

SPARC/Sec/SE/2021-22/47

September 07, 2021

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

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

Ref: Scrip Code: NSE: SPARC; BSE: 532872

Dear Sir/ Madam,

Sub: Submission of Annual Report of the Company for the financial year ended March 31, 2021 and the Notice of 16th Annual General Meeting of the Company.

Pursuant to Regulation 34(1)(a) and clause 12 of Part A of Schedule III read with Regulation 3 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), we are submitting herewith the Annual Report (including Business Responsibility Report) of the Company for the financial year ended March 31, 2021 along with the Notice convening 16th Annual General Meeting of the Company, scheduled to be held on Wednesday, September 29, 2021 at 05:00 P.M. IST through Video Conferencing ("VC") / Other Audio-Visual Means ("OAVM"), copies of which are being e-mailed to the shareholders of the Company whose e-mail ids are registered with the Company's Registrar and Share Transfer Agent, Link Intime India Private Limited ("RTA") or their respective Depository Participant. The remote e-voting period shall commence on Sunday, September 26, 2021 at 09:00 A.M. and shall end on Tuesday, September 28, 2021 at 05:00 P.M.

The businesses proposed to be transacted at the 16th Annual General Meeting, as detailed in the Notice, are as follows:

Item No.	Particulars of Business	Resolution Type
ORDINARY BUSINESS:		
1	To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon.	Ordinary Resolution
2	To appoint Mr. Sudhir V. Valia (DIN: 00005561), who retires by rotation and being eligible, has offered himself for reappointment as a Director.	Ordinary Resolution
SPECIAL BUSINESS:		
3	To approve the appointment and remuneration of Mr. Anilkumar Raghavan, as the Manager and Whole-time Key Managerial Personnel of the Company, designated as Chief Executive Officer (CEO)	Special Resolution

4	To ratify and approve Line of Credit availed from Shanghvi Finance Private Limited.	Ordinary Resolution
5	To approve continuation of transactions with Sun Pharmaceutical Industries Inc., USA under Master License Agreement.	Ordinary Resolution
6	To approve continuation of transactions with Sun Pharma Global FZE, UAE under Master Service Agreement.	Ordinary Resolution
7	To approve for continuation of transactions with Taro Pharmaceutical Industries Ltd., Israel under Master Support Service Agreement.	Ordinary Resolution
8	To approve raising of the funds through equity shares, convertible warrants, preference shares/ bonds /debentures / any other instruments whether convertible into equity or not, American Depository Receipts ("ADRs"), Global Depository Receipts ("GDRs"), Foreign Currency Convertible Bonds ("FCCBs"), etc.	Enabling Special Resolution
9	To approve increase the Authorised Share Capital of the Company	Ordinary Resolution

This shall also be considered as an intimation in terms of Regulation 29 of Listing Regulations for considering the business mentioned at Item No. 8 above, at the 16th Annual General Meeting of the Company.

This is for your information and dissemination.

Thanking you,

Yours faithfully,

For **Sun Pharma Advanced Research Company Ltd.**



Dinesh Lahoti
Company Secretary and Compliance Officer
ICSI Membership No. A22471

Encl: As above

CC:

- 1) National Securities Depository Ltd., Trade World, Kamla Mills Compound, Lower Parel, Mumbai- 400012
- 2) Central Depository Services (India) Ltd, Unit no. A- 2501, A Wing, Marathon Futurex, IT Park, 25th Floor, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai 400013
- 3) Link Intime India Pvt. Ltd., C-101, 247 Park, L. B.S. Marg, Vikhroli (West), Mumbai 400 083

Immunology

Neuro-degeneration

Oncology

Excellence Powered by Innovation

ANNUAL REPORT 2020-21

CONTENTS

02

Management Discussion
and Analysis

56

Business Responsibility
Report

17

Board's
Report

62

Financial
Statements

34

Corporate
Governance Report



Check out our online report for simple
navigation across your devices.

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.

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



Scan the QR Code for
additional information

CORPORATE INFORMATION

Board of Directors

Mr. Dilip S. Shanghvi
Chairman
(Chairman & Managing Director upto May 25, 2021)

Mr. Sudhir V. Valia
Non-Executive Director

Dr. T. Rajamannar
Non-Executive Director

Ms. Bhavna Doshi
Independent Director

Dr. Ferzaan Engineer
Independent Director

Dr. Robert J. Spiegel
Independent Director
(w.e.f. June 01, 2020)

Chief Executive Officer

Mr. Anilkumar Raghavan

Chief Financial Officer

Mr. Chetan Rajpara

Company Secretary

Mr. Debashis Dey
(upto June 25, 2021)

Mr. Dinesh Lahoti
(w.e.f. July 26, 2021)

Auditors

S R B C & Co. LLP
(Registration No. 324982E/E300003)

Bankers

Kotak Mahindra Bank Ltd.
ICICI Bank Ltd.

Offices

Registered Office & Research Centre
Plot No. 5 & 6/1, Savli G.I.D.C. Estate, Savli - Vadodara
Highway, Manjusar, District Vadodara – 391 775.

Corporate Office & Research Centre
17-B, Mahal Industrial Estate, Off Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.

Research Centres

- F.P.- 27, Part Survey No. 27, C.S. No. 1050, T.P.S. No. 24,
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
Fax: +91 22 4918 6060
E-mail: rnt.helpdesk@linkintime.co.in

MANAGEMENT DISCUSSION AND ANALYSIS (MD&A)

Global Pharmaceutical Industry

The beginning of FY 2020-2021 was one of the most turbulent times of the modern era, reshaping the world with far reaching consequences. Perhaps more than most other sectors, the landscape of the biopharmaceutical industry was radically altered by the pandemic. Availability of vaccines may allow gradual restoration of normalcy, experts believe that the industry will soon have to reconcile the pandemic era operations and regulatory shifts and its implications for the future of our industry.

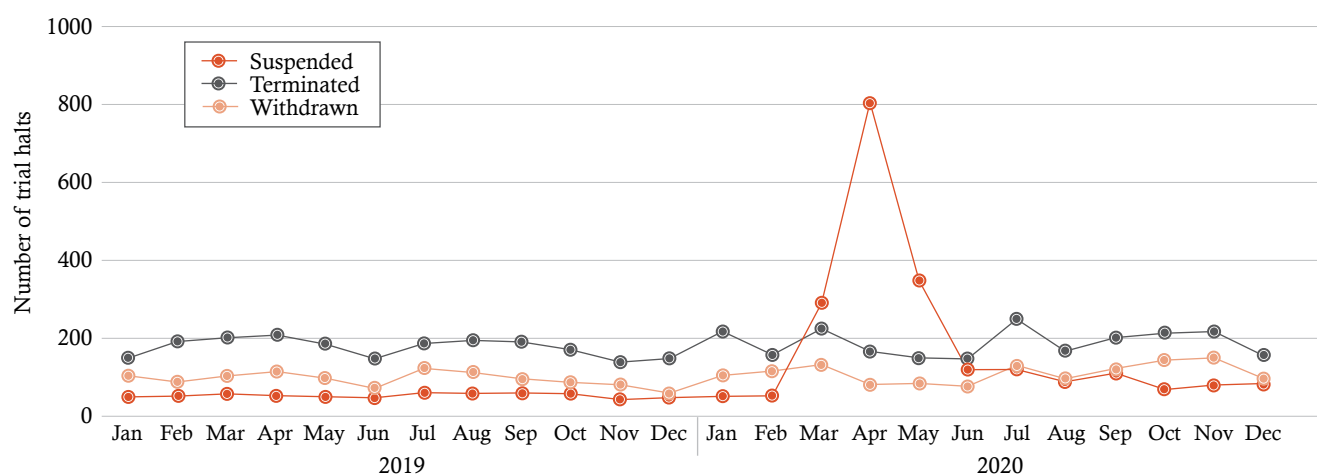
The COVID - 19 outbreak weakened the growth of the pharmaceutical industry in four main ways: 1. negatively influenced production & demand; 2. financially impacted manufacturing firms; 3. disrupted supply chain and 4. disrupted the conduct of clinical trials. Due to the declaration of lockdown measures, many of the research & development teams as well as clinical trial participants had to remain

at home to prevent infection. In 2020, more than 2,000 trials were suspended, although it is a relief to know that around half of these studies have since resumed.¹

Annual research conferences, a crucial platform for delivering clinical trial updates and solidifying relationships with key opinion leaders, quickly moved to online formats. Something similar may occur with clinical trials, one of the pharma activities hit the hardest by the pandemic. Increased data availability, as well as emerging digital tools such as remote-monitoring devices, have opened up possibilities for more virtual clinical trials with a stronger emphasis on patient-reported outcomes.

Your company also saw a decline in patient recruitment in ongoing trials; however, SPARC quickly adapted to the changing environment and remedial recruitment strategies helped ramp up patient enrolment in clinical trials.

Clinical trial halts per month¹



¹ Pharma, Biotech & Medtech 2020 in Review; Evaluate Vantage staff report – February 2021

The global pharmaceuticals market size is projected to reach ~ USD 2,150 billion by 2027, with a compounded annual growth rate (CAGR) of 7.0% during the forecast period – 2019-27². The key drivers of the growth will include launch of new products in traditional areas as well as the promise of cell and gene therapy, and novel treatments for rare diseases which were previously believed to be incurable. Artificial Intelligence (AI) and Machine Learning (ML) have also proved that pharmaceutical innovation can be more time-efficient and cost-effective. Further, data-driven approaches have showcased the potential to create value across the healthcare ecosystem.

While the COVID-19 pandemic affected the budgets of some pharmaceutical companies, there was a major uptick in deals. A major focus of these transactions was on COVID-19 related resources, followed by areas such as cancer, heart diseases & antibiotics. Over the past five years, the R&D budget of the top 10 pharmaceutical companies increased from around USD 70 billion to USD 96 billion³ (R&D expenditure USD 83 billion in 2019). Spending on both R&D and introduction of new drugs have increased in the past two decades. On an average, the companies spent about one-quarter of their revenues (net of expenses and rebates) on R&D in 2019, which is almost two times the revenue share they spent two decades ago in 2000⁴.

The path to recovery and the new normal for the healthcare and pharmaceuticals industry



Considerations for companies

Product & Strategic Key Unit (SKU) reorganization and consolidating the supply chain to create resilience.

Digital transformation in the pharmaceutical industry was already happening before COVID-19 shook the world to its foundations. Under pandemic conditions, many of the industry's core activities had to move abruptly to the virtual sphere. Remote working has significantly accelerated adoption of digital technologies and media, within the pharmaceutical industry and in the healthcare system it serves.

The companies, especially R&D focussed companies, need to leverage technology and analytics to enhance drug development process and accelerate patient recruitment in clinical trials.



Considerations for industry

Supply chains could become patient-centric with different points of delivery and information. This could drive individualised treatments for patients that are expected to provide better outcomes.

New technologies may shift the industry's focus towards advanced and innovative methods in drug discovery efforts, evaluation assessments in clinical trials, and eventually patient treatments.

² Impact of COVID-19 on pharmaceuticals market size, share & industry analysis by type, by indication, by distribution channel and regional forecast, 2020-2027; Fortune Business Insights

³ The top 10 R&D budgets in 2020; Fierce Biotech; Apr 6, 2021

⁴ Research and Development in the pharmaceutical industry; Congressional Budget Office; April 2021

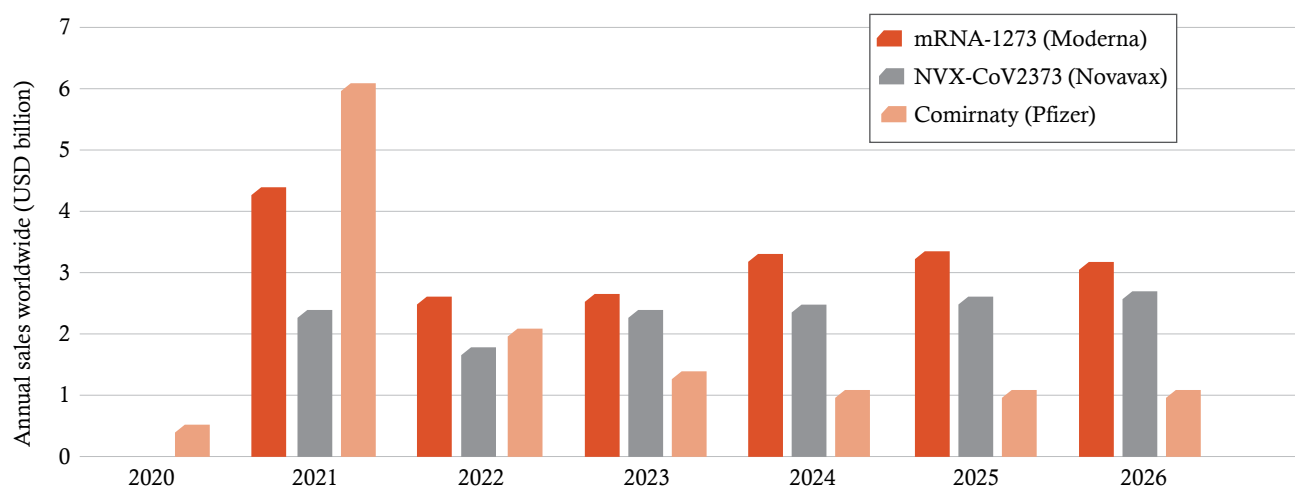
Global Focus on Vaccines

Vaccines offer the world a respite, if not an exit, from the pandemic and thus much of the response has been focused on the development of novel vaccines to tackle the COVID-19 crisis. Industry and policy makers supported substantial scale up of vaccine manufacturing capacity in the hope that vaccine output can be massively increased

in 2021.¹ Many large companies have increased their capacities in short order and have also entered into manufacturing collaborations to cater to the anticipated demand for vaccines.

The speed with which vaccine candidates have advanced from laboratory to clinic is undoubtedly impressive.

Vaccine demand: a sellside view¹

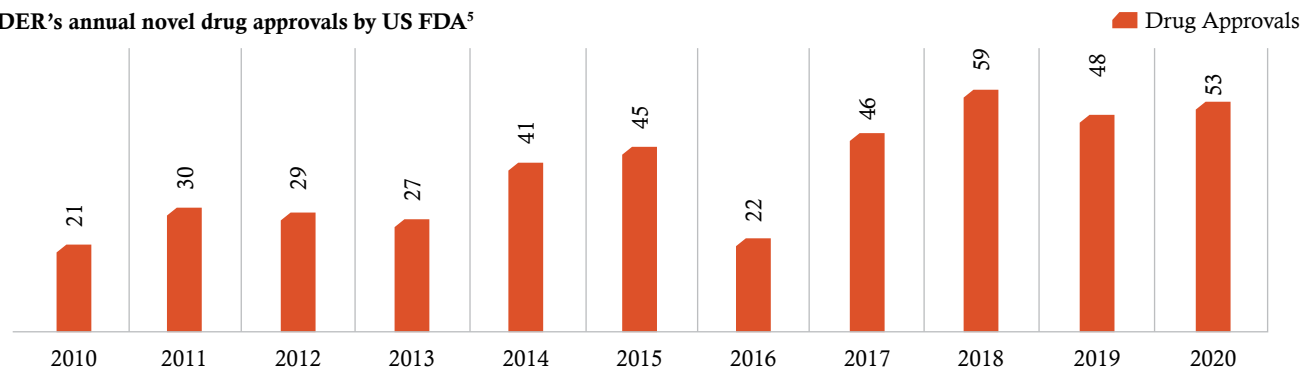


Second highest number of drug approvals in the last two decades

With COVID-19 taking precedence over every other drug approval, the US Food and Drug Administration (FDA) emphasized the urgent evaluation of tests, drugs and vaccines that could prove to be useful in combating the pandemic. Despite the emphasis on

COVID-19 vaccines, the US FDA kept up its blistering pace of new drug approvals in 2020 and approved 53 new products, the second-highest number of approvals in over 20 years⁵.

CDER's annual novel drug approvals by US FDA⁵



⁵ New Drugs at FDA: CDER's New Molecular Entities and New Therapeutic Biological Products New Drug Therapy Approvals 2020

Of the approved new molecular entities, 35 were small molecules accounting for nearly 66% of the total approvals and they continue to be a critical component of the drug pipeline. Amongst all the approvals, notable new drugs included two treatments for the Ebola virus, the first fully-approved antiviral for COVID-19, the first oral treatment for spinal muscular atrophy, and the first treatment for children with a rare genetic disease that causes nerve tumours. 2020 also witnessed the introduction of 10 new cancer drugs, including 2 antibody-drug conjugates, a class that has become an important part of oncology standard of care⁶.

Amongst all the drugs approved in 2020, 40% (21 drugs) are first-in-class, and 58% (31 drugs) are novel drugs to treat the rare orphan diseases⁵.

Many of the drug approvals in recent years have been for “specialty drugs,” which generally treat chronic, complex or rare conditions, and may also require special handling or monitoring of patients. According to the FDA, biologics is one of the fastest growing classes of therapeutic products in the United States⁷. SPARC has made a deliberate shift to increase its capabilities in biologics and the current pipeline includes first-in-class biologics in pre-clinical development.

Biologic Drugs

Biologics mimic or block natural products in the body, can be superior to small molecule drugs for particular diseases, and have innovated the way a number of diseases are treated. Through their unique mechanism of activity, biologics can provide life sustaining treatments for previously untreatable diseases, or slow the advancement of disease where symptom management was historically the only remedy. They help to improve quality of life for people with certain conditions and sustain life for some.

Big mergers in the global pharmaceutical industry in 2020

While major industry players were focused on developing vaccines, other players focused on developing antibody tests and other treatments. As a result, the sector witnessed a lower than expected number of mergers and acquisitions (M&A) in a challenging 2020. Further, complications caused by the pandemic and the subsequent economic uncertainty, trade tensions and geopolitical uncertainty, led to the calling off or postponement of many deals during the early stages of the pandemic.

M&A activity saw a notable decline in the first half of 2020; however, there was a swift and robust resumption of M&A activity after

dealmakers and industry players became confident about working remotely. The pharmaceutical and life sciences sector witnessed deals worth ~ USD 184 billion transpiring during 2020. This was one of the lowest activity levels in nearly a decade and was ~48.6% lower than 2019. However, the second half of 2020 saw some uptick in terms of volumes of mergers and acquisitions and recorded a total of 243 deals during the year – only 2% lower than 2019⁸. By far the biggest pharma deal of the year was AstraZeneca’s late-breaking offer to acquire Alexion for USD 39 billion. Some of the other mega deals of 2020 included Gilead Sciences’ acquisition of Immunomedics (~ USD 21 billion), Bristol Myers Squibb’s acquisition of MyoKardia (USD 13.1 billion) and Johnson & Johnson’s acquisition of Momenta Pharmaceuticals (USD 6.5 billion)⁹.

With a keen eye on innovation, most of the companies involved in M&A activity focused on the areas of oncology, immunology/ dermatology, COVID-19 vaccine, cardiology, metabolic disorders, women’s healthcare, pulmonary diseases, and neurologic diseases.

The M&A recovery that began in the second half of 2020 is likely to sustain the accelerated momentum in 2021 because corporate and private investors have access to capital and can pursue deals to build the scale and to expand the scope of work. For some, growth is likely to come from within the industry with market leaders strengthening their position. Others, seeing their business models upended by the COVID-19 pandemic may explore small or medium-sized bets in adjacent sectors to help drive transformation and growth.

Key trends that are redefining the healthcare and pharmaceutical industry

The continued shift to value-based care: Technological advancements within the pharmaceutical industry are likely to make it possible to provide the patients greater value at reduced cost. Healthcare providers are increasingly focusing on changing their business models from a fee-for-service delivery model to a value-based care delivery model. Increasingly, patients expect personalized and cost-effective care.

Increased focus on patient-centric care: Digital channels centred around the patient can influence wellness, facilitate data capture to improve the efficacy of treatments, and feed other applications for monitoring and managing diseases better. Healthcare providers are introducing wearables to monitor patient health and to influence the course and choice of patient care.

Innovative players are changing the industry dynamics: New players have begun to move into the healthcare and pharmaceutical industry and are bringing with them innovative capabilities like remote access and monitoring, telemedicine and AI. This has forced the traditional players to think about the new ways of

⁶ FDA gives its nod to 53 new drugs in 2020; January 2021

⁷ Katie A and Cody M; How employees can manage the cost of specialty pharmacy benefits; March 24, 2021

⁸ Pharma life sciences quarterly deals insights, PWC, January 2021

⁹ George U; The top 5 pharma M&A deals of 2020; December 21, 2020

sustaining the competition or collaborating with other players to adopt the advanced technology.

Accelerating digital transformation: Digital transformation in the pharmaceutical industry has helped the industry to overcome the challenges posed by the pandemic. The combination of fast-moving, consumer-driven technology and increased use of technology by a relatively conservative industry is slowly transforming the patient care system. Despite the challenges, industry players have recognised that the digital revolution is here to stay, and a data-rich industry offers considerable benefits.

Unlikely alliances shaping the industry: Healthcare providers are now considering mergers and acquisitions with a specific focus on improving the quality of care, increasing the capacity for personalized care, and acquiring new technologies. These developments promise to influence significant transformation in the industry.

MedTech companies adopting service-oriented business models: MedTech companies are partnering with digital healthcare providers to stay relevant while shifting their focus from traditional services to value-based services. Healthcare providers are also slowly adapting to this trend and integrating service-oriented models to support future services.

These trends have clear implications for pharma's business model and interactions with key stakeholders. The challenge for the industry is how to insert itself productively into these changing relationships. Pharma needs to capitalise on digital's potential for real-time data generation, and in building more holistic, patient-oriented value into tailored products and services.

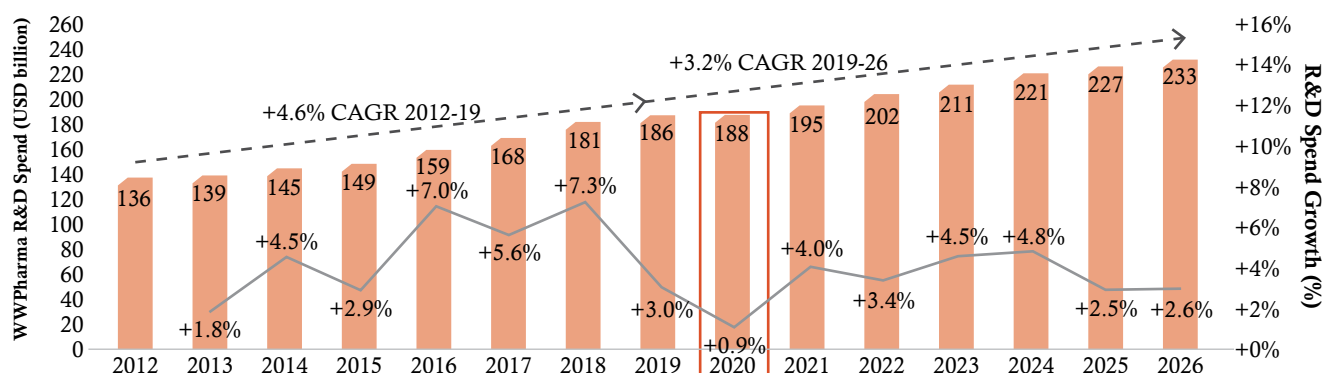
Global pharmaceutical R&D trends

Against this backdrop of increasing demand and rapid technological innovation, pharmaceutical companies must continually replenish their R&D pipelines as patents on their most profitable products continue to expire and generic competition impacts revenues.

Long-term demand for healthcare continues to rise, driven by aging populations and emergence of chronic diseases in developing and emerging nations. Higher income also continues to increase the awareness about healthcare leading to the demand for better care facilities. R&D and technological developments – ranging from gene therapies, CAR-T therapy, CRISPR, to artificial intelligence (AI) are driving the new waves of innovation to tackle the world's disease burden in the ways that were unimaginable a few decades ago.

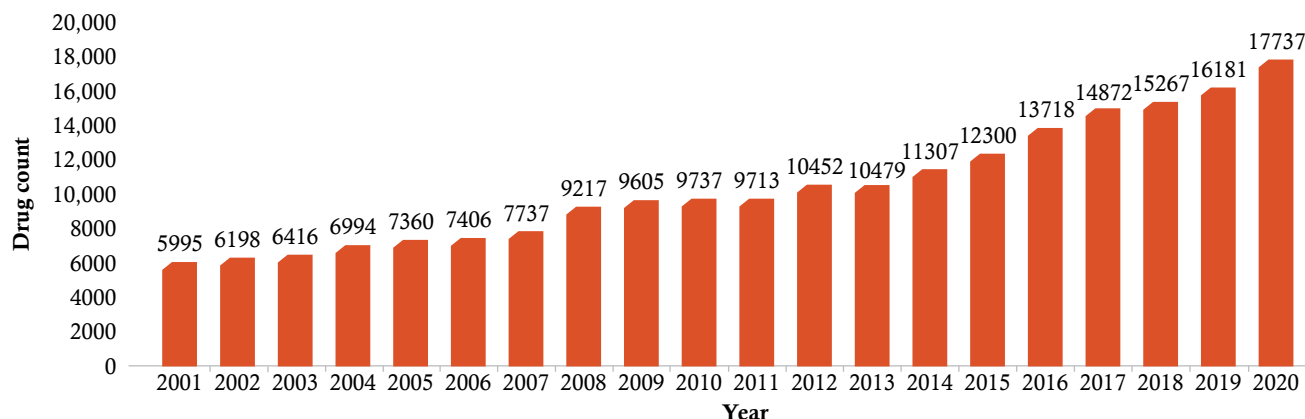
R&D has traditionally been and will continue to be (probably even more) crucial for the growth and future success of pharma companies. Given the industry's traditional R&D strategy which was built on internal innovation, and the rising regulatory hurdles, pharma companies continuously increased their financial commitment for R&D-related work, in the hope of producing a higher nominal R&D output. With an increased focus on R&D and innovation, worldwide pharmaceutical R&D spend is forecasted to grow steadily between 2019 and 2026, at a CAGR of 3.2%, to ~ USD 230 billion by 2026.¹⁰

Forecasted steady growth in worldwide total pharmaceutical R&D spend¹⁰



¹⁰ EvaluatePharma® World Preview 2020, Outlook to 2026; July 2020

Biggest increase ever in R & D pipeline size¹¹



9.6%

Nearly double-digit growth of R&D pipeline¹¹

13.2%

Increase in preclinical assets in 2020, compared to 6% in 2019¹¹

10.3%

Increase in Phase I assets in 2020, compared to 7.2% 2019 and 3% in 2018¹¹

R&D spend for oncology again emerged as the key focus area for the biopharma industry. Clinical development expenditure related to oncology witnessed one of the highest investments in 2020, and therefore resulted in the highest number of FDA approvals in any therapy area.

Data analytics, machine learning and automation facilitating and transforming pharma R&D

The traditional development processes are time-consuming and involve a huge cost. AI and machine learning (ML) have made it easier to design drugs. The pharmaceutical industry has been a slow adopter of technology. However, the shift towards artificial intelligence has proved to be a huge step for the industry. From target selection to clinical trials with significantly improved efficiencies, AI has played a pivotal role in drug discovery and development.

The pharma industry has honed AI as a useful tool to cut down the staggering costs of failed drug candidates, through partnerships with dedicated drug discovery platforms or deals with major IT companies.

SPARC over the years has taken several steps to augment its internal capabilities in computational drug discovery & development and has also collaborated with global organizations like Schrodinger and

Hitgen to expand its toolkit. These collaborations provide access to newer computational technologies that can reduce the overall time required to get an asset to clinic.

