SPARC/Sec/SE/2018-19/020 1st August 2018

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 2018
Scrip Code: BSE: 532872; NSE: SPARC

In compliance with regulation 34 (1) of the SEBI (Listing Obligation & Disclosure Requirements) Regulation, 2015 we are pleased to enclose herewith Annual Report of the Company for the financial year ended 31st March 2018.

The Shareholders of the Company have in their 13th Annual General Meeting held on 30th July 2018, approved & adopted the Financial Statements of the Company for the Financial Year 2017-18 together with the Report of the Auditors and the Board thereon, as disclosed in the enclosed Annual Report.

A copy of the Annual report is also available on the website of the Company www.sparc.life

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*.

2017-18
Annual Report

sparc



Innovations
Inspired by life

Contents

Management Discussion and Analysis 02

Board's Report 17

Corporate Governance Report 43

Financial Statements 62



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. Anil 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 MARKET OVERVIEW

2017 has been a year of innovation and advances for the global life sciences industry, witnessing record new drug approvals primarily in the areas of rare diseases, neurological disorders and cancer therapies. A total of 46 new molecular entities were approved by the USFDA (US Food and Drug Administration).

2017 was the most rewarding year in two decades for USFDA approvals and number of approvals were significantly above the average of 31 drugs approved per year during 2008 to 2016. Approvals in the treatment of cancer dominated the list with 12 drugs, representing a quarter of authorisations.

An important development in drugs approval has been the increasing focus on accelerating the development of drugs having the Breakthrough Therapy Designation (BTD), a status indicating either the drug addresses an unmet need and has demonstrated preliminary clinical evidence that the drug may offer a substantial clinical improvement over available therapies on a clinically significant endpoint(s). During 2015 and 2016, the average time from commencement of human clinical trials to USFDA approval of such drugs was 65 months compared to 110 months for approval without BTD status[1].

In terms of R&D pipeline (including all types of drugs in development), the industry recorded growth for the seventh consecutive year, reaching an all-time high of 15,267 drugs for 2018. An impressive 3,807 new drugs commenced development in 2017 with many of them from small and medium enterprises[2].

In terms of R&D pipeline by therapeutic segments, Oncology was the largest therapeutic category with 5,212 drugs under development. The segment's total share in the pipeline increased from 26.8% in 2010 to 32.6% in 2017 [Fig. 1], indicating that for every three drugs under development, one has oncology indication attached to them[2].

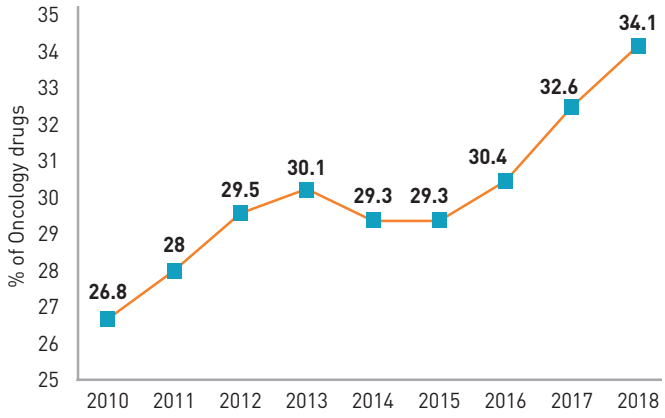
2017 new drug approvals by numbers[1]

46
New Molecular Entities approved in 2017, compared to 22 in 2016, highest since 1996

12
Cancer drugs approved in 2017, compared to 4 in 2016

37%
Drugs with Breakthrough Therapy Designation status approved

Figure 1: Share of Oncology in R&D Pipeline[2]



For every three drugs under development, one is for cancer treatment

Prescription Drugs Sales Trend

The global prescription drug sales witnessed a lacklustre top-line, with revenue growth of under 1% to USD 774.0 billion in 2017. However, overall prospects remain positive with sales forecasted to grow at an impressive CAGR of 6.5% over the next five years (2017-2022) to USD 1.06 trillion, compared to the 2.2% CAGR achieved during 2012-2016[3]. Recovery in spending on prescription drugs is anticipated to be broad-based across most markets fuelled by consolidation in generics markets and increased budgets for high-priced treatments, including orphan drugs that increasingly address the diseases around the world that are not well served today.

Strong Growth in Segments where SPARC Operates

While the overall drug sales are expected to grow at 6.5% during 2017–2022[3], areas such as Oncology and Sensory Organs (Ophthalmology and Dermatology), where SPARC operates are likely to record stronger growth [Table 1].

Oncology will continue to fuel sales growth, driven by the ageing population, lifestyle changes and new treatments. Anticancer drugs sales are expected to grow at a CAGR of 12.7% during 2017-22. Its share in total drug sales during this period will increase from about 11.7% to 17.5%[4]. Oncology will be an area that will demand increasing engagement of stakeholders owing to the exponential increase in treatment complexities and costs that will eventually impact everything from clinical trials to the commercial models.

Sensory organs, comprising organs to smell, see, touch, hear and taste is another important area that will see growth. The segment, driven by various therapies saw sales increasing to USD 20.2 billion in 2016 and this is expected to grow to USD 28.3 billion by 2022 contributed by the ageing population and several innovative therapies under development, particularly relating to eye-related diseases[4]. Dermatology drugs used for treatment of skin conditions gaining prominence. Sales of dermatological drugs are expected to nearly double from USD 10.5 billion in 2016 to USD 19.9 billion by 2022[4].

Table 1: Top 10 Therapy Categories (Prescription Drugs & OTC) by Projected Worldwide Sales, 2016-2022 (USD billion)[4]

Therapy area	2016	2022 (P)
Oncology	93.7	192.2
Anti-diabetics	43.6	57.9
Anti-rheumatics	53.3	55.4
Anti-virals	48.5	42.8
Vaccines	27.5	35.3
Bronchodilators	28.3	30.1
Sensory organs	20.2	28.3
Immunosuppressants	11.6	26.3
Anti-hypertensives	24.8	24.4
Anti-coagulants	14.1	23.2

EMERGING TRENDS IN PHARMACEUTICAL R&D INDUSTRY

Global pharmaceutical research and development industry is embracing transformational changes at a pace faster than ever before. The new tools that are being utilised to invent novel drugs are exponentially advancing. These new modalities are affecting the types of medicines being developed, the way technology contributes to health and how the value of healthcare is calculated.

There is an emerging trend in the use of real-world data in regulatory applications to support new drug applications and regulators appear open to reviewing such data. A wave of cell and gene therapies is changing the definition of what constitutes a drug, both clinically and in terms of expectations of outcomes, duration of treatment and costs. Technology itself can be a treatment, mobile apps and wearables are newly appearing in treatment guidelines as a key feature of future care paradigms. Furthermore, mobile technology can be an enabler of tele-health communication that brings providers and patients together at substantially lower costs than traditional consultations.

Shift of Biopharmaceutical Innovation to Speciality Drug

The characteristics of biopharmaceutical innovation have evolved in some respects over the past two decades. There is a sustained shift in the focus of new medicines towards specialty drugs. Speciality drugs are generally defined as those medicines treating severe, chronic, complex or rare conditions. Drugs for the treatment of patients with cancer have increased their share of all launches from 11% in the 1996–2000 period to 28% in the most recent five year period. During the same period, drugs launched with an orphan indication rose from 21% to 42% of all launches. The proportion of new biopharmaceuticals that are biologic in nature and primarily prescribed by a specialist also rose during the past 20 years[5].

Figure 3: Brand Spending Growth of Specialty Drugs and Traditional Drugs 2013-2022 in the Developed Markets (USD billion)[6]



As per the analysis of IQVIA, specialty will contribute all of the growth in medicine spending in 2018 (Fig. 3), offset by decline in spend on traditional medicines. Specialty medicines reflect a wide range of therapies like cancer, autoimmune diseases and anti-virals for hepatitis C. Ten drug categories account for 81% of specialty spending, while another 46 categories make up the remainder (Fig. 4). Oncology and autoimmune biologics lead the specialty categories, accounting for 46% of 2017 spending and 68% of projected growth in the next five years. Antiviral treatments, including those for hepatitis C, were significant drivers of growth in the last five years but are projected to decline, as many patients have already been treated (and cured)[6] and with multiple players competing has significantly lowered cost of treatment per patient.

Figure 2: Change in New Active Substances Characteristics over Time[5]

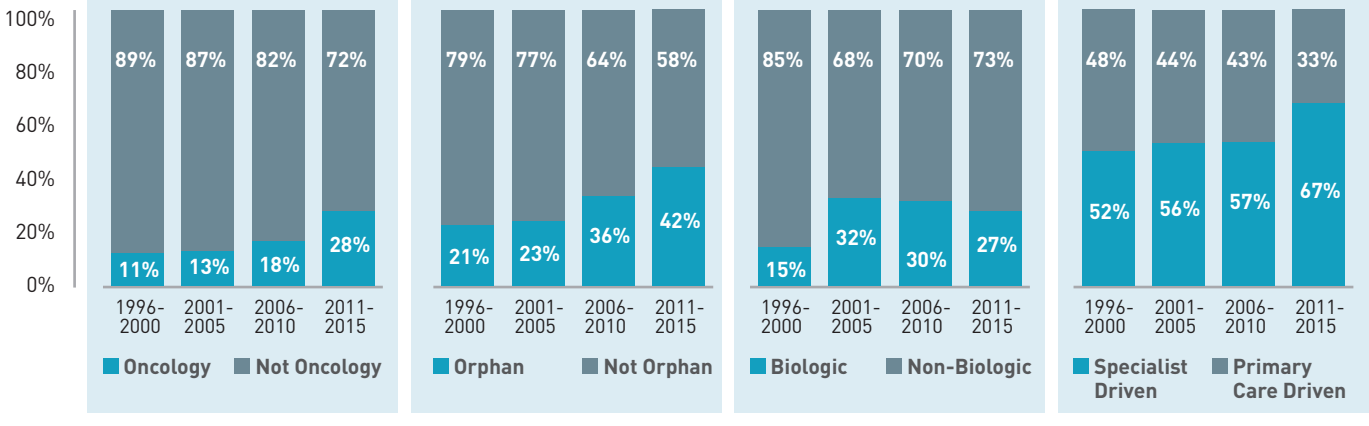
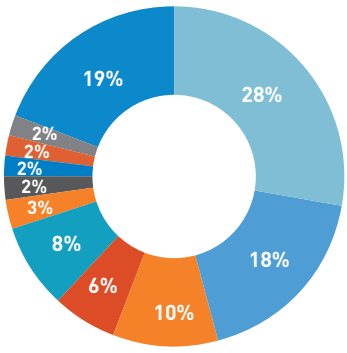
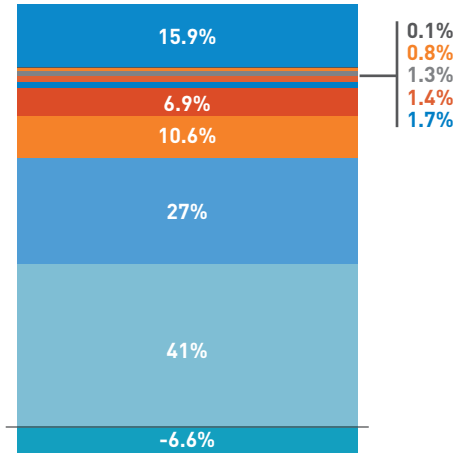


Figure 4: Specialty Medicines Spending and Growth in Developed Markets[6]

% Share of 2017 Specialty Medicines Spending USD 297 billion



Specialty Medicines Spending Projected Growth 2018-2022



Oncology | Autoimmune | HIV | Immunosuppressants | Anti-virals | GM-CSF | ESA | AMD | Blood Coagulation | Poly IVIG IV/IM | Others

GM-CSF = Granulocyte-Macrophage Colony-Stimulating Factor; ESA = Erythropoiesis-Stimulating Agents; AMD = Age-Related Macular Degeneration

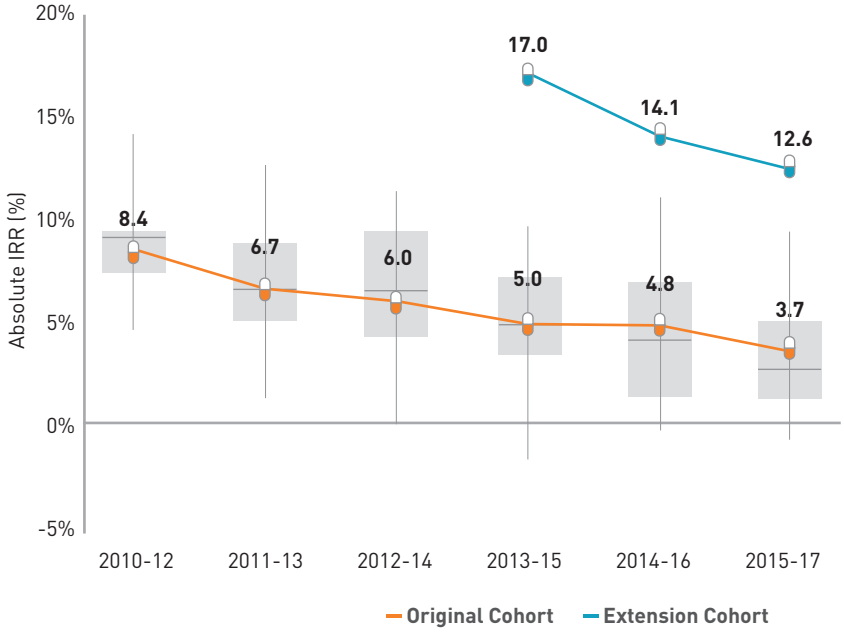
A New Normal in R&D is Triggering Competition

The worldwide pharmaceutical and biotech R&D is likely to grow 2.4% per year to 2022, slightly lower than the 2.5% CAGR during 2008-2016. Total R&D spend is expected to reach USD 181 billion in 2022, compared to USD 156.7 billion in 2016. Significant innovation is coming from small niche companies focussed on discovering new drugs. Less than a quarter of drugs discovered are brought to market by big pharmaceutical companies[3].

The industry is expected to continue to face challenges in R&D returns (Fig. 5). The cost of bringing an asset to market reached record high in 2017 and many of the largest drug developers will continue to be challenged by loss to generics. With an increase in the number and speed of approvals, a new normal in R&D is triggering competition in pricing, leaving less time for a manufacturer to gain substantially for breakthrough applications [3].



Figure 5: Three-Year Rolling Average Returns on Late-Stage Portfolio, 2010-2017[3]



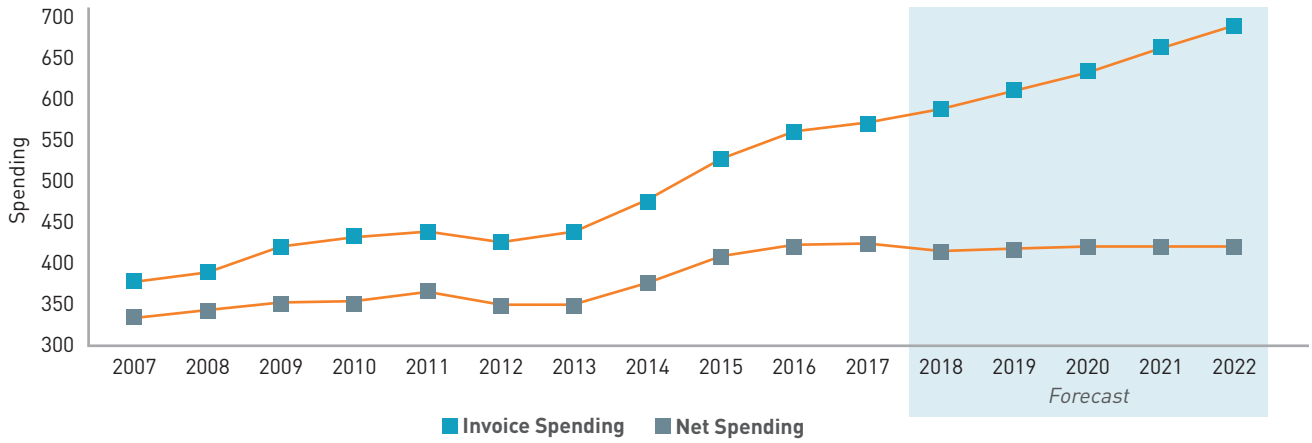
Slowing of Drug Spending in Developed Markets

Since last couple of years, medicine spending growth is slowing. The causes of slowing growth may be associated with payers' concerns about budgets and newly emerging mechanisms to adjudicate value that have the power to decide the choice of therapies for patients and thus limit the growth in spending for drugs.

Over the past five years, branded drug net spending in developed markets has risen from USD 326 billion to USD 395 billion. Compared to this, the invoice spending rose from USD 401 billion to USD 541 billion in the same period[6] [Fig. 6]. The use of off-invoice discounts and rebates along with statutory price concessions asked by payers and government programmes resulted in net spending which is USD 146 billion lower than invoice; and this difference has nearly doubled in the past five years[6] suggesting significant pressure on new drug pricing and market access.

In total, 87% of the USD 69 billion of net increase in spend has come from the United States. In other developed markets, like Japan, Germany, France, Italy, Spain, United Kingdom, Canada, South Korea and Australia where largely single-payer systems manage costs and prices, growth has been slower or declining since 2012[6].

Figure 6: Developed Market Brand Invoice and Net Spending, 2007-2022 (USD billion)[6]



In 2018, net brand spending is projected to decline in developed markets by 1-3%[6]. Over the next five years, net brand spending may remain flat, despite the expected entry of new, branded medicines. Control of pricing and limiting or restricting access to new drugs by payers can influence drug spending trends for the longer term. Across the developed markets, payers will be spending the same or less on innovative medicines over the next five years. The United States is likely to be the one outlier among developed markets, with brand net spending growth expected at 1-4% through 2022; this contrasts with flat trends in the other developed markets and declines in Japan[6].

Real-World Evidence in Drug Development

Use of Big Data gathered in real-world healthcare settings is increasingly being used across the entire healthcare system as Real-World Evidence (RWE). This data – which includes Electronic Health Records (EHR), claims data, disease registries, among other sources – may provide vital information on the use, benefits and risks of use of drugs outside of clinical trials. Payers have broadly adopted its use to guide value decisions on drug reimbursement, but only recently pharmaceutical companies and regulatory bodies also sought to bring the value of this data to bear on the drug development process, realising its potential to accelerate approvals and increase the robustness of the evidence generation process across a drug candidate's lifecycle[6].

The USFDA is expected to release a framework on addressing the potential for RWE to accelerate the drug approval process, taking the first formal step to expand the types of evidence trials it will accept. This will clear a path for the industry to make use of RWE sources in the regulatory process. This framework, along with recent guidance on RWE use for medical devices, reflects a new willingness by the USFDA to use RWE to lighten the regulatory burden[6].



INDIAN PHARMACEUTICAL R&D INDUSTRY

Pharmaceutical companies in India have embarked on the journey for discovering new drugs since early 2000. New drug discovery is resource intensive, requires building competencies and carries high risk of failure. Several leading companies are investing in building these capabilities and have now visible pipelines of late stage products. There is also an emergence of small drug discovery start-ups as access to capital has become somewhat easier. Such start-ups are backed by scientists trained in global drug discovery industry and academia.

Few of the companies have achieved remarkable success in setting up contract research business for early drug discovery research services. Big pharma are now increasingly outsourcing medicinal chemistry and preclinical pharmacology and toxicology research to India. Global clinical trials may also be outsourced to India due to favourable change in the regulations.

Though India lags China significantly in attracting contract research work, the trend is positive and is likely to accelerate in coming years. The growth of contract drug discovery services business is important and valuable in creating trained and skilled talent pool which may fulfil the need for such workforce in drug discovery research.

The pipeline of new products being developed by Indian pharmaceutical industry is gradually growing and it may be a realistic expectation that we may see successful registrations in highly regulated markets like US and Europe of a novel chemical entities and biologics discovered in India.

