SPARC/Sec/SE/2019-20/016 5th July 2019

To

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

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

Dear Sirs,

Sub: Submission of Annual Report of the Company for the year ended 31st March 2019 and Notice of 14th Annual General Meeting of the Company

Scrip Code: BSE: 532872; NSE: SPARC

In compliance with regulation 34 (1) (a) and clause 12 of Part A of Schedule III read with regulation 3 of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 we are pleased to enclose herewith the Annual Report of the Company for the financial year ended 31st March 2019 along Notice of 14th Annual General Meeting of the Company to be held on Monday, 29th July, 2019 at 09:45 A.M. at Vasvik Auditorium, Trivia Complex, Race Course Road, Gautam Nagar, Vadiwadi, Vadodara – 390007, Gujarat, India, with which is being dispatched to the members by the permitted modes.

A copy of the Annual Report of the Company for the financial year ended 31st March 2019 along with Notice of the 14th Annual General Meeting is also available on the website Company www.sparc.life.

Further, pursuant to regulation 42 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 we hereby inform you that the voting rights of shareholders shall be in proportion to their shares of the paid-up equity share capital of the Company as on the cut-off date of **Saturday, 20th July, 2019**. Shareholders shall have one vote for every one fully paid shares of the Company held by them as on the cut-off date. For shareholders holding shares in physical mode, Register of Members and Share Transfer Books of the Company shall remain closed from **Saturday, 20th July, 2019** up to **Monday, 29th July, 2019** (both days inclusive).

You are requested to kindly take the same on record.

Yours faithfully,
For Sun Pharma Advanced Research Company Ltd.,

Debashis Dey
Company Secretary

Encls: *A/a*.

CC:

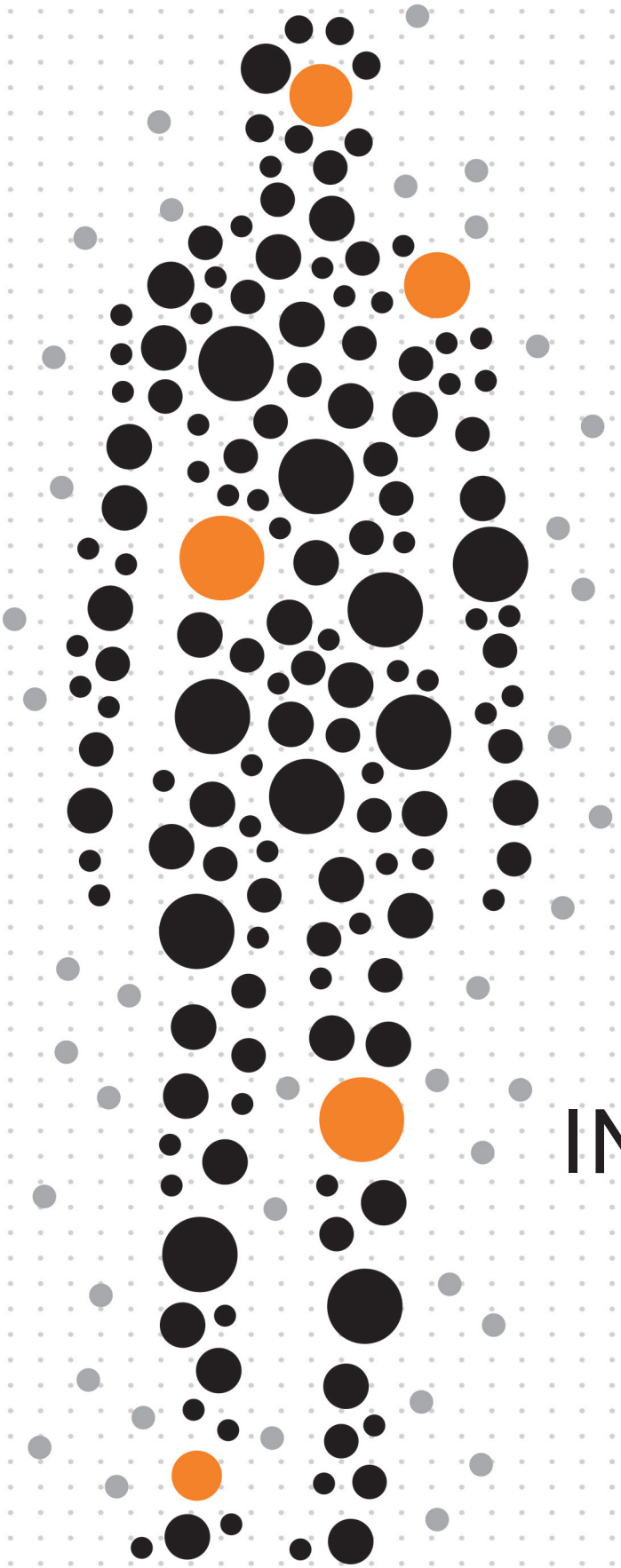
1) **National Securities Depository Limited**
   Trade World, Kamala Mills Compound,
   Lower Parel, Mumbai - 400012

2) **Central Depository Services (India) Limited.**
   P J Towers, 17th Floor, Dalal Street, Mumbai -400001

3) **Link Intime India Pvt. Ltd.**
   C 101, 247 Park, L B S Marg, Vikhroli West,
   Mumbai 400 083

SUN PHARMA ADVANCED RESEARCH COMPANY LTD.

sparc



INNOVATIONS INSPIRED BY LIFE

ANNUAL REPORT 2018-19

Contents

02 Management Discussion and Analysis

11 Board's Report

36 Corporate Governance Report

57 Financial Statements

103 Notice

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.

Corporate Information

BOARD OF DIRECTORS

Mr. Dilip S. Shanghvi
Chairman & Managing Director

Mr. Sudhir V. Valia
Non-Executive Director

Dr. T. Rajamannar
Non-Executive Director

Ms. Bhavna Doshi
Independent Director

Dr. Ferzaan Engineer
Independent Director

Mr. Mark Simon
Independent Director

CHIEF EXECUTIVE OFFICER

Mr. Anilkumar Raghavan

CHIEF FINANCIAL OFFICER

Mr. Chetan Rajpara

COMPANY SECRETARY

Mr. Debashis Dey

AUDITORS

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

BANKERS

ICICI Bank Ltd.
IndusInd Bank Ltd.

OFFICES

Registered Office

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

Corporate Office

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.

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

907/4, GIDC, Makarpura, Vadodara - 390 010.

REGISTRAR AND 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

GLOBAL PHARMACEUTICAL INDUSTRY

The innovative pharmaceutical industry both drives and is driven by scientific progress. It aims to translate fundamental research into innovative and accessible treatments that could benefit the broad populace. Global research-based pharmaceutical industry has entered a new era of innovation, driven by growing understanding of the genetic and molecular basis of unresolved human diseases and increasing sophistication of technologies to address targets that were previously considered undruggable. Evolving research tools have shaped promising horizons with an array of possibilities to offer personalized medicines by harnessing the power of big data.

Estimated to grow at around 6% CAGR, the global pharmaceutical spending is expected to reach US$ 1.5 trillion by 2023[1]. The year 2018 proved to be another year of great progress for the global life sciences industry. New drug therapy approvals have provided improved quality of life to a wide range of patients suffering from many different medical conditions, and in some cases, extended survival from life threatening illnesses.

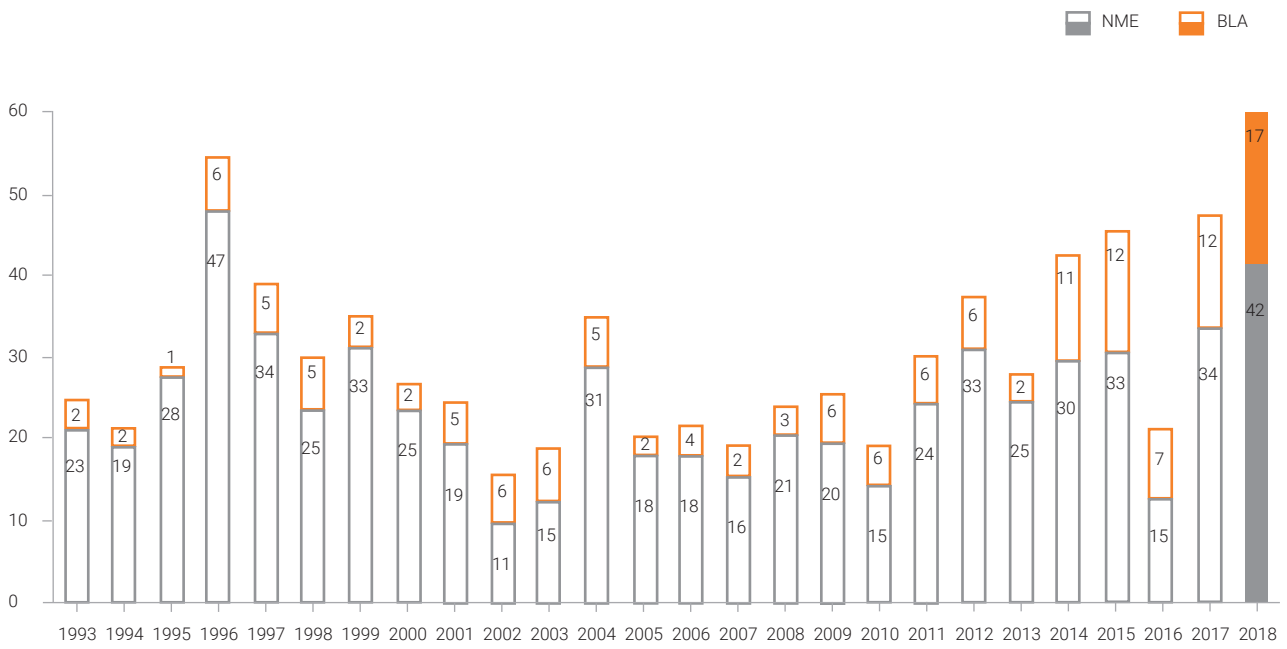
Despite operating in an uncertain political and economic environment, hindered by ever-increasing development costs, pricing pressures, the faster pace of clinical and operational innovation, and changing customer and regulatory expectations, the global pharma industry experienced stable sales growth in the second half of 2018 compared to the first half.

New Drug Approvals Over the Years

Extensive use of advanced technologies and a favorable regulatory environment has improved the pace of new drug approvals resulting into higher number of USFDA (U.S. Food and Drug Administration) approvals in 2018 compared to previous years. USFDA Center for Drug Evaluation and Research (CDER) in 2018 approved a total of 59 novel drugs - surpassing its record of 53 drugs in 1996 (refer Graph 1), either as New Molecular Entities (NME) under New Drug Applications (NDA), or as new therapeutic biologics under Biologics License Applications (BLA).

A record number of innovative medicines were approved in 2018 bringing 59 new treatment options to patients

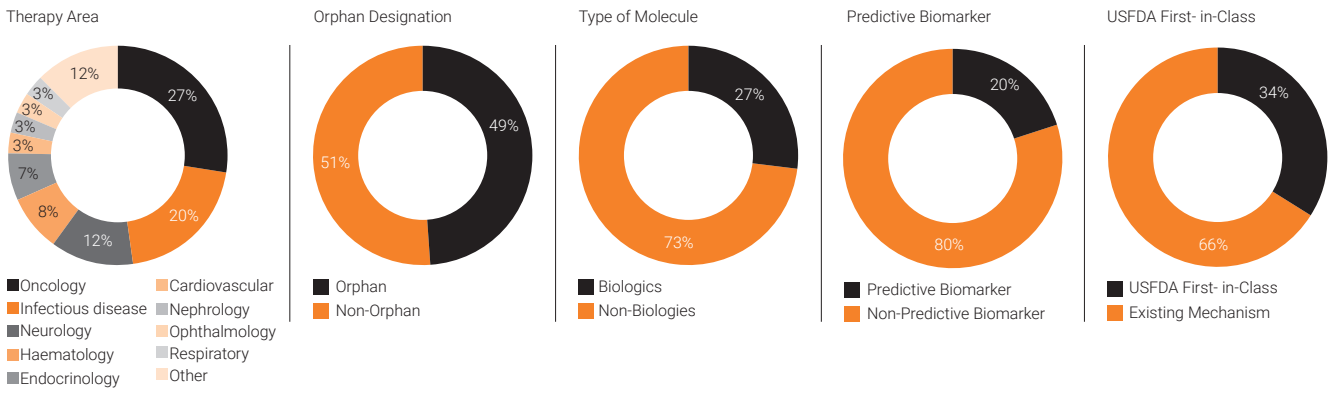
Graph 1: Number of Drugs Approved



Source: Nature Reviews, Drug Discovery; Volume 18, Feb. 2019

[1]The Global Use of Medicine in 2019 and Outlook to 2023

Graph 2: New Active Substances (NAS) Launched for the First Time in the United States in 2018



Source: IQVAI Institute, Mar 2019

In 2018, emerging biopharma companies accounted for 72% of all late-stage pipeline activity, up from 61% a decade ago, while large pharma companies have seen their share drop from 31% to 20% over the same period[1].

The percentage of New Active Substances (NAS) that were approved based on regulatory packages containing active control trials has increased approximately 20% since 2016, to 46%, possibly indicating a greater number of diseases now having robust standards of care and growing interest by payers to see comparative effectiveness data[1].

Despite regulatory agency's willingness to accept novel trial designs, Randomized Controlled Trials (RCT) continue to be the gold-standard when submitting to regulatory agencies, with the percentage of NAS including RCT in their regulatory submission packages increasing 6% since 2015[1].

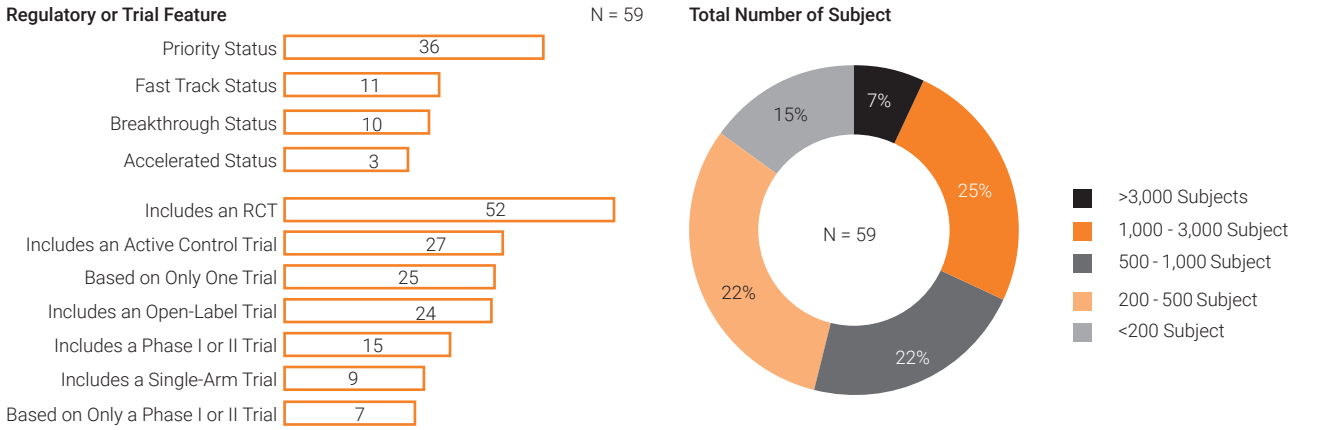
The number of subjects included in trials cited in USFDA approvals varied widely across NAS molecules. Almost a third of 2018 NAS included more than 1,000 subjects (refer Graph 3).

These trends represent a significant challenge for the R&D organizations as costs associated with conduct of RCT with large sample size bloats their cost base. Pharmaceutical R&D companies, with multiple assets under clinical evaluation and large portion of their total spend allocated to the conduct of clinical trials, need to be prudent in prioritizing programs for allocation of finite resources.

Pharmaceutical Drugs Market

After a slow growth rate of ~1.2% in 2011-2017, the global prescription drug sales is finally on a path of recovery and is expected to grow at a CAGR of 6.4% over the next five years to reach US$ 1.5 trillion by 2024 from US$ 900 billion in 2019 (refer Graph 4). The projected growth will be largely driven

Graph 3: Features of the Trials Cited in Approvals of NAS Launched the United States in 2018



Source: IQVAI Institute, Mar 2019

[1]IQVAI Institute, Mar 2019

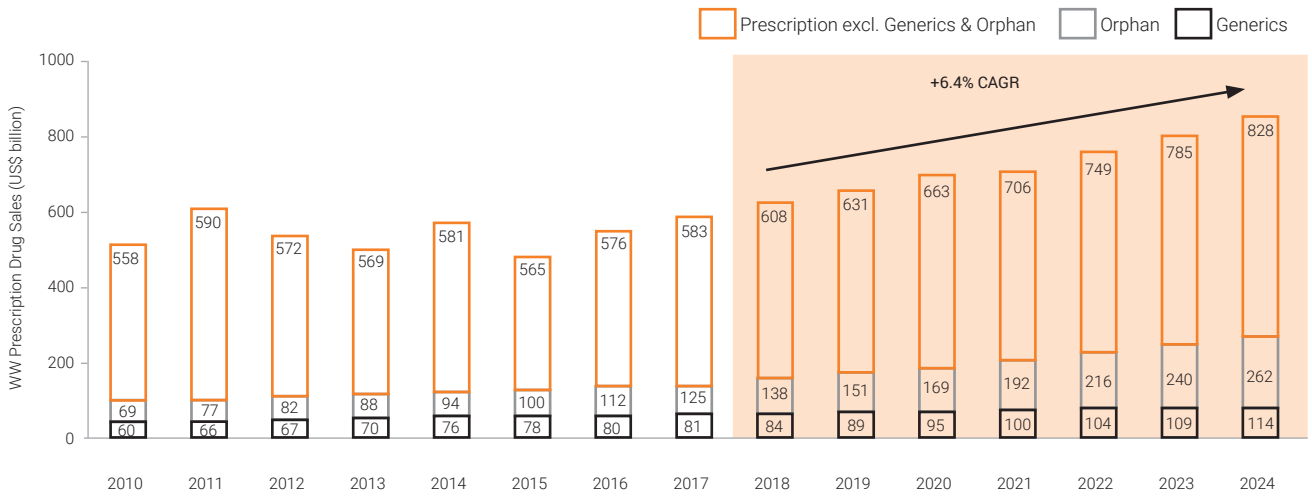
by launch of novel and personalized treatments and also the rising sales of some of the recently launched products that have changed treatment paradigm like PD-1/PD-L1 inhibitors, BTK inhibitors, CDK4/6 inhibitors, IL 17 and IL 23 inhibitors, etc. However, pricing pressures and potential second patent cliff are the two areas, which could prove to be significant road-blocks to potential growth. In 2019, it is expected that US$ 19 billion in prescription sales may be at risk due to patent expirations, with approximately half resulting in lost sales[1].

For many established pharmaceutical companies with declining cash-flow assets, healthy & steady revenue and profitability growths are still challenging, but most research-based pharmaceutical companies have started reporting an uptick in revenue and profits. This is largely attributed to the revenue generated by research companies by licensing their innovative products & novel technologies to large companies for commercialization.

The perceived value of products providing moderate compliance benefits or modest safety advantage over the available treatments has significantly declined over the past few years and pharmaceutical companies are confronting a well-organized and strong push back from payers and reimbursement agencies. The research organizations that are pursuing innovations based on 505(b)2 regulatory pathway or developing improvised NCEs as fast-followers to newly approved therapies need to reassess their strategy and focus on unmet medical needs based on novel biology to create value for the organization and its stakeholders.

The revenue from the top 20 drugs in 2018 is a clear indicator that first in class or novel biology addressing unmet medical need is and will be the primary value driver in the future for the pharmaceutical industry.

Graph 4: Worldwide Total Prescription Drug Sales



Source: 2019 Global life sciences outlook, Deloitte

Worldwide Prescription Drug Sales 2018-24 +6.4% CAGR

Drivers		Barriers	
59	New USFDA approvals in 2018, (increase from 22 in 2016 and 46 in 2017)	Sales at risk due to patent expiry	**US$ 251 billion**
US$ 124 billion	Incremental sales of Orphan Drugs	Higher R&D spend per NME (average since 2007)	**US$ 4 billion**
+12%	Growth in sales of Oncology Drugs (2017-2024)	R&D as % of Prescription Drug Sales in 2024 (down from 21% in 2017)	**17%**

Source: World Preview 2018, Outlook to 2024

[1] 2019 Global life sciences outlook, Deloitte

GLOBAL PHARMACEUTICAL RESEARCH AND DEVELOPMENT TRENDS

Research and development (R&D) investments have been and will continue to be a crucial driver for the growth and future success of research-based pharma companies. With a focus on innovation and application of emerging technologies, companies having branded products have over the years continuously increased their R&D investment in order to stay ahead of the curve.

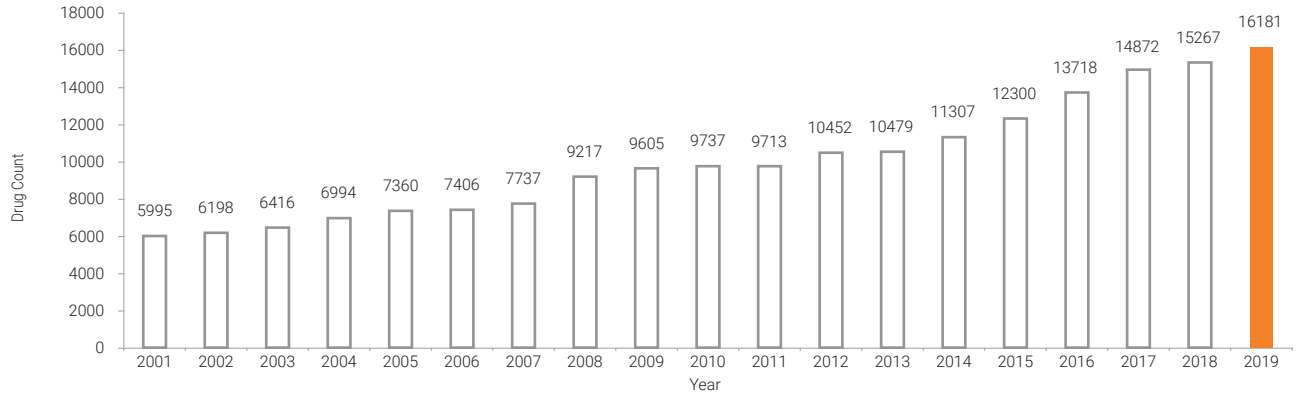
Today, the total worldwide R&D spend of pharmaceutical and biotechnology companies amounts to US$ 171 billion[2]. The 15 largest pharmaceutical companies, in aggregate, recorded more than US$ 100 billion for the first time in R&D expenditure across their businesses in 2018, up 32% over the past five years[1]. Companies may improve R&D efficiencies by using big data and predictive analytics, prudent portfolio prioritization or by directing less revenue toward replenishing pipelines. Overall, R&D spend from pharma and biotech companies is expected to be US$ 177 billion in 2019, compared to about US$ 171 billion in 2018[2].

The cost to bring a new drug to market has increased to record levels in 2018, but the forecast peak sales per asset have more than halved since 2010 (from US$ 816 million in 2010 to US$ 407 million in 2018)[3]. The lower returns per asset is creating downward pressure on R&D companies as the revenue generated from each program may not be adequate to fund the future pipeline and going forward companies will have to work on collaborative models to leverage strength of partners and to bring down the cost of research & development. Thus, some of the upside will need to be shared with other stakeholders.