Orphan drugs

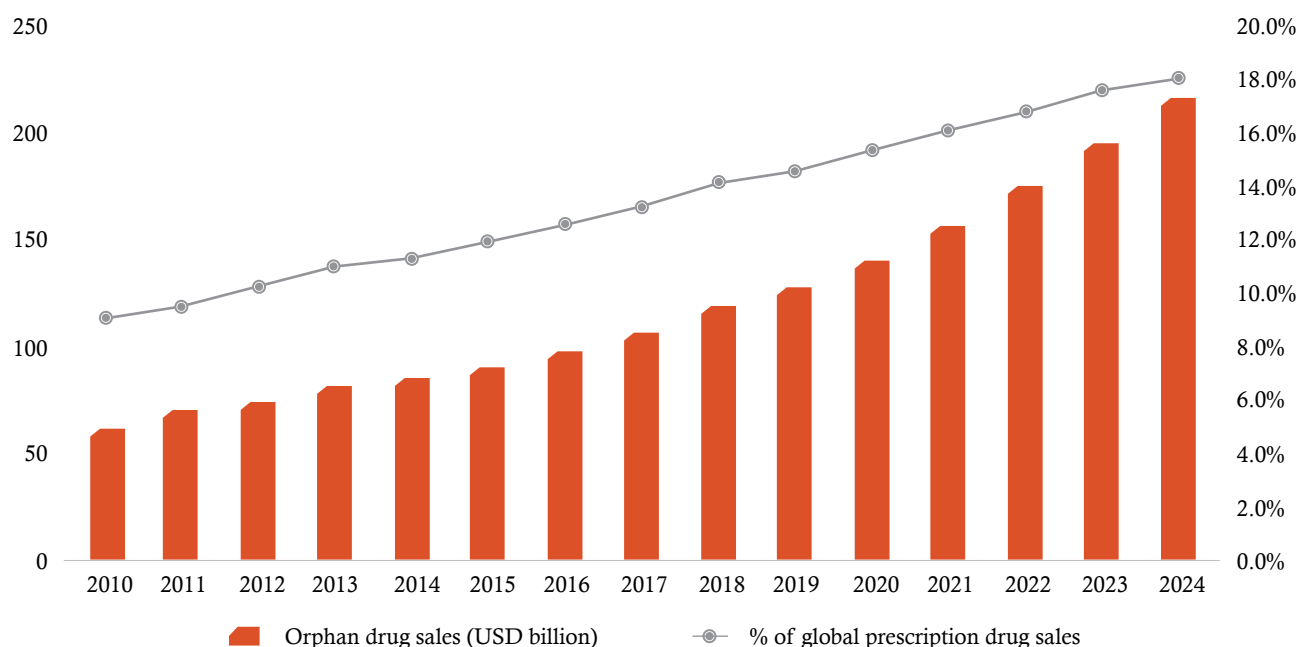
A few decades ago, patients with rare diseases had very few options to treat the disease. Aimed at improving the lives of people impacted by nearly 7,000 rare diseases, and backed by regulatory incentives (1983 Orphan Drug Act, USA), there has been a huge interest in the rare diseases space, especially from small biotech companies. Large bio-pharmaceuticals companies also participate actively in this space. Orphan drugs are generally defined as those medicines which help in treating diseases that affect less than 200,000 people in the USA.

An integral part of the global pharmaceutical industry, the orphan drug industry has showcased a steady growth over the last four decades. With growing awareness of rare diseases globally in recent years, both developing and developed countries have formulated regulations that promote the development of drugs for rare diseases and have tried to make them more easily available to patients. At a CAGR of ~11.2%, the global orphan drugs market is expected to reach USD 217 billion by 2024 from ~ USD 140 billion in 2020¹².

¹¹ Pharma R&D Annual Review 2020; PharmaIntelligence Informa

¹² EvaluatePharma Orphan drug report 2020

Growth of the orphan drug market¹²



Statistically, the top performing orphan drugs belong to oncology. Other top-performing orphan drugs tend to include drugs used for rare genetic diseases, blood disorders and diseases of the central nervous system.

SPARC currently has 2 late-stage programs with orphan drug designation granted by USFDA. SPARC's novel BCR-ABL inhibitor vodobotinib (SCO-088) was granted Orphan Drug Designation (ODD) for the treatment of Chronic Myeloid Leukemia (CML), and a novel phenobarbital formulation was granted ODD for treatment of neonatal seizures.

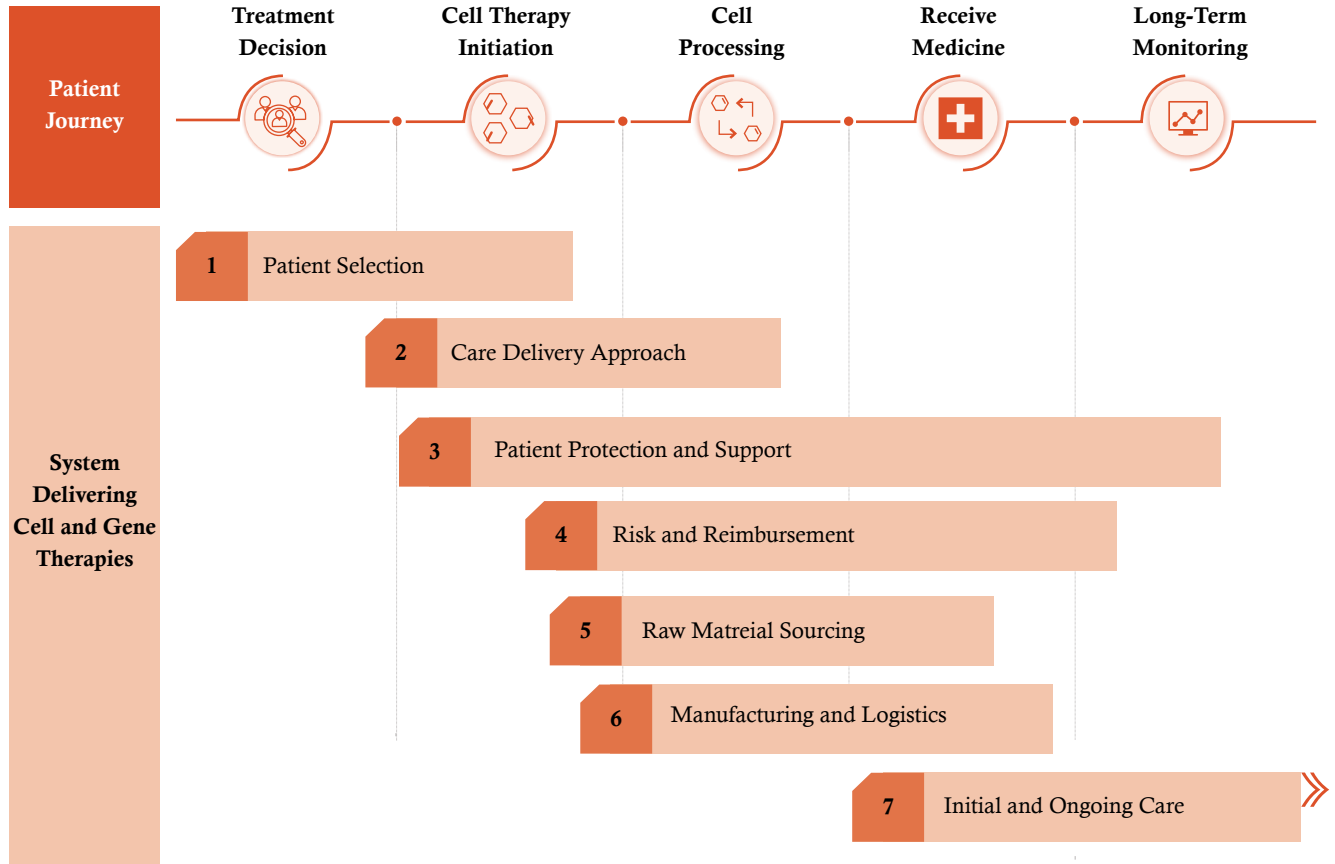
Next generation cell & gene therapies

The emergence of novel cell and gene therapies are expected to provide better therapeutic benefits. These interventions are perceived

to be highly advanced biological products that can treat chronic and rare genetic diseases, ocular disorders, and Cardiovascular Diseases (CVDs) and represent a significant advancement in medicine. Many cell and gene therapy products, including Chimeric Antigen Receptor (CAR) T-cell therapies, genetic modulation-based gene therapies, and autologous and allogenic cell-based therapies are also expected to extend far beyond their initial, limited application space.

Although the patient, product, and system journeys for cell and gene therapies are fundamentally different to traditional medicines and are generally more expensive, the market for cell and gene therapies is growing at an exceptional rate. With a huge addressable market, many big pharma companies are making it a priority to develop and launch innovative and breakthrough cell and gene therapy products.

The journey (process) of developing gene and cell therapies



Market driver's for gene and cell therapies

- Increasing pool of patients with chronic diseases
- Favourable regulatory support
- Growing demand for CAR T-cell therapy products
- Promise of personalised medicine
- Plays significant role in disease treatment such as cancer

Challenges for development of gene and cell therapies

- High cost of products in comparison to traditional ones
- Manufacturing and operational challenges related to limited application
- Limited opportunity for process standardization
- Availability of alternate treatment options which can be low cost and also less effective

RNAi therapeutics

RNA interference (RNAi), also known as gene silencing, is a biological process that regulates gene expression by interfering with messenger RNA (mRNA). Errors in the DNA coding, result in faulty mRNA that produce proteins that cause diseases. Using small interfering RNAs (siRNAs) one can target and degrade specific mRNA. siRNA can also be used as therapeutics by improving levels of non disease causing proteins, implicated in the disease pathway. However, challenges such as delivery of oligonucleotide drugs to less accessible parts of the body and the high incidence of toxic side effects are a concern. It is worth mentioning that delivery systems such as lipid-based delivery systems and exosomes have revolutionized RNAi therapy by reducing their immunogenicity and improving their cellular affinity.

As a therapeutic approach, RNAi provides solutions to the major drawbacks of traditional pharmaceutical drugs. The principal advantages of RNAi over small-molecule and protein therapeutics are that all targets including 'non-druggable' targets can be inhibited with RNAi, and that lead compounds can be rapidly identified and optimized. The primary challenge associated with small-molecule drugs is the identification of highly selective and potent compounds—a difficult and time-consuming process that for some targets can be unsuccessful. With RNAi, the identification of highly selective and potent sequences is rapid which has been demonstrated with numerous molecular targets across all molecular classes. An important aspect of RNAi therapeutics is that it works upstream of most other classes of medicines, such as small molecules and monoclonal antibodies. Overall, RNAi therapeutics hold a great promise as a therapeutic approach providing a new class of drugs that may fill a significant gap in modern medicine.

Immuno-oncology as a novel approach to cancer treatment¹³

Cancer incidence rates have steadily increased over the past 20 years; however, mortality rates have shown a considerable decline during the same period. Immuno-Oncology (I-O) therapy has offered an effective treatment alternative to traditional cancer therapies. I-O has emerged as a novel approach to cancer treatment as it stimulates the body's own immune system to kill cancerous cells. The rapid development of I-O therapies for multiple types of cancers has transformed the cancer treatment landscape and brightened the long-term outlook for many patients suffering from advanced stages of cancer.

While I-O agents are rapidly changing the standard of care for people with cancer, there are still many challenges to overcome in terms of managing their toxicities, and ensuring that healthcare systems can afford the high cost of these therapies.

I-O appears to be moving away from the development of agents selective for a given cancer type. I-O agents are now rarely approved for one particular type of cancer; instead, there is a focus on the pathways involved and the expression of specific biomarkers in tumours, regardless of their origin or location (i.e., 'tissue agnostic' therapies).

For the last several years, major developments in pharmaceutical R&D have begun to change the R&D landscape. A growing number of drug manufacturers are outsourcing large parts of R&D, mostly to small biotech companies to have higher productivity in R&D. Another important development is the use of big data, thus, a predictive modeling is possible which uses clinical and molecular data to develop safer and more efficient drugs. Particularly, real-time or Real-World Evidence (RWE) is becoming a greater interest. This makes cooperation with technology companies necessary and includes data gathered from various sources.

Changing the old models of drug development & discovery to take advantage of the new wave of innovation will be the way forward for the industry to meet current growth forecasts.

Indian Pharmaceutical Industry

The Indian pharmaceutical industry was one of the backbones of the Indian economy when most of the other industries were struggling with the constraints caused by the pandemic. From March 2020 onwards, the industry was affected by strict restrictions to reach customers in India and globally.¹⁴

The Indian pharmaceuticals industry has grown at a CAGR of ~ 11% in the domestic market and around 16% in exports over the last two decades.¹⁴ While the domestic market has grown at a similar pace to the gross domestic product (GDP), the overall development has been powered by the industry's leadership in putting forth generic formulations to markets across the globe.

Catapulted by increased spending, improved accessibility and growing exports, India's pharma and healthcare sector is poised to emerge as one of the few industries in India to record a positive growth during 2021, even as the headwinds created by the pandemic drove the economy to a technical recession and forced players to pause and catch a breath.

India's ability to manufacture high-quality, low-priced medicines, presents a huge business opportunity for the domestic industry. Furthermore, increasing exports to large and traditionally under penetrated markets of Japan, China, Africa, Indonesia, and Latin America, is expected to help the industry to meet its aspiration of becoming the world's largest supplier by volume.

¹³ Sophie C and David ET; Immuno-oncology agents for cancer therapy; the pharmaceutical journal; May 2020

¹⁴ Indian pharmaceutical industry 2021: future is now; February 2021; EY, FICCI

In the 2020-2030 period, the Indian pharma industry is expected to grow at a CAGR of ~12% to reach USD 130 billion by 2030 from USD 41.7 billion in 2020.¹⁴ In order to attain self-sufficiency and be the real pharmacy of the world, the industry needs to refocus on the next set of avenues to feed the growth engine of this industry, which is of strategic as well as economic significance.

The Indian pharma companies need to evolve their R&D strategy to be relevant in the global space. A shift is required from being focussed on developing generics to building capabilities for developing novel drugs.

India's contribution to the fight against the COVID-19 pandemic

India has established a strong presence in the global vaccines market. The country is now the biggest volume supplier to the public market of vaccines, fulfilling over 60% of global vaccine requirements. This has been possible because of an ongoing strategic focus on R&D and mass manufacturing capabilities.

India's ability to produce low-cost COVID-19 vaccines will benefit low-income countries. The majority of Indian vaccine manufacturers have signed exclusive license agreements with foreign collaborators for developing and manufacturing COVID-19 vaccines.

India launched the Vaccine Maitri (Vaccine Friendship) initiative – a major diplomatic effort to gift and supply made-in-India vaccines to low-income and developing countries globally¹⁵.

India not only helped ramp up the production of Astra Zeneca's Covishield but also developed in short order an indigenous vaccine 'Covaxin'. Covaxin, was developed jointly by Hyderabad-based Bharat Biotech and Indian Council of Medical Research scientists.

Opportunities and challenges for the Indian pharmaceutical industry

R&D in generics has been a traditional focus area for most India-based pharma companies. India's dominant share in the overall ANDA approvals and first-time ANDA approvals by the USFDA is a good reflection of the country's strength in the global generics market. Indian companies have overtaken US generics firms, receiving the largest number of first-time ANDA approvals.

The growing volumes of the generics market has attracted several new entrants from India and from other geographies. The rise in competition and consolidation among distributors in the US over the last few years have resulted in price erosion for generic drugs. While Indian companies should continue to maintain their strong position in the global generics market, they can't rely on generics exclusively to ensure future growth.

India is the third-largest manufacturer of drugs worldwide in terms of production volume, accounting for 10% of the global total. However, India accounts for only 1.5% of the total value of drugs produced worldwide, making it 14th ranked among the manufacturing nations.¹⁴ This disconnect between India's relatively high share of volume and low share of value will only be bridged if Indian companies intensify the efforts in innovative R&D.

Indian companies are beginning to improve their in-house novel drug development abilities with the aim of launching new blockbusters. Developing NCEs and NBEs put Indian companies in direct competition with global innovators. Innovation and R&D are at the heart of what the Indian pharma industry needs to do going forward, as there lies the value creation opportunity.

Novel drug development promises high returns, but it also requires high investment of time, resources and access to specialized talent. While Indian companies have started the journey, there is a need to build a strategic approach in order to move from incremental innovation to becoming a global player in innovative drugs.

Over the years, India has established itself as one of the preferred destinations for outsourcing research. This has been possible due to the country's strong process chemistry skills and attractive cost-value proposition. Another advantage is the large and genetically diverse population base that makes the country an ideal location for cost-effective clinical research activities and drug trials. While India has made significant progress in the R&D field, there is still a huge untapped opportunity.

¹⁵ Mandakini D'Surie; India's vaccine diplomacy: made in India, shared with the world; March 2021

Opportunities

Rising private investment in the Indian pharma sector	Growing health insurance coverage	Availability of huge talent pool	Increased focus on medical technology and digital healthcare
Private Equity (PE)/Venture Capital (VC) investments in the Indian pharmaceutical companies have grown by more than 3.5 times in 2020 and for the first time, it has crossed USD 1 billion to touch USD 1.69 billion between January and September 2020 ¹⁶ . 2020 has showcased the importance of healthcare & life sciences and these investments can help the industry to grow to the next level.	Most of the medical expenses in India are still largely outside the ambit of health insurance and are paid from patients' pockets. Health insurance penetration in India is very low and it is critical for the growth of the pharma industry. But things have finally started to change over the last few years, and after the outbreak of COVID-19 pandemic the demand for health insurance was widely perceived to go up. The market share of private sector companies in the non-life insurance market rose from 15% in FY04 to almost 56% in FY21 (until April 2020) and health insurance contributed nearly 29% to it ¹⁷ . Increasing penetration of non-life insurance including health insurance will drive the expansion of healthcare services and pharmaceutical market in India.	Availability of local talent in the industry is larger than many other developed countries. With one of the youngest populations in the world and many of the youngsters taking up the medical and allied healthcare profession, the country sees a huge influx of aspiring students joining the industry. This is an excellent growth opportunity if the government can tap into these resources with a strong academic infrastructure.	Robust medical technology is one of the main pillars of healthcare and it plays an important role in delivering healthcare services across the length and breadth of the country. The medical technology field is recognised as a sunrise sector in India and has a huge growth potential. The Indian medtech industry is presently valued at around USD 11 billion and expected to grow at a CAGR of ~35% to reach USD 50 billion by 2025 ¹⁸ . Manufacturing, R&D, quality, sales, supply chain, pharmacy are some of the sectors where usage of technology can be a significant growth driver.

Challenges

Need for innovation mind set and related skill augmentation	Financing constraints and limited infrastructure	Limited incentives from the government
One of the biggest challenges hindering the growth of R&D in India is the dearth of talent with requisite training, expertise and skill across the entire research and development life cycle in the realm of pharmaceuticals, biotechnology and life sciences. There are several reasons for this shortfall. One of the most important reasons is that the education and academic institutions are still guided by rote learning instead of practical innovative thinking and the overall lack of resources dedicated for furthering biomedical research.	At a cross-sector level, India's gross expenditure on R&D as percentage GDP has been around 0.7% (Economic Survey 2018 report) for the past two decades. This is far lower than the R&D investment levels witnessed in other developing countries. Private financing also plays a very critical role in driving innovation in a country. Especially in the pharma sector, the R&D process is long and risky. It is challenging even for the largest Indian pharma companies to fund multiple innovative R&D products independently without funding support.	Compared to other developed countries, there are limited R&D related supporting policies and incentives from the government in India.

¹⁶ TE Narasimhan; PE/VC investments in pharma companies grow 3.5X in 2020, cross \$1 bn mark; October 2020

¹⁷ Indian Insurance Industry Analysis; IBEF; August 2021

¹⁸ Medical Devices Industry in India; IBEF; August 2021

Indian pharmaceutical industry is a global leader in generics space. But it still grapples with low investments and capabilities in R&D. The R&D profile of Indian pharmaceutical industry largely includes development of generics and new drug delivery systems. A major part of R&D expenditure by the Indian pharma companies has gone to reverse engineering and developing generics and little to new molecule research.

Indian pharma industry needs to strengthen its R&D efforts on novel drugs and to build a R&D ecosystem to compete in the world market. With availability of resources, Indian pharma companies should make the transition for developing novel drugs and to create a space for itself in the global R&D market.

SPARC's transition and strategic intent

SPARC started its journey in 2007 with a focus on developing products leveraging novel drug delivery systems. The initial thrust was on developing novel drugs that could be registered using the 505(b)(2) pathway in the US. Over the years, while our vision has remained the same, namely to provide novel drugs for unmet medical needs, our approach has evolved.

Our operating model is built around a high quality, captive translational engine with a low cost of failure. Unlike the most early-stage biotech companies, in our global peer-group, SPARC is not a virtual enterprise but has developed extensive in-house infrastructure. SPARC's translational infrastructure has evolved into a robust engine with significant proof-of-principle that is now taking on a higher level of risk for potentially higher returns.

The transition from 505(b)(2) opportunities to NCEs/NBEs with validated biology to first-in-class opportunities was deliberate on the part of SPARC and was driven by two important trends. The reimbursement environment of reformulations is rapidly evolving in an unfavourable direction, where payor systems may not always support drug delivery related benefits that many physicians still consider clinically relevant. Secondly, the follow-on programs for best-in-class NCEs are not completely immune to these competitive pressures and are unable to garner significant prescription share. In response, SPARC's portfolio has grown into a multi-modal basket with significant exposure to novel biology.

During this transition, SPARC has limited its focus to three therapeutic areas with high unmet need viz. neurodegenerative diseases, resistant cancers and autoimmune disorders.

Although neurodegenerative diseases have seen several late-stage clinical failures in the recent past, there is a lot of excitement and optimism about emerging new science and clarity on the pathophysiology of several diseases in this area. We believe this segment will drive a significant share of value creation in pharmaceutical innovation in the medium term.

Oncology continues to be therapy area of focus for SPARC because of both the extent of unmet need and the extent of regulatory support, to accelerate meaningful innovations. SPARC's focus is on finding viable ways to address resistance in patients with late stage disease, with a particular interest in pan-tumor pathways. Oncology constitutes large part of the SPARC's pre-clinical pipeline and SPARC has also built significant capabilities in biologics including multi-specific antibody constructs and antibody drug conjugates.

The third therapeutic area of focus for SPARC is Immunology. The clinical asset in the area of immunology i.e. SCD-044 was licensed to SPIL. The preclinical pipeline of SPARC includes complex delivery system based programs in diseases like Crohn's disease and Ulcerative Colitis.

At a high level, SPARC has a balanced portfolio with several high-value opportunities targeting novel biology. SPARC today has developed into a contemporary drug development organization with high capital efficiency and portfolio promise.

SPARC's performance snapshot

The year 2020-2021 provided significant proof of concept for our operating model. The Phase 3 studies for both the ophthalmology programs read out positively; US rights for Elepsia™ XR were licenced to Tripoint Therapeutics and global rights of SCD-044 were licensed to Sun Pharma Industries Limited (SPIL).

In addition, seven clinical trials with three NCEs are underway to test various hypotheses. SPARC's lead asset, vodobatinib is currently being tested in ongoing clinical trials in late stage CML and early-stage Parkinson's disease. Phase 2 studies of SCD-044 have been initiated by SPIL in Psoriasis and Atopic Dermatitis, and a Phase 1 study of SCO-120 in ER+, HER 2- Metastatic Breast Cancer is in start-up.

Development of multiple programs were initiated in identified therapeutic areas, which are currently under pre-clinical evaluation. Some of these programs are part of collaborations forged with academic institutes in the previous years.

Owing to the fact that the ongoing clinical studies will ramp up patient recruitment, SPARC had budgeted over 50% of the total FY21 budget for costs associated with the conduct of clinical trials. The Company is in process to raise a sum of USD 150 million by way of fresh equity issuance, in order to meet the expenses over the next 2 years. The Company has a line of credit in place for ~ USD 35 million to meet the interim funding requirements.

Impact of COVID-19 on SPARC

During the year, as with the rest of the industry, SPARC was also impacted due to the COVID-19 pandemic. The major impact was observed in the recruitment of patients in clinical studies as most parts of the world were under lockdown, which limited patients' visits to clinical sites. Furthermore, many hospitals were

primarily treating patients for COVID-19 rather than enrolling patients in clinical trials. SPARC has taken several steps to increase patient recruitment wherever possible and also worked on remote monitoring of sites to ensure continuity of clinical trial operations.

Due to the lockdowns imposed by the Government in India, SPARC had to close offices and laboratories at R&D centres. The facilities were made operational once the lockdown norms were eased for the industry ensuring social distancing norms and safety of the employees attending office. Some of the SPARC employees contracted COVID-19, however, SPARC provided the best possible support to ensure adequate treatment and quick recovery of all affected employees.

SPARC also worked on upgrading the IT infrastructure to ensure that business continuity was maintained for the employees in support functions working from home.

SPARC acknowledges the commitment of its employees and their efforts to ensure operations were minimally affected and productivity was not compromised due to COVID-19.

Progress on Key Programs

1. Elepsia™ XR

SPARC out-licensed the US commercialization rights of Elepsia™ XR 1000mg and 1500mg to Tripoint Therapeutics. Under the terms of the agreement, SPARC will be eligible to receive tiered royalties ranging from 15% to 50% of net sales. Tripoint will be responsible for all US regulatory submissions and payment of annual PDUFA fees for Elepsia™ XR 1000 mg and Elepsia™ XR 1500 mg.

The delivery of initial commercial supplies was completed and Tripoint Therapeutics is in the process of commercialization of Elepsia™ XR.

2. Taclantis™

SPARC had engaged with the USFDA under the Formal Dispute Resolution (FDR) process to put forth its concerns pertaining to the Complete Response Letter (CRL) received for Taclantis™.

USFDA acknowledged the data generated by SPARC from the BE study; however, it maintained that SPARC should conduct a Phase 3 study in metastatic breast cancer patients in order to obtain regulatory approval for Taclantis™.

A Phase 3 study would be time and cost intensive and makes the program commercially unviable for the US market. Hence, SPARC has deprioritized Taclantis™ for the US market.

3. SDN-037 for the treatment of pain and inflammation post ocular surgery

SDN-037 is a novel, twice-daily formulation of difluprednate for the treatment of inflammation and pain associated with

ocular surgery. The Phase 3 study of SDN-037 met its pre-specified primary and secondary objectives, demonstrating that SDN-037 is superior to its vehicle.

The primary efficacy measure was the proportion of subjects with an Anterior Chamber Cell (ACC) grade of zero (0) on Day 15 (zero inflammation). A statistically significant proportion of patients treated with SDN-037 achieved an ACC grade of 0 versus vehicle with a p-value <0.0001 in the Intent-To-Treat population. A key secondary endpoint was the proportion of subjects with a Visual Analog Scale (VAS) pain score of zero (0) at Day 15, and this was also statistically significant in patients treated with SDN-037 compared to vehicle.

SDN-037 was generally well-tolerated in this study with adverse events consistent with the known safety profile of difluprednate.

4. PDP-716 for the treatment of glaucoma

PDP-716 is a novel once-daily formulation of brimonidine developed using SPARC's proprietary TearAct™ technology for the treatment of glaucoma.

The topline results from the Phase 3 study of PDP-716 were positive. The primary endpoint of the trial was to evaluate the efficacy of once-daily dosing of PDP-716 0.35% compared with Alphagan® P 0.1% dosed 3 times-a-day in the subjects with open-angle glaucoma or ocular hypertension. Equivalence in intraocular pressure was demonstrated across all 9 required timepoints, showing that the 2 formulations of brimonidine are functionally equivalent.

5. Phenobarbital sodium for the treatment of neonatal seizures

Phenobarbital injection is the current standard of care for treatment of neonatal seizure. Currently marketed product is not approved by US FDA which means it is not reviewed by US FDA for safety, effectiveness or quality. Additionally, the marketed formulation contains benzyl alcohol as a preservative. Benzyl alcohol has been associated with "Gasping Syndrome" in neonates.

SPARC has developed benzyl alcohol free formulation of phenobarbital for treatment of neonatal seizure and has received Orphan Drug Designation by US FDA for treatment of neonatal seizure.

SPARC is in process of filing NDA for phenobarbital formulation and expects to file the NDA by Q3 FY21.

6. Vodobatinib for the treatment of CML (SCO-088)

SCO-088 is a novel BCR ABL inhibitor for treatment resistant CML. The Phase 1 study results were presented at the ASH 2020 meeting as an oral presentation.

The pivotal registration study is recruiting patients who have failed 3 lines of treatment one of which includes ponatinib. Due to the ongoing pandemic, patient recruitment in the study was severely impacted as the majority of ponatinib using countries were under lockdown.