The pipeline of new products being developed by Indian pharma industry is gradually growing and it may be a realistic expectation that we may see successful registrations in highly regulated markets like US and Europe of a novel chemical entities and biologics discovered in India.

OPPORTUNITIES AND THREATS

As the industry is rapidly embracing transformational changes, fundamental shifts in the way a new drug is discovered, developed or approved by regulatory agencies will be observed. The USFDA intends to not only define a role for Real-World Evidence, but also build a policy framework to modernise approaches to clinical trial design, support accelerated approvals, simplify the post-approval landscape and adapt to future regulatory needs. For the industry which is confronting ever rising R&D costs and shrinking available markets for new drugs, the modernisation of the USFDA may offer the possibility of slowing the growth of R&D costs, multiplying the number of new medicines that can be developed and approved from the same spend and accelerating approvals. However, the faster and higher number of new drug approvals will likely generate intense competition and that coupled with increasingly tighter reimbursement and market access controls by payers may significantly reduce the potential financial returns per drug approval. It may therefore force the industry to have a hard look at their pipeline and focus on programmes which have clear differentiation and addresses clear unmet medical needs to generate real value to become a viable commercial opportunity.

References	
1	The year in new drugs, C&EN, Jan 2018
2	Pharma R&D Annual Review 2018, Pharma projects
3	Global Life Sciences Outlook 2018, Deloitte
4	World Preview 2017, Outlook to 2022, EvaluatePharma
5	Lifetime Trends in Biopharmaceutical Innovation: Recent Evidence and Implications, January 2017, IQVIA Institute for Human Data Science
6	2018 and Beyond: Outlook and Turning Points, March 2018, Institute for Human Data Science

OPERATIONS REVIEW

Your Company earned net revenues of ₹ 8,320 lakhs during the previous financial year. The source of income was royalty received for the products licensed.

We also generated exceptional income through the sale of our R&D facility at Tandalja and the proceeds of the sale are being utilised for the development of our new R&D facility at Savli.

The expected revenue on approval/commercialisation of Xelpros™ and Elepsia™ XR could not be realised due to GMP compliance issues at our partner's manufacturing site. Additionally, due to negative outcomes in the pivotal studies Baclofen GRS and Salmeterol – Fluticasone DPI the revenue linked to licensing of these 2 programmes did not materialize.

To manage the increasing spend on our clinical stage pipeline, we secured funding of up to ₹ 500 crore through Preferential Allotment of warrants convertible into equity shares.

The bulk of our expenses during the year were due to clinical trials of our programmes under development and employee costs. In the coming year, we expect increase in our clinical trials spending as some of our programmes will advance from early clinical studies to late-stage or pivotal clinical studies and some programmes entering into clinical stage from pre-clinical stage.

Your Company is in pursuit of ensuring that we develop pharmaceutical products that can cater to the unmet medical needs of the patients across the world. Your Company's business has been built keeping long-term and sustainable growth in mind and we believe that we have been successful in building a strong foundation, which will propel us to the next level of growth.

SPARC Performance Snapshot 2017-18



The year 2017-18 was a challenging year for SPARC. During the year, we made steady progress in advancing several programs to clinical stage, at the same time 2 of our late stage programs did not meet the desired outcomes in the pivotal studies.

Our late-stage programme Baclofen GRS, did not meet the primary endpoints in the pivotal clinical studies. Baclofen GRS was expected to provide significant licensing income in FY18 upon successful outcome of the pivotal studies. SPARC DPI met the endpoint for PIF study. In the low dose PK study, bio-equivalence was established for Fluticasone, however, Salmeterol component did not meet bio-equivalence criteria, which could be attributed to high variability observed with the reference product.

Additionally, we could not realise revenues of the licensed products viz. Elepsia™ XR and Xelpros™ due to the continued GMP non-compliance status of our partner's manufacturing facility.

On the positive side, our early clinical stage programmes have made consistent progress during the year. We successfully completed Proof of Concept Phase 2 study of Brimonidine OD and obtained guidance from USFDA for its registration study.

Pre-IND consultation with USFDA was completed for SDP-037, a program being developed for eye pain and inflammation after cataract surgery. USFDA suggested a single Phase 3 study requirement for marketing approval and thus SDP-037 can be potentially filed for approval in FY20 if Phase 3 study's outcome is positive.

For K0706 CML programme, we completed Phase 1a studies and completed 4 dose levels in the crucial Phase 1b dose range finding study.

The pivotal BE study of Taclantis™ randomised over 2/3rd of the target patients.

We completed Phase 1 Single Ascending Dose (SAD) study and food effect study for SCD-044.

During the year, we initiated testing of K0706 in patients with Parkinson's Disease and completed a Phase 1 PK and safety study. We also initiated Pilot Human Abuse Liability (HAL) study for SDN-021.

We continued our focus on identifying early opportunities and our collaborations with academic centres. Apart from Elepsia™ XR and Xelpros™ we have 3 near-term opportunities in Taclantis™, Brimonidine OD and SDP-037 for out-licensing and generating licensing income over next 2 years.

In summary, your Company has made some significant progress in spite of setback in 2 late-stage programs. We have 3 near-term opportunities in Taclantis™, Brimonidine OD and SDP-037 for out-licensing and generating licensing income over next 2 years.

In the coming years, our NCE programs K0706 in CML and in Parkinson's Disease and SCD-044 for autoimmune disorders will be progressing to advanced clinical studies and will require significant investments in these studies.

To meet the escalating developmental and clinical costs, we secured funding of up to ₹ 500 crore through Preferential Allotment of warrants convertible into equity shares and received a part of the proceeds.

We will now provide detailed update on key programmes.



Progress On Key Programmes

Licensed Programmes	
1	Elepsia™ XR once-a-day tablet for Epilepsy
2	Xelpros™ eye drops for Glaucoma

Clinical Stage Programmes	
1	Baclofen GRS once-a-day capsules for Spasticity in Multiple Sclerosis
2	Salmeterol-Fluticasone Dry Powder Inhaler for Asthma and COPD
3	Taclantis™ (Paclitaxel Injection Concentrate for Suspension) for Solid Tumours
4	K0706 for treatment resistant Chronic Myeloid Leukemia (CML)
5	Brimonidine OD eye drops for Glaucoma
6	SDP-037 eye drops for Ocular Pain and Inflammation
7	SCD-044 for Autoimmune Disorders
8	K0706 for Parkinson's Disease
9	SDN-021 for Pain
10	Dermatology Programmes

LICENSED PROGRAMMES

1. **Elepsia™ XR once-a-day tablet for Epilepsy**
2. **Xelpros™ eye drops for Glaucoma**

Approval of both the programmes is further delayed due to the GMP non-compliance status of our partner's manufacturing facility. As an alternate plan, we have contracted alternate manufacturing sites for both programmes and have initiated technology transfer. After technology transfer, SPARC needs to manufacture GMP batches from alternate site and generate stability data of the batches manufactured from alternate site. If Halol site achieves the GMP compliance prior to generating data from alternate site, we will pursue the regulatory filing from Halol facility. However, there is continued uncertainty regarding approval timeline.

CLINICAL STAGE PROGRAMMES

1. Baclofen GRS once-a-day capsules for Spasticity in Multiple Sclerosis

Baclofen GRS is a novel once-a-day formulation of Baclofen, based on SPARC's Gastro Retentive Innovative Device (GRID) Technology. We conducted pivotal Phase 3 clinical studies under Special Protocol Assessment (SPA) with USFDA.

In pivotal efficacy studies, Baclofen GRS did not meet the primary endpoints, however, results of Secondary endpoints e.g. Subject Global Impression of Severity (SGIS) score was statistically significant, and favoured Baclofen GRS ($p<0.05$). Several other endpoints, such as spasm frequency and night time awakenings, also favoured Baclofen GRS (both $p<0.001$).

We are assessing the data and preparing to discuss outcomes of studies with the USFDA to decide the future course of action.

2. Salmeterol-Fluticasone Dry Powder Inhaler for Asthma and COPD

SPARC DPI is a pre-metered, 60 doses, breath-activated device to administer an inhaled combination of Salmeterol and Fluticasone. SPARC DPI uses half the dose of Salmeterol and Fluticasone as compared to Advair®/Seretide®.

We completed the pivotal studies required for registration of SPARC DPI in Europe. SPARC DPI met the endpoint for Peak Inspiratory Flow (PIF) study. In the low dose PK study bio-equivalence was established for Fluticasone, however, Salmeterol component did not meet bio-equivalence criteria, which could be attributed to high variability observed with the reference product.

We are assessing the future course of action.

3. Taclantis™ (Paclitaxel Injection Concentrate for Suspension) for Solid Tumours

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

Taclantis™ offers ease of reconstitution and administration, shorter infusion time and reduced risk of allergic side effects.

Based on the results of the pilot Bioequivalence (BE) study, and subsequent discussions with USFDA for considering BE study as potential registration pathway, we have initiated a pivotal BE study of Taclantis™. More than 2/3rd of the targeted patients are randomised on the study to date. We plan to file NDA (New Drug Application) with USFDA by Q4 FY19 if the study results are positive.

4. K0706 for treatment resistant Chronic Myeloid Leukemia (CML)

K0706 is a novel and highly selective BCR-ABL kinase inhibitor. K0706 being selective has a lower potential for serious and life-threatening side effects as observed with marketed BCR-ABL kinase inhibitors. It is designed to be efficacious in treatment resistant CML, especially for patients who have failed on more than 2 lines of available therapy and may have developed resistance to the standard of care. Currently, there are very limited treatment choices for patients who develop resistance to available treatments.

We have completed Phase 1a study to characterise the pharmacokinetic profile of this agent. K0706 is now being evaluated in a dose range finding study in treatment refractory CML patients and has completed 4 dose escalations. K0706 appears to be very well tolerated and no significant adverse effects have been reported in this ongoing study to date. Encouraging preliminary efficacy has been observed in some patients with blood counts normalising rapidly in these patients.

We plan to initiate the pivotal study by Q3 FY19.

5. Brimonidine OD eye drops for Glaucoma

SPARC has developed a once-a-day formulation of Brimonidine eye drops for Glaucoma based on its proprietary TearAct™ Technology. The currently marketed product requires three times a day dosing, which leads to patient compliance issues.

We completed Phase 2 Proof of Concept study in Glaucoma patients in Europe. The outcomes of the study confirmed the benefits of our once-a-day formulation compared to the currently marketed formulation.

We discussed this programme with USFDA under Pre-IND consultation and obtained guidance for studies required for marketing approval. USFDA requires a single Phase 3 study to support registration. We have filed IND with USFDA and initiating pivotal Phase 3 study for its registration.

If outcomes are positive, this programme can be filed within 2 years for marketing approval.

6. SDP-037 eye drops for Ocular Pain and Inflammation

SPARC is developing a novel long-acting (twice-a-day) formulation of USFDA approved ophthalmic steroid for eye pain and inflammation after cataract surgery. Currently, marketed steroidal eye drops requires administration every 4 to 6 hours.

SDP-037 is developed using our proprietary composition of non-ionic, cationic and anionic solubilisers to produce unique micelles. Solubilisation of steroid provides clear colourless appearance and polymeric stabiliser provides longer retention and bio-adhesion that helps to retain efficacy at reduced dosing frequency and lower drug concentrations.

SPARC has completed Pre-IND consultation with USFDA and obtained guidance for registration. We plan to file IND in Q2 FY19 and initiate pivotal Phase 3 study for potential registration in US. This programme can be filed within 2 years if the study outcome is positive.

7. SCD-044 for Autoimmune disorders

SPARC in collaboration with Bioprojet, a French biotech company is developing highly selective Sphingosine-1-Phosphate Receptor 1 (S1PR1) agonist for autoimmune disorders. Higher selectivity for S1PR1 is expected to provide better cardiac safety and PK (Pharmacokinetic) profile compared to marketed first generation product fingolimod. Fingolimod is approved for multiple sclerosis and has achieved remarkable success in spite of significant safety issues. Our objective with SCD-044 is to be as efficacious as Fingolimod with significantly improved safety profile.

After completing extensive preclinical studies and toxicology studies, SPARC completed Phase 1 SAD study and initiated Phase 1 Multiple Ascending Dose (MAD) study for SCD-044 in Europe. This study is progressing smoothly and so far no safety concerns have been reported.

8. K0706 for Parkinson's Disease

The role of c-ABL Kinase, the target enzyme for K0706 in Parkinson's disease progression has been extensively studied and reported. In animal models of Parkinson's Disease, K0706 demonstrated remarkable efficacy and prevented disease progression.

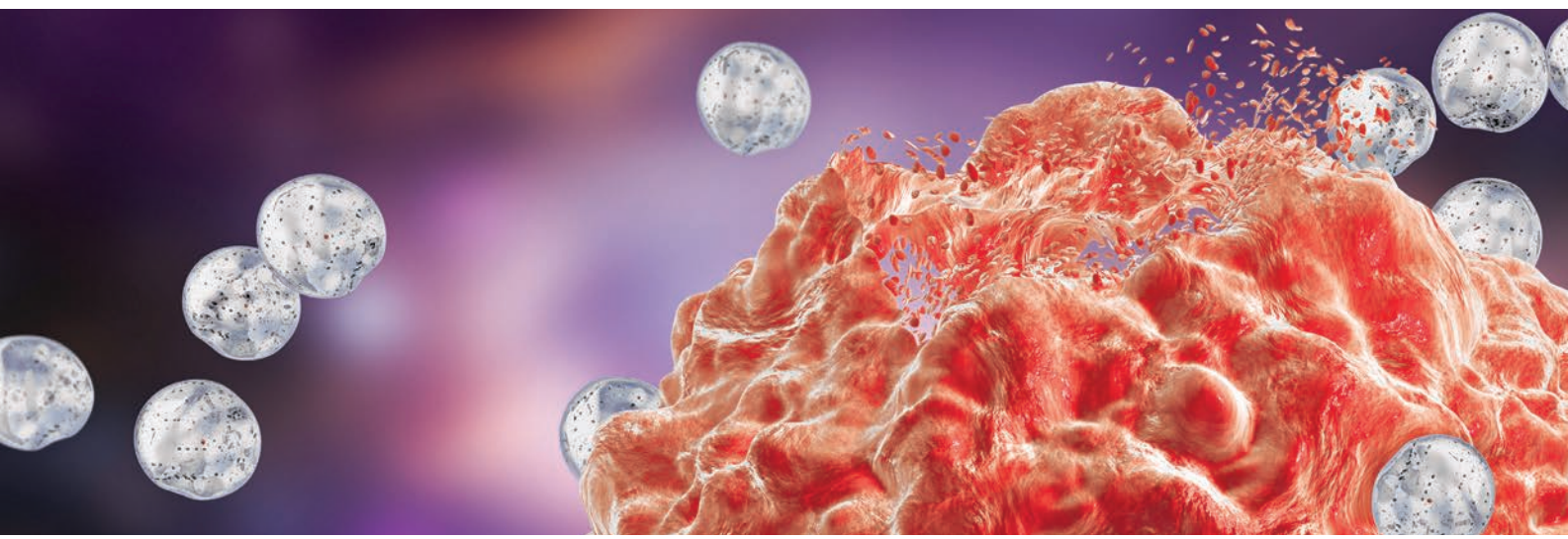
Parkinson's Disease is an ageing disorder with limited treatment options. Currently approved drugs only manage the symptoms of the disease. There are no drugs approved which can prevent or possibly even reverse the relentless progression of this disease. We believe K0706 has significant potential in modifying or halting the disease progression in Parkinson's Disease patients.

SPARC completed Phase 1 safety and tolerability studies in healthy volunteers and is planning to initiate Phase 2 clinical Proof of Concept study in patients with Parkinson's Disease by Q2 FY19.

9. SDN-021 for Pain

SPARC is working on a novel delivery platform 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; the technology is also designed to deter abuse by other prevalent routes - injection and snorting.

SPARC completed pilot PK study in healthy volunteers and initiated Human Abuse Liability (HAL) study in recreational users. The study is expected to be completed by Q3 FY19.



10. Dermatology Programmes

We have 2 dermatology programmes viz., S597 Topical for steroid responsive Dermatoses and Minocycline Topical for Acne.

S597 Topical was studied in a pilot Psoriasis plaque study wherein we could establish dose response and efficacy in between low to mid potency steroids. S597 appears to be very safe and has potential for treatment of steroid responsive Dermatoses.

Minocycline is currently dosed orally and is considered as standard of care for moderate-to-severe Acne. However, oral Minocycline is associated with several systemic side effects.

SPARC's formulation being topical is expected to be free from systemic side effects and provide better bioavailability at the site of action.

We have optimised the formulation of this agent and have completed required safety and toxicological studies to initiate clinical trials.

Both programmes now require clinical development which will require significant amount of resources. Considering our stretched resources and need for advancing other high priority programmes, we have decided to develop dermatology programmes in collaboration with a partner.

We are discussing collaboration options of these programmes with potential partners.



OUTLOOK

We continue to work closely with our commercialisation partner and USFDA for expediting the approval of Elepsia™ XR and Xelpros™. We have also made significant progress in bringing our early developmental pipeline to clinical stage and initiated human studies for several programmes during the year.

We are working on augmenting our early developmental pipeline through an internal ideation process and also sourcing new science through our collaborations with academic institutes in the US.

SPARC is adapting to the changing trends that are shaping and changing the industry, and will continue to do so for the foreseeable future. The exponential rate of technology advances will bring new opportunities and challenges as we evolve to meet the needs of patients in the 21st century. With industry changing at such a frenetic pace, we are closely monitoring the pulse of these transformations, and remain nimble, agile and adaptive in responding to challenges and opportunities, to maintain competitive advantage and to stay ahead of the curve.

HUMAN RESOURCE STRATEGY

The human resource strategy of the Company is aimed at providing a work environment where our employees are encouraged to pursue their passion for excellence. By providing everyone with the opportunity, we ensure the growth and sustainability of our single largest investment, our employees, and in turn, the success of our organisation.

We have undertaken several measures to align our HR processes with the changing business requirements to create a culture of continuous learning and innovation among our employees.

As on 31st March, 2018, the Company had a dedicated team of 424 people, of which 70% are scientists. We intensified our efforts to provide opportunities of training and development to our employees and invested ~5,000 hours in learning and developmental activities during the year.

The Company has a dedicated team of 424 people, of which 70% are scientists.



RISKS AND CONCERNS

Innovative R&D always carries significant risk because it involves trying out new, untested ideas. Our focus has been on developing programmes that have manageable risks. However, there are common risks associated with R&D and some of risks include:

- Developing new or modified products or services may prove expensive than anticipated
- Developing a product or service that may not be commercially viable at a later stage
- Developing a product that may not be superior to competition

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

SPARC is a responsible public company committed to maintaining highest standards of ethics and transparency. Our accountability to patients we seek to serve, 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, assets and 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.

SPARC - R&D PIPELINE





Board's Report

Your Directors take pleasure in presenting the Thirteenth Annual Report and Audited Financial Statements for the financial year ended 31st March, 2018.

FINANCIAL RESULTS

(₹ in Lakhs)

Particulars	Year ended 31st March, 2018	Year ended 31st March, 2017
Total Income	8,320.15	19,474.49
Profit/(Loss) before Interest, Depreciation & Tax	(23,766.58)	(10,897.89)
Interest	12.33	181.98
Depreciation	818.46	823.97
Profit/(Loss) before Tax	(24,597.37)	(11,903.84)
Exceptional Item	4,897.58	-
Tax Expense	-	-
Profit/(Loss) after Tax	(19,699.79)	(11,903.84)
Other Comprehensive Income	(143.39)	(45.94)
Total Comprehensive Income	(19,843.18)	(11,949.78)
Balance brought forward from Previous Year	(34,247.71)	(22,297.93)
Balance carried to Balance Sheet	(54,090.89)	(34,247.71)

The Company has adopted Indian Accounting Standard (Ind AS) with effect from 1st April 2017 and accordingly these financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein.

