. **Do you have an employee association that is recognized by management?**
No
6. **What percentage of your permanent employees is members of this recognized employee association?**
NA
7. **Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.**

No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	Nil	Nil
2	Sexual harassment	Nil	Nil
3	Discriminatory employment	Nil	Nil

8. **What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?**
 - (a) Permanent Employees – 77% – Behavioral; 72% – Technical
 - (b) Permanent Women Employees – 94% – Behavioral; 89 % – Technical
 - (c) Casual/Temporary/Contractual Employees – NIL
 - (d) Employees with Disabilities – NIL

Principle 4

Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

The Company's internal and external stakeholders are classified under the following:

1. Employees
2. Communities
3. Patients
4. Healthcare Professionals
5. Payers
6. Regulatory Authorities
7. Shareholders

The Company is consistently committed to maximize value creation for its internal as well as external stakeholders. Taking into consideration the expectations of each stakeholder group, deliverables are efficiently mapped, measured and managed to take care of divergent and minority interests. In order to sustain high benchmarks of transparency and accountability, a stakeholder policy has been formulated to ensure involvement of each and every stakeholder in the decision-making process.

1. **Has the Company mapped its internal and external stakeholders?**
Yes
2. **Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders?**
No
3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.**
NA

Principle 5

Businesses should respect and promote human rights.

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?**
Yes. The Company ensures that the fundamental rights of all individuals, within the organisation and across every touch point, are preserved. Certain imperatives are uncompromisingly adhered to by the Company. These include:

- Ensuring fair wages, freedom of association and collective bargaining
- Maintaining an open redressal mechanism to address stakeholder concerns about human rights
- Providing a safe and secure work-place that is free from discrimination, harassment or indignity
- Strict condemnation of inhuman practices of child labour, forced labour or any such forms

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?**

The Company did not receive any complaints about human rights violation from any stakeholder group during the year.

Principle 6

Businesses should respect, protect and make efforts to restore the environment.

1. **Does the policy related to Principle 6 cover only the Company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.**
Presently It covers only the Company.
2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? If yes, please give hyperlink for webpage etc.**
No
3. **Does the company identify and assess potential environmental risks?**
Yes
4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**
No
5. **Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. If yes, please give hyperlink for web page etc.**
No
6. **Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the financial year being reported?**
No

7. **Number of show cause/ legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.**

None

Principle 7

Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.

To improve the standards of scientific research and innovation in India, the Company actively engages with trade and industry.

1. **Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:**

The Company is a member of IMC Chamber of Commerce & Industry.

2. **Have you advocated/lobbied through above associations for the advancement or improvement of public good?**

No

Principle 8

Businesses should support inclusive growth and equitable development.

By extending the benefits of better healthcare to a larger group, the Company aims to enable inclusive growth of all its beneficiaries. Its CSR policy clearly resonates this endeavour. However, in the last three years, the Company was unable to invest in CSR activities owing to operational loss and negative cash flow. Nonetheless, the Company remains focused to bring better healthcare to a larger section of society with the implementation of various welfare programmes.

1. **Does the company have specified programmes/ initiatives/projects in pursuit of the policy related to Principle 8?**

NA

2. **Are the programmes/projects undertaken through in-house team/own foundation/external NGO/ government structures/any other organization?**

NA

3. **Have you done any impact assessment of your initiative?**

NA

4. **What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken**

NA

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so**

NA

Principle 9

Businesses should engage with and provide value to their customers and consumers in a responsible manner.

As part of its larger purpose and objective to enrich lives, the Company assumes a responsibility and obligation towards its patients, even if it does not engage with its end consumers directly. To fulfil this purpose, the Company follows a customer-centric policy encapsulating certain broader themes:

- Emphasis on health, safety, and satisfaction
- Maintain a socially responsible and ethical product development lifecycle to ensure sustainability.
- Prioritize customer feedbacks and address concerns, systematically and effectively.

1. **What percentage of customer complaints/consumer cases are pending as on the end of financial year?**

Nil

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws?**

NA

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so.**

None

4. **Did your Company carry out any consumer survey/ consumer satisfaction trends?**

No

INDEPENDENT AUDITORS REPORT

To the Members of Sun Pharma Advanced Research Company Limited

Report on the Audit of the Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Sun Pharma Advanced Research Company Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and notes to the Ind AS financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013, as amended ("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 March 31, 2020, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Ind AS financial statements for the financial year ended March 31, 2020. These matters were addressed in the context of our audit of the Ind AS financial statements' as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

We have determined the matters described below to be the key audit matters to be communicated in our report. We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Revenue recognition (as described in Note 42 of the Ind AS financial statements)</p> <p>The Company is engaged in the business of Research and Development of pharmaceutical products. The Company has various contractual arrangements with customers which are entered into at various stages of research and development. The Company, in line with Ind AS 115 recognizes revenue based on the contractual terms and performance obligations with customers. Some of these arrangements involve judgments which may impact the manner and timing of revenue recognition.</p> <p>Considering that contractual arrangements with customers involve judgments which may impact the manner and timing of revenue recognition it is considered as a Key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Read the accounting policy for revenue recognition of the Company and assessed compliance of the policy with the principles enunciated under Ind AS 115. • Evaluated and tested the design and operating effectiveness of management's controls in respect of revenue recognition. • Performed test of details on sample contracts. • Assessed the disclosures in the accompanying Ind AS financial statements.

Key audit matter	How our audit addressed the key audit matter
Evaluation of direct tax and indirect tax litigations (as described in Note 40 of the Ind AS financial statements)	
<p>The Company has material direct tax and indirect tax litigations which involve significant judgment to determine the possible outcome of these disputes and accordingly it is considered as key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> • Obtained list of direct tax and indirect tax litigations as at March 31, 2020 from management. • Involved our experts to assess the management's assessment of the possible outcome of the disputes relating to direct tax and indirect tax litigations. • Our experts also considered legal precedence and other rulings in evaluating management's position on these uncertain direct tax and indirect tax litigations. • Discussed the matters with the management and Company's Tax Head to understand the possible outcome of these disputes. • Evaluated and tested the design and operating effectiveness of management's controls in respect of direct tax and indirect tax. • Assessed contingent liability disclosure in the accompanying Ind AS financial statements

Other Information

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Management Discussion and Analysis Report and Board's Report, but does not include the Ind AS financial statements and our auditor's report thereon. The Management Discussion and Analysis Report and Board's Report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Ind AS financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether such other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 the 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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the Ind AS financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Ind AS Financial Statements

Our objectives are to obtain reasonable assurance about whether the Ind AS financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Ind AS financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Ind AS financial statements, including the disclosures, and whether the Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Ind AS financial statements for the financial year ended March 31, 2020 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" 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 including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
 - (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;
 - (e) On the basis of the written representations received from the directors as on March 31, 2020, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020, from being appointed as a director in terms of Section 164 (2) of the Act;
 - (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;
 - (g) Based on the information and explanations provided to us and bases on our examination of books of accounts, the Company has not accrued / paid any managerial remuneration to its director. Accordingly, the provision of section 197 read with Schedule V to the Act are not required to be complied with;
 - (h) 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, as amended 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 Ind AS financial statements – Refer Note 40 to the Ind AS financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

UDIN: 20105754AAAACW9173

Place of Signature: Pune

Date: June 02, 2020

Annexure 1 referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report of even date RE: SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED ('THE COMPANY')

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) All fixed assets have not been physically verified by management during the year but there is a regular programme of verification which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.
- (c) According to the information and explanations given by management with respect to the title deeds of immovable properties, included in property, plant and equipment and based on the examination of the High Court Order for demerger dated March 28, 2007 provided to us, we report the following:

Type of asset	Gross Block as on March 31, 2020 (INR Lakhs)	Net Block as on March 31, 2020 (INR Lakhs)	Remarks
R&D building (4th and 5th Floor) located at 17-B Mahal Industrial Estate, Off. Mahakali Caves Road, Andheri (East), Mumbai – 400093, admeasuring 1,041.29 square meters.	228.87	209.70	The building was transferred (pending registration) to the Company pursuant to a scheme of arrangement in the nature of demerger and transfer of Innovative Research and Development business of Sun Pharmaceutical Industries Limited under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High court of Gujarat. The agreement is in the name of Sun Pharmaceutical Industries Limited

- (ii) According to the information and explanation given to us and having regard to the nature of the Company's business, the Company does not have any inventories during the year since procurements are issued directly for consumption to the user department. Accordingly, the provisions of clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.
- (iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.
- (v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.
- (vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products / services of the Company. Accordingly, the provisions of clause 3(vi) of the Order are not applicable to the Company and hence not commented upon.
- (vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, duty of custom, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.
- (b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, duty of custom, goods and service tax, cess and other statutory dues, where applicable were outstanding, at the year end, for a period of more than six months from the date they became payable.

- (c) According to the records of the Company, the dues of income-tax, sales-tax, service tax, duty of custom, value added tax, goods and service tax and cess, wherever applicable and which have not been deposited on account of any dispute, are as follows:

Name of the Statute	Nature of dues	Amount involved (INR in lakhs)*	Amount paid under protest (INR in lakhs)	Amount unpaid (INR in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax and Interest	9,610.86	4,512.33	5,098.53	A.Y. 2011-12; 2013-14 to 2016 -17	Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944	Service Tax and Penalty	7,100.22	172.65	6,927.57	April 2016 to June 2017	Custom Excise and Service Tax Appellate Tribunal (CESTAT)

- (viii) In our opinion and according to the information and explanations given by management, the Company has not defaulted in repayment of loans or borrowing to Government. The Company did not have any outstanding loans or borrowing dues in respect of a financial institution or bank or dues to debenture holders during the year.
- (ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company and hence not commented upon.
- (x) Based upon the audit procedures performed for the purpose of reporting true and fair view of the Ind AS financial statements and according to the information and explanations given by management, we report that no fraud by the Company or no fraud on the Company by the officers and employees of the Company has been noticed or reported during the year.
- (xi) According to the information and explanations given by the management, the Company has not accrued / paid managerial remuneration during the year. Accordingly, the provisions of clause 3(xi) of the Order are not applicable to the Company and hence not commented upon.
- (xii) In our opinion, the Company is not a nidhi company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.
- (xiii) According to the information and explanations given by management, transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 where applicable and the details have been disclosed in the notes to the Ind AS financial statements, as required by the applicable accounting standards.
- (xiv) According to the information and explanations given to us and on an overall examination of the balance sheet, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review and hence, reporting requirements under clause 3(xiv) of the Order are not applicable to the Company and hence, not commented upon.
- (xv) According to the information and explanations given by management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of the Act.
- (xvi) According to the information and explanations given to us, the provisions of section 45-IA of the Reserve Bank of India Act, 1934 are not applicable to the Company.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

UDIN: 20105754AAAACW9173

Place of Signature: Pune

Date: June 02, 2020

Annexure 2 to the Independent Auditor's Report of even date on the Ind AS Financial Statements of Sun Pharma Advanced Research Company Limited

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

We have audited the internal financial controls over financial reporting of Sun Pharma Advanced Research Company Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting with reference to these Ind AS financial statements based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting with reference to these standalone Ind AS financial statements was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls over financial reporting with reference to these Ind AS financial statements.

Meaning of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting With Reference to these Financial Statements

Because of the inherent limitations of internal financial controls over financial reporting with reference to these Ind AS financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting with reference to these Ind AS financial statements to future periods are subject to the risk that the internal financial control over financial reporting with reference to these Ind AS financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls over financial reporting with reference to these Ind AS financial statements and such internal financial controls over financial reporting with reference to these Ind AS financial statements were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per Paul Alvares

Partner

Membership Number: 105754

UDIN: 20105754AAAACW9173

Place of Signature: Pune

Date: June 02, 2020

Balance Sheet

as at March 31, 2020

₹ In Lakhs

	Notes	As at March 31, 2020	As at March 31, 2019
ASSETS			
(A) Non-current assets			
(a) Property, plant and equipment	3a	10,298.46	5,718.15
(b) Capital work-in-progress	3b	357.38	2,392.85
(c) Other intangible assets	3c	88.01	37.37
(d) Intangible assets under development		2,849.29	19.70
(e) Financial assets			
(i) Loans	4	0.11	0.11
(f) Deferred tax assets (net)	5	-	-
(g) Income tax assets (net)	6	6,771.49	5,785.57
(h) Other non-current assets	7	172.78	155.56
Total non-current assets (A)		20,537.52	14,109.31
(B) Current assets			
(a) Financial assets			
(i) Investments	8	849.09	21,057.60
(ii) Trade receivables	9	1,604.63	1,016.73
(iii) Cash and cash equivalents	10	35.23	34.96
(iv) Bank balances other than cash and cash equivalents	11	10.67	32.84
(v) Loans	12	76.83	54.81
(vi) Other financial assets	13	0.40	1.26
(b) Other current assets	14	4,141.95	3,540.00
Total current assets (B)		6,718.80	25,738.20
TOTAL ASSETS		27,256.32	39,847.51
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	2,620.56	2,620.56
(b) Other equity	16	(4,484.39)	27,003.01
Total equity		(1,863.83)	29,623.57
Liabilities			
(A) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	637.83	109.05
(b) Other liabilities	18	3,924.25	-
(c) Provisions	19	1,022.53	610.53
Total non-current liabilities (A)		5,584.61	719.58
(B) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	6,142.10	-
(ii) Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		0.86	0.77
Total outstanding dues of creditors other than micro and small enterprises		15,883.48	8,291.59
(iii) Other financial liabilities	22	316.79	176.21
(b) Other liabilities	23	661.09	589.67
(c) Provisions	24	531.22	446.12
Total current liabilities (B)		23,535.54	9,504.36
TOTAL EQUITY AND LIABILITIES		27,256.32	39,847.51
Significant accounting policies	2		

The accompanying notes are integral part of the financial statements

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No : 324982E / E300003

ANILKUMAR RAGHAVAN
Chief Executive Officer

CHETAN M. RAJPARA
Chief Financial Officer

DEBASHIS DEY
Company Secretary

For and on behalf of the Board of Directors of

**SUN PHARMA ADVANCED RESEARCH
COMPANY LIMITED**

DILIP S. SHANGHVI
Chairman & Managing Director
DIN : 00005588

SUDHIR V. VALIA*
Director
DIN : 00005561

Place : Mumbai, Khandala*
Date : June 2, 2020

per **PAUL ALVARES**
Partner
Membership No. 105754

Place : Pune
Date : June 2, 2020

Statement of Profit and Loss

for the year ended March 31, 2020

₹ In Lakhs

	Notes	Year ended March 31, 2020	Year ended March 31, 2019
(I) Revenue from operations	25 & 42	7,681.44	18,286.92
(II) Other income	26	976.28	1,350.76
(III) Total income (I + II)		8,657.72	19,637.68
(IV) Expenses			
Cost of materials consumed	27	2,392.55	1,252.87
Employee benefits expense	28	9,308.56	8,106.48
Clinical trial expenses		16,929.84	14,789.87
Professional charges		4,190.86	5,393.88
Finance costs	29	267.49	9.39
Depreciation and amortisation expense	3a & 3c	948.05	755.24
Other expenses	30	5,860.71	3,873.03
Total expenses (IV)		39,898.06	34,180.76
(V) Loss before tax (III + IV)		(31,240.34)	(14,543.08)
(VI) Tax expense		-	-
(VII) Loss for the year (V - VI)		(31,240.34)	(14,543.08)
(VIII) Other comprehensive income / (loss) (OCI)			
A) Items that will not be reclassified to statement of profit or loss			
i. (Loss) / gain on remeasurement of the defined benefit plans		(247.06)	71.32
Total other comprehensive income (A)		(247.06)	71.32
(IX) Total comprehensive income / (loss) for the year (VII + VIII)		(31,487.40)	(14,471.76)
(X) Earning per equity share	35		
(Face value ₹ 1/- per equity share)			
Basic and Diluted (in ₹)		(11.92)	(5.69)
Significant accounting policies	2		