SPARC has taken steps to increase the patient recruitment on the study and expects to complete the study by FY24.

7. Vodobatinib for the treatment of neurodegenerative diseases (SCC-138)

SPARC is evaluating vodobatinib in multiple neurodegenerative diseases.

The Phase 2 study in Parkinson's disease (PROSEK) is enrolling patients and 30% of the patients are randomized on the study. The impact of COVID-19 was seen in the recruitment rate of patients on this study as well, and measures were taken by SPARC helped to gain momentum in recruitment after the lockdowns were eased in multiple countries.

SPARC expects to complete the enrolment under PROSEK study by end of FY22 and data read out by early FY24.

SPARC is also recruiting patients of Lewy Body Dementia under an investigator led Phase 2 study at Georgetown University, Washington.

8. SCD-044 for the treatment of autoimmune disorders

SCD-044 is a novel S1PR1 agonist being developed for autoimmune disorders.

SPARC out-licensed the global rights of SCD-044 to SPIL, and as part of the agreement SPIL will pursue further development of SCD-044. SPIL has initiated Phase 2 studies of SCD-044 for the treatment of psoriasis and atopic dermatitis.

9. SCO-120 for the treatment of HR+, HER2- metastatic breast cancer

SCO-120 is a novel Selective Estrogen Receptor Degradar (SERD) for the treatment of Hormone Receptor positive (HR+), Human Epidermal Receptor 2 negative (HER2-) metastatic breast cancer.

SPARC initiated a multipart Phase 1 study for SCO-120. During the year, SPARC completed the Single Ascending Dose (SAD) portion in healthy volunteers to assess the pharmacokinetics & safety of SCO-120. Currently, the study is enrolling healthy volunteers in the Multiple Ascending Dose (MAD) portion of the study.

Key Financial Ratios

Sr. No.	Particulars	Unit	FY 2020-21	FY 2019-20	Reason
1	Debtors Turnover Ratio	Time	15.05	5.86	Due to higher 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	0.26	0.29	Due to increase in creditors
5	Debt Equity Ratio	Time	(1.35)	(3.65)	Due to reduction in borrowing
6	Operating Profit Margin	%	(55.54)	(403.22)	Due to higher revenues
7	Net Profit Margin	%	(59.75)	(406.70)	Due to higher revenues
8	Return on Net Worth	%	N.A.	N.A.	Due to negative net worth

Outlook

SPARC's operating model has been built over the last several years as a self-reliant translation engine, with multiple mid-stage clinical assets in Oncology, CNS and Immunology. The translational research platform with a 'low cost of failure' has the potential to be a significant competitive advantage, when plugged into productive academic collaborations to access early science and together generate robust proof-of-concept.

The validation of the operating model comes from its approvals in 505(b)(2) opportunities, including the recent successes in ophthalmology assets and progress of its clinical stage NCE programs. The deliberate shift towards NCEs and NBEs is helping to create opportunities with higher value potential for SPARC. Our transition continues towards the novel treatment modalities and would require aggressive capabilities development in newer areas of focus.

SPARC's current portfolio value is largely driven by the clinical assets and we remain focused on achieving important milestones set up for the clinical portfolio in the next 18-24 months. At the same time, multiple pre-clinical programs involving exciting science offer an opportunity to add promising clinical assets to our portfolio in the medium term.

While successful achievement of near term goals will set up SPARC nicely with multiple strategic options, we carry significant risks of program failures and capability gaps which can constrain our ability to realize our promise.

Human Resource Strategy

The success of any organization depends upon the quality of employees working with the organization. At SPARC, we have a young team of promising and talented employees, who work relentlessly to pursue SPARC's business plans.

Our Human Resource (HR) strategy is aligned towards attracting, developing & retaining good talent through providing a conducive work environment, where employees are encouraged to pursue their passion for innovation & excellence.

Research is the core to everything we do at SPARC and HR is no different to other functions. HR department continuously benchmarks and disputes industry best practices in the areas of Talent Management, Learning & Development, Performance Management System and Employee Care, with the aim to keep its workforce motivated, knowledgeable and progressive - thus aligning employees with business goals. To enhance its R&D capabilities, the Company regularly collaborates with some of the top Indian universities and imparts skill development training to its people.

As on 31st March 2021, the Company had a dedicated team of 410 employees, of which 80% are scientists.

Risks and Concerns

Our R&D efforts explore uncharted paths but, we remain focused on engaging in programs that abide by our risk tolerance levels. However, risks and uncertainties related to product development, regulatory approval, market acceptance, the scope of patents and

proprietary rights, market competition, and technological changes may affect our business. Similarly, fluctuations in foreign exchange rates may affect revenue, earnings and cash flows. We, therefore, strive to identify major risks and implement mitigation strategies to reduce the impact of the same on our operations.

Internal Control Systems and their Adequacy

Your Company maintains adequate internal control systems commensurate with the size, nature and complexity of its business operations. These controls are regularly tested for their adequacy and effectiveness by internal as well as external auditors of the Company. Further, the Audit Committee reviews the audit reports for each quarter and monitors the implementation of auditors' recommendations.

Disclaimer

Certain statements in the annual report, related to the future prospects of the Company may be forward looking statements which involve a number of underlying identified / non identified risks and uncertainties that may materially alter actual results. Along with foregoing changes in the macro-environment, a 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 assumptions hereby made are based on available internal and external information and certain facts and figures stated in the report. The factors underlying such assumptions may change over time along with the estimates on which they are based. The forward-looking statements represent the Company's intentions, beliefs or expectations and it speaks of assumptions made on the date when the facts were made available. The Company assumes no obligation to revise or update forward-looking statements on account of new information, future events, or otherwise.

BOARD'S REPORT

Your Directors take pleasure in presenting the Sixteenth Annual Report and Audited Financial Statements for the financial year ended March 31, 2021.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Total Income	25,836.96	8,657.72
Profit/(Loss) before Finance Cost, Depreciation & Tax	(12,956.52)	(30,024.80)
Finance Cost	1,065.03	267.49
Depreciation	1,092.33	948.05
Profit/ (Loss) before Tax	(15,113.88)	(31,240.34)
Tax Expense	-	-
Profit/ (Loss) after Tax	(15,113.88)	(31,240.34)
Other Comprehensive Income	152.55	(247.06)
Total Comprehensive Income	(14,961.33)	(31,487.40)
Balance brought forward from Previous Year	(101,927.15)	(70,439.75)
Balance carried to Balance Sheet	(116,888.48)	(101,927.15)

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 Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing 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>.

ANNUAL RETURN

The Annual Return as required under sub-section (3) of Section 92 of the Companies Act, 2013 ('the Act') in form MGT-7 is made available on the website of the Company and can be accessed through the web link <https://www.sparc.life/announcements-disclosures>

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 Private Limited.

PREFERENTIAL ISSUE

The Board of Directors at its meeting held on May 12, 2021 has approved preferential issue of upto 6,74,70,203 warrants each convertible into, or exchangeable for, one equity share within the period of 18 months at a price of ₹ 178/- each ("Warrants") aggregating upto ₹ 12,00,96,96,134/- to Mr. Dilip Shantilal Shanghvi, Promoter of the Company and to certain other non-promoter group applicants in accordance with the provisions of Section 42 and Section 62(1)(c) of the Act read with Companies (Prospectus and Allotment of Securities) Rules, 2014, Chapter V of Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, Listing Regulations and such other acts / rules / regulations as may be applicable and subject to necessary approval of the members of the Company and other regulatory authorities, as may be applicable. The details are as under:

Issue size	Preferential Issue of upto 6,74,70,203 warrants at an Issue price of ₹ 178 each aggregating to ₹ 12,00,96,96,134/-
Conversion	Each warrant convertible into one fully paid up equity share of Re.1 each
Payment terms	25% (₹ 44.50 per warrant) to be called upfront; and balance 75% (₹ 133.50 per warrant) on exercising the conversion option within 18 months from the date of allotment.

An Extra Ordinary General Meeting of the members of the Company is scheduled to be held on June 08, 2021 through video conferencing and / or other audio visual means for seeking member's consent for the said preferential issue.

SHARE CAPITAL

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 Listing 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 March 31, 2021, 1,584 shares belonging to 13 shareholders were lying unclaimed in the aforesaid account.

In compliance with the requirements of the Listing 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 AND KEY MANAGERIAL PERSONNEL

Mr. Sudhir V. Valia (DIN: 00005561), retires by rotation at the ensuing 16th Annual General Meeting of the Company and being eligible offers himself for re-appointment. The Board of Directors recommend his re-appointment for the approval of the members at the ensuing 16th Annual General Meeting of the Company.

On the recommendation of the Nomination and Remuneration Committee, the Board of Directors of the Company at its meeting held on June 01, 2020, had appointed Dr. Robert J Spiegel (DIN: 08739625) as an Additional Director of the Company under section 161 of the Companies Act, 2013 to hold office up to the

15th Annual General Meeting of the Company. The members at the 15th Annual General Meeting held on September 30, 2020 had approved his appointment as an Independent Director of the Company for a term of 5 years with effect from the date of his appointment as an Additional Director i.e. June 01, 2020.

During the year under review, the members at the 15th Annual General Meeting had re-appointed the Independent Directors namely, Ms. Bhavna Doshi (DIN: 00400508) and Mr. Ferzaan Engineer (DIN: 00025758), for a second term of 5 years to hold their respective offices upto the conclusion of 20th Annual General Meeting of the Company.

The Board of Directors at its meeting held on May 17, 2021 has considered the letter dated May 10, 2021 from Mr. Debashis Dey expressing his desire to resign from his position of Company Secretary and Compliance Officer of the Company. The Board, on the recommendation of the Nomination and Remuneration Committee, has accepted his resignation with effect from end of working hours of June 25, 2021.

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 Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the Listing Regulations.

In the opinion of the Board, the Independent Directors of the Company fulfil the conditions specified under the Act and Listing Regulations and are independent of the management.

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

The Board, on the recommendation of the Nomination and 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.

The complete Policy as approved by the Board is available on the website of the Company and can be accessed through the web link <https://www.sparc.life/policies-and-codes>.

FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

In compliance with the requirements of Regulation 25(7) of the Listing Regulations, the Company has put in place a Familiarisation Programme for the Independent Directors to familiarise them with the Company, nature of the industry in which the Company operates, business model, their roles, rights, responsibilities in the Company, etc. The details of the Familiarisation Programme conducted during the year are available on the website of the Company and may be accessed through the web link <https://www.sparc.life/policies-and-codes>.

MEETINGS OF THE BOARD

The Board of Directors of the Company met five times during the year on June 01, 2020, June 02, 2020, August 04, 2020, November 09, 2020 and February 08, 2021. 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 Act and Listing Regulations read with the circulars issued by the Ministry of Corporate Affairs and Securities and Exchange Board of India ('SEBI') from time to time, in view of COVID-19 situation.

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

In view of SEBI notification no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated January 05, 2017 on 'Guidance Note on Board Evaluation', on the recommendation of the Nomination and Remuneration Committee, the Board of Directors has adopted set of criteria, aligned with the recommendations of SEBI, for evaluation of performance of the board, its committees and individual directors.

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 Listing 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 and 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.

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 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.

The Board also assessed the fulfillment of the independence criteria as specified in Listing Regulations, by the Independent Directors of the Company and their independence from the management.

HUMAN RESOURCES

As on March 31, 2021, our Company had a dedicated team of 410 people, of which around 80% are highly qualified and experienced scientists. During the 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 upgradation, the Company has 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 the Team SPARC.

Information as per Section 197 (12) of the Act, read with rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014 is annexed as Annexure 1 to this Report. Further, pursuant to section 136 (1) of the Act, the Annual Report and the accounts are being sent to the members excluding the information under rule 5(2) & 5(3) of the aforesaid Rules. In terms of section 136 of the Act, the said information 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 of the Company either at the Registered/ Corporate Office address or by email to secretarial@sparcmail.com

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.

During the financial year ended March 31, 2021, no complaint pertaining to sexual harassment was received by the Company. There are no complaints pending as at the end of the financial year.

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

AUDITORS

Statutory Auditors

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, to hold office upto the conclusion of the 17th Annual General Meeting of the Company.

The Auditor's Report for the financial year ended March 31, 2021, issued by the Statutory Auditors, does not contain any qualification, reservation, adverse remark or disclaimer.

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 2020-21.

The Secretarial Audit Report is annexed as Annexure 2.

The Secretarial Audit Report for the year ended March 31, 2021 does not contain any qualification, reservation, adverse remark or disclaimer.

The Boards of Directors, at its meeting held on May 17, 2021, has re-appointed KJB & Co. LLP, Practicing Company Secretaries as Secretarial Auditors of the Company for the financial year 2021-22.

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 in 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'.

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 provided as Annexure 3.

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>.

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 and 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 Listing Regulations as amended from time to time, the Board of Directors of the Company, at its meeting held on February 04, 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 Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility Committee. The details of membership of the Committee and the meetings of the Committee held during the year are given in the Corporate Governance Report which forms a part of this 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 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 on CSR activities during the previous financial year. However, in compliance with the requirements of Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on 'CSR Activities' as per prescribed format, is annexed as Annexure 4.

PUBLIC DEPOSITS

The Company has not accepted any Public Deposit during the year, under the provisions of the Act 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 Listing 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 Listing 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 March 31, 2021 describing the initiatives taken by them from an environmental, social and governance perspective, in the format as specified by the Board, as required under Clause 34 (2) (f) of the Listing Regulations, forms part of this Report and is also available on the website of the Company and may be accessed through the web link <https://www.sparc.life/announcements-disclosures> 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 as stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed as Annexure 5.

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 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 Act, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the financial year ended March 31, 2021, 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 March 31, 2021 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 and Managing Director
(DIN: 00005588)

Place: Mumbai

Date: May 17, 2021

Annexure 1

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 2020-21:

Name of Director	Ratio of remuneration of each Director/ to median remuneration of employees
Mr. Dilip S. Shanghvi	N.A.
Mr. Sudhir V. Valia	0.49
Dr. T. Rajamannar	0.22
Ms. Bhavna Doshi	0.53
Dr. Ferzaan Engineer	0.51
Dr. Robert Spiegel*	0.49

[#] includes only sitting fees

* Appointed during the year effective from June 01, 2020

- (ii) Percentage increase in remuneration of each Director and Key Managerial Personnel, if any, in the financial year 2020-21:

Name & Designation of Director & KMP	% increase in Remuneration in the Financial Year 2020-21
Mr. Dilip Shanghvi (Chairman & Managing Director)	N.A.
Mr. Sudhir V. Valia (Director)	53.85%
Dr. T Rajamannar (Director)	0.00%
Ms. Bhavna Doshi (Independent Director)	10.00%
Dr. Ferzaan Engineer (Independent Director)	10.53%
Mr. Robert Spiegel (Independent Director)	N.A.
Mr. Chetan Rajpara (Chief Financial Officer)	6.00%
Mr. Debashis Dey [@] (Company Secretary)	6.30%

Note: Remuneration includes only sitting fees for directors.

[@] Resigned vide his letter dated May 10, 2021. Resignation be effective from the end of working hours of June 25, 2021.

- (iii) Percentage increase in the median remuneration of employees in the financial year (Median 2020-21/Median 2019-20)

8.27%

- (iv) Number of permanent employees on the rolls of the Company as on March 31, 2021:

410

- (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: 6.94%

Average percentage increase in salary of managerial personnel: 6.15%

- (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.

For and on behalf of the Board of Directors

Dilip S. Shanghvi

Chairman and Managing Director
(DIN: 00005588)

Place: Mumbai

Date: May 17, 2021

Annexure 2

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2021.

[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 2021, 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 2021, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent 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 to the extent applicable.

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director.
2. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings and Meetings of Committees except in 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 various state government on the travel, movement and transportation considering public health and safety measures due to Covid-19 pandemic, 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 Secretary

Firm Unique Identification No. – L2020MH006600

Peer Review Certificate No. – 934/2020

Alpeshkumar Panchal

Partner

ACS No.: 49008

C P No.: 20120

UDIN: A049008C000337516

Date: May 17, 2021

Place: Vadodara

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 Secretary
Firm Unique Identification No. – L2020MH006600
Peer Review Certificate No. – 934/2020

Alpeshkumar Panchal
Partner
ACS No.: 49008
C P No.: 20120
UDIN: A049008C000337516

Date: May 17, 2021
Place: Vadodara

Annexure 3

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

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, as on March 31, 2021, if any:
Sun Pharmaceutical Industries Limited [Majority stake owned and controlled by the Promoter and Promoter Group of Sun Pharma Advanced Research Company Ltd. ('SPARC')]	Sale of services (License fees/ royalty on technology/ R & D services), property, plant and equipment, Purchase of goods, property, plant and equipment, rent expense (pertains to payment of lease liability), Receiving of research and development services, and Reimbursement of expenses received and expenses paid.	On-going	The related party transactions entered during the financial year 2020-21 were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2020-21 was ₹ 21,668.88 lakhs.	Since these transactions were in ordinary course of business and were on arm's length basis, approval of the Board was not applicable.	Nil
Sun Pharma Laboratories Limited (Wholly owned subsidiary of Sun Pharmaceutical Industries Ltd. whose majority stake is owned and controlled by the Promoter and Promoter Group of SPARC).	Sale of services (license fees/ royalty on technology/ R & D services), and purchase of goods	On-going	The related party transactions entered during the financial year 2020-21 were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2020-21 was ₹ 4,786.28 lakhs.	Since these transactions were in ordinary course of business and were on arm's length basis, approval of the Board was not applicable.	Nil
Shanghvi Finance Private Limited (Owned and controlled by the Promoter and Promoter Group of SPARC).	Loan taken and repaid, interest expense, and corporate guarantee availed.	On-going	The related party transactions entered during the financial year 2020-21 were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2020-21 was ₹ 69,691.10 lakhs.	Since these transactions were in ordinary course of business and were on arm's length basis, approval of the Board was not applicable.	Nil

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, as on March 31, 2021, if any:
Sun Pharmaceutical Industries Inc. (Wholly owned subsidiary of Sun Pharmaceutical Industries Ltd. whose majority stake is owned and controlled by the Promoter and Promoter Group of SPARC).	Sale of services (R & D services), reimbursement/ receiving of research and development services and purchase of goods	On-going	The related party transactions entered during the financial year 2020-21 were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2020-21 was ₹ 2,917.28 lakhs.	Since these transactions were in ordinary course of business and were on arm's length basis, approval of the Board was not applicable.	Nil

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 17, 2021

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

Annexure 4

Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year ended March 31, 2021

1. Brief outline on CSR Policy of the Company

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 as needed on a case-to-case basis.

2. Composition of CSR Committee

Sl. No.	Name of Director	Designation in the CSR Committee	Nature of Directorship	Number of meetings of CSR Committee held during the year	Number of meetings of CSR Committee attended during the year
1.	Mr. Sudhir V. Valia	Chairman	Non-executive Non-Independent Director	1	1
2.	Mr. Dilip S Shanghvi	Member	Chairman and Managing Director	1	1
3.	Ms. Bhavna Doshi	Member	Independent Director	1	1

3. Web-link where Composition of CSR committee, CSR Policy and CSR projects approved by the board are disclosed on the website of the company.

Details	Web-Links
Composition of CSR committee	https://www.sparc.life/committees-of-board-of-directors
CSR Policy	https://www.sparc.life/policies-and-codes
CSR projects	Not Applicable

4. Details of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8 of the Companies (Corporate Social Responsibility Policy) Rules, 2014, if applicable.

Not Applicable

5. Details of the amount available for set off in pursuance of sub-rule (3) of rule 7 of the Companies (Corporate Social Responsibility Policy) Rules, 2014 and amount required for set off for the financial year, if any

Not Applicable

6. Average net profit of the Company as per section 135(5). –

The average net profit of the Company for the last three financial years was negative, due to loss incurred in the preceding three financial years.

7.

(a) Two percent of average net profit of the company as per section 135(5).	Not Applicable
(b) Surplus arising out of the CSR projects or programmes or activities of the previous financial years	
(c) Amount required to be set off for the financial year, if any.	
(d) Total CSR obligation for the financial year (7a+7b-7c).	

8. (a) CSR amount spent or unspent for the financial year

Total Amount Spent for the Financial Year.	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount.	Date of transfer	Name of the Fund	Amount.	Date of transfer

Not Applicable

(b) Details of CSR amount spent against ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act.	Local area (Yes/No).	Location of the project.		Project duration.	Amount allocated for the project (in ₹).	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per Section 135(6)	Mode of Implementation - Direct (Yes/No).	Name	CSR Registration number.
				State.	District.							

Not Applicable

(c) Details of CSR amount spent against other than ongoing projects for the financial year:

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/No)	Location of the project		Amount spent for the project (in ₹)	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number

Not Applicable

(d) Amount spent in Administrative Overheads - Not Applicable

(e) Amount spent on Impact Assessment, if applicable - Not Applicable

(f) Total amount spent for the Financial Year (8b+8c+8d+8e) - Not Applicable

(g) Excess amount for set off, if any

Sl. No.	Particulars	Amount
(i)	Two percent of average net profit of the company as per section 135(5)	Not Applicable
(ii)	Total amount spent for the Financial Year	
(iii)	Excess amount spent for the financial year [(ii)-(i)]	
(iv)	Surplus arising out of the CSR projects or programmes or activities of the previous financial years, if any	
(v)	Amount available for set off in succeeding financial years [(iii)-(iv)]	

9. (a) Details of Unspent CSR amount for the preceding three financial years:

Sl. No.	Preceding Financial Year.	Amount transferred to Unspent CSR Account under section 135 (6) (in ₹)	Amount spent in the reporting Financial Year (In ₹)	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years. (in ₹)
				Name of the Fund	Amount (in ₹).	Date of transfer	

Not Applicable

(b) Details of CSR amount spent in the financial year for ongoing projects of the preceding financial year(s):

(1)	(2)	(3)	(4)	(5)	(6)	(7)		(8)
Sl. No.	Project ID.	Name of the Project.	Financial Year in which the project was commenced.	Project duration.	Total amount allocated for the project (in ₹).	Amount spent on the project in the reporting Financial Year (in ₹).	Cumulative amount spent at the end of reporting Financial Year. (in ₹)	Status of the project - Completed /Ongoing.

Not Applicable

10. In case of creation or acquisition of capital asset, furnish the details relating to the asset so created or acquired through CSR spent in the financial year (asset-wise details).

(a) Date of creation or acquisition of the capital asset(s).	
(b) Amount of CSR spent for creation or acquisition of capital asset	
(c) Details of the entity or public authority or beneficiary under whose name such capital asset is registered, their address etc.	Not Applicable
(d) Provide details of the capital asset(s) created or acquired (including complete address and location of the capital asset).	

11. Reason(s), if the company has failed to spend two per cent of the average net profit as per section 135(5) –

Not Applicable

Sudhir V. Valia
Chairman - CSR Committee
and Director
(DIN: 00005561)

Dilip S. Shanghvi
Member - CSR Committee
and Chairman and Managing Director
(DIN: 00005588)

Date: May 17, 2021

Annexure 5

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 minimize wastage using the latest technology and equipment.

II) TECHNOLOGY ABSORPTION

Research and Development

1) SPECIFIC AREAS IN WHICH R&D IS CARRIED OUT BY THE COMPANY (SPARC)

SPARC's R&D focus is to develop novel treatments to address unmet medical needs in the areas of Oncology, Neurodegeneration and Immunology.

The Company develops New Chemical Entities, New Biological Entities and reformulated products which can be commercialized in global markets including India.

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

i) New Chemical Entities (NCE)

a) Neurodegeneration

- SCC-138 is being evaluated as a potentially disease modifying agent for treatment of Parkinson's Disease. SPARC initiated multi center, proof-of-concept Phase 2 study in patients with Parkinson's Disease and the patients are being recruited in the centers across US, Europe and India.
- SCC-138 is also being evaluated for the treatment of Lewy Body Dementia for which the study is being conducted as an investigator initiated study.

b) Oncology

- SCO-088 a potent, orally active and highly selective Bcr-Abl Tyrosine Kinase Inhibitor (TKI) being developed for treatment of Chronic Myeloid Leukaemia (CML). Part C of the study was initiated in patients failing 3 lines of treatment including ponatinib.
- SCO-120 is a novel, orally active Selective Estrogen Receptor Degradar (SERD) being evaluated for the treatment of HR positive, HER2 negative metastatic breast cancer patients. Phase 1 study has been initiated to assess the safety of the drug and also to establish the recommended phase 2 dose.

c) Immunology

- SCD-044 is a S1P Receptor 1 agonist which was developed in collaboration with French biotechnology company Bioprojet for autoimmune disorders. SPARC has licensed the worldwide rights of SCD-044 to Sun Pharmaceutical Industries Limited.

ii) Novel Drug Delivery Systems (NDDS)

a) Wrap Matrix™ Technology

Wrap Matrix™ technology is useful to develop controlled release tablets that have high daily dose requirement and drugs that have high solubility. 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. SPARC licensed the commercial rights of Elepsia™ XR for USA to Tripoint Therapeutics.

b) Lipexelle™ technology for ophthalmic formulations

Lipexelle™ technology is a quaternary ammonium preservative/surfactant BAK

(Benzalkonium Chloride)-free solubilizing technology. SPARC has developed Xelpros™, a BAK free latanoprost eye drops developed using proprietary Lipexelle™ technology. Xelpros™ is commercialised by our partner in the USA.

c) TearAct™ Technology

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

SPARC reported positive top line results from the Phase 3 study of PDP – 716. SPARC is preparing for filing NDA for PDP – 716 in the current year.

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

Some of the SPARC programs are first-in-class and couple of programs are in best-in-class category. It is expected that once these programs are successfully commercialised, they would help in improving the patients quality of life.

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)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
a) Capital	714.04	6,400.74
b) Revenue	38,793.48	38,682.52
c) Total	39,507.52	45,082.55
d) Total R&D expenditure as % of Total Turnover	156	587

III) FOREIGN EXCHANGE EARNINGS AND OUTGO

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Earnings	1,200.15	718.65
Outgo	21,413.63	22,767.25

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 17, 2021

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

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 ("Listing Regulations"), the Company submits the Corporate Governance Report for the financial year ended March 31, 2021 on the matters mentioned in the said regulations and lists the practices followed by the Company.

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is guided by strong emphasis on transparency, accountability, responsibility, fairness, integrity, consistent value systems and delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The Company's beliefs on Corporate Governance are intended to support 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 Listing Regulations, the Code of Conduct, inter alia, incorporates the duties of Independent Directors as laid down under the Companies Act, 2013 (the "Act"). 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 and Managing Director is annexed to this Report as Annexure I. 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 March 31, 2021 comprised of six 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	Non- Promoter (however part of Promoter Group) 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	--
Dr. Robert Spiegel	Independent Director	--

- On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on June 01, 2020, has appointed Dr. Robert Spiegel as an Additional Director (Independent) of the Company. The shareholders of the Company at their Fifteenth Annual General Meeting held on September 30, 2020, gave their consent for the appointment of Dr. Spiegel as an Independent Director of the Company to hold office up to May 31, 2025, being five years from the date of his appointment as an Additional Director of the Company.
- The shareholders of the Company at their Fifteenth Annual General Meeting held on September 30, 2020, gave their consent for re-appointment of Ms. Bhavna Doshi, Independent Director and Dr. Ferzaan Engineer, Independent Director for a second term of five years to hold their respective offices up to the conclusion of the Twentieth Annual General Meeting of the Company.

3.2 Attendance of Directors and other Directorships:

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

Name of Director	Number of Board meetings held during the year	Attendance Particulars for the financial year		No. of other directorships and committee memberships / chairmanships as of March 31, 2021 ¹			Directorship in other listed companies as of March 31, 2021
		Board Meetings	15th AGM Held on September 30, 2020	Other Directorships	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	5	Yes	4	3	1	Sun Pharmaceutical Industries Limited – Non-Executive Director
Dr. T. Rajamannar	5	5	Yes	-	-	-	-
Ms. Bhavna Doshi	5	5	Yes	8	7	4	Torrent Power Limited – Independent Director
							Everest Industries Limited – Independent Director
							IndusInd Bank Limited – Independent Director
Dr. Ferzaan Engineer	5	5	Yes	-	-	-	-
Mr. Robert Spiegel ³	5	5	Yes	-	-	-	-

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

² For Audit and Stakeholders' Relationship Committee only.