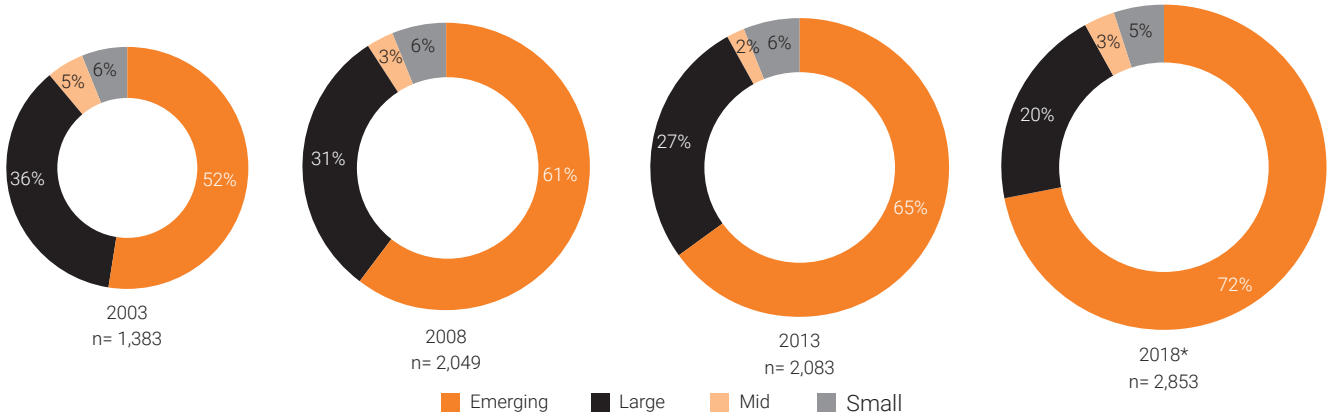
Small biopharma companies are outperforming large or more diversified companies with projected R&D returns of 9.3% in 2018. Despite their higher development costs, they have higher projected pipeline values. Also, capital flows to research-led biotech companies in 2018 were robust, with more than 50 drug-discovery start-ups receiving Series-A funding, some with Series A funding exceeding US$ 50 million[3].

Growing at just shy of 6%, the global pharma industry's R&D pipeline in 2019 is expected to hover around an all-time high of 16,181 drugs, a more robust expansion than the 2.7% delivered in the previous year (refer Graph 5).

Graph 5: R&D Pipeline Size (y-o-y growth)



Graph 6: Precent of Late-Stage Pipeline by Company Segment



Source: IQVIA Pipeline Intelligence, Apr 2018; IQVIA Institute, March 2019 | *Reflects pipeline through Oct 4, 2018

[1]https://www.pharmafocusasia.com/research-development/future-of-pharma-research-and-development

[2]Source: 2019 Global life sciences outlook, Deloitte

[3]Unlocking R&D productivity Measuring the return from pharmaceutical innovation 2018

The number of drugs newly added to the Pharmaprojects database over the past 12 months stood at 4,001 entrants in 2018, a significant increase from 2017's 3,807 entrants and was just four shy of 2016's record-breaking number[1].

In 2018, approximately 72% of the total R&D pipeline was attributed to Emerging Biopharma (EBP) companies (refer Graph 6), defined as companies that spent less than US$ 200 million annually on R&D as well as have less than US$ 500 million in revenue, which accounted for 61% in 2008. Whereas, for the large pharma companies, defined as companies with annual turnover of more than US$ 10 billion, R&D pipeline share dropped to 20% from 31% over the same period[2].

Although the majority of the assets of EBPs were typically out-licensed or acquired before the launch of a novel product, 47% of therapies were launched in the United States in 2018 were by EBP companies. Since 2013, the absolute number of active R&D compounds has increased 37%, and this will likely support a continued increase in the number of EBP-launched drugs over the next five years[2].

Focus on Orphan Drugs, Next Generation Cell and Gene Therapies

The Orphan Drug market is expected to reach US$ 216 billion in 2022[3]. Growing at a steady pace, the orphan drugs segment is expected to account for ~20% of total prescription drug sales by 2024[3]. In particular, Gene and Cell Therapies would accelerating growth. The Chimeric Antigen Receptor T-cell (CAR-T) therapy market is projected to increase at a CAGR of over 50% during the period 2018–2030[3]. It is expected that these high-cost, specialized drugs have faced and will continue to face intense pricing scrutiny by policymakers. In 2019, safety, efficacy and fully allocated costs will continue to be the biggest challenges in this sector.

Increasing Importance of Biologics

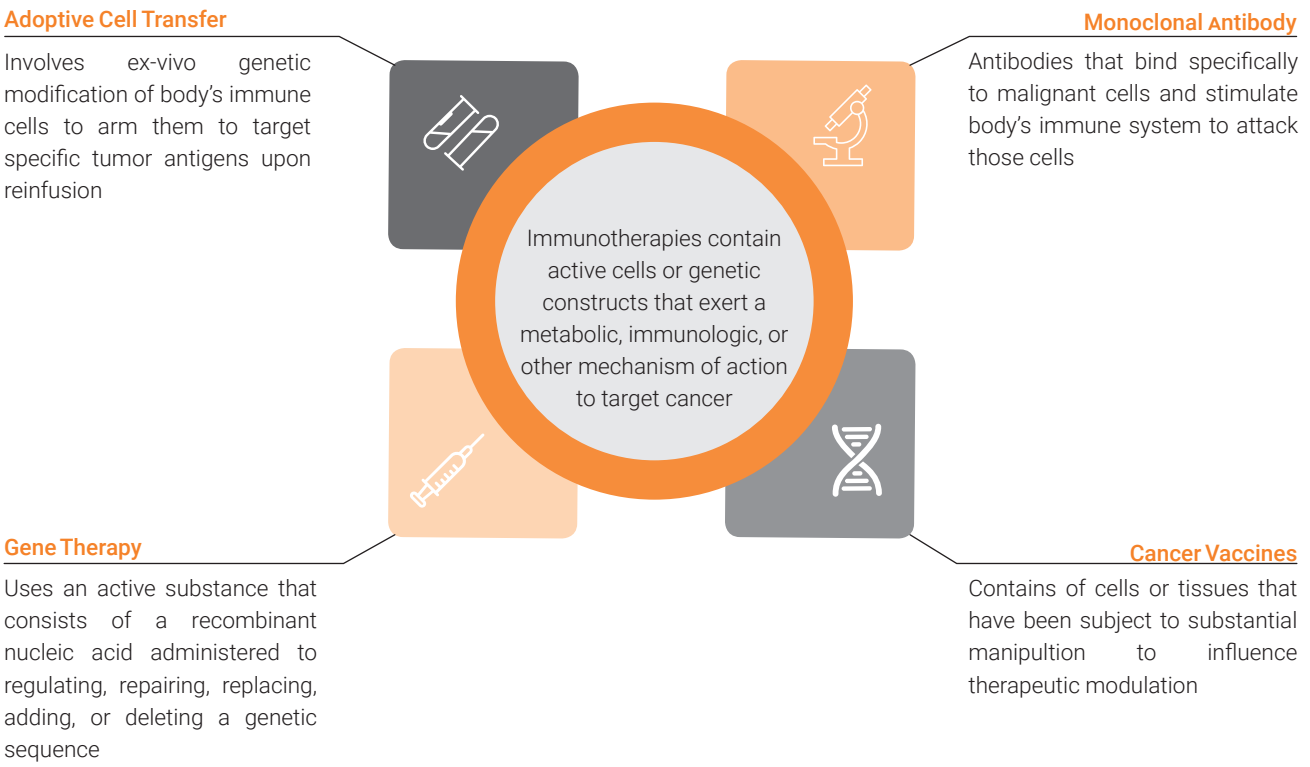
Compared to the conventional drugs, biologics have generated a higher success rate in terms of USFDA approvals. However, high capital investment required for research and development poses a challenge for the demand in the international biologics market. The revenue from global biologics could increase to US$ 479.7 billion by 2024[4], with North America serving as the key region with the largest market share.

Therapeutic Focus Trends

Oncology focused therapeutics are likely to account for 18% sales of prescription OTC and drugs by 2022, more than the next three highest disease areas combined. Beyond Oncology (12%), the highest CAGR during 2017-2024 in the top 15 therapy categories will come from immuno-suppressants (16%), dermatologicals (13%), and anti-anaemics (11%)[3].

The Oncology market is likely to grow from US$ 129 billion in 2017 to projected worldwide sales of over US$ 233 billion by 2024[3].

Next-Generation Therapies



Source: 2019 Global life sciences outlook, Deloitte

[1] Pharma R&D annual review 2019 | [2] IQVIA Pipeline Intelligence, Apr 2018; IQVIA Institute, March 2019 | [3] EvaluatePharma® World Preview 2018, Outlook to 2024 | [4] Transparency Market Research

Rise of Personalized Medicine

Backed by the advances in health care analytics and Artificial Intelligence (AI), the global personalized medicine market is expected to grow at a steady pace. Advancements in technology (gene editing, deep learning, computational modeling, high content imaging, etc.) and efficient targeted therapies are expected to drive the growth of personalized medicine. Rather than focusing on advanced disease, the aim is on prevention and early intervention. An example of this is to treat cancer as early as possible to prevent its escape from primary site. More than 40% of all compounds and 70% of oncology compounds can be used as personalized medicines. Real-world data and AI technologies are helping in accelerated development of the most promising molecules and compounds.

INDIAN PHARMACEUTICAL INDUSTRY

The Indian pharmaceutical industry is world's tenth largest[1] pharmaceutical market in value terms. Last couple of years, the industry has faced many challenges both in domestic as well as in global market. In the domestic market, industry was impacted by evolving regulatory landscape, pricing control, alternate means of engaging with doctors & patients and newer tax regime. Whereas, in global market, factors such as increased competition, number of product approvals, decreased value from new product launches, increased pricing control and protectionism have impacted the growth.

As a result, the Indian pharmaceutical companies have increased investments in R&D in recent years. The focus on R&D holds promise, as companies continue to strengthen their internal product pipeline through extensive R&D, owing to increased pricing pressure on generics. Catalyzed by an exciting range of new and disruptive technologies, the Indian pharmaceutical companies are undergoing a gradual shift to adopt from a classical, generic drug manufacturer to a research driven innovative firm.

Global pharmaceutical companies are also showing interest in establishing operations in India for R&D, manufacturing or distribution through captive operations or collaborations. As a result, the industry has witnessed a rise in collaboration of Indian and global pharmaceutical companies.

In order to boost discovery of new drugs and strengthen the pharma infrastructure in the country, Government of India has planned to invest US$ 700 million through venture funding. The Government has also established six National Institutes of Pharmaceutical Education and Research (NIPER) and declared them as 'Institute of National Importance' to further boost R&D in the sector[2].

With healthy foreign direct investment, M&A activity and partnerships (such as licensing, co-development, joint distribution and joint ventures), the Indian pharmaceutical industry is witnessing a transformational change from pure-play generic drugs focus to more of drug discovery and development of complex/speciality generics. Backed by strong intellectual property and regulatory support, the Indian pharmaceutical industry is poised to regain its high growth trajectory and value creation.

Factors Driving the Increased R&D Focus in Indian Pharmaceutical Industry

The Indian pharmaceutical industry is ranked joint second for overall competitiveness globally[3]. With the human resources available in India, companies are enhancing their focus on R&D to add to their competitiveness and gain market share. The following factors are further enhancing focus on R&D in India:

- Big market opportunity for complex drugs in key therapeutic segments like Oncology, Neurosciences and others;
- Faster USFDA approvals; and
- Opportunity to leverage Indian patients in certain therapeutic areas for conducting clinical trials in India.

OPPORTUNITIES AND THREATS

We believe that the global pharmaceutical industry will experience healthy revenue growth in the medium term. Much of this expansion will be driven by innovations addressing significant unmet needs in key therapeutic areas and productive collaborations with regulatory agencies, particularly USFDA. The regulatory environment is expected to evolve further in the industry friendly direction with increased acceptance of real time monitoring, surrogate biomarker driven endpoints and novel trial designs helping to accelerate availability of new life-saving therapies. With the wide spectrum of knowledge available to academic innovators and small biotechs, and the capital intensive nature of drug discovery, industry and investors are driving strategic collaborations between companies and universities. Understanding the increasing importance of collaborative R&D in drug discovery, companies are sharing resources to capitalize on their respective strengths, to create a stronger infrastructure, and share data and intellectual property to improve the quality and speed of innovation.

However, the increasing costs in R&D do pose a challenge to deliver value-based outcomes. The increased pricing pressure has resulted in substantial streamlining of product pipelines. This will impact the operational and financial performance of innovative pharma companies, wherein they would need to better manage their resource allocations and risks to stay competitive.

SPARC has been proactively responding to these broad changes reshaping our industry. Our historic focus on the 505(b)2 pathway and fast-follower strategies leveraging validated biology has led to a large portfolio over the years. We have seen several of our late stage programs coming to conclusion with two USFDA approvals and one NDA submission recently. At the same time, our portfolio management process has become more robust in go/no-go decisions resulting in a higher threshold to advance a program to clinical testing.

[1] India Pharma 2020: Propelling access and acceptance, realising true potential | [2] The Indian Pharmaceutical Industry, February 2019 | [3] CPhI report: India with strongest global growth in 2019

SPARC has also churned its early stage pipeline substantially to ensure prioritization of true innovations which can advance the standards of care significantly. While we continue to leverage our lower cost execution engine, we expanded our strategic collaborations to gain access to exciting new science. Our relationship with Washington University and Schrodinger are examples of this deliberate shift.

We remain solidly committed to the prospect of building an India based innovation company based on leveraging aggressively our lower cost of failure as part of global efforts to find affordable cures to unmet medical needs. We discuss highlights of our FY 2018 - 19 operational performance in the following passages.

SPARC PERFORMANCE SNAPSHOT

Overview

The year FY 2018 -19 was a successful year for SPARC. During the year, we had several positive outcomes on our late stage assets, our early clinical assets advanced to later phases of clinical evaluation and we collaborated with several organizations to fortify our pipeline. The year also marked SPARC's transition from initial Novel Drug Delivery Systems (NDDS) focused pipeline to a predominantly New Chemical Entity (NCE) driven pipeline. NCEs account for over 50% of SPARC's pipeline now.

Achievements

The most rewarding development during the year was the approval of two New Drug Applications (NDA) viz. Elepsia™ XR & Xelpros™ after the manufacturing facility from where it was filed got USFDA approval. Our commercialization partner Sun Pharma Industries Limited (SPIL) launched Xelpros™ in the US.

SPARC successfully completed the pivotal Bioequivalence (BE) study of Taclantis™ against Abraxane®. In the pivotal BE study, Taclantis™ established BE to Abraxane® on all pre-defined criteria. SPARC filed NDA with USFDA in April 2019. SPARC has initiated pivotal Phase III clinical studies for ophthalmology programs PDP – 716 and SDN – 037. Both the studies are randomizing patients in the USA, SPARC plans to complete the studies in FY 2019-20. Phase 1 study of SCC – 138 continues to escalate the dose as Maximum Tolerated Dose (MTD) has not yet been established. SPARC initiated Phase II proof-of-concept study for SCC – 138 and the study is currently enrolling patients with Parkinson's disease and is expected to be completed in about 2 years. Phase 1 dose escalation study of SCO – 088 continues to recruit patients on higher doses. SPARC submitted the part C protocol of study to USFDA and expects to initiate the study during FY 2019-20.

SPARC completed Phase 1 Multiple Ascending Dose (MAD) study for SCD – 044 and evaluating the indications to initiate Phase II study. SPARC also completed the Pilot Human Abuse Liability (HAL) study for SDN – 021.

On commercial assessment, prioritization of resources and change in treatment landscape, resulted in de-prioritization of S597 topical, SDD – 098 topical and SDE – 124 programs.

Partnerships & Collaborations

SPARC continued to establish new collaborations with both academia and commercial organizations. During the year SPARC entered into research collaboration to accelerate the discovery of novel CNS therapeutics by leveraging Schrödinger's advanced computational platform and SPARC's extensive drug development expertise and insights in neuro-degeneration.

SPARC also collaborated with HitGen to identify novel small molecule leads for targets of interest. Under this collaboration, HitGen will apply its advanced technology platform, based on DNA-encoded library design, synthesis and screening, to discover novel leads for SPARC.

Road ahead

In summary, FY 2018 - 19 was one of the most productive years for SPARC. Your company made noteworthy progress and completes the year with several near term opportunities for out-licensing and generating licensing income in coming years.

As SPARC's NCEs advance to late stage clinical studies, our clinical development spend of these programs is expected to rise significantly. To meet the escalating developmental and clinical costs, SPARC plans to out-license its late stage programs like Taclantis™, PDP – 716 and SDN – 037. SPARC may also license some of the other programs prior to pivotal data read out if the economics are favorable.

Progress on Key Programs

1. **Xelpros™ eye drops for Treatment of Glaucoma**

   Xelpros™ was the first USFDA NDA approval for SPARC. Our commercialization partner SPIL launched Xelpros™ in the USA during Q4 FY 2018 - 19. SPARC received milestone payment on USFDA approval and commercialization of Xelpros™.

2. **Elepsia™ XR once-a-day tablet for Treatment of Epilepsy**

   Elepsia™ XR was approved by USFDA ahead of its PDUFA date and SPARC received milestone payment upon USFDA approval. SPIL returned the rights of Elepsia™ XR to SPARC as CNS is no longer a focussed therapeutic area in US market for SPIL. SPARC is in discussion with potential partners for licensing of Elepsia™ XR for US market.

3. **Taclantis™ for Treatment of Solid Tumours**

   Taclantis™ is a Cremophor® and Albumin free nano particle formulation of Paclitaxel developed using SPARC's proprietary Nanotecton™ Technology. Taclantis™ offers

ease of reconstitution & administration, shorter infusion time and potentially reduced risk of allergic reactions.

SPARC completed pivotal BE study comparing Taclantis™ to Abraxane® in metastatic breast cancer patients. The study met all the pre-defined endpoints and SPARC has filed NDA with USFDA for approval. SPARC has also initiated discussions with potential partners for out-licensing of Taclantis™.

4. PDP – 716 Eye drops for Treatment of Glaucoma

PDP – 716 is once-a-day formulation of Brimonidine developed using SPARC's TearAct™ Technology for treatment of Glaucoma. PDP – 716 provides dosing convenience to patients compared to currently marketed product that requires thrice-a-day dosing.

SPARC initiated pivotal Phase III study for PDP – 716 in USA. The study is randomizing patients and is expected to be completed by Q4 FY 2019-20. SPARC is in discussion with potential partners for licensing of PDP – 716.

5. SDN – 037 Eye drops for Treatment of Ocular Pain and Inflammation

SPARC is developing a novel long acting (twice-a-day) formulation of an USFDA approved ophthalmic steroid for eye pain and inflammation after cataract surgery. Currently marketed steroidal eye drops requires administration every 4 to 6 hours. Apart from providing dosing convenience, SPARC's formulation is clear compared to marketed formulation which is milky causing blurring of vision after administration of eye drop.

SPARC initiated pivotal Phase III study for SDN – 037 in USA. The study is randomizing patients and is expected to be completed by Q4 FY 2019-20. SPARC is in discussion with potential partners for licensing of SDN – 037.

6. SCC – 138 for Treatment of Parkinson's Disease

Parkinson's disease is an aging disorder and currently approved drugs only manage the symptoms of the disease. There are no drugs approved which can prevent, slow down or possibly reverse the relentless progression of this disease.

In pre-clinical studies SCC – 138 has demonstrated significant neuro-protective activity in Parkinson's disease models. We believe SCC – 138 could be the first c-Abl inhibitor with the potential to halt the disease progression in Parkinson's disease patients. SPARC continues to enroll patients in Phase 1 dose escalation study of SCC – 138 as MTD has not yet been established. In addition, SPARC is recruiting patients with Parkinson's disease in the Phase 2 proof-of-concept study of SCC – 138, which is expected to be completed in about 2 years.

7. SCO – 088 for Treatment Resistant Chronic Myeloid Leukemia (CML)

SCO – 088 is highly selective BCR-Abl kinase inhibitor and thus may have lower potential for serious and life threatening side effects as observed with less selective and currently marketed BCR-Abl targeted agents. Patients treated with currently available tyrosine kinase inhibitors respond initially but eventually develop resistance. Today, there are limited treatment choices for patients who have failed 2 or more lines of therapy.

There were no serious adverse events observed in the dose range finding study and SCO – 088 appears to be very well tolerated. In the Phase I study haematological response was observed in 60% patients and the responses were durable with 40% patients receiving over 6 months of treatment. SPARC has submitted the part C study design to USFDA and expects to start the study by Q3 FY 2019-20.

8. SCD – 044 for Treatment of Autoimmune Disorders

SPARC, in collaboration with Bioprojet (a Paris based biotechnology company), is developing highly selective S1P Receptor 1 agonist for autoimmune disorders. The currently available S1P Receptor agonists are less selective and have reported CVS side effects.

SPARC completed Phase 1 study of SCD – 044 in healthy human volunteers. The Phase 1 study SCD – 044 demonstrated dose dependent exposure. Lymphopenia, a marker for efficacy was assessed in the study and >50% decrease in lymphocytes from baseline at 24 hours was observed in all dose regimens evaluated.

SPARC plans to initiate Phase 2 study of SCD–044 in Q3 FY 2019-20.

9. SDN – 021 for Treatment of Pain

SPARC has developed a platform technology to address the escalating problem of prescription drug abuse. SPARC's platform technology deters oral multi-pill abuse. Upon ingestion of multiple pills, the technology reduces peak drug levels and slows down their release.

SPARC completed pilot Human Abuse Liability (HAL) study in recreational users. The study demonstrated that the Cmax is blunted when multiple pills of SPARC formulation are ingested versus the reference product. SPARC plans to out-license the program and would develop it further in collaboration with partner.

KEY FINANCIAL RATIOS

(₹ In Lakhs)

Sr. No.	Particulars	Unit	F.Y. 18-19	F.Y. 17-18	Reason
1	Debtors Turnover ratio	Time	13.19	2.77	Due to higher revenues and prompt realization of debtors
2	Current ratio	Time	2.71	1.51	Due to higher liquidity from fresh equity issue
3	Operating Profit Margin	%	-79.48	-314.16	Due to higher revenues
4	Net Profit Margin	%	-79.53	-314.31	Due to higher revenues
5	Return on Net Worth	%	-49.09	-133.16	Due to fresh equity issue and higher revenues resulting in reduction in loss

Notes: i) Interest Coverage ratio and debt equity ratio are not relevant for the Company as it has neglegible debt.

ii) Inventory turnover ratio is not applicable as inventory is NIL.

OUTLOOK

SPARC has been successful in obtaining USFDA approvals for Xelpros™ and Elepsia™ XR in FY 2018 - 19. SPARC has filed NDA for Taclantis™. SPARC expects to have an increase in royalty income with the licensing of Elepsia™ XR and Taclantis™. Our clinical trial expenses are expected to rise with the initiation/increase in patient recruitment in the study of SCO – 088 and SCC – 138. We would also have additional programs that would transition from pre-clinical stage to clinical stage.

SPARC would continue to pursue its vision to develop novel drugs for unmet medical needs in the area of Oncology, Ophthalmology, Neuro-degeneration and Autoimmune disorders. We would work closely with our collaborators to expand our pipeline and work towards minimizing the 'time to market' for the development programs.

In the year ahead some of the important milestones for SPARC would include obtaining response from USFDA for its NDA for Taclantis™, data read out from the pivotal Phase 3 studies of PDP – 716, SDN – 037 and initiation of part C study of SCO – 088.

HUMAN RESOURCE STRATEGY

The human resource strategy of the Company aims at attracting the best talent, engaging and investing in their development and providing a work environment where employees are encouraged to pursue their passion for excellence. At SPARC, we provide everyone with equal opportunities for performance and growth while contributing to organizational growth and realizing personal aspirations.

We have undertaken several measures to align our people processes with the changing business requirements to create a culture of continuous learning and innovation, and we continue to value diversity. Our aim is to ensure our people processes create a positive employee experience at every touch point.

As on 31st March, 2019, the Company had a dedicated team of 427 employees, of which close to 70% are scientists. We intensified our efforts to provide opportunities of training and development to our employees and invested ~19000 hours in learning and developmental initiatives during the last year.