The accompanying notes are integral part of the financial statements

As per our report of even date

For **S R B C & CO LLP**

Chartered Accountants

ICAI Firm Registration No : 324982E / E300003

For and on behalf of the Board of Directors of

**SUN PHARMA ADVANCED RESEARCH
COMPANY LIMITED**

ANILKUMAR RAGHAVAN
Chief Executive Officer

DILIP S. SHANGHVI
Chairman & Managing Director
DIN : 00005588

per **PAUL ALVARES**
Partner
Membership No. 105754

CHETAN M. RAJPARA
Chief Financial Officer

SUDHIR V. VALIA*
Director
DIN : 00005561

Place : Pune
Date : June 2, 2020

DEBASHIS DEY
Company Secretary

Place : Mumbai, Khandala*
Date : June 2, 2020

Statement of Changes in Equity

for the year ended March 31, 2020

₹ In Lakhs

Particulars	Equity share capital	Share application money pending allotment	General reserve	Other equity	Security premium	Retained earnings	Total
Balance as at March 31, 2018	2,509.44	9,166.67	3,397.66	57,489.55	(54,090.89)	18,472.43	(14,543.08)
Loss for the year	-	-	-	-	-	(14,543.08)	71.32
Other comprehensive income for the year	-	-	-	-	-	71.32	(1,877.10)
Impact on account of adoption of Ind AS 115 (Refer Note 42)	-	-	-	-	-	(1,877.10)	111.11
Equity shares issued against conversion of warrants	111.11	-	-	-	-	-	0.01
Annulment of forfeited shares	0.01	-	-	-	-	-	36,555.55
Premium on issue of equity shares against conversion of warrants	-	(9,166.67)	-	-	36,555.55	-	2,620.56
Balance as at March 31, 2019	2,620.56	-	3,397.66	94,045.10	(70,439.75)	29,623.57	(31,240.34)
Loss for the year	-	-	-	-	-	(247.06)	2,620.56
Other comprehensive income for the year	-	-	-	-	-	(247.06)	3,397.66
Balance as at March 31, 2020	2,620.56	-	3,397.66	94,045.10	(101,927.15)	(1,863.83)	

The accompanying notes are integral part of the financial statements
As per our report of even date

For S R C & CO LLP

Chartered Accountants

ICAI Firm Registration No : 324982E / E300003

For and on behalf of the Board of Directors of
**SUN PHARMA ADVANCED RESEARCH
COMPANY LIMITED**

ANILKUMAR RAGHAVAN
Chief Executive Officer

DILIP S. SHANGHVI
Chairman & Managing Director
DIN : 00005588

per PAUL ALVARES
Partner
Membership No. 105754

CHETAN M. RAJPARA
Chief Financial Officer

SUDHIR V. VALIA*
Director
DIN : 00005561

Place : Pune
Date : June 2, 2020

Place : Mumbai, Khandala*
Date : June 2, 2020

DEBASHIS DEY
Company Secretary

Statement of Cash Flow

for the year ended March 31, 2020

₹ In Lakhs

	Year ended March 31, 2020	Year ended March 31, 2019
A. Cash flow from operating activities		
Loss before tax	(31,240.34)	(14,543.08)
Adjustments for :		
Depreciation and amortisation of expense	948.05	755.24
Profit / (Loss) on sale/write off of property, plant and equipment and intangible assets (net)	(12.93)	209.92
Finance costs	267.49	9.39
Interest income	(1.17)	(313.63)
Gain on sale of investments	(613.94)	(518.02)
Gain on fair valuation of investments	(53.12)	(426.02)
Impact on account of adoption of Ind AS 115	-	(1,877.10)
Net unrealised foreign exchange loss / (profit)	409.68	(17.21)
Operating loss before working capital changes	(30,296.28)	(16,720.51)
Working capital adjustments :		
(Increase) / decrease in trade receivables	(583.11)	740.41
(Increase) / decrease in other assets	(632.01)	1,276.45
Increase / (decrease) in trade payables	7,177.51	(1,940.12)
Increase / (decrease) in other liabilities	3,989.23	(178.11)
Increase / (decrease) in provisions	250.04	84.32
Cash used in operations	(20,094.62)	(16,737.56)
Income tax paid (net of refund)	(985.92)	(453.92)
Net cash used in operating activities (A)	(21,080.54)	(17,191.48)
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment (including capital work-in-progress, intangible assets and intangible assets under development)	(5,404.27)	(1,295.19)
Proceeds from disposal of property, plant and equipment	39.13	38.05
Proceeds from sale/(used in) purchase of investments (net)	20,875.57	(9,356.94)
Bank balances not considered as cash and cash equivalents		
Fixed deposits placed	(10.47)	(2,531.44)
Fixed deposits matured	31.45	2,613.05
Earmarked balances with banks	1.19	(0.07)
Interest received	2.03	313.95
Net cash generated from/(used in) investing activities (B)	15,534.63	(10,218.59)

Statement of Cash Flow

for the year ended March 31, 2020

₹ In Lakhs

	Year ended March 31, 2020	Year ended March 31, 2019
C. Cash flow from financing activities		
Proceeds from borrowings	6,000.00	-
Re-payment of borrowings*	(257.47)	(64.92)
Proceeds from issue of equity shares / (paid) to investor education and protection fund	(1.19)	36,666.65
Conversion of warrants into equity shares	-	(9,166.67)
Finance costs	(195.16)	(10.33)
Net cash generated from financing activities (C)	5,546.18	27,424.73
Net increase in cash and cash equivalents (A+B+C)	0.27	14.66
Cash and cash equivalents at the beginning of the year (Refer Note 10)	34.96	20.30
Cash and cash equivalents at the end of the year (Refer Note 10)	35.23	34.96
Cash and cash equivalents comprises of		
Balances with banks		
In current accounts	34.43	34.58
Cash on hand	0.80	0.38
Cash and cash equivalents (Refer Note 10)	35.23	34.96

*Includes payment of lease obligation for the year ended March 31, 2020.

The accompanying notes are integral part of the financial statements
As per our report of even date

For S R B C & CO LLP
Chartered Accountants
ICAI Firm Registration No : 324982E / E300003

For and on behalf of the Board of Directors of
**SUN PHARMA ADVANCED RESEARCH
COMPANY LIMITED**

ANILKUMAR RAGHAVAN
Chief Executive Officer

DILIP S. SHANGHYI
Chairman & Managing Director
DIN : 00005588

per PAUL ALVARES
Partner
Membership No. 105754

CHETAN M. RAJPARA
Chief Financial Officer

SUDHIR V. VALIA*
Director
DIN : 00005561

Place : Pune
Date : June 2, 2020

DEBASHIS DEY
Company Secretary

Place : Mumbai, Khandala*
Date : June 2, 2020

Notes to Financial Statements

for the year ended March 31, 2020

1. Corporate Information

Sun Pharma Advanced Research Company Limited ("the Company") is a public limited company incorporated and domiciled in India and has its listing on the Bombay Stock Exchange Limited and National Stock Exchange of India Limited. The registered office is located at Akota Road, Akota, Vadodara – 390 020. The Company is in the business of research & development of pharmaceutical products.

The financial statements were authorised for issue in accordance with the resolution of the board of directors on June 2, 2020.

2. Significant accounting policies

2.1 Basis of preparation and presentation

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time) and presentation requirement of Division II of Schedule III to the Companies Act, 2013, (Ind AS compliant Schedule III), as applicable to the financial statements.

The financial statements have been prepared on the historical cost basis, except for : (i) certain financial instruments that are measured at fair values at the end of each reporting period; and (ii) defined benefit plans – plan assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

The financial statements are prepared in INR and all values are rounded to the nearest lakhs upto two decimal, except when otherwise stated. The Company has consistently applied the following accounting policies to all periods presented in these financial statements.

For the purpose of these financial statements, previous year means the financial year ended March 31, 2019.

a) Current versus non-current classification

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is :

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

Notes to Financial Statements for the year ended March 31, 2020

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

b) Foreign currencies

The Company's financial statements are presented in INR, which is also the company's functional currency.

Transactions and balances

On initial recognition, transactions in currencies other than the Company's functional currency (foreign currencies) are translated at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated into the functional currency at the exchange rate at that date. Exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were translated on initial recognition during the period or in previous period are recognised in statement of profit or loss in the period in which they arise.

Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

c) Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either :

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole :

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Notes to Financial Statements

for the year ended March 31, 2020

- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

d) Segment Reporting

Based on the "Management Approach" as defined in Ind AS 108 – Operating Segment, the Chief Operating Decision Maker (CODM) of the Company is responsible for allocating resources and assessing performance of the operating segments and accordingly is identified as the chief operating decision maker. Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The Company prepares its segment information in conformity with the accounting policies adopted for preparing and presenting the financial statements of the Company as a whole.

e) Property, Plant and Equipment

Items of property, plant and equipment and other intangible assets are stated in balance sheet at cost less accumulated depreciation and accumulated impairment losses, if any. Cost directly attributable to acquisition are capitalised until the property, plant and equipment are ready for use, as intended by the management. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

Capital work in progress is stated at cost, net of accumulated impairment loss, if any.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment. All other repairs and maintenance cost are recognised in the statement of profit and loss account as incurred.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of property, plant and equipment and is recognised in statement of profit or loss.

Depreciation is calculated on a straight line basis over the estimated useful life of the assets as follows :

Asset Category	No. of Years
Buildings	60
Plant and equipment	3-25
Vehicles	5
Office equipment	2-5
Furniture and fixtures	10

The Company, based on technical assessment made by technical experts and management estimate, depreciates certain items plant and equipment, vehicle over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflects fair approximation of the period over which the assets are likely to be used. Depreciation methods, useful lives and residual values are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Notes to Financial Statements for the year ended March 31, 2020

f) Intangible assets

Intangible assets that are acquired by the Company and that have finite useful lives are measured at cost less accumulated amortisation and accumulated impairment losses, if any. Subsequent expenditures are capitalised only when they increase the future economic benefits embodied in the specific asset to which they relate.

Software for internal use, which is primarily acquired from third-party vendors, including consultancy charges for implementing the software, is capitalised. Subsequent costs are charged to the statement of profit and loss as incurred. The capitalised costs are amortised over the estimated useful life of the software i.e. 5 years.

Derecognition of intangible assets

Intangible assets are de-recognised either on their disposal or where no future economic benefits are expected from their use. Gain or loss arising on such de-recognition is recognised in statement of profit or loss and are measured as the difference between the net disposal proceeds, if any, and the carrying amount of respective intangible assets as on the date of de-recognition.

g) Research and development cost

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised as an expense when incurred. Development expenditures on an individual project are recognised as an intangible asset when the Company can demonstrate :

- The technical feasibility of completing the intangible asset so that the asset will be available for use or sale
- Its intention to complete and its ability and intention to use or sell the asset
- How the asset will generate future economic benefits
- The availability of resources to complete the asset
- The ability to measure reliably the expenditure during development

The expenditure to be capitalised include the cost of materials and other costs directly attributable to preparing the asset for its intended use. Other development expenditure is recognised in statement of profit or loss as incurred.

Procurement of research and development materials are issued directly for consumption to the user department and disclosed under cost of materials consumed.

Acquired research and development intangible assets which are under development, are recognised as In-Process Research and Development assets ("IPR&D"). IPR&D assets are not amortised, but evaluated for potential impairment on an annual basis or when there are indications that the carrying value may not be recoverable. Any impairment charge on such IPR&D assets is recognised in profit or loss. Intangible assets relating to products under development, other intangible assets not available for use and intangible assets having indefinite useful life are tested for impairment annually, or more frequently when there is an indication that the assets may be impaired.

h) Impairment of non-financial assets

The carrying amounts of the Company's tangible and intangible assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any.

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted.

Notes to Financial Statements

for the year ended March 31, 2020

For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised in the statement of profit or loss if the estimated recoverable amount of an asset or its cash generating unit is lower than its carrying amount. Impairment losses recognised in respect of cash-generating units are allocated to reduce the carrying amount of the other assets in the unit on a pro-rata basis.

In respect of other asset, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

i) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial assets

Initial recognition and measurement-

All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date.

Subsequent measurement-

For purposes of subsequent measurement, financial assets are classified in three categories :

- i. Debt instruments measured at amortised cost
- ii. Debt instruments measured at fair value through other comprehensive income (FVTOCI)
- iii. Debt instruments measured at fair value through profit or loss (FVTPL)
- iv. Equity instruments are measured at fair value through other comprehensive income (FVTOCI)

A. Debt instruments

- i. **Debt instruments measured at amortised cost** - A 'debt instrument' is measured at the amortised cost if both the following conditions are met :
 - The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
 - Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in Other Income in the statement of profit or loss. The losses arising from impairment are recognised in the profit or loss.

Notes to Financial Statements for the year ended March 31, 2020

ii. **Debt instruments measured at FVTOCI** - A 'debt instrument' is measured as at FVTOCI if both of the following criteria are met :

- The objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and
- The contractual terms of the instrument give rise on specified dates to cash flows that are SPPI on the principal amount outstanding.

Debt instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). However, the Company recognises interest income, impairment losses & reversals and foreign exchange gain or loss in the statement of profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to statement of profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

iii. Debt instruments measured at FVTPL – FVTPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorisation as at amortised cost or as FVTOCI, is classified as at FVTPL.

In addition, the Company may elect to designate a debt instrument, which otherwise meets amortised cost or FVTOCI criteria, as at FVTPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

B. Equity instruments

All equity instruments in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading are classified as at FVTPL. For all other equity instruments, the Company may make an irrevocable election to present subsequent changes in the fair value in OCI. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVTOCI, then all fair value changes on the instrument, including foreign exchange gain or loss and excluding dividends, are recognised in the OCI. There is no recycling of the amounts from OCI to profit or loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss within equity.

Equity instruments included within the FVTPL category are measured at fair value with all changes recognised in the statement of profit or loss.

Derecognition-

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's balance sheet) when :

- The contractual rights to receive cash flows from the asset have expired.
- The Company has transferred its rights to receive contractual cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred

Notes to Financial Statements

for the year ended March 31, 2020

control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets-

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure :

- a) Financial assets that are debt instruments, and are measured at amortised cost
- b) Trade receivables or any contractual right to receive cash or another financial asset
- c) Loan commitments which are not measured as at FVTPL

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables or any contractual right to receive cash or another financial asset.

The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

As a practical expedient, the Company uses a provision matrix to determine impairment loss allowance on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivables and is adjusted for forward-looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed.

ECL impairment loss allowance (or reversal) recognized during the year is recognized as income/ expense in the statement of profit and loss (P&L). This amount is reflected under the head 'other expenses' in the statement of profit or loss. The balance sheet presentation for various financial instruments is described below :

Financial assets measured as at amortised cost, contractual revenue receivables :

ECL is presented as an allowance, i.e., as an integral part of the measurement of those assets in the balance sheet. The allowance reduces the net carrying amount. Until the asset meets write-off criteria, the Company does not reduce impairment allowance from the gross carrying amount.

Financial liabilities and equity instruments-

Classification as debt or equity

Debt and equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments-

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Notes to Financial Statements for the year ended March 31, 2020

Initial recognition and measurement-

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Subsequent measurement-

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

Financial liabilities at fair value through profit or loss-

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or is designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred principally for the purpose of repurchasing in the near term or on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking. This category also includes derivative entered into by the Company that are not designated and effective as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities subsequently measured at amortised cost-

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost in subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest rate (EIR) method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item in the statement of profit or loss.

After initial recognition, such financial liabilities are subsequently measured at amortised cost using the EIR method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

Derecognition-

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the de-recognition of the original liability and the recognition of a new liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in statement of profit or loss.

Reclassification of financial assets-

The Company determines classification of financial assets and liabilities on initial recognition. After initial recognition, no reclassification is made for financial assets which are equity instruments and financial liabilities. For financial assets which are debt instruments, a reclassification is made only if there is a change in the business model for managing those assets. Changes to the business model are expected to be infrequent. The Company's senior management determines change in the business model as a result of external or internal changes which are significant to the Company's operations. Such changes are evident to external parties. A change in the business model occurs when the Company either begins or ceases to perform an activity that is significant to its operations. If the Company reclassifies financial assets, it applies the reclassification prospectively from the reclassification date which is the first day of the immediately next reporting period following the change in business model. The Company does not restate any previously recognised gains, losses (including impairment gains or losses) or interest.

Notes to Financial Statements

for the year ended March 31, 2020

j) Leases

The Company assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether : (i) the contract involves the use of an identified asset (ii) the Company has substantially all of the economic benefits from use of the asset through the period of the lease and (iii) the Company has the right to direct the use of the asset.