DIVIDEND

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

DIVIDEND DISTRIBUTION POLICY

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

EXTRACT OF ANNUAL RETURN

The extract of Annual Return as provided under sub-section (3) of section 92 of the Companies Act, 2013 in prescribed form MGT-9 is enclosed as **Annexure 1** to this 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, in their meeting held on 5th May, 2017, approved the issue and 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 converted into equivalent number of fully paid equity shares of the Company, on exercise of option by the concerned warrant holders on 15th December 2017. Accordingly, there

were 1,11,11,111 warrants outstanding as on 31st March 2018.

Also, the Board of Directors, in their meeting held on 5th August 2017, annulled the forfeiture of 14 shares, on receipt of applications along with the unpaid amount & interest for delayed payment from the concerned shareholder.

Consequent to the aforesaid allotment & annulment of forfeiture of shares, the paid-up share capital of the Company have increased from ₹ 24,68,95,977 to ₹ 25,09,36,395 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 2018, 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. Sudhir V. Valia (DIN:00005561), retires by rotation at the ensuing Annual General Meeting, and being eligible offers himself for re-appointment.

Prof. Dr. Andrea Vasella (DIN: 01653058), Prof. Dr. Goverdhan Mehta (DIN: 00350615) and Mr. S. Mohanchand Dadha (DIN: 00087414), retired as Independent Directors of the Company at the end of the 12th Annual General Meeting of the Company on conclusion of the term of their appointment. The Board acknowledges and puts on record its appreciation for the valuable contributions made by the above members during their tenure as Directors of the Company.

Dr. Ferzaan Engineer (DIN: 00025758) & Mr. Mark Simon (DIN: 07807378), were appointed by the Board as Additional Directors of the Company under section 161 of the Companies Act, 2013 to hold office up to the 12th Annual General Meeting of the Company and were subsequently appointed by the members at the 12th Annual General Meeting, as Independent Directors of the Company for a term of three years, to hold office upto the conclusion of 15th Annual General Meeting of the Company.

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 DIRECTORS' APPOINTMENT AND REMUNERATION

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

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

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

FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

In compliance with the requirements of the SEBI (LODR) Regulations, the Company has put in place a Familiarisation Programme for the Independent Directors to familiarize them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The detail of such programme is available on the website of the company www.sparc.life and may be accessed through the web link https://www.sparc.life/announcements-disclosures.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors of the Company met four times during the year on 5th May, 2017, 5th August, 2017, 27th October, 2017 and 29th January, 2018. The particulars of attendance of the Directors at the said meetings are detailed in the Corporate Governance Report which forms a part of this Report. The

intervening gaps between the meetings were within the period prescribed under the Companies Act, 2013 and SEBI (LODR) Regulations.

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

In view of Securities and Exchange Board of India's ('SEBI') notification no. SEBI/HO/CFD/CMD/CIR/P/2017/004 dated 5th January, 2016 on 'Guidance Note on Board Evaluation', the Board of Directors, on the recommendation of the Nomination & Remuneration Committee, 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 have also carried out an annual evaluation of its own performance, its various committees and individual directors pursuant to the provisions of the Act and the Corporate Governance requirements as prescribed under regulation 17(10), 25(4) and other applicable provisions of the SEBI (LODR) Regulations.

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

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

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

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

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the various Committees of the Board and the Board as a whole and performance of the Chairman was evaluated, taking into account the views of the 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, 2018, your Company had a dedicated team of 424 people, of which around 350 are highly qualified and experienced scientists. During the previous year, the Company has considerably strengthened its team by attracting top quality scientific talent, with extensive experience in drug research internationally.

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

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

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

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

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

During the year ended 31st March, 2018, no complaint pertaining to sexual harassment was received by the Company.

AUDITORS

Statutory Auditors

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

Meeting of the Company, subject to ratification by members at every Annual General Meeting of the Company, if so required under the Law.

The Ministry of Corporate Affairs have, vide its Commencement Notification dated 7th May 2018, *inter alia*, notified the commencement of section 40 of the Companies (Amendment) Act, 2017, which omitted the proviso to sub-section (1) of section 139 of the Companies Act, 2013, mandating the requirement of annual ratification for Auditors appointment by the Members at every Annual General Meeting.

In appreciation of the commendable performance by the Auditors during the year the Board has decided, to discontinue the practice of obtaining annual ratification of the shareholders for appointment of Statutory Auditors, in view of the exemption provision in the resolution passed by the members in the 12th Annual General Meeting and the removal of the provision of the law which mandated the requirement.

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 C. J. Goswami & Associates, Company Secretaries, to undertake the Secretarial Audit of the Company for the financial year 2017-18.

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

Neither the 'Audit Report' issued by S R B C & CO. LLP nor the 'Secretarial Audit Report' issued by C J Goswami & Associates, for the financial year 2017-18 contain any qualifications, observations or comments on financial transactions or matters, which have any adverse effect on the functioning of the Company.

The Secretarial Auditors, however, have in their report observed as follows:

"The Dividend Distribution Policy is not disclosed in the Annual Report of the Company for the financial year 2016-17 pursuant to requirement of regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;"

In respect of above, the Board clarifies that the Company is a loss making Company and has never declared Dividend in the past. As per Regulation 43A of the SEBI (LODR) Regulations, 2015, the Board of Directors of the Company, in their meeting held on 28th October 2016, had approved and adopted a Dividend Distribution Policy.

Since the approved Dividend Policy was already placed on the website of the Company, it was not annexed to the Board's Report for the FY 2016-17. However, the same is annexed to the Board's Report for the FY 2017-18.

The Boards of Directors, have in their meeting eld on 8th May 2018 appointed M/S. KJB & Co. LLP, Practicing Company Secretaries Auditors of the Company for the Financial year 2018-19.

LOANS, GUARANTEES & INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the financial statements.

RELATED PARTY TRANSACTIONS

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

There are no materially significant Related Party Transactions between the Company and the Directors, the management or the relatives, except for those disclosed in the financial statements and Form AOC-2 **(Annexure 4)**.

All Related Party Transactions were subjected to independent review by Dhruv A. & Co., Chartered Accountants to determine adherence to 'Arm's Length Price' and by Bathiya & Associates LLP, Chartered Accountants, to establish compliance with 'Ordinary Course of Business' requirement. All Related Party Transactions, along with the aforesaid certificates, 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 during the previous financial year, individually or taken together with similar transactions during the last financial year, which exceeded ten percent of the annual turnover of the Company during the financial year 2016-17, are enclosed in prescribed Form AOC-2 as **Annexure 4**.

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.

INTERNAL FINANCIAL CONTROLS

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

CORPORATE SOCIAL RESPONSIBILITY

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

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

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

PUBLIC DEPOSITS

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

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE REPORT

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

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report of the Company for the year ended 31st March, 2018 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. 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, 2018, 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, 2018 and of the loss of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) the Directors have prepared the annual accounts on a going concern basis; and

e) the Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and operating effectively.

f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and such systems are adequate and operating effectively.

ACKNOWLEDGEMENTS

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

For and on behalf of the Board of Directors

Dilip S. Shanghvi
Chairman & Managing Director

Place: Mumbai
Date: May 8, 2018

Annexure I

FORM MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended 31.03.2018

Pursuant to section 92(3) o f 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	53.10%	2 (87) (ii)

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

i) Category-wise shareholding

	Category of Shareholders	No. of Shares held at the beginning of the year (1st April 2017)				No. of Shares held at the end of the year (31st March 2018)				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A	**Promoter***									
1)	**Indian**									
a)	Individual/HUF	35878251	-	35878251	14.53%	35878251	-	35878251	14.30%	0.00%
b)	Central Government/ State Government	-	-	-	-	-	-	-	-	0.00%
c)	Bodies Corporate	129221342	1200	129222542	52.34%	133261746	1200	133262946	53.11%	1.61%
d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	0.00%
e)	Any other (specify)									
	Trusts	154922	-	154922	0.06%	154922	-	154922	0.06%	0.00%
Sub total (A) (1)		**165254515**	**1200**	**165255715**	**66.93%**	**169294919**	**1200**	**169296119**	**67.47%**	**1.61%**
2)	**Foreign**									
a)	Individuals (NRIs)	-	-	-	-	-	-	-	-	0.00%
b)	Other Individuals	-	-	-	-	-	-	-	-	0.00%
c)	Bodies Corporate	-	-	-	-	-	-	-	-	0.00%
d)	Financial Institutions/ Bank	-	-	-	-	-	-	-	-	0.00%
e)	Any other	-	-	-	-	-	-	-	-	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)		**165254515**	**1200**	**165255715**	**66.93%**	**169294919**	**1200**	**169296119**	**67.47%**	**1.61%**
B	**Public Shareholding**									
1)	**Institutions**									
a)	Mutual Funds	2960204	249144	3209348	1.30%	4663147	249244	4912391	1.96%	0.68%
b)	Financial Institutions/ Banks	559689	184	559873	0.23%	125595	84	125679	0.05%	-0.17%
c)	Central Government/ State Government	-	-	-	-	-	-	-	-	0.00%
d)	Venture Capital Funds	-	-	-	-	-	-	-	-	0.00%
e)	Insurance Companies	-	-	-	-	-	-	-	-	0.00%
f)	FIIs/ FPIs	18091177	1200	18092377	7.33%	17514255	1200	17515455	6.98%	-0.23%
g)	Foreign Venture Capital	-	-	-	-	-	-	-	-	0.00%
j)	Any other (specify):	-	-	-	-	-	-	-	-	0.00%
Sub total (B) (1)		**21611070**	**250528**	**21861598**	**8.85%**	**22302997**	**250528**	**22553525**	**8.99%**	**0.28%**

Category of Shareholders			No. of Shares held at the beginning of the year (1st April 2017)				No. of Shares held at the end of the year (31st March 2018)				% Change during the year
			Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2)	**Non- Institutions**										
a)	Bodies Corporate										
	i)	Indian	10056747	12439	10069186	4.08%	10733073	12439	10745512	4.28%	0.27%
	ii)	Overseas	9600	-	9600	0.00%	9600	-	9600	0.00%	0.00%
b)	Individuals										
	i)	Individual shareholders holding nominal share capital upto ₹ 1 lakh	25274456	887947	26162403	10.60%	22067124	846458	22913582	9.13%	-1.29%
	ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	9521683	-	9521683	3.86%	12386502	-	12386502	4.94%	1.14%
c)	Others (specify)									0.00%	
	i)	Non Resident Indians(Repat)	839235	12930	852165	0.35%	600272	11442	611714	0.24%	-0.10%
	ii)	Non Resident Indians(Non-Repat)	363505	-	363505	0.15%	385641	-	385641	0.15%	0.01%
	iii)	Clearing Members	518958	-	518958	0.21%	221935	-	221935	0.09%	-0.12%
	iv)	Trusts	10318870	-	10318870	4.18%	10319170	-	10319170	4.11%	0.00%
	v)	Hindu Undivided Families	1962294	-	1962294	0.79%	1491895	-	1491895	0.59%	-0.19%
	vi)	Others (specify)	-	-	-	0.00%	-	-	-	0.00%	0.00%
Sub total (B) (2)			**58865348**	**913316**	**59778664**	**24.21%**	**58215212**	**870339**	**59085551**	**23.55%**	**-0.28%**
Total shareholding of Public & Public Group (B)= (B)(1)+(B)(2)			**80476418**	**1163844**	**81640262**	**33.07%**	**80518209**	**1120867**	**81639076**	**32.53%**	**0.00%**
C	**Shares held by Custodian for GDRs & ADRs (C)**		**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.00%**
GRAND TOTAL (A)+(B)+(C)			**245730933**	**1165044**	**246895977**	**100.00%**	**249813128**	**1122067**	**250935195**	**100.00%**	**1.61%**

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

ii) Shareholding of Promoters

Sr No.	Shareholder's Name	Shareholding at the beginning of the year (1st April 2017)			Shareholding at the end of the year (31st March 2018)			% 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	11.38%	-	28102795	11.20%	-	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	11.38%	-	-	No change	28102795	11.20%

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	Viditi Investments Pvt. Ltd.	24691877	10.00%	-	-	No change	24691877	9.84%
2	Tejaskiran PharmaChem Industries Pvt. Ltd.	24238132	9.82%	-	-	No change	24238132	9.66%
3	Quality Investment Pvt. Ltd.	23832880	9.65%	15 Dec 2017	1616160	Acquisition shares on conversion of warrants	25449040	10.14%
4	Family Investment Pvt. Ltd.	23668141	9.59%	-	-	No change	23668141	9.43%
5	Virtuous Share Investments Pvt. Ltd.	12545473	5.08%	15 Dec 2017	808082	Acquisition shares on conversion of warrants	13353555	5.32%
6	Virtuous Finance Pvt. Ltd.	11805960	4.78%	15 Dec 2017	1616162	Acquisition shares on conversion of warrants	13422122	5.35%
7	Sun Pharmaceutical Industries Key Employees Benefit Trust	10317377	4.18%	-	-	No change	10317377	4.11%

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
8	Seafarer Overseas Growth and Income Fund	7648846	3.10%	19 May 2017	51154	Transfer	7700000	3.12%
				26 May 2017	50000	Transfer	7750000	3.14%
				02 Jun 2017	205003	Transfer	7955003	3.22%
				09 Jun 2017	40627	Transfer	7995630	3.24%
				16 Jun 2017	4370	Transfer	8000000	3.24%
				23 Jun 2017	25000	Transfer	8025000	3.25%
				27 Oct 2017	75000	Transfer	8100000	3.28%
				10 Nov 2017	18711	Transfer	8118711	3.29%
				17 Nov 2017	56289	Transfer	8175000	3.31%
				02 Feb 2018	75000	Transfer	8250000	3.29%
				09 Mar 2018	28551	Transfer	8278551	3.30%
				16 Mar 2018	191183	Transfer	8469734	3.38%
				23 Mar 2018	50266	Transfer	8520000	3.40%
				31 Mar 2018	105000	Transfer	8625000	3.44%
9	Aditya Medisales Limited	4888126	1.98%	-	-	No change during the year	4888126	1.95%
10	Matthews India Fund	4196014	1.70%	28 Apr 2017	(123642)	Transfer	4072372	1.65%
				05 May 2017	(76358)	Transfer	3996014	1.62%
				19 May 2017	(166558)	Transfer	3829456	1.55%
				26 May 2017	(33442)	Transfer	3796014	1.54%
				07 Jul 2017	(160625)	Transfer	3635389	1.47%
				14 Jul 2017	(108268)	Transfer	3527121	1.43%
				21 Jul 2017	(1231107)	Transfer	2296014	0.93%
				04 Aug 2017	(194682)	Transfer	2101332	0.85%
				11 Aug 2017	(170000)	Transfer	1931332	0.78%
				18 Aug 2017	(354716)	Transfer	1576616	0.64%
				15 Sep 2017	(740000)	Transfer	836616	0.34%
				22 Sep 2017	(381201)	Transfer	455415	0.18%
				29 Sep 2017	(298164)	Transfer	157251	0.06%
				06 Oct 2017	(157251)	Transfer	0	0.00%
11	Lakshwadeep Investments & Finance Pvt. Ltd	4080142	1.65%	-	-	No change during the year	4080142	1.63%

**Date of Corporate Action / download of beneficiary details 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 S. Shanghvi Chairman & Managing Director	28102795	11.38%			No change	28102795	11.20%
2	Sudhir V. Valia Director	1833951	0.74%			No change	1833951	0.73%
3	T Rajamannar Non-Executive Director	35657	0.01%			No change	35657	0.01%
4	Ms. Bhavna Doshi Independent Director	-	-			No change	-	-
5	Dr. Ferzaan Engineer Independent Director	-	-			No change	-	-
6	Mr. Mark Simon Independent Director	-	-			No change	-	-
7	Mr. Chetan Rajpara CFO	10285	0.00%			No change	10285	0.00%
8	Debashis Dey Company Secretary	-	-			No change	-	-

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	-	313.71	-	313.71
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	4.77	-	4.77
Total (i+ii+iii)	**-**	**318.48**	**-**	**318.48**
Change in Indebtedness during the financial year				
i) Addition	-	-	-	-
ii) Reduction	-	86.18	-	86.18
Net Change (i-ii)	**-**	**(86.18)**	**-**	**(86.18)**
Indebtedness at the end of the financial year				
i) Principal Amount	-	228.49	-	228.49
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	3.81	-	3.81
Total (i+ii+iii)	**-**	**232.30**	**-**	**232.30**

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 S. Shanghvi Chairman & Managing Director	Total Amount
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961	-	-
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission	-	-
	as a % of profit	-	-
	others (sepcify)	-	-
5	Others, please specify	-	-
	Total (A)	**-**	**-**
	Ceiling as per the Act	**NA**	**NA**

B) Remuneration to other directors:

(₹ in Lakhs)

Sr. No.	Particulars of Remuneration	Name of Directors								Total Amount
		Prof. Dr. Andrea Vasella	Ms. Bhavna Doshi	Prof. Dr. Goverdhan Mehta[2]	Mr. S Mohanchand Dadha[2]	Mr. Mark Simon[1]	Dr. Ferzaaan Engineer[1]	Dr. T Rajamannar	Mr. Sudhir V. Valia	
1	**Independent Directors**									
	i) Fee for attending board committee meetings	2.70	6.30	1.50	2.40	3.90	4.20			21.00
	ii) Commission	-	-	-	-	-	-			-
	iii) Others, please specify	-	-	-	-	-	-			-
	Total (1)	**2.70**	**6.30**	**1.50**	**2.40**	**3.90**	**4.20**			**21.00**
2	**Other Non-Executive Directors**									
	i) Fee for attending board committee meetings							3.00	3.60	6.60
	ii) Commission							-	-	-
	iii) Others, please specify							-	-	-
	Total (2)							**3.00**	**3.60**	**6.60**
	Total (B)=(1+2)									**27.60**
	Total Managerial Remuneration									**27.60**
	Overall Ceiling as per the Act									**N.A**

[1] *Appointed w.e.f: 5th May 2017*

[2] *Retired w.e.f. 5th August 2017*

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	28.11	101.16	129.27
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	-	0.55	0.55
	(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 (specify)	-	-	-
5	Others, please specify	-	-	-
	Total	**28.11**	**101.71**	**129.82**

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[1] 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	N.A.
Mr. Sudhir V. Valia	0.40
Dr. T Rajamannar	0.33
Mr. S Mohanchand Dadha	0.27
Prof. Dr. Goverdhan Mehta	0.17
Prof. Dr. Andrea Vasella	0.30
Ms. Bhavna Doshi	0.70
Dr. Ferzaan Engineer	0.43
Mr. Mark Simon	0.46

[1] Remuneration includes sitting fees paid

ii) Percentage increase in remuneration[1] 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 2017-18
Mr. Dilip S. Shanghvi (Chairman & Managing Director)	N.A.
Mr. Sudhir V. Valia[2] (Director)	N.A.
Dr. T Rajamannar (Director)	-9.09%
Mr. S Mohanchand Dadha (Independent Director)	-42.86%
Prof. Dr. Goverdhan Mehta (Independent Director)	-70.59%
Prof. Dr. Andrea Vasella (Independent Director)	-25.00%
Ms. Bhavna Doshi (Independent Director)	16.67%
Dr. Ferzaan Engineer[3] (Independent Director)	N.A.
Mr. Mark Simon[3] (Independent Director)	N.A.
Mr. Chetan Rajpara (Chief Financial Officer)	NIL[4]
Mr. Debashis Dey (Company Secretary)	15.29%

[1] Remuneration includes sitting fees paid.

[2] Mr. Sudhir V. Valia did not draw any salary during the year.

[3] Joined as Director during the year.