³ Appointed as Director with effect from June 01, 2020.

3.3 Number of Board Meetings held:

Five Board meetings were held during the financial year ended March 31, 2021 on following dates:

- (i) June 01, 2020 (ii) June 02, 2020 (iii) August 04, 2020 (iv) November 09, 2020 and (v) February 08, 2021.

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 Listing 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 March 31, 2021

Name of Director	No. of shares held (singly or jointly as first holder)
Mr. Sudhir V. Valia	18,33,951
Dr. T. Rajamannar	35,657
Ms. Bhavna Doshi	Nil
Dr. Ferzaan Engineer	Nil
Dr. Robert Spiegel	Nil

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 inter-alia stipulates various terms and conditions of their appointment/ re-appointment.

In compliance with regulation 25(7) of the Listing Regulations the details of familiarization sessions for the independent directors, held during the financial year ended March 31, 2021 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 Listing Regulations, the Board, on the recommendation of the Nomination and Remuneration Committee, has identified the core skills/expertise/competencies required in the context of Company's 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	Robert Spiegel
1	Knowledge and Experience	Board members possessing specialist knowledge and experience 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	√	√				√
2	Skills	Board members possessing following skills required for effective execution of Board's responsibilities						
		Strategic Thinking/ Planning Skills	√	√	√	√	√	√
		Critical Thinking/ Problem Solving Skills	√	√	√	√	√	√
		Analytical Skills	√	√	√	√	√	√

Sr. No.	Category	Particulars	Dilip S. Shanghvi	Sudhir V. Valia	T. Rajamannar	Bhavna Doshi	Ferzaan Engineer	Robert Spiegel
		Decision Making Skills	√	√	√	√	√	√
		Leadership Skills	√	√	√	√	√	√
3	Behavioral traits	Board members 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 its opinion, the independent directors fulfill the conditions specified in the Listing Regulations as amended from time to time and they are independent from the management.

4. Audit Committee

As on March 31, 2021, the Audit Committee of the Company comprised of three Independent Directors viz. Ms. Bhavna Doshi, Dr. Ferzaan Engineer, Dr. Robert Spiegel and one Non-executive Director viz. Mr. Sudhir V. Valia. Dr. Robert Spiegel become a member of the Committee with effect from June 01, 2020.

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, external & 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 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.
- 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;
- To review the utilization of loans and advances from the holding company or to subsidiary;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To approve or any subsequent modification of transactions of the Company with Related Parties;
- To scrutinize inter-corporate loans and investments;
- To review 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 Mechanism/Vigil Mechanism;
- q. To approve 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.

In addition, the Committee has discharged such other role/ functions as are envisaged under Regulation 18 of the Listing Regulations and the provisions of Section 177 of the Act.

Five Audit Committee Meetings were held during the financial year ended March 31, 2021 on the following dates:

- (i) May 22, 2020 (ii) June 02, 2020 (iii) August 04, 2020 (iv) November 09, 2020 and (v) February 08, 2021.

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

Name of Director	Chairperson/ Member	No. of meetings entitled to attend	No. of meetings attended
Ms. Bhavna Doshi	Chairperson	5	5
Dr. Ferzaan Engineer	Member	5	5
Mr. Sudhir Valia	Member	5	5
Dr. Robert Spiegel	Member	4	4

5. Nomination and Remuneration Committee

As on March 31, 2021, the Nomination and Remuneration Committee comprised of three independent directors viz. Dr. Ferzaan Engineer, Dr. Robert Spiegel and Ms. Bhavna Doshi. Dr. Robert Spiegel become a member of the Committee with effect from June 01, 2020.

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 and 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'.

Five meetings of the Committee were held during the financial year ended March 31, 2021 on the following dates:

- (i) June 01, 2020 (ii) June 02, 2020 (iii) August 04, 2020 (iv) November 09, 2020 and (v) February 08, 2021.

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

Name of Director	Chairman/Member	No. of meetings entitled to attend	No. of meetings attended
Dr. Ferzaan Engineer	Chairman	5	5
Ms. Bhavna Doshi	Member	5	5
Dr. Robert Spiegel	Member	4	4

5.1 Remuneration of Directors

a. Criterion for performance evaluation of individual directors

Based on the recommendation of the Nomination and 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 of Directors on the recommendation of the Nomination and 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 be commensurate to retain and motivate the human resources of the Company. The compensation package will, inter alia, take into account the experience of the personnel, the knowledge & skill required including complexity of the job, work duration and risks associated with the work and attitude of the worker like positive outlook, team work, loyalty etc.
- ii) **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.
 - o **Fixed compensation:** The fixed salaries of the Company's personnel shall be competitive and based on the individual personnel's responsibilities and performance.

- o **Variable compensation:** The personnel of the Company may be paid remuneration by way of variable salaries based on their performance evaluation. Such variable salaries should be based on the performance of the individual against his short and long term performance objectives and the performance of the Company.
- o **Share based payments:** The Board may, on the recommendation of the Nomination and Remuneration Committee, issue to certain class of personnel a share and share price related incentive program.
- o **Non-monetary benefits:** Senior management personnel of the Company may, on a case to case basis, be awarded customary non-monetary benefits such as discounted salary advance / credit facility, rent free accommodation, company car with or without chauffeur, share and share price related incentive, reimbursement of electricity and telephone bills, etc:
- o **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.
- o **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.

iii) **Entitlement:** The authority to determine the entitlement to various components as aforesaid for each class and designation of personnel shall be as follows:

Designation / Class	To be determined by
Director	Members on recommendation of Nomination and Remuneration Committee and the Board
Key Managerial Personnel	Board on recommendation of the Nomination and 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 and 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 or of Committee thereof.

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

The details of the remuneration paid/payable to the directors for the financial year 2020-21 are given below:

Directors	(₹ in Lakhs)				
	Salary	Bonus	Perquisites/Benefits	Sitting Fees	Total
Mr. Dilip S. Shanghvi	-	-	-	-	-
Mr. Sudhir V. Valia	-	-	-	6.00	6.00
Dr. T. Rajamannar	-	-	-	2.70	2.70
Ms. Bhavna Doshi	-	-	-	6.60	6.60
Dr. Ferzaan Engineer	-	-	-	6.30	6.30
Dr. Robert Spiegel	-	-	-	6.00	6.00

Notes: -

- a) The Company presently does not have a scheme for grant of stock options either to the directors or to the employees of the Company.
- b) There is no separate provision for payment of severance fees to whole-time director(s).

6. Stakeholders' Relationship Committee

As on March 31, 2021, the Stakeholders' Relationship Committee comprised of two non-executive directors viz. Dr. T. Rajamannar, and Mr. Sudhir V. Valia and one independent Director viz. Dr. Ferzaan Engineer.

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:

- a. To oversee and review all matters connected with resolving the grievances of the security holders of the Company.
- b. To approve transfer, transmission and issue of share certificates.
- c. To approve issue of duplicate share certificates
- d. 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.
- e. To review of measures taken for effective exercise of voting rights by shareholders.
- f. To review 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.
- g. To seek information from the Registrar and Share Transfer Agent

Four meetings of the Committee were held during the financial year ended March 31, 2021 on following dates:

(i) June 02, 2020 (ii) August 04, 2020 (iii) November 09, 2020 and (iv) February 08, 2021.

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

Name of Director	Chairman/ Member	No. of meetings entitled to attend	No. of meetings attended
Dr. T. Rajamannar	Chairman	4	4
Mr. Sudhir V. Valia	Member	4	4
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 shareholder complaint(s) received and resolved during the year under review, were 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

As on March 31, 2021, the Corporate Social Responsibility Committee of the Company comprise of one executive director viz Mr. Dilip S. Shanghvi, one non-executive director viz. Mr. Sudhir V. Valia, and one independent director viz 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 June 02, 2020 during the financial year 2020-21, which was attended by all the members of the Committee

As recommended by the Committee, the Board of Directors of the Company had at its meeting held on January 30, 2015 approved the CSR Policy of the Company. During the previous financial year, there was no change in the CSR Policy. 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 October 28, 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 March 31, 2021, the Committee comprised of one executive Director, Mr. Dilip S. Shanghvi, one non-executive director, Mr. Sudhir V. Valia and two independent directors, Ms. Bhavna Doshi and Dr. Robert Spiegel. Dr. Spiegel became a member of the Committee with effect from June 01, 2020. 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 March 31, 2021 on following dates: (i) June 02, 2020 (ii) August 04, 2020 (iii) November 09, 2020 and (iv) February 08, 2021.

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

Name of Director	Chairman/ Member	No. of meetings entitled to attend	No. of meetings attended
Mr. Sudhir V. Valia	Chairman	4	4
Mr. Dilip S. Shanghvi	Member	4	4
Ms. Bhavna Doshi	Member	4	4
Dr. Robert Spiegel	Member	4	4

9. Securities Allotment Committee

The Board of Directors of the Company, in its meeting held on May 05, 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. As on March 31, 2021, the Committee comprised 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. Since there was no new allotment of securities, no meeting of the Committee was held during the financial year ended March 31, 2021.

No meeting of the Committee was held during the financial year ended March 31, 2021.

10. Risk Management Committee

In compliance with the requirements of regulation 21 of the Listing Regulations as amended from time to time, the Board of Directors of the Company, at its meeting held on February 04, 2019 constituted a Risk Management Committee. As on March 31, 2021, the Committee comprise of Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia 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:

- a. 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;
- b. To evaluate and prioritize risks;
- c. To review the effectiveness of the risk management systems;
- d. To assess financial/ non-financial internal controls including cyber security;
- e. To ensure that identified risks are being actively managed and mitigated;
- f. To review and deploy risk mitigation tools;
- g. To review the risk profiles submitted by the Head of Functions and identify / assess new risks;
- h. To review adequacy of risk treatment plans;
- i. To review status of treatment plans implemented for prioritized risks;
- j. 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 March 31, 2021 during the financial year 2020-21, 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 General Meeting
2017-18	Thirteenth AGM	Prof. Chandravadan C. Mehta Auditorium - General Education Center, Maharaja Sayajirao University of Baroda, Near D. N. Hall, Pratap Gunj, Vadodara – 390 002, Gujarat, India	July 30, 2018	10:15 A.M.	1) Adoption of revised Articles of Association of the Company
2018-19	Fourteenth AGM	Vasvik Auditorium, Trivia Complex, Race Course Road, Gautam Nagar, Vadiwadi, Vadodara – 390007, Gujarat, India	July 29, 2019	09:45 A.M.	NIL

Year	Meeting	Location	Date	Time	Special Resolution(s) passed at the General Meeting
2019-20	Fifteenth AGM	Held through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) and deemed to be held at the then registered office of the Company at Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara, 390 020, as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated April 8, 2020, General Circular No.17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 05, 2020.	September 30, 2020	04:00 P.M.	<ol style="list-style-type: none"> 1. Appointment of Dr. Robert J. Spiegel (DIN: 08739625) as an Independent Director of the Company for a term of five years. 2. Re-appointment of Ms. Bhavna Doshi (DIN: 00400508) as an Independent Director of the Company for a term of five years. 3. Re-appointment of Dr. Ferzaan Engineer (DIN: 00025758) as an Independent Director of the Company for a term of five years. 4. Approval for shifting of Registered Office of the Company.

An Extra-Ordinary General Meeting of the Company was held during the current financial year i.e. 2021-22, details of which are as follows:

Year	Meeting	Location	Date	Time	Special Resolution(s) passed at the General Meeting
2021-22	Extra – Ordinary General Meeting	Held through Video Conferencing (“VC”)/ Other Audio Visual Means (“OAVM”) and deemed to be held at the registered office of the Company at Plot No. 5&6/1, Savli G.I.D.C. Estate, Savli - Vadodara Highway, Manjusar - 391775, Vadodara, Gujarat, as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020 and General Circular No. 02/2021 dated January 13, 2021.	April 26, 2021	03:00 P.M.	<ol style="list-style-type: none"> 1. Authorised the Board to borrow money not exceeding ₹ 1000 Crores or the aggregate of the paid up capital, free reserves and securities premium of the Company, whichever is higher. 2. Authorised the Board to create charge on the assets of the Company, so that the total amount secured by such charge shall not, at any time exceed the limit of ₹ 1000 Crores or the aggregate of the paid up capital, free reserves and securities premium of the Company, whichever is higher.

(ii) Postal Ballot -

The Company did not pass any resolution by Postal Ballot during financial year 2020-21.

12. Means of Communication

- a. **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 Listing Regulations are published in all English Editions and in Gujarati Edition (Published in Ahmedabad) of Financial Express.
- b. **Website:** The Company's website www.sparc.life contains a dedicated 'Investors' section where shareholders' information is available. The 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.
- c. **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 and the National Stock Exchange of India Ltd. - www.nseindia.com and also on the website of the Company at www.sparc.life.
- d. **Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Board's Report, the Management Discussion and Analysis Report, Auditor's Report, and other important information is sent to the shareholders whose e-mail IDs are registered. However pursuant to SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 and MCA General Circular No. 20/2020 dated May 5, 2020 of Ministry of Corporate Affairs, due to COVID-19, no physical copies of the Annual Report for FY 2019-20 were sent. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and MCA General Circular 2/2021 dated January 13, 2021 in continuation of MCA General Circular No. 20/2020 dated May 5, 2020 no physical copies of the Annual Report for FY 2020-21 will be sent.
- e. **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 are also made available by the Company on its website www.sparc.life.

13. General Shareholder Information**13.1 Annual General Meeting :**

(a) Day, Date and Time	Wednesday, September 29, 2021, at 05:00 P.M.
(b) Mode (Deemed Venue):	Through Video Conferencing / Other Audio Visual Means and shall deemed to be held at the registered office of the Company at Plot No. 5&6/1, Savli G.I.D.C. Estate, Savli - Vadodara Highway, Manjusr - 391775, Vadodara, Gujarat, as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020 and General Circular No. 02/2021 dated January 13, 2021.

13.2 Financial Calendar (tentative)

- Results for quarter ending June 30, 2021 – Last week of July 2021.
- Results for quarter ending September 30, 2021 – Last week of October, 2021/ First week of November 2021.
- Results for quarter ending December 31, 2021 – Last week of January, 2022/ First week of February, 2022
- Results for quarter ending March 31, 2022 – First or second week of May, 2022

13.3 Dividend Payment Date

N.A.

13.4 Details of Book-closure	From Thursday, September 23, 2021 to Wednesday, September 29, 2021 (both days inclusive).
13.5 (a) Listing of Equity Shares	<p>The equity shares of the Company are listed on:</p> <p>(i) BSE Limited Phiroze Jeejeebhoy Towers Dalal street, Mumbai – 400001</p> <p>(ii) National Stock Exchange of India Limited Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051</p>
(b) Payment of Listing Fees:	Listing Fees for the financial year 2021-22 have been paid, within the stipulated time, to the BSE Limited and the National Stock Exchange of India Limited, where the Company's Equity Shares are listed.
13.6 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

13.7 Market Price Data

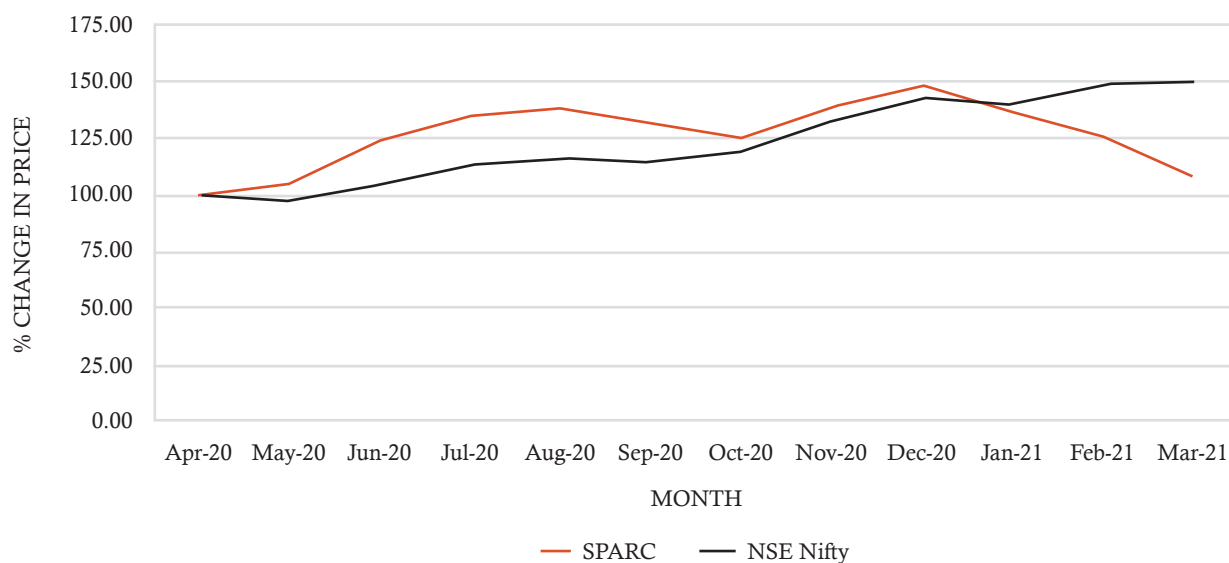
The market price data of the equity shares of the Company on BSE Limited and National Stock Exchange of India Limited for the financial year 2020-21 are as follows:

Month	BSE Ltd. (in ₹)		National Stock Exchange of India Ltd. (in ₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2020	148.00	94.50	147.95	94.45
May 2020	142.00	122.75	142.00	122.10
June 2020	184.40	133.40	184.65	132.60
July 2020	180.85	156.00	180.80	156.15
August 2020	199.95	173.60	200.00	173.40
September 2020	189.05	164.35	189.40	164.05
October 2020	179.40	161.45	179.50	161.20
November 2020	183.50	160.20	183.80	160.20
December 2020	200.80	165.55	201.00	170.00
January 2021	209.80	176.35	209.70	176.00
February 2021	194.75	160.00	194.90	163.00
March 2021	178.00	141.00	178.00	141.00

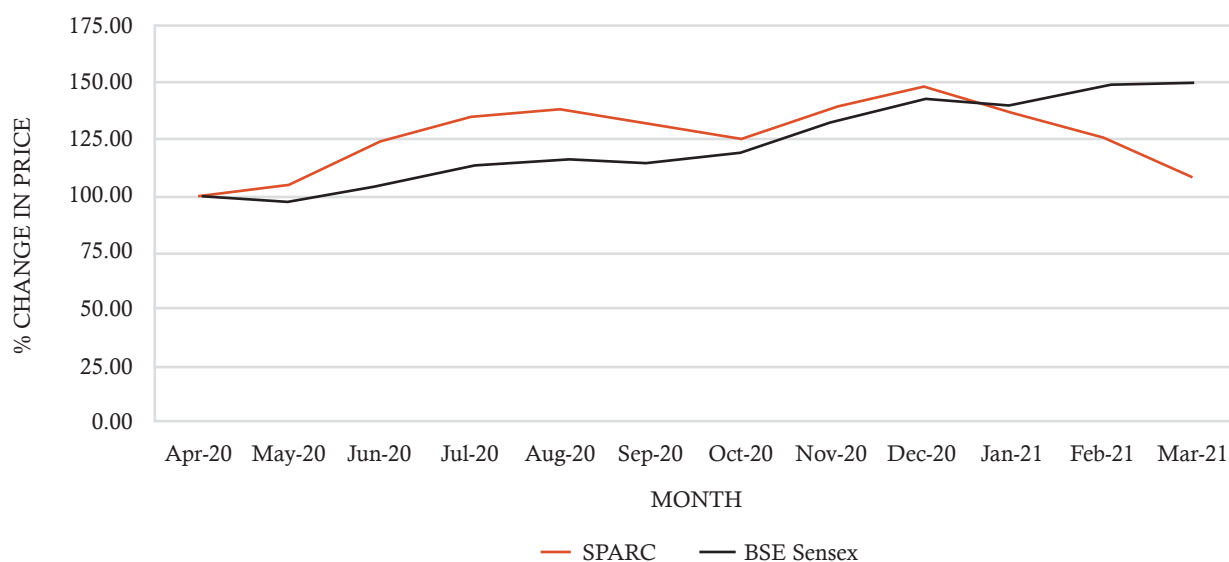
(Source: BSE and NSE website)

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

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



(b) SPARC Share Price Performance in comparison to BSE Sensex



13.9 Registrars & Transfer Agent

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

13.10 Share Transfer System

Effective from April 1, 2019, SEBI has mandated that shares can be transferred only in dematerialized mode. Hence, no transfer of shares in physical form can be lodged by the shareholders.

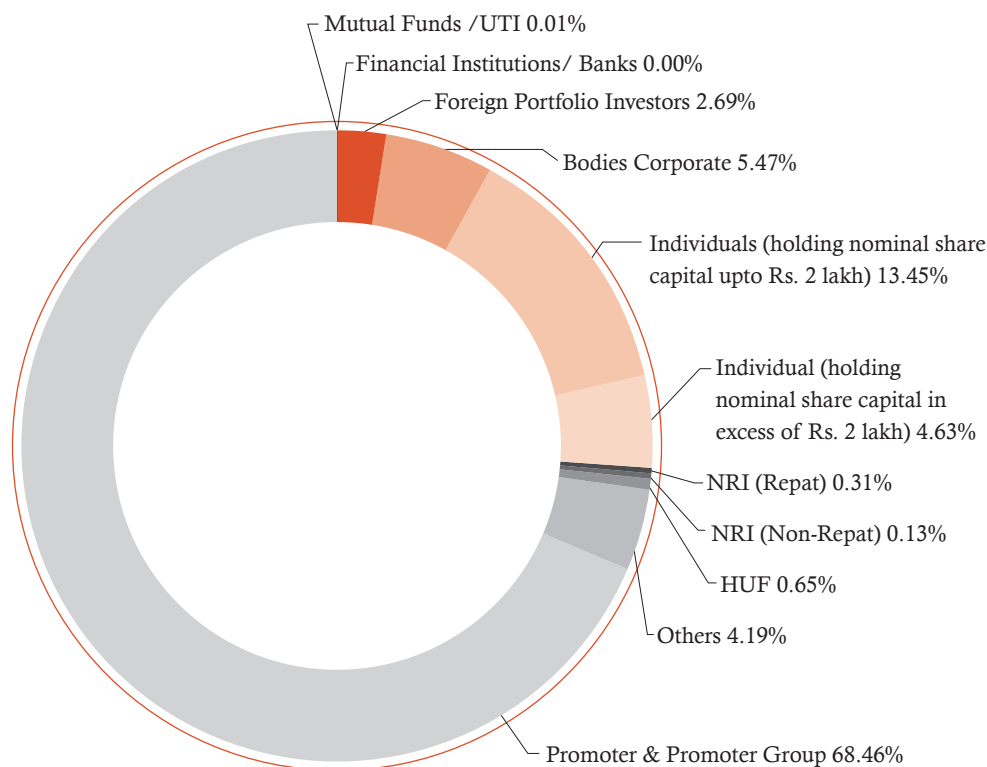
13.11 Distribution of Shareholding as on March 31, 2021

Equity Shares held	No. of Folios	% to total	No. of Shares	% to total
Upto 100	62691	61.49	26,98,308	1.03
101- 250	16765	16.44	29,75,647	1.14
251 - 500	9805	9.62	37,93,766	1.45
501 - 1000	5875	5.76	45,32,981	1.73
1001 - 2000	4096	4.02	58,07,979	2.22
2001 - 3000	972	0.95	24,73,773	0.94
3001 - 4000	396	0.39	14,25,900	0.54
4001 - 5000	303	0.30	14,23,885	0.54
5001 - 10000	513	0.50	36,61,298	1.40
10001 - 20000	241	0.24	33,50,698	1.28
20001 - 30000	84	0.08	20,92,453	0.80
30001 - 40000	36	0.04	12,53,412	0.48
40001 - 50000	23	0.02	10,52,390	0.40
50001 - 100000	48	0.05	34,14,371	1.30
100001 and above	101	0.10	22,20,90,645	84.75
Total	101949	100.00	26,20,47,506	100.00

13.12 Shareholding Pattern of the Company as on March 31, 2021

Particulars	No. of Shares	Percentage
Promoter & Promoter Group	17,94,07,230	68.46%
Mutual Funds /UTI	36,867	0.01%
Financial Institutions/ Banks	705	0.00%
Foreign Portfolio Investors	70,56,980	2.69%
Bodies Corporate	1,43,23,654	5.47%
Individuals (holding nominal share capital upto ₹ 2 lakh)	3,52,32,628	13.45%
Individual (holding nominal share capital in excess of ₹ 2 lakh)	1,21,35,968	4.63%
NRI (Repat)	8,23,845	0.31%
NRI(Non-Repat)	3,43,992	0.13%
HUF	17,16,223	0.65%
Others	1,09,69,414	4.19%
TOTAL	26,20,47,506	100.00%

Shareholding Pattern as on March 31, 2021



13.13 Dematerialization of Shares

Out of the total 26,20,47,506 equity shares, 26,13,05,678 equity shares of the Company representing about 99.72% of the total equity shares of the Company were held in dematerialized mode as on March 31, 2021

Liquidity:

The equity shares of the Company are actively traded on BSE and NSE. Relevant data for the average daily turnover for the financial year 2020-21 is given below:

Particulars	NSE	BSE	NSE + BSE
No. of shares (in Thousands)	1,028.49	99.14	1,127.63
Value of shares (₹ Lakhs)	1,746.40	165.57	1,911.97

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

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

None

13.15 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.

13.16 R&D Centres

1. Plot No. 5 & 6, /1, Savli G.I.D.C. Estate, Savli Vadodara Highway, Manjusar, 391 775, Gujarat.
2. 17/B, Mahal Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai - 400 093, Maharashtra.
3. F.P. 27 Part Survey No. 27, C.S. No. 1050, T.P.S. No.24, Tandalja, Vadodara - 390 012, Gujarat.
4. 907/4, GIDC, Makarpura, Vadodara - 390 010, Gujarat.

13.17 Investor Correspondence

- (a) Registrar and Transfer Agent

Link Intime India Private Limited

Unit: Sun Pharma Advanced Research Company Limited

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

- (b) For query on Annual Report

Mr. Jaydeep Issrani

Sun Pharma Advanced Research Company Limited

17/B, Mahal Industrial Estate,

Off. Mahakali Caves Road,

Andheri (East), Mumbai - 400 093.

E-Mail: jaydeep.issrani@sparcmail.com

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

Secretarial Department

Sun Pharma Advanced Research Company Limited

17/B, Mahal Industrial Estate,

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

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

13.18 List of Credit Ratings

As on March 31, 2021, the Company has not obtained any credit ratings.

14. Disclosures

- No transaction of a material nature has been entered into by the Company with the related parties that may have a potential conflict with the interests of the Company at large. The Register of Contracts containing details of contracts, in which directors are interested, is placed before the Board of Directors regularly. The transactions with the related parties are disclosed in the Financial Statements.
- There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties/ strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority during the last three financial years.
- The Company has laid down procedures to inform Board members about the risk assessment and its minimization, which is periodically reviewed to ensure that risk control is exercised by the management effectively.

- The Board of Directors of the Company 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. An Ombudsperson has been appointed to receive the complaints through 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 Company's attention to unethical, inappropriate or incompetent conduct which has or may have detrimental effects either for the organization or for those affected by its functions. A copy of the Company's Whistle Blower Policy is available on the website of the Company and may be accessed at <https://www.sparc.life/policies-and-codes>. No personnel have been denied access to the Audit Committee.

During the year, two separate meetings of the independent directors were held on February 05, 2021 and March 10, 2021. At a meeting of independent directors the performance of non independent directors and the board as a whole was evaluated.