Company as a lessee

The Company applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Company recognises lease liabilities to make lease payments and right-of-use assets representing the right to use the underlying assets.

i) Right-of-use assets

The Company recognises right-of-use assets at the commencement date of the lease (i.e., the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets, as follows :

- Building 3–5 years

The right-of-use assets are also subject to impairment. Refer to the accounting policies in section (h) Impairment of non-financial assets.

ii) Lease Liabilities

At the commencement date of the lease, the Company recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Company and payments of penalties for terminating the lease, if the lease term reflects the Company exercising the option to terminate.

In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g., changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

iii) Short-term leases and leases of low-value assets

The Company applies the short-term lease recognition exemption to its short-term leases (i.e., those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases that are considered to be low value. Lease payments on short-term leases and leases of low-value assets are recognised as expense on a straightline basis over the lease term.

Notes to Financial Statements for the year ended March 31, 2020

k) Cash and cash equivalents

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of 3 months or less which are subject to an insignificant risk of change in value.

For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and fixed deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Company's cash management.

l) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an overflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect of the time of the value of money is material, provisions are determined by discounting the expected future cash flow as a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and contingent assets-

Contingent liability is disclosed for,

- i. Possible obligations which will be confirmed only by future events not wholly within the control of the Company, or
- ii. Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements unless it becomes virtually certain that an inflow of economic benefits will arise. When an inflow of benefits is probable, contingent assets are disclosed in financial statements.

m) Revenue from operations

Revenue from contracts with customers

Milestone payments and out licensing arrangements

Revenues include amounts derived from product out-licensing agreements. These arrangements typically consist of an initial up-front payment on inception of the license and subsequent payments dependent on achieving certain milestones in accordance with the terms prescribed in the agreement. Non-refundable up-front license fees received in connection with product out-licensing agreements are deferred and recognised over the period in which the Company has continuing performance obligations. Milestone payments which are contingent on achieving certain clinical milestones are recognised as revenues either on achievement of such milestones, if the milestones are considered substantive, or over the period the Company has continuing performance obligations, if the milestones are not considered substantive. If milestone payments are creditable against future royalty payments, the milestones are deferred and released over the period in which the royalties are anticipated to be received.

Research & development services

Revenue from services rendered, which primarily relate to research and development, is recognised in the statement of profit and loss as the underlying services are performed.

Notes to Financial Statements

for the year ended March 31, 2020

Royalties

Royalty revenue is recognised on an accrual basis in accordance with the substance of the relevant agreement (provided that it is probable that economic benefits will flow to the Company and the amount of revenue can be measured reliably). Royalty arrangements that are based on sales and other measures are recognised by reference to the underlying arrangement.

Dividend

Dividend income is recognised when the Company's right to receive the payment is established, which is generally when shareholders approve the dividend.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

Contract balances

Contract assets

A contract asset is the right to consideration in exchange for goods or services transferred to the customer. If the Company performs by transferring goods or services to a customer before the customer pays consideration or before payment is due, a contract asset is recognised for the earned consideration that is conditional.

Trade receivables

A receivable represents the Company's right to an amount of consideration that is unconditional (i.e., only the passage of time is required before payment of the consideration is due).

Contract liabilities

A contract liability is the obligation to transfer goods or services to a customer for which the Company has received consideration (or an amount of consideration is due) from the customer. If a customer pays consideration before the Company transfers goods or services to the customer, a contract liability is recognised when the payment is made or the payment is due (whichever is earlier). Contract liabilities are recognised as revenue when the Company performs under the contract.

n) Employee benefits

Defined benefit plans

The Company operates a defined benefit gratuity plan which requires contribution to be made to a separately administered fund.

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations. The current service cost of the defined benefit plan, recognised in the statement of profit or loss as employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised in statement of profit or loss in the period of a plan amendment. The net

Notes to Financial Statements for the year ended March 31, 2020

interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in statement of profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise and is reflected immediately in retained earnings and is not reclassified to statement of profit or loss.

Termination benefits

Termination benefits are recognised as an expense at the earlier of the date when the Company can no longer withdraw the offer of those benefits and when the entity recognises costs for a restructuring that is within the scope of Ind AS 37 and involves the payment of termination benefits.

Short-term and other long-term employee benefits

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Company's net obligation in respect of other long term employee benefits is the amount of future benefit that employees have earned in return for their service in the current and previous periods. That benefit is discounted to determine its present value.

Defined contribution plans

The Company's contributions to defined contribution plans are recognised as an expense as and when the services are received from the employees entitling them to the contributions. The Company does not have any obligation other than the contribution made.

o) Borrowing cost

Borrowing costs that are directly attributable to the construction or production of a qualifying asset are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

p) Income tax

Income tax expense consists of current and deferred tax. Income tax expense is recognised in statement of profit or loss except to the extent that it relates to items recognised in OCI or directly in equity, in which case it is recognised in OCI or directly in equity respectively. Current tax is the expected tax payable on the taxable profit for the year, using tax rates enacted or substantively enacted by the end of the reporting period, and any adjustment to tax payable in respect of previous years. Current tax assets and tax liabilities are offset where the Company has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the end of the reporting period. Deferred tax assets and liabilities are offset if there is a legally enforceable right to set off corresponding current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on the Company.

Notes to Financial Statements

for the year ended March 31, 2020

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised. Withholding tax arising out of payment of dividends to shareholders under the Indian Income tax regulations is not considered as tax expense for the Company and all such taxes are recognised in the statement of changes in equity as part of the associated dividend payment.

Minimum Alternate Tax ('MAT') credit is recognised as deferred tax asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the period for which the MAT credit can be carried forward for set-off against the normal tax liability. MAT credit recognised as an asset is reviewed at each balance sheet date and written down to the extent the aforesaid convincing evidence no longer exists.

Accruals for uncertain tax positions require management to make judgments of potential exposures. Accruals for uncertain tax positions are measured using either the most likely amount or the expected value amount depending on which method the entity expects to better predict the resolution of the uncertainty. Tax benefits are not recognised unless the management, based upon its interpretation of applicable laws and regulations and the expectation of how the tax authority will resolve the matter, concludes that such benefits will be accepted by the authorities. Once considered probable of not being accepted, management reviews each material tax benefit and reflects the effect of the uncertainty in determining the related taxable amounts.

q) Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares. Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period. Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding for the effects of all dilutive potential ordinary shares, which includes all stock options granted to employees.

The number of equity shares and potentially dilutive equity shares are adjusted retrospectively for all periods presented for any share splits and bonus shares issues including for changes effected prior to the approval of the financial statements by the board of directors.

r) Share issue expenses

The Company incurs various costs in issuing or acquiring its own equity instruments. The transaction costs of an equity transaction are accounted for as a deduction from equity to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided. The costs of an equity transaction that is abandoned are recognised as an expense in the statement of profit or loss.

s) Recent Accounting pronouncements

Standards issued but not yet effective and not early adopted by the Company

The Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards. There is no such notification which would have been applicable from April 1, 2020.

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 3a PROPERTY, PLANT AND EQUIPMENT

₹ In Lakhs

	Lease hold land	Right of use assets#	Buildings*	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
At cost or deemed cost								
As at April 1, 2018	-	-	228.87	5,991.37	76.92	369.67	26.72	6,693.55
Additions	1,146.57	-	-	160.70	4.09	9.49	1.85	1,322.70
Disposals	-	-	-	(4.98)	-	(32.99)	(0.43)	(38.40)
As at March 31, 2019	1,146.57	-	228.87	6,147.09	81.01	346.17	28.14	7,977.85
Additions	-	855.06	2,443.55	1,817.36	281.72	98.21	28.46	5,524.36
Disposals	-	-	-	(0.58)	-	(56.79)	-	(57.37)
As at March 31, 2020	1,146.57	855.06	2,672.42	7,963.87	362.73	387.59	56.60	13,444.84
Accumulated depreciation								
As at April 1, 2018	-	-	9.58	1,352.70	27.75	137.92	14.49	1,542.44
Depreciation expenses	11.40	-	4.80	634.13	12.66	82.20	4.97	750.16
Eliminated on disposals of assets	-	-	-	(4.62)	-	(28.06)	(0.22)	(32.90)
As at March 31, 2019	11.40	-	14.38	1,982.21	40.41	192.06	19.24	2,259.70
Depreciation expenses	14.55	162.15	14.59	647.83	17.77	72.40	7.55	936.84
Eliminated on disposals of assets	-	-	-	(0.59)	-	(49.57)	-	(50.16)
As at March 31, 2020	25.95	162.15	28.97	2,629.45	58.18	214.89	26.79	3,146.38
Carrying amounts								
As at March 31, 2019	1,135.17	-	214.49	4,164.88	40.60	154.11	8.90	5,718.15
As at March 31, 2020	1,120.62	692.91	2,643.45	5,334.42	304.55	172.70	29.81	10,298.46

*Pending registration of the location (Deemed cost : ₹228.87 Lakhs)

#Refer Note 37.

NOTE 3b CAPITAL WORK IN PROGRESS

₹ In Lakhs

	As at March 31, 2020	As at March 31, 2019
Capital work-in-progress	357.38	2,392.85
	357.38	2,392.85

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 3c OTHER INTANGIBLE ASSETS

	₹ In Lakhs
	Computer Software
At cost or deemed cost	
As at April 1, 2018	23.83
Additions	19.86
Disposals	-
As at March 31, 2019	43.69
Additions	61.85
Disposals	-
As at March 31, 2020	105.54
Accumulated amortisation	
As at April 1, 2018	1.24
Amortisation expenses	5.08
Eliminated on disposals of assets	-
As at March 31, 2019	6.32
Amortisation expenses	11.21
Eliminated on disposals of assets	-
As at March 31, 2020	17.53
Carrying amounts	
As at March 31, 2019	37.37
As at March 31, 2020	88.01

NOTE 4 LOANS (NON-CURRENT)

	₹ In Lakhs	
	As at March 31, 2020	As at March 31, 2019
Security deposits - Unsecured, considered good	0.11	0.11
	0.11	0.11

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 5**DEFERRED TAX ASSETS (NET)**

	₹ In Lakhs		
	As at April 1, 2019	Recognised in profit or loss	As at March 31, 2020
Deferred tax (liabilities) / assets in relation to :			
Difference between written down value of property, plant and equipment and capital work-in-progress as per books of accounts and income tax	(1,280.79)	(1,034.19)	(2,314.98)
Expenses claimed for tax purpose on payment basis	307.70	144.75	452.45
Deferred revenue	-	1,142.74	1,142.74
Unabsorbed business losses / capital expenditure (unabsorbed depreciation) (Restricted to the extent of deferred tax liability on depreciation on account of uncertainty of future taxable income)	973.09	(253.30)	719.79
	-	-	-

	₹ In Lakhs		
	As at April 1, 2018	Recognised in profit or loss	As at March 31, 2019
Deferred tax (liabilities) / assets in relation to :			
Difference between written down value of property, plant and equipment and capital work-in-progress as per books of accounts and income tax	(1,434.56)	153.77	(1,280.79)
Expenses claimed for tax purpose on payment basis	303.91	3.79	307.70
Unabsorbed Business Losses / Capital Expenditure (unabsorbed depreciation) (Restricted to the extent of deferred tax liability on depreciation on account of uncertainty of future taxable income)	1,130.65	(157.56)	973.09
	-	-	-

Unrecognised deferred tax assets relate primarily to unabsorbed business losses which will expire in 8 years after the year in which they originate as per Income Tax Act, 1961. These unexpired losses will expire based on the year of origination as follows :

	₹ In Lakhs	
	As at March 31, 2020	As at March 31, 2019
Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :		
Tax losses	81,152.49	60,680.98
Unabsorbed depreciation	18,177.98	11,734.85

The unused tax losses will expire from financial year 2020 – 2021 to financial year 2028 – 2029.

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 6 INCOME TAX ASSETS (NET) (NON-CURRENT)

	₹ In Lakhs	
	As at March 31, 2020	As at March 31, 2019
Advance income tax* (Net of provisions)	6,771.49	5,785.57
	6,771.49	5,785.57

*Includes amount paid under protest

NOTE 7 OTHER ASSETS (NON-CURRENT)

	₹ In Lakhs	
	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good unless otherwise stated		
Capital advances	152.61	143.43
Prepaid expenses	20.17	12.13
	172.78	155.56

NOTE 8 INVESTMENTS (CURRENT)

	₹ In Lakhs			
	As at March 31, 2020		As at March 31, 2019	
	Quantity	Amount	Quantity	Amount
Investments stated at fair value through profit and loss				
Investments in mutual funds				
Unquoted*				
DSP Savings Fund-Direct Plan-Growth (Face value of ₹ 10 each)	-	-	2,684,243.22	999.26
ICICI Prudential Money Market Fund-Direct Plan Growth (Face value of ₹ 100 each)	-	-	1,665,225.59	4,332.27
Reliance Money Market Fund - Direct Growth Plan Growth Option (LQAGG) (Face Value of ₹ 1,000 each)	-	-	192,289.54	5,459.71
SBI Saving Fund - Direct Plan - Growth (Face value of ₹ 10 each)	-	-	16,923,739	5,085.70
UTI Money Market Fund - Direct Growth Plan (Face Value of ₹ 1,000 each)	37,441.75	849.09	245,232.04	5,180.66
		849.09		21,057.60
Aggregate value of unquoted investments		849.09		21,057.60

*Investments in mutual funds have been fair valued at closing net asset value (NAV).

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 9 TRADE RECEIVABLES

	As at March 31, 2020	As at March 31, 2019
Unsecured, considered good	1,604.63	1,016.73
	1,604.63	1,016.73

₹ In Lakhs

Note : There are no trade receivables which are due from directors or other officers of the Company either severally or jointly. Trade receivables consists of receivable due from related parties as mentioned in Annexure A of Note 39. For terms and conditions relating to related party receivables, refer Annexure A of Note 39.

Trade receivables are non-interest bearing and are generally on terms of 30 – 60 days.

NOTE 10 CASH AND CASH EQUIVALENTS

	As at March 31, 2020	As at March 31, 2019
Balances with banks		
In current accounts	34.43	34.58
Cash on hand	0.80	0.38
	35.23	34.96

₹ In Lakhs

Changes in liabilities arising from financing activities

Particulars	Opening balance as at April 1, 2019		Closing balance as at March 31, 2020	Opening balance as at April 1, 2018		Closing balance as at March 31, 2019
		Cash flow*			Cash flow	
Current borrowings*	-	6,142.10	6,142.10	10.40	(10.40)	-
Non-current borrowings*	109.05	528.78	637.83	163.57	(54.52)	109.05

₹ In Lakhs

*This includes lease liability recognised under Ind AS 116.

NOTE 11 BANK BALANCES OTHER THAN DISCLOSED IN NOTE 10 ABOVE

	As at March 31, 2020	As at March 31, 2019
Deposit accounts		
Balances held as margin money or security against guarantees*	10.46	31.44
Earmarked balances with banks		
Share application money refund account	0.21	1.40
	10.67	32.84

₹ In Lakhs

*Margin money deposits are held against custom duty deposits.

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 12 LOANS (CURRENT)

	As at March 31, 2020	As at March 31, 2019
		₹ In Lakhs
Loans / advances to employee		
Unsecured, considered good	76.83	54.81
	76.83	54.81

NOTE 13 OTHER FINANCIAL ASSETS (CURRENT)

	As at March 31, 2020	As at March 31, 2019
		₹ In Lakhs
Interest accrued but not due on fixed deposits (considered good)	0.40	1.26
	0.40	1.26

NOTE 14 OTHER ASSETS (CURRENT)

	As at March 31, 2020	As at March 31, 2019
		₹ In Lakhs
Prepaid expenses	285.80	255.49
Advances for supply of goods and services (considered good)	248.20	493.84
Balances with government authorities*	3,607.95	2,790.67
	4,141.95	3,540.00

*Includes balances of Goods and Service Tax.