[4] Mr. Chetan Rajpara joined the Company as CFO w.e.f: 1st February 2017, hence there was no increase in his salary during the year.

iii) The percentage increase in the median remuneration of employees in the financial year (Median 2017-18/Median 2016-17)

11.18%

iv) The number of permanent employees on the rolls of company as on 31st March 2018

424

v) Average percentile increase already made in the salaries of employees other than the managerial personnel in the 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 percentile increase in salary:

- Employees other than Managerial Personnel: 14.17%
- Managerial Personnel: 15.29%

The average percentile increase in managerial remuneration was comparable to the average percentile increase in non - managerial remuneration. There was no exceptional circumstances or increase in managerial remuneration during the year.

vi) It is hereby affirmed that the remuneration paid is 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 2018.

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

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 31st March 2018, 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 2018, 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 year under review;**

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

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

(i) Secretarial Standards with respect to meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above subject to the following:

1. *The Dividend Distribution Policy is not disclosed in the Annual Report of the Company for the financial year 2016-17 pursuant to requirement of regulation 43A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.*

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 1,51,51,515 Warrants at price (including the warrant subscription price and warrant exercise price) of ₹ 330/- each on 14th July 2017, convertible into or exchangeable for 1 (One) equity share having face value of ₹ 1/- each at a price of ₹ 330/- each.

b) the Company had allotted 40,40,404 fully paid-up equity shares of face value of ₹ 1/- each on 15th December 2017, pursuant to exercise of option of conversion of warrants into equivalent number of equity shares by the warrant holders.

For **C. J. Goswami & Associates,**
Practicing Company Secretaries

Chintan J. Goswami
Proprietor
Mem No. - 33697
C. P. No. - 12721

Date: 5th May 2018
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 **C. J. Goswami & Associates,**
Practicing Company Secretaries

Chintan J. Goswami
Proprietor
Mem No. - 33697
C. P. No. - 12721

Date: 5th May 2018
Place: Mumbai.

Annexure - 4

FORM NO. AOC. 2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's 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)

i) 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	: N.A.
(b)	Nature of contracts/arrangements/transactions	: N.A.
(c)	Duration of the contracts/arrangements/transactions	: N.A.
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	: N.A.
(e)	Justification for entering into such contracts or arrangements or transactions	: N.A.
(f)	Date(s) of approval by the Board	: N.A.
(g)	Amount paid as advances, if any	: N.A.
(h)	Date on which the special resolution was passed in general meeting as required under first proviso to section 188	: N.A.

ii) 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:
1)	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	Purchase of leasehold land and building at Village Savli (GIDC), Manjusar, Vadodara. Price: ₹ 2,516.33 Lakhs	Not Applicable	₹ 2,516.33 Lakhs

	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:
		Transfer of Property	One Time	Sale of Company's property at Tandalja, Vadodara as per MOU Price: ₹ 6,385 Lakhs	Not Applicable	Nil
2)	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
3)	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
4)	Sun Pharmaceutical Industries Inc.	Reimbursement of HR Expenses incurred by SPI Inc, on behalf of the Company	Valid until terminated, subject to the ratification by the members at the end of every 5 years.	In consideration of the services provided by such identified employees of Sun Pharmaceutical Industries Inc (SPI Inc.), the Company reimburses SPI Inc. proportionate employee cost based on man hours spent by such identified employees towards providing such services to the Company.	Not Applicable	Nil

Annexure - 5

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2017-18

	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 percent of the amount as per 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**

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

Mr. Sudhir V. Valia
(Chairman - CSR Committee)

Annexure 6

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO

I) CONSERVATION OF ENERGY

Power and Fuel Consumption

Our operations are not energy exhaustive. However, the Company undertakes measures 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 works on development of new products for unmet medical needs for global markets like US, EU & Japan, as well as for India and Emerging markets.

The Company develops drugs that are either 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 developing Abuse Deterrent Formulations.

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

i) New Chemical Entities (NCE)

(a) Inflammation

SCD-044, a SIP receptor 1 agonist is being developed in collaboration with Bioprojet for autoimmune disorders. SPARC initiated phase 1 study for SCD-044 in Europe. This study is currently ongoing and no significant safety concerns have been reported.

S0597 is a novel corticosteroid with improved safety profile. In a pilot Psoriasis plaque study S0597 topical demonstrated dose response and efficacy in between low to mid potency steroids.

(b) Anticancer

K0706 and K0954 (back up compound) are potent, orally active and highly selective Bcr-Abl Tyrosine Kinase Inhibitors (TKIs) being developed for treatment of Chronic Myeloid Leukaemia (CML). For K0706 SPARC has completed Phase 1a studies in healthy volunteers and has initiated dose range finding study in CML patients and no significant side effects have been reported. K0954 is under pre-clinical evaluation.

(c) Neurodeneration

K0706 is also being evaluated for Parkinson's Disease. In animal models of Parkinson's disease, K0706 demonstrated remarkable efficacy and prevented disease progression.

SPARC completed Phase 1 safety & tolerability studies in healthy volunteers and is now initiating a phase 2 clinical Proof of Concept 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 completed pivotal phase 3 studies of Baclofen and preparing to discuss the outcomes of the studies with the FDA to decide the future course of action.

(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), Wrap Matrix™ Technology. NDA for Elepsia™ XR has been filed with USFDA, approval is pending due to non-compliance of the manufacturing facility of our partner.

(c) Nanotecton™ Technology

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

SPARC has developed Taclantis™ (PICS) using

Nanotecton™ technology. The Company has initiated pivotal BE study of Taclantis™ for its registration in the USA.

(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 initiated Human Abuse Liability (HAL) study in recreational users.

(e) 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 DPI met the end point for PIF study. In the Low dose PK study bio-equivalence was established for Fluticasone, however, Salmeterol component did not meet bio- equivalence criteria.

SPARC is assessing the future course of action.

(f) 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 Latanoprosteye drops developed with the Company's proprietary SMM technology.

SPARC's NDA for Xelpros™ is under review with USFDA, approval is pending due to non-compliance of the manufacturing facility of our partner.

(g) TearAct™ Technology

SPARC has developed a once-a-day formulation of Brimonidine eye drops for Glaucoma based on its proprietary Tear Act™ Technology. The currently marketed product requires three times a day dosing, which leads to patient compliance issues.

We completed Phase 2 Proof of Concept study in Glaucoma patients in Europe. The outcomes of the study confirmed the benefits of our once-a-day formulation compared to the currently marketed formulation.

We have now filed IND with USFDA and initiating pivotal Phase 3 study for its registration.

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

SPARC is relentless in its efforts on developing drugs for patients with 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 be developed for several different drugs.

The drugs under development are expected provide compliance benefit, safety advantage or superior efficacy compared to available treatment options which can significantly 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 section.

4. EXPENDITURE ON R&D

₹ in Lakhs

		Year ended 31st March, 2018	Year ended 31st March, 2017
a)	Capital	752.68	837.05
b)	Revenue	32,086.73	30,372.38
c)	Total	32,839.41	31,209.43
d)	Total R&D expenditure as % of Total Turnover	419.63	172.40

III) FOREIGN EXCHANGE EARNINGS & OUTGO

₹ in Lakhs

	Year ended 31st March, 2018	Year ended 31st March, 2017
Earnings	40,22.93	14,225.35
Outgo	15,933.12	16,344.93

Dividend Distribution Policy

ANNEXURE A TO BOARD'S REPORT

(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 here under 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 PAYOUT

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 pay out shall, majorly be based on the aforesaid factors considering the balanced interest of the stakeholders and the business requirements of the Company.

- **Accumulated Losses, if any**

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

- **Operating Cash Flow of the Company**

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

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

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

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

  The decision of dividend payout shall also be subject to compliance with covenants contained in any agreement entered into by the Company with the Lenders/ Debenture Trustees, from time to time, if any.

- **Prudential & Strategic Requirements**

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

- **Expectations of Major Stakeholders,including small shareholders**

  The Board, while considering the decision of dividend payout 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 expect 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 pay out during a particular year

- **Extent of Realized Profits**

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

- **Return on Invested Capital**

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

- **Magnitude of Earnings of the Company**

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

- **Cost of Borrowings**

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

- **Obligations to Creditors**

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

- **Adequacy of Profits**

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

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

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

8. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

- **Internal Factors**
  - **Product/ Project Expansion Plan**

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

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

    In addition to the above, the general working capital requirement with in the Company will also impact the decision of dividend declaration.
  - **Past Performance/Reputation of the Company**

    The trend of the performance/reputation of the Company that has been during the past years determine the expectation of the shareholders.
- **External Factors**
  - **Macroeconomic Conditions**

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

    When the markets are favorable, dividend 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.
  - **Statutory Restrictions**

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

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

9. RANGE OF DIVIDEND PAYOUT

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

10. MANNER OF UTILISATI ON 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 stake holders in the long run. There tained earnings of the Company may, inter alia, be utilized for the following purposes:

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

11. REVIEW AND AMENDMENT

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

Corporate Governance Report

In compliance with regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 "SEBI (LODR) Regulations", the Company submits the report for the year ended 31st March, 2018 on the matters mentioned in the said regulations and lists the practices followed by the Company.

1. Company's Philosophy on Corporate Governance

The Company's philosophy on Corporate Governance is guided by strong emphasis on transparency, accountability, responsibility, fairness, integrity, consistent value systems and delegation across all facets of its operations leading to sharply focused and operationally efficient growth. The Company's beliefs on Corporate Governance are intended 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. 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

The Board of Directors of your Company ('hereinafter referred to as 'the Board' or the 'Board of Directors') as on 31st March, 2018 comprised of six Directors as detailed below:

Composition and category of Directors as on 31st March, 2018:

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

Prof. Dr. Andrea Vasella, Prof. Dr. Goverdhan Mehta and Mr. S. Mohanchand Dadha, retired as Independent Directors of the Company on 5th August, 2017 on conclusion of their tenure.

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

Name of Director	Number of Board meetings held during respective tenure of Director	Attendance Particulars for the financial year ended 31st March, 2018		No. of other directorships and committee memberships / chairmanships as of 31st March, 2018[1]		
		Board Meetings	12th AGM held on 5th August, 2017	Other Directorships[1]	Committee Memberships[2]	Committee Chairmanships[2]
Mr. Dilip S. Shanghvi	4	4	Yes	1	1	-
Mr. Sudhir V. Valia	4	3	Yes	4	2	-
Dr. T. Rajamannar	4	4	Yes	-	-	-
Mr. S. Mohanchand Dadha[3]	2	2	Yes	NA	NA	NA
Prof. Dr. Goverdhan Mehta[3]	2	1	No	NA	NA	NA
Prof. Dr. Andrea Vasella[3]	2	2	Yes	NA	NA	NA
Ms. Bhavna Doshi	4	4	Yes	9	4	4
Mr. Mark Simon	4	3	Yes	Nil	Nil	Nil
Dr. Ferzaan Engineer	4	4	Yes	Nil	Nil	Nil

[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] retired as Independent Directors of the Company on 5th August 2017 on conclusion of their tenure.

Four Board meetings were held during the financial year ended 31st March, 2018 on following dates:

(i) 5th May, 2017, (ii) 5th August, 2017, (iii) 27th October, 2017 and (iv) 29th January, 2018.

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.

Details of Equity Shares held by Non-Executive Directors as on 31st March, 2018:

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

The details of familiarization program held for the Independent Directors 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.

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 Director – Mr. Sudhir V. Valia. Prof. Dr. Andrea Vasella, Prof. Dr. Goverdhan Mehta and Mr. S. Mohanchand Dadha ceased to be members of this Committee, consequent to their retirement as Directors of the Company, with effect from 5th August, 2017.

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

The Committee acts as a link between the management, external & internal auditors and the Board of Directors of the Company.

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

a. To oversee the Company's financial reporting process

b. To review the adequacy of internal audit function

c. To review with the management the quarterly / half yearly / annual financial results / statements and auditor's report thereon before submission to the board for approval

d. To review with the management the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.)

e. To review and monitor the auditor's independence and performance, and effectiveness of audit process

f. To recommend the appointment / re-appointment of Statutory Auditors and Internal Auditors and fixation of audit fees. Approval of payment to statutory auditors of any other services rendered by the statutory auditors

g. To review the significant internal audit findings / related party transactions, reviewing the management discussion and analysis of financial condition and result of operations and also statutory compliance issues relating to financial statements

h. To evaluate internal financial controls and risk Management system

i. To review the functioning of the Whistle Blower Mechanism / Vigil Mechanism

j. To scrutinize of inter-corporate loans and investments, if any

k. To review valuation of undertakings or assets of the Company, wherever it is necessary

l. To approve appointment of CFO, etc.

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 th financial year ended 31st March, 2018 on the following dates:

(i) 5th May, 2017, (ii) 5th August, 2017, (iii) 27th October, 2017 and (iv) 29th January, 2018.

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

Name of Director	Chairperson/Member	No. of meetings held during respective tenure of the Member	No. of meetings attended
Ms. Bhavna Doshi	Chairperson	4	4
Mr. S. Mohanchand Dadha[1]	Member	2	2
Prof. Dr. Goverdhan Mehta[1]	Member	2	1
Prof. Dr. Andrea Vasella[1]	Member	2	2
Mr. Mark Simon[2]	Member	3	3
Dr. Ferzaan Engineer[2]	Member	3	3
Mr. Sudhir V. Valia	Member	3	2

[1]Ceased to be members with effect from 5th August, 2017
[2]Appointed as Members of the Committee on 5th May, 2017 (effective 5th August, 2017)

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. Mr. S. Mohanchand Dadha, Prof. Dr. Goverdhan Mehta and Prof. Dr. Andrea Vasella ceased to be members of this Committee, consequent to their retirement as Directors of the Company, with effect from 5th August 2017.

Dr. Ferzaan Engineer is the Chairman and Mr. Debashis Dey, Company Secretary, is the secretary of the Committee.

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

a. To determine the Company's policy on specific remuneration packages for executive directors including pension rights and any compensation payment

b. To review, recommend and/or approve remuneration to whole time directors

c. To review and recommend the Remuneration Policy of the Company

d. To approve grant of stock options to directors and employees

e. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board the appointment and removal and carry out evaluation of every director's performance

f. 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

g. To formulate criteria for evaluation of performance of Independent Directors and the Board of Directors

h. To devise a policy on Board Diversity

Four meetings of the Committee were held during the financial year ended 31st March, 2018 on the following dates:

(i) 5th May, 2017, (ii) 5th August, 2017, (iii) 27th October, 2017 and (iv) 29th January, 2018.

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

Name of Director	Chairman/Member	No. of meetings held during respective tenure of the Member	No. of meetings attended
Dr. Ferzaan Engineer[2]	Chairman	3	3
Mr. S. Mohanchand Dadha[1]	Chairman/Member[3]	2	2
Prof. Dr. Goverdhan Mehta[1]	Member	2	1
Prof. Dr. Andrea Vasella[1]	Member	2	2
Ms. Bhavna Doshi	Member	4	4
Mr. Mark Simon[2]	Member	3	3

[1]Ceased to be members with effect from 5th August 2017
[2]Appointed as Members of the Committee on 5th May 2017 (effective 5th August 2017)
[3]Chairman upto 5th May 2017

Criterion for Performance evaluation of individual Directors

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

Each individual Independent Director is reviewed, based on the additional criteria of independence and independent views

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

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:

A. 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.

a. **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

b. **Fixed compensation:** The fixed salaries of the Company's personnel shall be competitive and based on the individual personnel's responsibilities and performance

c. **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

d. **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

e. **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:

f. **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

g. **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

B. 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

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

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

The Non-Executive Directors were paid sitting fees of ₹ 30,000 for attending each meeting of the Board and/or of Committee thereof.

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

The details of the remuneration paid/payable to the directors for the year 2017-18 are given below:

(₹ In Lakhs)

Directors	Salary	Bonus	Perquisites / Benefits	Sitting Fees	Total
Mr. Dilip S. Shanghvi	-	-	-	-	-
Mr. Sudhir V. Valia	-	-	-	3.60	3.60
Dr. T. Rajamannar	-	-	-	3.00	3.00
Mr. S. Mohanchand Dadha	-	-	-	2.40	2.40
Prof. Dr. Goverdhan Mehta	-	-	-	1.50	1.50
Prof. Dr. Andrea Vasella	-	-	-	2.70	2.70
Ms. Bhavna Doshi	-	-	-	6.30	6.30
Dr. Ferzaan Engineer	-	-	-	4.20	4.20
Mr. Mark Simon	-	-	-	3.90	3.90

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).

6. Stakeholders' Relationship Committee

The Stakeholders' Relationship Committee comprises of Dr. T. Rajamannar, Dr. Ferzaan Engineer and Mr. Sudhir V. Valia. Prof. Dr. Goverdhan Mehta and Prof. Dr. Andrea Vasella ceased to be members of this Committee, consequent to their retirement as Directors of the Company, with effect from 5th August 2017.

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

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

a. To look into redressal of grievances of shareholders and other security holders of the Company, if any

b. To consider and resolve grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of Notice/Annual Report, non-receipt of declared dividends, etc.

c. To approve issue of duplicate share certificates and to oversee and review all matters connected with the transfer, transmission and issue of securities

d. To oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor services

e. To investigate any activity within its terms of reference

f. To seek information from share transfer agents

g. To obtain outside legal or other professional advice

h. To secure attendance of outsiders with relevant expertise, if it considers necessary and have full access to the information contained in the records of the Company

Four meetings of the Committee were held during the financial year ended 31st March, 2018 on following dates:

(i) 5th May, 2017, (ii) 5th August, 2017, (iii) 27th October, 2017 and (iv) 29th January, 2018

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

Name of Director	Chairman/Member	No. of meetings held during respective tenure of the Member	No. of meetings attended
Dr. T. Rajamannar	Chairman	4	4
Mr. Sudhir V. Valia	Member	4	3
Prof. Dr. Goverdhan Mehta[1]	Member	2	1
Prof. Dr. Andrea Vasella[1]	Member	2	2
Dr. Ferzaan Engineer[2]	Member	3	3

[1]Ceased to be members with effect from 5th August 2017
[2]Appointed as Members of the Committee on 5th May 2017 (effective 5th August 2017)

Shareholders' Complaints

Mr. Debashis Dey, Company Secretary, is also the Compliance Officer of the Company.
The number of shareholders complaints received and resolved during the year under review, was as follows:

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

7. Corporate Social Responsibility Committee

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. S Mohanchand Dadha ceased to be members of this Committee, consequent to his retirement as Director of the Company, with effect from 5th August 2017.

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 5th May, 2017 during the financial year 2017-18, which was attended by all the members of the Committee on that date.

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, 2018 on the following dates:

(i) 5th May, 2017, (ii) 5th August, 2017, (iii) 27th October, 2017 and (iv) 29th January, 2018.

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

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

[1]Appointed as Members of the Committee on 5th May 2017 (effective 5th August 2017)

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, 2018 on the following dates:

(i) 14th July, 2017 and (ii) 15th December, 2017.

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

Name of Director	Chairman/Member	No. of meetings held during respective tenure of the Member	No. of meetings attended
Dr. T Rajamannar	Chairman	2	2
Mr. Dilip S. 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 any of the meetings of the Committee held during the year, since they were deemed to be interested in the business proposed for discussions at both the meetings.