RISKS AND CONCERNS

Pharmaceutical R&D carries significant risk as it explores unchartered paths and evaluates untested ideas. Our focus has been on developing programs that have manageable risks. However, we are subject to certain risks and uncertainties related to, among other things, product development, regulatory approval, market acceptance, scope of patent and proprietary rights, competition, and technological change. Our revenue and earnings, cash flows can be impacted by fluctuations in foreign exchange rates and interest rates. We undertake a thorough risk management process, identifying the main risks to our business, their possible impact and take necessary actions to mitigate the same.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

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

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

Board's Report

Your Directors take pleasure in presenting the Fourteenth Annual Report and Audited Financial Statements for the financial year ended 31st March, 2019.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Year ended 31st March, 2019	Year ended 31st March, 2018
Total Income	19,637.68	8,320.15
Profit/(Loss) before Finance Cost, Depreciation & Tax	(13,778.45)	(23,766.58)
Finance Cost	9.39	12.33
Depreciation	755.24	818.46
Profit/ (Loss) before Exceptional Item and Tax	(14,543.08)	(24,597.37)
Exceptional Item	-	4,897.58
Tax Expense	-	-
Profit/ (Loss) after Exceptional Item and Tax	(14,543.08)	(19,699.79)
Other Comprehensive Income	71.32	(143.39)
Total Comprehensive Income	(14,471.76)	(19,843.39)
Impact on account of adoption of Ind AS 115	1,877.10	-
Balance brought forward from Previous Year	(54,090.89)	(34,247.71)
Balance carried to Balance Sheet	(70,439.75)	(54,090.89)

The Company made successful strides towards achieving its research goals during the financial year ended 31st March, 2019. The Company had several positive outcomes on its late stage assets. Also, some of its early stage clinical assets advanced to later phases of clinical evaluation as the Company continues to collaborate with several globally reputed organizations to fortify its pipeline. The year also marked the Company's transition from initial Novel Drug Delivery Systems (NDDS) focused organisation to a predominantly New Chemical Entity (NCE) focused organisation, which now account for over 50% of SPARC's pipeline.

DIVIDEND

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

DIVIDEND DISTRIBUTION POLICY

In compliance with the requirements of regulation 43A of the Securities and Exchange Board of India (Listing Obligation & Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'SEBI (LODR) Regulations'), the Board of Directors of the Company has, formulated a Dividend Distribution Policy which is enclosed as **Annexure A** to this Report. The same is as also 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.

EXTRACT OF ANNUAL RETURN

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

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

SUBSIDIARY / JOINT VENTURE / ASSOCIATE COMPANY

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

SHARE CAPITAL & PREFERENTIAL ISSUE

The Board of Directors had, in their meeting held on 5th May, 2017, approved the issue and had allotment of up to 1,51,51,515 warrants, each convertible into one fully paid equity share of the Company at a price of ₹ 330 each, to certain entities on preferential basis, subject to receipt of necessary approvals, including that of shareholders.

Subsequently, the approval of the members by way of a Special Resolution was obtained at an Extra-Ordinary General Meeting of the Company held on 2nd June 2017 and consequent to the receipt of in-principal approval of the Stock Exchanges, for issue of convertible warrants on Preferential Basis, the Securities Allotment Committee of the Board, in its meeting held on 14th July 2017, issued & allotted 1,51,51,515 warrants, each convertible into or exchangeable for one fully paid equity share of ₹ 1 of the Company to such entities. Out of the above, 40,40,404 warrants held by certain entities were already converted into equivalent number of equity shares of the Company during the financial year 2017-18 (i.e. on 15th December 2017)

During the financial year 2018-19, the remaining 1,11,11,111 warrants were also converted into equivalent number of fully paid equity shares of the Company, on exercise of option by the concerned warrant holders on 3rd August 2018 and 11th January 2019. Accordingly, there were no warrants outstanding as on 31st March 2019.

Consequent to the aforesaid allotment of equity shares on conversion of warrants, the paid-up share capital of the Company has increased from ₹ 25,09,36,395 to ₹ 26,20,47,506 during the year.

SHARES LYING IN UNCLAIMED SUSPENSE ACCOUNT

In compliance with the requirements of regulation 39 (4) of the Securities and Exchange Board of India Listing Obligation & Disclosure Requirements Regulations, 2015 (hereinafter referred to as 'SEBI (LODR) Regulations'), the Company had transferred 1,620 shares belonging to 14 shareholders to "SPARC Unclaimed Suspense Account", after sending three reminders to the concerned shareholders and following the procedures laid down under Schedule VI of the aforesaid Regulations.

As on 31st March 2019, 1,584 shares belonging to 13 shareholders were lying unclaimed in the aforesaid account.

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

DIRECTORS & KEY MANAGERIAL PERSONNEL

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

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

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

DECLARATION BY INDEPENDENT DIRECTORS

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

POLICY ON DIRECTOR'S APPOINTMENT AND REMUNERATION

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

Further, in compliance with SEBI (LODR) Regulations, as amended, the Board of Directors in its meeting held on 4th February, 2019, on the recommendation of the Nomination and Remuneration Committee, approved the list of 'Core Skills / Expertise / Competenties' for the Board Members as required in the context of the Company's business and sector, which has been discussed in more detail in the section on Corporate Governance Report, which forms a part of this Report.

The Board, on the recommendation of the Nomination & Remuneration Committee, has framed a policy for remuneration of Directors, Key Managerial Personnel and other employees.

The salient features of the Policy is disclosed in the section on Corporate Governance Report, which forms a part of this Report. Soft copy of the full policy is available on the website of the Company www.sparc.life and can be accessed using the link https://www.sparc.life/policies-and-codes.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors of the Company met five times during the year on 7th May, 2018, 8th May, 2018, 30th July, 2018, 29th October, 2018 and 4th February, 2019. The particulars of attendance of the Directors at the said meetings are detailed in the section on Corporate Governance Report which forms a part of this Report. The intervening gaps between the meetings were within the period prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations.

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

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

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

The performance of the Board was evaluated by the Board Members 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 each individual Non-Independent Director 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 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 executive directors and non- executive directors. The same was discussed in the board meeting that followed the meeting of Independent Directors, at which the performance of the Board, its committees and individual Directors were also discussed.

HUMAN RESOURCES

As on 31st March, 2019, your Company had a dedicated team of 427 people, of which around 324 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 up-gradation, the Company have also put in place effective training and career progression plans for its employees.

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

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

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

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

During the year ended 31st March, 2019, no complaint pertaining to sexual harassment was received by the Company.

AUDITORS

Statutory Auditors

The Company's 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, upto the conclusion of the 17th Annual General Meeting of the Company.

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, to undertake the Secretarial Audit of the Company for the financial year 2018-19.

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

The Boards of Directors, have in their meeting held on 7th May 2019 re-appointed KJB & Co. LLP, Company Secretaries as Secretarial Auditors of the Company for the Financial year 2019-20.

Neither the 'Audit Report' issued by S R B C & CO. LLP nor the 'Secretarial Audit Report' issued by KJB & Co. LLP , for the financial year 2018-19 contain any qualifications, observations or comments on financial transactions or matters, which have any adverse effect on the functioning of the Company.

LOANS, GUARANTEES & INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed under Serial No. 40 of Notes to the financial statements.

RELATED PARTY TRANSACTIONS

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

All Related Party Transactions, were also placed before the Audit Committee for review and approval. Prior Omnibus Approval was obtained for Related Party Transactions which were of repetitive nature and were entered in Ordinary Course of Business and at Arm's Length Price.

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.

The particulars of Related Party Transactions entered into by the Company which individually or taken together with similar transactions during the year, exceeded ten percent of the annual turnover of the Company for financial year 2018-19, are enclosed in prescribed Form AOC-2 as **Annexure 4**. There was no materially significant Related Party Transaction between the Company and the Directors, the management or the relatives, except those disclosed in the financial statements and Form AOC-2.

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

AUDIT COMMITTEE COMPOSITION

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

RISK MANAGEMENT

The Board of Directors has developed & implemented an adequate Risk Management Policy, which lays down the procedure to identify, monitor and mitigate the key elements of risks that threaten the existence of the Company. The Audit Committee reviews, at regular intervals, the status of key risks and steps taken by the Company, to mitigate such risks. Further, in compliance with the requirements of regulation 21 of the SEBI (LODR) Regulations as amended from time to time, the Board of Directors of the Company, at its meeting held on 4th February, 2019 constituted a Risk Management Committee to oversee risk mitigation measures in the Company.

INTERNAL FINANCIAL CONTROLS

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

PUBLIC DEPOSITS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE REPORT

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

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report of the Company for the year ended 31st March, 2019 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 SEBI (LODR) Regulations, forms part of this Report

and is available on the website of the Company www.sparc.life and may be accessed through the web link https://www.sparc.life/annual-reports as a part of the digital copy of this Report. The same is also kept at the Registered Office of the Company for inspection. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary.

CONSERVATION OF ENERGY TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

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

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

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

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

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

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the financial year ended 31st March, 2019, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2019 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, bankers, medical professionals and business associates for their continued support and valuable co-operation. The Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

For and on behalf of the Board of Directors

Dilip S. Shanghvi
Chairman & Managing Director

Place: Mumbai
Date: May 7, 2019

Annexure 1

FORM MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2019

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

I. REGISTRATION AND OTHER DETAILS:

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

II PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

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

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

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

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

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

i) Category-wise shareholding

Sr. no.	Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2018)				No. of Shares held at the end of the year (31st March 2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	**Promoter***									
1)	**Indian**									
a)	Individual/HUF	35878251	0	35878251	14.30%	35878251	0	35878251	13.69%	0.00%
b)	Central Government/ State Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
c)	Bodies Corporate	133261746	1200	133262946	53.11%	143372857	1200	143374057	54.71%	3.86%
d)	Financial Institutions/ Bank	0	0	0	0.00%	0	0	0	0.00%	0.00%
e)	Others :									
	Trust	154922	0	154922	0.06%	154922	0	154922	0.06%	0.00%
	Sub total (A) (1)	**169294919**	**1200**	**169296119**	**67.47%**	**179406030**	**1200**	**179407230**	**68.46%**	**3.86%**
2)	**Foreign**									
a)	Individuals (NRIs)	0	0	0	0.00%	0	0	0	0.00%	0.00%
b)	Other Individuals	0	0	0	0.00%	0	0	0	0.00%	0.00%
c)	Bodies Corporate	0	0	0	0.00%	0	0	0	0.00%	0.00%
d)	Financial Institutions/ Bank	0	0	0	0.00%	0	0	0	0.00%	0.00%
e)	Others :	0	0	0	0.00%	0	0	0	0.00%	0.00%
	Sub total (A) (2)	**0**	**0**	**0**	**0.00%**	**0**	**0**	**0**	**0.00%**	**0.00%**
	Total shareholding of Promoter & Promoter group (A)=(A)(1)+(A)(2)	**169294919**	**1200**	**169296119**	**67.47%**	**179406030**	**1200**	**179407230**	**68.46%**	**3.86%**
B	**Public Shareholding**									
1)	**Institutions**									
a)	Mutual Funds	4663147	249244	4912391	1.96%	2860831	100	2860931	1.09%	-0.78%
b)	Financial Institutions/ Bank	125595	84	125679	0.05%	480903	84	480987	0.18%	0.14%
c)	Central Government/ State Government	0	0	0	0.00%	0	0	0	0.00%	0.00%
d)	Venture Capital Funds	0	0	0	0.00%	0	0	0	0.00%	0.00%
e)	Insurance Companies	0	0	0	0.00%	0	0	0	0.00%	0.00%
f)	FIIs/ FPIs	17514255	1200	17515455	6.98%	11712505	1200	11713705	4.47%	-2.21%
g)	Foreign Venture Capital	0	0	0	0.00%	0	0	0	0.00%	0.00%
j)	Others :	0	0	0	0.00%	0	0	0	0.00%	0.00%
	Sub total (B) (1)	**22302997**	**250528**	**22553525**	**8.99%**	**15054239**	**1384**	**15055623**	**5.75%**	**-2.86%**
2)	**Non- Institutions**									
a)	Bodies Corporate									
	i) Indian	10733073	12439	10745512	4.28%	13846416	12426	13858842	5.29%	1.19%
	ii) Overseas	9600	0	9600	0.00%	9600	0	9600	0.00%	0.00%
b)	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	22067124	846458	22913582	9.13%	25911089	802024	26713113	10.19%	1.45%

Sr. no.	Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2018)				No. of Shares held at the end of the year (31st March 2019)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	12386502	0	12386502	4.94%	13541630	0	13541630	5.17%	0.44%
c)	Others									
	i) Non Resident Indians(Repat)	600272	11442	611714	0.24%	731505	11112	742617	0.28%	0.05%
	ii) Non Resident Indians(Non-Repat)	385641	0	385641	0.15%	323704	0	323704	0.12%	-0.02%
	iii) Clearing Member	221935	0	221935	0.09%	497499	0	497499	0.19%	0.11%
	iv) Trusts	10319170	0	10319170	4.11%	10320070	0	10320070	3.94%	0.00%
	v) Hindu Undivided Family	1491895	0	1491895	0.59%	1480771	0	1480771	0.57%	0.00%
	vi) Others	0	0	0	0.00%	96807	0	96807	0.04%	0.04%
	Sub total (B) (2)	**58215212**	**870339**	**59085551**	**23.55%**	**66759091**	**825562**	**67584653**	**25.79%**	**3.24%**
	Total Public shareholding Public Group (B)= (B)(1)+(B)(2)	**80518209**	**1120867**	**81639076**	**32.53%**	**81813330**	**826946**	**82640276**	**31.54%**	**0.38%**
C	**Shares held by Custodian for GDRs & ADRs (C)**	**0**	**0**	**0**	**0.00%**	**0**	**0**	**0**	**0.00%**	**0.00%**
	GRAND TOTAL (A)+(B)+(C)	**249813128**	**1122067**	**250935195**	**100.00%**	**261219360**	**828146**	**262047506**	**100.00%**	**4.24%**

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

ii) Shareholding of Promoters

Sr. no.	Name	Shareholding at the beginning of the year (1st April 2018)			Share holding at the end of the year (31st March 2019)			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dilip S. Shanghvi	28102795	11.20%	0.00%	28102795	10.72%	0.00%	0.00%

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

Sr. no.	Name	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Shareholding - Cumulative/ at the end of the year	
		No. of shares	% of total shares	Date*	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Dilip S. Shanghvi	28102795	11.20%	-	-	N. A.	28102795	10.72%

** Date of download of beneficiary data by the Company.*

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

Sr. no.	Name	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Shareholding - Cumulative/ at the end of the year	
		No. of shares	% of total shares	Date*	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Shanghvi Finance Pvt. Ltd.	34453	0.01%	23 Oct 2018	132116728	Scheme of Amalgamation	132151181	50.43%
				11 Jan 2019	5060606	Conversion of warrants	137211787	52.36%
2	Sun Pharmaceutical Industries Key Employees Benefit Trust	10317377	4.11%	-	-	N. A.	10317377	3.94%
3	Lakshdeep Investments & Finance Pvt. Ltd	4080142	1.63%	11 Jan 2019	1000000	Conversion of warrants	5080142	1.94%
4	Aditya Medisales Limited	4888126	1.95%	-	-	N. A.	4888126	1.87%
5	Raksha Valia	4145231	1.65%	-	-	N. A.	4145231	1.58%
6	Seafarer Overseas Growth and Income Fund	8625000	3.44%	25 May 2018	8979	Transfer	8633979	3.29%
				22 Jun 2018	(11565)	Transfer	8622414	3.29%
				30 Jun 2018	(85373)	Transfer	8537041	3.26%
				10 Aug 2018	(87041)	Transfer	8450000	3.22%
				02 Nov 2018	(224855)	Transfer	8225145	3.14%
				09 Nov 2018	(110056)	Transfer	8115089	3.10%
				16 Nov 2018	(267992)	Transfer	7847097	2.99%
				23 Nov 2018	(68797)	Transfer	7778300	2.97%
				30 Nov 2018	(53300)	Transfer	7725000	2.95%
				14 Dec 2018	(275000)	Transfer	7450000	2.84%
				28 Dec 2018	(150000)	Transfer	7300000	2.79%
				31 Dec 2018	(175000)	Transfer	7125000	2.72%
				04 Jan 2019	(275000)	Transfer	6850000	2.61%
				11 Jan 2019	(76223)	Transfer	6773777	2.58%
				18 Jan 2019	(822804)	Transfer	5950973	2.27%
				25 Jan 2019	(600973)	Transfer	5350000	2.04%
				01 Feb 2019	(463989)	Transfer	4886011	1.86%
				08 Feb 2019	(716879)	Transfer	4169132	1.59%
				15 Feb 2019	(169132)	Transfer	4000000	1.53%
				08 Mar 2019	(469747)	Transfer	3530253	1.35%
				15 Mar 2019	(130253)	Transfer	3400000	1.30%
				22 Mar 2019	(110587)	Transfer	3289413	1.26%
7	Vijay Mohanlal Parekh	2469109	0.98%	-	-	N. A.	2469109	0.94%
8	Paresh Mohanlal Parekh	2454424	0.98%	-	-	N. A.	2454424	0.94%

Sr. no.	Name	Shareholding at the beginning of the year		Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Shareholding - Cumulative/ at the end of the year	
		No. of shares	% of total shares	Date*	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
9	UTI Mid-Cap Fund	2125316	0.85%	13 Apr 2018	13152	Transfer	2138468	0.82%
				20 Apr 2018	20100	Transfer	2158568	0.82%
				27 Apr 2018	10720	Transfer	2169288	0.83%
				04 May 2018	2728	Transfer	2172016	0.83%
				11 May 2018	24657	Transfer	2196673	0.84%
				18 May 2018	28956	Transfer	2225629	0.85%
				27 Jul 2018	43705	Transfer	2269334	0.87%
				24 Aug 2018	11118	Transfer	2280452	0.87%
				14 Sep 2018	(16541)	Transfer	2263911	0.86%
				19 Oct 2018	25122	Transfer	2289033	0.87%
10	Sudhir V Valia	1833951	0.73%	-	-	N. A.	1833951	0.70%

** Date of Corporate Action / download of beneficiary data by the Company.*

v) Shareholding of Directors and Key Managerial Personnel:

Sr. no.	Name	Shareholding at the beginning of the year		Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)			Shareholding -Cumulative/ at the end of the year	
		No. of shares	% of total shares	Date	Increase/ (Decrease) in shareholding	Reason	No. of Shares	% of total shares of the Company
1	Dilip Shanghvi Chairman & Managing Director	28102795	11.20%	-	-	N. A.	28102795	10.72%
2	Sudhir V Valia Non-Executive Director	1833951	0.73%	-	-	N. A.	1833951	0.70%
3	T Rajamannar Non-Executive Director	35657	0.01%	-	-	N. A.	35657	0.01%
4	Ms. Bhavna Doshi Independent Director	-	-	-	-	N. A.	-	-
5	Dr. Ferzaan Engineer Independent Director	-	-	-	-	N. A.	-	-
6	Mr. Mark Simon Independent Director	-	-	-	-	N. A.	-	-
7	Mr. Chetan Rajpara CFO	10285	0.00%	-	-	N. A.	10285	0.00%
8	Debashis Dey Company Secretary	-	-	-	-	N. A.	-	-

V INDEBTEDNESS

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

(₹ In Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	228.49	-	316.27
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	3.81	-	3.81
Total (i+ii+iii)	**-**	**232.30**	**-**	**320.08**
Change in Indebtedness during the financial year				
i) Addition	-	-	-	1.09
ii) Reduction	-	65.87	-	70.22
Net Change (i-ii)	**-**	**(65.87)**	**-**	**(69.13)**
Indebtedness at the end of the financial year				
i) Principal Amount	-	163.57	-	248.09
ii) Interest due but not paid	-		-	-
iii) Interest accrued but not due	-	2.86	-	2.86
Total (i+ii+iii)	**-**	**166.43**	**-**	**250.95**

VI REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ In Lakhs)

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

B) Remuneration to other directors:

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Name of Director					Total Amount
		Ms. Bhavna Doshi	Mr. Mark Simon	Dr. Ferzaaan Engineer	Dr. T Rajamannar	Mr. Sudhir Valia	
1	**Independent Directors**						
	i) Fee for attending Board /Committee meetings	6.90	6.00	6.00			18.90
	ii) Commission	-	-	-			-
	iii) Others, please specify	-	-	-			-
	Total (1)	**6.90**	**6.00**	**6.00**			**18.90**
2	**Other Non-Executive Directors**						
	i) Fee for attending board committee meetings				3.30	5.40	8.70
	ii) Commission				-	-	-
	iii) Others, please specify				-	-	-
	Total (2)				**3.30**	**5.40**	**8.70**
	Total (B)=(1+2)						**27.60**
	Total Managerial Remuneration						**27.60**
	Overall Ceiling as per the Act						**N.A.**

C) Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹ In Lakhs)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		
		Mr. Debashis Dey Company Secretary	Mr. Chetan Rajpara CFO	Total
1	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	31.18	121.68	152.86
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.15	0.32	0.62
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	**Stock Option**	-	-	-
3	**Sweat Equity**	-	-	-
4	**Commission**	-	-	-
	- as % of profit	-	-	-
	- others (please specify)	-	-	-
5	**Others - Performance Bonus**	-	10.78	10.78
	Total	**31.33**	**132.78**	**164.26**

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

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

Annexure 2

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

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

Name of Director	Ratio of remuneration of each Director/ to median remuneration of employees
Mr. Dilip S. Shanghvi	-
Mr. Sudhir V. Valia	0.55
Dr. T Rajamannar	0.33
Ms. Bhavna Doshi	0.70
Dr. Ferzaan Engineer	0.61
Mr. Mark Simon	0.61

 # Remuneration includes sitting fees paid

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

Name & Designation of Director & KMP	% increase in Remuneration in the Financial Year 2018-19
Mr. Dilip S Shanghvi (Chairman & Managing Director)	-
Mr. Sudhir V. Valia (Non-Executive Director)	50.00%
Dr. T Rajamannar (Non-Executive Director)	10.00%
Ms. Bhavna Doshi (Independent Director)	9.52%
Dr. Ferzaan Engineer (Independent Director)	42.86%
Mr. Mark Simon (Independent Director)	53.85%
Mr. Chetan Rajpara (Chief Financial Officer)	13.44%
Mr. Debashis Dey (Company Secretary)	10.00%

 # Remuneration includes sitting fees paid

(iii) the percentage increase in the median remuneration of employees in the financial year (Median -2018-19/Median 2017-18)

9.06%

(iv) the number of permanent employees on the rolls of company as on 31st March 2019:

427

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

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

9.70%

Average percentage increase in salary of managerial personnel:

11.72%

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

Annexure 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2019.

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2019, 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 2019, 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 Act, 1992 ('SEBI Act'):

a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

d. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

e. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable to the Company for the period under review;**

f. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – **Not applicable to the Company for the period under review;**

g. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – **Not applicable to the Company;**

h. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 – **Not applicable to the Company for the period under review;**

i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 – **Not applicable to the Company for the period under review;**

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

(i) Secretarial Standards with respect to meetings 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.

We further report that:

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

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

We further report that during the year under review:

a) the Company had allotted 50,50,505 fully paid-up equity shares of face value of Re. 1/- each on 3rd August 2018, pursuant to exercise of option of conversion of warrants into equivalent number of equity shares by the warrant holders.

b) the Company had allotted 60,60,606 fully paid-up equity shares of face value of Re. 1/- each on 11th January 2019, pursuant to exercise of option of conversion of warrants into equivalent number of equity shares by the warrant holders.

For KJB & CO LLP
Practicing Company Secretaries

Alpesh Panchal
Partner
Mem No. - 49008
C. P. No. - 20120

Date: 4th May 2019
Place: Mumbai.

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

ANNEXURE A TO SECRETARIAL AUDIT REPORT

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

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

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

For KJB & CO LLP
Practicing Company Secretaries

Alpesh Panchal
Partner
Mem No. - 49008
C. P. No. - 20120

Date: 4th May 2019
Place: Mumbai.