- Details of compliance with mandatory requirements and adoption / non-adoption of the discretionary requirements:
 - The Company complies with all the mandatory requirements specified under the Listing Regulations.
 - The Chairman of the Company is Executive Director of the Company.
 - 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.
 - The Auditors have issued an unmodified opinion to the financial statements of the Company.
 - The Company does not have separate position for Chairman and Managing Director.
 - Aneja Assurance Private Limited are the Internal Auditors of the Company. The Internal Auditors report their findings to the Audit Committee of the Company.
- The Company does not have any policy on material subsidiaries since it does not have any subsidiary.
- The policy of the Company on dealing with Related Party Transactions is available on the website of the Company and can be accessed through the web link: <https://www.sparc.life/policies-and-codes>.
- The Company being in the business of Research & Development does not face any significant commodity price risk.
- The Board of Directors at its meeting held on May 17, 2021 has considered the letter dated May 10, 2021 from Mr. Debashis Dey expressing his desire to resign from his position of Company Secretary and Compliance Officer of the Company. The Board, on the recommendation of the Nomination and Remuneration Committee, has accepted his resignation with effect from end of working hours of June 25, 2021
- A certificate issued by M/s. Veenit Pal & Associates Practicing Company Secretary, 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 the Board/ Ministry of Corporate Affairs or any such statutory authority has been attached as – Annexure II to this Report.
- During the year, the Board accepted all recommendations made to it by its duly constituted Committees.
- Total fees for all services paid by the Company to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part was ₹ 23.91 lakhs, for the year under review.
- 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 2020-21	Number of complaints disposed of during the financial year 2020-21	Number of complaints pending as at end of the financial year 2020-21
Nil	Nil	Nil

- The Company has complied with all the requirements of Corporate Governance Report as prescribed under Part C of Schedule V of Listing Regulations.
- 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 Listing Regulations.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 17, 2021

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

ANNEXURE - I TO CORPORATE GOVERNANCE

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT FOR THE YEAR ENDED MARCH 31, 2021

I, Dilip S. Shanghvi, Chairman and 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

Place: Mumbai
Date: May 17, 2021

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

ANNEXURE - II

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,
Plot No. 5 & 6, 6/1, Savli G.I.D.C Estate,
Savli - Vadodara Highway,
Manjusar Vadodara-391 775
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 Plot No. 5 & 6, 6/1, Savli G.I.D.C Estate, Savli - Vadodara Highway, Manjusar Vadodara-391 775 (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, 2021 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
6	Robert Jay Spiegel	08739625	01.06.2020

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

Place : Mumbai
Date : May 10, 2021
UDIN : A025565C000267356

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) and (t) 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") ('Applicable criteria') for the year ended March 31, 2021 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 ICAI.
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:
 - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
 - ii. 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;
 - iii. Obtained and read the Register of Directors as on March 31, 2021 and verified that at least one independent woman director was on the Board of Directors throughout the year;
 - iv. Obtained and read the minutes of the following committee meetings / other meetings held April 1, 2020 to March 31, 2021:
 - (a) Board of Directors meetings;
 - (b) Audit Committee meetings;
 - (c) Annual General Meeting (AGM);
 - (d) Nomination and Remuneration Committee meetings;
 - (e) Stakeholders Relationship Committee meetings;
 - (f) Risk Management Committee meeting;

- (g) Corporate Social Responsibility Committee meeting; and
 - (h) Fund Management Committee meetings.
- v. Obtained necessary declarations from the directors of the Company.
 - vi. Obtained and read the policy adopted by the Company for related party transactions.
 - vii. 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.

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, 2021, 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.
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.

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

per Paul Alvares

Partner
Membership Number: 105754
UDIN: 21105754AAAAC09101

Place of Signature: Pune
Date: May 17, 2021

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 (SPARC)
- Registered address:** Plot No. 5&6/1, Savli G.I.D.C. Estate, Savli – Vadodara Highway, Manjusar - 391775, Vadodara, Gujarat, India
- Website:** <https://www.sparc.life>
- E-mail id:** secretarial@sparcmail.com
- Financial Year reported:** April 01, 2020 to March 31, 2021
- 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:**

(a) **Number of International Locations (Provide details of major 5):** 1

(b) **Number of National Locations:** 4

- Markets served by the Company – Local/State/National/International:** NA

SECTION B: FINANCIAL DETAILS OF THE COMPANY

- Paid up Capital (₹ in lakhs):** ₹ 2620.56
- Total Turnover (₹ in lakhs):** ₹ 25,836.96

- Total profit/ (loss) after taxes (₹ in lakhs):** ₹ (15,113.88)
- 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 not required to spend on CSR activities pursuant to the provisions of the Companies Act, 2013 read with rules made thereunder.

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: BUSINESS RESPONSIBILITY (BR) INFORMATION

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

No.	Particulars	Details
1	DIN (if applicable)	03548731
2	Name	Mr. Anil 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 been formulated in consultation with the relevant stakeholders?	Yes. After due consultation with the concerned Management Team, the BR Policy and other related policies have been formulated. Subsequently, the Board of Directors has approved the 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 National Voluntary Guidelines (NVG).								
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Yes. The Board of Directors has approved the policies and they are been signed by the CEO.								
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Board has appointed Mr. Sudhir V. Valia, Director of the Company, to oversee policy implementation.								
6	Indicate the link for the policy to be viewed online?	The link to access the policy shall be made available on receipt of written request from a shareholder.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policy has been communicated to relevant internal and external stakeholders.								
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								
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes, by an internal committee.								

(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 assesses the BR performance of the Company:

The BR performance of the Company is assessed by the Board annually.

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

Yes, BR Report is published annually as part of the annual report. It is available on the Company's website, www.sparc.life at <https://www.sparc.life/announcements-disclosures>.

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 Whistleblower policy clearly mentions the process for reporting violation, breach, non-compliance, 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.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs /Others?

Yes, 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 from a shareholder during the financial year which was satisfactorily resolved.

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

SPARC is guided by the 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 form the heart of Company's code of conduct and it strives to stand by it at all times. The Company believes in adhering to statutory regulations and it helps the Company to retain stakeholders' 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 plays 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 mechanism to review and monitor the business responsibility functions of the Company.

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.
- Ensure safety of confidential information related to the

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 are addressed through its research initiatives. 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 of the drug.

- **Lipixelle Technology™** – This helps to overcome the challenge of solubilising ophthalmic drugs without the use of Benzalkonium Chloride (BAK). Lipixelle Technology™ helps to remove the use of toxic BAK, which is known to cause ocular surface damage, if used over long time.
- **Wrap Matrix™ Technology** – It is a proprietary oral drug delivery technology, the use of technology helps in reducing the pill size as the drug to excipient ratio is high. The reduced pill size makes swallowing of tablets easier for patients.

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:**

410 employees as on March 31, 2021.

2. **Please indicate the Total number of employees hired on temporary/contractual/casual basis:**

Contract basis - 155 (including 3 retainers) as on March 31, 2021.

3. **Please indicate the number of permanent women employees:**

135

4. **Please indicate the number of permanent employees with disabilities:**

0

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.**

Nil

8. **What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?**

(a) Permanent Employees - Behavioral - 77%; Technical - 72%

(b) Permanent Women Employees - Behavioral - 94%; Technical - 89 %

(c) Casual/Temporary/Contractual Employees - Nil

(d) Employees with Disabilities - NA

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. Regulators
7. Shareholders

The Company is consistently committed to maximize the 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 labor, forced labor 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?

Nil

Principle 6: Businesses should respect, protect and make efforts to restore the environment

1. Does the policy related to Principle 6 covers 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?

Yes

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.

Nil

NA

Principle 7: Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.

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

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

NA

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:

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

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

As part of its larger purpose and objective to enrich lives, the Company assumes a responsibility and obligation towards 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:

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

- 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

Yes

Principle 8: Businesses should support inclusive growth and equitable development.

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

By extending the benefits of better healthcare to a larger group, the Company aims to enable inclusive growth of all its beneficiaries. Our CSR policy clearly resonates this endeavor. However, in the last three years, the Company was not required to spend on 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 the society.

Nil

1. Does the Company have specified programs/initiatives/projects in pursuit of the policy related to Principle 8?

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

No

NA

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

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

NA

No

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

NA

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

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

No

INDEPENDENT AUDITOR'S REPORT

To the Members of Sun Pharma Advanced Research Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sun Pharma Advanced Research Company Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2021, 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 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 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, 2021, 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 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 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 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 financial statements for the financial year ended March 31, 2021. These matters were addressed in the context of our audit of the 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 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 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 financial statements.

Key audit matter	How our audit addressed the key audit matter
Revenue recognition (as described in Note 25 of the financial statements) 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. Considering that contractual arrangements with customers involve judgments which may impact the manner and timing of revenue recognition, accordingly it is considered as a key audit matter.	Our audit procedures amongst others included the following: <ul style="list-style-type: none"> • Read the accounting policy for revenue recognition of the Company and assessed compliance 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. • Obtained a sample of contracts and reviewed the terms of the arrangements to determine whether the work performed under the contract qualified for revenue recognition having regard to the performance obligations under the contracts. • Assessed the disclosures in the accompanying financial statements.

Key audit matter	How our audit addressed the key audit matter
<p>Evaluation of direct tax and indirect tax litigations (as described in Note 40 of the financial statements)</p> <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"> • Evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax litigations and the recording and reassessment of the related liabilities and provisions and disclosures. • Obtained list of ongoing tax litigations from management along with their assessment of the cases based on past precedents, judgements and matters in the jurisdiction, legal opinions sought by management, correspondences with tax department etc. • Engaged tax specialists, to evaluate management's assessment of the outcome of these litigations. Our specialists considered legal precedence and other rulings in evaluating management's position on these tax litigations. • Assessed contingent liability disclosure in the accompanying 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 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 financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the 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 financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

Responsibilities of Management for the 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 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 financial statements, including the disclosures, and whether the 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 financial statements for the financial year ended March 31, 2021 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 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, 2021, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021, 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 with reference to these 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 based on our examination of books of accounts, the Company has not accrued / paid any managerial remuneration to its directors. 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 financial statements – Refer Note 40 to the financial statements;
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Paul Alvares**

Partner

Membership Number: 105754

UDIN: 21105754AAAACM2112

Place of Signature: Pune

Date: May 17, 2021

Annexure 1 referred to in paragraph 1 under the heading “Report on Other Legal and Regulatory Requirements” of our report of even date on the Financial Statements of Sun Pharma Advanced Research Company Limited

- (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, the title deeds of immovable properties, included in property, plant and equipment are held in the name of the Company, except for the following immovable properties for which registration of title deeds is in process:

Type of asset	Gross Block as on March 31, 2021 (₹ Lakhs)	Net Block as on March 31, 2021 (₹ 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	204.93	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 inventory 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 are 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 (₹ in Lakhs)	Amount paid under protest (₹ in Lakhs)	Amount unpaid (₹ in Lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax and Interest	9,817.73	4,912.33	5,305.40	A. Y. 2011-12; 2013-14 to 2016-17	Commissioner of Income Tax (Appeals)
The Central Excise Act, 1944	Service Tax and Penalty	7,110.92	172.65	6,983.27	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 a financial institution, bank or Government. The Company did not have any outstanding debentures during the year.
- (ix) In our opinion and according to the information and explanations given by management, the Company has utilised the monies raised by way of term loans for the purposes for which they were raised. 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.
- (x) Based upon the audit procedures performed for the purpose of reporting true and fair view of the 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 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 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) 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/her 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: 21105754AAAACM2112

Place of Signature: Pune

Date: May 17, 2021

Annexure 2 to the Independent Auditor's Report of even date on the 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 with reference to financial statements of Sun Pharma Advanced Research Company Limited (the "Company") as of March 31, 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's Management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to these 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, both issued by ICAI. 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 with reference to these 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 with reference to these financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to these 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 Company's internal financial controls with reference to these financial statements.

Meaning of Internal Financial Controls with Reference to these Financial Statements

A company's internal financial controls with reference to 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 controls with reference to 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to 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 with reference to financial statements to future periods are subject to the risk that the internal financial control with reference to 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 financial statements and such internal financial controls over financial reporting with reference to financial statements were operating effectively as at March 31, 2021, 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 **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Paul Alvares**

Partner

Membership Number: 105754

UDIN: 21105754AAAACM2112

Place of Signature: Pune

Date: May 17, 2021

Balance Sheet

as at March 31, 2021

(₹ in Lakhs)

Particulars	Notes	As at March 31, 2021	As at March 31, 2020
ASSETS			
(A) Non-current assets			
(a) Property, plant and equipment	3a	8,987.33	10,298.46
(b) Capital work-in-progress	3b	523.43	357.38
(c) Other intangible assets	3c	68.50	88.01
(d) Intangible assets under development		-	2,849.29
(e) Financial assets			
(i) Loans	4	39.86	0.11
(f) Deferred tax assets (net)	5	-	-
(g) Income tax assets (net)	6	7,023.63	6,771.49
(h) Other non-current assets	7	15.10	172.78
Total non-current assets (A)		16,657.85	20,537.52
(B) Current assets			
(a) Financial assets			
(i) Investments	8	642.52	849.09
(ii) Trade receivables	9	1,757.55	1,604.63
(iii) Cash and cash equivalents	10	930.45	35.23
(iv) Bank balances other than cash and cash equivalents	11	0.71	10.67
(v) Loans	12	6.81	76.83
(vi) Other financial assets	13	0.01	0.40
(b) Other current assets	14	2,642.14	4,141.95
Total current assets (B)		5,980.19	6,718.80
(C) Assets held for sale	3a	330.94	-
TOTAL ASSETS		22,968.98	27,256.32
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	2,620.56	2,620.56
(b) Other equity	16	(19,445.72)	(4,484.39)
Total equity		(16,825.16)	(1,863.83)
Liabilities			
(A) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	11,671.51	637.83
(b) Other liabilities	18	3,924.25	3,924.25
(c) Provisions	19	863.21	1,022.53
Total non-current liabilities (A)		16,458.97	5,584.61
(B) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	8,000.00	6,000.00
(ii) Trade payables	21		
Total outstanding dues of micro and small enterprises		7.30	0.86
Total outstanding dues of creditors other than micro and small enterprises		9,899.03	15,883.48
(iii) Other financial liabilities	22	4,344.73	458.89
(b) Other current liabilities	23	509.44	661.09
(c) Provisions	24	574.67	531.22
Total current liabilities (B)		23,335.17	23,535.54
TOTAL EQUITY AND LIABILITIES		22,968.98	27,256.32
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

per PAUL ALVARES

Partner

Membership No. 105754

Place: Pune

Date: May 17, 2021

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

Date: May 17, 2021

Statement of Profit and Loss

for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	Notes	Year ended March 31, 2021	Year ended March 31, 2020
(I) Revenue from operations	25 & 42	25,295.71	7,681.44
(II) Other income	26	541.25	976.28
(III) Total income (I + II)		25,836.96	8,657.72
(IV) Expenses			
Cost of materials consumed	27	1,817.58	2,392.55
Employee benefits expense	28	9,158.57	9,308.56
Clinical trial expenses / products development expense		18,822.59	16,892.89
Professional charges		4,972.00	4,227.81
Finance costs	29	1,065.03	267.49
Depreciation and amortisation expense	3a & 3c	1,092.33	948.05
License and fees	30a	945.25	2,398.18
Other expenses	30b	3,077.49	3,462.53
Total expenses (IV)		40,950.84	39,898.06
(V) Loss before tax (III - IV)		(15,113.88)	(31,240.34)
(VI) Tax expense		-	-
(VII) Loss for the year (V - VI)		(15,113.88)	(31,240.34)
(VIII) Other comprehensive income / (loss) (OCI)			
A) Items that will not be reclassified to profit or loss			
i. (Loss) / gain on remeasurement of the defined benefit plans		152.55	(247.06)
Total other comprehensive income / (loss) (A)		152.55	(247.06)
(IX) Total comprehensive income / (loss) for the year (VII + VIII)		(14,961.33)	(31,487.40)
(X) Earnings per equity share	35		
(Face value ₹ 1/- per equity share)			
Basic and Diluted (in ₹)		(5.77)	(11.92)
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

per PAUL ALVARES

Partner

Membership No. 105754

Place: Pune

Date: May 17, 2021

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

Date: May 17, 2021

Statement of Changes in Equity

for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	Equity share capital	Other Equity			Total
		General reserve	Security premium	Retained earnings	
Balance as at March 31, 2019	2,620.56	3,397.66	94,045.10	(70,439.75)	29,623.57
Loss for the year	-	-	-	(31,240.34)	(31,240.34)
Other comprehensive income / (loss) for the year	-	-	-	(247.06)	(247.06)
Balance as at March 31, 2020	2,620.56	3,397.66	94,045.10	(1,01,927.15)	(1,863.83)
Loss for the year	-	-	-	(15,113.88)	(15,113.88)
Other comprehensive income / (loss) for the year	-	-	-	152.55	152.55
Balance as at March 31, 2021	2,620.56	3,397.66	94,045.10	(1,16,888.48)	(16,825.16)

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

per PAUL ALVARES

Partner

Membership No. 105754

Place: Pune

Date: May 17, 2021

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

Date: May 17, 2021

Cash Flow Statement

for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
A. Cash flow from operating activities		
Loss before tax	(15,113.88)	(31,240.34)
Adjustments for:		
Depreciation and amortisation expense	1,092.33	948.05
Profit on sale/write off of property, plant and equipment (net)	(26.39)	(12.93)
Finance costs	1,065.03	267.49
Interest income	(0.31)	(1.17)
Net Gain on sale of financial assets measured at fair value through profit or loss	(56.30)	(613.94)
Net Gain arising on financial assets measured at fair value through profit or loss	(0.41)	(53.12)
Net unrealised foreign exchange loss	60.78	409.68
Sundry balances written back, net	(19.93)	-
Product development expenses	2,849.29	-
Operating loss before working capital changes	(10,149.79)	(30,296.28)
Working capital adjustments:		
(Increase) / decrease in trade receivables	(154.39)	(583.11)
(Increase) / decrease in other assets	1,535.45	(632.01)
Increase / (decrease) in trade payables	(6,017.56)	7,177.51
Increase / (decrease) in other liabilities	(187.81)	3,989.23
Increase / (decrease) in provisions	36.68	250.04
Cash used in operations	(14,937.42)	(20,094.62)
Income tax paid (net of refund)	(252.14)	(985.92)
Net cash used in operating activities (A)	(15,189.56)	(21,080.54)
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)	(599.51)	(5,404.27)
Proceeds from disposal of property, plant and equipment	481.75	39.13
Proceeds from sale of investments (net)	263.28	20,875.57
Bank balances not considered as cash and cash equivalents		
Fixed deposits placed	(0.50)	(10.47)
Fixed deposits matured	10.46	31.45
Earmarked balances with banks	-	1.19
Interest received	0.70	2.03
Net cash generated from investing activities (B)	156.18	15,534.63

Cash Flow Statement

for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
C. Cash flow from financing activities		
Proceeds from borrowings	40,500.00	6,000.00
Re-payment of borrowings*	(23,758.68)	(257.47)
Paid to investor education and protection fund	-	(1.19)
Interest paid	(812.89)	(195.16)
Net cash generated from financing activities (C)	15,928.43	5,546.18
Net increase in cash and cash equivalents (A+B+C)	895.05	0.27
Cash and cash equivalents at the beginning of the year (Refer Note 10)	35.23	34.96
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	0.17	-
Cash and cash equivalents at the end of the year (Refer Note 10)	930.45	35.23
Cash and cash equivalents comprises of		
Balances with banks		
In current accounts	930.00	34.43
Cash on hand	0.45	0.80
Cash and cash equivalents (Refer Note 10)	930.45	35.23

*Includes payment of lease obligation.

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

per PAUL ALVARES

Partner

Membership No. 105754

Place: Pune

Date: May 17, 2021

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

Date: May 17, 2021

Notes to Financial Statements for the year ended March 31, 2021

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 G. I. D. C. Estate, Savli - Vadodara. The Company is in the business of research and development (R&D) of pharmaceutical products.

The financial statements were authorised for issue in accordance with the resolution of the Board of Directors on May 17, 2021.

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 (ii) non-current assets classified as held for sale which are measured at the lower of their carrying amount and fair value less costs to sell and (iii) 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, 2020.

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

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.

Notes to Financial Statements

for the year ended March 31, 2021

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 and 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
- 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.

Notes to Financial Statements for the year ended March 31, 2021

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 CODM. Operating segments are reported in a manner consistent with the internal reporting provided to the CODM.

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 and 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.

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.

Notes to Financial Statements

for the year ended March 31, 2021

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 and 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 and 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 and 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. 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 and 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.

Notes to Financial Statements for the year ended March 31, 2021

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.

- 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 and 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.

Notes to Financial Statements for the year ended March 31, 2021

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 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

Notes to Financial Statements for the year ended March 31, 2021

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.

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 rate 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.

Notes to Financial Statements for the year ended March 31, 2021

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.

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 insubstance 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.

Notes to Financial Statements

for the year ended March 31, 2021

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.

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 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.

Notes to Financial Statements

for the year ended March 31, 2021

Research and 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.

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 and 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 and loss in the period of a plan amendment. The net 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 and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited

Notes to Financial Statements for the year ended March 31, 2021

to OCI in the period in which they arise and is reflected immediately in retained earnings and is not reclassified to statement of profit and 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 and 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.

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.

Notes to Financial Statements

for the year ended March 31, 2021

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 and 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, 2021.

t) Changes in accounting policies and disclosures

New and amended standards

Several amendments and interpretations apply for the first time in March 2021, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

u) Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Non-current assets held for sale are not depreciated or amortised.

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 3a

PROPERTY, PLANT AND EQUIPMENT

Particulars	Lease hold land	Right of use assets [#]	Buildings*	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
(₹ in Lakhs)								
At cost or deemed cost								
As at April 1, 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
Additions	-	1.43	64.49	385.81	16.06	67.06	11.45	546.30
Disposals	^{##} (343.07)	(1.18)	-	(1,362.62)	(7.30)	(128.73)	(4.44)	(1,847.34)
As at March 31, 2021	803.50	855.31	2,736.91	6,987.06	371.49	325.92	63.61	12,143.80
Accumulated depreciation								
As at April 1, 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
Depreciation expenses	14.55	162.36	45.75	724.38	36.05	70.52	17.52	1,071.13
Eliminated on disposals of assets	^{##} (12.13)	(0.45)	-	(916.32)	(6.98)	(122.77)	(2.39)	(1,061.04)
As at March 31, 2021	28.37	324.06	74.72	2,437.51	87.25	162.64	41.92	3,156.47
Carrying amounts								
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
As at March 31, 2021	775.13	531.25	2,662.19	4,549.55	284.24	163.28	21.69	8,987.33

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

Refer Note 37.

^{##} Represents amount reclassified as assets held for sale [Gross block ₹ 343.07 Lakhs (Previous year: Nil) and accumulated depreciation ₹ 12.13 Lakhs (Previous year: Nil)]

NOTE 3B

CAPITAL WORK-IN-PROGRESS

Particulars	As at March 31, 2021	As at March 31, 2020
(₹ in Lakhs)		
Capital work-in-progress	523.43	357.38
	523.43	357.38

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 3c

OTHER INTANGIBLE ASSETS

		(₹ in Lakhs)
Particulars		Computer software
At cost or deemed cost		
As at April 1, 2019		43.69
Additions		61.85
Disposals		-
As at March 31, 2020		105.54
Additions		1.69
Disposals		-
As at March 31, 2021		107.23
Accumulated amortisation		
As at April 1, 2019		6.32
Amortisation expenses		11.21
Eliminated on disposals of assets		-
As at March 31, 2020		17.53
Amortisation expenses		21.20
Eliminated on disposals of assets		-
As at March 31, 2021		38.73
Carrying amounts		
As at March 31, 2020		88.01
As at March 31, 2021		68.50

NOTE 4

LOANS (NON-CURRENT)

		(₹ in Lakhs)
Particulars	As at March 31, 2021	As at March 31, 2020
Security deposits - Unsecured, considered good	39.86	0.11
	39.86	0.11

NOTE 5

DEFERRED TAX ASSETS (NET)

		(₹ in Lakhs)	
Particulars	As at April 1, 2020	Recognised in profit or loss	As at March 31, 2021
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	(2,314.98)	252.52	(2,062.46)
Difference in carrying value and tax base of financial assets of investments	-	(0.12)	(0.12)

Notes to Financial Statements

for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	As at April 1, 2020	Recognised in profit or loss	As at March 31, 2021
Deferred tax (liabilities) / assets in relation to:			
Expenses claimed for tax purpose on payment basis	452.45	(33.74)	418.71
Deferred revenue	1,142.74	(412.14)	730.60
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)	719.79	193.48	913.27
	-	-	-

(₹ in Lakhs)

Particulars	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
	-	-	-

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)

Particulars	As at March 31, 2021	As at March 31, 2020
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	93,739.16	81,152.49
Unabsorbed depreciation	16,803.23	18,177.98

NOTE 6

INCOME TAX ASSETS (NET) (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Advance income tax* (Net of provisions)	7,023.63	6,771.49
	7,023.63	6,771.49

* Includes amount paid under protest.

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 7

OTHER ASSETS (NON-CURRENT)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good unless otherwise stated		
Capital advances	0.30	152.61
Prepaid expenses	14.80	20.17
	15.10	172.78

NOTE 8

INVESTMENTS (CURRENT)

(₹ in Lakhs)

Particulars	As at March 31, 2021		As at March 31, 2020	
	Quantity	Amount	Quantity	Amount
Investments stated at fair value through profit and loss				
Investments in mutual funds				
Unquoted*				
PGIM India Overnight Fund - Direct Plan - Growth (Face value of ₹ 1,000 each)	60,502.10	642.52	-	-
UTI Money Market Fund - Direct Growth Plan (Face value of ₹ 1,000 each)	-	-	37,441.75	849.09
		642.52		849.09
Aggregate value of unquoted investments		642.52		849.09

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

NOTE 9

TRADE RECEIVABLES

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good	1,757.55	1,604.63
	1,757.55	1,604.63

Note: There are no trade receivables which are due from directors or other officers of the Company either severally or jointly. Trade receivables comprise 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.

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 10

CASH AND CASH EQUIVALENTS

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Balances with banks		
In current accounts	930.00	34.43
Cash on hand	0.45	0.80
	930.45	35.23

Changes in liabilities arising from financing activities

(₹ in Lakhs)

Particulars	Opening balance as at April 1, 2020	Cash flow*	Closing balance as at March 31, 2021	Opening balance as at April 1, 2019	Cash flow*	Closing balance as at March 31, 2020
Current borrowings*	6,142.10	5,824.53	11,966.63	-	6,142.10	6,142.10
Non-current borrowings*	637.83	11,033.68	11,671.51	109.05	528.78	637.83

*This includes lease liability recognised under Ind AS 116.

NOTE 11

BANK BALANCES OTHER THAN DISCLOSED IN NOTE 10 ABOVE

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Deposit accounts		
Balances held as margin money or security against guarantees	0.50	10.46
Earmarked balances with banks		
Share application money refund account	0.21	0.21
	0.71	10.67

NOTE 12

LOANS (CURRENT)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Loans / advances to employees		
Unsecured, considered good	6.81	76.83
	6.81	76.83

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 13

OTHER FINANCIAL ASSETS (CURRENT)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Interest accrued but not due on fixed deposits (considered good)	0.01	0.40
	0.01	0.40

NOTE 14

OTHER ASSETS (CURRENT)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Prepaid expenses	479.09	285.80
Advances for supply of goods and services (considered good)	79.61	248.20
Balances with government authorities*	2,083.44	3,607.95
	2,642.14	4,141.95

*Includes balances of Goods and Service Tax.

NOTE 15

EQUITY SHARE CAPITAL

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount ₹ In Lakhs	Number of shares	Amount ₹ In Lakhs
Authorised				
Opening balance (Equity shares of ₹ 1 each)	32,50,00,000	3,250.00	32,50,00,000	3,250.00
Addition during the year	5,00,00,000	500.00	-	-
Closing balance (Equity shares of ₹ 1 each)	37,50,00,000	3,750.00	32,50,00,000	3,250.00

During the year ended March 31, 2021, the authorised share capital was increased by ₹ 500 Lakhs Equity shares of ₹ 1 each.

Issued, subscribed and fully paid up

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount ₹ In Lakhs	Number of shares	Amount ₹ In Lakhs
Equity shares of ₹ 1 each	26,20,47,506	2,620.56	26,20,47,506	2,620.56
	26,20,47,506	2,620.56	26,20,47,506	2,620.56

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.