NOTE 15 EQUITY SHARE CAPITAL

	As at March 31, 2020		As at March 31, 2019	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
Equity Shares of ₹ 1 each	325,000,000	3,250.00	266,500,000	2,665.00
Addition during the year	-	-	58,500,000	585.00
	325,000,000	3,250.00	325,000,000	3,250.00
Issued, subscribed and fully paid up				
Equity Shares of ₹ 1 each	262,047,506	2,620.56	250,936,395	2,509.44
Add : Annulment of forfeited shares	-	-	-	0.01
Add : Shares issued against conversion of warrants	-	-	11,111,111	111.11
	262,047,506	2,620.56	262,047,506	2,620.56

Notes to Financial Statements

for the year ended March 31, 2020

Disclosures relating to Share Capital

i Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares and declares and pays dividend in Indian Rupees. The dividend proposed by the board of directors, if any, is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company on pro-rata basis. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of equity shares held	% of Holding	No. of equity shares held	% of Holding
Dilip Shantilal Shanghvi	28,102,795	10.72%	28,102,795	10.72%
Shanghvi Finance Private Limited	137,211,787	52.36%	137,211,787	52.36%

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

Name of the shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of equity shares held	% of Holding	No. of equity shares held	% of Holding
Opening balance	262,047,506	2,620.56	250,936,395	2,509.44
Add : Shares issued against conversion of warrants (Refer Note iv)	-	-	11,111,111	111.11
Add : Annulment of forfeited shares	-	-	-	0.01
Closing balance	262,047,506	2,620.56	262,047,506	2,620.56

- iv. During the financial year 2017-2018, Company had issued 151,51,515 convertible warrants, each convertible into, or exchangeable for, one equity share of face value of ₹ 1/- each at a price of ₹330/- each aggregating to ₹50,000 lakhs to certain promoter/non-promoter group entities on preferential basis. The Company had allotted 40,40,404 fully paid-up equity shares of face value of ₹1/- each of the Company on conversion of equivalent number of warrants in the previous year. During the financial year 2018-19, the Company has allotted remaining 11,111,111 equity shares of face value of ₹1/- each of the Company on conversion of equivalent number of warrants.
- v. No equity share has been allotted as fully paid up bonus shares and / bought back during the period of five years immediately preceding the date at which the balance sheet is prepared.

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 16 OTHER EQUITY

	₹ In Lakhs	
	As at March 31, 2020	As at March 31, 2019
A Securities premium		
Opening balance	94,045.10	57,489.55
Add : Premium on issue of equity shares against conversion of warrants (Refer Note 15(iv))	-	36,555.55
	94,045.10	94,045.10
B General reserve	3,397.66	3,397.66
C Retained earnings		
Opening balance	70,439.75	54,090.89
Add : Impact on account of adoption of Ind AS 115	-	1,877.10
Add : Loss for the year	31,240.34	14,543.08
Add : Actuarial loss on remeasurement of defined benefit obligation	247.06	(71.32)
	101,927.15	70,439.75
Total (A + B - C)	(4,484.39)	27,003.01

Nature and purpose of each reserve

Securities premium - The amount received in excess of face value of the equity shares is recognised in securities premium. This would be utilised in accordance with the provisions of the Companies Act, 2013.

General reserve - The reserve arises on transfer portion on the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. The Company can use this reserve for payment of dividend and issue of fully paid-up and not paid-up bonus shares.

NOTE 17 BORROWINGS (NON-CURRENT)

	₹ In Lakhs	
	As at March 31, 2020	As at March 31, 2019
Unsecured term loan from		
Department of Science and Technology (DST), Government of India under the "Drug and Pharmaceutical Research Program".	54.52	109.05
Unsecured term loan carries fixed rate of interest @3% p.a. Repayable in 2 (Previous Year 3) annual instalments of ₹ 54.52 Lakhs each. Last instalment is due on 1st September, 2021. For the current maturities of long term debt Refer Note 22 "Other Financial Liabilities (Current)" .		
Lease liability (Refer Note 37)	583.31	-
	637.83	109.05

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 18 OTHER LIABILITIES (NON-CURRENT)

	As at March 31, 2020	As at March 31, 2019
Deferred revenue (Refer Note 42)	3,924.25	-
	3,924.25	-

₹ In Lakhs

NOTE 19 PROVISIONS (NON-CURRENT)

	As at March 31, 2020	As at March 31, 2019
Provision for employee benefits		
Compensated absences	608.02	478.49
Gratuity (Refer Note 41)	414.51	132.04
	1,022.53	610.53

₹ In Lakhs

NOTE 20 BORROWINGS (CURRENT)

	As at March 31, 2020	As at March 31, 2019
Unsecured loan from Shanghvi Finance Pvt. Ltd. (Working capital demand loan @10.50% p.a.) (Refer Note 39)	6000.00	-
Lease liability (Refer Note 37)	142.10	-
	6142.10	-

₹ In Lakhs

NOTE 21 TRADE PAYABLES

	As at March 31, 2020	As at March 31, 2019
Total outstanding dues of micro and small enterprises (Refer Note 36)	0.86	0.77
Total outstanding dues of creditors other than micro and small enterprises	15,883.48	8,291.59
	15,884.34	8,292.36

₹ In Lakhs

Note : There are no trade payables which are due to directors or other officers of the company either severally or jointly. Trade payables comprises of payables due to related parties as mentioned in Annexure A of Note 39.

Trade payables are non interest bearing and are generally on terms of 30 – 90 days.

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 22 OTHER FINANCIAL LIABILITIES (CURRENT)

	As at March 31, 2020	₹ In Lakhs As at March 31, 2019
Current maturities of long-term debt – unsecured term loan from DST (Refer Note 17)	54.52	54.52
Interest accrued but not due on borrowings	1.91	2.87
Security deposits received	74.58	84.52
Payable on purchase of property, plant and equipment	185.57	32.90
Unclaimed excess share application money	0.21	1.40
	316.79	176.21

NOTE 23 OTHER LIABILITIES (CURRENT)

	As at March 31, 2020	₹ In Lakhs As at March 31, 2019
Statutory remittances	631.89	559.17
Advances from customers	27.00	27.00
Advance received for sale of CWIP	-	3.50
Other advance	2.20	-
	661.09	589.67

NOTE 24 PROVISIONS (CURRENT)

	As at March 31, 2020	₹ In Lakhs As at March 31, 2019
Provision for employee benefits		
Compensated absences	272.97	217.39
Gratuity (Refer Note 41)	258.25	228.73
	531.22	446.12

NOTE 25 REVENUE FROM OPERATIONS

	Year ended March 31, 2020	₹ In Lakhs Year ended March 31, 2019
Revenue from contracts with customers		
Sale of services – licence fee / royalty on technology / R&D services	7,681.44	18,286.92
	7,681.44	18,286.92

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 26 OTHER INCOME

	₹ In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest income on :		
Deposits with banks	1.17	57.62
Loans to employees	0.86	1.05
Others (refund from government authorities)	291.16	254.96
	293.19	313.63
Net gain on sale of investments	613.94	518.02
Net gain on fair valuation of investments	53.12	426.02
	667.06	944.04
Net gain on disposal of property, plant and equipment	12.93	-
Miscellaneous income	3.10	93.09
	976.28	1,350.76

NOTE 27 COST OF MATERIALS CONSUMED

	₹ In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
R&D materials consumed	2,392.55	1,252.87
	2,392.55	1,252.87

NOTE 28 EMPLOYEE BENEFITS EXPENSE

	₹ In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Salary, wages and bonus	8,154.06	7,007.60
Contribution to provident and other funds (Refer Note 41)	547.66	522.14
Staff welfare expenses	606.84	576.74
	9,308.56	8,106.48

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 29 FINANCE COSTS

	₹ In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Interest expense on :		
Interest on borrowings	194.20	9.39
Interest on lease liabilities	73.29	-
	267.49	9.39

NOTE 30 OTHER EXPENSES

	₹ In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Consumption of stores and spare parts	397.00	279.73
Power and fuel	513.92	508.17
Rent (Refer Note 37)	-	202.94
Rates and taxes	16.23	8.27
Insurance	120.76	122.30
Repairs and maintenance	404.48	480.40
Printing and stationery	20.58	19.21
Travelling and conveyance	446.26	566.87
License and fees	2,398.18	129.55
Communication cost	55.91	64.32
Loss on sale/write-off of property, plant & equipment (net)	-	209.92
Net loss on foreign currency transactions	453.68	462.78
Payment to auditor		
As auditor		
For statutory audit	15.75	15.00
For limited review	6.20	6.00
For certification services	0.75	1.00
For reimbursement	1.86	0.83
Contract labour expenses	257.75	248.72
Membership fees and subscription	39.69	32.51
Software expenses	484.80	307.54
Miscellaneous expenses	226.91	206.97
	5,860.71	3,873.03

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 31

CATEGORIES OF FINANCIAL INSTRUMENTS

₹ In Lakhs

Particulars	As at March 31, 2020			As at March 31, 2019		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets						
Investments in mutual funds	849.09	-	-	21,057.60	-	-
Loans to employees	-	-	76.83	-	-	54.81
Security deposits	-	-	0.11	-	-	0.11
Trade receivables	-	-	1,604.63	-	-	1,016.73
Cash and cash equivalents	-	-	35.23	-	-	34.96
Bank balances other than above	-	-	10.67	-	-	32.84
Interest accrued on fixed deposit	-	-	0.40	-	-	1.26
Total	849.09	-	1,727.87	21,057.60	-	1,140.71
Financial liabilities						
Borrowings	-	-	6,834.45	-	-	163.57
Interest accrued	-	-	1.91	-	-	2.87
Trade payables	-	-	15,884.34	-	-	8,292.36
Security deposits	-	-	74.58	-	-	84.52
Payables on purchase of property, plant and equipment	-	-	185.57	-	-	32.90
Unclaimed excess share application money	-	-	0.21	-	-	1.40
Total	-	-	22,981.06	-	-	8,577.62

NOTE 32

FAIR VALUE HIERARCHY

The carrying value and fair value of financial instruments by categories as at balance sheet date were as follows :

₹ In Lakhs

Particulars	Carrying Value		Fair Value	
	March 31, 2020	March 31, 2019	March 31, 2020	March 31, 2019
Financial assets :				
FVTPL financial investments	849.09	21,057.60	849.09	21,057.60
Total	849.09	21,057.60	849.09	21,057.60

The management assessed that cash and cash equivalents, trade receivables, loans, trade payables, other financial assets and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes to Financial Statements

for the year ended March 31, 2020

Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period

₹ In Lakhs

Particulars	As at March 31, 2020			As at March 31, 2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Investments in mutual funds	849.09	-	-	21,057.60	-	-
Total	849.09	-	-	21,057.60	-	-

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There were no transfers between Level 1 and 2 in the years.

NOTE 33 CAPITAL MANAGEMENT

The Company's capital management objectives are :

- to ensure the Company's ability to continue as a going concern; and
- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

(i) Debt equity ratio

₹ In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Debt (includes non-current, current borrowings and current maturities of long term debt)	6,834.45	163.57
Less : cash and cash equivalents	35.23	34.96
Net debt	6,799.22	128.61
Total equity	(1,863.83)	29,623.57
Net debt to total equity ratio	-364.80%	0.43%

Notes to Financial Statements for the year ended March 31, 2020

NOTE 34 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business. However, the Company does not have any credit risk from above financial assets as on balance sheet date.

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company has unutilised working capital lines from banks of ₹ 1,500 Lakhs as on March 31, 2020 (Previous Year : ₹ 3,000 Lakhs)

The table below provides details regarding the contractual maturities of significant financial liabilities based on the contractual undiscounted payments :

Particulars	As at March 31, 2020				As at March 31, 2019			
	Less than 1 year	1 - 3 years	More than 3 years	Total	Less than 1 year	1 - 3 years	More than 3 years	Total
	₹ In Lakhs							
Non derivative								
Borrowings	6,196.62	394.14	243.69	6834.45	54.52	109.05	-	163.57
Trade payables	15,884.34	-	-	15,884.34	8,292.36	-	-	8,292.36
Other financial liabilities	262.27	-	-	262.27	121.69	-	-	121.69
Total	22,343.23	394.14	243.69	22,981.06	8,468.57	109.05	-	8,577.62

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk : interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include investments. The Company has designed risk management framework to control various risks effectively to achieve the business objectives. This includes identification of risk, its assessment, control and monitoring at timely intervals.

Notes to Financial Statements

for the year ended March 31, 2020

Foreign exchange risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in US Dollars, Euros). As a result, if the value of the Indian Rupee appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian Rupees may decrease or increase and vice-versa. The exchange rate between the Indian Rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future.

a) Significant foreign currency risk exposure relating to trade receivables

₹ In Lakhs

Particulars	As at March 31, 2020				As at March 31, 2019			
	US Dollars	Euro	Others	Total	US Dollars	Euro	Others	Total
Financial assets								
Trade receivables	235.80	-	-	235.80	169.33	-	-	169.33
Financial liabilities								
Trade payables	13,962.26	179.64	215.47	14,357.37	5,351.70	547.96	354.74	6,254.49

b) Sensitivity

For the years ended March 31, 2020 and March 31, 2019, every 5% strengthening in the exchange rate between the Indian Rupee and the respective currencies for the above mentioned financial assets/liabilities would decrease the Company's loss and increase the Company's equity by approximately ₹ 706.08 Lakhs, ₹ 304.26 Lakhs respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect.

Interest rate risk

The Company has no loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The Company's exposure to interest rate risk is not significant.

Commodity rate risk

The Company being in the business of Research & Development, does not face any significant Commodity Price Risk.

NOTE 35 EARNINGS PER SHARE

₹ In Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Loss for the year (₹ in Lakhs)	(31,240.34)	(14,543.08)
Weighted average number of shares used in computing basic and diluted earnings per share	262,047,506	255,599,464
Nominal / face value per share (in ₹)	1.00	1.00
Basic and diluted earnings per share (in ₹)	(11.92)	(5.69)

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 36

DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company.

- The principal amount remaining unpaid as at March 31, 2020 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) is ₹ 0.86 Lakhs (Previous year : ₹ 0.77 Lakhs). The interest amount computed based on the provisions under Section 16 of MSMED Act is ₹ 0.00 (Previous year : ₹ 0.00) is remaining unpaid as at March 31, 2020.
- The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed date during the year) but without adding the interest specified under this Act is ₹ 0.00 (Previous year : ₹ 0.00).
- The list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and has been relied upon auditors.

NOTE 37 LEASES

Effective April 1, 2019, the Company has adopted Ind AS 116 "Leases", applied to all lease contracts existing on April 1, 2019 using the modified retrospective method. This has resulted in recognising a Right-of-Use asset and a corresponding Lease Liability of ₹ 855 lakhs as at April 1, 2019. The impact on the profit and earnings per share for the year ended is not material.

Management has exercised judgement in determining whether extension and termination options are reasonably certain to be exercised.

Right-of-use (ROU assets)

Particulars	₹ In Lakhs Amount
As at Mar 31, 2019	-
Reclassified from property, plant and equipment	-
Recognised as at transition date	855.06
Additions during the year	-
As at Mar 31, 2020	855.06
Accumulated depreciation	
As at Mar 31, 2019	-
Amortisation expense during the year	162.15
As at Mar 31, 2020	162.15
Carrying amount as at Mar 31, 2019	-
Carrying amount as at Mar 31, 2020	692.91

Lease liability

Below are the carrying amounts of lease liabilities recognised and the movements during the period :

Particulars	₹ In Lakhs Amount
As at April 1, 2019	-
Additions on account of transition to Ind AS 116	855.06
Accretion of interest	73.29
Payments towards lease liability	(202.94)
Carrying amount as at March 31, 2020	725.41

Particulars	₹ In Lakhs Amount
Borrowings (non-current) (Refer Note 17)	
Lease liability	583.31
Borrowings (current) (Refer Note 20)	
Lease liability	142.10
Total Lease liability	725.41

Notes to Financial Statements

for the year ended March 31, 2020

Disclosure of Ind AS 116

Ind AS 116 'Leases' was effective from April 1, 2019, requiring Company to update its lease accounting policies as per the requirement of the standard.

Leases contracted by the Company relates to industrial and office premises as the lessee.

Under Ind AS 116, most of the leases contracted by the Company were classified as operating leases in which the Company was the lessee.

For most of those leases, the first-time application of Ind AS 116 effective April 1, 2019 has resulted in the recognition on the balance sheet of

- (i) a liability for future lease payments and
- (ii) a right-of-use asset (3 to 5 years)
- (iii) A leased assets is depreciated over the useful life of the assets. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Ind AS 116 has also led to the following changes in presentation :

- a) Balance sheet : Presents right-of-use assets under property, plant and equipment, non-current lease liabilities and current lease liabilities under current and non-current borrowings.
- b) Statement of profit or loss : the rental expense previously recognised as a component of operating income is now presented partly as amortisation expense (within operating income), and partly within financial expenses.
- c) In the statement of cash flows : the rental payments previously presented within net cash provided by/(used in) operating activities are now presented within net cash provided by/(used in) financing activities to the extent that those payments are allocated to repayment of the lease liability.