Annexure 4

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis : NIL

(a) Name(s) of the related party and nature of relationship : NA

(b) Nature of contracts/arrangements/transactions : NA

(c) Duration of the contracts/arrangements/transactions : NA

(d) Salient terms of the contracts or arrangements or transactions including the value, if any : NA

(e) Justification for entering into such contracts or arrangements or transactions : NA

(f) Date(s) of approval by the Board : NA

(g) Amount paid as advances, if any : NA

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 : NA

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Sun Pharmaceutical Industries Ltd	Master Support Service Agreement (Rendering / Receiving of Research and Development Services)	Valid until terminated in accordance with the terms & condition of the Agreement.	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 including but not limited to activities like clinical trial service, pharma co vigilance service etc. to each other in its ordinary course of business, on various terms and conditions which are on arm's length basis Pricing: Fully absorbed internal costs incurred by performing party in providing the services plus an appropriate mark-up percentage of upto thirty percent (30%).	Not Applicable	Nil
	Transfer of Property	One Time	Transfer of lease hold land and building at Village Savli (GIDC), Manjusar, Vadodara.	Not Applicable	Nil
Sun Pharma Laboratories Ltd	Master Licensing Agreement (License Fees / Royalty on Technology)	Valid until terminated in accordance with the terms & condition of the Agreement.	Pursuant to the contract, individual products/ technologies/know how may be licensed under this Master Agreement by way of Product Specific Exhibits. The Contract provides clauses for entering into exclusive licence under certain licensed rights in respect of certain licensed products in certain licensed fields in certain licensed territory. Pricing: License fees shall be based on the 'net present value' split from revenues from commercialization of the licensed product, provided however that such net present value split shall not be less than 10% in favour of the Company and not more than 40% in favour of the Company.	Not Applicable	Nil

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, if any:
Sun Pharma Global FZE	Master Licensing Agreement (License Fees / Royalty on Technology)	Valid until terminated in accordance with the terms & condition of the Agreement.	Pursuant to the contract, individual products/ technologies/know how may be licensed under this Master Agreement by way of Product Specific Exhibits. The Contract provides clauses for entering into exclusive licence under certain licensed rights in respect of certain licensed products in certain licensed fields in certain licensed territory. Pricing: License fees shall be based on the 'net present value' split from revenues from commercialization of the licensed product, provided however that such net present value split shall not be less than 10% in favour of the Company and not more than 40% in favour of the Company.	Not Applicable	Nil
Sun Pharmaceutical Industries Inc.	Payment of Service charges	Valid until terminated, subject to the ratification by the members once in every 5 years.	In consideration of the services provided by designated employees of Sun Pharmaceutical Industries Inc (SPI Inc.), the Company pays service fees to SPI Inc. proportionate employee cost based on actual man hours spent by such designated employees towards providing such services to the Company with 5% markup.	Not Applicable	Nil

Annexure 5

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2018-19

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

(c) Manner in which the amount spent during the financial year is detailed below:

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

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

For Sun Pharma Advanced Research Company Limited

Dilip S. Shanghvi
(Chairman & Managing Director
and Member - CSR Committee)

Sudhir V. Valia
(Chairman - CSR Committee)

Annexure 6

CONVERSATION OF ENERGY, TECHNOLOGY ABSORPTION FOREIGN EXCHANGE EARNING & OUTGO

I) CONSERVATION OF ENERGY

Power and Fuel Consumption

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

II) TECHNOLOGY ABSORPTION

Research and Development

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

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

The Company develops New Chemical Entities or reformulated products based on its proprietary Novel Drug Delivery Systems. The Company's core therapeutic areas of interest include Oncology, Inflammation, Neurodegenerative Diseases and Abuse Deterrent Formulations.

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

i) New Chemical Entities (NCE)

(a) Inflammation

SCD-044, S1P Receptor 1 agonist is being developed in collaboration with French biotechnology company Bioprojet for auto-immune disorders. SPARC completed Phase 1 study for SCD-044 in Europe. Initial data supports further development and there were no significant safety concerns reported in Phase 1 study.

(b) Anti-cancer

SCO – 088 a potent, orally active and highly selective Bcr-Abl Tyrosine Kinase Inhibitors (TKIs) being developed for treatment of Chronic Myeloid Leukaemia (CML). SPARC completed Phase 1 study of SCO – 088 and established recommended Phase 2 dose. In phase 1 study, no significant side effects have been reported.

(c) Neuro-degeneration

SCC – 138 is being evaluated as a potentially disease modifying agent for treatment of Parkinson's Disease. MTD not yet established in Phase 1 in Parkinson's Disease patients. SPARC initiated multi center, proof of concept Phase 2 study in patients with Parkinson's Disease.

ii) Novel Drug Delivery Systems (NDDS)

(a) Gastric Retention System (GRS)

SPARC's innovative Gastric Retention System (GRS) allows longer retention of drug in the stomach and improves gastrointestinal absorption of drugs that have a narrow absorption window. SPARC has developed Baclofen GRS once – a – day using this technology for the treatment of spasticity. SPARC has resubmitted the pivotal study design to USFDA. Based on the USFDA feedback on the trial design, SPARC will decide next steps.

(b) Wrap Matrix™ Technology

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

SPARC has developed Elepsia™ XR (Levetiracetam ER 1000 mg and 1500 mg), using Wrap Matrix™ Technology. USFDA approved Elepsia™ XR NDA ahead of PDUFA date. SPARC has initiated discussion with potential partners for licensing Elepsia™ XR.

(c) Nanotecton Technology

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

SPARC has developed Taclantis™ (PICS) using Nanotecton™ technology. The Company has filed NDA with USFDA for Taclantis™.

(d) Abuse Deterrent Formulations (ADF)

SPARC is working on a Novel Delivery Platform to help address the escalating problem of prescription drug abuse. The Company has developed a platform technology to make a formulation which can deter oral multi-pill abuse.

SPARC completed pilot PK study in healthy volunteers and pilot Human Abuse Liability (HAL) study in recreational users.

(e) Swollen Micelle Microemulsion (SMM) Technology for Ophthalmic Formulations

SMM is a quaternary ammonium preservative/ surfactant (BAK)-free solubilizing technology. Xelpros™ is a BAK (Benzalkonium Chloride) -free Latanoprost eye drops developed with the Company's proprietary SMM technology. SPARC's NDA for Xelpros™ is approved by USFDA and product is commercialised by our partner in USA.

(f) TearAct™ Technology

SPARC has developed PDP – 716 eye drops for Glaucoma based on its proprietary TearAct™ Technology. SPARC initiated Phase 3 study of PDP – 716 in USA and expects to complete the study next year. If the study outcomes are positive, SPARC plans to file NDA for PDP – 716 next year.

(g) Novel Device For Inhaled Drugs (Dry Powder Inhaler)

SPARC's DPI is a pre-metered, 60 doses, breath activated device to administer an inhaled combination of Salmeterol and Fluticasone. SPARC is planning to have discussion with regulators based on which it would decide future course of action.

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

SPARC's persistent efforts to address unmet medical needs is based on New Drug Delivery Systems and New Chemical Entities. The New Drug Delivery Systems under development are platform technologies that can utilized for different drugs. The drugs under development are expected to improve both, quality and quantity of life of patients.

3. FUTURE PLAN OF ACTION

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

4. EXPENDITURE ON R&D

₹ in Lakhs

	Year ended March, 31, 2019	Year ended March 31, 2018
a) Capital	3,408.85	752.68
b) Revenue	33,416.13	32,086.73
c) Total	36,824.98	32,839.41
d) Total R&D expenditure as % of Total Turnover	201.37	419.63

III) FOREIGN EXCHANGE EARNINGS AND OUTGO

₹ in Lakhs

	Year ended March 31, 2019	Year ended March 31, 2018
Earnings	13,571.99	4,022.93
Outgo	19,424.70	15,933.12

Annexure A to Board's Report

Dividend Distribution Policy

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

1. OBJECTIVES AND SCOPE

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

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

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

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

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

The Policy shall not apply to:

- Determination and declaring dividend on preference shares, if any.
- Distribution of dividend in kind, i.e. by issue of bonus shares or other securities.
- Buyback of securities.

2. RELEVANT REGULATIONS

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

3. EFFECTIVE DATE

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

4. CATEGORY OF DIVIDENDS

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

5. PAYMENT OF DIVIDEND FROM RESERVES

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

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

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

a. Accumulated Losses, if any

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

b. Operating cash flow of the Company

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

c. Transfer to Reserves and other Statutory Requirements

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

d. Covenants with lenders/ Debenture Trustees, if any

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

e. Prudential & Strategic requirements

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

f. Expectations of major stakeholders, including small shareholders

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

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

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

a. Extent of realized profits

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

b. Return on invested capital

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

c. Magnitude of earnings of the Company

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

d. Cost of borrowings

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

e. Obligations to creditors

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

f. Adequacy of profits

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

g. Post dividend Earning Per Share (EPS)

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

8. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

a. Internal Factors

i) Product/ Project expansion plan

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

ii) Stage of ongoing Projects

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

iii) General Working capital requirement

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

iv) Past performance / reputation of the Company

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

b. External Factors

i) Macroeconomic conditions

Considering the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, during uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

ii) Capital Market

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

iii) Statutory Restrictions

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

iv) Tax implications

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

9. RANGE OF DIVIDEND PAY-OUT

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

10. MANNER OF UTILISATION OF RETAINED EARNINGS

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

a. To meet the working capital/ business needs of the Company

b. To fund the project expansion plans of the Company;

c. To fund the research expenditures of ongoing research projects specifically those in the advanced development stages

d. Towards Replacement / up-gradation / Modernization of equipment's & plants;

e. Towards investment in long term / short term strategic joint ventures & partnerships;

f. To fund new acquisitions & investments.

g. Towards Diversification of business;

h. Such other manner as the Board may deem fit from time to time.

11. REVIEW AND AMENDMENT

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

Corporate Governance Report

In compliance with regulation 34(3) read with Part C Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended "SEBI (LODR) Regulations", the report for the financial year ended 31st March, 2019 on the matters mentioned in the said regulations and the practices on Corporate Governance followed by the Company are as follows:

1. Company's Philosophy on Corporate Governance

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

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

2. Code of Conduct

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

3. Board of Directors

3.1 Board's Composition and Category of Directors

The Board of Directors of your Company ('hereinafter referred to as 'the Board') as on 31st March, 2019 comprised of six Directors as detailed below:

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

3.2 Attendance of Directors and Number of Others Directorships

Attendance of each director at the Board meetings, previous Annual General Meeting (AGM) held during the financial year ended 31st March, 2019, and number of other Directorships and Memberships/Chairmanships of Committee is are given below:

Name of Director	Number of Board meetings held during the year	Attendance Particulars for the year		No. of other Directorships and Committee Memberships / Chairmanships as on 31st March, 2019			Directorships in other listed companies as on 31st March, 2019
		Board Meetings	13th AGM	Other Directorships[1]	Committee Memberships[2]	Committee Chairmanships[2]	
Mr. Dilip S. Shanghvi	5	5	Yes	1	1	-	Sun Pharmaceutical Industries Limited – Managing Director
Mr. Sudhir V. Valia	5	5	Yes	4	2	-	Sun Pharmaceutical Industries Limited – Whole – Time Director
Dr. T. Rajamannar	5	5	Yes	-	-	-	-
Ms. Bhavna Doshi	5	5	Yes	8	4	3	1. Torrent Power Limited – Ind. Director 2. Everest Industries Limited – Ind. Director 3. Gruh Finance Limited – Ind. Director 4. Walchandnagar Industries Limited – Ind. Director
Mr. Mark Simon	5	5	Yes	-	-	-	-
Dr. Ferzaan Engineer	5	5	Yes	-	-	-	-

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

[2]For Audit and Stakeholders' Relationship Committee only.

3.3 No. of Board Meetings Held

Five Board meetings were held during the financial year ended 31st March, 2019 on following dates:

(i) 7th May, 2018 (ii) 8th May, 2018 (iii) 30th July, 2018, (iv) 29th October, 2018 and (v) 4th February, 2019.

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

3.4 Shares Held by Non-Executive Directors

Details of Equity Shares held (as First or Sole Shareholder) by Non-Executive Directors as on 31st March, 2019

Name of Director	No. of Shares
Mr. Sudhir V. Valia	18,33,951
Dr. T. Rajamannar	33,657
Ms. Bhavna Doshi	NIL
Mr. Mark Simon	NIL
Dr. Ferzaan Engineer	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 also stipulates various terms and conditions of their appointment/re-appointment.

In compliance with regulation 25(7) of the SEBI (LODR) Regulations the details of familiarization sessions for the Independent Directors, held during the financial year 2018- 19 are available on the website of the Company www.sparc.life and can be accessed through the web link - https://www.sparc.life/announcements-disclosures.

3.6 Skills/Expertise/Competence of the Board

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

Sr. No.	Category	Particulars	Remark
1	Knowledge	Technical	Technical/professional skills and specialist knowledge in Pharmaceutical Research & Development.
		Finance	The ability to read and comprehend the Company's financials, financial reporting requirements and an understanding of corporate finance.
		Legal	Sound knowledge in applicable corporate laws, which shall enable the fulfilment of the Board's responsibility to oversee compliance with numerous laws as well as help in better understanding of an Individual Director's legal duties and responsibilities.
		Governance	Sound understanding of the essential governance knowledge that the Board of Directors should possess or develop, to be an effective Board.
		Industry Knowledge	Experience in and knowledge of the Pharmaceutical industry. This may include an understanding of particular trends, challenges and opportunities, or unique dynamics within the Pharmaceutical Research & Development Sector.
		Risk Management	Experience in managing areas of major risks in an organization of similar size and/ or industry.
		The Board Member should have 'Specialist Knowledge' to advise on matters relating to ongoing aspects of the Board's role in one or more of the above fields	

Sr. No.	Category	Particulars	Remark
2	Skills	Strategic Thinking/ Planning Skills	The Board Member should have the ability to understand and review the strategy. He/ She should demonstrate an ability to think strategically about the opportunities and challenges faced by the Company and to engage in short, medium and long-range planning to provide high-level guidance and direction to the management of the Company.
		Critical Thinking/ Problem Solving Skills	The Board Member should demonstrate an ability to apply critical thinking to creatively assess situations and to generate novel or innovative solutions to challenges faced by the Company.
		Analytical Skills	The Board Member should have the ability to understand and analyze financial reports. He/She should be able to review the proposed budgets in light of available resources, strategic goals and priorities.
		Decision Making Skills	The Board Member should demonstrate the ability to use logic and reasoning to identify issues as well as the of alternative solutions to problems. He/She should have the ability to make informed decisions efficiently and take action when needed.
		Leadership Skills	The Whole-time/ Executive Board Member should have experience & skill to manage people and achieve a positive change – including experience as either a CEO or senior member of management team in a similar or larger sized organisation. He/She should be able to demonstrate an ability to inspire, motivate and offer direction and leadership to others and also demonstrate an understanding of the importance of teamwork to the success of the Organisation.
		Board members are expected to possess the above skills which are deemed necessary for effective execution of Board's responsibility	
3	Behavioural Traits	Integrity	The Board Member is expected to fulfil his/her duties and responsibilities as a Director by putting the organization's interests before personal interests, and acting ethically.
		Genuine Interest	The Board Member should be genuinely interested in the organisation and its business.
		Curiosity and courage	The Board Member must have the curiosity to ask questions and the courage to persist in asking or to challenge management and the fellow Board Members where necessary;
		Instinct	The Board Member should have good business instincts and acumen, ability to get to the crux of the issue quickly;
		Inter-personal skills/ communication	The Board member must work well in a group, listen well, be tactful but also be able to communicate his/ her point of view frankly;
		Active Contributor	The Board Member is expected to be an active contributor in all discussions happening in the Board/ Committee meeting.
		All Board Members should possess above key behavioral attributes and competencies	

Sr. No.	Category	Particulars	Remark
4	Professional Experience	Governance	Experience in Corporate Governance in the private, public, and/or voluntary/ non-profit sector with a clear understanding of the distinction between the role of the Board versus the role of management. Governance experience could be acquired through prior Board or committee service or reporting to/or working with a Board as an employee.
		Business/ Management	Experience in sound management and operational business processes and practices in the private or public sector with a clear understanding of topics such as managing complex projects, leveraging information technology, planning and measuring performance, and allocating resources to achieve outcomes.
		Legal/Regulatory	Experience in legal principles, processes, and systems with expertise in interpreting and applying legislation, experience with adjudicative or quasi-judicial hearings or tribunals, or an understanding of the legal dimensions of organizational issues.
		Human Resources	Experience in handling strategic human resource management including workforce planning, employee engagement, succession planning, organizational capacity, compensation, and professional development.
		Financial	Experience in accounting or financial management, including analyzing and interpreting accounting standards and financial statements, evaluating organizational budgets and clear understanding of financial reporting.
		Risk Management	Experience in handling Enterprise Risk Management including identifying potential risks, recommending and implementing preventive measures, and devising plans to minimize the impact of risks. This competency may also include experience or knowledge of auditing practices, organizational controls, and compliance measures.
		Public Relations/ Media	The applicant has experience with, or is able to demonstrate knowledge or expertise in, communications, public relations or interacting with various Regulators, Government Bodies and/ or media. This may include knowledge of effective advocacy and public engagement strategies, developing key messages, crisis communications.
		It is desirable for the Board Members to possess Professional Experience at senior managerial position in an organisation of a similar size for **at least a period of 10 years in any one or more** of the above fields	

The Member of the present Board possess the Knowledge, Skills, Expertise & Competencies listed above.

3.7 Confirmation

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

None of the Independent Directors resigned from the Company during the previous year.

4. Audit Committee

The Audit Committee of the Company presently comprises of three Independent Directors viz. Ms. Bhavna Doshi, Mr. Mark Simon, Dr. Ferzaan Engineer and one Non-executive Non-Independent Director – Mr. Sudhir V. Valia.

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.

Pursuant to the requirements of the SEBI (LODR) Regulations, the terms of reference of the Audit Committee was revised during the year by the Board in its meeting held on 29th October, 2018 to *inter alia*, include the following:

1. To oversee of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;
2. To recommend remuneration and terms of appointment of auditors of the company;
3. To Approve payment to statutory auditors for any other services rendered by the statutory auditors;
4. To Review with the management, quarterly and annual financial statements and auditor's report thereon before submission to the Board for approval.
5. 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;
6. To review the utilization of loans and advances from the holding company or to subsidiary;
7. To review and monitor the auditor's independence and performance, and effectiveness of audit process;
8. To approve or any subsequent modification of transactions of the Company with Related Parties;
9. Scrutinise inter-corporate loans and investments;
10. To valuation of undertakings or assets of the Company, wherever necessary;
11. To evaluate of internal financial controls and risk management systems;
13. To Review with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
14. To discuss with internal auditors of any significant findings, and follow up there on;
15. 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;
16. 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,
17. To review the functioning of the Whistle Blower Mechanism/Vigil Mechanism;
18. To approval appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

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

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

Four Audit Committee Meetings were held during the financial year ended 31st March, 2019 on the following dates:

(i) 8th May, 2018 (ii) 30th July, 2018 (iii) 29th October, 2018 and (iv) 4th February, 2019. The attendance of each member of the Committee is given below:

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

All the recommendations given by the Committee were accepted by the Board during the year.

5. Nomination and Remuneration Committee

The Nomination and Remuneration Committee presently comprises of three Independent Directors. Dr. Ferzaan Engineer, Ms. Bhavna Doshi and Mr. Mark Simon.

Dr. Ferzaan Engineer is the Chairman and Mr. Debashis Dey, Company Secretary, is the secretary of the Committee. The revised terms of reference of the Committee with effect from 29th October 2018, *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'.

Four meetings of the Committee were held during the financial year ended 31st March, 2019 on the following dates:

(i) 8th May, 2018 (ii) 30th July, 2018 (iii) 29th October, 2018 and (iv) 4th February, 2019.

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

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

All the recommendations given by the Committee were accepted by the Board during the year.

Remuneration of Directors

a. Criteria for performance evaluation of individual director

Based on the recommendation of the Nomination & Remuneration Committee and as approved by the Board, the performance of the individual Non-Independent Director 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 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 Nomination and Remuneration Committee, at its meeting held on 31st July, 2014, had approved and recommended the Remuneration Policy for the directors, key managerial personnel and other employees of the Company which has been approved by the Board of Directors at its meeting held on 31st July, 2014. The key highlights of the said Policy are as follows:

i). Guiding principles for remuneration: The Company shall remunerate all its personnel reasonably and sufficiently as per industry benchmarks and standards. The remuneration shall commensurate to retain and motivate the human resources of the Company. The compensation package will, *inter alia*, take into account the experience of the personnel, the knowledge & skills required including complexity of the job, work duration & risks associated with the work and attitude of the worker e.g. positive outlook, team spirit, loyalty etc.

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

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

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

c. Details of remuneration paid / payable to directors:

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

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

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

The details of the remuneration paid/payable to the directors for the year 2018-19 are given below:

(₹ in Lakhs)

Directors	Salary	Bonus	Perquisites / Benefits	Sitting Fees	Total
Mr. Dilip S. Shanghvi	-	-	-	-	-
Mr. Sudhir V. Valia	-	-	-	5.40	5.40
Dr. T. Rajamannar	-	-	-	3.30	3.30
Ms. Bhavna Doshi	-	-	-	6.90	6.90
Dr. Ferzaan Engineer	-	-	-	6.00	6.00
Mr. Mark Simon	-	-	-	6.00	6.00

Notes: -

a) The terms of appointment of Mr. Dilip S. Shanghvi, as the Managing Director, is for a period of 5 years effective from 1st March 2017. Either party is entitled to terminate the appointment by giving 30 days notice in writing to the other party.

b) The Company presently does not have a scheme for grant of stock options either to the Executive Directors or to employees.

c) There is no separate provision for payment of severance fees to Whole Time Director(s).

d) In addition to the above remuneration in their capacity as Directors of the Company, Bhavna Doshi Associates LLP, in which Ms. Bhavna Doshi is a Partner had received ₹ 6.00 lakhs and Mr. Mark Simon had received ₹ 44.12 lakhs as professional fees towards other consultancy/advisory services rendered by them in their professional capacity.

6. Stakeholders' Relationship Committee

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

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

The revised terms of reference of the Committee with effect from 29th October 2018, *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. Review of measures taken for effective exercise of voting rights by shareholders.

f. Review of the various measures and initiatives taken by the Company for reducing the quantum of unclaimed dividends and ensuring timely receipt of dividend warrants/annual reports/statutory notices by the shareholders of the Company.

g. To seek information from the Registrar and Share Transfer Agent

Four meetings of the Committee were held during the financial year ended 31st March, 2019 on following dates:

(i) 8th May, 2018 (ii) 30th July, 2018 (iii) 29th October, 2018 and (iv) 4th February, 2019

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

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

All the recommendations given by the Committee during the year, were accepted by the Board.

Shareholders' Complaints

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

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

Pending at the beginning of the year.	-
Received during the year	4
Resolved during the year	4
Pending at the end of the year.	-

7. Corporate Social Responsibility Committee

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

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

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

a. 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

b. To monitor the CSR Policy of the Company from time to time

c. To recommend the amount of expenditure to be incurred on the activities referred above

d. To monitor amount spent on the CSR initiatives of the Company as per the CSR Policy

One meeting of the Committee was held on 8th May, 2018 during the financial year 2018-19, which was attended by all the members of the Committee on that date.

All the recommendations made by the Committee during the year, were accepted by the Board.

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

8. Fund Management Committee

The Board of Directors of the Company, in its meeting held on 28th October, 2016 constituted a Fund Management Committee to oversee the deployment of funds raised by the Company through new issues/ loans & internal accrual in various research projects & to meet general corporate expenditures of the Company. The Committee consists of Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia, Ms. Bhavna Doshi and Mr. Mark Simon.

Mr. Sudhir V. Valia is the Chairman and Mr. Debashis Dey, Company Secretary, is the secretary of the Committee. Four meetings of the Committee were held during the financial year ended 31st March, 2019 on the following dates:

(i) 8th May, 2018 (ii) 30th July, 2018 (iii) 29th October, 2018 and (iv) 4th February, 2019

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

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

9. Securities Allotment Committee

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

Dr. T Rajamannar is the Chairman and Mr. Debashis Dey, Company Secretary, is the secretary of the Committee. Two meetings of the Committee were held during the financial year ended 31st March, 2019 on the following dates:

(i) 3rd August 2018 and (ii) 11th January, 2019

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

Name of Director	Chairman/ Member	No. of meetings held	No. of meetings attended
Dr. T Rajamannar	Chairman	2	2
Mr. Dilip Shanghvi	Member	2	Nil
Mr. Sudhir V Valia	Member	2	Nil
Ms. Bhavna Doshi	Member	2	2

Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia did not attend/ participate in any of the meetings of the Committee held during the year, since they were deemed to be interested in the business proposed for discussion at the meetings.

10. Risk Management Committee

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

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

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

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 Functional Heads 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;

No Meeting of the Committee was held during the previous financial year.