Notes to Financial Statements

for the year ended March 31, 2021

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, 2021		As at March 31, 2020	
	No. of Equity shares held	% of Holding	No. of Equity shares held	% of Holding
Dilip Shantilal Shanghvi	2,81,02,795	10.72%	2,81,02,795	10.72%
Shanghvi Finance Private Limited	13,72,11,787	52.36%	13,72,11,787	52.36%

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	No. of Equity shares held	% of Holding	No. of Equity shares held	% of Holding
Opening balance	26,20,47,506	2,620.56	26,20,47,506	2,620.56
Add: Shares issued during the year	-	-	-	-
Closing balance	26,20,47,506	2,620.56	26,20,47,506	2,620.56

iv 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.

NOTE 16

OTHER EQUITY

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
A Securities premium		
Opening balance	94,045.10	94,045.10
	94,045.10	94,045.10
B General reserve	3,397.66	3,397.66
C Retained earnings		
Opening balance	(1,01,927.15)	(70,439.75)
Add: Loss for the year	(15,113.88)	(31,240.34)
Add: Actuarial gain / (loss) on remeasurement of defined benefit plan	152.55	(247.06)
	(1,16,888.48)	(1,01,927.15)
Total (A + B + C)	(19,445.72)	(4,484.39)

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.

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 17

BORROWINGS (NON-CURRENT)

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured term loan		
Department of Science and Technology (DST), Government of India under the "Drug and Pharmaceutical Research Program"*	-	54.52
Secured term loan		
Kotak Mahindra Bank Limited [#]		
Term loan from bank (secured) (Previous year: Nil)	11,250.00	-
Lease liability (Refer Note 37)	421.51	583.31
	11,671.51	637.83

* Unsecured term loan carries fixed rate of interest @3% p.a. Repayable in 1 (Previous year: 2) annual instalments of ₹ 54.52 Lakhs each. Last instalment is due on September 1, 2021. For the current maturities of long-term loan Refer Note 22 "Other Financial Liabilities (Current)".

[#] The 7.65% term loan tenor is two years and loan shall be repaid by way of four equal instalments of ₹ 3,750 lakhs starting from quarter ended March 2022. The loan is secured by Corporate Guarantee given by Shanghvi Finance Private Limited and charge on all existing and future current assets. For the current maturities of long-term loan Refer Note 22 "Other Financial Liabilities (Current)".

NOTE 18

OTHER LIABILITIES (NON-CURRENT)

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Deferred revenue (Refer Note 42)	3,924.25	3,924.25
	3,924.25	3,924.25

NOTE 19

PROVISIONS (NON-CURRENT)

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Compensated absences	571.01	608.02
Gratuity (Refer Note 41)	292.20	414.51
	863.21	1,022.53

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 20

BORROWINGS (CURRENT)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured loan from Shanghvi Finance Pvt. Ltd. (Working capital demand loan @10.50% p.a. upto Sep 30, 2020 and 9.75% from Oct 1, 2020) (Refer Note 39)	8,000.00	6,000.00
	8,000.00	6,000.00

NOTE 21

TRADE PAYABLES

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Total outstanding dues of micro and small enterprises (Refer Note 36)	7.30	0.86
Total outstanding dues of creditors other than micro and small enterprises	9,899.03	15,883.48
	9,906.33	15,884.34

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.

NOTE 22

OTHER FINANCIAL LIABILITIES (CURRENT)

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Current maturities of long-term debt - unsecured term loan from DST (Refer Note 17)	54.52	54.52
Current maturities of long-term debt - secured term loan from Kotak Mahindra Bank Limited (Refer Note 17)	3,750.00	-
Interest accrued but not due on borrowings	193.11	1.91
Security deposits	38.42	74.58
Payable on purchase of property, plant and equipment	146.36	185.57
Unclaimed excess share application money	0.21	0.21
Lease liability (Refer Note 37)	162.11	142.10
	4,344.73	458.89

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 23

OTHER LIABILITIES (CURRENT)

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Statutory remittances	480.74	631.89
Advances from customers	27.00	27.00
Other advance	1.70	2.20
	509.44	661.09

NOTE 24

PROVISIONS (CURRENT)

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Provision for employee benefits		
Compensated absences	328.71	272.97
Gratuity (Refer Note 41)	245.96	258.25
	574.67	531.22

NOTE 25

REVENUE FROM OPERATIONS

(₹ in Lakhs)		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contracts with customers		
Sale of services - licence fee / royalty on technology / R&D services (Refer Note 42)	25,295.71	7,681.44
	25,295.71	7,681.44

NOTE 26

OTHER INCOME

(₹ in Lakhs)		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest income on:		
Deposits with banks	0.31	1.17
Loans to employees	0.40	0.86
Others (refund from government authorities)	89.00	291.16
	89.71	293.19
Net Gain on sale of financial assets measured at fair value through profit or loss	56.30	613.94
Net Gain arising on financial assets measured at fair value through profit or loss	0.41	53.12
	56.71	667.06
Net gain on foreign currency transactions and translation	301.40	-
Net gain on disposal of property, plant and equipment	26.39	12.93
Miscellaneous income	47.11	3.10
Sundry balances written back, net	19.93	-
	541.25	976.28

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 27

COST OF MATERIALS CONSUMED

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
R&D materials consumed	1,817.58	2,392.55
	1,817.58	2,392.55

NOTE 28

EMPLOYEE BENEFITS EXPENSE

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Salary, wages and bonus	8,029.80	8,154.06
Contribution to provident and other funds (Refer Note 41)	591.10	547.66
Staff welfare expenses	537.67	606.84
	9,158.57	9,308.56

NOTE 29

FINANCE COSTS

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Interest expense on:		
Borrowings	1,004.09	194.20
Lease liabilities	60.94	73.29
	1,065.03	267.49

NOTE 30a

LICENSE AND FEES

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
License and fees	945.25	2,398.18
	945.25	2,398.18

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 30b

OTHER EXPENSES

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
Consumption of stores and spare parts	447.23	397.00
Power and fuel	459.64	513.92
Rates and taxes	15.89	16.23
Insurance	142.95	120.76
Repairs and maintenance	523.07	404.48
Printing and stationery	13.50	20.58
Travelling and conveyance	187.57	446.26
Communication cost	54.54	55.91
Net loss on foreign currency transactions	-	453.68
Payment to auditor		
As auditor		
For statutory audit	16.54	15.75
For limited review	6.51	6.20
For certification services	-	0.75
For reimbursement	0.86	1.86
Contract labour expenses	311.54	257.75
Membership fees and subscription	38.33	39.69
Software expenses	511.07	484.80
Miscellaneous expenses	348.25	226.91
	3,077.49	3,462.53

NOTE 31

CATEGORIES OF FINANCIAL INSTRUMENTS

Particulars	As at March 31, 2021			As at March 31, 2020		
	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	642.52	-	-	849.09	-	-
Loans to employees	-	-	6.81	-	-	76.83
Security deposits	-	-	39.86	-	-	0.11
Trade receivables	-	-	1,757.55	-	-	1,604.63
Cash and cash equivalents	-	-	930.45	-	-	35.23
Bank balances other than above	-	-	0.71	-	-	10.67
Interest accrued on fixed deposit	-	-	0.01	-	-	0.40
Total	642.52	-	2,735.39	849.09	-	1,727.87

Notes to Financial Statements

for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	As at March 31, 2021			As at March 31, 2020		
	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 liabilities						
Borrowings	-	-	23,638.14	-	-	6,834.45
Interest accrued but not due on borrowings	-	-	193.11	-	-	1.91
Trade payables	-	-	9,906.33	-	-	15,884.34
Security deposits	-	-	38.42	-	-	74.58
Payables on purchase of property, plant and equipment	-	-	146.36	-	-	185.57
Unclaimed excess share application money	-	-	0.21	-	-	0.21
Total	-	-	33,922.57	-	-	22,981.06

NOTE 32

FAIR VALUE HIERARCHY

(₹ in Lakhs)

Particulars	Carrying Value		Fair Value	
	As at March 31, 2021	As at March 31, 2020	As at March 31, 2021	As at March 31, 2020
Financial assets:				
FVTPL financial investments	642.52	849.09	642.52	849.09
Total	642.52	849.09	642.52	849.09

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.

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, 2021			As at March 31, 2020		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets						
Investments in mutual funds	642.52	-	-	849.09	-	-
Total	642.52	-	-	849.09	-	-

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.

Notes to Financial Statements

for the year ended March 31, 2021

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

Particulars	(₹ in Lakhs)	
	As at March 31, 2021	As at March 31, 2020
Debt (includes non-current, current borrowings and current maturities of long-term loan)	23,638.14	6,834.45
Less: cash and cash equivalents	930.45	35.23
Net debt	22,707.69	6,799.22
Total equity	(16,825.16)	(1,863.83)
Net debt to total equity ratio	(1.35)	(3.65)

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, 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, 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 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 ₹ 6,500 Lakhs as on March 31, 2021 (Previous year: ₹ 1,500 Lakhs)

Notes to Financial Statements

for the year ended March 31, 2021

The table below provides details regarding the contractual maturities of significant financial liabilities based on the contractual undiscounted payments:

(₹ in Lakhs)

Particulars	As at March 31, 2021				As at March 31, 2020			
	Less than 1 year	1 - 3 years	More than 3 years	Total	Less than 1 year	1 - 3 years	More than 3 years	Total
Non derivative								
Borrowings	3,966.63	19,671.51	-	23,638.14	6,196.62	394.14	243.69	6,834.45
Trade payables	9,906.33	-	-	9,906.33	15,884.34	-	-	15,884.34
Other financial liabilities	378.10	-	-	378.10	262.27	-	-	262.27
Total	14,251.06	19,671.51	-	33,922.57	22,343.23	394.14	243.69	22,981.06

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 frame work to control various risks effectively to achieve the business objectives. This includes identification of risk, its assessment, control and monitoring at timely intervals.

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 fluctuates relative to these foreign currencies, the Company's revenues and expenses measured in Indian Rupees may fluctuate. 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 and payables

(₹ in Lakhs)

Particulars	As at March 31, 2021				As at March 31, 2020			
	US Dollars	Euro	Others	Total	US Dollars	Euro	Others	Total
Financial assets								
Trade receivables	649.44	-	-	649.44	235.80	-	-	235.80
Financial liabilities								
Trade payables	8,103.09	36.45	30.90	8,170.44	13,962.26	179.64	215.47	14,357.37

b) Sensitivity

For the years ended March 31, 2021 and March 31, 2020, 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 ₹ 376.05 Lakhs and ₹ 706.08 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.

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 35

EARNINGS PER SHARE

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
Loss for the year (₹ in Lakhs)	(15,113.88)	(31,240.34)
Weighted average number of shares used in computing basic and diluted earnings per share	26,20,47,506	26,20,47,506
Nominal / face value per share (in ₹)	1.00	1.00
Basic and diluted earnings per share (in ₹)	(5.77)	(11.92)

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, 2021 in respect of enterprises covered under the “Micro, Small and Medium Enterprises Development Act, 2006” (MSMED) is ₹ 7.30 Lakhs (Previous year: ₹ 0.86 Lakhs).
- There are no amounts of interest paid/due/payable during the year/previous year/succeeding year. Also, there is no amount of interest accrued and remaining unpaid at the end of current accounting year/previous accounting year.
- 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 by auditors.

NOTE 37

LEASES

Right-of-use (ROU assets)

Particulars	(₹ in Lakhs)	
	Amount	
At cost or deemed cost		
As at April 1, 2019	-	
Recognised as at transition date	855.06	
Additions	-	
Disposals	-	
As at March 31, 2020	855.06	
Reclassified from property, plant and equipment		
Recognised as at transition date	-	
Additions	1.43	
Disposals	(1.18)	
As at March 31, 2021	855.31	

Notes to Financial Statements

for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	Amount
Accumulated depreciation	
As at April 1, 2019	-
Depreciation expenses	162.15
Eliminated on disposals of assets	-
As at March 31, 2020	162.15
Depreciation expenses	162.36
Eliminated on disposals of assets	(0.45)
As at March 31, 2021	324.06
Carrying amounts (Refer Note 3a)	
As at March 31, 2020	692.91
As at March 31, 2021	531.25

Lease liability

Below are the carrying amounts of lease liabilities recognised and the movements during the period:

(₹ in Lakhs)

Particulars	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)
Closing balance as at March 31, 2020	725.41
Accretion of interest	60.94
Payments towards lease liability	(202.73)
Closing balance as at March 31, 2021	583.62
Borrowings (non-current) (Refer Note 17)	
Lease liability	421.51
Other financial liabilities (Current) (Refer Note 22)	
Lease liability	162.11
Total lease liability	583.62

Lease liabilities - maturity analysis - contractual undiscounted cash flows

(₹ in Lakhs)

Particulars	As at March 31, 2021	As at March 31, 2020
Not later than one year	214.93	202.58
Later than one year and not later than five years	477.13	624.27
Later than five years	22.80	91.20
Amounts recognised in statement of profit and loss		
Interest on lease liabilities	61.07	73.29
Expenses relating to short-term leases	-	-
Depreciation on right-to-use assets	162.36	162.15

Annual lease costs on short term leases and low value asset leases amounted to NIL in the year ended March 31, 2021 and March 31, 2020.

Notes to Financial Statements

for the year ended March 31, 2021

NOTE 38

SEGMENT REPORTING

i. Primary segment

The Company has identified “Pharmaceuticals Research and Development” which as per Ind AS 108 - “operating segment” is considered the only reportable business segment.

(₹ in Lakhs)		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
ii. Secondary segment		
Revenue by geography		
Within India	24,095.56	6,962.79
Outside India	1,200.15	718.65
Total revenue from operations	25,295.71	7,681.44

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)

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
i. Contingent liabilities		
a) Guarantees given by the bankers against custom licenses	2.10	2.99
b) Disputed demands by Income tax authorities*	8,931.73	8,722.62
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)	4,512.33	4,510.00
**Amount paid under protest is classified under other current assets (Refer Note 14)	172.65	172.65

Note: includes, interest till the date of demand, wherever applicable.

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.

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
ii. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	88.66	329.20

Notes to Financial Statements for the year ended March 31, 2021

- iii. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated February 28, 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 ₹ 365.27 Lakhs (Previous year: ₹ 372.32 Lakhs).

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
Contribution to Provident Fund and Family Pension Fund	362.00	368.27
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	3.27	4.04
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 ₹ 204.28 Lakhs (Previous year: ₹ 279.72 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.

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2021 Gratuity (Funded)	Year ended March 31, 2020 Gratuity (Funded)
I. Reconciliation of liability/(asset) recognised in the balance sheet		
Present value of obligation at the end of the year	1,908.85	2,058.18
Fair value of plan assets at the end of the year	(1,370.69)	(1,385.41)
Net liability recognised in the financial statement	538.16	672.77

Notes to Financial Statements

for the year ended March 31, 2021

(₹ in Lakhs)

Particulars	Year ended March 31, 2021 Gratuity (Funded)	Year ended March 31, 2020 Gratuity (Funded)
II. Movement in net liability / (asset) recognised in the balance sheet		
Net liability / (assets) as at beginning of the year	672.77	360.78
Net expense recognised in the statement of profit and loss	210.69	159.94
Net expense / (gain) recognised in other comprehensive income	(152.55)	247.05
Net (liability) / asset transfer out	(172.75)	-
Contribution during the year	(20.00)	(95.00)
Net liability / (asset) as at the end of the year (Refer Note 19 and 24)	538.16	672.77
III. Net interest cost for the current year		
Interest cost	124.31	118.98
Interest income	(83.68)	(91.60)
Net interest cost for the current year	40.63	27.38
IV. Expense recognised in the statement of profit and loss		
Current service cost	170.06	132.56
Net interest cost for the current year	40.63	27.38
Expense charged to the statement of profit and loss	210.69	159.94
V. Expense recognised in the other comprehensive income (OCI)		
Actuarial (gains) / losses on obligation for the year	(161.41)	255.01
Return on plan assets excluding interest income	8.86	(7.96)
Net expenses recognised in the OCI	(152.55)	247.05
VI. Return on plan assets		
Expected return on plan assets	83.68	91.60
Actuarial gain	(8.86)	7.96
Actual return on plan assets	74.82	99.56
VII. Reconciliation of defined-benefit obligations		
Obligation as at the beginning of the year	2,058.18	1,567.65
Current service cost	170.06	132.56
Liability transfer out	(172.75)	-
Interest cost	124.31	118.98
Benefits paid	(109.54)	(16.03)
Actuarial (gain) / loss arising from changes in financial assumptions	(38.62)	213.63
Actuarial (gain) / loss arising from changes in experience adjustments	(122.79)	41.39
Obligation as at the end of the year	1,908.85	2,058.18
VIII. Reconciliation of plan assets		
Plan assets as at the beginning of the year	1,385.41	1,206.88
Expected return on plan assets	83.68	91.60
Actuarial gain on plan assets	(8.86)	7.96
Employer's contribution during the year	20.00	95.00
Benefits paid	(109.54)	(16.03)
Plan assets as at the year end	1,370.69	1,385.41

Notes to Financial Statements

for the year ended March 31, 2021

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2021 Gratuity (Funded)	Year ended March 31, 2020 Gratuity (Funded)
IX. Actuarial assumptions		
Discount rate	6.33%	6.04%
Expected return on plan assets	6.33%	6.04%
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	1,370.69	1,385.41
XI. Sensitivity analysis for significant assumptions:		
Benefit obligation as at the end of the year		
Increase / (decrease) in the present value of benefit obligation as at the end of the year:	1,908.85	2,058.18
Delta effect of +1% change in rate of discounting		
Delta effect of +1% change in rate of discounting	(122.35)	(142.87)
Delta effect of -1% change in rate of discounting	139.86	164.16
Delta effect of +1% change in rate of salary increase	133.58	156.31
Delta effect of -1% change in rate of salary increase	(119.54)	(139.24)
Delta effect of +1% change in rate of employee turnover	(30.64)	(38.76)
Delta effect of -1% change in rate of employee turnover	34.16	43.42
XII. Maturity analysis of projected benefit obligation		
Projected benefits payable in future years from the date of reporting		
1st following year	360.67	335.98
2nd following year	106.62	111.61
3rd following year	109.24	122.58
4th following year	148.16	148.19
5th following year	144.90	151.31
Sum of years 6 to 10	860.95	838.32

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.

Notes to Financial Statements

for the year ended March 31, 2021

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, 2022 is ₹ 175.40 Lakhs (Previous year: ₹ 258.25 Lakhs).

NOTE 42

REVENUE FROM CONTRACTS WITH CUSTOMERS:

The Company has recorded Nil (Previous year: ₹ 3,924.25 Lakhs) as deferred revenue pursuant to the requirements of Ind AS 115. Refer Note 9 and Note 19 for trade receivables and contract liabilities respectively.

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2021	Year ended March 31, 2020
Revenue from contract with customers	25,295.71	7,681.44

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, 2021 and the current liabilities exceed current assets. The Board of Directors of the Company, at its meeting held on May 12, 2021 has approved preferential issue of warrants each convertible into one equity shares of the company to raise fund upto of ₹ 1,20,096.96 Lakhs. 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, 2021

NOTE 45

The global wide spread of COVID-19 has been a fluid and challenging situation facing all the industries. The Company has taken all possible effective measures to limit and keep the impact of COVID-19 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.

NOTE 46

There have been no events after the reporting date that require disclosure in these financial statements other than disclosed below:

The date of implementation of the Code on Wages 2019 and the Code on Social Security, 2020 is yet to be notified by the Government. The Company will assess the impact of these Codes and give effect in the subsequent financial statements when the Rules/Schemes thereunder are notified.

NOTE 47

Figures for previous year has been regrouped/reclassified wherever considered necessary.

As per our report of even date

For S R B C & CO LLP

Chartered Accountants

ICAI Firm Registration No: 324982E / E300003

per PAUL ALVARES

Partner

Membership No. 105754

Place: Pune

Date: May 17, 2021

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

Date: May 17, 2021

Notes to Financial Statements

for the year ended March 31, 2021

Annexure “A”

Indian Accounting Standard (Ind AS-24) “Related Party Disclosures”

Names of related parties and description of relationship

1. Key Management Personnel

Dilip S. Shanghvi	Chairman & Managing Director
Ferzaan Engineer	Independent Director
Sudhir V. Valia	Non Executive Director
Mark J. Simon	Independent Director (Retired on February 28, 2020)
Rajamannar Thennati	Non-Executive Director
Robert Jay Spiegel	Independent Director (w.e.f. 1st June 2020)
Bhavna Doshi	Independent Director

2. Holding Company

Shanghvi Finance Private Limited

3. Enterprises under significant influence/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)	Sun Pharma Laboratories Limited
Alkaloida Chemical Company ZRT	Sun Pharmaceutical Medicare Limited
Dusa Pharmaceuticals Inc.	Sun Pharmaceutical Industries Europe BV
Insite Vision Inc.*	Sun Pharmaceutical Industries Inc.
OHM Laboratories Inc.	Sun Pharmaceutical Industries Limited
Sun Pharma Global FZE	Taro Pharmaceuticals Industries Limited

* Insite Vision Inc. has been merged with Sun Pharmaceutical Industries Inc. w.e.f. April 01, 2020.

1. Transaction with Key Management Personnel (KMP)

(₹ in Lakhs)		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Director sitting fees		
Sudhir V. Valia	6.00	3.90
Bhavna Doshi	6.60	6.00
Rajamannar Thennati	2.70	2.70
Ferzaan Engineer	6.30	5.70
Robert Jay Spiegel	6.00	-
Mark J. Simon	-	5.70
Receiving of research and development services		
Mark J. Simon	-	57.78

Notes to Financial Statements

for the year ended March 31, 2021

2. Transaction with Holding Company

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Shanghvi Finance Private Limited		
Loan received	25,500.00	6,000.00
Loan repayment	23,500.00	-
Interest paid	691.10	146.02
Corporate guarantee received	20,000.00	-

3. Transaction with Enterprises under significant influence of / are controlled by Key Management Personnel

(₹ in Lakhs)

Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Aditya Imaging Information Technologies Pvt. Ltd.		
Reimbursement of expenses received	-	3.48
Alkaloida Chemical Company ZRT		
Purchase of goods	-	4.46
Dusa Pharmaceuticals Inc.		
Sale of services - R&D services	5.43	-
Insite Vision Inc.		
Purchase of property, plant and equipment	-	0.92
OHM Laboratories Inc.		
Sale of services - R&D services	3.07	-
Purchase of goods	11.87	-
Sun Pharma Global FZE		
Sale of services - License fees / Royalty on technology / R&D services	912.09	703.72
Sun Pharma Laboratories Limited		
Sale of services - License fees / Royalty on technology / R&D services	4,785.39	3,245.19
Purchase of goods	0.88	1.81
Sun Pharmaceutical Medicare Limited		
Reimbursement of expenses received	-	7.15
Purchase of goods	-	3.34
Purchase of property, plant and equipment	-	0.75
Sun Pharmaceutical Industries Europe BV		
Purchase of goods	7.99	12.19
Sun Pharmaceutical Industries Inc.		
Sale of services - R&D services	17.68	11.36
Reimbursement / receiving of research and development services	2,854.78	4,368.56
Purchase of goods	44.82	175.43

Notes to Financial Statements

for the year ended March 31, 2021

(₹ in Lakhs)		
Particulars	Year ended March 31, 2021	Year ended March 31, 2020
Sun Pharmaceutical Industries Limited		
Sale of services - License fees / Royalty on technology / R&D services	19,310.17	3,717.60
Purchase of goods	332.03	85.09
Purchase of property, plant and equipment	131.14	50.37
Rent expense (pertains to payment of lease liability)	203.37	202.94
Receiving of research and development services	694.67	569.39
Sale of property, plant and equipment	446.76	-
Reimbursement of expenses paid	526.92	407.92
Reimbursement of expenses received	23.81	45.68
Taro Pharmaceuticals Industries Limited		
Sale of services - R&D services	4.45	3.57
Receiving of research and development services	-	23.41

Balances outstanding - receivable / (payable)

(₹ in Lakhs)		
Particulars	As at March 31, 2021	As at March 31, 2020
Mark J. Simon	-	(22.00)
Robert Jay Spiegel	(1.25)	-
Sudhir V. Valia	(0.28)	-
Shanghvi Finance Private Limited*	(8,094.70)	(6,000.00)
Dusa Pharmaceuticals Inc.	5.43	-
Insite Vision Inc.	(0.95)	(0.98)
OHM Laboratories Inc.	(8.77)	-
Sun Pharma Global FZE	357.66	184.26
Sun Pharma Laboratories Limited	1,108.11	812.82
Sun Pharmaceutical Industries Europe BV	(13.15)	(57.64)
Sun Pharmaceutical Industries Inc.	(3,672.49)	(5,498.62)
Sun Pharmaceutical Industries Limited	(118.90)	550.77
Sun Pharmaceutical Medicare Limited	-	5.24
Taro Pharmaceuticals Industries Limited	0.88	0.64

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 except for borrowing from Shanghvi Finance Private Limited and settlement occurs in cash. There have been no guarantees provided or received for any related parties receivables or payables.

* The Company has an outstanding corporate guarantee from Shanghvi Finance Private Limited amounting to ₹ 20,000 Lakhs (Previous year: NIL) as at March 31, 2021. Refer Note 17.



Sun Pharma Advanced Research Company Ltd.

Plot No. 5 & 6/1, Savli G.I.D.C. Estate,
Savli - Vadodara Highway, Manjusar,
District Vadodara – 391 775.

CIN: L73100GJ2006PLC047837

www.sparc.life



NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that Sixteenth Annual General Meeting of the members of Sun Pharma Advanced Research Company Limited (“**Company**”) will be held on **Wednesday, September 29, 2021, at 05:00 P.M. (Indian Standard Time)**, through Video Conferencing (“**VC**”) / Other Audio Visual Means (“**OAVM**”), to transact the following businesses:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2021 and the reports of the Board of Directors and Auditors thereon.
2. To appoint Mr. Sudhir V. Valia (DIN: 00005561), who retires by rotation and being eligible, has offered himself for re-appointment as a Director.

SPECIAL BUSINESS:

3. To approve the appointment and remuneration of Mr. Anilkumar Raghavan, as the Manager and Whole-time Key Managerial Personnel of the Company, designated as Chief Executive Officer (CEO).

To consider and, if thought fit, to pass, the following resolution as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable provisions, if any, of the Companies Act, 2013 (the “Act”) and the Rules made thereunder read with Schedule V to the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), relevant provisions of the Articles of Association of the Company, and subject to such approval(s) / sanction(s) as may be necessary under law, and pursuant to the recommendation by the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded for (i) appointment of Mr. Anilkumar Raghavan as the Manager and Whole-time Key Managerial Personnel of the Company, designated as Chief Executive Officer (CEO), for a term of 5 (five) years effective from May 25, 2021 upto May 24, 2026; and (ii) maximum remuneration to be paid to Mr. Anilkumar Raghavan for a period of 3 (three) years commencing from May 25, 2021 upto May 24, 2024, on the terms and conditions including the remuneration to be paid to him as set out in the draft agreement to be entered into between Mr. Anilkumar Raghavan and the Company, and his existing appointment letter which inter-alia forms part of the

said draft agreement (hereinafter referred to as “Agreement”) and material terms of which are given below, with the liberty to the Board of Directors to alter, vary and modify the terms and conditions of the appointment and/or remuneration in such manner as may be agreed to between the Board of Directors and Mr. Anilkumar Raghavan within and in accordance with the Act or any amendment thereto :

- 1) Mr. Anilkumar Raghavan shall act as the Manager (designated as Chief Executive Officer) of the Company and may devote such time in the performance of his duties as Manager (designated as Chief Executive Officer) as necessary and expedient.
- 2) Subject to the control and supervision of the Board of Directors and subject to the provisions of the Act, Mr. Anilkumar Raghavan in his capacity as Manager (designated as Chief Executive Officer) of the Company, shall have the powers for general conduct and management of the affairs the Company and he shall be entitled to exercise all such powers and to do all such acts and things the Company is authorized to exercise and all such powers, acts or things which are directed or required by the applicable provisions of the Act or such other applicable laws or under the Memorandum and Articles of Association of the Company or otherwise, except those to be exercised or done by the Company in General meeting or by the Board of Directors at their meeting only. Mr. Anilkumar Raghavan shall perform such duties and exercise such powers as are additionally entrusted to him by the Board of Directors from time to time.
- 3) **REMUNERATION:** Mr. Anilkumar Raghavan shall be paid remuneration for his services as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee of the Company, and shall be subject to annual review and revision, subject to his total remuneration not exceeding ₹ 8,00,00,000/- (Rupees Eight Crores only) per annum.