10. General Body Meetings

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

Year	Meeting	Location	Date	Time	Special Resolution(s) passed at the AGM
2014-15	Tenth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara-390 020 Gujarat	01.08.2015	11.15 A.M	1) Ratification and approval of the appointment of Mr. Sudhir V. Valia as the Chief Financial Officer & consequentially a Whole-time Director of the Company w.e.f: 31st July 2014 to 31st December 2015. 2) Approval/ratification of the shareholders for entering into further transactions with Sun Pharma Global FZE., a 'Related Party', pursuant to the Technology Development Agreement dated 18th February, 2013, for undertaking development program in respect of Liposomal Doxorubicin Drug Delivery Technology. 3) Approval/ratification of the shareholders for entering into further transactions with Sun Pharmaceutical Industries Limited., a 'Related Party', pursuant to the Master Support Service Agreement dated 15th February, 2014. 4) Approval/ratification of the shareholders for entering into further transactions with Sun Pharma Global FZE., a 'Related Party', pursuant to the Master License Agreement dated 20th January, 2014. 5) Approval/ratification of the shareholders for entering into further transactions with Sun Pharma Laboratories Limited, a 'Related Party', pursuant to the Master License Agreement dated 15th January, 2014. 6) Approval/ratification of the shareholders for entering into further transactions with Sun Pharmaceutical Industries Limited., a 'Related Party', pursuant to the Master License Agreement dated 20th January, 2014.
2015-16	Eleventh AGM	Sir Sayajirao Nagargruh, Akota, Vadodara-390 020 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 Nagargruh, Akota, Vadodara-390 020 Gujarat	02.06.2017	11:00 AM	1) Issue of 151,51,515 warrants, each convertible into or exchangeable for one fully paid equity share of ₹ 1 each of the Company, to certain Promoter Group & Non-Promoter Group entities, on Preferential Basis.
2016-17	Twelfth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara-390 020 Gujarat	05.08.2017	11:30 A.M	None

(ii) Postal Ballot - Details of Special Resolutions passed through Postal Ballot during FY 2017-18

None

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

11. Means of Communication

- **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 Nation 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.

12. General Shareholder Information

12.1 Annual General Meeting

(a)	Date and Time	:	Monday, 30th July, 2018, at 10:15 am.
(b)	Venue	:	Prof. Chandravadan C. Mehta Auditorium - General Education Center, Maharaja Sayajirao University of Baroda, Pratap Gunj. Vadodara - 390 002, Gujarat.
(c)	Details of Book Closure for Equity Shareholders	:	Saturday, 21st July, 2018 to Monday, 30th July, 2018 (both days inclusive).

12.2 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:

- Results for quarter ending 30th June, 2018 – Last week of July, 2018.
- Results for quarter ending 30th September, 2018 – Last week of October, 2018 / First week of November, 2018.
- Results for quarter ending 31st December, 2018 – Last week of January, 2019 / First week of February, 2019
- Audited Results for year ended 31st March, 2019 – First or Second week of May, 2019.

12.3	**Dividend Payment Date**	:	Nil
12.4	**(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 Fee	:	Listing Fees for the financial year 2018-19 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.
12.5	**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
	Warrants (convertible into equity shares of ₹ 1each)		
	(a) ISIN for Warrants	:	INE232I13019

12.6 Market Price Data

The market price data of the Equity Shares of the Company on BSE and NSE for the financial year 2017-18 are as follows:

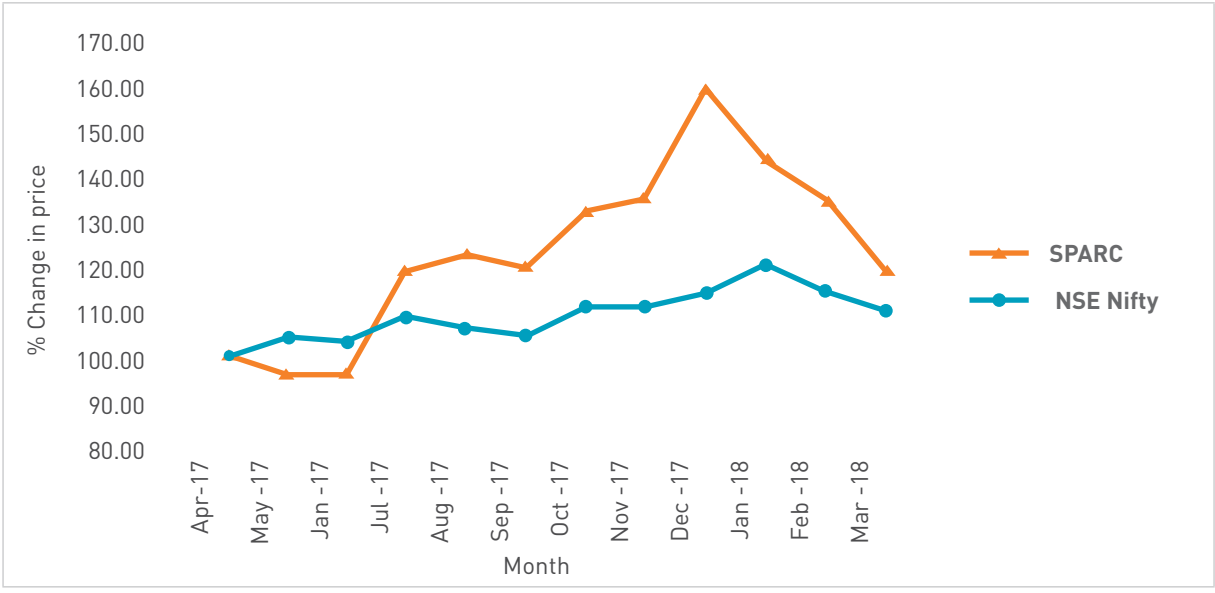
(in ₹)

	BSE Ltd. (BSE)		National Stock Exchange of India Ltd. (NSE)	
	Month's High Price	**Month's Low Price**	**Month's High Price**	**Month's Low Price**
April 2017	351.10	316.95	351.50	317.35
May 2017	320.85	274.30	320.95	274.70
June 2017	308.65	292.40	308.20	293.40
July 2017	378.90	298.70	378.75	298.75
August 2017	423.45	334.90	425.05	335.10
September 2017	419.20	360.75	419.00	359.45
October 2017	436.95	354.80	438.05	354.80
November 2017	444.00	391.85	445.45	391.40
December 2017	512.55	432.85	512.90	433.75
January 2018	518.55	454.50	519.35	453.30
February 2018	457.45	407.20	458.00	406.00
March 2018	417.00	378.35	419.20	377.35

(Source: BSE and NSE website)

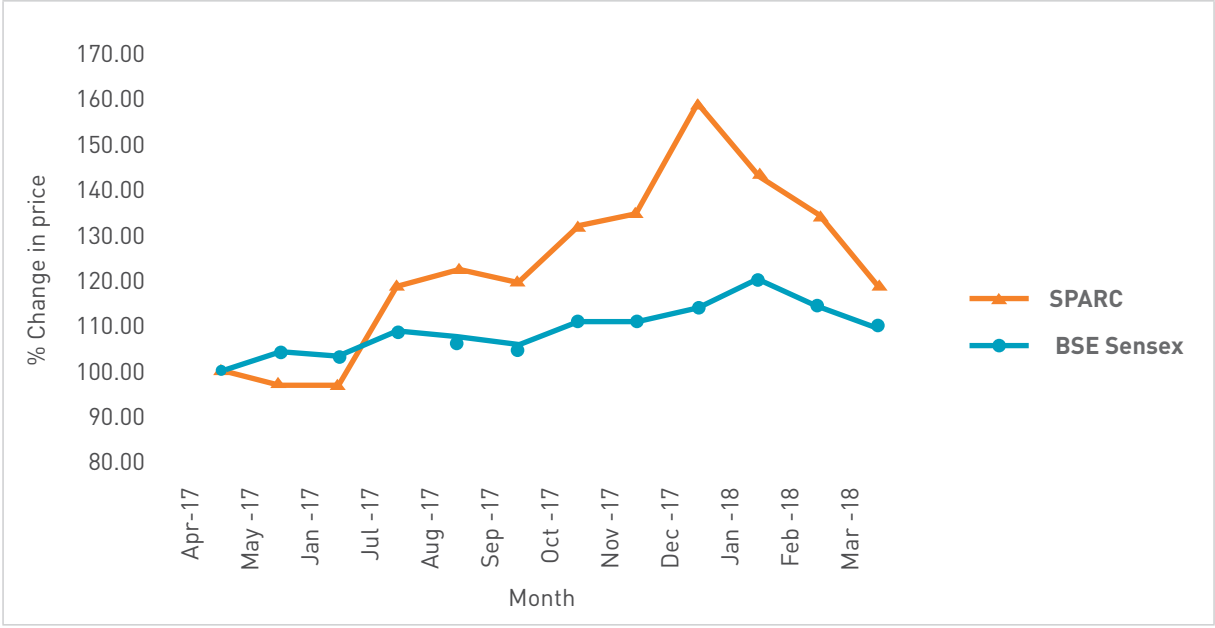
12.7 Share Price Performance in comparison to broad-based indices – BSE Sensex and NSE Nifty

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



(Source: NSE website)

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



(Source: BSE website)

12.8 Registrars & 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

12.9 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).

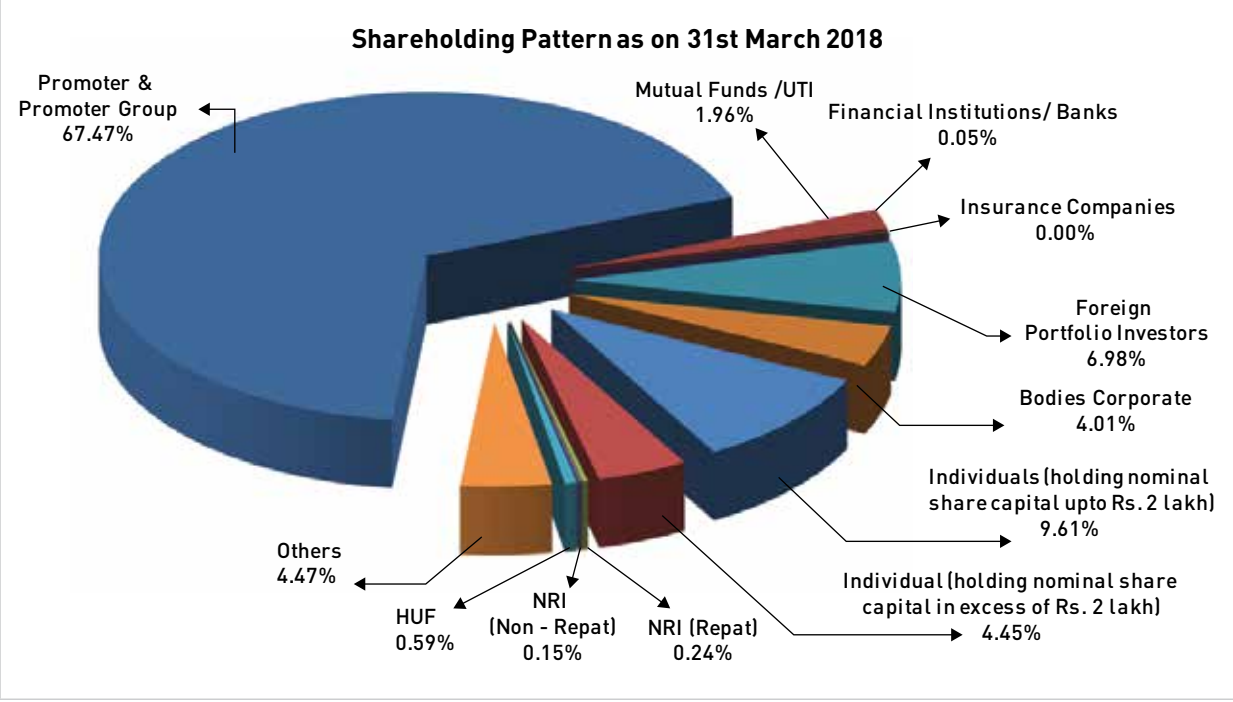
However, the Company may not register a transfer request when any statutory prohibition or any attachment or prohibitory order of a Competent Authority restrains it from transferring the securities from the name of the transferor(s).

12.10 Distribution of Shareholding as on 31st March, 2018

Equity Shares held	No. of Accounts	% to total	No. of Shares	% to total
Upto 100	43847	61.94	17,87,726	0.71
101- 250	11631	16.43	20,26,180	0.81
251 - 500	6058	8.56	23,07,430	0.92
501 - 1000	3890	5.50	28,91,665	1.15
1001 - 2000	3328	4.70	45,18,032	1.80
2001 - 3000	689	0.97	17,15,814	0.68
3001 - 4000	309	0.44	10,90,611	0.44
4001 - 5000	195	0.28	9,01,455	0.36
5001 - 10000	400	0.56	29,07,365	1.16
10001 and above	441	0.62	23,07,90,117	91.97
Total	**70788**	**100.00**	**25,09,36,395**	**100.00**

12.11 Shareholding Pattern of the Company as on 31st March, 2018

Particulars	No. of Shares	% to total
Promoter & Promoter Group	16,92,96,119	67.47%
Mutual Funds /UTI	49,12,391	1.96%
Financial Institutions/ Banks	1,25,679	0.05%
Foreign Portfolio Investors	1,75,15,455	6.98%
Bodies Corporate	1,00,69,186	4.01%
Individuals (holding nominal share capital upto ₹ 2 lakh)	2,41,24,620	9.61%
Individual (holding nominal share capital in excess of ₹ 2 lakh)	1,11,76,664	4.45%
NRI (Repat)	6,11,714	0.24%
NRI (Non-Repat)	3,85,641	0.15%
HUF	14,91,895	0.59%
Others	1,12,27,031	4.47%
Total	**25,09,36,395**	**100.00%**



12.12 Dematerialization of Shares

Out of the total share capital of 25,09,36,395 equity shares, 24,98,14,328 equity shares of the Company representing about 99.55% of the total equity shares of the Company are held in dematerialized mode as on 31st March, 2018.

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 2017-18 is given below:

	NSE	BSE	NSE + BSE
No. of share (in Thousands)	443.13	102.75	545.89
Value of shares (₹ Lakhs)	1,766.89	411.97	2,178.86

(Source: BSE and NSE website)

12.13 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.

Out of the above, 40,40,404 warrants held by certain entities were converted into equivalent number of fully paid equity shares of the Company, on exercise of option by the concerned warrant holders. Consequently, there were 1,11,11,111 warrants outstanding as on 31st March 2018.

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

12.14 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.

12.15 R&D Centres

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

12.16 Investor Correspondence

(a) For transfer, 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 Issrani
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. Disclosures

- No transaction of a material nature has been entered into by the Company with the related parties that may have a potential conflict with the interests of the Company at large. The Register of Contracts containing details of contracts, in which directors are interested, is placed before the Board of Directors regularly. The transactions with the related parties are disclosed in the Financial Statements.
- There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties/ strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority during the last three financial years.
- The Company has laid down procedures to inform Board members about the risk assessment and its minimization, which is periodically reviewed to ensure that risk control is exercised by the management effectively.
- The Board of Directors of the Company at its meeting held on 3rd May, 2014 has approved a Whistle Blower Policy and put in place a mechanism to monitor the actions taken on complaints received under the said policy. This Policy also outlines the reporting procedure and investigation mechanism to be followed in case an employee blows the whistle for

any wrong-doing in the Company. Employees are given protection in two important areas - confidentiality and against retaliation. It is ensured that employees can raise concerns regarding any violation or potential violation easily and free of any fear of retaliation, provided they have raised the concern in good faith. An Ombudsperson has been appointed to receive the complaints through portal, email or letters who would investigate the complaints. The final decision would be taken by the Ombudsperson in consultation with the management and the Audit Committee. The Policy is expected to help to draw the Company's attention to unethical, inappropriate or incompetent conduct which has or may have detrimental effects either for the 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.

- 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 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.

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

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

  (v) M/s. K C Mehta & Associates was the Internal Auditors of the Company for the financial year 2017-18. In its meeting held on 8th May 2018, the Board of Directors have, on the recommendation of the Audit Committee appointed Protiviti India Member Private Limited as the internal Auditors for the financial year 2018-19. The Internal Auditors report their findings to the Audit Committee of the Company.

- The Company does not have any policy on material subsidiaries since it does not have any subsidiary.
- The policy of the Company on dealing with Related Party Transactions is available on the website of the Company and can be accessed through the web link: https://www.sparc.life/policies-and-codes.
- During the year, the Company did not enter into any forward foreign currency contracts.
- The Company has complied with all the requirements of Corporate Governance Report as prescribed under Part C of Schedule V of SEBI (LODR) Regulations.
- The Company has complied with all the Corporate Governance requirements specified in regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of regulation 46 of the SEBI (LODR) Regulations.

For and on behalf of the Board

Dilip S. Shanghvi
Chairman & Managing Director

Place : Mumbai,
Date: 8th May, 2018

Annexure to Corporate Governance

For the Year Ended 31st March, 2018

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 Ltd.**

Dilip S. Shanghvi
Chairman & Managing Director

Place : Mumbai,
Date: 8th May, 2018

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, 2018.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 1 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, 2018 and verified that atleast one women director was on the Board during the year;

   iv. Obtained and read the minutes of the following committee meetings held from April 01,2017 to March 31, 2018:

      (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

   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 Reporton 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, 2018, referred to in paragraph 1 above.

Other matters and Restriction on Use

9. This reportis 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 Ravi Bansal
Partner
Membership Number: 49365

Place of Signature: Mumbai
Date: May 08, 2018

Independent Auditor's Report

To the Members of Sun Pharma Advanced Research Company Limited

Report on the Ind AS Financial Statements

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, 2018, 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 a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 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 control that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder. We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing, issued by the Institute of Chartered Accountants of India, as specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances . An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the year ended March 31, 2017 and the transition date opening balance sheet as at April 01, 2016 included in these Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the accounting principles generally accepted in India, including the Companies (Accounting Standards) Rules, 2006 (as amended) specified under section 133 of the Act, read with the Companies (Accounts) Rules, 2014 audited by the predecessor auditor whose report for the year ended March 31,

2017 and March 31, 2016 dated May 05, 2017 and May 04, 2016 respectively expressed an unmodified opinion on those financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

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 purpose 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, 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 written representations received from the directors as on March 31, 2018, and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018, 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 and the operating effectiveness of such controls, refer to our separate Report in "Annexure 2" to this report

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note 41 to the Ind AS financial statements;

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

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

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

per Ravi Bansal
Partner
Membership Number: 49365

Place of Signature: Mumbai
Date: May 08, 2018

Annexure I to the Independent Auditor's Report

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, 2018) ₹ in Lakhs	Net Block (as at March 31, 2018) ₹ in Lakhs	Remarks
R&D building (4th and 5th Floor) located at 17-B Mahal Industrial Estate, Off. Mahakali Caves Road, Andheri (West), Mumbai -400 093, admeasuring 1,041.29 square meters.	285.99	219.29	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 and therefore, the question of reporting on whether, physical verification has been carried out at reasonable intervals and discrepancies noticed on physical verification were material, does not arise.

(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.

(vi) To the best of our knowledge and as explained, the Company is not in the business of sale of any goods. Therefore, in our opinion, the provisions of clause 3(vi) of the Order are not applicable to the Company.

(vii) (a) Undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of custom, value added tax, goods and service tax, cess and other statutory dues have generally been regularly deposited with the appropriate authorities though there has been a slight delay in a few cases. The provisions relating to duty of excise are not applicable to the Company.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, sales-tax, duty of custom, value

added tax, goods and service tax, cess and other statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable. The provisions relating to duty of excise are not applicable to the Company.

(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 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	23.53	-	23.53	October 2008 to March 2012	Commissioner (Appeals)
The Central Excise Act,1944	Service Tax	49.20	-	49.20	July 2012 to March 2016	Commissioner (Appeals)

(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 debentures during the year.

(ix) According to the information and explanations given by the management, the Company has not raised any money way of initial public offer / further public offer / debt instruments and term loans hence, reporting under clause (ix) is 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 paid managerial remuneration and accordingly, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company and hence reporting under clause 3(xi) is not applicable and hence not commented upon.