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 Meeting
2015-16	Eleventh AGM	Sir Sayajirao Nagar gruh, Akota, Vadodara-390020, Gujarat	29.07.2016	11.15 A.M	1) Re-appointment of Prof. Dr. Andrea Vasella as an Independent Director of the Company, for another term of 1 year, to hold office upto the conclusion of the 12th Annual General Meeting of the Company. 2) Re-appointment of Prof. Dr. Goverdhan Mehta as an Independent Director of the Company, for another term of 1 year, to hold office upto the conclusion of the 12th Annual General Meeting of the Company. 3) Re-appointment of Mr. S Mohanchand Dadha as an Independent Director of the Company, for another term of 1 year, to hold office upto the conclusion of the 12th Annual General Meeting of the Company.
2016-17	Extra-Ordinary General Meeting	Sir Sayajirao Nagar gruh, Akota, Vadodara-390020, Gujarat	02.06.2017	11:00 A.M	1) Issue of 151,51,515 warrants, each convertible into or exchangeable for one fully paid equity share of ₹ 1 each of the Company, to certain Promoter Group & Non-Promoter Group entities, on Preferential Basis.
2016-17	Twelfth AGM	Sir Sayajirao Nagar gruh, Akota, Vadodara-390020, Gujarat	05.08.2017	11:30 A.M	Nil
2017-18	Thirteenth AGM	Prof. Chandravadan C. Mehta Auditorium - General Education Center, Maharaja Sayajirao University of Baroda, Pratap Gunj, Vadodara – 390 002, Gujarat	30.07.2018	10:15 A.M	1) Adoption of revised Articles of Association of the Company

(ii) Postal Ballot - The Company did not pass any resolution by Postal Ballot during the financial year 2018-19.

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

12. Means of Communication

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

13. General Shareholder Information

13.1 Annual General Meeting

(a)	Date and Time	: Monday, 29th July, 2019, at 09:45 am.
(b)	Venue	: Vasvik Auditorium, Trivia Complex, Race Course Road, Gautam Nagar, Vadiwadi, Vadodara – 390007, Gujarat, India
(c)	Details of Book Closure for Equity Shareholders	: Saturday, 20th July, 2019 to Monday, 29th July, 2019 (both days inclusive)

13.2 Financial Calendar (tentative)

The Company follows a financial year from 1st April to 31st March of the following year. The tentative dates for declaration of quarterly & annual financial results for the ensuing financial year are as follows:

(i) Results for quarter ending 30th June, 2019 – Last week of July, 2019/ First week of August 2019.

(ii) Results for quarter ending 30th September, 2019 – Last week of October, 2019/ First week of November 2019.

(iii) Results for quarter ending 31st December, 2019 – Last week of January, 2020/ First week of February, 2020

(iv) Results for quarter & year ending 31st March, 2020 – First or Second week of May, 2020

13.3 Dividend Payment Date

N.A.

13.4 (a) Listing of Equity Shares

The Equity Shares of the Company are listed on:

(i) BSE Limited.
Phiroze Jeejeebhoy Towers,
Dalal Street, Mumbai – 400001

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

(b) Payment of Listing Fees:

Listing Fees for the financial year 2019-20 have been paid, within the stipulated time, to BSE Limited and National Stock Exchange of India Ltd, where the Company's Equity Shares continue to be listed.

13.5 Stock Code

Equity Shares of ₹ 1 each		
(a) Trading Symbol in BSE Ltd.	:	532872
(b) Trading Symbol in NSE	:	SPARC
(c) ISIN for Equity Shares held in Demat	:	INE232I01014

13.6 Market Price Data

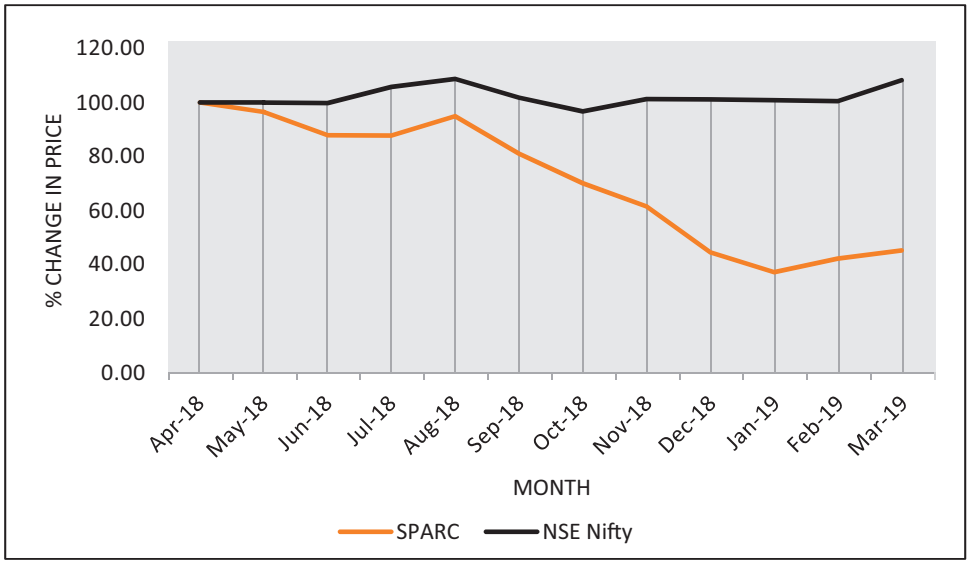
The market price data of the Equity Shares of the Company on BSE and NSE for the financial year 2018-19 are as follows:

Month	BSE Ltd. (BSE) (in ₹)		National Stock Exchange of India Ltd. (NSE) (in ₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April 2018	428.75	382.10	428.60	381.60
May 2018	423.75	353.55	424.20	353.75
June 2018	420.05	362.45	420.25	362.20
July 2018	383.55	353.30	384.20	353.65
August 2018	400.45	357.15	401.05	358.15
September 2018	399.90	342.85	400.90	342.50
October 2018	335.30	288.55	336.00	288.10
November 2018	296.10	251.75	295.95	252.10
December 2018	249.10	187.65	248.50	188.05
January 2019	190.55	148.40	190.50	148.25
February 2019	177.90	143.15	178.30	142.95
March 2019	199.75	185.1	200.35	185.45

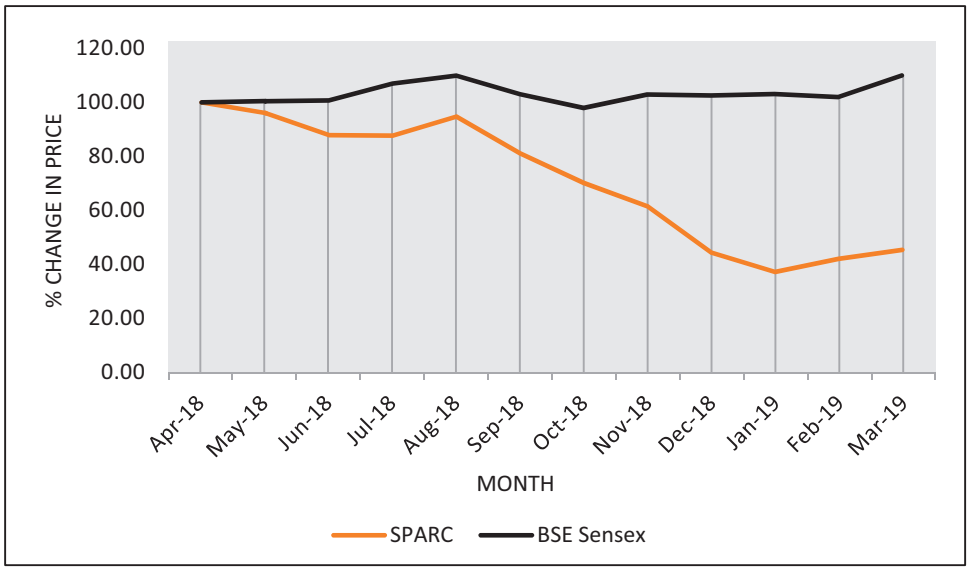
(Source: BSE and NSE website)

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

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



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



13.8 Registrars & Share Transfer Agent

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

Link Intime India Pvt. Ltd.,
C 101, 247 Park,
L B S Marg, Vikhroli West,
Mumbai 400 083
E-Mail: rnt.helpdesk@linkintime.co.in
Tel No: +91 22 49186000 Fax: +91 22 49186060

13.9 Share Transfer System

On receipt of proper documentation, the Registrar & Share Transfer Agent of the Company usually registers the transfer of its securities in the name of the transferee(s) and issue certificates or receipts or advices, as applicable, of transfers within a period of 15 days from the date of such receipt of request for transfer. In case of any deficiency or objection, an objection/

intimation letter is issued to the transferee or transferor, as the case may be. Confirmation in respect of the request for dematerialization of shares are sent expeditiously to the respective depositories i.e. National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

However, the Company may not register a transfer request when any statutory prohibition or any attachment or prohibitory order of a Competent Authority restrains it from transferring the securities from the name of the transferor(s).

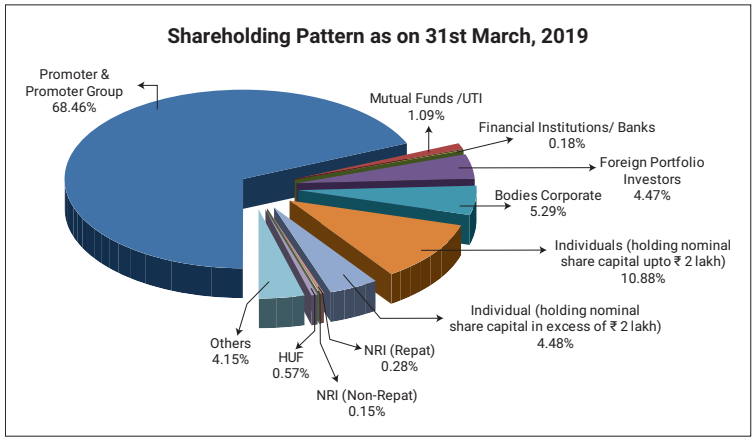
Pursuant to provision to sub regulation (1) of regulation 40 of the SEBI (LODR) Regulations, effective from 1st April, 2019, the Company shall not be able to process any request for transfer of securities unless the securities are held in dematerialised form with any depository. However, the Company will continue to process valid applications for transmission or transposition of securities, which are held in physical form.

13.10 Distribution of Shareholding as on 31st March, 2019

Equity Shares held	No. of Accounts	Percentage	No. of Shares	Percentage
Upto 100	50,895	62.11%	21,47,618	0.82%
101- 250	13,438	16.4%	23,54,207	0.90%
251 - 500	7,156	8.73%	27,31,206	1.04%
501 - 5000	9,474	11.56%	1,26,78,822	4.84%
5001 - 10000	470	0.57%	33,85,460	1.29%
10001 - 20000	212	0.26%	29,59,716	1.13%
20001 - 30000	86	0.11%	21,52,440	0.82%
30001 - 40000	36	0.04%	12,28,845	0.47%
40001 - 50000	21	0.03%	9,48,861	0.36%
50001 - 100000	43	0.05%	30,75,607	1.18%
100001 and above	112	0.14%	22,83,84,724	87.15%
Total	**81,943**	**100%**	**26,20,47,506**	**100%**

13.11 Shareholding Pattern of the Company as on 31st March, 2019

Particulars	No. of Shares	Percentage
Promoter & Promoter Group	17,94,07,230	68.46%
Mutual Funds /UTI	28,60,931	1.09%
Financial Institutions/ Banks	4,80,987	0.18%
Foreign Portfolio Investors	1,17,13,705	4.47%
Bodies Corporate	1,38,58,842	5.29%
Individuals (holding nominal share capital upto ₹ 2 lakh)	2,85,02,376	10.88%
Individuals (holding nominal share capital in excess of ₹ 2 lakh)	1,17,52,367	4.48%
NRI (Repat)	7,42,617	0.28%
NRI (Non-Repat)	3,85,641	0.15%
HUF	14,80,771	0.57%
Others	1,08,62,039	4.15%
TOTAL	**26,20,47,506**	**100.00%**



13.12 Dematerialization of Shares

Out of the total share capital of 26,20,47,506 equity shares, 26,12,19,360 equity shares of the Company representing about 99.68% of the total equity shares of the Company are held in dematerialized mode as on 31st March, 2019

Liquidity:

The equity shares of the Company are fairly liquid and are actively traded on BSE and NSE. Relevant data for the average daily turnover for the financial year 2018-19 is given below:

	NSE	BSE	NSE + BSE
No. of shares (in Thousands)	586.59	94.68	681.27
Value of shares (₹ Lakhs)	1,490.39	237.70	2178.86

(Source: BSE and NSE website)

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

Consequent to the approval of the members at the Extra-Ordinary General Meeting of the Company held on 2nd June 2017 and the receipt of in-principle approval of the Stock Exchanges, for issue of convertible warrants on Preferential Basis, the Securities Allotment Committee, in its meeting held on 14th July 2017, issued & allotted 1,51,51,515 warrants, each convertible into or exchangeable for one fully paid equity share of ₹1 of the Company to certain Promoter & Non-Promoter Group entities.

During the year all the warrants held by beneficial owners have been converted into equivalent number of fully paid equity shares of the Company, on exercise of option by the concerned warrant holders. Consequently, there are no outstanding warrants as on 31st March 2019.

Except above, the Company has not issued GDRs/ ADRs or any other convertible instruments.

13.14 Commodity Price Risk/ Foreign Exchange Risk and Hedging Activities

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

13.15 R&D Centres

1. F.P. 27 Part Survey No. 27, C.S. No. 1050, T.P.S. No.24, Tandalja, Vadodara - 390012, Gujarat.
2. 17/B, Mahal Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai - 400 093, Maharashtra.
3. 907/4, GIDC, Makarpura, Vadodara - 390 010, Gujarat

13.16 Investor Correspondence

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

Link Intime Pvt. Ltd.
C 101, 247 Park,
L B S Marg, Vikhroli West, Mumbai 400 083
E-Mail: rnt.helpdesk@linkintime.co.in
Tel: +91 22 49186000,
Fax: +91 22 49186060

(For Shares held in Dematerialized Form Please contact your Depository Participant.)

(b) For query on Annual Report

Mr. Jaydeep Israni
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):

Mr. Debashis Dey
17/B, Mahal Industrial Estate,
Off. Mahakali Caves Road, Andheri (East), Mumbai - 400 093.
E-Mail: debashis.dey@sparcmail.com
E-mail id designated by the Company for Investor Complaints: secretarial@sparcmail.com.

13.17 List of Credit Ratings

Company has not obtained any credit ratings.

14. Disclosures

a 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.

b There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties/ strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority during the last three financial years.

c 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. With effect from 4th February 2019, the Board has also constituted a Risk Management Committee to further strengthen the Risk Management process.

d The Board of Directors of the Company has approved a Whistle Blower Policy and put in place a mechanism to monitor the actions taken on complaints received under the said policy. This Policy also outlines the reporting procedure and investigation mechanism to be followed in case an employee blows the whistle for any wrong-doing in the Company. Employees are given protection in two important areas - confidentiality and against retaliation. It is ensured that employees can raise concerns regarding any violation or potential violation easily and free of any fear of retaliation, provided they have raised the concern in good faith. Ms. Bhavna Doshi, Chairperson of Audit Committee has been appointed as Ombudsperson 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 organisation or for those affected by its functions. A copy of the Company's Whistle Blower Policy is available on the website of the Company www.sparc.life and may be accessed at https://www.sparc.life/policies-and-codes. No personnel has been denied access to the Audit Committee.

In compliance with the requirements of SEBI Prohibition of Insider Trading Regulations, the Board has, in its meeting held on 4th February, 2019, amended the Whistle Blower Policy of the Company, to include any leakage of 'Unpublished Price Sensitive Information' as a reportable event under the Policy.

e Details of compliance with mandatory requirements and adoption / non-adoption of the discretionary requirements:

(i) The Company complies with all the mandatory requirements specified under the SEBI (LODR) Regulations.

(ii) The Chairman of the Company is Executive of the Company.

(iii) The Company does not send half-yearly financial results including summary of the significant events in the last six months, to the household of each shareholder, as the financial results are published in the newspapers and also posted on the website of the Company and the websites of BSE and NSE.

(iv) The Financial Statements of the Company contains Unmodified Opinion by Auditors.

(v) The Company does not have separate position for Chairman and Managing Director.

(vi) Protiviti India Member Private Limited was the Internal Auditors of the Company for the financial year 2018-19. In its meeting held on 7th May 2019, the Board of Directors have, on the recommendation of the Audit Committee appointed Aneja Assuarance Pvt. Ltd. as the Internal Auditors for the financial year 2019-20. The Internal Auditors report their findings to the Audit Committee of the Company.

f The Company does not have any policy on material subsidiaries since it does not have any subsidiary.

g The policy of the Company on dealing with Related Party Transactions is available on the website of the Company and can be accessed through the web link: https://www.sparc.life/policies-and-codes.

h The Company being in the business of Research & Development does not face any significant Commodity Price Risk.

i Utilization of funds raised through Preferential Issue:

The Company had raised ₹ 50,000 lakhs by preferential issue of Warrants and their subsequent conversion into equity shares of the Company. As disclosed in the Notice of Extra-Ordinary General Meeting dated 5th May 2017, in which the approval of the members were sought for the issue, the objective for raising the fund was to utilize the same for "Utilised for R & D Activity and General Corporate Purpose". During the year, there were no deviations in the utilization of the funds from the specified in the Notice of Extra-Ordinary General Meeting dated 5th May 2017. Details pertaining to utilization of funds raised through preferential issue of warrants as on 31st March 2019 are as follows:

₹ in Lakhs

Description	Amount
Fund received	50,000
Utilised for R & D Activity and General Corporate Purpose	28,932
Balance available	**21,068**

j 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 2** to this Corporate Governance Report.

k During the Year, the Board accepted all recommendations made to it by its duly constituted Committees.

l Total fees for audit and related services paid to S.R. Batliboi & Affiliates firms and to entities of the network of which the statutory auditor is a part during the financial year 2018-19 was ₹ 22 lakhs

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

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

Number of complaints filed during the financial year 2018-19	Number of complaints disposed of during the financial year 2018-19	Number of complaints pending as on 31st March 2019
Nil	Nil	Nil

n The Company has complied with all the requirements of Corporate Governance Report as prescribed under Part C of Schedule V of SEBI (LODR) Regulations.

o The Company has complied with all the Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (LODR) Regulations.

For and on behalf of the Board

Dilip S. Shanghvi
Chairman & Managing Director

Place: Mumbai,
Date: 7th May, 2019

Annexure 1 to Corporate Governance

For the Year Ended 31st March, 2019

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

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

For Sun Pharma Advanced Research Company Limited

Dilip S. Shanghvi
Chairman & Managing Director

Place: Mumbai,
Date: 7th May, 2019

Annexure 2 to Corporate Governance

CERTIFICATE FROM PRACTICING COMPANY SECRETARY REGARDING DISQUALIFICATION OF DIRECTORS

To,
The Members,

SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED,
Akota Road, Akota, Vadodara,
Gujarat-390020
CIN:- L73100GJ2006PLC047837

I have examined the compliance of conditions in respect of all the directors on the Board of Directors of **M/s Sun Pharma Advanced Research Company Limited**, for the year ended on March 31, 2019 in order to issue certificate as stipulated in Clause (10) (i) of Part C of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, amended from time to time.

On the basis of examination and verification of relevant records and documents maintained by the Company and according to the information and explanations given to me and representation made by the directors, I hereby certify that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as a Director of Company by the Securities and Exchange Board of India (SEBI), Ministry of Corporate Affairs (MCA) or any such statutory authority during the year ended on March 31, 2019.

I further state that such compliance is neither an assurance as to the future viability of the Company nor efficiency or effectiveness with which the management has conducted the affairs of the Company.

This certificate is issued solely for the purposes of complying with the aforesaid Regulations and may not be suitable for any other purpose.

For Veenit Pal & Associates
Company Secretaries

Veenit Pal
(Proprietor)
M. No. 25565
COP No. 13149

Place:- Mumbai
Date:- 6th May 2019

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

The Members of

Sun Pharma Advanced Research Company Limited
17 B, Mahal Industrial Estate,
Mahakali Caves Road,
Andheri (East),
Mumbai – 400093.

1. The Corporate Governance Report prepared by Sun Pharma Advanced Research Company Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2019. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

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 express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.

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

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

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

   i. Reading and understanding of 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 w.r.t. executive and non-executive directors has been met throughout the reporting period;

   iii. Obtained and read the Directors Register as on March 31, 2019 and verified that at least one women director was on the Board during the year;

   iv. Obtained and read the minutes of the following committee meetings held from April 01, 2018 to March 31, 2019:

      (a) Board of Directors meeting;

      (b) Audit committee;

      (c) Annual General meeting;

      (d) Nomination and remuneration committee;

      (e) Stakeholders relationship committee;

      (f) Independent directors meeting;

      (g) Corporate social responsibility committee;

      (h) Fund management committee; and

      (i) Securities allotment committee;

      (j) Risk Management committee;

   v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and

   vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

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

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2019, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. 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.

10. 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 - 19105754AAAAAY1608

Place of Signature: Mumbai
Date: May 07, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Sun Pharma Advanced Research Company Limited

Report on the Audit of the accompanying Ind AS Financial Statements

Opinion

We have audited the accompanying Ind AS financial statements of Sun Pharma Advanced Research Company Limited ("the Company"), which comprise the Balance sheet as at March 31 2019, 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 Ind AS financial statements give the information required by the Companies Act, 2013 as amended ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, 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 accompanying Ind AS financial statements in accordance with the Standards on Auditing (SAs), as specified under section 143(10) of the Act. Our responsibilities under those Standards are further described in the 'Auditor's Responsibilities for the Audit of the accompanying Ind AS Financial Statements' section of our report. We are independent of the Company in accordance with the 'Code of Ethics' issued by the Institute of Chartered Accountants of India together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the accompanying Ind AS financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the accompanying Ind AS financial statements for the financial year ended March 31, 2019. These matters were addressed in the context of our audit of the accompanying Ind AS financial statements as a whole and in forming our opinion thereon and we do not provide a separate opinion on these matters. For each 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 accompanying Ind AS financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the accompanying Ind AS financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying Ind AS financial statements.

Key audit matters	How our audit addressed the key audit matters
Revenue recognition (as described in note 43 of the accompanying Ind AS 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.	Our audit procedures amongst others included the following: • Read the accounting policy for revenue recognition of the Company and assessed compliance of the policy with the principles enunciated under Ind AS 115. • Assessed the adjustment to retained earnings as at April 1, 2018 on account of adoption of Ind AS 115 as per the modified retrospective method.

Key audit matters	How our audit addressed the key audit matters
The application of Ind AS 115 has impacted the Company's accounting for recognition of revenue from out-licensing arrangements resulting in a debit to retained earnings as at April 1, 2018 of ₹1,877.10 lakhs as per the modified retrospective method. Considering that contractual arrangements with customers involve judgments which may impact the manner and timing of revenue recognition it is considered as a Key audit matter.	• Evaluated and tested the design and operating effectiveness of management's controls in respect of revenue recognition. • Performed test of details on sample contracts. • Assessed the disclosures in the accompanying Ind AS financial statements.
Evaluation of direct tax and indirect tax litigations (as described in note 41 of the accompanying Ind AS financial statements)	
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.	Our audit procedures amongst others included the following: • Obtained list of direct tax and indirect tax litigations as at March 31, 2019 from management. • Involved our experts to assess the management's assessment of the possible outcome of the disputes relating to direct tax and indirect tax litigations. • Our experts also considered legal precedence and other rulings in evaluating management's position on these uncertain direct tax and indirect tax litigations. • Discussed the matters with the management and Company's Tax Head to understand the possible outcome of these disputes. • Evaluated and tested the design and operating effectiveness of management's controls in respect of direct tax and indirect tax. • Assessed contingent liability disclosure in the accompanying Ind AS financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

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 accompanying Ind AS financial statements and our auditor's report thereon. The Management Discussion and Analysis Report and Board's Report is expected to be made available to us after the date of this auditor's report.