- Annual lease costs on short term leases and low value asset leases amounted to NIL in the year ended March 31, 2020.

Lease liabilities – maturity analysis – contractual undiscounted cash flows

Particulars	₹ In Lakhs
	March 31, 2020
Not later than one year	142.10
Later than one year and not later than five years	440.17
Later than five years	143.14
Amounts recognised in statement of profit and loss	
Interest on lease liabilities	73.29
Expenses relating to short-term leases	-
Depreciation on right-to-use assets	162.15

Notes to Financial Statements for the year ended March 31, 2020

NOTE 38 SEGMENT REPORTING

i. Primary segment

The Company has identified "Pharmaceuticals Research & Development" which as per Ind AS 108 – "operating segment" is considered the only reportable business segment.

ii. Secondary segment

Particulars	₹ In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Revenue by geography		
Within India	6,962.79	4,714.93
Outside India	718.65	13,571.99
Total revenue from operations	7,681.44	18,286.92

The Company does not have any customer (other than related parties), with whom revenue from transactions is more than 10% of Company's total revenue.

NOTE 39 RELATED PARTY DISCLOSURE

Disclosure with respect to Ind AS 24 on "Related Party Disclosures" is as per Annexure – "A" annexed.

NOTE 40 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

Particulars	₹ In Lakhs	
	As at March 31, 2020	As at March 31, 2019
i. Contingent Liabilities		
a) Guarantees given by the bankers against custom licenses	2.99	45.53
b) Disputed demands by Income tax authorities*	8,722.62	8,217.63
c) Disputed demands by service tax authorities**	5,190.17	5,190.17
*Amount paid under protest is classified under income tax assets (Refer Note 6)	4,510.00	3,903.22
**Amount paid under protest is classified under other current assets (Refer Note 14)	172.65	172.65

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.

Particulars	₹ In Lakhs	
	As at March 31, 2020	As at March 31, 2019
ii. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	329.20	1,524.39

Notes to Financial Statements

for the year ended March 31, 2020

- iii. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the Company has made a provision on a prospective basis from the date of the SC order. The Company will update its provision, on receiving further clarity on the subject.

NOTE 41 EMPLOYEE BENEFIT PLANS

Defined contribution plan

Contributions are made to Regional Provident Fund (RPF), Family Pension Fund, Employees State Insurance Scheme (ESIC) and other 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 and other statutory funds are made only by the Company. The contributions are normally based on a certain percentage of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 372.32 Lakhs (Previous Year : ₹ 326.98 Lakhs).

	₹ In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Contribution to Provident Fund and Family Pension Fund	368.27	322.70
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	4.04	4.28
Contribution to Labour Welfare Fund	0.00	0.00

Defined benefit plan

a) Gratuity

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age. Provision for gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in gratuity fund. The Company decides its contribution based on the results of its annual review. The Company aims to keep annual contributions relatively stable at a level such that the fund assets meets the requirements of gratuity payments in short to medium term.

b) Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and the provision is made as per Company rules with corresponding charge to the statement of profit and loss amounting to ₹ 279.72 Lakhs (Previous Year : ₹ 142.08 Lakhs) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined as at the year end using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions relating to defined benefit obligation are recognised in other comprehensive income whereas gains and losses in respect of other long term employee benefit plans are recognised in the statement of profit and loss.

Notes to Financial Statements

for the year ended March 31, 2020

₹ In Lakhs

Particulars	Year ended March 31, 2020 Gratuity (Funded)	Year ended March 31, 2019 Gratuity (Funded)
I. Reconciliation of liability/(asset) recognised in the balance sheet		
Present value of obligation at the end of the year	2,058.19	1,567.65
Fair value of plan assets at the end of the year	(1,385.43)	(1,206.89)
Net liability recognised in the financial statement	672.76	360.76
II. Movement in net liability / (asset) recognised in the balance sheet		
Net liability / (assets) as at beginning of the year	360.76	403.06
Net expense recognised in the statement of profit and loss	159.94	154.02
Net expense recognised in other comprehensive income	247.06	(71.32)
Contribution during the year	(95.00)	(125.00)
Net liability / (asset) as at the end of the year (Refer Note 18 and 24)	672.76	360.76
III. Net interest cost for the current year		
Interest cost	118.98	107.37
Interest income	(91.60)	(76.90)
Net interest cost for the current year	27.38	30.47
IV. Expense recognised in the statement of profit and loss		
Current service cost	132.56	123.55
Net interest cost for the current year	27.38	30.47
Expense charged to the statement of profit and loss	159.94	154.02
V. Expense recognised in the other comprehensive income (OCI)		
Actuarial (gains) / losses on obligation for the year	255.01	(69.84)
Return on plan assets excluding interest income	(7.96)	(1.48)
Net expenses recognised in the OCI	247.05	(71.32)
VI Return on plan assets		
Expected return on plan assets	91.60	76.90
Actuarial gain	7.96	1.48
Actual return on plan assets	99.56	78.38
VII Reconciliation of defined-benefit obligations		
Obligation as at the beginning of the year	1,567.65	1,420.28
Current service cost	132.56	123.55
Interest cost	118.98	107.37
Benefits paid	(16.03)	(13.72)
Actuarial (gain) / loss arising from changes in financial assumptions	213.63	(3.35)
Actuarial (gain) / loss arising from changes in experience adjustments	41.39	(66.48)
Obligation as at the end of the year	2,058.18	1,567.65

Notes to Financial Statements

for the year ended March 31, 2020

₹ In Lakhs

Particulars	Year ended March 31, 2020 Gratuity (Funded)	Year ended March 31, 2019 Gratuity (Funded)
VIII. Reconciliation of plan assets		
Plan assets as at the beginning of the year	1,206.88	1,017.22
Expected return on plan assets	91.60	76.90
Actuarial gain on plan assets	7.96	1.48
Employer's contribution during the year	95.00	125.00
Benefits paid	(16.03)	(13.72)
Plan assets as at the year end	1,385.41	1,206.88
IX. Actuarial assumptions		
Discount rate	6.04%	7.59%
Expected return on plan assets	6.04%	7.59%
Expected rate of salary increase	10.00%	10.00%
Mortality	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Attrition rate	8% p.a.	8% p.a.
Retirement age (years)	60 years	60 years
X. Investment details		
Insurance fund	1,385.41	1,206.88
XI. Sensitivity Analysis for significant assumptions :		
Benefit obligation as at the end of the year	2,058.19	1,567.65
Increase / (decrease) in the present value of benefit obligation as at the end of the year :		
Delta effect of +1% change in rate of discounting	(142.87)	(104.54)
Delta effect of -1% change in rate of discounting	164.16	119.45
Delta effect of +1% change in rate of salary increase	156.31	115.54
Delta effect of -1% change in rate of salary increase	(139.24)	(103.28)
Delta effect of +1% change in rate of employee turnover	(38.76)	(18.94)
Delta effect of -1% change in rate of employee turnover	43.42	21.09
XII. Maturity analysis of projected benefit obligation		
Projected benefits payable in future years from the date of reporting		
1st following year	335.98	192.12
2nd following year	111.61	102.66
3rd following year	122.58	191.70
4th following year	148.19	105.82
5th following year	151.31	127.53
Sum of years 6 to 10	838.32	681.16

Notes to Financial Statements for the year ended March 31, 2020

Salary escalation rate

The estimates of future salary increases take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Basis used to determine rate of return on plan assets

The rate of return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

The contribution expected to be made by the Company for gratuity, during financial year ending March 31, 2021 is ₹ 258.25 Lakhs (Previous Year : ₹ 228.72 Lakhs).

NOTE 42

REVENUE FROM CONTRACTS WITH CUSTOMERS :

Ind AS 115 "Revenue from Contracts with Customers" was issued on March 28, 2018 and supersedes Ind AS 11 "Construction Contracts" and Ind AS 18 "Revenue" and it applies, with limited exceptions, to all revenue arising from contracts with its customers. The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of April 01, 2018 which does not require restatement of comparative period. The Company elected to apply the standard to all contracts as at April 01, 2018 Lakhs. Accordingly, the impact of ₹ 1,877.10 lakhs was adjusted to retained earnings as at April 1, 2018. Further, the Company has recorded amount of ₹ 3,924.25 (Previous year : NIL) as deferred revenue pursuant to the requirements of Ind AS 115. Refer Note 9 and note 19 for trade receivables and contract liabilities respectively.

Contract assets are initially recognised for revenue from sale of goods. Contract liabilities are on account of the upfront revenue received from customer for which performance obligation has not yet been completed. The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

NOTE 43

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes :

- 1 Provisions [Refer Note 19 and 24]
- 2 Contingent liabilities [Refer Note 40]

NOTE 44

The Company has a negative net worth as at March 31, 2020 and the current liabilities exceed current assets. The Company, as per business plans, is in the process of evaluating various sources of raising funds for its operations. The Company has also received a financial support letter from its parent company which is valid till time the Company is able to raise funds from external sources.

Notes to Financial Statements

for the year ended March 31, 2020

NOTE 45

Since the beginning of 2020 until now, the global wide spread of COVID-19 is a fluid and challenging situation facing all the industries. The Company has taken all possible effective measures to limit and keep the impact under control in order to ensure business continuity with minimal disruption. The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions upto the date of approval of the financial statements by the Board of Directors.

The Company will continue to pay close attention to the development of COVID-19, and will further evaluate and actively respond to such impact on the financial position and financial performance of the Company.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No : 324982E / E300003

For and on behalf of the Board of Directors of

**SUN PHARMA ADVANCED RESEARCH
COMPANY LIMITED**

ANILKUMAR RAGHAVAN
Chief Executive Officer

DILIP S. SHANGHVI
Chairman & Managing Director
DIN : 00005588

per PAUL ALVARES
Partner
Membership No. 105754

CHETAN M. RAJPARA
Chief Financial Officer

SUDHIR V. VALIA*
Director
DIN : 00005561

Place : Pune
Date : June 2, 2020

DEBASHIS DEY
Company Secretary

Place : Mumbai, Khandala*
Date : June 2, 2020

Notes to Financial Statements

for the year ended March 31, 2020

Annexure "A"

Indian Accounting Standard (Ind AS-24) " Related Party Disclosures "

Names of related parties and description of relationship

1. Key Management Personnel (KMP)

Dilip S. Shanghvi	Chairman & Managing Director
Sudhir V. Valia	Non-Executive Director
Rajamannar Tennati	Non-Executive Director
Bhavna Doshi	Independent Director
Ferzaan Engineer	Independent Director
Mark J. Simon	Independent Director (Retired w.e.f. February 28, 2020)

2. Holding Company

Shanghvi Finance Private Limited

3. Enterprises under significant influence of / are controlled by Key Management Personnel (with whom transactions are entered)

Aditya Imaging Information Technologies Pvt. Ltd.
(Earlier known as Aditya Imaging Information Technologies LLP)
Alkaloida Chemical Company ZRT
Bhavna Doshi & Associates LLP
Insite Vision Inc.
Sun Pharma Global FZE
Sun Pharma Japan Limited
Sun Pharma Laboratories Limited
Sun Pharmaceutical Medicare Limited
Sun Pharmaceutical Industries Europe BV
Sun Pharmaceutical Industries Inc.
Sun Pharmaceutical Industries Limited
Sun Pharmaceutical Industries Inc.
Taro Pharmaceuticals Industries Limited

1. Key Management Personnel (KMP)

Particulars	₹ In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Director Sitting Fees		
Sudhir V. Valia	3.90	5.40
Bhavna Doshi	6.00	6.90
Rajamannar Tennati	2.70	3.30
Ferzaan Engineer	5.70	6.00
Mark J. Simon	5.70	6.00
Receiving of research and development services		
Mark J. Simon	57.78	43.83

Notes to Financial Statements

for the year ended March 31, 2020

2. Holding Company

Particulars	₹ In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Shanghvi Finance Private Limited		
Issue of equity shares against conversion of warrants*	-	27,500.00
Loan received	6,000.00	-
Interest paid	146.02	-

*This amount includes total issue of equity shares against conversion of warrants including the following companies which have been amalgamated with Shanghvi Finance Private Limited w.e.f. October 23, 2018 :

Family Investment Private Limited	Virtuous Finance Private Limited
Virtuous Share Investment Private Limited	Viditi Investment Private Limited
Quality Investment Private Limited	Lakshwadeep Investments & Finance (P.) Limited

3. Enterprises under significant influence of / are controlled by Key Management Personnel (with whom transactions are entered)

Particulars	₹ In Lakhs	
	Year ended March 31, 2020	Year ended March 31, 2019
Aditya Imaging Information Technologies Pvt. Ltd.		
Reimbursement of expenses received	3.48	66.50
Alkaloida Chemical Company ZRT		
Purchase of goods	4.46	-
Bhavna Doshi & Associates LLP		
Professional charges	-	6.00
Insite Vision Inc.		
Sale of services - R&D services	-	1.83
Purchase of property, plant & equipment	0.92	-
Sun Pharma Global FZE		
Sale of services - License fees / Royalty on technology / R&D services	703.72	11,677.12
Sun Pharma Japan Limited		
Purchase of goods	-	7.67
Sun Pharma Laboratories Limited		
Sale of services - License fees / Royalty on technology / R&D services	3,245.19	2,887.73
Purchase of goods	1.81	0.03
Sun Pharmaceutical Medicare Limited		
Reimbursement of expenses received	7.15	-
Purchase of goods	3.34	26.74
Purchase of property, plant & equipment	0.75	-
Sun Pharmaceutical Industries Europe BV		
Purchase of goods	12.19	39.41
Reimbursement of expenses paid	-	5.63

Notes to Financial Statements

for the year ended March 31, 2020

₹ In Lakhs

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Sun Pharmaceutical Industries Inc.		
Sale of services – R&D services	11.36	13.15
Reimbursement / Receiving of research and development services	4,368.56	1,756.62
Purchase of goods	175.43	34.17
Sun Pharmaceutical Industries Limited		
Sale of services – License fees / Royalty on technology / R&D services	3,717.60	1,827.19
Purchase of goods	85.09	(1.58)
Purchase of property, plant & equipment	50.37	2,774.28
Rent expense (pertains to payment of lease liability for the year ended March 31, 2020)	202.94	202.94
Receiving of research and development services	569.39	1,047.09
Sale of property, plant & equipment	–	0.50
Reimbursement of expenses paid	407.92	506.96
Reimbursement of expenses received	45.68	43.11
Taro Pharmaceuticals Industries Limited		
Sale of services – R&D services	3.57	2.79
Receiving of research and development services	23.41	237.79

Balances outstanding – receivable / (payable)

₹ In Lakhs

Particulars	As at March 31, 2020	As at March 31, 2019
Sun Pharmaceutical Industries Limited	550.77	296.05
Sun Pharma Laboratories Limited	812.82	519.53
Sun Pharmaceutical Medicare Limited	5.24	(31.45)
Aditya Imaging Information Technologies LLP	–	31.83
Sun Pharma Global FZE	184.26	132.12
Sun Pharmaceutical Industries Inc.	(5,498.62)	(2,564.58)
Sun Pharmaceutical Industries Europe BV	(57.64)	(48.22)
Taro Pharmaceuticals Industries Limited	0.64	1.50
Insite Vision Inc.	(0.98)	–
Mark J. Simon	(22.00)	–
Shanghvi Finance Private Limited	(6,000.00)	–

Terms and condition of transactions with related parties.

The sale of services to related parties are made on terms equivalent to those that prevail in arms length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related parties receivables or payables.



Sun Pharma Advanced Research Company Ltd.

Akota Road, Akota, Vadodara – 390 020.

CIN: L73100GJ2006PLC047837

www.sparc.life



Notice of Annual General Meeting

NOTICE is hereby given that the **Fifteenth Annual General Meeting** of the Shareholders of **SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED** will be held on **Wednesday, 30th September 2020, at 4:00 p.m. IST** through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM"), to transact the following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2020 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Dr. T. Rajamannar (DIN:01415412), who retires by rotation and being eligible, offers himself for reappointment.