(xii) In our opinion, the Company is not a nidhi company. Therefore, 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 Number: 324982E/E300003

per Ravi Bansal
Partner
Membership Number: 49365

Place of Signature: Mumbai
Date: May 08, 2018

Annexure II to the Independent Auditor's Report

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, 2018 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

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

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, 2018, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

per Ravi Bansal
Partner
Membership Number: 49365

Place of Signature: Mumbai
Date: May 08, 2018

Balance Sheet

as at 31st March, 2018

₹ In Lakhs

	Notes	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
ASSETS				
(1) Non-current assets				
(a) Property, plant and equipment	3a	5,151.11	6,915.87	6,995.64
(b) Capital work in progress		326.56	146.68	87.30
(c) Other intangible assets	3b	22.59	-	-
(d) Financial Assets				
(i) Loans	4	0.11	6.31	71.23
(ii) Other financial assets	5	2.21	2.05	1.89
(e) Deferred tax assets (Net)	6	-	-	-
(f) Income tax assets (Net)	7	5,331.65	4,324.12	2,251.87
(g) Other non-current assets	8	2,524.32	31.71	80.55
Total non-current assets		**13,358.55**	**11,426.74**	**9,488.48**
(2) Current assets				
(a) Financial Assets				
(i) Investments	9	10,756.62	964.83	-
(ii) Trade receivables	10	1,755.94	3,890.02	915.96
(iii) Cash and Cash Equivalents	11	20.30	6,358.39	400.01
(iv) Bank balances other than (iii) above	12	112.17	672.24	874.84
(v) Loans	13	58.15	140.85	88.28
(vi) Other financial assets	14	1.58	58.87	126.72
(b) Other current assets	15	4,817.71	3,742.62	4,195.82
Total current assets		**17,522.47**	**15,827.82**	**6,601.63**
TOTAL ASSETS		**30,881.02**	**27,254.56**	**16,090.11**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	16	2,509.44	2,469.04	2,366.97
(b) Other equity	17	15,962.99	13,346.57	637.37
Total equity		**18,472.43**	**15,815.61**	**3,004.34**
Liabilities				
(1) Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	18	163.57	218.09	272.61
(b) Provisions	19	634.04	418.19	329.60
Total non-current liabilities		**797.61**	**636.28**	**602.21**
(2) Current liabilities				
(a) Financial liabilities				
(i) Borrowings	20	10.40	41.10	5,247.62
(ii) Trade Payables	21	10,248.49	9,445.29	5,815.11
(iii) Other financial liabilities	22	181.46	170.08	321.08
(b) Other current liabilities	23	761.02	811.26	887.47
(c) Provisions	24	409.61	334.94	212.28
Total current liabilities		**11,610.98**	**10,802.67**	**12,483.56**
TOTAL EQUITY AND LIABILITIES		**30,881.02**	**27,254.56**	**16,090.11**
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 RAVI BANSAL
Partner
Membership No. 49365

Mumbai, May 08, 2018

ANIL KUMAR RAGHAVAN
Chief Executive Officer

CHETAN M. RAJPARA
Chief Financial Officer

DEBASHIS DEY
Company Secretary

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

DILIP S. SHANGHVI
Chairman & Managing Director
DIN: 00005588

SUDHIR V. VALIA
Director
DIN: 00005561

Mumbai, May 08, 2018

Statement of Profit and Loss

for the year ended 31st March, 2018

₹ In Lakhs

		Notes	Year ended March 31, 2018	Year ended March 31, 2017
(I)	Revenue from operations	25	7,825.89	18,102.48
(II)	Other income	26	494.26	1,372.01
(III)	**Total income (I + II)**		8,320.15	19,474.49
(IV)	**Expenses**			
	Cost of material consumed	27	2,680.65	2,516.06
	Employee benefits expense	28	10,092.41	8,430.17
	Clinical trial expenses		11,736.24	13,663.43
	Finance costs	29	12.33	181.98
	Depreciation and amortisation expense	3a & 3b	818.46	823.97
	Other expenses	30	7,577.43	5,762.72
	Total expenses (IV)		**32,917.52**	**31,378.33**
(V)	**Profit / (Loss) before exceptional item and tax (III - IV)**		(24,597.37)	(11,903.84)
(VI)	Exceptional Item	31	4,897.58	-
(VII)	**Profit / (Loss) before tax (V + VI)**		(19,699.79)	(11,903.84)
(VIII)	Tax expense - current tax		-	-
(IX)	**Profit / (Loss) for the year (VII - VIII)**		(19,699.79)	(11,903.84)
(X)	**Other comprehensive income**			
	A) Items that will not be reclassified to profit or loss			
	i. Remeasurement of the defined benefit plans		(143.39)	(45.94)
	Total other comprehensive income (A)		**(143.39)**	**(45.94)**
(XI)	**Total comprehensive income for the year (net of tax) (IX + X)**		**(19,843.18)**	**(11,949.78)**
(XII)	**Earning per equity share**	36		
	(Face value ₹ 1/- per equity share)			
	Basic and Diluted (in ₹)		(7.94)	(4.84)
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 RAVI BANSAL
Partner
Membership No. 49365

Mumbai, May 08, 2018

ANIL KUMAR RAGHAVAN
Chief Executive Officer

CHETAN M. RAJPARA
Chief Financial Officer

DEBASHIS DEY
Company Secretary

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

DILIP S. SHANGHVI
Chairman & Managing Director
DIN: 00005588

SUDHIR V. VALIA
Director
DIN: 00005561

Mumbai, May 08, 2018

Statement of Changes in Equity

for the Year Ended 31st March, 2018

₹ 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 account	Retained Earnings	
Balance as at April 1, 2016	**236,687,354**	**2,366.97**	**189.97**	**3,397.66**	**19,347.67**	**(22,297.93)**	**3,004.34**
Loss for the year	-	-	-	-	-	(11,903.84)	(11,903.84)
Remeasurement of the defined benefit plans	-	-	-	-	-	(45.94)	(45.94)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**(11,949.78)**	**(11,949.78)**
Add : Annulment of forfeited shares	4,542	0.03	-	-	1.21	-	1.24
Add : Equity shares issued on right basis	10,204,081	102.04	-	-	-	-	102.04
Add : Premium on right issue	-	-	-	-	24,897.96	-	24,897.96
Less : Share issue expenses	-	-	-	-	(50.22)	-	(50.22)
Less : Transferred on issue of equity shares on right basis	-	-	(189.97)	-	-	-	(189.97)
Balance as at March 31, 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**

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 RAVI BANSAL
Partner
Membership No. 49365

Mumbai, May 08, 2018

ANIL KUMAR RAGHAVAN
Chief Executive Officer

CHETAN M. RAJPARA
Chief Financial Officer

DEBASHIS DEY
Company Secretary

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

DILIP S. SHANGHVI
Chairman & Managing Director
DIN: 00005588

SUDHIR V. VALIA
Director
DIN: 00005561

Mumbai, May 08, 2018

Cash flow Statement

as at 31st March, 2018

₹ In Lakhs

		As at March 31, 2018	As at March 31, 2017
A.	**Cash flow from operating activities**		
	Profit / (Loss) before exceptional item and tax	(24,597.37)	(11,903.84)
	Adjustments for:		
	Depreciation and amortisation expense	818.46	823.97
	Loss on sale/write off of property, plant and equipment and intangible assets (net)	1.81	16.57
	Finance costs	12.33	181.98
	Interest income	(63.61)	(1,164.72)
	Gain on sale of investment	(402.69)	(15.32)
	Gain on fair valuation of investment	(14.62)	(9.44)
	Net unrealised foreign exchange loss	30.50	52.79
	Operating loss before working capital changes	**(24,215.19)**	**(12,018.01)**
	Working capital adjustments :		
	(Increase) / decrease in trade receivables	2,134.42	(2,956.67)
	(Increase) / decrease in other assets	(976.78)	578.69
	Increase / (decrease) in trade payables	772.36	3,568.57
	Increase / (decrease) in other liabilities	(29.48)	(69.42)
	Increase / (decrease) in provisions	147.13	165.31
	Cash used in operations	**(22,167.54)**	**(10,731.53)**
	Income tax paid	(1,007.53)	(2,072.25)
	Cash flow before exceptional item	**(23,175.07)**	**(12,803.78)**
	Exceptional item income (Refer Note 31)	4,897.58	-
	Net cash used in operating activities (A)	**(18,277.49)**	**(12,803.78)**
B.	**Cash flow from investing activities**		
	Payments for purchase of property, plant and equipment	(3,263.02)	(857.96)
	Proceeds from disposal of property, plant and equipment	1,494.70	16.44
	Purchase of investments	(55,914.50)	(3,695.00)
	Proceeds from sale / redemption of investments	46,540.02	2,754.93
	Bank balances not considered as cash and cash equivalents		
	Fixed deposits placed	(717.19)	(656.26)
	Fixed deposits matured	1,276.99	669.02
	Interest received	120.90	1,107.57
	Net cash used in by investing activities (B)	**(10,462.10)**	**(661.26)**

₹ In Lakhs

		As at March 31, 2018	As at March 31, 2017
C.	**Cash flow from financing activities**		
	Repayment of borrowings	(85.22)	(5,261.04)
	Proceeds from issue of equity shares	13,333.34	24,761.04
	Proceeds from issue of warrants convertible into equity shares	9,166.67	-
	In Escrow Account (Share Application Money Pending Allotment)	-	189.97
	Finance costs	(13.29)	(264.91)
	Net cash generated from financing activities (C)	**22,401.50**	**19,425.06**
	Net (Increase) / Decrease in Cash and Cash Equivalents (A+B+C)	**(6,338.09)**	**5,960.02**
	Cash and cash equivalents at the beginning of the year (Refer Note 11)	6,358.39	400.01
	Effect of exchange differences on restatement of foreign currency cash and cash equivalents	-	(1.64)
	Cash and cash equivalents at the end of the year (Refer Note 11)	**20.30**	**6,358.39**
	Cash and cash equivalents comprises of		
	Balances with banks		
	In current accounts	20.21	1.70
	In fixed deposits	-	6,356.27
	Cash on hand	0.09	0.42
	Cash and cash equivalents (Refer Note 11)	**20.30**	**6,358.39**

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 RAVI BANSAL
Partner
Membership No. 49365

Mumbai, May 08, 2018

ANIL KUMAR RAGHAVAN
Chief Executive Officer

CHETAN M. RAJPARA
Chief Financial Officer

DEBASHIS DEY
Company Secretary

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

DILIP S. SHANGHVI
Chairman & Managing Director
DIN: 00005588

SUDHIR V. VALIA
Director
DIN: 00005561

Mumbai, May 08, 2018

Notes to Financial Statements

for the year ended 31st March, 2018

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 8, 2018.

2. Significant accounting policies

2.1 Statement of compliance

The Company has prepared financial statements for the year ended March 31, 2018 in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 (as amended) together with the comparative period data as at and for the year ended March 31, 2017. Further, the Company has prepared the opening balance sheet as at April 01, 2016 (the transition date) in accordance with Ind AS.

For all the periods up to the year ended March 31, 2017, the Company had prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

These are the Company's first Ind AS financial statements. Refer Note 43 for the details of first-time adoption exemptions availed by the Company.

2.2 Basis of preparation and presentation

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

Notes to Financial Statements

for the year ended 31st March, 2018

- 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 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

Notes to Financial Statements

for the year ended 31st March, 2018

- 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.

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.

Notes to Financial Statements

for the year ended 31st March, 2018

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. (Refer Note 43)

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 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 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

Notes to Financial Statements

for the year ended 31st March, 2018

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.

Notes to Financial Statements

for the year ended 31st March, 2018

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.

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

Notes to Financial Statements

for the year ended 31st March, 2018

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-month 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, then the entity reverts to recognising impairment loss allowance based on 12-month 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 31st March, 2018

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.

Notes to Financial Statements

for the year ended 31st March, 2018

Reclassification of financial assets-

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

j) Leases

The 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 outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at 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.

Notes to Financial Statements

for the year ended 31st March, 2018

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

Revenue is net of returns, sales tax, service tax, goods and service tax, chargebacks, rebates and other similar allowances.

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

Revenue from services rendered i.e. Sale of Technology / Know-how (rights, licenses and other intangibles) is recognised in the profit or loss as the underlying services are performed or when risk and rewards of ownership of the products are passed on to the customers, which is generally as per agreement. Upfront non-refundable payments received are deferred and recognised as revenue over the expected period over which the related services are expected to be 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 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.

Notes to Financial Statements

for the year ended 31st March, 2018

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

A liability is recognised for benefits accruing to employees in respect of wages and salaries, and casual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service. The liability in respect of leave encashment is provided for on the basis of an actuarial valuation on projected unit credit method at the end of financial year.

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.

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.

Notes to Financial Statements

for the year ended 31st March, 2018

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 31st March, 2018

3a PROPERTY, PLANT AND EQUIPMENT

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

₹ In Lakhs

	Buildings*	Plant and equipment	Furniture and Fixtures	Vehicles	Office Equipment	Total
At cost or deemed cost						
As at April 1, 2016	1,764.38	4,891.55	68.91	255.34	15.46	**6,995.64**
Additions	-	659.82	6.16	108.02	3.67	**777.67**
Disposals	-	(4.22)	-	(41.54)	-	**(45.76)**
As at March 31, 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**
Accumulated depreciation						
As at April 1, 2016	-	-	-	-	-	**-**
Depreciation expenses	35.53	690.58	13.90	75.89	8.07	**823.97**
Eliminated on disposals of assets	-	(0.87)	-	(11.42)	-	**(12.29)**
As at March 31, 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**
Carrying amounts						
As at April 1, 2016	1,764.38	4,891.55	68.91	255.34	15.46	**6,995.64**
As at March 31, 2017	1,728.85	4,857.44	61.17	257.35	11.06	**6,915.87**
As at March 31, 2018	**219.29**	**4,638.67**	**49.17**	**231.75**	**12.23**	**5,151.11**

Notes :

* Pending registration

The company has elected to measure all its PPE at the previous GAAP carrying amount at the date of transition to Ind AS. (Refer Note 43)

3b OTHER INTANGIBLE ASSETS

₹ In Lakhs

	Computer Software
At cost or deemed cost	
As at April 1, 2016	-
Additions	-
Disposals	-
As at March 31, 2017	-
Additions	23.83
Disposals	-
As at March 31, 2018	23.83

Notes to Financial Statements

for the year ended 31st March, 2018

₹ In Lakhs

	Computer Software
Accumulated amortisation	
As at April 1, 2016	-
Amortisation expenses	-
Eliminated on disposals of assets	-
As at March 31, 2017	-
Amortisation expenses	1.24
Eliminated on disposals of assets	-
As at March 31, 2018	1.24
Carrying amounts	
As at April 1, 2016	-
As at March 31, 2017	-
As at March 31, 2018	22.59

4 LOANS (NON-CURRENT)

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Loans / advances to Employee			
Unsecured, considered good	-	6.20	71.12
Security Deposits - Considered Good	0.11	0.11	0.11
	0.11	**6.31**	**71.23**

5 OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
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	2.05	1.89
	2.21	**2.05**	**1.89**

Notes to Financial Statements

for the year ended 31st March, 2018

6 DEFERRED TAX ASSETS (NET)

₹ 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) (Refer Note 44 (3))	2,111.29	(980.64)	1,130.65
	-	-	-

₹ In Lakhs

	As at April 1, 2016	Recognized in Profit or loss	As at March 31, 2017
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	(2,189.00)	(163.83)	(2,352.83)
Expenses claimed for tax purpose on payment basis	187.53	54.01	241.54
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) (Refer Note 44 (3))	2,001.47	109.82	2,111.29
	-	-	-

Unrecognised deferred tax assets relate primarily to unabsorbed buisness 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, 2018	As at March 31, 2017	As at April 1, 2016
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	45,175.41	12,733.99	4,835.27
Unabsorbed depreciation	11,295.48	10,080.13	11,128.80
The unused tax losses will expire from financial year 2017-2018 to financial year 2025-2026			

Notes to Financial Statements

for the year ended 31st March, 2018

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

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Advance Income Tax	5,331.65	4,324.12	2,251.87
[Net of Provisions ₹ 400.00 Lakhs (Previous Year ₹ 400.00 Lakhs)]			
	5,331.65	**4,324.12**	**2,251.87**

8 OTHER NON-CURRENT ASSETS

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Capital advances	2,516.33	14.31	75.47
Prepaid expenses	7.53	16.94	5.08
Unamortised Share Issue Expenses	-	-	-
Balance with government authorities	-	-	-
Receivable on sale of fixed assets	0.46	0.46	-
	2,524.32	**31.71**	**80.55**

9 INVESTMENTS (CURRENT)

₹ In Lakhs

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Quantity	Amount	Quantity	Amount	Quantity	Amount
Investments stated at fair value through profit and loss						
Investments in mutual funds						
Unquoted*						
Reliance Liquid Fund - Cash Plan-Direct Growth Plan (CPAGG) (Face Value of ₹ 1,000 each)	-	-	8,012.44	210.35	-	-
Reliance Liquidity Fund - Direct Growth Plan Growth Option (LQAGG) Face Value of ₹ 1,000 each)	172,164.68	4,506.75	-	-	-	-
BNP Paribas Overnight Fund - Growth (Face Value of ₹ 1,000 each)	93,770.51	2,503.00	30,193.74	754.48	-	-
UTI-Money Market Fund - Institutional Plan - Direct Plan - Growth (Face Value of ₹ 1,000 each)	192,172.38	3,746.87	-	-	-	-
		10,756.62		**964.83**		**-**
Aggregate value of unquoted investments		10,756.62		964.83		-

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

Notes to Financial Statements

for the year ended 31st March, 2018

10 TRADE RECEIVABLES

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured			
Considered good	1,755.94	3,890.02	915.96
Considered doubtful	-	-	-
Less : Allowance for doubtful debts	-	-	-
	1,755.94	**3,890.02**	**915.96**

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 of ₹ 1,692.96. 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.

11 CASH AND CASH EQUIVALENTS

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Balance with Banks			
In current accounts	20.21	1.70	399.62
In deposit accounts with original maturity less than 3 months	-	6,356.27	-
Cash on hand	0.09	0.42	0.39
	20.30	**6,358.39**	**400.01**

12 BANK BALANCES OTHER THAN DISCLOSED IN NOTE 11 ABOVE

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Deposit accounts			
Balances held as margin money or security against guarantees	110.84	670.80	683.72
Earmarked balances with banks			
Share Application money refund account	1.33	1.44	1.15
Share Application money pending allotment	-	-	189.97
	112.17	**672.24**	**874.84**

13 LOANS (CURRENT)

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Loans / advances to employee			
Unsecured (Considered good)	58.15	140.85	88.28
	58.15	**140.85**	**88.28**

Notes to Financial Statements

for the year ended 31st March, 2018

14 OTHER FINANCIAL ASSETS (CURRENT)

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Interest Accrued but not due on Fixed Deposits	1.58	58.87	1.72
Security Deposit	-	-	125.00
	1.58	**58.87**	**126.72**

15 OTHER CURRENT ASSETS

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Prepaid Expenses	202.78	135.69	74.56
Advances for Supply of Goods and Services (Considered good)	204.07	306.68	665.17
Balances with Government Authorities	4,410.86	3,300.25	3,456.09
	4,817.71	**3,742.62**	**4,195.82**

16 EQUITY SHARE CAPITAL

₹ In Lakhs

	As at March 31, 2018		As at March 31, 2017		As at April 1, 2016	
	Number of Shares	Amount	Number of Shares	Amount	Number of Shares	Amount
Authorised						
Equity Shares of ₹ 1 each	266,500,000	2,665.00	266,500,000	2,665.00	266,500,000	2,665.00
	266,500,000	**2,665.00**	**266,500,000**	**2,665.00**	**266,500,000**	**2,665.00**
Issued, Subscribed and Fully Paid Up						
Equity Shares of ₹ 1 each	246,895,977	2,469.04	236,687,354	2,366.97	236,687,354	2,366.87
Add : Annulment of forfeited shares	14	0.00	4,542	0.03	-	-
Add : Shares issued on Right basis	-	-	10,204,081	102.04	-	-
Add : Shares issued against conversion of warrants	4,040,404	40.40	-	-	-	-
Add : Amount Paid up Equity Shares Forfeited @ ₹ 0.60 each	-	-	-	-	-	0.10
	250,936,395	**2,509.44**	**246,895,977**	**2,469.04**	**236,687,354**	**2,366.97**

Disclosures relating to Share Capital

i Rights, Preferences and Restrictions attached to Equity Shares

The Company has only one class of share referred to as equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share however voting rights in respect of 1,584 shares which have been transferred by the Company to 'SPARC Unclaimed Suspense Account' during the previous year in compliance with the requirements of SEBI (LODR) Regulations, 2015 is under suspension.