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

Responsibilities of Management for the accompanying Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records,

relevant to the preparation and presentation of the accompanying Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

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

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

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

- Identify and assess the risks of material misstatement of the accompanying Ind AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system 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 accompanying Ind AS financial statements, including the disclosures, and whether the accompanying Ind AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the accompanying Ind AS financial statements for the financial year ended March 31, 2019 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015, as amended;

   (e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company with reference to these Ind AS financial statements and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report;

   (g) Based on the information and explanations provided to us and based on our examination of books of accounts, the Company has not accrued / paid any managerial remuneration to its directors. Accordingly, the provisions 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 accompanying Ind AS financial statements – Refer Note 41 to the accompanying Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There 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 No : 324982E / E300003

per Paul Alvares
Partner
Membership No. 105754

Place of Signature: Mumbai
Date : May 07, 2019

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 the 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 the management with respect to the title deeds of immovable property included in property, plant and equipment and based on the examination of the High Court Order for demerger dated March 28, 2007, provided to us, we report the following:

Particulars of building	Gross Block (as at March 31, 2019) ₹ in Lakhs	Net Block (as at March 31, 2019) ₹ in 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.	285.99	214.50	The building was transferred (pending registration) to the Company pursuant to a scheme of arrangement in the nature of demerger and transfer of Innovative Research and Development business of Sun Pharmaceutical Industries Limited under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High court of Gujarat. The agreement is in the name of Sun Pharmaceutical Industries Limited.

(ii) According to the information and explanation given to us and having regard to the nature of the Company's business, the Company does not have any inventories during the year since procurements are issued directly for consumption to the user department. Accordingly, the provisions of clause 3(ii) of the Order are not applicable to the Company and hence not commented upon.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable to the Company and hence not commented upon.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act, 2013 are applicable and hence not commented upon.

(v) The Company has not accepted any deposits within the meaning of Sections 73 to 76 of the Act and the Companies (Acceptance of Deposits) Rules, 2014 (as amended). Accordingly, the provisions of clause 3(v) of the Order are not applicable to the Company and hence not commented upon.

(vi) To the best of our knowledge and as explained, the Central Government has not specified the maintenance of cost records under section 148(1) of the Act, for the products / services of the Company. Accordingly, the provisions of clause 3(vi) of the Order are not applicable to the Company and hence not commented upon.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax and other statutory dues, wherever applicable have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, duty of custom, goods and service tax and other statutory dues, wherever applicable were outstanding, at the year end, for a period of more than six months from the date they became payable.

(b) 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 the 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	8,617.63	3,903.22	4,714.41	A.Y. 2011-12; 2013-14 and 2014-15	Commissioner of Income Tax (Appeals)
The Central Excise Act,1944	Service Tax	72.73	-	72.73	October 2008 to March 2016	Commissioner (Appeals)
The Central Excise Act,1944	Service Tax and Penalty	4,604.02	172.65	4,431.37	April 2016 to June 2017	Customs, Excise and Service Tax Appellate Tribunal (CESTAT)

(viii) In our opinion and according to the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowing to banks or government. The Company did not have any outstanding dues in respect of financial institution or outstanding debentures during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money by way of initial public offer / further public offer / debt instruments and term loans. Accordingly, the provisions of clause 3(ix) of the Order are not applicable to the Company and hence not commented upon.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and according to the information and explanations given by the management, we report that no fraud by the company or no fraud on the company by the officers and employees of the Company has been noticed or reported during the year.

(xi) According to the information and explanations given by the management, the Company has not accrued / paid managerial remuneration during the year. Accordingly, the provisions of clause 3(xi) of the Order are not applicable to the Company and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Accordingly, the provisions of clause 3(xii) of the Order are not applicable to the Company and hence not commented upon.

(xiii) According to the information and explanations given by the 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 by the management, the Company has complied with provisions of section 42 of the Companies Act, 2013 in respect of the preferential allotment of shares. According to the information and explanations given by the management, we report that the amounts raised, have been used for the purposes for which the funds were raised. The Company has not made any private placement of shares / fully or partly convertible debentures during the year.

(xv) According to the information and explanations given by the management, the Company has not entered into any non-cash transactions with directors or persons connected with him as referred to in section 192 of Companies Act, 2013.

(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 No : 324982E / E300003

per Paul Alvares
Partner
Membership No. 105754

Place of Signature: Mumbai
Date : May 07, 2019

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 over financial reporting of Sun Pharma Advanced Research Company Limited ("the Company") as of March 31, 2019 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. 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 over financial reporting 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 Companies Act, 2013, to the extent applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

Meaning of Internal Financial Controls Over Financial Reporting with reference to these financial statements

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting with reference to these financial statements

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2019, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Paul Alvares
Partner
Membership No. 105754

Place of Signature: Mumbai
Date : May 07, 2019

Balance Sheet as at March 31, 2019

₹ In Lakhs

	Notes	As at March 31, 2019	As at March 31, 2018
ASSETS			
(1) Non-current assets			
(a) Property, plant and equipment	3a	5,718.15	5,151.11
(b) Capital work in progress	3b	2,392.85	326.56
(c) Other intangible assets	3c	37.37	22.59
(d) Intangible assets under development		19.70	-
(e) Financial Assets			
(i) Loans	4	0.11	0.11
(ii) Other financial assets	5	-	2.21
(f) Deferred tax assets (Net)	6	-	-
(g) Income tax assets (Net)	7	5,785.57	5,331.65
(h) Other non-current assets	8	155.56	2,524.32
Total non-current assets		**14,109.31**	**13,358.55**
(2) Current assets			
(a) Financial Assets			
(i) Investments	9	21,057.60	10,756.62
(ii) Trade receivables	10	1,016.73	1,755.94
(iii) Cash and Cash Equivalents	11	34.96	20.30
(iv) Bank balances other than (iii) above	12	32.84	112.17
(v) Loans	13	54.81	58.15
(vi) Other financial assets	14	1.26	1.58
(b) Other current assets	15	3,540.00	4,817.71
Total current assets		**25,738.20**	**17,522.47**
TOTAL ASSETS		**39,847.51**	**30,881.02**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	16	2,620.56	2,509.44
(b) Other equity	17	27,003.01	15,962.99
Total equity		**29,623.57**	**18,472.43**
Liabilities			
(1) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	18	109.05	163.57
(b) Provisions	19	610.53	634.04
Total non-current liabilities		**719.58**	**797.61**
(2) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	20	-	10.40
(ii) Trade Payables	21		
Total outstanding dues of micro enterprises and small enterprises		0.77	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		8,291.59	10,248.49
(iii) Other financial liabilities	22	176.21	181.46
(b) Other current liabilities	23	589.67	761.02
(c) Provisions	24	446.12	409.61
Total current liabilities		**9,504.36**	**11,610.98**
TOTAL EQUITY AND LIABILITIES		**39,847.51**	**30,881.02**
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 : Mumbai
Date : May 07, 2019

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

ANILKUMAR RAGHAVAN
Chief Executive Officer

DILIP S. SHANGHVI
Chairman & Managing Director
DIN: 00005588

CHETAN M. RAJPARA
Chief Financial Officer

RAJAMANNAR TENNATI
Director
DIN: 01415412

DEBASHIS DEY
Company Secretary

Place : Mumbai
Date : May 07, 2019

Statement of Profit and Loss for the year ended March 31, 2019

₹ In Lakhs

		Notes	Year ended March 31, 2019	Year ended March 31, 2018
(I)	Revenue from operations	25 & 43	18,286.92	7,825.89
(II)	Other income	26	1,350.76	494.26
(III)	**Total income (I + II)**		**19,637.68**	**8,320.15**
(IV)	**Expenses**			
	Cost of material consumed	27	1,252.87	2,680.65
	Employee benefits expense	28	8,106.48	10,092.41
	Clinical trial expenses		14,789.87	11,736.24
	Professional charges		5,393.88	4,619.03
	Finance costs	29	9.39	12.33
	Depreciation and amortisation expense	3a & 3c	755.24	818.46
	Other expenses	30	3,873.03	2,958.40
	Total expenses (IV)		**34,180.76**	**32,917.52**
(V)	**Profit / (Loss) before exceptional item and tax (III - IV)**		**(14,543.08)**	**(24,597.37)**
(VI)	Exceptional Item	31	-	4,897.58
(VII)	**Profit / (Loss) before tax (V + VI)**		**(14,543.08)**	**(19,699.79)**
(VIII)	Tax expense - current tax		-	-
(IX)	**Profit / (Loss) for the year (VII - VIII)**		**(14,543.08)**	**(19,699.79)**
(X)	**Other comprehensive income**			
	A) Items that will not be reclassified to profit or loss			
	i. Remeasurement of the defined benefit plans		71.32	(143.39)
	Total other comprehensive income (A)		**71.32**	**(143.39)**
(XI)	**Total comprehensive income for the year (net of tax) (IX + X)**		**(14,471.76)**	**(19,843.18)**
(XII)	**Earning per equity share**	36		
	(Face value ₹ 1/- per equity share)			
	Basic and Diluted (in ₹)		(5.69)	(7.94)
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 : Mumbai
Date : May 07, 2019

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

ANILKUMAR RAGHAVAN
Chief Executive Officer

DILIP S. SHANGHVI
Chairman & Managing Director
DIN: 00005588

CHETAN M. RAJPARA
Chief Financial Officer

RAJAMANNAR TENNATI
Director
DIN: 01415412

DEBASHIS DEY
Company Secretary

Place : Mumbai
Date : May 07, 2019

Statement of Changes in Equity for the year ended March 31, 2019

₹ In Lakhs

Particulars	Equity Share Capital		Other Equity				Total
	No. of Equity Shares	Equity Share Capital	Share Application Money pending allotment	General Reserve	Security premium	Retained Earnings	
Balance as at April 1, 2017	**246,895,977**	**2,469.04**	**-**	**3,397.66**	**44,196.62**	**(34,247.71)**	**15,815.61**
Loss for the year	-	-	-	-	-	(19,699.79)	(19,699.79)
Remeasurement of the defined benefit plans	-	-	-	-	-	(143.39)	(143.39)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(19,843.18)**	**(19,843.18)**
Add : Amount received on issue of warrants convertible into equity shares	-	-	9,166.67	-	-	-	9,166.67
Add : Annulment of forfeited shares	14	0.00	-	-	-	-	0.00
Add : Equity shares issued against conversion of warrants	4,040,404	40.40	-	-	-	-	40.40
Add : Premium on issue of equity shares against conversion of warrants	-	-	-	-	13,292.93	-	13,292.93
Balance as at March 31, 2018	**250,936,395**	**2,509.44**	**9,166.67**	**3,397.66**	**57,489.55**	**(54,090.89)**	**18,472.43**
Loss for the year	-	-	-	-	-	(14,543.08)	(14,543.08)
Remeasurement of the defined benefit plans	-	-	-	-	-	71.32	71.32
Less : Impact on account of adoption of Ind AS 115 (Refer note 43)	-	-	-	-	-	(1,877.10)	(1,877.10)
Add : Equity shares issued against conversion of warrants	11,111,111	111.11	-	-	-	-	111.11
Add : Annulment of forfeited shares	-	0.01	-	-	-	-	0.01
Add : Premium on issue of equity shares against conversion of warrants	-	-	(9,166.67)	-	36,555.55	-	27,388.88
Balance as at March 31, 2019	**262,047,506**	**2,620.56**	**-**	**3,397.66**	**94,045.10**	**(70,439.75)**	**29,623.57**

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 : Mumbai
Date : May 07, 2019

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

RAJAMANNAR TENNATI
Director
DIN: 01415412

Place : Mumbai
Date : May 07, 2019

Cash Flow Statement as at March 31, 2019

₹ In Lakhs

		As at March 31, 2019	As at March 31, 2018
A.	**Cash flow from operating activities**		
	Profit / (Loss) before exceptional item and tax	(14,543.08)	(24,597.37)
	Adjustments for:		
	Depreciation and amortisation expense	755.24	818.46
	Loss on sale/write off of property, plant and equipment and intangible assets (net)	209.92	1.81
	Finance costs	9.39	12.33
	Interest income	(313.63)	(63.61)
	Gain on sale of investment	(518.02)	(402.69)
	Gain on fair valuation of investment	(426.02)	(14.62)
	Impact on account of adoption of Ind AS 115	(1,877.10)	-
	Net unrealised foreign exchange loss	(17.21)	30.50
	Operating loss before working capital changes	**(16,720.51)**	**(24,215.19)**
	Working capital adjustments:		
	(Increase) / decrease in trade receivables	740.41	2,134.42
	(Increase) / decrease in other assets	1,276.45	(976.78)
	Increase / (decrease) in trade payables	(1,940.12)	772.36
	Increase / (decrease) in other liabilities	(178.11)	(29.48)
	Increase / (decrease) in provisions	84.32	147.13
	Cash used in operations	**(16,737.56)**	**(22,167.54)**
	Income tax paid	(453.92)	(1,007.53)
	Cash flow before exceptional item	**(17,191.48)**	**(23,175.07)**
	Exceptional item income (Refer Note 31)	-	4,897.58
	Net cash used in operating activities (A)	**(17,191.48)**	**(18,277.49)**
B.	**Cash flow from investing activities**		
	Payments for purchase of property, plant and equipment	(1,295.19)	(3,263.02)
	Proceeds from disposal of property, plant and equipment	38.05	1,494.70
	Purchase of investments (Net)	(9,356.94)	(9,374.48)
	Bank balances not considered as cash and cash equivalents		
	Fixed deposits placed	(2,531.44)	(717.19)
	Fixed deposits matured (Net)	2,613.05	1,276.99
	Earmarked balances with banks	(0.07)	-
	Interest received	313.95	120.90

₹ In Lakhs

		As at March 31, 2019	As at March 31, 2018
	Net cash used in by investing activities (B)	**(10,218.59)**	**(10,462.10)**
C.	**Cash flow from financing activities**		
	Repayment of borrowings	(64.92)	(85.22)
	Proceeds from issue of equity shares	36,666.65	13,333.34
	Proceeds from issue of warrants convertible into equity shares	-	9,166.67
	Conversion of warrants into equity shares	(9,166.67)	-
	Finance costs	(10.33)	(13.29)
	Net cash generated from financing activities (C)	**27,424.73**	**22,401.50**
	Net (Increase) / Decrease in Cash and Cash Equivalents (A+B+C)	14.66	(6,338.09)
	Cash and cash equivalents at the beginning of the year (Refer Note 11)	20.30	6,358.39
	Cash and cash equivalents at the end of the year (Refer Note 11)	**34.96**	**20.30**
	Cash and cash equivalents comprises of		
	Balances with banks		
	In current accounts	34.58	20.21
	Cash on hand	0.38	0.09
	Cash and cash equivalents (Refer Note 11)	**34.96**	**20.30**

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 : Mumbai
Date : May 07, 2019

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

ANILKUMAR RAGHAVAN
Chief Executive Officer

DILIP S. SHANGHVI
Chairman & Managing Director
DIN: 00005588

CHETAN M. RAJPARA
Chief Financial Officer

RAJAMANNAR TENNATI
Director
DIN: 01415412

DEBASHIS DEY
Company Secretary

Place : Mumbai
Date : May 07, 2019

Notes to Financial Statements for the year ended March 31, 2019

1. Corporate Information

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

The financial statements were authorised for issue in accordance with the resolution of the board of directors on May 7, 2019.

2. Significant accounting policies

2.1 Basis of preparation and presentation

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

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

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

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

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.

b) Foreign currency

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

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

Notes to Financial Statements for the year ended March 31, 2019

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 profit or loss in the period in which they arise.

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

c) Fair Value Measurement

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

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

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

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

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

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

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

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

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

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

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

d) Segment Reporting

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

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

Notes to Financial Statements for the year ended March 31, 2019

e) Property, Plant and Equipment

Items of property, plant and equipment including capital work-in-progress 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.

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 profit or loss.

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

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

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

A leased assets is depreciated over the useful life of the assets. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

The company has elected to measure all its PPE at the previous GAAP carrying amount at the date of transition to Ind AS.

f) Intangible assets

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

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

Derecognition of intangible assets

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

g) Research and development cost

Expenditure on research activities undertaken with the prospect of gaining new scientific or technical knowledge and understanding are recognised as an expense when incurred. Development activities involve a plan or design for the production

Notes to Financial Statements for the year ended March 31, 2019

of new or substantially improved products and processes. An internally-generated intangible asset arising from development is recognised if and only if all of the following have been demonstrated:

- 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 profit or loss as incurred.

Procurement of research and development materials are issued directly for consumption to the user department and disclosed under Research and Development (R & D) materials consumed.

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

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

i) Financial instruments

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

Financial assets

Initial recognition and measurement-

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

Subsequent measurement-

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

i. Financial assets measured at amortised cost

ii. Financial assets measured at fair value through other comprehensive income (FVTOCI)

iii. Financial assets measured at fair value through profit or loss (FVTPL)

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 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 & reversals and foreign exchange gain or loss in the profit or loss. On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified from the equity to profit or loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

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

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

B. Equity instruments

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

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

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

Notes to Financial Statements for the year ended March 31, 2019

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, or 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.

On Derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in OCI and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

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) Lease receivables under Ind AS 17

c) Trade receivables or any contractual right to receive cash or another financial asset

d) 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.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, the the entity reverts to recognising impairment loss allowance based on 12-months ECL.

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

ECL impairment loss allowance (or reversal) recognized during the period 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 P&L. The balance sheet presentation for various financial instruments is described below:

- Financial assets measured as at amortised cost, contractual revenue receivables and lease 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 group does not reduce impairment allowance from the gross carrying amount.

Notes to Financial Statements for the year ended March 31, 2019

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 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 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 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 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 profit or loss.

Derecognition-

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the Derecognition 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 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

Notes to Financial Statements for the year ended March 31, 2019

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 determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

Company as a lessee-

A lease that transfers substantially all the risks and rewards incidental to ownership to the lessee is classified as a finance lease. All other leases are classified as operating leases. Operating lease payments are generally recognised as an expense in the profit or loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are also recognised as expenses in the periods in which they are incurred.

k) Cash and cash equivalents

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

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

l) Provisions, contingent liabilities and contingent assets

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

Contingent liabilities and contingent assets-

Contingent liability is disclosed for,

i. Possible obligations which will be confirmed only by future events not wholly within the control of the Company, or

ii. Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

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

m) Revenue

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 paid.

Research & Development Services

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

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.

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 profit or loss as employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised in profit or 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 profit or loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise and is reflected immediately in retained earnings and is not reclassified to profit or loss.

Termination benefits

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

Short-term and Other long-term employee benefits

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

Notes to Financial Statements for the year ended March 31, 2019

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) Income tax

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

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

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

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

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

p) 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.

q) 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.

Notes to Financial Statements for the year ended March 31, 2019

NOTE 3a PROPERTY, PLANT AND EQUIPMENT

Following are the changes in the carrying value of property, plant and equipment

₹ In Lakhs

	Lease Hold Land	Buildings*	Plant and equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
At cost or deemed cost							
As at April 1, 2017	-	1,764.38	5,547.15	75.07	321.82	19.13	7,727.55
Additions	-	-	474.38	1.85	65.15	7.59	548.97
Disposals	-	(1,535.51)	(30.16)	-	(17.30)	-	(1,582.97)
As at March 31, 2018	-	228.87	5,991.37	76.92	369.67	26.72	6,693.55
Additions	1,146.57	-	160.70	4.09	9.49	1.85	1,322.70
Disposals	-	-	(4.98)	-	(32.99)	(0.43)	(38.40)
As at March 31, 2019	**1,146.57**	**228.87**	**6,147.09**	**81.01**	**346.17**	**28.14**	**7,977.85**
Accumulated depreciation							
As at April 1, 2017	-	35.53	689.71	13.90	64.47	8.07	811.68
Depreciation expenses	-	35.28	680.01	13.85	81.66	6.42	817.22
Eliminated on disposals of assets	-	(61.23)	(17.02)	-	(8.21)	-	(86.46)
As at March 31, 2018	-	9.58	1,352.70	27.75	137.92	14.49	1,542.44
Depreciation expenses	11.40	4.80	634.13	12.66	82.20	4.97	750.16
Eliminated on disposals of assets	-	-	(4.62)	-	(28.06)	(0.22)	(32.90)
As at March 31, 2019	**11.40**	**14.38**	**1,982.21**	**40.41**	**192.06**	**19.24**	**2,259.70**
Carrying amounts							
As at March 31, 2018	-	219.29	4,638.67	49.17	231.75	12.23	5,151.11
As at March 31, 2019	**1,135.17**	**214.49**	**4,164.88**	**40.60**	**154.11**	**8.90**	**5,718.15**

* Pending registration

NOTE 3b

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Capital work in Progress	2,392.85	326.56
	2,392.85	**326.56**

NOTE 3c OTHER INTANGIBLE ASSETS

₹ In Lakhs

	Computer Software
At cost or deemed cost	
As at April 1, 2017	23.83
Additions	-
Disposals	-
As at March 31, 2018	23.83
Additions	19.86
Disposals	-
As at March 31, 2019	**43.69**
Accumulated amortisation	
As at April 1, 2017	-
Amortisation expenses	1.24
Eliminated on disposals of assets	-
As at March 31, 2018	1.24
Amortisation expenses	5.08
Eliminated on disposals of assets	-
As at March 31, 2019	**6.32**
Carrying amounts	
As at March 31, 2018	22.59
As at March 31, 2019	**37.37**

Notes to Financial Statements for the year ended March 31, 2019

NOTE 4 LOANS (NON-CURRENT)

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Security Deposits - Considered Good	0.11	0.11
	0.11	**0.11**

NOTE 5 OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Bank Deposits for more than 12 months maturity		
Balances held as Margin Money or Security against Guarantees and Other Commitments for more than 12 months	-	2.21
	-	**2.21**

NOTE 6 DEFERRED TAX ASSETS (NET)

₹ In Lakhs

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

₹ In Lakhs

	As at April 1, 2017	Recognized in Profit or loss	As at March 31, 2018
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	(2,352.83)	918.27	(1,434.56)
Expenses claimed for tax purpose on payment basis	241.54	62.37	303.91
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)	2,111.29	(980.64)	1,130.65
	-	**-**	**-**

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

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
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	60,680.98	45,175.41
Unabsorbed depreciation	11,734.85	11,295.48

The unused tax losses will expire from financial year 2018 - 2019 to financial year 2026 - 2027.

Notes to Financial Statements for the year ended March 31, 2019

NOTE 7 INCOME TAX ASSETS (NET) (NON-CURRENT)

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Advance Income Tax	5,785.57	5,331.65
[Net of Provisions ₹ 400.00 Lakhs (Previous Year ₹ 400.00 Lakhs)]		
	5,785.57	**5,331.65**

NOTE 8 OTHER NON-CURRENT ASSETS

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Capital advances	143.43	2,516.33
Prepaid expenses	12.13	7.53
Receivable on sale of property, plant and equipment	-	0.46
	155.56	**2,524.32**

NOTE 9 INVESTMENTS (CURRENT)

₹ In Lakhs

	As at March 31, 2019		As at March 31, 2018	
	Quantity	Amount	Quantity	Amount
Investments stated at fair value through profit and loss				
Investments in mutual funds				
Unquoted*				
DSP Savings Fund-Direct Plan-Growth (Face value of ₹ 10 each)	2,684,243.22	999.26	-	-
ICICI Prudential Money Market Fund-Direct Plan Growth (Face value of ₹ 100 each)	1,665,225.59	4,332.27	-	-
Reliance Liquidity Fund - Direct Growth Plan Growth Option (LQAGG) Face Value of ₹ 1,000 each)	-	-	172,164.68	4,506.75
Reliance Money Market Fund - Direct Growth Plan Growth Option (LQAGG) Face Value of ₹ 1,000 each)	192,289.54	5,459.71	-	-
BNP Paribas Liquid Fund Direct Growth (Formerly known as BNP Paribas Overnight Fund Direct Plan Growth Option) (Face Value of ₹ 1,000 each)	-	-	93,770.51	2,503.00
SBI Saving Fund - Direct Plan - Growth (Face value of ₹ 10 each)	16,923,739	5,085.70	-	-
UTI-Money Market Fund - Institutional Plan - Direct Plan - Growth (Face Value of ₹ 1,000 each)	-	-	192,172.38	3,746.87
UTI Money Market Fund - Direct Growth Plan (Face Value of ₹ 1,000 each)	245,232.04	5,180.66	-	-
		21,057.60		**10,756.62**
Aggregate value of unquoted investments		21,057.60		10,756.62

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

Notes to Financial Statements for the year ended March 31, 2019

NOTE 10 TRADE RECEIVABLES

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Unsecured, considered good	1,016.73	1,755.94
	1,016.73	**1,755.94**

Note : There are no trade receivables which are due from directors or other officers of the company either severally or jointly. Trade receivable comprises of receivable due from related parties as mentioned in Annexure A of Note 40. For terms and conditions relating to related party receivables, refer Annexure A of Note 40.