SPECIAL BUSINESS:

3. **Appointment of Dr. Robert J. Spiegel (DIN: 0008739625) as an Independent Director of the Company for a term of five years.**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT Dr. Robert J. Spiegel (DIN: 0008739625), who was appointed as an Additional Director of the Company on 1st June 2020 pursuant to Section 161(1) of the Companies Act, 2013 and holds office upto the date of this Annual General Meeting and in respect of whom the Company has received a notice under section 160 of the Companies Act, 2013 for appointment as an Independent Director of the Company, be and is hereby appointed as an Independent Director of the Company, for a term of five (5) years, to hold office upto 31st May 2025, being five years from the date of his appointment as Additional Director pursuant to Section 149, 150, 152 read with Schedule IV and such other applicable provisions, if any, of the Companies Act, 2013 including the Rules made thereunder and regulation 16(1)(b) and 17(1A) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 and that he shall not be liable to retire by rotation."

4. **Re-appointment of Ms. Bhavna Doshi (DIN: 00400508) as an Independent Director of the Company for a term of five years.**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT Ms. Bhavna Doshi (DIN: 00400508), who holds office as an Independent Director of the Company upto the date of this Annual General Meeting be and is hereby re-appointed as an Independent Director of the Company, for another term of five (5) years, to hold office upto the conclusion of the 20th Annual General Meeting of the Company pursuant to Section 149, 150, 152 read with Schedule IV and such other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and that she shall not be liable to retire by rotation."

5. **Re-appointment of Dr. Ferzaan Engineer (DIN: 00025758) as an Independent Director of the Company for a term of five years.**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT Dr. Ferzaan Engineer (DIN: 00025758), who holds office as an Independent Director of the Company upto the date of this Annual General Meeting, be and is hereby re-appointed as an Independent Director of the Company, for another term of five (5) years, to hold office upto the conclusion of the 20th Annual General Meeting of the Company pursuant to Section 149, 150, 152 read with Schedule IV and such other applicable provisions, if any, of the Companies Act, 2013, the Rules made thereunder and SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 and that he shall not be liable to retire by rotation."

6. **Approval for shifting of Registered Office of the Company**

To consider and, if thought fit, to pass the following resolution as a Special Resolution:

"RESOLVED THAT pursuant to Provisions of section 12 and other applicable provisions of the Companies Act, 2013, if any, and Companies (Incorporation) Rules, 2014 and any other applicable Rules and Regulations, if any, the Registered office of the Company be and is hereby shifted from its present location to

Plot No. 5 & 6/1, Savli G.I.D.C. Estate,

Savli – Vadodara Highway, Manjusar,

District Vadodara – 391 775.

RESOLVED FURTHER THAT, any of the Directors of the Company, Mr. Anilkumar Raghavan, Chief Executive Officer, Mr. Chetan Rajpara, Chief Financial Officer and Mr. Debashis Dey, Company Secretary, be and are hereby authorized severally to sign, execute any deeds, documents, e-forms and file the same with the Registrar of Companies and other Regulatory Authorities and Statutory Bodies as may be deemed necessary to give effect to the above."

7. **Approval and Ratification of Line of Credit availed from Shanghvi Finance Pvt. Ltd.**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT pursuant to applicable provisions of the Companies Act, 2013 including the Rules made thereunder and the provisions of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), ratification and approval of the Company be and is hereby accorded to the Board (which the term shall include any Committee duly authorised by the Board) to avail unsecured, line of credit of upto ₹ 200 Crores (Rupees Two Hundred Crores only), from Shanghvi Finance Private Limited (CIN: U65910MH1989PTC053111), the Holding Company as defined under Section 2 (46) of the Companies Act, 2013 and a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and regulation 2(zb) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, on such terms as detailed in the explanatory statement and any modifications/amendments thereto, from time to time, as may be approved by the Board, subject to the condition that the aggregate of principal amount drawn by the Company pursuant to such line of credit shall not exceed an amount of ₹ 200 Crores (Rupees Two Hundred Crores only) at any point in time."

8. **Approval for continuation of transactions with Sun Pharmaceutical Industries Ltd. under Master Support Service Agreement.**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT in furtherance to the resolution passed by the members in its 10th Annual General Meeting held on 1st August 2015 and pursuant to applicable provisions of the Companies Act, 2013 including the Rules made thereunder and the provisions of regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the shareholders of the Company be and is hereby accorded for continuation and entering into transactions with Sun Pharmaceutical Industries Limited (CIN: L24230GJ1993PLC019050), a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and regulation 2(zb) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 pursuant to the Master Support Service Agreement dated 15th February, 2014 entered into by the Company with Sun Pharmaceutical Industries Limited, pursuant to which both parties agree to provide certain range of research and development activities and other support services to each other, the terms and conditions of which be and are hereby approved.

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

9. **Approval for continuation of transactions with Sun Pharma Global FZE under Master Licensing Agreement.**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT in furtherance to the resolution passed by the members in its 10th Annual General Meeting held on 1st August 2015 and pursuant to applicable provisions of the Companies Act, 2013 including the Rules made thereunder and the provisions of regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the shareholders of the Company be and is hereby accorded to the Board of Directors, for continuation and entering into further transaction with Sun Pharma Global FZE., UAE, a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and regulation 2(zb) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 for Licensing of Products/ Technology / Know how, pursuant to the Master License Agreement ("Contract") dated 20th January 2014, entered into by the Company with Sun Pharma Global FZE, the terms and conditions of which be and are hereby approved.

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

10. **Approval for continuation of transactions with Sun Pharma Laboratories Ltd. under Master Licensing Agreement.**

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT in furtherance to the resolution passed by the members in its 10th Annual General Meeting held on 1st August 2015 and pursuant to applicable provisions of the Companies Act, 2013 including the Rules made thereunder and the provisions of regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the shareholders of the Company be and is hereby accorded to the Board of Directors, for continuation and entering into further transaction with Sun Pharma Laboratories Limited, a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and regulation 2(zb) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 for Licensing of Products/ Technology / Know how, pursuant to the Master License Agreement ("Contract") dated 15th January 2014, entered into by the Company with Sun Pharma Laboratories Ltd., the terms and conditions of which be and are hereby approved.

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

11. Approval for continuation of transactions with Sun Pharmaceutical Industries Ltd. under Master Licensing Agreement.

To consider and, if thought fit, to pass the following resolution as an Ordinary Resolution:

"RESOLVED THAT in furtherance to the resolution passed by the members in its 10th Annual General Meeting held on 1st August 2015 and pursuant to applicable provisions of the Companies Act, 2013 including the Rules made thereunder and the provisions of regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the shareholders of the Company be and is hereby accorded to the Board of Directors, for continuation and entering into further transaction with Sun Pharmaceutical Industries Ltd, a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and regulation 2(zb) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 for Licensing of Products/ Technology / Know how, pursuant to the Master License Agreement ("Contract") dated 20th January 2014, entered into by the Company with Sun Pharmaceutical Industries Ltd., the terms and conditions of which be and are hereby approved.

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

12. Approval for increase the Authorised Share Capital of the Company:

To consider and, if thought fit, to pass the following as an Ordinary Resolution:

RESOLVED THAT pursuant to the provisions of Section 13, 61, 64 and other applicable provisions, if any, of the Companies Act, 2013, (including any statutory modification (s) and reenactment (s) thereof for the time being in force) and the rules framed thereunder, consent of the Members be and is hereby accorded to increase the Authorized Share Capital of the Company from the present ₹ 32,50,00,000/- (Rupees Thirty Two Crores Fifty Lakhs only) divided into 32,50,00,000 (Thirty Two Crores Fifty Lakhs) Equity Shares of ₹ 1/- (Rupee One) each to ₹ 37,50,00,000/- (Rupees Thirty Seven Crores Fifty Lakhs only) divided into 37,50,00,000 (Thirty Seven Crores Fifty Lakhs) Equity Shares of ₹ 1/- (Rupee One) each."

RESOLVED FURTHER THAT the Memorandum of Association of the Company be and is hereby altered by substituting the existing Clause V thereof by the following new Clause V as under:

V. The Authorised Share Capital of the Company is ₹ 37,50,00,000/- (Rupees Thirty Seven Crores Fifty Lakhs only) divided into 37,50,00,000 (Thirty Seven Crores Fifty Lakhs) Equity Shares of ₹ 1/- (Rupee One) each.

RESOLVED FURTHER THAT any of the Directors of the Company or the Company Secretary or such other person as authorized by the Board, be and are hereby authorized severally to do all such acts, deeds, matters and things and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

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

Debashis Dey
Company Secretary

Place: Mumbai

Date: 2nd June, 2020

Registered Office:

Sun Pharma Advanced Research Centre (SPARC),

Akota Road, Akota, Vadodara – 390 020.

CIN: L73100GJ2006PLC047837

Website: www.sparc.life

Notes:

1. Considering the present COVID-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read together with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted convening the Annual General Meeting through Video Conferencing ("VC") or Other Audio Visual Means

("OAVM"), without the physical presence of the members at a common venue. In accordance with the MCA Circulars, provisions of the Companies Act, 2013 ('the Act') and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations"), the 15th AGM of the Company (hereinafter referred to as 'AGM') is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company i.e. Sun Pharma Advanced Research Centre (SPARC), Akota Road, Akota, Vadodara – 390 020.

2. The Members can join the AGM through VC/OAVM 15 minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (Shareholders holding 2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, Auditors etc. who are allowed to attend the AGM without restriction on account of first come first served basis.
3. Since the AGM will be held through VC/ OAVM, the route map of the venue of the Meeting is not annexed hereto.
4. Participation of members through VC/ OAVM will be reckoned for the purpose of quorum for the AGM as per section 103 of the Companies Act, 2013 ("the Act").
5. GENERALLY, A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE ON A POLL INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. SINCE THIS AGM IS BEING HELD THROUGH VC / OAVM PURSUANT TO THE MCA CIRCULARS, PHYSICAL ATTENDANCE OF MEMBERS HAS BEEN DISPENSED WITH. ACCORDINGLY, THE FACILITY FOR APPOINTMENT OF PROXIES BY THE MEMBERS WILL NOT BE AVAILABLE FOR THE AGM AND HENCE THE PROXY FORM AND ATTENDANCE SLIP ARE NOT ANNEXED HERETO.
6. However, in pursuance of Section 112 and Section 113 of the Companies Act, 2013, Representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/ OAVM and cast their votes through e-voting. Institutional / Corporate Members intending to appoint Authorised Representative to attend and vote on their behalf at the AGM are required to send a scanned copy (PDF/JPG format) of its Board or Governing body resolution /Authorization letter etc. authorizing its representative to attend the AGM through VC / OAVM on its behalf and to vote through remote e-voting at least 48 hours before the AGM. The said resolution / authorization shall be sent to the scrutinizer by e-mail through its registered e-mail address to secretarial@sparcmail.com or upload on the VC portal / e-voting portal i.e. www.evotingindia.com.
7. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 ('the Act') relating to the Special Business to be transacted at the AGM under Item Nos. 3 to 12 is annexed hereto.

The relevant details as required under Regulation 36 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and Clause 1.2.5 of Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (SS-2), in respect of the persons seeking appointment / re-appointment as Director is also annexed hereto.

8. The voting rights of members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of **Wednesday, 23rd September 2020**. Members shall have one vote for every one fully paid share of the Company held by them as on the cut-off date. Members can vote for their entire voting rights as per their discretion.
9. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, **24th September, 2020** up to **Wednesday, 30th September 2020** (both days inclusive).
10. **Pursuant to the MCA Circulars, the Notice of the Annual General Meeting along with the Annual Report 2019-20 is being sent only by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories. Copy of the Notice of the AGM and the Annual Report of the Company for the year 2019-20 is also available for download on the website of the Company at www.sparc.life and on the websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively.**
11. Members who have not registered their email addresses with the Company/ RTA or their Depositories for receiving all communication (including Notice and Annual Report) from the Company electronically can get the same registered as follows:
 - i. Members holding shares in physical mode and who have not registered/ updated their email addresses with the Company/ RTA are requested to register/ update the same by making an application to the Company by email to secretarial@sparcmail.com and/ or rnt.helpdesk@linkintime.co.in along with their details such as Full Name (including name of the joint holder(s), if any), Folio Number, Certificate number(s), mobile number and also attach an image of self- attested copy of share certificate (both sides) and PAN Card (of all joint holders) in PDF or JPEG format.

- ii. Members holding shares in dematerialised mode are requested to register/ update their email addresses with the relevant Depositories.
12. Members will be able to attend AGM on 30th September, 2020 through VC/ OAVM by logging on to the e-voting website of CDSL at www.evotingindia.com by using their e-voting login credentials. On this webpage, click on the tab **SHAREHOLDERS / MEMBERS**, the Video Conferencing/ webcast link would be available adjacent to EVSN 200623004 of the Company.
13. The Register of Directors and Key Managerial Personnel and their shareholding, maintained under Section 170 of the Act, and the Register of Contracts or Arrangements in which the directors are interested, maintained under Section 189 of the Act, will be available electronically for inspection by the members during the AGM. Relevant documents referred to in the accompanying Notice and the Explanatory Statement will also be available for electronic inspection without any fee by the members from the date of circulation of this Notice up to the date of AGM, i.e. 30th September, 2020. Members seeking to inspect such documents can send an email to secretarial@sparcmail.com.
14. **Members who would like to express their views/ ask questions during the AGM may register themselves as a speaker by sending their request, mentioning the name, demat account number/folio number, email id, mobile number, at secretarial@sparcmail.com at least 48 hours before the AGM. Members who do not wish to speak during the AGM but have queries may send their queries, mentioning the name, demat account number/folio number, email id, mobile number, to secretarial@sparcmail.com. These queries will be suitably replied to by the Company by email.**
15. Those Members who have registered themselves as a speaker will only be allowed to express their views/ ask questions during the meeting for a maximum time of 3 (three) minutes each, once the floor is open for shareholder queries. The Company reserves the right to restrict the number of speakers and number of questions depending on the availability of time for the AGM.
16. Members who are present in the meeting through VC / OAVM and have not casted their vote on resolutions through remote e-voting, shall be allowed to vote through e-voting system during the meeting.
17. The Members who have cast their vote by remote e-voting prior to the AGM may also attend/participate in the AGM through VC / OAVM but shall not be entitled to cast their vote again.
18. **ATTENDING AGM THROUGH VC/OAVM AND VOTING THROUGH ELECTRONIC MEANS:**
- A. In accordance with sub-regulation (1) and (2) of regulation 44 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 and section 108 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014 ('the Rules'), the Company is pleased to provide facility to its members, to cast their vote electronically for all the resolutions proposed at the 15th Annual General Meeting of the Company. The Company has appointed Central Depository Services (India) Ltd. (CDSL) to provide e-voting facility and to enable the Members to attend the AGM through VC/OAVM.
- B. The voting right of members shall be in proportion to one vote per fully paid equity share of the Company held by them as on the cut-off date **23rd September, 2020**.
- C. The remote e-voting period begins on **Sunday, 27th September 2020 at 9:00 am (IST)** and ends on **Tuesday, 29th September 2020 at 5:00 pm (IST)**. During this period members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **23rd September, 2020** may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
- D. The facility for e-voting shall also be made available at the meeting through VC or OAVM and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.
- E. Ms. Reema Seth, Chartered Accountant, Partner of Bathiya & Associates LLP, Practicing Chartered Accountants, and failing her, Mr. Jatin N Thakker, Chartered Accountant, Partner of Bathiya & Associates LLP, Practicing Chartered Accountants have been appointed by the Board of Directors of the Company, as the Scrutinizer to scrutinize the voting during the AGM by electronic mode and remote e-voting process in a fair and transparent manner. They have communicated their willingness to be appointed as such and will be available for the said purpose.
- F. Procedure and instructions for remote e-voting:
- i. Log on to the e-voting website www.evotingindia.com.
 - ii. Click on 'SHAREHOLDERS/ MEMBERS'
 - iii. Enter your User ID
 - a. For members holding shares through CDSL: 16 digits beneficiary ID,

- b. For members holding shares through NSDL: 8 Character DP ID followed by 8 Digits Client ID
- c. Members holding shares in Physical Form: Folio Number registered with the Company.
- iv. Enter the Image Verification as displayed and Click on 'LOGIN'.
- v. Enter your Password
 - a. Members holding shares in demat form who had logged on to www.evotingindia.com and voted on an earlier voting of any company, then his/her existing password is to be used. (In case a member has forgotten his/her password, he/she should enter his/her user Id and the image verification code and click on 'Forgot Password Tab' & the follow the instructions).
 - b. First time users follow the steps given below:

	Whether holding shares in dematerialised form or physical form
PAN	Enter the members 10 digit alpha-numeric PAN issued by Income Tax Department (first holder/s, if held jointly) <ul style="list-style-type: none"> • Members who have not updated their PAN with the Company/Depository Participant are requested to use the unique code which is mentioned in the email sent to them.*
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login. <ul style="list-style-type: none"> • If both the details are not recorded with the depository or company please enter the member id / folio number in the Dividend Bank details field

(*Members whose PAN and email addresses both are not registered with the Company/RTA or the Depositories may obtain login credentials for attending the AGM and e-voting on the resolutions proposed in this notice by sending an application to the Company in writing or by sending an email to the Company/ RTA at secretarial@sparcmail.com and/or rnt.helpdesk@linkintime.co.in along with the following:

- Folio No. & Certificate No./ Demat Account details,
 - Full name and address of shareholder (including Joint shareholder(s), if any),
 - Self-attested scanned copy of both sides of the share certificate (for those holding physical share certificate)/ Client master or copy of Demat Account statement (for those holding shares in Dematerislisted mode),
 - Self-attested copy of PAN / Aadhaar Card.)
- c. After entering these details appropriately, click on "SUBMIT" tab.
 - d. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other Company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.
 - e. For members holding shares in physical form, the details can be used only for attending the AGM and e-voting on the resolutions contained in this Notice.
 - vi. Alternatively, if you are registered for CDSL's EASI/EASIEST e-services, you can log-in at <https://www.cdslindia.com> from Login – Myeasi using your login credentials. Once you successfully log-in to CDSL's EASI/EASIEST e-services, you can click on **e-Voting** option and proceed directly to cast his vote electronically.
 - vii. Click on the EVSN for **Sun Pharma Advanced Research Company Ltd. (i.e. EVSN: 200623004)** to vote.
 - viii. On the voting page, the members will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that a member assent to the Resolution and option NO implies that a member dissent to the Resolution.
 - ix. Click on the "RESOLUTIONS FILE LINK" to view the entire Resolution details, if desired.
 - x. After selecting the resolution the member has decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If the member wish to confirm his/her vote, click on "OK", else to change his/her vote, click on "CANCEL" and accordingly modify his/her choice before voting.