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

Notes to Financial Statements

for the year ended 31st March, 2018

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, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Equity Shares held	% of Holding	No. of Equity Shares held	% of Holding	No. of Equity Shares held	% of Holding
Dilip Shantilal Shanghvi	28,102,795	11.20%	28,102,795	11.38%	26,809,395	11.33%
Viditi Investment Private Limited	24,691,877	9.84%	24,691,877	10.00%	23,555,458	9.95%
Tejaskiran Pharmachem Industries Private Limited	24,238,132	9.66%	24,238,132	9.82%	23,122,598	9.77%
Quality Investments Private Limited	25,449,040	10.14%	23,832,880	9.65%	22,735,998	9.61%
Family Investments Private Limited	23,668,141	9.43%	23,668,141	9.59%	22,578,841	9.54%
Virtuous Finance Private Limited	13,422,122	5.35%	11,805,960	4.78%	11,262,658	4.76%
Virtuous Share Investment Private Limited	13,353,555	5.32%	12,545,473	5.08%	11,968,080	5.06%

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, 2018		As at March 31, 2017		As at April 1, 2016	
	No. of Equity Shares held	Amount	No. of Equity Shares held	Amount	No. of Equity Shares held	Amount
Opening Balance	246,895,977	2,469.04	236,687,354	2,366.97	236,704,447	2,366.83
Add : Unpaid Call received during the year			-	-	-	0.04
Add : Shares issued on Right Basis	-	-	10,204,081	102.04	-	-
Add : Shares issued against conversion of warrants (Refer Note iv)	4,040,404	40.40	-	-	-	-
Add : Annulment of forfeited shares	14.00	0.00	4,542	0.03	-	-
Add : Amount Paid up on Equity Shares Forfeited @ ₹ 0.60 each	-	-	-	-	-	0.10
Less : Shares forfeited during the year	-	-	-	-	(17,093)	-
Closing Balance	**250,936,395**	**2,509.44**	**246,895,977**	**2,469.04**	**236,687,354**	**2,366.97**

iv During the financial year 2017-2018, company has 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 has 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. The company has not received balance 75% of allotment money for the remaining 11,111,111 warrants as the allottees can exercise option against such warrants upto 18 months from the date of allotment i.e. upto 13th January 2019 and hence, no equity shares have been issued for remaining warrants.

Notes to Financial Statements

for the year ended 31st March, 2018

17 OTHER EQUITY

₹ In Lakhs

		As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
A	**Security premium account**			
	Opening balance	44,196.62	19,347.67	19,514.10
	Add:Premium on calls paid on annulment of forfeited shares during the year	-	1.21	-
	Add:Premium on issue of right shares	-	24,897.96	9.47
	Add:Premium on issue of equity shares against conversion of warrants	13,292.93	-	-
	Less :Share issue expenses	-	(50.22)	(175.90)
		57,489.55	**44,196.62**	**19,347.67**
B	**General reserve**	**3,397.66**	**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	-	-
	Add : Amount received against right issue of equity shares	-	-	189.97
D	**Deficit in statement of profit and loss**			
	Opening balance	34,247.71	22,297.93	15,298.73
	Add : Loss for the year	19,699.79	11,903.84	6,999.20
	Add : Acturial loss on remeasurement of defined benefit obligation	143.39	45.94	-
		54,090.89	**34,247.71**	**22,297.93**
Total (A + B + C - D)		**15,962.99**	**13,346.57**	**637.37**

Nature and purpose of each reserve

Security premium reserve - The amount received in excess of face value of the equity shares in recognised in Security Premium Reserve. This reserve is 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 31st March, 2018

18 BORROWINGS (NON-CURRENT)

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Unsecured term loan from Department of Science and Technology (DST), Government of India under the "Drug and Pharmaceutical Research Program".	163.57	218.09	272.61
Unsecured term loan carries fixed rate of interest @3% p.a. Repayable in 4 (Previous Year 5) 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)" .			
	163.57	**218.09**	**272.61**

19 PROVISIONS (NON-CURRENT)

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
Compensated absences	440.49	415.28	329.60
Gratuity (Refer Note 42)	193.55	2.91	-
	634.04	**418.19**	**329.60**

20 BORROWINGS (CURRENT)

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Loans Repayable on Demand			
From Banks			
Bank Overdraft Facility (Unsecured)	10.40	41.10	220.11
Cash Credit Facility (Secured by Lien on Margin Money Deposits)	-	-	127.51
From Others			
Unsecured Loan	-	-	4,900.00
	10.40	**41.10**	**5,247.62**

Outstanding Bank overdraft carry an average interest rate of MCLR - 6M + 3 % p.a. (March 31, 2017 : FDR + 2 % p.a., April 1, 2016 : FDR + 2 % p.a.)

Outstanding cash credit facility carry an average interest rate of Nil (March 31, 2017 :Nil, April 1, 2016 : base rate + 1% p.a.)

Outstanding borrowings carry an average interest rate of Nil (March 31, 2017 :Nil, April 1, 2016 : 10.2 % p.a.)

Notes to Financial Statements

for the year ended 31st March, 2018

21 TRADE PAYABLE

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Dues to micro and small enterprises (Refer Note 37)	-	-	-
Others	10,248.49	9,445.29	5,815.11
	10,248.49	**9,445.29**	**5,815.11**

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 of ₹ 2,376.58. 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.

22 OTHER FINANCIAL LIABILITIES (CURRENT)

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Current Maturities of Long-term Debt - Unsecured term loan from DST	54.52	54.52	54.52
Interest accrued but not due on borrowings	3.81	4.77	13.58
Interest Payable	-	-	74.12
Security deposits received	87.78	67.02	53.30
Payable on purchase of fixed asset	33.93	42.25	124.32
Unclaimed excess share application money	1.42	1.52	1.24
	181.46	**170.08**	**321.08**

23 OTHER CURRENT LIABILITIES

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Statutory Remittances	372.97	374.48	564.44
Advances from Customers	315.00	315.00	323.03
Others	73.05	121.78	-
	761.02	**811.26**	**887.47**

24 PROVISIONS (CURRENT)

₹ In Lakhs

	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Provision for employee benefits			
Compensated absences	200.10	147.85	119.84
Gratuity (Refer Note 42)	209.51	187.09	92.44
	409.61	**334.94**	**212.28**

Notes to Financial Statements

for the year ended 31st March, 2018

25 REVENUE FROM OPERATIONS

₹ In Lakhs

	Year ended March 31, 2018	Year ended March 31, 2017
Sale of Services - Licence Fee / Royalty on Technology / R&D Services	7,825.89	18,102.48
	7,825.89	**18,102.48**

26 OTHER INCOME

₹ In Lakhs

	Year ended March 31, 2018	Year ended March 31, 2017
Interest income on :		
Deposit with banks	59.29	1,155.99
Loans and advances to employees	4.16	8.05
Others	0.16	0.68
	63.61	**1,164.72**
Net gain on sale of investments	402.69	15.32
Net gain on fair valuation of investments	14.62	9.44
Net Gain on Foreign Currency Transactions and Translation	12.17	181.30
Miscellaneous Income	1.17	1.23
	494.26	**1,372.01**

27 COST OF MATERIALS CONSUMED

₹ In Lakhs

	Year ended March 31, 2018	Year ended March 31, 2017
R&D Materials Consumed	2,680.65	2,516.06
	2,680.65	**2,516.06**

28 EMPLOYEE BENEFITS EXPENSE

₹ In Lakhs

	Year ended March 31, 2018	Year ended March 31, 2017
Salaries and wages	8,836.84	7,491.67
Contribution to provident and other funds	535.32	454.77
Staff welfare expenses	720.25	483.73
	10,092.41	**8,430.17**

Notes to Financial Statements

for the year ended 31st March, 2018

29 FINANCE COSTS

₹ In Lakhs

	Year ended March 31, 2018	Year ended March 31, 2017
Interest Expense on:		
Borrowings	12.33	181.98
	12.33	**181.98**

30 OTHER EXPENSES

₹ In Lakhs

	Year ended March 31, 2018	Year ended March 31, 2017
Consumption of stores and spare parts	280.26	213.01
Power and fuel	492.50	467.42
Rent	59.19	12.21
Rates and taxes	18.80	16.74
Insurance	104.16	113.83
Repairs and maintenance	387.03	401.45
Printing and stationery	23.17	34.36
Travelling and conveyance	607.99	619.12
License and fees	125.37	176.07
Communication	98.66	95.42
Professional, legal and consultancy	4,619.03	2,415.81
Loss on Sale / write off of fixed assets (Net)	1.81	16.57
Payment to Auditors		
As Auditors	19.65	19.00
For Reimbursement of Expenses	1.26	0.57
Contract labour expenses	218.48	210.05
Membership Fees and Subscription	67.45	81.31
Software expenses	249.63	379.95
Miscellaneous Expenses	202.99	489.83
	7,577.43	**5,762.72**

31 EXCEPTIONAL ITEMS

₹ In Lakhs

	Year ended March 31, 2018	Year ended March 31, 2017
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 31st March, 2018

32 CATEGORIES OF FINANCIAL INSTRUMENTS

₹ In Lakhs

	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	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	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial assets									
Investments in Mutual Funds	10,756.62	-	-	964.83	-	-	-	-	-
Loans to employees / others	-	-	58.15	-	-	147.05	-	-	159.40
Security deposits	-	-	0.11	-	-	0.11	-	-	125.11
Trade receivables	-	-	1,755.94	-	-	3,890.02	-	-	915.96
Cash and cash equivalents	-	-	20.30	-	-	6,358.39	-	-	400.01
Bank balances other than above	-	-	112.17	-	-	672.24	-	-	874.84
Interest accrued on Fixed deposit	-	-	1.58	-	-	58.87	-	-	1.72
Balance held as margin money	-	-	2.21	-	-	2.05	-	-	1.89
	10,756.62	**-**	**1,950.46**	**964.83**	**-**	**11,128.73**	**-**	**-**	**2,478.93**
Financial liabilities									
Borrowings	-	-	228.49	-	-	313.71	-	-	5,574.75
Interest accrued	-	-	3.81	-	-	4.77	-	-	87.70
Trade payables	-	-	10,248.49	-	-	9,445.29	-	-	5,815.11
Security deposits	-	-	87.78	-	-	67.02	-	-	53.30
Payables on purchase of property, plant and equipment	-	-	33.93	-	-	42.25	-	-	124.32
Unclaimed excess share application money	-	-	1.42	-	-	1.52	-	-	1.24
	-	**-**	**10,603.92**	**-**	**-**	**9,874.56**	**-**	**-**	**11,656.42**

33 FAIR VALUE HIERARCHY

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

Particulars	Carrying Value			Fair Value		
	March 31, 2018	March 31, 2017	April 1st 2016	March 31, 2018	March 31, 2017	April 1st 2016
Financial assets :						
FVTPL financial investments	10,756.62	964.83	-	10,756.62	964.83	-
Total	**10,756.62**	**964.83**	**-**	**10,756.62**	**964.83**	**-**

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 31st March, 2018

₹ In Lakhs

	As at March 31, 2018			As at March 31, 2017			As at April 1, 2016		
	Level 1	Level 2	Level 3	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	10,756.62	-	-	964.83	-	-	-	-	-
	10,756.62	**-**	**-**	**964.83**	**-**	**-**	**-**	**-**	**-**

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for the asset or liability.

There were no transfers between Level 1 and 2 in the periods.

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, 2018	As at March 31, 2017	As at April 1, 2016
Debt (includes non-current, current borrowings and current maturities of long term debt)	228.49	313.71	5,574.75
Less : cash and cash equivalents	20.30	6,358.39	400.01
Net debt	208.19	-	5,174.74
Total equity	18,472.43	15,815.61	3,004.34
Net debt to total equity ratio	1.13%	0.00%	172.24%

Notes to Financial Statements

for the year ended 31st March, 2018

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.

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 ₹ 2,989.60 Lakhs as on March 31, 2018, ₹ 1,839.60 Lakhs as on March 31, 2017, ₹ 1,533.08 Lakhs as on April 01, 2016.

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

₹ In Lakhs

Particulars	Less than 1 year	1-3 years	More than 3 years	As at March 31, 2018
Non-derivative				
Borrowings	64.92	109.04	54.53	228.49
Trade payables	10,248.49	-	-	10,248.49
Other financial liabilities	126.94	-	-	126.94
	10,440.35	**109.04**	**54.53**	**10,603.92**

₹ In Lakhs

Particulars	Less than 1 year	1 - 3 years	More than 3 years	As at March 31, 2017
Non-derivative				
Borrowings	95.62	109.04	109.05	313.71
Trade payables	9,445.29	-	-	9,445.29
Other financial liabilities	115.56	-	-	115.56
	9,656.47	**109.04**	**109.05**	**9,874.56**

Notes to Financial Statements

for the year ended 31st March, 2018

₹ In Lakhs

Particulars	Less than 1 year	1-3 years	More than 3 years	As at April 1, 2016
Non derivative				
Borrowings	5,302.14	109.04	163.57	5,574.75
Trade payables	5,815.11	-	-	5,815.11
Other financial liabilities	266.56	-	-	266.56
	11,383.81	**109.04**	**163.57**	**11,656.42**

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, 2018			
	US Dollars	Euro	Others	Total
Financial assets				
Trade receivables	1,071.21	-	-	1,071.21
Cash and cash equivalents	14.66	-	-	14.66
Financial liabilities				
Trade payables	4,318.00	500.78	249.85	5,068.63

₹ In Lakhs

Particulars	As at March 31, 2017			
	US Dollars	Euro	Others	Total
Financial assets				
Trade receivables	3,277.33	-	-	3,277.33
Cash and cash equivalents	1.55	-	-	1.55
Financial liabilities				
Trade payables	5,527.18	361.83	62.04	5,951.05

Notes to Financial Statements

for the year ended 31st March, 2018

₹ In Lakhs

Particulars	As at April 1, 2016			
	US Dollars	Euro	Others	Total
Financial assets				
Trade receivables	722.47	7.44	-	729.91
Cash and cash equivalents	378.06	-	-	378.06
Financial liabilities				
Trade payables	2,717.35	139.97	21.52	2,878.84

b) Sensitivity

For the years ended March 31, 2018, March 31, 2017 and April 01, 2016, 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 ₹ 199.14, ₹ 133.69 and ₹ 107.45 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.

36 EARNINGS PER SHARE

₹ In Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Loss for the year (₹ in Lakhs)	(19,699.79)	(11,903.84)
Weighted Average number of Shares used in computing basic and diluted earnings per share	248,080,424	246,167,583
Nominal / Face Value Per Share (in ₹)	1.00	1.00
Basic and Diluted Earnings Per Share (in ₹)	(7.94)	(4.84)

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. There are no outstanding dues to Micro Enterprises and Small Enterprises during the year. Hence, there is no additional disclosure required to be made in this regard. This has been relied upon by the auditors.

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.

Notes to Financial Statements

for the year ended 31st March, 2018

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, 2018	Year ended March 31, 2017
ii. Secondary Segment		
Revenue by Geography		
Within India	3,802.96	3,877.13
Outside India	4,022.93	14,225.35
Total Revenue from Operations	**7,825.89**	**18,102.48**

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.

40 RELATED PARTY DISCLOSURE

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

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

i Contingent Liabilities

₹ In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
a) Guarantees given by the bankers against custom licenses	96.02	168.71	187.99
b) Disputed demands by Income Tax Authorities *	8,217.63	5,099.06	1,812.00
c) Disputed demands by Sales Tax Authorities **	-	-	29.84
* Amount paid under protest is classified under Income Tax Assets	3,903.22	2,462.00	907.59
** Amount paid under protest is classified under Short Term Loans & Advances	-	-	6.00

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.

ii Commitments

₹ In Lakhs

Particulars	As at March 31, 2018	As at March 31, 2017	As at April 1, 2016
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of Advances)	127.54	139.25	61.67

Notes to Financial Statements

for the year ended 31st March, 2018

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 ₹ 347.88 Lakhs (Previous year ₹ 293.50 Lakhs).

₹ In Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Contribution to Provident Fund and Family Pension Fund	343.80	291.33
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	3.71	2.15
Contribution to Labour Welfare Fund	0.00	0.02

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 ₹ 640.59 Lakhs (Previous Year ₹ 563.13 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.

₹ In Lakhs

	Particulars	Year ended March 31, 2018 Gratuity (Funded)	Year ended March 31, 2017 Gratuity (Funded)
I.	**Reconciliation of liability/(asset) recognised in the Balance sheet**		
	Present value of obligation at the end of the period	1,420.28	1,139.32
	Fair value of plan assets at the end of the period	(1,017.22)	(949.32)
	Net liability recognised in the financial statement	403.06	190.00
II.	**Movement in net liability / (asset) recognised in the Balance sheet**		

Notes to Financial Statements

for the year ended 31st March, 2018

₹ In Lakhs

	Particulars	Year ended March 31, 2018 Gratuity (Funded)	Year ended March 31, 2017 Gratuity (Funded)
	Net liability / (assets) as at beginning of the year	190.00	92.44
	Net expense recognised in the Statement of Profit and Loss	131.31	101.26
	Net expense recognised in other comprehensive income	143.40	45.94
	Contribution during the year	(61.65)	(49.64)
	Net liability / (asset) as at the end of the year (Refer Note 19 and Note 24)	403.06	190.00
III.	**Net interest cost for the current period**		
	Interest cost	81.12	72.41
	Interest income	(67.59)	(65.41)
	Net interest cost for the current period	13.53	7.00
IV.	**Expense recognised in the statement of profit and loss**		
	Current service cost	117.78	94.26
	Net interest cost for the current period	13.53	7.00
	Expense charged to the statement of profit and loss	131.31	101.26
V.	**Expense recognised in the other comprehensive income (OCI)**		
	Actuarial (gains) / losses on obligation for the period	148.45	50.63
	Return on plan assets excluding interest income	(5.05)	(4.69)
	Net expenses recognised in the OCI	143.40	45.94
VI.	**Return on plan assets**		
	Expected return on plan assets	67.59	65.41
	Actuarial gain	5.05	4.69
	Actual return on plan assets	72.64	70.10
VII.	**Reconciliation of defined-benefit obligations**		
	Obligation as at the beginning of the year	1,139.32	957.69
	Current service cost	117.78	94.26
	Interest cost	81.12	72.41
	Benefits paid	(66.39)	(35.66)
	Actuarial (gain) / loss arising from changes in financial assumptions	(47.33)	38.59
	Actuarial (gain) / loss arising from changes in experience adjustments	195.78	12.03
	Obligation as at the end of the year	1,420.28	1,139.32
VIII.	**Reconciliation of plan assets**		
	Plan assets as at the beginning of the year	949.32	865.24
	Expected return on plan assets	67.59	65.41
	Actuarial gain on plan assets	5.05	4.69
	Employer's Contribution during the year	61.65	49.64
	Benefits paid	(66.39)	(35.66)
	Plan assets as at the year end	1,017.22	949.32
IX.	**Actuarial assumptions**		
	Discount rate	7.56%	7.12%
	Expected return on plan assets	7.56%	7.12%
	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

Notes to Financial Statements

for the year ended 31st March, 2018

₹ In Lakhs

	Particulars	Year ended March 31, 2018 Gratuity (Funded)	Year ended March 31, 2017 Gratuity (Funded)
X.	**Investment details**		
	Insurance fund	1,017.22	949.32
XI.	**Sensitivity Analysis for significant assumptions :**		
	Benefit obligation as at the end of the year	1,420.28	1,139.32
	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	(97.74)	(84.43)
	Delta Effect of -1% Change in Rate of Discounting	111.87	97.28
	Delta Effect of +1% Change in Rate of Salary Increase	108.16	93.64
	Delta Effect of -1% Change in Rate of Salary Increase	(96.54)	(83.07)
	Delta Effect of +1% Change in Rate of Employee Turnover	(18.26)	(18.83)
	Delta Effect of -1% Change in Rate of Employee Turnover	20.33	21.10
XII.	**Maturity analysis of projected benefit obligation**		
	Projected benefits payable in future years from the date of reporting		
	1st Following Year	176.22	72.11
	2nd Following Year	91.32	144.21
	3rd Following Year	94.28	71.04
	4th Following Year	178.78	73.55
	5th Following Year	95.90	144.14
	Sum of years 6 to 10	555.42	397.60

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, 2019 is ₹ 185.68 (Previous year ₹ 61.65).