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

NOTE 11 CASH AND CASH EQUIVALENTS

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Balances with Banks		
In current accounts	34.58	20.21
Cash on hand	0.38	0.09
	34.96	**20.30**

NOTE 12 BANK BALANCES OTHER THAN DISCLOSED IN NOTE 11 ABOVE

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Deposit accounts		
Balances held as margin money or security against guarantees*	31.44	110.84
Earmarked balances with banks		
Share Application money refund account	1.40	1.33
	32.84	**112.17**

* Margin money deposits are held against custom duty deposits

NOTE 13 LOANS (CURRENT)

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Loans / advances to employee		
Unsecured (Considered good)	54.81	58.15
	54.81	**58.15**

NOTE 14 OTHER FINANCIAL ASSETS (CURRENT)

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Interest Accrued but not due on Fixed Deposits	1.26	1.58
	1.26	**1.58**

Notes to Financial Statements for the year ended March 31, 2019

NOTE 15 OTHER CURRENT ASSETS

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Prepaid Expenses	255.49	202.78
Advances for Supply of Goods and Services (Considered good)	493.84	204.07
Balances with Government Authorities*	2,790.67	4,410.86
	3,540.00	**4,817.71**

*Includes balances of Goods and Service Tax

NOTE 16 EQUITY SHARE CAPITAL

₹ In Lakhs

	As at March 31, 2019		As at March 31, 2018	
	Number of Shares	Amount	Number of Shares	Amount
Authorised				
Equity Shares of ₹ 1 each	325,000,000	3,250.00	266,500,000	2,665.00
	325,000,000	**3,250.00**	**266,500,000**	**2,665.00**
Issued, Subscribed and Fully Paid Up				
Equity Shares of ₹ 1 each	250,936,395	2,509.44	246,895,977	2,469.04
Add : Annulment of forfeited shares	-	0.01	14	0.00
Add : Shares issued against conversion of warrants	11,111,111	111.11	4,040,404	40.40
	262,047,506	**2,620.56**	**250,936,395**	**2,509.44**

During the year ended March 31, 2019, authorised share capital was increased by ₹ 585 Lakhs.

Disclosures relating to Share Capital

i Rights, Preferences and Restrictions attached to Equity Shares

The Company declares and pays dividend in Indian Rupees. The final dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing 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. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of the Shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of Equity Shares held	% of Holding	No. of Equity Shares held	% of Holding
Dilip Shantilal Shanghvi	28,102,795	10.72%	28,102,795	11.20%
Viditi Investment Private Limited*	-	-	24,691,877	9.84%
Tejaskiran Pharmachem Industries Private Limited*	-	-	24,238,132	9.66%
Quality Investments Private Limited*	-	-	25,449,040	10.14%
Family Investments Private Limited*	-	-	23,668,141	9.43%
Virtuous Finance Private Limited*	-	-	13,422,122	5.35%
Virtuous Share Investment Private Limited*	-	-	13,353,555	5.32%
Shanghvi Finance Private Limited	137,211,787	52.36%	-	-

* The above entities have amalgamated with Shanghvi Finance Private Limited w.e.f. October 23, 2018.

Notes to Financial Statements for the year ended March 31, 2019

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

₹ In Lakhs

	As at March 31, 2019		As at March 31, 2018	
	No. of Equity Shares held	Amount	No. of Equity Shares held	Amount
Opening Balance	250,936,395	2,509.44	246,895,977	2,469.04
Add : Shares issued against conversion of warrants (Refer Note iv)	11,111,111	111.11	4,040,404	40.40
Add : Annulment of forfeited shares	-	0.01	14	0.00
Closing Balance	**262,047,506**	**2,620.56**	**250,936,395**	**2,509.44**

iv During the financial year 2017-2018, company had issued 151,51,515 convertible warrants, each convertible into, or exchangeable for, one equity share of face value of ₹1/- each at a price of ₹330/- each aggregating to ₹50,000 lakhs to certain promoter/Non-promoter Group entities on preferential basis. The company had allotted 40,40,404 fully paid-up equity shares of face value of ₹1/- each of the company on conversion of equivalent number of warrants in the previous year. During the year, the company has allotted remaining 11,111,111 equity shares of face value of ₹1/- each of the company on conversion of equivalent number of warrants.

NOTE 17 OTHER EQUITY

₹ In Lakhs

		As at March 31, 2019	As at March 31, 2018
A	**Security premium**		
	Opening balance	57,489.55	44,196.62
	Add: Premium on issue of equity shares against conversion of warrants (Refer Note 16(iv))	36,555.55	13,292.93
		94,045.10	**57,489.55**
B	**General reserve**	3,397.66	3,397.66
C	**Share Application Money Pending Allotment**		
	Add : Amount received on issue of warrants convertible into equity shares	-	9,166.67
D	**Deficit in statement of profit and loss**		
	Opening balance	54,090.89	34,247.71
	Add : Impact on account of adoption of Ind AS 115 (Refer note 43)	1,877.10	-
	Add : Loss for the year	14,543.08	19,699.79
	Add : Actuarial loss on remeasurement of defined benefit obligation	(71.32)	143.39
		70,439.75	**54,090.89**
	Total (A + B + C - D)	**27,003.01**	**15,962.99**

Nature and purpose of each reserve

Security premium - The amount received in excess of face value of the equity shares is recognised in Security 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, 2019

NOTE 18 BORROWINGS (NON-CURRENT)

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Unsecured term loan from Department of Science and Technology (DST), Government of India under the "Drug and Pharmaceutical Research Program".	109.05	163.57
Unsecured term loan carries fixed rate of interest @3% p.a. Repayable in 3 (Previous Year 4) annual instalments of ₹ 54.52 Lakhs each. Last instalment is due on 1st September, 2021. For the current maturities of long term debt Refer Note 22 "Other Financial Liabilities (Current)".		
	109.05	**163.57**

NOTE 19 PROVISIONS (NON-CURRENT)

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Compensated absences	478.49	440.49
Gratuity (Refer Note 42)	132.04	193.55
	610.53	**634.04**

NOTE 20 BORROWINGS (CURRENT)

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Loans Repayable on Demand		
From Banks		
Bank Overdraft Facility (Unsecured)	-	10.40
	-	**10.40**

Outstanding Bank overdraft as at March 31, 2018 carried an average interest rate of MCLR - 6M + 3 % p.a.

NOTE 21 TRADE PAYABLE

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Total outstanding dues of micro enterprises and small enterprises (Refer Note 37)	0.77	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	8,291.59	10,248.49
	8,292.36	**10,248.49**

Note : There are no trade payable which are due to directors or other officers of the company either severally or jointly. Trade payable comprises of payable due to related parties as mentioned in Annexure A of Note 40. For terms and conditions relating to related party payable, Refer Annexure A of Note 40.

Trade payable are non interest bearing and are generally on terms of 30 - 90 days.

Notes to Financial Statements for the year ended March 31, 2019

NOTE 22 OTHER FINANCIAL LIABILITIES (CURRENT)

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Current Maturities of Long-term Debt - Unsecured term loan from DST (Refer Note 18)	54.52	54.52
Interest accrued but not due on borrowings	2.87	3.81
Security deposits received	84.52	87.78
Payable on purchase of property, plant and equipment	32.90	33.93
Unclaimed excess share application money	1.40	1.42
	176.21	**181.46**

NOTE 23 OTHER CURRENT LIABILITIES

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Statutory Remittances	559.17	372.97
Advances from Customers	27.00	315.00
Others	-	73.05
Advance received for sale of CWIP	3.50	-
	589.67	**761.02**

NOTE 24 PROVISIONS (CURRENT)

₹ In Lakhs

	As at March 31, 2019	As at March 31, 2018
Provision for employee benefits		
Compensated absences	217.39	200.10
Gratuity (Refer Note 42)	228.73	209.51
	446.12	**409.61**

Notes to Financial Statements for the year ended March 31, 2019

NOTE 25 REVENUE FROM OPERATIONS

₹ In Lakhs

	Year ended March 31, 2019	Year ended March 31, 2018
Sale of Services - Licence Fee / Royalty on Technology / R&D Services (Refer Note 43)	18,286.92	7,825.89
	18,286.92	**7,825.89**

NOTE 26 OTHER INCOME

₹ In Lakhs

	Year ended March 31, 2019	Year ended March 31, 2018
Interest income on :		
Deposit with banks	57.62	59.29
Loans to employees	1.05	4.16
Others (refund from government authorities)	254.96	0.16
	313.63	63.61
Net gain on sale of investments	518.02	402.69
Net gain on fair valuation of investments	426.02	14.62
	944.04	417.31
Net gain on foreign currency transactions and translation	-	12.17
Miscellaneous Income	93.09	1.17
	1,350.76	**494.26**

NOTE 27 COST OF MATERIALS CONSUMED

₹ In Lakhs

	Year ended March 31, 2019	Year ended March 31, 2018
R&D Materials Consumed	1,252.87	2,680.65
	1,252.87	**2,680.65**

NOTE 28 EMPLOYEE BENEFITS EXPENSE

₹ In Lakhs

	Year ended March 31, 2019	Year ended March 31, 2018
Salaries and wages	7,007.60	8,836.84
Contribution to provident and other funds (Refer Note 42)	522.14	535.32
Staff welfare expenses	576.74	720.25
	8,106.48	**10,092.41**

Notes to Financial Statements for the year ended March 31, 2019

NOTE 29 FINANCE COSTS

₹ In Lakhs

	Year ended March 31, 2019	Year ended March 31, 2018
Interest Expense on:		
Borrowings	9.39	12.33
	9.39	**12.33**

NOTE 30 OTHER EXPENSES

₹ In Lakhs

	Year ended March 31, 2019	Year ended March 31, 2018
Consumption of stores and spare parts	279.73	280.26
Power and fuel	508.17	492.50
Rent (Refer Note 38)	202.94	59.19
Rates and taxes	8.27	18.80
Insurance	122.30	104.16
Repairs and maintenance	480.40	387.03
Printing and stationery	19.21	23.17
Travelling and conveyance	566.87	607.99
License and fees	129.55	125.37
Communication	64.32	98.66
Loss on Sale / write off of fixed assets (Net)	209.92	1.81
Net loss on foreign currency transactions and translation	462.78	-
Payment to Auditors		
As Auditors	15.00	14.00
For Limited review	6.00	5.65
For Other services	1.00	-
For Reimbursement of expenses	0.83	1.26
Total Auditors Expenses	22.83	20.91
Contract labour expenses	248.72	218.48
Membership Fees and Subscription	32.51	67.45
Software expenses	307.54	249.63
Miscellaneous Expenses	206.97	202.99
	3,873.03	**2,958.40**

NOTE 31 EXCEPTIONAL ITEMS

₹ In Lakhs

	Year ended March 31, 2019	Year ended March 31, 2018
Profit on sale of fixed assets	-	4,897.58
	-	**4,897.58**

(Relates to profit on sale of existing premises of the Company at Tandalja, Vadodara).

Notes to Financial Statements for the year ended March 31, 2019

NOTE 32 CATEGORIES OF FINANCIAL INSTRUMENTS

₹ In Lakhs

Particulars	As at March 31, 2019			As at March 31, 2018		
	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	21,057.60	-	-	10,756.62	-	-
Loans to employees	-	-	54.81	-	-	58.15
Security deposits	-	-	0.11	-	-	0.11
Trade receivables	-	-	1,016.73	-	-	1,755.94
Cash and cash equivalents	-	-	34.96	-	-	20.30
Bank balances other than above	-	-	32.84	-	-	112.17
Interest accrued on Fixed deposit	-	-	1.26	-	-	1.58
Balance held as margin money	-	-	-	-	-	2.21
	21,057.60	**-**	**1,140.71**	**10,756.62**	**-**	**1,950.46**
Financial liabilities						
Borrowings	-	-	163.57	-	-	228.49
Interest accrued	-	-	2.87	-	-	3.81
Trade payables	-	-	8,292.36	-	-	10,248.49
Security deposits	-	-	84.52	-	-	87.78
Payables on purchase of property, plant and equipment	-	-	32.90	-	-	33.93
Unclaimed excess share application money	-	-	1.40	-	-	1.42
	-	**-**	**8,577.62**	**-**	**-**	**10,603.92**

NOTE 33 FAIR VALUE HIERARCHY

The carrying value and fair value of financial instruments by categories as at balance sheet date were as follows :

₹ In Lakhs

Particulars	Carrying Value		Fair Value	
	March 31, 2019	March 31, 2018	March 31, 2019	March 31, 2018
Financial assets :				
FVTPL financial investments	21,057.60	10,756.62	21,057.60	10,756.62
Total	**21,057.60**	**10,756.62**	**21,057.60**	**10,756.62**

The management assessed that cash and cash equivalents, trade receivables, loans, trade payables, other financial assets and other financial liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments.

The fair value of the financial assets and liabilities is included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

Notes to Financial Statements for the year ended March 31, 2019

₹ In Lakhs

Particulars	As at March 31, 2019			As at March 31, 2018		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period					-	-
Financial assets						
Investments in mutual funds	21,057.60	-	-	10,756.62	-	-
	21,057.60	**-**	**-**	**10,756.62**	-	-

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 level 2 in the periods.

NOTE 34 CAPITAL MANAGEMENT

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and

- to provide an adequate return to shareholders through optimisation of debts and equity balance.

The Company monitors capital on the basis of the carrying amount of debt less cash and cash equivalents as presented on the face of the financial statements. The Company's objective for capital management is to maintain an optimum overall financial structure.

(i) Debt equity ratio

₹ In Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Debt (includes non-current, current borrowings and current maturities of long term debt)	163.57	228.49
Less : cash and cash equivalents	34.96	20.30
Net debt	128.61	208.19
Total equity	29,623.57	18,472.43
Net debt to total equity ratio	0.43%	1.13%

NOTE 35 FINANCIAL RISK MANAGEMENT

The Company's activities expose it to a variety of financial risks, including market risk, credit risk and liquidity risk. The Company's risk management assessment and policies and processes are established to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor such risks and compliance with the same. Risk assessment and management policies and processes are reviewed regularly to reflect changes in market conditions and the Company's activities.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers, loans and investments. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of counterparty to which the Company grants credit terms in the normal course of business. However, the Company does not have any credit risk from above financial assets as on balance sheet date.

Notes to Financial Statements for the year ended March 31, 2019

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 counter-parties, 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 ₹ 3,000 Lakhs as on March 31, 2019 (Previous Year : ₹ 2,989.60 Lakhs)

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, 2019				As at March 31, 2018			
	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	54.52	109.05	-	163.57	64.92	109.04	54.53	228.49
Trade payables	8,292.36	-	-	8,292.36	10,248.49	-	-	10,248.49
Other financial liabilities	121.69	-	-	121.69	126.94	-	-	126.94
	8,468.57	**109.05**	**-**	**8,577.62**	**10,440.35**	**109.04**	**54.53**	**10,603.92**

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 appreciates relative to these foreign currencies, the Company's revenues and expenses measured in Indian rupees may decrease or increase and vice-versa. The exchange rate between the Indian rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future.

a) Significant foreign currency risk exposure relating to trade receivables, cash and cash equivalents and trade payables

₹ In Lakhs

Particulars	As at March 31, 2019				As at March 31, 2018			
	US Dollars	Euro	Others	Total	US Dollars	Euro	Others	Total
Financial assets								-
Trade receivables	169.33	-	-	169.33	1,071.21	-	-	1,071.21
Cash and cash equivalents	-	-	-	-	14.66	-	-	14.66
Financial liabilities								
Trade payables	5,351.78	547.96	354.74	6,254.47	4,318.00	500.78	249.85	5,068.63

Notes to Financial Statements for the year ended March 31, 2019

b) Sensitivity

For the years ended March 31, 2019 and March 31, 2018, 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 ₹ 304.26, ₹ 199.14 respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect.

Interest rate risk

The Company has no loan facilities on floating interest rate, which exposes the Company to risk of changes in interest rates. The Company's exposure to interest rate risk is not significant.

Commodity rate risk

The Company being in the business of Research & Development, does not face any significant Commodity Price Risk.

NOTE 36 EARNINGS PER SHARE

₹ In Lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Loss for the year (₹ in Lakhs)	(14,543.08)	(19,699.79)
Weighted Average number of Shares used in computing basic and diluted earnings per share	255,599,464	248,080,424
Nominal / Face Value Per Share (in ₹)	1.00	1.00
Basic and Diluted Earnings Per Share (in ₹)	(5.69)	(7.94)

NOTE 37 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.

₹ In Lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
a. The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	0.77	-
– Interest due on above	-	-
b. The amount of interest paid by the buyer in terms of Section 16 of the MSMED Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
c. The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006.	-	-
d. The amount of interest accrued and remaining unpaid at the end of each accounting year.	-	-
e. The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under Section 23 of MSMED Act, 2006.	-	-

Notes to Financial Statements for the year ended March 31, 2019

NOTE 38 LEASES

The Company has obtained premises for its business operations (including furniture and fittings therein as applicable) under operating lease or leave and license agreements. These are generally cancellable and range between 11 months to 5 years under leave and license, or longer for the lease and are renewable by mutual consent on mutually agreeable terms. Lease payments are recognised in the Statement of Profit and Loss under "Rent" in Note No. 30.

NOTE 39 SEGMENT REPORTING

i. Primary Segment

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

₹ In Lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
ii. Secondary Segment		-
Revenue by Geography		-
Within India	4,714.93	3,802.96
Outside India	13,571.99	4,022.93
Total Revenue from Operations	**18,286.92**	**7,825.89**

The company does not have any customer (other than related parties), which whom revenue from transactions is more than 10% of company's total revenue.

NOTE 40 RELATED PARTY DISCLOSURE

Disclosure with respect to Ind AS 24 on "Related Party Disclosures" is as per Annexure - "A" annexed.

NOTE 41 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)

₹ In Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
i. Contingent Liabilities		
a) Guarantees given by the bankers against custom licenses	45.53	96.02
b) Disputed demands by Income Tax Authorities *	8,217.63	8,217.63
c) Disputed demands by Service Tax Authorities **	5,190.17	-
* Amount paid under protest is classified under Income Tax Assets	3,903.22	3,903.22
** Amount paid under protest is classified under Other Current Assets	172.65	-

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

Notes to Financial Statements for the year ended March 31, 2019

₹ In Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
ii. Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	1,524.39	127.54

iii. There are numerous interpretative issues relating to the Supreme Court (SC) judgement on PF dated 28th February, 2019. As a matter of caution, the company has made a provision on a prospective basis from the date of the SC order. The company will update its provision, on receiving further clarity on the subject.

NOTE 42 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 ₹ 326.98 Lakhs (Previous year ₹ 347.51 Lakhs).

₹ In Lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Contribution to Provident Fund and Family Pension Fund	322.70	343.80
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	4.28	3.71
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.

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 ₹ 695.88 Lakhs (Previous Year ₹ 640.59 Lakhs) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation.

Obligation in respect of defined benefit plan and other long term employee benefit plans are actuarially determined as at the year end using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions relating to defined benefit obligation are recognised in other comprehensive income whereas gains and losses in respect of other long term employee benefit plans are recognised in the Statement of Profit and Loss.

Notes to Financial Statements for the year ended March 31, 2019

₹ In Lakhs

Particulars	Year ended March 31, 2019 Gratuity (Funded)	Year ended March 31, 2018 Gratuity (Funded)
I. Reconciliation of liability/(asset) recognised in the Balance sheet		
Present value of obligation at the end of the period	1,567.65	1,420.28
Fair value of plan assets at the end of the period	(1,206.89)	(1,017.22)
Net liability recognised in the financial statement	360.76	403.06
II. Movement in net liability / (asset) recognised in the Balance sheet		
Net liability / (assets) as at beginning of the year	403.06	190.00
Net expense recognised in the Statement of Profit and Loss	154.02	131.31
Net expense recognised in other comprehensive income	(71.32)	143.40
Contribution during the year	(125.00)	(61.65)
Net liability / (asset) as at the end of the year (Refer Note 19 and Note 24)	360.76	403.06
III. Net interest cost for the current period		
Interest cost	107.37	81.12
Interest income	(76.90)	(67.59)
Net interest cost for the current period	30.47	13.53
IV. Expense recognised in the statement of profit and loss		
Current service cost	123.55	117.78
Net interest cost for the current period	30.47	13.53
Expense charged to the statement of profit and loss	154.02	131.31
V. Expense recognised in the other comprehensive income (OCI)		
Actuarial (gains) / losses on obligation for the period	(69.84)	148.45
Return on plan assets excluding interest income	(1.48)	(5.05)
Net expenses recognised in the OCI	(71.32)	143.40
VI. Return on plan assets		
Expected return on plan assets	76.90	67.59
Actuarial gain	1.48	5.05
Actual return on plan assets	78.38	72.64
VII. Reconciliation of defined-benefit obligations		
Obligation as at the beginning of the year	1,420.28	1,139.32
Current service cost	123.55	117.78
Interest cost	107.37	81.12
Benefits paid	(13.72)	(66.39)
Actuarial (gain) / loss arising from changes in financial assumptions	(3.35)	(47.33)
Actuarial (gain) / loss arising from changes in experience adjustments	(66.48)	195.78
Obligation as at the end of the year	1,567.65	1,420.28
VIII. Reconciliation of plan assets		
Plan assets as at the beginning of the year	1,017.22	949.32
Expected return on plan assets	76.90	67.59
Actuarial gain on plan assets	1.48	5.05
Employer's Contribution during the year	125.00	61.65
Benefits paid	(13.72)	(66.39)
Plan assets as at the year end	1,206.88	1,017.22

Notes to Financial Statements for the year ended March 31, 2019

₹ In Lakhs

Particulars		Year ended March 31, 2019 Gratuity (Funded)	Year ended March 31, 2018 Gratuity (Funded)
IX.	**Actuarial assumptions**		
	Discount rate	7.59%	7.56%
	Expected return on plan assets	7.59%	7.56%
	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	1,206.88	1,017.22
XI.	**Sensitivity Analysis for significant assumptions :**		
	Benefit obligation as at the end of the year	1,567.65	1,420.28
	Increase / (decrease) in the present value of benefit obligation as at the end of the year:		
	Delta Effect of +1% Change in Rate of Discounting	(104.54)	(97.74)
	Delta Effect of -1% Change in Rate of Discounting	119.45	111.87
	Delta Effect of +1% Change in Rate of Salary Increase	115.54	108.16
	Delta Effect of -1% Change in Rate of Salary Increase	(103.28)	(96.54)
	Delta Effect of +1% Change in Rate of Employee Turnover	(18.94)	(18.26)
	Delta Effect of -1% Change in Rate of Employee Turnover	21.09	20.33
XII.	**Maturity analysis of projected benefit obligation**		
	Projected benefits payable in future years from the date of reporting		
	1st Following Year	192.12	176.22
	2nd Following Year	102.66	91.32
	3rd Following Year	191.70	94.28
	4th Following Year	105.82	178.78
	5th Following Year	127.53	95.90
	Sum of years 6 to 10	681.16	555.42

Salary escalation rate

The estimates of future salary increases take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Basis used to determine rate of return on plan assets

The rate of return on plan assets is based on expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligation.

The contribution expected to be made by the company for gratuity, during financial year ending March 31, 2020 is ₹ 228.72 Lakhs (Previous year ₹ 209.51 Lakhs).

NOTE 43 Changes in accounting policies and disclosures

New and amended standards and interpretations

The Company applied Ind AS 115 for the first time. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

Notes to Financial Statements for the year ended March 31, 2019

Several other amendments and interpretations apply for the first time in 2019, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards, interpretations or amendments that have been issued, but are not yet effective.

Ind AS 115 Revenue from Contracts with Customers

Ind AS 115 supersedes Ind AS 11 Construction Contracts and Ind AS 18 Revenue and it applies, with limited exceptions, to all revenue arising from contracts with customers. Ind AS 115 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

Ind AS 115 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company adopted Ind AS 115 using the modified retrospective method of adoption with the date of initial application of 1 April 2018. Under this method, the standard can be applied either to all contracts at the date of initial application or only to contracts that are not completed at this date. The Company elected to apply the standard to all contracts as at 1 April 2018.