- xi. Once a member "CONFIRMS" his/her vote on the resolution, he/she will not be allowed to modify his/her vote.
- xii. A member can also take a print of the votes cast him/her by clicking on "Click here to print" option on the Voting page.
- xiii. Alternatively, if a Member is registered for CDSL's EASI/EASIEST e-services, he can log-in at <https://www.cdslindia.com> from Login – Myeasi using his/her login credentials. Once a member successfully log-in to CDSL's EASI/EASIEST e-services, he can click on e-Voting option and proceed directly to cast his vote electronically.
- xiv. Members can also cast their vote using CDSL's mobile app m-Voting. The m-Voting app can be downloaded from Google Play Store. Apple and Windows Phone users can download the app from the App Store and the Windows Phone Store respectively. The member should follow the instructions as prompted by the mobile app to vote through the mobile app.
- xv. Note for Non – Individual Members and Custodians
 - Non-Individual members (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
 - A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
 - After receiving the login details a Compliance User should be created using the Admin Login and Password. The Compliance User would be able to link the account(s) for which they wish to vote on.
 - The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to attend the AGM and/or cast their vote.
 - A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

G. Instructions for members attending the AGM of the Company through VC/OAVM are as under:

- i. Members will be provided with a facility to attend the AGM through VC/OAVM through the CDSL e-Voting platform. Members may access the same at <https://www.evotingindia.com> under 'SHAREHOLDERS/MEMBERS' login by using the remote e-voting credentials. The link for VC/OAVM will be available in shareholder/members login where the EVSN 200623004 of Company will be displayed.
- ii. Members are encouraged to join the Meeting through Laptops /Tablets for better experience.
- iii. Further members will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting. Please note that participants connecting via mobile hotspot may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN Connection to mitigate such glitches at the time of the Meeting.

H. Instructions for members for e-voting during the AGM are as under:

- i. The procedure for e-voting on the day of the AGM is same as the instructions mentioned above for remote e-voting.
 - ii. Only those members, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM. Members who have voted through remote e-voting will be eligible to attend the AGM. However, they will not be eligible to vote at the AGM.
 - iii. If any votes are cast by the members through the e-voting available during the AGM and if the same members have not participated in the meeting through VC/OAVM facility, then the votes cast by such members shall be considered invalid as the facility of e-voting during the meeting is available only to the members attending the meeting.
- I. In case you have any queries or issues regarding attending AGM & e-Voting from the e-voting System, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com or contact Mr. Nitin Kunder (022- 23058738) or Mr. Mehboob Lakhani (022-23058543) or Mr. Rakesh Dalvi (022-23058542).
19. The Scrutinizer shall, after the conclusion of voting at the AGM, count the valid e-votes cast at the AGM, thereafter count the valid votes cast through remote e-voting and make, not later than two days of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him.

20. The results along with the Scrutinizer's Report shall be placed on the Company's website www.sparc.life immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.
21. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) and Bank Account details by every participant in securities market. Members holding shares in electronic form are therefore requested to submit their PAN and Bank Account details to the Depository Participants with whom they maintain their demat accounts. Members holding shares in physical form should submit their PAN and Bank Account details along with a self-certified copy of PAN and a cancelled cheque/ passbook copy to the Registrar and Share Transfer Agent / Company. Kindly note that in compliance with the SEB circular No. SEBI/ HO/MIRSD/DOPI/CIR/P/2018/13 dated 20th April 2018, any transaction involving shares in respect of which PAN/Bank Account details are not registered with the Company shall be subject to enhanced supervision by the Company/Registrar and Share Transfer Agent, which may result in avoidable processing delay.

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

Debashis Dey
Company Secretary

Place: Mumbai

Date: 2nd June, 2020

Registered Office:

Sun Pharma Advanced Research Centre (SPARC),

Akota Road, Akota, Vadodara – 390 020.

CIN: L73100GJ2006PLC047837

Website: www.sparc.life

EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 3

Appointment of Dr. Robert J. Spiegel, as Independent Director of the Company:

In exercise of the powers conferred on the Board vide article 116 of the Articles of Association of the Company, the Board of Directors of the Company had in its meeting held on 1st June 2020 appointed Dr. Robert J. Spiegel (DIN: 0008739625) as Additional Director of the Company.

Pursuant to section 161 of the Companies Act, 2013 read with article 116 of the Articles of Association of the Company, Dr. Robert J. Spiegel continues to hold office as an Additional Director until the conclusion of the ensuing Annual General Meeting of the Company.

Dr. Spiegel, aged 71 years, was an Assistant Professor and Director of the Developmental Therapeutics Program at NYU Medical Center and has over 35 years of extensive R&D and operational experience in biopharmaceuticals including big pharma, biotech, and academic startups as well as interactions advising venture capital and private equity.

Your Company has received a notice under section 160 of the Companies Act, 2013, from certain member signifying their intention to propose Dr. Robert J. Spiegel as a candidate for the office of Independent Director of the Company for a Term of five years.

Information pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI detailing the brief profile of Dr. Robert J. Spiegel including age, qualifications, experience, shareholding in the Company and other Directorships, Membership/ Chairmanship of Committees of other Boards are annexed to this notice. The terms & conditions of appointment of Independent Directors is also available on the web-site of the Company www.sparc.life and can be accessed through the web link <https://www.sparc.life/policies-and-codes>.

The Company has received declarations from the aforesaid Director stating that he meets all the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and regulation 16(1)(b) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015. He has also given his consent to act as Director of the Company, if so appointed by the members.

Since Dr. Spiegel will cross the age limit of 75 years before the conclusion of his Term, pursuant to regulation 17(1A) of the SEBI (LODR) Regulations, 2015, approval of the Members, by way of a Special Resolution is also sought for continuation of Dr. Spiegel as an Independent Director of the Company beyond the age specified in the aforesaid regulation.

Dr. Robert J. Spiegel is not related with any other Directors or Key Managerial Personnel of the Company. None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Dr. Spiegel for his own appointment, is in any way concerned or interested, financially or otherwise, in the Resolution.

In the opinion of the Nomination and Remuneration Committee and the Board, Dr. Robert J. Spiegel fulfill the conditions specified in the said Act and Rules made thereunder for appointment as Independent Directors and, in view of his vast R&D and operational experience in biopharmaceuticals, consider that his appointment as an Independent Director for a term of five years and continuation beyond 75 years of age shall benefit the Company immensely.

Accordingly, the Nomination and Remuneration Committee and the Board recommends the Resolution as set out at item no. 3 of the Notice for approval of the Members.

Item No. 4 & 5

Re-appointment of Ms. Bhavna Doshi and Dr. Ferzaan Engineer as Independent Directors of the Company:

The Shareholders of the Company had in their 10th Annual General Meeting held on 1st August 2015 appointed Ms. Bhavna Doshi and in 12th Annual General Meeting held on 5th August, 2017 appointed Dr. Ferzaan Engineer as Independent Directors of the Company. The term of both Independent Directors is ending at the ensuing 15th Annual General Meeting of the Company.

In view of the commendable performance of Ms. Bhavna Doshi and Dr. Ferzaan Engineer during their association with the Company, it is proposed to re-appoint them as Independent Directors of the Company pursuant to Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014 for a further term of five years, to hold office upto the conclusion of the 20th Annual General Meeting of the Company.

Ms. Bhavna Doshi, former partner of full member firm of KPMG in India, is a qualified chartered accountant and also holds Master's Degree in Commerce from Mumbai University. She has over 30 years in the fields of taxation, accounting, restructuring and allied subjects.

Dr. Ferzaan Engineer, a pharmacy graduate from the LM College in Ahmedabad and PhD in Pharmaceutical Sciences from the College of Pharmacy at the University of South Carolina (USA), is Co-founder and Chairman of Cytecure Hospitals Pvt Ltd.

Your Company has received notice under section 160 of the Companies Act, 2013, from certain members signifying their intention to propose the re-appointment of Ms. Bhavna Doshi and Dr. Ferzaan Engineer as Independent Directors of the Company for a further Term of five years.

Information pursuant to Regulation 36(3) of the Listing Regulations and Secretarial Standard on General Meetings (SS-2) of ICSI detailing the brief profile of the Directors including age, qualifications, experience, shareholding in the Company and other Directorships, Membership/ Chairmanship of Committees of other Boards are annexed to this notice. The terms & conditions of appointment of Independent Directors are also available on the web-site of the Company www.sparc.life and can be accessed through the web link <https://www.sparc.life/policies-and-codes>.

The Company has received declarations from the aforesaid Directors stating that they meet all the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013 and regulation 16(1)(b) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015. They have also given his consent to act as Director of the Company, if so appointed by the members.

The Board, in its meeting held on 31st January 2020, conducted the performance evaluation of the individual Directors of the Company, including Ms. Bhavna Doshi and Dr. Ferzaan Engineer, on the basis of criteria such as qualifications, experience, knowledge & competency, fulfilment of functions, ability to function as a team, initiative, availability and attendance, commitment (as a Director), contribution & integrity. The performance of Ms. Bhavna Doshi and Dr. Ferzaan Engineer, was also reviewed, based on the additional criteria of Independence and Independent Views & Judgment. After detailed deliberation, the Board had expressed its satisfaction on the performance of each of the Directors, including Ms. Bhavna Doshi and Dr. Ferzaan Engineer.

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

In the opinion of the Nomination and Remuneration Committee and the Board, Ms. Bhavna Doshi and Dr. Ferzaan Engineer fulfill the conditions specified in the said Act and Rules made thereunder for appointment as Independent Directors and, in view of their commendable performance during their association with the Company, considers that their appointment as Independent Directors shall be in the best interest of the Company.

Accordingly, the Nomination & Remuneration Committee and the Board recommends the Resolutions as set out at item no. 4 & 5 of the Notice for approval of the Members as Special Resolution.

Item No. 6

Shifting of Registered Office of the Company

Your Company has recently inaugurated its new R&D Facility at **Plot No. 5 & 6/1, Savli G.I.D.C. Estate, Savli – Vadodara Highway, Manjusar, District Vadodara – 391 775.**

Since the present Registered Office of the Company at **Sun Pharma Advanced Research Centre (SPARC), Akota Road, Akota, Vadodara 390020**, is a leased premise, it is proposed to shift the Registered Office of the Company to the new R&D Facility at **Plot No. 5 & 6/1, Savli G.I.D.C. Estate, Savli – Vadodara Highway, Manjusar, District Vadodara – 391 775** fully owned by the Company.

Since the address of the proposed new Registered Office falls outside the primary local limits of the city of Vadodara, pursuant to section 12(5) of the Companies Act, 2013, the approval of the shareholders by way of a Special Resolution is required to give effect to the same.

None of the Directors or Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested, financially or otherwise, in the Resolution.

In the opinion of the Board, shifting of the Registered Office to the proposed new location will bring operational efficiency and will be in the best interest of the Company.

The Board therefore recommends the Resolution as set out at item no. 6 of the Notice for approval of the Members as Special Resolution.

Item No. 7

Line of Credit availed from Shanghvi Finance Pvt. Ltd.

In exercise of the powers vested by the Shareholders of the Company in their Ninth Annual General Meeting held on 3rd July 2014 pursuant to section 180(1)(c) of the Companies Act, 2013, and based on the prior recommendation of the Audit Committee, the Board of Directors of the Company had, in its meeting held on 4th November 2019, approved the availment of a Line of Credit from Shanghvi Finance Pvt. Ltd. (CIN: U65910MH1989PTC053111), the Holding Company and a Related Party of the Company, to meet the Working Capital requirements of the Company, *inter alia*, on the following terms:

Nature of Loan: Line of Credit

Amount of Facility: Upto ₹ 200 crores

Nature of Security: Unsecured

Interest Rate: 10.5% p.a. payable quarterly

Term: 1 year (extendable by mutual consent)

Pursuant to regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 all Material Related Party Transactions requires approval of the shareholders in which the concerned related parties are required to abstain from voting. The transactions to be entered into by the Company pursuant to the above contracts exceeds the threshold limit of 'materiality' as per Related Party Transaction Policy of the Company and regulation 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

Pursuant to the applicable provisions of the Companies Act, 2013 and the 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, Mr. Dilip S Shanghvi, Chairman & Managing Director, Mr. Sudhir V Valia, Director, and their relatives are deemed to be interested in the contract. Other than Mr. Dilip S Shanghvi, Mr. Sudhir V Valia, and their relatives, none of the other Directors or Key Managerial Persons or their relatives are concerned or interested financially or otherwise in the proposed resolution.

In the opinion of the Board entering into transactions pursuant to the aforesaid contract is in the best interest of the Company. Accordingly, the Board recommends the Resolution as set out at item no. 7 of the Notice for approval of the Member.

Item No. 8

Continuation of transaction with Sun Pharmaceutical Industries Ltd. under Master Support Service Agreement

The Shareholders of the Company, had in their 10th Annual General Meeting held on 1st August 2015, given its approval for entering into transactions pursuant to the Master Support Service Agreement dated 15th February 2014 entered into by the Company with Sun Pharmaceutical Industries Ltd., pursuant to which both the Companies have agreed to provide certain range of research & development activity related assistance and other support services to each other in its ordinary course of business, based on their requirements from time to time.

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

Material terms the Contract / arrangement / transactions

Based on each parties requirements from time to time, both parties may request the other party to provide certain range of research and development activity related assistance and other support services from each other in its ordinary course of business, on various terms and conditions which shall be on arm's length basis.