Minimum Remuneration: In the event of loss or inadequacy of profits in any financial year, the Board on the recommendation of the Nomination and Remuneration Committee of the Company may approve a remuneration including salary, perquisites, allowances, etc. to be paid to Mr. Anilkumar Raghavan as minimum remuneration, which shall be within the limit of ₹ 8,00,00,000/- (Rupees Eight Crores only) per annum as approved by the members of the Company.

RESOLVED FURTHER THAT in the event of any statutory amendments, modifications or relaxation by the Central Government to Chapter XIII (Appointment and Remuneration of Managerial Personnel) and/or Schedule V to the Companies Act, 2013, the Board of Directors be and is hereby authorized

to revise the terms and conditions of appointment including remuneration and that the aforesaid agreement between the Company and Mr. Anilkumar Raghavan be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required under law.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorized to do all such acts, deeds and things and to take all such steps as they may deem fit, expedient or desirable to give effect to this Resolution.”

4. To ratify and approve Line of Credit availed from Shanghvi Finance Private Limited.

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), the members of the Company do hereby ratify, availing of unsecured, line of credit of upto ₹ 250 Crores (Rupees Two Hundred and Fifty 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 Obligations and Disclosure Requirements) Regulations, 2015, on such revised terms as set out in the explanatory statement and any modifications/amendments thereto, from time to time, as may be approved by the Board, (which term shall include any Committee duly authorised 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 ₹ 250 Crores (Rupees Two Hundred and Fifty Crores only), outstanding at any point in time.”

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.”

5. To approve continuation of transactions with Sun Pharmaceutical Industries Inc., USA under Master License 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 at its 11th Annual General Meeting held on July 29, 2016 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 Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members of the Company be and is hereby accorded to the Board of Directors for continuation and entering into transactions with Sun Pharmaceutical Industries Inc., USA, a ‘Related Party’ as defined under Section 2 (76) of the Companies Act, 2013 and Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Master License Agreement dated January 20, 2014 entered into by the Company with Sun Pharmaceutical Industries Inc., USA, under which both parties have agreed for Licensing of Product Technology / Know how, the terms and conditions of the said agreement, as detailed in the explanatory statement, 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.”

6. To approve continuation of transactions with Sun Pharma Global FZE, UAE under Master 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 11th Annual General Meeting held on July 29, 2016 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 Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members of the Company be and is hereby accorded to the Board of Directors for continuation and entering into transactions 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 Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Master Service Agreement dated August 27, 2016 entered into by the Company with Sun Pharma Global FZE, UAE under which both parties have agreed for providing certain range of

research & development activities and other support services to each other, the terms and conditions of the said agreement, as detailed in the explanatory statement, be and are hereby approved;

RESOLVED FURTHER THAT the approval of the members be and is hereby also accorded for continuation of the said Master Service Agreement with Sun Pharmaceutical Industries Limited, on the same terms and conditions as are approved herein above, upon merger of Sun Pharma Global FZE into Sun Pharmaceutical Industries Limited;

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.”

7. To approve for continuation of transactions with Taro Pharmaceutical Industries Ltd., Israel 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 11th Annual General Meeting held on July 29, 2016 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 Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members of the Company be and is hereby accorded to the Board of Directors for continuation and entering into transactions with Taro Pharmaceutical Industries Ltd., Israel, a ‘Related Party’ as defined under Section 2 (76) of the Companies Act, 2013 and Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 pursuant to the Master Support Service Agreement dated August 31, 2016 entered into by the Company with Taro Pharmaceutical Industries Ltd., Israel under which both parties have agreed for rendering / availing of certain range of research & development activities and other support services to each other, the terms and conditions of the said agreement, as detailed in explanatory statement, 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.”

8. To approve raising of the funds through equity shares, convertible warrants, preference shares/ bonds /debentures / any other instruments whether convertible into equity or not, American Depository Receipts (“ADRs”), Global Depository Receipts (“GDRs”), Foreign Currency Convertible Bonds (“FCCBs”), etc.

To consider and, if thought fit, to pass, the following enabling resolution, as a **Special Resolution**:

“RESOLVED THAT pursuant to the provisions of Sections 23, 41, 42, 55, 62(1)(a), 62(1)(c), 71, 179, 180(1)(a), 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 (“Companies Act”), the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable rules made thereunder (including any amendment(s), statutory modification(s) or re-enactment thereof), the provisions of the Memorandum of Association and the Articles of Association of the Company and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended (“SEBI ICDR Regulations”), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended (“SEBI Listing Regulations”), the listing agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited (“Stock Exchanges”) on which the equity shares having face value of ₹ 1/- each of the Company (“Equity Shares”) are listed, the provisions of the Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder, as amended (the “FEMA”), including the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended, Foreign Exchange Management (Debt Instruments) Rules, 2019, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended, the Depository Receipts Scheme, 2014, as amended, the extant Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, as amended, (the “Debt Listing Regulations”), the Reserve Bank of India Master Directions on Foreign Investment in India, 2018 and subject to other applicable rules, regulations and guidelines issued by the Ministry of Corporate Affairs (“MCA”), the relevant Registrar of Companies, Securities and Exchange Board of India (“SEBI”), Reserve Bank of India (“RBI”), Government

of India ("GoI"), Stock Exchanges and / or any competent statutory, regulatory, governmental or any other authorities (herein referred to as "Applicable Regulatory Authorities"), from time to time and to the extent applicable, and subject to such approvals, permissions, consents and sanctions as may be necessary or required from the applicable Regulatory Authorities in this regard and further subject to such terms and conditions or modifications as may be prescribed or imposed by any or all of them while granting any such approvals, permissions, consents and / or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee thereof which the Board may duly have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this Resolution), consent, authority and approval of the Members of the Company, be and is hereby accorded to the Board and the Board be and is hereby authorised to create, offer, issue and allot (including with provisions for reservations on firm and/ or competitive basis, or such part of issue and for such categories of persons, including employees, as may be permitted) such number of equity shares, convertible warrants, preference shares/ bonds /debentures / any other instruments whether convertible into equity or not, American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), Foreign Currency Convertible Bonds ("FCCBs"), or any other securities or combination of such securities (hereinafter collectively referred to as "Securities"), in one or more tranches, whether Rupee denominated or denominated in one or more foreign currencies in the course of international and / or domestic offerings, in one or more foreign markets and/or domestic markets, through public and/ or private offerings and/or rights offering and/ or by way of Qualified Institutions Placement("QIP"), or any combination thereof, through issue of prospectus and/or preliminary placement document, placement document and/ or other permissible/ requisite offer documents to any eligible person, including Qualified Institutional Buyers ("QIBs") as defined under Chapter VI of the SEBI ICDR Regulations, or otherwise, including foreign/ resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors, Indian and/ or multilateral financial institutions, non-resident Indians, stabilizing agents, pension funds and/or any other categories of investors, whether they be holders of Securities of the Company or not (collectively called the "Investors"), as may be decided by the Board in its discretion and permitted under applicable laws and regulations, for an aggregate consideration of up to ₹ 1,800 crores (Rupees One Thousand Eight Hundred Crores only) (inclusive of such premium as may be fixed on such Securities) at such time or times, at such price or prices, at a discount or premium to market price or prices, as permitted

under applicable laws and in such manner and on such terms and conditions including security, rate of interest etc. and any other matters incidental thereto as may be deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment of Securities shall be made to the exclusion of other categories of Investors at the time of such creation, offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with book running lead manager(s) and/or underwriter(s) and/or other advisor(s) appointed and/or to be appointed by the Board, in foreign currency and/ or equivalent Indian Rupees as may be determined by the Board, or in any convertible foreign currency, as the Board in its absolute discretion may deem fit and appropriate (the "Issue").

RESOLVED FURTHER THAT if any issue of Securities is made by way of a QIP in terms of Chapter VI of the SEBI ICDR Regulations:

- (a) the allotment of the Securities, or any combination of Securities as may be decided by the Board, shall be completed within 365 days from the date of passing of the special resolution by the Members or such other time as may be allowed under the SEBI ICDR Regulations from time to time;
- (b) the Securities shall not be eligible to be sold by the allottees for a period of 1 year from the date of allotment, except on a recognized stock exchange, or except as may be permitted under the SEBI ICDR Regulations;
- (c) the relevant date for the purpose of pricing of the Securities shall be the date of the meeting in which the Board decides to open the QIP and at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VI of the SEBI ICDR Regulations;
- (d) the minimum number of allottees shall be two, where the issue size is less than or equal to ₹ 250 crores and five, where the issue size is greater than ₹ 250 crores;
- (e) in the event that convertible securities and/or warrants which are convertible into Equity Shares of the Company are issued along with nonconvertible debentures to QIBs under Chapter VI of the SEBI ICDR Regulations, the relevant date for the purpose of pricing of such securities, shall be the date of the meeting in which the Board (or relevant committee thereof) decides to open the issue of such convertible securities and/or warrants simultaneously with non-convertible debentures or any other date in accordance with applicable law and such Securities shall be issued at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VI of the SEBI ICDR Regulations; and
- (f) the Board may, in accordance with applicable law, also offer a discount of not more than 5% or such percentage as permitted

under applicable law on the price calculated in accordance with the pricing formula provided under the SEBI Regulations.

RESOLVED FURTHER THAT if any issue of Securities is made by way of a rights issue to the existing shareholders of the Company as on a record date to be determined, including reservation of Equity Shares in favour of holders of outstanding convertible debt instruments, if any, as on a record date to be determined, in terms of Chapter III of the SEBI ICDR Regulations ("Rights Issue"), the same shall be on such other terms and conditions as may be mentioned in the draft letter of offer and letter of offer to be issued by the Company in respect of the Rights Issue, including:

- (a) rights to the existing shareholders to whom the offer is made to renounce, the Equity Shares being offered, in favour of any other person(s);
- (b) the persons to whom the Equity Shares are being issued shall be entitled to apply for additional Equity Shares in the Rights Issue;
- (c) the manner in which allotment of the additional Equity Shares, if any, shall be made in the proportion to be decided by the Board at its discretion;
- (d) the Securities to be so created, offered, issued, and allotted shall rank *pari passu* with the existing Securities of the same kind, if any, of the Company and shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company;
- (e) the Board may dispose of the unsubscribed portion in such manner as it may think most beneficial to the Company;
- (f) all monies received out of Rights Issue shall be transferred to a separate bank account maintained by the Company for the purpose of the Rights Issue;
- (g) the Company shall utilize the monies received pursuant to the Rights Issue upon a confirmation from the lead manager(s) to the bankers by way of copies of listing and trading approvals that all formalities in connection with the issue have been completed, in accordance with the provisions of the SEBI ICDR Regulations and other applicable laws;
- (h) details of all monies utilised out of the Rights Issue referred to in (g) hereinabove shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilized, or in any other manner as may be required under the applicable laws; and
- (i) details of all unutilised monies out of the Rights Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which

such unutilised monies have been invested, or in any other manner as may be required under the applicable laws.

RESOLVED FURTHER THAT the issue to the holders of the Securities, which are convertible into or exchangeable with Equity Shares at a later date shall be, *inter alia*, subject to the following terms and conditions:

- (a) in the event the Company is making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced *pro tanto*;
- (b) in the event the Company is making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders;
- (c) in the event of merger, amalgamation, takeover or any other re-organization or restructuring or any such corporate action, if and as required, the number of Equity Shares, the price and the time period as aforesaid shall be suitably adjusted; and
- (d) in the event of consolidation and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or re-classification of the Securities into other securities and/or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made.

RESOLVED FURTHER THAT in pursuance of the aforesaid resolutions the Equity Shares that may be issued by the Company (including issuance of the Equity Shares pursuant to conversion of any Securities, as the case may be in accordance with the terms of the offering) shall rank *pari passu* with the existing equity shares of the Company in all respects.

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as ADRs or GDRs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities in accordance with the Depository Receipts Scheme, 2014 (including any amendment or replacement/ substitution thereof) and other applicable pricing provisions issued by the Ministry of Finance.

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as FCCBs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities

in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme, 1993 (including any amendment or replacement/substitution thereof) and other applicable pricing provisions issued by the Ministry of Finance.

RESOLVED FURTHER THAT in pursuance of the aforesaid resolutions:

- (a) the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company; and
- (b) the Securities to be created, offered, issued and allotted in terms of this Resolution (including issuance of the Equity Shares pursuant to conversion of any Securities as the case may be in accordance with the terms of the offering), shall rank pari passu with the existing Securities of the same kind, if any, of the Company.

RESOLVED FURTHER THAT for the purpose of giving effect to any creation, offer, issue or allotment of Equity Shares and/ or Securities or instruments representing the same, the Board be and is hereby authorised on behalf of the Company to seek listing of any or all of such Securities, on one or more Stock Exchanges in India or outside India and the listing of Equity Shares underlying the ADRs and/or GDRs on the Stock Exchanges in India.

RESOLVED FURTHER THAT the Board or person(s) as may be authorized by the Board, be and is/are hereby severally authorized to do all such acts, deeds, matters and things as it may be considered necessary, desirable or expedient including to resolve and settle any questions and difficulties that may arise in connection with the proposed creation, offer, issue and allotment of the Securities.

RESOLVED FURTHER THAT the Board be and is hereby authorized to delegate all or any of the powers herein conferred, to a committee of the Board or any such persons as it may deem fit in its absolute discretion, with the power to take such steps and to do all such acts, deeds, matters and things as they may deem fit and proper for the purposes of the issue(s) and settle any questions or difficulties that may arise in regard to the issue(s)."

9. To approve increase the Authorised Share Capital of the Company:

To consider and, if thought fit, to pass, the following resolution, 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 re-enactment (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 ₹ 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 to ₹ 42,50,00,000/- (Rupees Forty Two Crores Fifty Lakhs only) divided into 42,50,00,000 (Forty Two 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 ₹ 42,50,00,000/- (Rupees Forty Two Crores Fifty Lakhs only) divided into 42,50,00,000 (Forty Two 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**

Dinesh Lahoti
Company Secretary and
Compliance Officer

Place: Mumbai
Date: September 01, 2021

Registered Office:
Plot No. 5 & 6/1,
Savli G.I.D.C. Estate,
Savli - Vadodara Highway,
Manjusar, Vadodara - 391775,
Gujarat, India.
CIN: L73100GJ2006PLC047837
Tel.: +91 02667 666800
Fax: +91 22 6645 5685
Website: www.sparc.life

NOTES:

1. In view of the situation arising due to COVID-19 global pandemic and pursuant to General Circular No. 14/2020 dated April 8, 2020 read with General Circular No. 17/2020 dated April 13, 2020 read with General Circular No. 20/2020 dated May 5, 2020 and General Circular No. 02/2021 dated January 13, 2021 issued by the Ministry of Corporate Affairs, Government of India (collectively referred to as “**MCA Circulars**”) and Circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 read with Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 issued by the Securities and Exchange Board of India (collectively referred to as “**SEBI Circulars**”) and in compliance with the provisions of the Companies Act, 2013 (the ‘Act’) and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (‘Listing Regulations’) this Sixteenth Annual General Meeting of the Company (‘AGM’ or ‘16th AGM’) is being convened to be held through Video Conferencing (“VC”) or Other Audio Visual Means (“OAVM”), without the physical presence of the members at a common venue and the Notice of 16th AGM along with the Annual Report for financial year 2020-21 is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company’s Registrar & Share Transfer Agents, Link Intime India Pvt. Ltd. (“RTA”) / National Securities Depository Limited (“NSDL”) / Central Depository Services (India) Limited (“CDSL”) (collectively referred to as “Depositories”). Members may note that the Notice of the AGM along with the Annual Report for financial year 2020-21 is also available for download on the website of the Company at www.sparc.life, the e-voting portal i.e. www.evotingindia.com 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. The deemed venue for the AGM shall be the Registered Office of the Company.
2. The Members can join the AGM through VC/OAVM fifteen 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 (2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Auditors of the Company etc. who are allowed to attend the AGM without restriction.
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 Act.
5. Members are informed that in case of joint holders attending the AGM, only such joint holder whose name stands first in the Register of Members of the Company/ list of Beneficial Owners as received from Depositories in respect of such joint holding will be entitled to vote, provided the votes are not already cast by remote e-voting.
6. 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.
7. In compliance with the MCA General Circular No. 20/2020 dated May 5, 2020, the item nos. 3 to 9 forming part of Special Business of this Notice are considered unavoidable and form part of this Notice.
8. In pursuance of Section 112 and Section 113 of the Act, 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/JPEG 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 before the commencement of AGM. The said resolution / authorization shall be sent by e-mail to secretarial@sparcmail.com or upload on the e-voting portal i.e. www.evotingindia.com.
9. The Explanatory Statement pursuant to Section 102(1) of the Act relating to the special business(es) to be transacted at the AGM is annexed hereto. The relevant details as required under Regulation 36 of the Listing Regulations and/or 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 Director / Manager seeking appointment / reappointment are given under the heading “Profile of Director and Manager” forming part of this Notice.
10. The voting rights of members shall be in proportion to their shareholding in the paid up equity share capital of the Company as on the cut-off date of Wednesday, September 22, 2021. A person who is not a Member as on the cut-off date should treat this Notice solely for information purposes. Those who acquire equity shares of the Company and become members of the Company after the Notice is sent, and hold equity shares as of the cut-off date, can vote/ attend the 16th AGM, in the manner as detailed in the Note no. 21.

11. Pursuant to Section 91 of the Act and Rule 10 of the Companies (Management and Administration) Rules, 2014 read with Regulation 42 of the Listing Regulations, the Register of Members and Share Transfer Books of the Company will remain closed from Thursday, September 23, 2021 till Wednesday, September 29, 2021 (both days inclusive) for the purpose of holding of 16th AGM.
12. Members who have not registered their email addresses with the Company/ RTA or their Depositories Participants 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), Email id, Mobile number, scanned copy of self- attested share certificate (both sides) and PAN Card (of all joint holders) in PDF or JPEG format.
 - ii. Members holding shares in dematerialized mode are requested to register/ update their email addresses with the relevant Depository Participants.
13. Members will be able to attend the 16th AGM on September 29, 2021 through VC/OAVM by following the instructions detailed in Note no.21.
14. Relevant registers as required under the Act, will be available for inspection electronically by the members during the AGM. Relevant documents referred to in the accompanying Notice and the Explanatory Statement will also be available for inspection electronically by the members, without any fee, from the date of circulation of this Notice up to the date of AGM, i.e. September 29, 2021. Those shareholders who wish to inspect the aforementioned documents electronically may send their requests to secretarial@sparcmail.com, mentioning their name, demat account number/folio number, e-mail id and mobile number. The aforementioned documents shall be available for physical inspection at the registered office of the Company, on all working days, except Saturdays and Sundays, between 11:00 a.m. IST and 1:00 p.m. IST, upto the date of AGM.
15. 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 between September 18, 2021 to September 25, 2021. Members who do not wish to speak during the AGM but have queries may send their queries, mentioning the name, Securities 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.
16. Only those Members who have registered themselves as a speaker will be allowed to express their views/ ask questions during the AGM 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.
17. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations (as amended), and MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the 16th AGM of the Company. For this purpose, the Company has appointed Central Depository Services (India) Limited (“CDSL”) for facilitating voting through electronic means, as the authorised e-voting agency. The facility of casting votes by a member using remote e-voting as well as the e-voting system on the date of the 16th AGM will be provided by CDSL.
18. The remote e-voting period begins on Sunday, September 26, 2021 at 9:00 a.m. (IST) and ends on Tuesday, September 28, 2021 at 5:00 p.m. (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 Wednesday, September 22, 2021 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.
19. The facility for e-voting shall also be made available at the AGM through VC/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.
20. Mr. Alpesh Panchal, Company Secretary, Partner of KJB & Co. LLP, Practicing Company Secretaries, and failing him, Mr. Chintan Goswami, Company Secretary, Partner of KJB & Co. LLP, Practicing Company Secretaries 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.

21. Instructions for Remote E-Voting and E-Voting during the AGM:

- (i) **The remote e-voting period begins on Sunday, September 26, 2021 at 09:00 a.m. and ends on Tuesday, September 28, 2021 at 05:00 p.m.** During this period, shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date, i.e. Wednesday, September 22, 2021, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Those members who will be present in the 16th AGM through VC/ OAVM facility and have not cast 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 during the 16th AGM.
- (ii) Shareholders who have already voted prior to the meeting date would not be entitled to cast their vote again.
- (iii) Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, under Regulation 44 of the Listing Regulations listed entities

are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

In order to increase the efficiency of the voting process, pursuant to a public consultation, SEBI has decided to enable e-voting to all the demat account holders, by way of a single login credential, through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the e-voting service providers, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

- (iv) In terms of SEBI Circular no. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020 on e-voting facility provided by listed companies, individual shareholders holding securities in demat mode are allowed to vote through their demat account maintained with Depositories and Depository Participants. Shareholders are advised to update their mobile number and e-mail id in their demat accounts in order to access e-voting facility.

Pursuant to aforesaid circular, login method for e-voting and joining virtual meetings for individual shareholders holding securities in demat mode CDSL/NSDL is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	<ol style="list-style-type: none"> 1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the evoting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. CDSL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi/Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the evoting is in progress and also able to directly access the system of all e-Voting Service Provider i.e. CDSL.

- | | |
|--|---|
| Individual Shareholders holding securities in demat mode with NSDL | <ol style="list-style-type: none">1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the “Beneficial Owner” icon under “Login” which is available under ‘IDeAS’ section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on “Access to e-Voting” under e-Voting services and you will be able to see e-Voting page. Click on company name – Sun Pharma Advanced Research Company Limited or e-Voting service provider name – CDSL and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select “Register Online for IDeAS” “Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon “Login” which is available under ‘Shareholder/Member’ section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name – Sun Pharma Advanced Research Company Limited or e-Voting service provider name – CDSL and you will be redirected to CDSL’s website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting |
| Individual Shareholders (holding securities in demat mode) login through their Depository Participants | <ol style="list-style-type: none">1) You can also login using the login credentials of your demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name – Sun Pharma Advanced Research Company Limited or e-Voting service provider name - CDSL and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. |

Important note: Members who are unable to retrieve User ID/ Password are advised to use Forget User ID and Forget Password option available at above mentioned website.

Helpdesk for Individual Shareholders holding securities in demat mode for any technical issues related to login through Depository i.e. CDSL and NSDL.

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or contact at 022-23058738 and 22-23058542-43.
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30
<p>(v) Login method for e-voting and joining virtual meetings for Physical shareholders and shareholders other than individual holding in Demat form.</p> <ul style="list-style-type: none"> The shareholders should log on to the e-voting website www.evotingindia.com. Click on “Shareholders” module. Now enter your User ID <p>a. For CDSL: 16 digits beneficiary ID</p> <ul style="list-style-type: none"> If you are a first time user follow the steps given below: 	
	<p>b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID</p> <p>c. Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.</p> <ul style="list-style-type: none"> Next enter the Image Verification as displayed and Click on Login If you are holding shares in demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
For Physical shareholders and shareholders other than individual holding shares in Demat.	
PAN	<p>Enter your 10 digit alpha-numeric PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <ul style="list-style-type: none"> Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	<p>Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the company records in order to login.</p> <ul style="list-style-type: none"> 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.

- vi. After entering these details appropriately, click on “SUBMIT” tab.
- vii. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in demat form will now reach ‘Password Creation’ menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- viii. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- ix. Click on the EVSN 210819003 for the Sun Pharma Advanced Research Company Limited.
- x. On the voting page, you will see “RESOLUTION DESCRIPTION” and against the same the option “YES/ NO” for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xi. Click on the “RESOLUTIONS FILE LINK” if you wish to view the entire Resolution details.
- xii. After selecting the resolution, you have decided to vote on, click on “SUBMIT”. A confirmation box will be displayed. If you wish to confirm your vote, click on “OK”, else to change your vote, click on “CANCEL” and accordingly modify your vote.
- xiii. Once you “CONFIRM” your vote on the resolution, you will not be allowed to modify your vote.
- xiv. You can also take a print of the votes cast by clicking on “Click here to print” option on the Voting page.
- xv. If a demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvi. Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.**
 - Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the “Corporates” module.

- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed 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 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 scrutiniser to verify the same.
- Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc., to the Scrutiniser and to the Company at the e-mail address viz; secretarial@sparcmail.com (designated e-mail address by Company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

Process for shareholders to register / update their e-mail addresses/ mobile nos. with the depositories/RTA:

1. **For Physical shareholders** – please provide necessary details like Folio No., Name of shareholder, scanned copy of the share certificate (front and back), PAN (self attested scanned copy of PAN card), AADHAR (self attested scanned copy of Aadhar Card) by e-mail to Company/RTA e-mail id.
2. **For Demat shareholders** - Please update your e-mail id & mobile no. with your respective Depository Participant (DP).
3. **For Individual Demat shareholders** – Please update your e-mail id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

xvii) Instructions for shareholders attending the 16th AGM through VC/OAVM & E-voting during the 16th AGM are as under:-

1. The procedure for attending meeting & e-voting on the day of the AGM is same as the instructions mentioned above for e-voting.
2. The link for VC/OAVM to attend meeting will be available where the EVSN of Company will be displayed after successful login as per the instructions mentioned above for e-voting.

3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the 16th AGM.
4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.
5. Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.
6. Please note that participants connecting from mobile devices or tablets or through laptop 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 any kind of aforesaid glitches.
7. Only those shareholders, 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.
8. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

(xviii) In case you have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting system, you may write an e-mail to helpdesk.evoting@cdslindia.com or contact 022- 23058738 and 022-23058542/43.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an e-mail to helpdesk.evoting@cdslindia.com or call on 022-23058542/ 43.

22. The Scrutinizer will, immediately after the conclusion of voting at the 16th AGM, start scrutinizing the votes cast at the Meeting along with remote e-voting and prepare a consolidated Scrutinizer's Report and submit thereafter to the Chairman of the Meeting or any person authorised by him. The voting result declared along with the consolidated Scrutinizer's Report will be placed on the Company's website at www.sparc.life and on the website of CDSL at www.evotingindia.com, as well as displayed on the notice board at the Registered Office and Corporate Office of the Company, within two working

days of the conclusion of the Meeting. The Company will simultaneously forward the voting results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

23. 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 SEBI circular No. SEBI/ HO/MIRSD/DOP1/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/RTA, which may result in avoidable processing delay.
24. The members are requested to get their physical shares dematerialised, since vide SEBI Circular dated June 08, 2018 read with SEBI Circular dated December 03, 2018 with effect from April 1, 2019, except in case of transmission or transposition, the securities shall not be transferred unless they are held in the dematerialised form.

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

Dinesh Lahoti
Company Secretary and
Compliance Officer

Place: Mumbai
Date: September 01, 2021

Registered Office:
Plot No. 5 & 6/1,
Savli G.I.D.C. Estate,
Savli - Vadodara Highway,
Manjusar, Vadodara - 391775,
Gujarat, India.
CIN: L73100GJ2006PLC047837
Tel.: +91 - 02667-666800
Fax: +91 22 6645 5685
Website: www.sparc.life

EXPLANATORY STATEMENT PURSUANT TO SECTION 102(1) OF THE COMPANIES ACT, 2013

Item No. 3

To approve the appointment and remuneration of Mr. Anilkumar Raghavan, as the Manager and Whole-time Key Managerial Personnel of the Company, designated as Chief Executive Officer (CEO) :

On the recommendation of the Nomination and Remuneration Committee of the Company, the Board of Directors has approved the appointment of Mr. Anilkumar Raghavan as the Manager and Whole-time Key Managerial Personnel (designated as Chief Executive Officer) of the Company for a period of 5 (five) years with effect from May 25, 2021, including the remuneration to be paid to him in any financial year, subject to the approval of the members. Further, in view of loss/ inadequacy of profit, the approval for remuneration to be paid to Mr. Anilkumar Raghavan can be sought only for a period of 3 (three) years at a time, pursuant to requirements of Schedule V of Companies Act, 2013 ("Act").