The cumulative effect of initially applying Ind AS 115 is recognised at the date of initial application as an adjustment to the opening balance of retained earnings. Therefore, the comparative information was not restated and continues to be reported under Ind AS 18.

The effect of adopting Ind AS 115 as at 1 April 2018 was as follows :

₹ In Lakhs

Particulars	Increase / (Decrease)
Liabilities	
Deferred revenue (current)	1,877.10
Total adjustment to equity	
Retained earnings	(1,877.10)

Set out below, are the amounts by which each financial statement line item is affected as at and for the year ended 31 March 2019 as a result of the adoption of Ind AS 115. The adoption of Ind AS 115 did not have a material impact on OCI or the Company's operating, investing and financing cash flows. The first column shows amounts prepared under Ind AS 115 and the second column shows what the amounts would have been had Ind AS 115 not been adopted:

Statement of profit and loss for the year ended 31 March 2019

₹ In Lakhs

Particulars	Ind AS 115	Previous Ind AS	Increase / (Decrease)
Revenue from contracts with customers Rendering of services	18,286.92	16,409.82	1,877.10
Profit/(loss) before exceptional item and tax	(14,543.08)	(16,420.18)	1,877.10
Profit/(loss) before tax	(14,543.08)	(16,420.18)	1,877.10
Profit/(loss) for the year	(14,543.08)	(16,420.18)	1,877.10
Earnings per share			
Basic and Diluted	(5.69)	(6.42)	0.73

There is no impact on the Balance Sheet as at 31 March 2019.

The nature of the adjustments as at 1 April 2018 and the reasons for the significant changes in the statement of profit or loss for the year ended 31 March 2019 are described below:

Notes to Financial Statements for the year ended March 31, 2019

a. Revenue from contracts with customers

The Company evaluated the impact of Ind AS 115 for certain open contracts and in respect of revenue recognised till March 31, 2018, where performance obligation criteria as required by Ind AS 115 was not met, the same has been reversed and impact thereof ₹ 1,877.10 lakhs is adjusted to retained earnings as at 1 April, 2018. During the year, on meeting the performance obligation criteria, the Company has recognised the said revenue.

NOTE 44 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 2l]

2 Contingencies [Refer Note 41]

NOTE 45 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ind AS 116 Leases was notified on March 30, 2009 and it replaces Ind AS 17 Leases, including appendices thereto. Ind AS 116 is effective for annual periods beginning on or after April 1, 2019. Ind AS 116 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under Ind AS 17. The standard includes two recognition exemptions for lessees – leases of 'low-value' assets (e.g., personal computers) and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognise the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

Lessor accounting under Ind AS 116 is substantially unchanged from today's accounting under Ind AS 17. Lessors will continue to classify all leases using the same classification principle as in Ind AS 17 and distinguish between two types of leases: operating and finance leases.

The Company intends to adopt this standard from April 1, 2019. As the Company does not have any material leases, therefore the adoption of this standard is not likely to have material impact in its 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 : Mumbai
Date : May 07, 2019

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

RAJAMANNAR TENNATI
Director
DIN: 01415412

Place : Mumbai
Date : May 07, 2019

Notes to Financial Statements for the year ended March 31, 2019

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
Sudhir V. Valia	Non Executive Director
Rajamannar Tennati	Non-Executive Director
Bhavna Doshi	Independent Director
Ferzaan Engineer	Independent Director (Additional Director w.e.f. May 5, 2017 and appointed as Independent Director w.e.f. August 5, 2017)
Mark J. Simon	Independent Director (Additional Director w.e.f. May 5, 2017 and appointed as Independent Director w.e.f. August 5, 2017)
Andrea Vasella	Independent Director (Retired w.e.f. August 5, 2017)
Goverdhan Mehta	Independent Director (Retired w.e.f. August 5, 2017)
S. Mohanchand Dadha	Independent Director (Retired w.e.f. August 5, 2017)

2. Holding Company

Shanghvi Finance Private Limited

3. Enterprise under Significant Influence of Key Management Personnel (with whom transactions are entered)

Sun Pharmaceutical Industries Limited
Sun Pharma Laboratories Limited
Sun Pharma Global FZE
Sun Pharmaceutical Industries Inc.
Sun Pharmaceutical Medicare Limited
Sun Pharmaceutical Industries Europe BV
Sun Petrochemicals Private Limited
Bhavna Doshi & Associates LLP
Aditya Imaging Information Technologies LLP
Alkaloida Chemical Company ZRT
Ranbaxy (S.A.) (PTY) Limited
Insite Vision Inc.
Taro Pharmaceuticals Inc.
Sun Farmaceutica Do Brasil Ltda
Taro Pharmaceuticals Industries Limited
Sun Pharma Japan Limited
Family Investment Private Limited*
Virtuous Share Investment Private Limited*
Quality Investment Private Limited*
Virtuous Finance Private Limited*
Viditi Investment Private Limited*
Lakshdeep Investments & Finance Private Limited

* The above entities have amalgamated with Shanghvi Finance Private Limited w.e.f. October 23, 2018.

Notes to Financial Statements for the year ended March 31, 2019

₹ In Lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sun Pharmaceutical Industries Limited		
Sale of services - License fees / Royalty on technology / R&D services	1,827.19	1,424.95
Purchase of goods (Net)	(1.58)	262.19
Purchase of fixed assets	2,774.28	10.14
Rent expense	202.94	59.16
Receiving of research and development services	1,047.09	1,549.11
Sale of fixed assets	0.50	6,385.00
Reimbursement of expenses paid	506.96	421.50
Reimbursement of expenses received	43.11	104.24
Capital Advances given	-	2,516.33
Sun Pharma Laboratories Limited		
Sale of services - License fees / Royalty on technology / R&D services	2,887.73	2,377.76
Purchase of Goods	0.03	0.56
Sun Pharmaceutical Medicare Limited		
Sale of services - R&D services	-	0.26
Purchase of Goods	26.74	-
Sun Pharma Global FZE		
Sale of services - License fees / Royalty on technology / R&D services	11,677.12	3,986.56
Sun Pharmaceutical Industries Inc.		
Sale of services - License fees / Royalty on technology / R&D services	13.15	16.23
Reimbursement / Receiving of research and development services	1,756.62	2,827.93
Purchase of goods	34.17	946.29
Sun Pharmaceutical Industries Europe BV		
Purchase of goods	39.41	44.11
Reimbursement of expenses paid	5.63	-
Taro Pharmaceuticals Inc.		
Purchase of goods	-	6.81
Taro Pharmaceuticals Industries Limited		
Sale of services - R&D services	2.79	12.74
Purchase of goods	-	2.94
Reimbursement of expenses paid	-	0.84
Receiving of research and development services	237.79	-
Alkaloida Chemical Company ZRT		
Purchase of goods	-	0.52
Insite Vision Inc.		
Sale of services - R&D services	1.83	7.40
Sun Farmaceutica Do Brasil Ltda		
Purchase of goods	-	1.52
Sun Pharma Japan Limited		
Purchase of goods	7.67	0.92

Notes to Financial Statements for the year ended March 31, 2019

₹ In Lakhs

Particulars	Year ended March 31, 2019	Year ended March 31, 2018
Sun Petrochemicals Private Limited		
Sale of fixed asset	-	6.59
Aditya Imaging Information Technologies LLP		
Reimbursement of Expenses received	66.50	-
Bhavna Doshi & Associates LLP		
Professional Charges	6.00	-
Mark J. Simon		
Receiving of research and development services	43.83	-
Virtuous Share Investment Private Limited		
Issue of warrants convertible into equity shares	-	1,875.00
Issue of equity shares against conversion of warrants	2,000.00	4,000.00
Quality Investment Private Limited		
Issue of warrants convertible into equity shares	-	3,550.00
Issue of equity shares against conversion of warrants	1,500.00	4,000.00
Virtuous Finance Private Limited		
Issue of warrants convertible into equity shares	-	1,875.00
Issue of equity shares against conversion of warrants	1,000.00	2,000.00
Family Investment Private Limited		
Issue of warrants convertible into equity shares	-	2,500.00
Issue of equity shares against conversion of warrants	4,000.00	-
Viditi Investment Private Limited		
Issue of warrants convertible into equity shares	-	1,875.00
Issue of equity shares against conversion of warrants	4,000.00	-
Lakshdeep Investments & Finance (P.) Limited		
Issue of warrants convertible into equity shares	-	825.00
Issue of equity shares against conversion of warrants	2,475.00	-
Shanghvi Finance Private Limited		
Issue of equity shares against conversion of warrants	12,525.00	-
Director Sitting Fees		
Sudhir V. Valia	5.40	3.60
Bhavna Doshi	6.90	6.30
Rajamannar Tennati	3.30	3.00
Ferzaan Engineer	6.00	4.20
Mark Simon	6.00	3.90
S. Mohanchand Dadha	-	2.40
Andrea Vasella	-	2.70
Goverdhan Mehta	-	1.50

Notes to Financial Statements for the year ended March 31, 2019

₹ In Lakhs

Particulars	As at March 31, 2019	As at March 31, 2018
Balance outstanding - Receivable / (Payable)		
Sun Pharmaceutical Industries Limited - Capital advances given	-	2,516.33
Sun Pharmaceutical Industries Limited	296.05	(601.30)
Sun Pharma Laboratories Limited	519.53	369.45
Sun Pharmaceutical Medicare Limited	(31.45)	0.28
Aditya Imaging Information Technologies LLP	31.83	-
Sun Pharma Global FZE	132.12	977.70
Sun Pharmaceutical Industries Inc.	(2,564.58)	(4,691.96)
Sun Pharmaceutical Industries Europe BV	(48.22)	(10.57)
Taro Pharmaceuticals Inc.	-	(3.43)
Taro Pharmaceuticals Industries Limited	1.50	10.24
Insite Vision Inc.	-	1.03
Ranbaxy (S.A.) (PTY) Limited	-	(0.04)
Sun Pharma Japan Limited	-	(0.13)

Terms and condition of transactions with related parties.

The sale of services to related parties are made on terms equivalent to those that prevail in arms length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related parties receivables or payable.

Notice of Annual General Meeting

NOTICE is hereby given that the Fourteenth Annual General Meeting of the Shareholders of SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED will be held at **Vasvik Auditorium**, Trivia Complex, Race Course Road, Gautam Nagar, Vadiwadi, Vadodara – 390007, Gujarat, India, on **Monday, 29th July 2019**, at **09:45 A.M.**, to transact following business:

ORDINARY BUSINESS:

1. To consider and adopt the audited financial statements of the Company for the financial year ended 31st March, 2019 and the reports of the Board of Directors and Auditors thereon.
2. To appoint a Director in place of Mr. Dilip S. Shanghvi (DIN:00005588), who retires by rotation and being eligible, offers himself for reappointment.

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

Debashis Dey
Company Secretary

Place: Mumbai
Date: 7th May, 2019

Registered Office:
Sun Pharma Advanced Research Centre (SPARC),
Akota Road, Akota, Vadodara – 390 020.
CIN: L73100GJ2006PLC047837
Website: www.sparc.life

Notes:

1. The relevant details as required under regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 of the person seeking re-appointment as Director are annexed hereto.
2. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF, AND A PROXY NEED NOT BE A MEMBER.
3. The Proxy Form duly completed must reach the Registered Office of the Company not later than forty eight hours before the time appointed for holding the meeting.
4. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total share capital of the Company. Members holding more than ten percent of the total share capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
5. The voting rights of shareholders shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date of 20th July, 2019. Shareholders shall have one vote for every one fully paid share of the Company held by them as on the cut-off date. The shareholders can vote for their entire voting rights as per their discretion.
6. The Register of Members and Share Transfer Books of the Company shall be closed from Saturday, 20th July, 2019 up to Monday, 29th July 2019 (both days inclusive).
7. The Notice of the Annual General Meeting along with the Annual Report 2018-19 is being sent by electronic mode to those Members whose e-mail addresses are registered with the Company / Depositories, unless any member has requested for a physical copy of the same. For members who have not registered their e-mail addresses, physical copies are being sent by the permitted mode. To support the 'Green Initiative' members who have not registered their e-mail addresses are requested to register the same with the Company / Depositories.
8. Relevant documents referred to in the accompanying Notice are open for inspection by the members at the Registered Office of the Company on all working days, except Saturdays, during the business hours up to the date of the Meeting.
9. In case of joint holders attending the Meeting, the member whose name appears as the first holder in the order of names as per Register of Members will be entitled to vote.
10. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board Resolution authorising their representative to attend and vote on their behalf at the Meeting.
11. **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 enhannced supervision by the Company/ Registrar and Share Transfer Agent, which may result in avoidable processing delay.

12. Members/ Proxies should bring the attendance slips duly filled in for attending the meeting.

13. Voting through electronic means (remote e-Voting):

    A. In accordance with sub-regulation (1) and (2) of regulation 44 of the SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015 and section 108 of the Companies Act, 2013, read with Companies (Management and Administration) Rules, 2014 ('the Rules'), the Company is pleased to provide facility to its members, to cast their vote electronically for all the resolutions proposed at the 14th Annual General Meeting of the Company. The Company has appointed Central Depository Services (India) Ltd. (CDSL) to provide e-voting facility to its members.

    B. The voting right of shareholders shall be in proportion to one vote per fully paid equity share of the Company held by them as on the cut-off date 20th July, 2019.

    C. The remote e-voting period begins on Friday, 26th July 2019 at 09:00 A.M. (IST) and ends on Sunday, 28th July, 2019 at 5.00 P.M. (IST). During this period, shareholders of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 20th July, 2019 may cast their vote electronically. The remote e-voting module shall be disabled by CDSL for voting thereafter.

    D. The facility for voting by e-poll/ ballot or polling paper shall also be made available at the meeting and members attending the meeting who have not already cast their vote by remote e-voting shall be able to exercise their right at the meeting. The members who have cast their vote by remote e-voting prior to the meeting may also attend the meeting but shall not be entitled to cast their vote again.

    E. Mr. Alpesh Kumar Panchal, Partner of M/s. KJB & Co LLP, Practicing Company Secretaries, has been appointed by the Board of Directors of the Company, as the Scrutinizer to scrutinize the remote e-voting process in a fair and transparent manner.

    F. Procedure and instructions for remote e-voting:

        i. Log on to the e-voting website www.evotingindia.com.

        ii. Click on 'SHAREHOLDERS'

        iii. Enter your User ID

            - For members holding shares through CDSL: 16 digits beneficiary ID,
            - For members holding shares through NSDL: 8 Character DP ID followed by 8 Digits Client ID
            - Members holding shares in Physical Form: Folio Number registered with the Company.

        iv. Enter the Image Verification as displayed and Click on Login.

        v. Enter your Password

            a. Members holding shares in demat form who had logged on to www.evotingindia.com and voted on an earlier voting of any company, then his/her existing password is to be used. (In case a member has forgotten his/her password, he/she should enter his/her user Id and the image verification code and click on 'Forgot Password Tab' & the follow the instructions).

            b. First time users follow the steps given below:

	Whether holding shares in dematerialised form or physical form (first holder/s, if held jointly)
PAN	Enter the members 10 digit alpha-numeric PAN issued by Income Tax Department • Members who have not updated their PAN with the Company/ Depository Participant are requested to use the unique code which is printed on address sticker of the Annual Report envelop sent to them (if sent in physical mode) or mentioned in the email sent to them (in case Annual Report is sent in electronic mode).
Dividend Bank Details **OR** Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your demat account or in the Company records in order to login. • 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.

            c. After entering these details appropriately, click on "SUBMIT" tab.

            d. Members holding shares in physical form will then directly reach the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat

holders for voting for resolutions of any other Company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share the password with any other person and take utmost care to keep the password confidential.

e. For members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

vi. Click on the EVSN for 14th Annual General Meeting of **Sun Pharma Advanced Research Company Ltd. (i.e. EVSN: 190522003)** to vote.

vii. On the voting page, the members will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option "YES" implies that a member assents to the Resolution and option "NO" implies that a member dissents to the Resolution.

viii. Click on the "RESOLUTIONS FILE LINK" to view the entire Resolution details, if desired.

ix. After selecting the resolution the member has decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If the member wish to confirm his/her vote, click on "OK", else to change his/her vote, click on "CANCEL" and accordingly modify his/her choice before voting.

x. Once a member "confirms" his/her vote on the resolution, he/she will not be allowed to modify his/her vote.

xi. A member can also take a print of the votes cast him/her by clicking on "CLICK HERE TO PRINT" option on the Voting page.

xii. Members can also cast their vote using CDSL's mobile app m-Voting available for android based mobiles. The m-Voting app can be downloaded from Google Play Store. Apple and Windows Phone users can download the app from the App Store and the Windows Phone Store respectively. The member should follow the instructions as prompted by the mobile app to vote through the mobile app.

xiii. Note for Non – Individual Shareholders and Custodians

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodian are required to log on to www.evotingindia.com and register themselves as Corporates.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be emailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the Admin Login and Password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutinizer to verify the same.

xiv. In case of any queries or issues regarding e-voting, members may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at www.evotingindia.com, under help section or write an email to helpdesk.evoting@cdslindia.com.

14. The Scrutinizer shall, after the conclusion of voting at the Meeting, count the votes polled at the meeting, thereafter unblock the votes cast through remote e-voting and make, not later than two days of conclusion of the meeting, a Consolidated Scrutinizer's Report of the total votes cast in favour or against, if any, to the Chairman or a person authorised by him in writing who shall countersign the same.

15. The results declared along with the Scrutinizer's Report shall be placed on the Company's website www.sparc.life immediately after the result is declared. The Company shall simultaneously forward the results to BSE Limited ("BSE") and National Stock Exchange of India Limited ("NSE"), where the shares of the Company are listed.

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

Debashis Dey
Company Secretary

Place: Mumbai
Date: 7th May, 2019

Registered Office:
Sun Pharma Advanced Research Centre (SPARC),
Akota Road, Akota, Vadodara – 390 020.
CIN: L73100GJ2006PLC047837
Website: www.sparc.life

PROFILE OF DIRECTOR BEING RE-APPOINTED

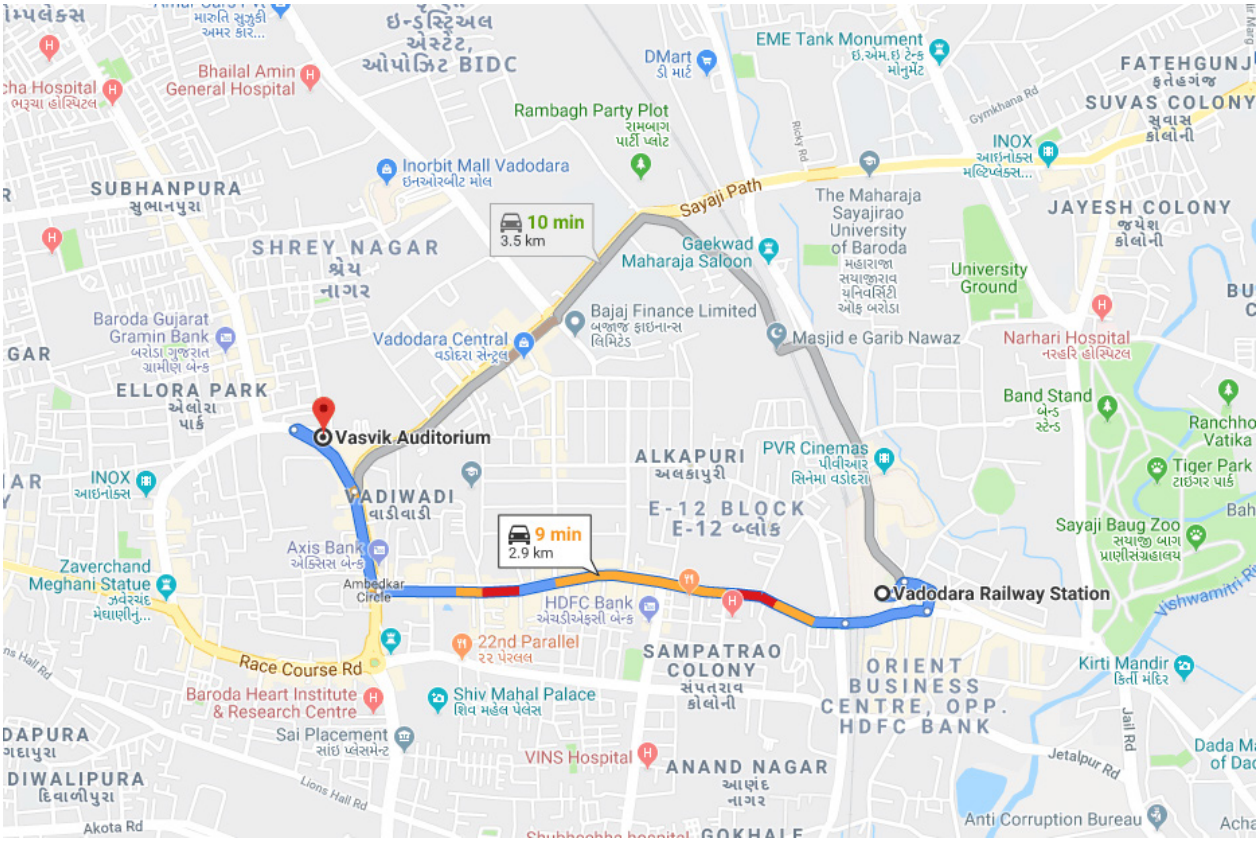
Pursuant to regulation 36(3) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015, the particulars of Directors who are proposed to be appointed/ reappointed are given below.

Particulars	Mr. Dilip S. Shanghvi
Brief Resume	Mr. Dilip S. Shanghvi (64 years), is a graduate in commerce from Kolkata University. He is the Chairman and Managing Director of the Company. Mr. Shanghvi was the founding partner of M/s. Sun Pharmaceutical Industries, a partnership firm which was later converted into Sun Pharmaceutical Industries Limited in 1993. He is also the current Managing Director of Sun Pharmaceutical Industries Limited. He has extensive experience in the pharmaceutical industry. As the promoter of SPIL, he has been actively involved in international pharmaceutical markets, business strategy, business development and research and development functions in our Company. Mr. Shanghvi was conferred with the prestigious 'Padma Shri' award by the Hon'ble President of India in the year 2016. He is also the winner of numerous other awards including 'Businessman of the Year' by Business India for the year 2011, 'Indian of the Year- Business' by CNN-IBN for the year 2011,'Entrepreneur of the Year' by Ernst & Young for the year 2010, 'Economic Times Entrepreneur of the Year' by Economic Times in 2008, "CEO of the Year" by Business Standard in 2008, 'First Generation Entrepreneur of the Year' by CNBC-TV 18 at the India Business Leader Awards in 2007, 'Entrepreneur of the Year' in the Healthcare and Life Sciences category by Ernst & Young for the year 2005 and IMC Juran Quality Medal presented by the Indian Merchants Chamber for 2008, Forbes's Entrepreneur of the Year Award (2014), Economic Times' Business Leader of the Year (2014). He was recently conferred with an honorary doctorate by the Tel Aviv University, Israel's largest and most comprehensive institution of higher learning.
Expertise in specific functional area	Extensive experience in the pharmaceutical industry.
Relationship with other Directors	Mr. Dilip Shanghvi, is brother-in-law of Mr. Sudhir Valia, a Promoter and Non-Executive Director of the Company.
Directorship held in other listed companies in India	Sun Pharmaceutical Industries Limited
Membership/ Chairmanship of Committees of other listed companies in India	Sun Pharmaceutical Industries Limited: a) Stakeholders' Relationship Committee (Member) b) Risk Management Committee (Chairman) c) Committee of Directors' – Allotment (Member) d) Corporate Social Responsibility Committee (Chairman)
No. of Shares held in the Company as on 31st March 2019	2,81,02,795 (10.72%)

Route Map- 14th AGM Venue:

Vasvik Auditorium

Trivia Complex, Race Course Rd, Gautam Nagar, Vadiwadi,
Vadodara – 390007, Gujarat, India



sparc

Sun Pharma Advanced Research Company Ltd.

Akota Road, Akota, Vadodara - 390 020

CIN: L73100GJ2006PLC047837

www.sparc.life

www.sapprints.com

a K&A creation | www.kalotwala.co.in