Monetary Value /Consideration	<ul style="list-style-type: none"> In consideration of the services provided by performing party to receiving party, receiving party shall pay to performing party such amount as may be determined in accordance with the arm's length principles under the Transfer Pricing Regulations which shall consist of the fully absorbed internal costs incurred by performing party in providing the services plus an appropriate mark-up percentage of upto thirty percent (30%). If either party establishes to the reasonable satisfaction of the other that the percentage mark-up included in the service fees is greater or less than the percentage mark-up that would be charged in a comparable arms-length transaction for the provision of the services under similar terms and conditions the parties shall enter into a good faith negotiations to agree to a different arms-length percentage mark up for such services.
Other relevant information	<ul style="list-style-type: none"> As a "master" form of Contract, this Agreement allows the parties to contract for multiple projects through the issuance of multiple Scope of Work ("SOW") under the contract, without having to re-negotiate the basic terms and conditions contained herein. Specific services to be provided by the Performing party shall be specified in the respective SOWs ('Services') along with the Service Fees. As may be applicable for the Services, performing party shall obtain/ make available sufficient quantities of materials to carry out the service(s) at the cost of receiving party or such cost sharing mechanism as may be mutually agreed from time to time in connection with the particular SOW. Receiving party has granted performing party and its authorized representatives and/or agents a limited non-exclusive, non-transferable, revocable license to use the technical information and intellectual property rights during the term of this Agreement and any extensions thereof for the purpose of rendering the services under the Agreement and the respective SOW. The License shall be royalty-free, unless otherwise agreed in writing between the parties. The term of this Contract commenced on 15th February, 2014 and will continue in full force and effect thereafter until terminated in accordance with the terms and conditions of this Contract.
Are the transactions in the ordinary course of business	Yes
Are the transactions on an arm's length basis	Yes
Whether the transactions have been approved by Audit Committee	Yes

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

Since no maximum term for entering into the aforesaid transaction was sought or specified by the shareholders while approving the above transactions in their 10th Annual General Meeting held on 1st August 2015, due to continual and ongoing nature of the arrangement, it was decided to voluntarily put up the proposal for continuation of the arrangement, for the approval of the shareholders after every five years, as a measure of good Corporate Governance. Accordingly, the Company will seek further approval of the shareholders for continuation of transactions pursuant to this Agreement beyond the next five years, if applicable.

Pursuant to the applicable provisions of the Companies Act, 2013 and the 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, Mr. Dilip S Shanghvi, Chairman & Managing Director, Mr. Sudhir V Valia, Director and their relatives are deemed to be interested in the Agreement. Other than Mr. Dilip S Shanghvi, Mr. Sudhir V Valia and their relatives, none of the other Directors or Key Managerial Persons or their relatives are concerned or interested financially or otherwise in the proposed resolution.

In the opinion of the Board entering into transactions pursuant to the aforesaid Agreement is in the best interest of the Company. Accordingly, the Board recommends the Resolution as set out at item no. 8 of the Notice for approval of the Members.

Item No. 9, 10 & 11

Continuation of transaction with Sun Pharma Global FZE, Sun Pharma Laboratories Ltd. and Sun Pharmaceutical Industries Limited under Master Licensing Agreement.

The Shareholders of the Company, had in their 10th Annual General Meeting held on 1st August 2015, given its approval for entering into transactions pursuant to the Master Licensing Agreement with Sun Pharma Global FZE, Sun Pharma Laboratories Limited and Sun Pharmaceutical Industries Limited ('Other Party'), among others, under which the Company has agreed to grant to the respective Other Party, exclusive license under the License Rights in respect of the Licensed Products in the Licensed Field & Territory.

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

Material terms the Contracts / arrangements / transactions	<p>The Agreements being placed for approval are Master Licensing Agreement, which governs in principle, the terms of the licensing arrangement between the Company and Sun Pharma Global FZE (SPG FZE), Sun Pharma Laboratories Limited (SPLL) and Sun Pharmaceutical Industries Limited (SPIL) respectively (hereinafter severally referred to as 'the Respective Other Party'). The Master Agreements sets out broad framework of the licensing arrangement between the Company and the Respective Other Party. Pursuant to the Master Agreement, individual products/ technologies/ know how may be licensed to the Respective Other Party by way of Product Specific Licensing Exhibits.</p> <p>The key terms of the Master Agreement contain enabling clauses for entering into exclusive licence under certain licensed rights in respect of certain licensed products in certain licensed fields in certain licensed territory (including other rights and obligations which are on arm's length basis.)</p> <p>The licensed technology or the product which is being/to be licensed shall be determined on a case of case basis by way of Product Specific Licensing Exhibit signed between the Company and the Respective Other Party.</p>
Monetary Value/Consideration	<p>In consideration of the rights granted pursuant to the Master Agreement, the Respective Other Party agrees to make the payments as mutually agreed in the Product Specific Licensing Exhibit. However, all the Parties, in principle, agree to the following method of product valuation for licensing of the licensed product to the Other Party.</p> <p><i>The net present value split from revenues from commercialization of the licensed product shall be agreed by the Parties based on benchmarking information such as: market analysis, research report, industry trends, business strategies, financial forecasts, third party comparables, valuation reports (if required), management assessment of pricing terms and business justification for the transaction; and comparative analysis, if any, of other such transaction entered into by the Parties. Provided however that normally such net present value split shall not be less than 10% in favour of the Company and not more than 40% in favour of the Company, which will be determined having regard the to the aforesaid factors on a product by product basis and shall be on an arms-length basis.</i></p>
Other relevant information	<ul style="list-style-type: none"> • The Respective Other Party shall pay to the Company royalties on net sales of licensed products in the territory during each financial year at the royalty rates set forth in the Product Specific Licensing Exhibit. • Parties may perform certain obligations such as: development and manufacturing of the licensed product in accordance with the applicable laws; conducting pilot & pivotal clinical studies, regulatory submissions & fillings; product pricing approvals in the Territory; post-product approval regulatory communications; development of packaging and labelling components for regulatory approval and manufacturing process development and associated validation etc. under this Contract. Cost of the above-mentioned activities will be borne or by the parties on a case-by-case basis and product-by-product basis as determined by further case-by-case negotiation between the parties. • The term of this Contract commenced on the date of execution of the respective Agreement and will continue in full force and effect thereafter until terminated in accordance with the terms and conditions of this Contract.

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

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

Since no maximum term for entering into the aforesaid transaction was sought or specified by the shareholders while approving the above transactions in their 10th Annual General Meeting held on 1st August 2015, due to continual and ongoing nature of the arrangement, it was decided to voluntarily put up the proposal for continuation of the transaction, for the approval of the shareholders after every five years, as a measure of good Corporate Governance. Accordingly the Company will seek further approval of the shareholders for continuation of transactions pursuant to these Agreements beyond the next five years, if applicable.

Pursuant to the applicable provisions of the Companies Act, 2013 and the 23(4) of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015, Mr. Dilip S Shanghvi, Chairman & Managing Director, Mr. Sudhir V Valia, Director and their relatives are deemed to be interested in the Agreement. Other than Mr. Dilip S Shanghvi, Mr. Sudhir V Valia and their relatives, none of the other Directors or Key Managerial Persons or their relatives are concerned or interested financially or otherwise in the proposed resolution.

In the opinion of the Board entering into transactions pursuant to the aforesaid Master Agreements are in the best interest of the Company. Accordingly, the Board recommends the Resolutions as set out at item no. 9, 10 & 11 of the Notice for approval of the Members.

12. Increase in Authorised Share Capital of the Company

The present Authorised Share Capital of the Company is ₹ 32,50,00,000/- (Rupees Thirty Two Crores Fifty Lakhs only) divided into 32,50,00,000 (Thirty Two Crores Fifty Lakhs) Equity Shares of ₹ 1/- (Rupee One) each against which the Paid up Capital of the Company as on date is ₹ 26.20 crores approximately.

In order to facilitate raising of additional funds to meet the business requirements of the Company through issue of additional shares of the Company, which may exceed the aforesaid Authorised Capital limit, it is proposed to increase the Authorised Share Capital of the Company or the limit upto which the Company can issue further equity shares, by enhancing the Authorised Capital to ₹ 37,50,00,000/- (Rupees Thirty Seven Crores Fifty Lakhs only) divided into 37,50,00,000 (Thirty Seven Crores Fifty Lakhs) Equity Shares of ₹ 1/- (Rupee One) each.

Pursuant to section 61 of the Companies Act, 2013, the proposed increase in Authorised Capital and the consequential changes in Clause V of the Memorandum will require the approval of the Members of the Company.

The resolution is therefore proposed at Item No. 12 of the Notice to increase the Authorised Share Capital of the Company.

None of the Directors and Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested in this resolution.

The Directors recommend the resolution at Item No.12 of the accompanying Notice for the approval of the Members of the Company.

PROFILE OF DIRECTORS BEING APPOINTED/RE-APPOINTED

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

Particulars	Dr. T. Rajamannar	Dr. Robert Spiegel	Ms. Bhavna Doshi	Dr. Ferzaan Engineer
DIN	01415412	0008739625	00025758	00025758
Age	59 years	71 years	67 years	57 years
Qualification & Experience	<p>Dr. Rajamannar is highly experienced and qualified in the field of Research & Development. He has completed M. Sc. from University of Madras, Ph.D in Organic Chemistry from IIT Madras and Post-Doctoral from University of Zurich, Switzerland. He has over 20 research publications in international journals and over 200 patent applications filed, to his credit. He is the recipient of CSIR Award from 1983 to 1988. He is a Council Member of Chemical Research Society of India and National Organic Symposium Trust. Dr. T Rajamannar was the Executive Director of the Company upto April 24, 2014, and is now a Non-Executive Director of the Company with effect from April 24, 2014. Dr. T. Rajamannar as Executive Director, was involved in Drug Discovery in the various areas including Allergy, Inflammation and Immunology and in Processes relating to Novel synthetic routes, Polymorphs and Processes for about 200 Active Pharmaceutical Ingredient. He is a member of International Conference on Harmonisation Expert Working Group (ICH EWG) for Q11, representing International Generic Pharmaceutical Alliance (IGPA). He was also a faculty member at National Chemical Laboratory, Pune, and also a Programme Advisory Committee (PAC) member of Department of Science & Technology- Science & Engineering Research Board (DST-SERB). He has also been invited to be an Expert Review Panel Member for the academic department of chemistry of IIT - Chennai and Delhi.</p>	<p>Dr. Spiegel received his B.A. from Yale University and his M.D. from the University of Pennsylvania. He completed his speciality training at the National Cancer Institute, National Institutes of Health (NIH).</p> <p>Dr. Spiegel was an Assistant Professor and Director of the Developmental Therapeutics Program at NYU Medical Center and then spent over 25 years at Schering-Plough where he joined as the first Director for Oncology Clinical Research. He subsequently held a series of senior executive positions, including Senior Vice President for worldwide Clinical Research and Chief Medical Officer. During his time at Schering-Plough he took numerous drug candidates through clinical development and was involved with over 30 NDA approvals at the FDA. Since 2010 Dr. Spiegel has been a consultant to the biotech industry and has served on the Scientific Advisory Board and Board of Directors of multiple biotech companies. He currently serves on the Board of Directors of Geron Corp, Cyclacel Pharmaceuticals, and Ayala Pharma. He is currently the president of Spiegel Consulting LLC and an Assistant Professor of Medicine at Weill Cornell Medical College. He is also a Senior Advisor to the private equity firm Warburg Pincus and an Advisor to the Israel Biotech Fund.</p>	<p>Ms. Bhavna Doshi is a Fellow member of the Institute of Chartered Accountants of India & holder of Master's Degree in Commerce from Mumbai University. She has rich experience of over 3 decades as partner in renowned firms of chartered accountants, B S Mehta & Co, RSM & Co and Bharat S Raut & Co (member firm of KPMG in India). She had opportunity to lead VAT implementation projects for two state governments of India.</p> <p>She served on various committees of ICAI and very actively contributed to the formulation of accounting standards in India, research publications, taxation and Vision Exercise for ICAI besides other areas. She was elected to the Western India Regional Council of the ICAI and held positions of Secretary and Chairperson. She has also served as a member of the Compliance Advisory Panel of International Federation of Accountants, New York as also of Government Accounting Standards Advisory Board constituted by Controller and Auditor General of India. Ms. Doshi has also served as the President of the Indian Merchants' Chamber.</p>	<p>Dr. Ferzaan Engineer, PhD, is Co-founder and Chairman of Cytecare Hospitals Pvt Ltd. He also serves as Co-founder and Jt. Chairman of Medwell Ventures Pvt Ltd, a company offering home healthcare services under the Nightingales brand. He is also a Director on the Board of Cytespace Research Pvt Ltd. Until 2010, Ferzaan served as CEO of Quintiles Research (India) Pvt Ltd and was a member of the Asia-Pacific Management Board of Quintiles. He has also served on the Board of Cenduit LLC. He is a Mentor at Escape Velocity Accelerator in Bangalore.</p> <p>A pharmacy graduate from the LM College in Ahmedabad, Ferzaan completed his PhD in Pharmaceutical Sciences from the College of Pharmacy at the University of South Carolina (USA). He attended executive management programmes at the Kenan-Flagler Business School (USA), IIMA (India) and INSEAD (France).</p> <p>Dr. Ferzaan previously worked as Assistant Professor of Pharmaceutical Sciences in the United States, followed by an industry position as R&D head for Core Healthcare. He has been a member of professional bodies such as AAPS and AACP. He received the AACP New Investigator's Award in 1990 and received research grants from the National Institutes of Health, USA. He has published papers in leading international journals and lectured at several international conferences and at management schools. He has served on the Advisory Board of the Indian Society for Clinical Research (ISCR) and has been a member of the CII National Committee on Drugs and Pharmaceuticals and the FICCI Pharmaceuticals and Biotechnology Committee.</p>

Particulars	Dr. T. Rajamannar	Dr. Robert Spiegel	Ms. Bhavna Doshi	Dr. Ferzaan Engineer
Expertise in specific functional area	He has extensive experience in the pharmaceutical industry and his areas of research interest include Carbohydrate Chemistry, Natural Products, Asymmetric Synthesis, Process Chemistry and Medicinal Chemistry	He has over 35 years of extensive R&D and operational experience in biopharmaceuticals including Big Pharma, biotech, and academic startups as well as interactions advising venture capital and private equity.	She has wide experience in accountancy & finance field.	He is an entrepreneur with extensive experience in pharmaceutical industries.
Relationship with other Directors, Manager and Key Managerial Personnel of the Company	Dr. T Rajamannar is not related to any other Directors or Key Managerial Personnel of the Company.	Dr. Robert Spiegel is not related to any other Directors or Key Managerial Personnel of the Company.	Ms. Bhavna Doshi, is not related to any other Directors or Key Managerial Personnel of the Company.	Dr. Ferzaan Engineer is not related to any other Directors or Key Managerial Personnel of the Company.
Date of first Appointment on the Board	4th June 2007	1st June 2020	31st October 2014	5th May 2017
The number of Meetings of the Board attended during the financial year 2019-20	5/5	N.A	5/5	5/5
Directorship held in other Indian companies	Nil	Nil	Torrent Power Limited Everest Industries Limited Future Generali India Life Insurance Company Ltd. Future Generali India Insurance Company Ltd. Indusind Bank Limited Nuvoco Vistas Corporation Limited LIC Pension Fund Limited ICAI Accounting Research Foundation Connect Capital Private Limited	Cytespace Research Private Ltd. Cytecare Hospitals Private Ltd. Medwell Ventures Private Ltd.

<p>Particulars Membership/ Chairmanships of Committees of other Indian Companies</p>	<p>Dr. T. Rajamannar NA</p>	<p>Dr. Robert Spiegel NA</p>	<p>Ms. Bhavna Doshi Torrent Power Limited <i>(Member – Audit & Risk Management Committee Chairperson – CSR Committee)</i> Everest Industries Limited. <i>(Member – Audit Committee)</i> Future Generali India Life Insurance Company Ltd. <i>(Chairperson – Audit Committee & Nomination and Remuneration Committee)</i> Future Generali India Insurance Company Ltd. <i>(Chairperson – Audit Committee & Nomination and Remuneration Committee)</i> Indusind Bank Ltd. <i>(Member - Finance Committee, Risk Management Committee, Review Committee of Board (Non- Co-operative Borrowers & Willful Defaulters).</i> Nuvoco Vistas Corporation Limited <i>(Chairperson – Audit Committee Member – Nomination and Remuneration Committee)</i> LIC Pension Fund Limited <i>(Chairperson – Risk Management Committee Member – Nomination & Remuneration Committee)</i></p>	<p>Dr. Ferzaan Engineer Cytecare Hospitals Private Ltd. <i>(Member – Compensation Committee)</i> Medwell Ventures Private Ltd. <i>(Member – Compensation Committee)</i></p>
<p>No. of Shares held in the Company as on 31st March 2020</p>	<p>35,657</p>	<p>Nil</p>	<p>Nil</p>	<p>Nil</p>