The remuneration of ₹ 8,00,00,000/- (Rupees Eight Crores only) per annum as proposed in the resolution is the maximum limit of remuneration of Mr. Anilkumar Raghavan, within which limit the Nomination and Remuneration Committee and the Board shall approve the actual remuneration to be paid to Mr. Anilkumar Raghavan. His remuneration for the financial year 2020-21 was Rs. 4,54,91,774/-.

Pursuant to provisions of Section 197 read with Schedule V to the Act, in case the Company has no profits/ inadequate profits in any financial year during the tenure of the managerial personnel, the minimum remuneration shall be paid to such personnel, as may be decided by the Board of Directors, if the approval of members is obtained by way of Special Resolution. Since the net profit of the Company is presently negative in terms of the Act, it is proposed to seek members' approval by way of a Special Resolution, to enable the Company to pay Remuneration as per the proposed resolution to Mr. Anilkumar Raghavan, for his appointment as the Manager, designated as Chief Executive Officer.

Members' approval is therefore sought for his appointment as the Manager and Whole-time Key Managerial Personnel designated as Chief Executive Officer for a period of 5(five) years effective from May 25, 2021 upto May 24, 2026 and for remuneration to be paid to him for a period of 3(Three) years effective from May 25, 2021 upto May 24, 2024, as stated aforesaid and detailed in the resolution, including the Minimum Remuneration to be paid to him in event of loss or inadequacy of profits in any financial year during the aforesaid period, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

The additional information as required under Schedule V to the Act, including brief profile of Mr. Anilkumar Raghavan, is provided under the heading "Statement of Information for the Members pursuant to Section II of Part II of Schedule V to the Companies Act, 2013" given below. Particulars of Mr. Anilkumar Raghavan, as required under the provisions of Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India, are provided under heading "Profile of Director and Manager" forming part of this Notice.

The copy of the draft agreement with Mr. Anilkumar Raghavan is available for inspection by any member as detailed in point no. 14 of Notes to this Notice.

The Board recommends the Resolution as set out at Item no. 3 of the Notice for approval of the Members as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Mr. Anilkumar Raghavan to whom this resolution pertains and his relatives, are in any way concerned or interested in the Resolution as set out at Item no. 3 of this Notice.

**STATEMENT OF INFORMATION FOR THE MEMBERS
PURSUANT TO SECTION II OF PART II OF SCHEDULE V
TO THE COMPANIES ACT, 2013**

I. General Information:

(i) Nature of Industry

The Company is presently engaged in the business of Pharmaceutical Research and Development.

(ii) Date or expected date of commencement of commercial production

The Company carries on above business since its incorporation.

(iii) In case of new companies, expected date of commencement of activities as per project approved by financial institutions appearing in the prospectus:

Not Applicable

(iv) Financial performance based on given indicators:

(₹ in Lakhs except EPS)		
Particulars	FY 2020-21	FY 2019-20
Profit (Loss) after Tax	(15,113.88)	(31,240.34)
Total Equity (Share capital + Other equity)	(16,825.16)	(1,863.83)
Revenue from operations	25,836.96	8,657.72
Earnings Per Share	(5.77)	(11.92)

(v) Foreign investments or collaborations, if any.

The Company neither has made any foreign investments nor has entered into any material foreign collaboration.

As on March 31, 2021, the shareholding of foreign investors, in the Company is detailed as under:

Particulars	No. of Shares	%
Foreign Portfolio Investors	70,56,980	2.69
Overseas Bodies Corporates	9,600	0.00
Non Resident Indians (Non Repat)	3,43,992	0.13

Particulars	No. of Shares	%
Non Resident Indians (Repat)	8,23,845	0.31
Total	82,34,417	3.14

II. Information about the appointee:

(i) Background details

Anilkumar Raghavan is a senior pharmaceutical services executive with significant global exposure spanning business strategy and operations.

Anil currently serves as the Chief Executive Officer of Sun Pharma Advanced Research Company Limited (SPARC). Anilkumar is responsible for developing and executing strategies to realize SPARC's vision of becoming a Global Pharmaceutical Leader with a portfolio of innovative solutions. He operates from SPARC's Mumbai office.

Anil also serves as the Chairman of an early stage Machine Learning company, AIRAMATRIX Private Limited which focuses on the application of high content image processing and deep learning to transform drug development and clinical practice.

Prior to joining SPARC in the year 2014, he served as the Managing Director of the India and Sri Lanka business of Quintiles, a global pharmaceutical services company. He was part of Quintiles leadership team and an active member of its Asia management board. As a leader of the largest clinical research organization at a time when the industry lived through substantial regulatory and public relations challenges, he led and participated in several efforts to reposition the CRO brand, operational mix and shape policy in a positive direction.

Anil played several strategy and operational roles within the Quintiles global organization, including heading its strategy function before relocating to India to take up leadership of the India organization. Anil also served on the board of Quintiles' early development joint venture.

Anil spent a decade consulting with leading firms such as Arthur Andersen, KPMG and Cambridge Technology Partners before joining Quintiles. He helped the leadership teams of several companies in developing and evaluating business strategy, and improving business performance. Anil served customers in varied segments like Media and Entertainment, Telecommunications, Health Care services, and Technology/Outsourcing. Anil substantially contributed to developing consulting solutions for the emerging Information Technology and Business Process Outsourcing industries.

Anil is an Industrial Engineer with a deep interest in evolving science and technologies in pharmaceutical R&D and health care delivery segments. An active speaker at events, he has participated in several industry sector studies, working with business lobbies and industry associations to highlight sectoral opportunities and challenges.

His interests outside of work include Emerging New Media, Photography, and South Indian Classical Music

(ii) Past Remuneration:

The remuneration to Mr. Anilkumar Raghavan for financial year 2020-21 was as follows:

Fixed Pay Including notional gratuity	Variable Pay	Total Remuneration
₹ 3,94,91,774	₹ 60,00,000	₹ 4,54,91,774

(iii) Recognition or awards:

NIL

(iv) Job profile and its suitability

Detailed profile of Mr. Anilkumar Raghavan has been provided under Point No. II(i) above.

(v) Remuneration proposed

Details of remuneration proposed for approval of the Shareholders at this 16th Annual General Meeting of the Company is as provided in the Resolution no. 3 in this Notice.

(vi) Comparative remuneration profile with respect to industry, size of the company, profile of the position and person (in case of expatriates the relevant details would be with respect to the country of his origin):

The proposed remuneration considering the above parameters, profile of the position commensurate with the remuneration being paid by the Companies of comparable size in the industry in which the Company operates.

(vii) Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel (or other director), if any.

Apart from receiving remuneration, Mr. Anilkumar Raghavan do not have any pecuniary relationship directly or indirectly with the Company and its Directors.

III. Other information:

(i) Reasons of loss or inadequate profits

The Company is in business of Pharmaceutical Research & Development and incur significant expenses on clinical trials of new drugs.

(ii) Steps taken or proposed to be taken for improvement

The Company is monitoring its fixed costs and overheads tightly.

(iii) Expected increase in productivity and profits in measurable terms

Various projects of the Company are in the late clinical stage evaluation and read outs are expected in next 2-3 years.

IV. Disclosures:

The information and disclosures of the remuneration has been mentioned above.

Mr. Anilkumar Raghavan satisfies the conditions set out in Part-I of Schedule V to the Act as also conditions set out under sub-section 3 of section 196 of the Act for being eligible for his appointment.

Item No. 4

To ratify and approve Line of Credit availed from Shanghvi Finance Private Limited:

The members at their 15th Annual General Meeting held on September 30, 2020 had ratified and approved the unsecured line of credit facility of upto Rs. 200 crores at the rate of 10.50% per annum, from Shanghvi Finance Private Limited (CIN: U65910MH1989PTC053111), the Holding Company and a Related Party of the Company, to meet the working capital requirements of the Company, on certain terms and conditions. Further the Audit Committee and the Board of Directors of the Company had approved few amendments in the said facility, as per the details given below:

Facility Amount – Revised from Rs. 200 crores to Rs. 250 crores

Rate of Interest –

- (i) Revised from 10.50% to 9.75% per annum with effect from October 01, 2020.
- (ii) Revised from 9.75% to 8.00% per annum with effect from April 01, 2021

Pursuant to regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 all material related party transactions requires approval of the members in which the related parties shall not vote to approve the transaction. The above facility would exceed the threshold limit of ‘materiality’ as per Related Party Transaction Policy of the Company and regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and accordingly it is proposed for ratification and approval by the members of the Company. The related parties shall not vote to approve this transaction.

In the opinion of the Board availing the revised facility at the revised rate of interest is in the best interest of the Company. Accordingly, the Board recommends the Resolution as set out at item no.4 of the Notice for ratification and approval of the Members as an Ordinary Resolution.

Mr. Dilip S. Shanghvi, Chairman & Non-Executive Director, Mr. Sudhir V. Valia, Non-Executive Director, and their relatives are deemed to be interested in the proposed resolution. 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.

Item No. 5

To approve continuation of transactions with Sun Pharmaceutical Industries Inc., USA under Master License Agreement:

The members of the Company, at their 11th Annual General Meeting held on July 29, 2016, gave approval for entering into transactions pursuant to the Master License Agreement dated January 20, 2014 entered into by the Company with Sun Pharmaceutical Industries Inc. USA, (‘the Other Party’), pursuant to which Company has agreed to grant to the Other Party, exclusive license under the License Rights in respect of the Licensed Products in the Licensed Field and Territory.

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

Material terms the Contracts / arrangements / transactions

The contracts being placed for approval is a master licensing contract governing in principle, the terms of the licensing arrangement between the Company and Sun Pharmaceutical Industries Inc., USA (hereinafter severally referred to as ‘the Other Party’). The contracts sets out broad framework of the licensing arrangement between the Company and the Other Party. Pursuant to the contract, individual products/ technologies/ know how may be licensed under this Master Agreement by way of Product Specific Exhibits.

The key terms of the contact contain an enabling clause for entering into licence under certain licensed rights in respect of certain licensed products in certain licensed fields in certain licensed territory (including other rights and obligations which are on arm’s length basis.)

The licensed technology or the product which is being/to be licensed shall be determined on a case of case basis by way of product specific exhibit signed between the Company and the Other Party.

Monetary Value / Consideration

In consideration of the rights granted pursuant to this Contract, the Other Party agrees to make the payments as mutually agreed in the product specific licensing exhibit. However, all the Parties, in principle, agree to the following method of product valuation for licensing of the licensed product to the Other Party.

The net present value split from revenues from commercialization of the licensed product shall be agreed by the Parties based on benchmarking information such as: market analysis, research report, industry trends, business strategies, financial forecasts, third party comparables, valuation reports (if required), management assessment of pricing terms and business justification for the transaction; and comparative analysis, if any, of other such transaction entered into by the Parties. Provided however that such net present value split shall not be less than 10% and not more than 40% in favour of the Company, which will be determined having regard the to the aforesaid factors on a product by product basis and shall be on an arms-length basis.

Other relevant information	<ul style="list-style-type: none"> The Other Party shall pay to the Company royalties on net sales of licensed products in the territory during each financial year at the royalty rates set forth in the product specific licensing exhibit. 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 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 shall commence on the date of execution of the respective Agreement and will continue in full force and effect thereafter until terminated in accordance with the terms and conditions of this Contract.
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 Obligations and Disclosure Requirements) Regulations, 2015 all material Related Party Transactions requires approval of the members in which the related parties shall not vote to approve the transaction. Due to the inherent open-ended nature of the Master License 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 Obligations and Disclosure Requirements) Regulations, 2015 and accordingly it is proposed for approval by the members of the Company. The related parties shall not vote to approve this transaction.

Since no maximum term for entering into the aforesaid transaction was sought or specified by the members while approving the above transactions in their 11th Annual General Meeting held on July 29, 2016, 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 members after every five years, as a measure of good Corporate Governance. Accordingly, the Company will seek further approval of the members for continuation of transactions pursuant to the Master License Agreement beyond the next five years, if applicable.

Master License Agreement is available for inspection by any member as detailed in point no. 14 of Notes to this Notice.

In the opinion of the Board entering into transactions pursuant to the aforesaid Master License Agreement is in the best interest of the Company. The Board recommends the Resolution as set out at item no. 5 of the Notice for approval of the Members as an Ordinary Resolution.

Mr. Dilip S Shanghvi, Chairman & Non-Executive Director, Mr. Sudhir V Valia, Non-Executive 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.

Item No. 6

To approve continuation of transactions with Sun Pharma Global FZE, UAE under Master Service Agreement:

The members of the Company, had in their 11th Annual General Meeting held on July 29, 2016, gave their approval for entering into transactions pursuant to the Master Service Agreement dated August 27, 2016 entered into by the Company with Sun Pharma Global FZE, UAE ("Other Party"), pursuant to which Company will provide certain range of research & development activities and other support services to the Other Party in its ordinary course of business, based on the requirement of the other party from time to time.

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

Material terms the Contracts / arrangements / transactions	Based on its requirements from time to time, Sun Pharma Global FZE, UAE ("Other Party") may request the Company to provide certain range of research and development activities and other support services in its ordinary course of business, on various terms and conditions which are on arm's length basis.	Are the transactions in the ordinary course of business	Yes
Monetary Value / Consideration	<ul style="list-style-type: none"> In consideration of the services provided by the Company to the Other party, the Other party shall pay to the Company, such amount as may be determined in accordance with the arm's length principles under the Transfer Pricing Regulations which shall consist of the fully absorbed internal costs incurred by the Company in providing the services plus an appropriate mark-up percentage of thirty percent (30%). 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 arm's length transaction for the provision of the services under similar terms and conditions, the parties shall enter into a good faith negotiations to agree to an arms-length percentage mark up for such services. 	Are the transactions on an arm's length basis	Yes
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. The Company shall provide services to the Other party from time to time as identified and described in a mutually agreed upon SOW. As applicable for the services, Company shall make available sufficient quantities of materials to carry out the service(s) at the cost of the Other party or such cost sharing mechanism as may be mutually agreed from time to time in connection with the particular SOW. The term of this Contract shall commence on the date of execution of the Agreement and will continue in full force and effect thereafter until terminated in accordance with the terms and conditions of this Contract. 	Whether the transactions have been approved by Audit Committee	Yes

Pursuant to regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 all material Related Party Transactions requires approval of the shareholders in which the related parties shall not vote to approve the transaction. Due to the inherent open-ended nature of the Master Service 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 Obligations and Disclosure Requirements) Regulations, 2015 and accordingly is proposed for approval by the members of the Company. The related parties shall not vote to approve this transaction.

Since no maximum term for entering into the aforesaid transaction was sought or specified by the members while approving the above transactions in their 11th Annual General Meeting held on July 29, 2016, 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 members after every five years, as a measure of good Corporate Governance. Accordingly, the Company will seek further approval of the members for continuation of transactions pursuant to the Master Service Agreement beyond the next five years, if applicable.

Pursuant to a Scheme of Amalgamation and Merger, Sun Pharma Global FZE is in the process to amalgamate into Sun Pharmaceutical Industries Limited. Consequent to said amalgamation, the Master Service Agreement between the Company and Sun Pharma Global FZE shall continue, on the same terms and conditions as are detailed in the resolution and/or herein above, between the Company and Sun Pharmaceutical Industries Limited.

Master Service Agreement is available for inspection by any member as detailed in point no. 14 of Notes to this Notice.

In the opinion of the Board entering into transactions pursuant to the aforesaid Master Service Agreement is in the best interest of the Company. Accordingly, the Board recommends the Resolution as set out at item no. 6 of the Notice for approval of the Members as an Ordinary Resolution.

Mr. Dilip S Shanghvi, Chairman & Non-Executive Director, Mr. Sudhir V Valia, Non-Executive 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.

Item No. 7

To approve continuation of transactions with Taro Pharmaceutical Industries Ltd., Israel under Master Support Service Agreement:

The members of the Company, had in their 11th Annual General Meeting held on July 29, 2016, gave their approval for entering into transactions pursuant to the Master Support Service Agreement dated August 31, 2016 entered into by the Company with Taro 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 Contracts / arrangements / transactions	Based on each parties' requirements from time to time, both parties may request the other party to provide certain range of research and development activities and other support services to each other in its ordinary course of business, on various terms and conditions which are on arm's length basis.
Monetary Value / Consideration	<ul style="list-style-type: none"> 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 markup percentage of 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 arm's length transaction for the provision of the services under similar terms and conditions the parties shall enter into a good faith negotiations to agree to an arms-length percentage mark up for such services.

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. Performing party shall provide services to receiving party from time to time as identified and described in a mutually agreed upon SOW. As applicable for the services, performing party shall make available sufficient quantities of materials to carry out the service(s) at the cost of receiving party or such cost sharing mechanism as may be mutually agreed from time to time in connection with the particular SOW. The Receiving party may grant the performing party and its authorized representatives and/or agents a limited non-exclusive, non-transferable, revocable license to use the technical information and intellectual property rights during the term of this Contract and any extensions thereof for the purpose of rendering the services under the Contract and the respective SOW. The License shall be royalty-free, unless otherwise agreed in writing between the parties. The term of this Contract shall commence on the date of execution of the Agreement and will continue in full force and effect thereafter until terminated in accordance with the terms and conditions of this Contract.
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 Obligations and Disclosure Requirements) Regulations, 2015 all material Related Party Transactions requires approval of the shareholders in which the related parties shall not vote to approve the transaction. Due to the inherent open-ended nature of the Master Support Service 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 Obligations and Disclosure Requirements) Regulations, and accordingly is proposed for approval by the members of the Company. The related parties shall not vote to approve this transaction.

Since no maximum term for entering into the aforesaid transaction was sought or specified by the members while approving the above transactions in their 11th Annual General Meeting held on July 29, 2016, 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 members after every five years, as a measure of good Corporate Governance. Accordingly, the Company will seek further approval of the members for continuation of transactions pursuant to the Master Support Service Agreement beyond the next five years, if applicable.

Master Support Service Agreement is available for inspection by any member as detailed in point no. 14 of Notes to this Notice.

In the opinion of the Board entering into transactions pursuant to the aforesaid Master Support Service Agreement 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 Members as an Ordinary Resolution.

Mr. Dilip S Shanghvi, Chairman & Non-Executive Director, Mr. Sudhir V Valia, Non-Executive 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.

Item No. 8

To approve raising of the funds through equity shares, convertible warrants, preference shares/ bonds /debentures /any other instruments whether convertible into equity or not, American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), Foreign Currency Convertible Bonds ("FCCBs"), etc.

In view of the future outlook of the Company, its growth targets and prospects, the Company would require additional funding. While it is expected that the internal generation of funds would partially finance the need for capital and debt raising would be another source of funds, it is thought prudent for the Company to have enabling approval to raise funds through the issue of appropriate securities as mentioned below.

In order to enable the Company to raise funds through a public issue and/or private offering and/or rights offering and/or qualified institutions placement or any combination thereof, the approval of the Members is hereby sought for the proposal to create, offer, issue and allot equity shares of the Company of face value of ₹ 1/- each ("Equity Shares") convertible warrants, preference shares/ bonds /debentures /any other instruments whether convertible into equity or not, American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), Foreign Currency Convertible Bonds ("FCCBs"), or any other securities or combination of such securities (hereinafter collectively referred to as "Securities"), in one or more tranches, to eligible investors, whether they being existing shareholders or not, as may be decided by the Board in its discretion and permitted under applicable laws, for an aggregate consideration of up to ₹ 1,800 Crores (Rupees One Thousand Eight Hundred Crores only) or equivalent thereof, in one or more currency(ies).

As the issue may result in the issue of Equity Shares of the Company to investor(s) who may or may not be members of the Company, consent of the members is being sought pursuant to Section 62(1) (c) and other applicable provisions, if any, of the Companies Act, 2013 ("Act"), the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018 ("SEBI ICDR Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and any other law for the time being in force and being applicable.

In case of issuance of securities through a qualified institutions placement ("QIP"), in terms of Chapter VI of the SEBI ICDR Regulations, an issue of securities pursuant to a QIP shall be made at a price not less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted on the stock exchange during the two weeks preceding the "relevant date." The relevant date for the purpose of pricing of the securities shall be the date of the meeting in which the Board decides to open the QIP and at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VI of the SEBI Regulations. In case of a QIP, the special resolution has a validity period of 365 within which allotments under the authority of said resolution should be completed.

In case of issuance of ADRs or GDRs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities in accordance with the Depositary Receipts Scheme, 2014 and other applicable pricing provisions issued by the Ministry of Finance.

In case of issuance of FCCBs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depositary Receipt Mechanism) Scheme, 1993 and other applicable pricing provisions issued by the Ministry of Finance.

The issue / allotment / conversion would be subject to the receipt by the Company of regulatory approvals, if any. The conversion of Securities held by foreign investors, into Equity Shares would be subject to the applicable foreign investment cap.

The proceeds of the proposed issue of Equity Shares shall be utilized for any of the aforementioned purposes to the extent permitted by law. The Resolution at Item No. 8 is an enabling resolution conferring authority on the Board to do all acts and deeds, which may be required to issue/offer Securities of appropriate nature at appropriate time, including the size, structure, price and timing of the issue(s) /offer(s) at the appropriate time(s). The detailed terms and conditions for the domestic/international offering will be determined in consultation with the lead managers, merchant bankers, global business coordinators, guarantors, consultants, advisors, underwriters and/or such other intermediaries as may be appointed for the issue/offer. Wherever necessary and applicable, the pricing of the issue/offer will be finalized in accordance with applicable guidelines in force. As and when the Board takes a decision on matters on which it has the discretion, necessary disclosures will be made to the relevant stock exchanges on which the Equity Shares are listed under the provisions of the SEBI Listing Regulations.

In case the securities to be issued are Debentures or any other debt instruments then in such case the resolution passed herein above shall also be treated as the approval for the limits in terms of 180(1) (a) and 180(1)(c) of the Companies Act, 2013 and the existing limits under the said sections approved by the members of the Company at their extra ordinary general meeting held on April 26, 2021 shall not in any case be affected.

The Directors accordingly recommend this resolution at Item No. 8 of the Notice for the approval of the Members of the Company as an enabling special resolution.

None of the Directors or Key Managerial Personnel of the Company and / or their relatives are concerned or interested, financially or otherwise, in the proposed resolution except to the extent of his/her holding of Equity Shares and to the extent of his/her subscribing to Equity Shares if and when issued as also to the extent of subscription by a financial institution/ company/body corporate in which the KMPs, Director or his/her relative may be directly or indirectly interested.

Item No. 9

To approve increase the Authorised Share Capital of the Company:

The present 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 against which the Paid up Capital of the Company as on date is around ₹ 26.34 crores.

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 ₹ 42,50,00,000/- (Rupees Forty Two Crores Fifty Lakhs only) divided into 42,50,00,000 (Forty Two 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 draft of the revised Memorandum of Association along with the proposed amendments is available for inspection by any member as detailed in point no. 14 of Notes to this Notice.

The Directors recommend the resolution at Item No.9 of the Notice for the approval of the Members as an Ordinary Resolution.

None of the Directors and Key Managerial Personnel of the Company or their relatives are in anyway concerned or interested in this resolution.

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

Dinesh Lahoti
Company Secretary and
Compliance Officer

Place: Mumbai
Date: September 01, 2021

Registered Office:
Plot No. 5 & 6/1,
Savli G.I.D.C. Estate,
Savli - Vadodara Highway,
Manjusar, Vadodara - 391775,
Gujarat, India.
CIN: L73100GJ2006PLC047837
Tel.: +91 - 02667-666800
Fax: +91 22 6645 5685
Website: www.sparc.life

PROFILE OF DIRECTOR AND MANAGER

(Details of Director / Manager retiring by rotation / seeking appointment / re-appointment at the AGM)

As required under to Regulation 36(3) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") and/or as required under Secretarial Standards on General Meetings issued by the Institute of Company Secretaries of India (SS – 2), the particulars of Director / Manager who is proposed to be appointed/re-appointed are given below.

Particulars	Mr. Sudhir V Valia
Age	64 years as on March 31, 2021
Qualification and Brief Resume of the Director	<p>Mr. Sudhir V. Valia is a member of the Institute of Chartered Accountants of India and carries more than three decades of experience in taxation and finance. He has been the director of Sun Pharmaceutical Industries Limited since 1994 and is also on the board of Taro Pharmaceutical Industries Ltd.</p> <p>Mr. Valia has won CNBC TV18's CFO of the Year in the Pharmaceutical and Healthcare Sectors for two consecutive years (2011 and 2012).</p> <p>Mr. Valia is actively involved in the field of social activities and has been awarded the Adivasi Sevak Puraskar (2008- 09) by the Government of Maharashtra for his contribution towards the welfare of tribal, particularly in the field of education in his capacity as visionary and director of Shantilal Shanghvi Foundation. He is also a director of Krishna Vrundavan Pratishthan.</p>
Experience and Expertise in specific functional area	Wide experience in accountancy finance and taxation field.
Terms and conditions of re-appointment	Mr. Sudhir V. Valia is a Non-executive Director of the Company. In terms of Section 152(6) of the Companies Act, 2013, he retires by rotation and being eligible has offered himself for re-appointment
Remuneration last drawn and proposed to be paid	Mr. Sudhir V. Valia is a non-executive Director and does not draw any remuneration except the sitting fee for the Board or Committee meeting he attends.
Date of first appointment on the Board of the Company	March 01, 2006
Relationship with other Directors / KMP's	Mr. Sudhir V Valia is brother-in-law of Mr. Dilip Shanghvi
No. of meetings of the Board attended during the FY 2020-21	5
Directorship held in other companies in India (excluding foreign companies and section 8 companies)	<p>Sun Pharmaceutical Industries Limited</p> <p>Sun Pharma Laboratories Limited</p> <p>Universal Enterprises Private Limited</p> <p>Sun Petrochemicals Private Limited</p> <p>Aditya Clean Power Ventures Private Limited</p> <p>Aditya Thermal Energy Private Limited</p> <p>Suraksha Asset Reconstruction Limited</p> <p>Fasttrack Housing Finance Limited</p> <p>Alfa Infraprop Private Limited</p> <p>ITI Mutual Fund Trustee Private Limited</p> <p>Venerate Properties Private Limited</p>

Particulars	Mr. Sudhir V Valia
Membership/ Chairmanship of Committees of other public companies in India	Sun Pharmaceutical Industries Limited a) Stakeholders' Relationship Committee (Member) b) Risk Management Committee (Member) c) Corporate Social Responsibility Committee (Member) Sun Pharma Laboratories Limited a) Audit Committee (Member) b) Corporate Social Responsibility Committee (Chairman) Fasttrack Housing Finance Limited a) Audit Committee (Chairman) b) Risk Management Committee (Chairman)
No. of Equity Shares held in the Company (singly or jointly as first holder) as on March 31, 2021	18,33,951 (0.70%)

Particulars	Mr. Anilkumar Raghavan
Age	52 years as on March 31, 2021
Qualification and Brief Resume of the Manager (designated as CEO)	Please refer the resolution / explanatory statement set out at Item No. 3 of the Notice.
Experience and Expertise in specific functional area	Please refer the resolution / explanatory statement set out at Item No. 3 of the Notice.
Terms and conditions of appointment	Please refer the resolution / explanatory statement set out at Item No. 3 of the Notice.
Remuneration last drawn and proposed to be paid	Please refer the resolution / explanatory statement set out at Item No. 3 of the Notice.
Date of first appointment on the Board of the Company	Not applicable
Relationship with other Directors / KMP's	None
No. of meetings of the Board attended during the FY 2020-21	Not a Board member
Directorship held in other companies in India (excluding foreign companies and section 8 companies)	AIRAMATRIX PRIVATE LIMITED
Membership/ Chairmanship of Committees of other public companies in India	Nil
No. of Equity Shares held in the Company (singly or jointly as first holder) as on March 31, 2021	Nil