43 FIRST TIME IND AS ADOPTION RECONCILIATION

Explanation to transition to Ind AS

Ind AS 101 -"First-time Adoption of Indian Accounting Standards" requires that all Ind AS and interpretations that are issued and effective for the first Ind AS financial statements which is for the year ended March 31, 2018 for the Company, be applied retrospectively and consistently for all financial years presented, except the Company has availed certain exemptions and complied with the mandatory exceptions provided in Ind AS 101, as described below. The Company has recognised all assets and liabilities whose recognition is required by Ind AS and has not recognised items of assets or liabilities which are not permitted by Ind AS, reclassified items from previous GAAP to Ind AS as required under Ind AS and applied Ind AS in measurement of recognised assets and liabilities.

Set out below are the Ind AS 101 optional exemptions availed as applicable and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Notes to Financial Statements

for the year ended 31st March, 2018

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after the transition date.

Classification and measurement of financial assets

The Company has assessed conditions for classification of the financial assets on the basis of the facts and circumstances that were exist on the date of transition to Ind AS.

Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 "Determining whether an Arrangement contains a Lease" to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

Deemed cost of property, plant and equipment and intangible assets

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment and Intangible assets recognised as at April 01, 2016 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment and intangible assets.

Fair value measurement of financial assets and financial liabilities at initial recognition

The Company has applied the requirements in paragraph B10 of Ind AS 101 prospectively to transactions entered into on or after the date of transition to Ind AS. This exemption has been availed by the Company.

Reconciliation of Equity

₹ In Lakhs

Particulars	Footnote No.	As at March 31, 2017	As at April 1, 2016
Total equity as per previous GAAP *		15,964.78	3,180.24
Add / (less) : Adjustments for GAAP differences			
Share Issue Expenses transferred to other equity	c	(158.61)	(175.90)
Fair Value of Investments	a	9.44	-
Total equity as per Ind AS		**15,815.61**	**3,004.34**

* Equity as per previous GAAP includes Share Capital and Reserves & Surplus

Reconciliation of Total comprehensive income

₹ In Lakhs

Particulars	Footnote No.	Year ended March 31, 2017
Net loss as per previous GAAP		(12,026.73)
Add / (Less) : Adjustments for GAAP Differences		
Share Issue Expenses transferred to other equity	c	67.51
Reclassification of Net Actuarial loss on employee defined benefit obligations to OCI	b	45.94
Fair Value of Investments	a	9.44
Impact of taxes in respect of the above adjustments		-
Profit / (Loss) as per Ind AS (before OCI)		**(11,903.84)**
Reclassification of Net Actuarial loss on employee defined benefit obligations to OCI	c	(45.94)
Total comprehensive income as per Ind AS		**(11,949.78)**

Notes to Financial Statements

for the year ended 31st March, 2018

Notes on reconciliations between previous GAAP and Ind AS

a) Investment

Under Indian GAAP, the Company recognised current investments in mutual funds at lower of cost or fair value and non-current investments at cost less provision for diminution in the value of investments, if any. Under Ind AS, the Company has designated such current investments at fair value through profit or loss (FVTPL).

b) Employee benefits

Under previous GAAP, actuarial gains and losses were recognised in statement of profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of net defined benefit liability / asset which is recognised in other comprehensive income in the respective periods. Actuarial losses of ₹ 45.94 as at March 31, 2017 is recognised in OCI.

c) Share issue expenses

Under previous GAAP, expenses incurred in connection with issue of shares is accumulated and amortised over a period of 5 years from the year of issue of shares, where as under Ind AS 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.

d) Statement of cash flows

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

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 Useful lives of property, plant and equipment and intangible assets

Property, plant and equipment and intangible assets represent a significant proportion of the asset base of the Company. The charge in respect of periodic depreciation and amortisation is derived after determining an estimate of an asset's expected useful life and the expected residual value at the end of its life. The useful lives and residual values of Company's assets are determined by the management at the time the asset is acquired and reviewed periodically, including at each financial year end. The lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technical or commercial obsolescence arising from changes or improvements in production or from a change in market demand of the product or service output of the asset.

2 Assets and obligations relating to employee benefits

The employment benefit obligations depends on a number of factors that are determined on an actuarial basis using a number of assumptions. The assumptions used in determining the net cost/ (income) include the discount rate, inflation and mortality assumptions. Any changes in these assumptions will impact upon the carrying amount of employment benefit obligations.

3 Tax expense [Refer Note 6]

The Company's tax jurisdiction is India. Significant judgements are involved in determining the provision for income taxes, if any, including amount expected to be paid/recovered for uncertain tax positions. Further, significant judgement

Notes to Financial Statements

for the year ended 31st March, 2018

is exercised to ascertain amount of deferred tax asset (DTA) that could be recognised based on the probability that future taxable profits will be available against which DTA can be utilized and amount of temporary difference in which DTA can not be recognised on want of probable taxable profits.

4 **Provisions [Refer Note 2l]**

5 **Contingencies (Refer Note 41)**

45 STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ind AS 115 Revenue from Contracts with Customers

On 28 March 2018, the Ministry of Corporate Affairs (MCA) notified the new revenue recognition standard, viz., Ind AS 115 Revenue from Contracts with Customers. Ind AS 115 is applicable for the financial years beginning on or after 1 April 2018 for all Ind AS companies. The new standard establishes a five step model related to revenue recognition from contracts with customers. It permits either 'full retrospective' adoption in which the standard is applied to all of the periods presented or a 'modified retrospective' adoption.

The Company is evaluating its various contractual arrangements and the available transition methods. The Company has established an implementation team to implement Ind-AS related to recognition of revenue from customers and is also evaluating the changes that may be necessary to it's accounting systems and processes. Reliable estimates of the quantitative impact of Ind-AS 115 on the financial statements will only be possible once implementation project has been completed.

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration:

On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018. The Company expects the impact of this on the financial statements to be insignificant.

Amendments to Ind AS 12 Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are expected to have insignificant impact on the Company.

As per our report of even date
For **S R B C & CO LLP**
Chartered Accountants
ICAI Firm Registration No :
324982E / E300003

per RAVI BANSAL
Partner
Membership No. 49365

Mumbai, May 08, 2018

ANIL KUMAR RAGHAVAN
Chief Executive Officer

CHETAN M. RAJPARA
Chief Financial Officer

DEBASHIS DEY
Company Secretary

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

DILIP S. SHANGHVI
Chairman & Managing Director
DIN: 00005588

SUDHIR V. VALIA
Director
DIN: 00005561

Mumbai, May 08, 2018

Notes to Financial Statements

Annexure - A

for the year ended 31st March, 2018

Accounting Standard (AS - 18) "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 (Director and Chief Financial Officer upto January 31, 2017)
Rajamannar Tennati	Non - Executive Director
Bhavana 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 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 (w.e.f. March 30, 2017)

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 Industries Europe BV
Family Investment Private Limited
Taro Pharmaceuticals Inc.
Taro Pharmaceuticals Industries Limited
Alkaloida Chemical Company ZRT
Ranbaxy (S.A.) (PTY) Limited
Insite Vision Inc.
Sun Petrochemicals Private Limited
Sun Farmaceutica Do Brasil Ltda
Ranbaxy (Thailand) Co. Limited
Sun Pharma Japan Limited
Sun Pharmaceutical Medicare Limited
Virtuous Share Investment Private Limited
Quality Investment Private Limited
Virtuous Finance Private Limited
Viditi Investment Private Limited

Notes to Financial Statements

for the year ended 31st March, 2018

₹ In Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Sun Pharmaceutical Industries Limited		
Sale of services - License fees / Royalty on technology / R&D services	1,424.95	1,763.23
Purchase of goods	262.19	133.92
Purchase of fixed assets	10.14	41.81
Rent expense	59.16	12.19
Receiving of research and development services	1,549.11	1,208.16
Sale of fixed assets	6,385.00	-
Reimbursement of expense on behalf of the company	421.50	405.90
Reimbursement of expense by the company	104.24	67.67
Capital Advances given	2,516.33	-
Sun Pharma Laboratories Limited		
Sale of services - License fees / Royalty on technology / R&D services	2,377.76	2,197.77
Purchase of Goods	0.56	0.33
Sun Pharmaceutical Medicare Limited		
Sale of services - R&D services	0.26	-
Sun Pharma Global FZE		
Sale of services - License fees / Royalty on technology / R&D services	3,986.56	14,156.88
Reimbursement of expense by the company	-	0.43
Sun Pharmaceutical Industries Inc.		
Sale of services - License fees / Royalty on technology / R&D services	16.23	-
Reimbursement of expense on behalf of the company	2,827.93	2,482.84
Purchase of goods	946.29	341.54
Sun Pharmaceutical Industries Europe BV		
Purchase of goods	44.11	17.60
Taro Pharmaceuticals Inc.		
Purchase of goods	6.81	14.17
Taro Pharmaceuticals Industries Limited		
Sale of services - R&D services	12.74	48.09
Purchase of goods	2.94	-
Reimbursement of expense on behalf of the company	0.84	-

Notes to Financial Statements

for the year ended 31st March, 2018

₹ In Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Alkaloida Chemical Company ZRT		
Purchase of goods	0.52	98.17
Insite Vision Inc.		
Sale of services - R&D services	7.40	20.74
Ranbaxy (S.A.) (PTY) Limited		
Purchase of goods	-	0.04
Ranbaxy (Thailand) Co. Limited		
Purchase of goods	-	0.62
Sun Farmaceutica Do Brasil Ltda		
Purchase of goods	1.52	0.75
Sun Pharma Japan Limited		
Purchase of goods	0.92	-
Sun Petrochemicals Private Limited		
Sale of fixed asset	6.59	-
Virtuous Share Investment Private Limited		
Issue of warrants convertible into equity shares	1,875.00	-
Issue of equity shares against conversion of warrants	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	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	2,000.00	-
Family Investment Private Limited		
Issue of warrants convertible into equity shares	2,500.00	-
Viditi Investment Private Limited		
Issue of warrants convertible into equity shares	1,875.00	-

Notes to Financial Statements

for the year ended 31st March, 2018

₹ In Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Director Sitting Fees		
Sudhir V. Valia	3.60	-
Bhavana Doshi	6.30	5.40
Rajamannar Tennati	3.00	3.30
Ferzaan Engineer	4.20	-
Mark Simon	3.90	-
S. Mohanchand Dadha	2.40	4.20
Andrea Vasella	2.70	3.60
Goverdhan Mehta	1.50	5.10

Balance outstanding - Receivable / (Payable)

₹ In Lakhs

Particulars	Year ended March 31, 2018	Year ended March 31, 2017	Year ended March 31, 2016
Sun Pharmaceutical Industries Limited - Capital advances given	2,516.33	-	-
Sun Pharmaceutical Industries Limited	(601.30)	(749.60)	(1,344.93)
Sun Pharma Laboratories Limited	369.45	295.60	(128.95)
Sun Pharmaceutical Medicare Limited	0.28	-	-
Sun Pharma Global FZE	977.70	3,242.83	722.47
Sun Pharmaceutical Industries Inc.	(4,691.96)	(3,360.13)	(668.40)
Sun Pharmaceutical Industries Europe BV	(10.57)	(18.12)	(2.28)
Taro Pharmaceuticals Inc.	(3.43)	(13.29)	-
Taro Pharmaceuticals Industries Limited	10.24	30.24	-
Alkaloida Chemical Company ZRT	-	(47.06)	-
Insite Vision Inc.	1.03	4.25	-
Ranbaxy (S.A.) (PTY) Limited	(0.04)	(0.04)	-
Ranbaxy (Thailand) Co. Limited	-	(0.59)	-
Sun Farmaceutica Do Brasil Ltda	-	(0.71)	-
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 arm's 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.

Business Responsibility Report

Section A: General Information about the Company

1.	Corporate Identity Number (CIN)	:	L73100GJ2006PLC047837
2.	Name of the Company	:	Sun Pharma Advanced Research Company Limited
3.	Registered Address	:	SPARC, Akota Road, Akota Vadodara - 390020, Gujarat.
4.	Website	:	www.sparc.life
5.	E-mail id	:	secretarial@sparcmail.com
6.	Financial Year reported	:	2017-18

7. Sector(s) that the Company is engaged in (industrial activity code wise):

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

8. List three key product / services that the Company manufactures / provides (as in balance sheet):

The Company is engaged in Pharmaceutical R&D and does not manufacture any product.

9. Total number of locations where business activity is undertaken by the Company:

a. Number of international locations: Nil

b. Number of national locations: 3

10. Markets served by the Company: Not Applicable

Section B: Financial Details of the Company

1. Paid up capital (Rs. in lakhs): 2,509.36

2. Total turnover (Rs. in lakhs): 8,320.15

3. Total profit/ (loss) after taxes (Rs. in lakhs): : (19,699.79)

4. Total spending on Corporate Social Responsibility (CSR) as percentage of Profit after Tax (%): In view of loss incurred by the Company during the three immediately preceding financial years, the Company was not required to spend on CSR activities

5. List of activities in which expenditure as mentioned in point 4 has been incurred: Not Applicable

Section C: Other Details

1. Does the Company have any Subsidiary Company / Companies? No

2. Do the Subsidiary Company / Companies participate in the BR initiatives of the parent Company? Not Applicable

3. Do any other entity / entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? No

Section D: BR Information

1. Details of Director / Directors responsible for BR:

a. Details of the Director / Directors responsible for implementation of the BR Policy / Policies:

Sr. No.	Particulars		Details
1	Director Identification Number (DIN)	:	00005561
2	Name	:	Mr. Sudhir V. Valia
3	Designation	:	Non- Executive Director

b. Details of the BR Head:

Sr. No.	Particulars		Details
1	Director Identification Number (DIN)	:	N.A.
2	Name	:	Mr. Anil Raghavan
3	Designation	:	CEO
4	Telephone Number	:	+91 22 6645 5645
5	E-mail Id	:	anil.raghavan@sparcmail.com

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

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These briefly are as under:

P1 - Businesses should conduct and govern themselves withEthics, Transparency and Accountability.

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 - Businesses should promote the well-being of all employees.

P4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 - Businesses should respect and promote human rights.

P6 - Businesses should respect, protect and make efforts to restore the environment.

P7- Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 - Businesses should support inclusive growth and equitable development.

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

The performance of our Company vis-a-vis the guidelines is as follows:

Sr No	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for...	Yes								
2	Has the policy been formulated in consultation with the relevant stakeholders?	Yes								
3	Does the policy conform to any national/international standards? If yes, specify?	Yes, National Voluntary Guidelines								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/ appropriate Board Director?	Yes, signed by Chief Executive Officer (CEO)								
5	Does the Company have a specified committee of the Board or Director / Official to oversee the implementation of the policy?	Yes, Mr. Sudhir V. Valia (Director) and Mr. Anil Raghavan (CEO)								
6	Indicate the link for the policy to be viewed online?	The copies can be made available to shareholders on request								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes, communicated to relevant internal stakeholders								
8	Does the Company have inhouse structure to implement the policy/ policies?	Yes								

Sr No	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes								
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Under consideration								

2a. If answer to Sr. No. 1 against any principle, is No, please explain why: Not Applicable

3. Governance related to BR:

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company.

Annually

b. Does the Company publish a BR or a Sustainability Report? What is the hyper-link for viewing this report? How frequently it is published?

Yes, the Company publishes BR report annually. It is available on weblink https://www.saprc.life/annual-reports

Section E: Principle-wise Performance

Principle1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. **Does the policy relating to ethics, bribery and corruption cover only the Company?**

Yes. The Company's values are an integral part of its corporate DNA. Its aspirations to remain a responsible entity are on par with its endeavour to achieve growth. Accordingly, it follows a holistic path to responsible growth.

The values that the Company exudes in its day to day functions and decision making include like transparency, integrity, governance and accountability. It internalises these values and ethics listed out in its Code of Conduct. This includes adhering to all statutory regulations and laws of the land, which determine the Company's approach - Research with Responsibility. The Company's good governance practices also define its philosophy of maintaining the highest levels of stakeholder trust and creating sustained long-term value for all stakeholder.

The Company's guiding principles include:

a. Setting examples at the top

The responsibility drive is led by the Board of Directors, Board follows, encourages and steers fair business practices. It strictly adheres to compliance norms and ensures mechanisms to monitor and review BR across the organisation.

b. Adhering to a comprehensive Code of Conduct

The Company has a clearly defined Code of Conduct which sets the frame and structure within which the directors and employees operate. Encompassing a legal and ethical code, it lays a particular emphasis on deterring wrong-doings by explicitly listing practices like:

- Handling conflicts ethically and resolving them as a priority over personal and professional relationships
- Protecting confidential information related to the clients and Company
- Safe-keeping of the Company's assets and ensuring their appropriate use
- Adhering to all statutory compliances
- Reporting incidents of violation or non-compliance,according to due internal processes and procedures

c. Whistle-Blower Policy to uphold Governance

The Company has outlined a Whistle-Blower Policy that guides on the process for reporting any violation, breach, non-compliance, infringement or infraction of the Code of Conduct, including the provision for protection.

There were no violations to the Code of Conduct during the year.

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

During the year one complaint was received by the Company from a shareholder, which was resolved promptly to the satisfaction of the concerned shareholder.

Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

The Company constantly seeks ways to leverage the power of science to enhance and enrich human life and empower people to attain more health and more happiness.

Venturing into various therapeutic areas, the Company applies its scientific research techniques to cater to the requirements and needs of an eclectic range of patients. From complicated medication that targets rouge tumor cancer cells to a once-a-day glaucoma dose, the Company's wide ranging research addresses a large spectrum of treatment, cure and healthcare. Through all this, the Company ensures that its processes and practices conform to the highest benchmarks of sustainability.

Some instances of our aspirations for sustainability are:

- Novel Self-Dispersing Nanoparticle Technology – To overcome the challenges present in the water insoluble anti-cancer medication with higher drug localization into cancer cells, the Company pioneered the novel Self-Dispersing Nanoparticle Technology. This pre-empts the use of toxic surfactant with the added advantage of delivering higher doses.
- Swollen Micelle Microemulsion (SMM) Technology – This technology surmounts the problem of solubilising ophthalmic drugs using Benzalkonium Chloride (BAK)-free solubilising technology, eliminating the use of toxic BAK which is known to damage ocular surfaces with chronic use.
- Wrap Matrix™ Technology – An innovative oral controlled drug delivery system with a high drug to excipient ratio, reduces the pill size, helping patients to easily swallow tablets and pills.

  Several products based on New Drug Delivery Platforms like GRID, Wrap Matrix™ Technology, etc., are developed by the Company apart from New Drug discovery.

1. **List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.**

   Company is developing platform technology to deter abuse of prescription opioids.

   The Company is engaged in pharmaceutical R&D and does not manufacture any products.

Principle 3: Businesses should promote the well-being of all employees.

Sr. No.	Category of Employees	No. of Employees
1	Management Staff	424
2	Shop Floor Associates	None
	Total	**424**

1. Please indicate total number of employees hired on temporary / contractual / casual basis:

Sr. No.	Category of Employees	No. of Employees
1	Retainers / Advisors	3
2	Subcontracted Employees	-
3	Third Party Employees	132
4	Casual Employees	-
	Total	**135**

2. Please indicate the number of permanent women employees: 120

3. Please indicate the number of permanent employees with disabilities: None

4. Do you have an employee association that is recognized by the Management? No

5. What percentage of permanent employees are members of this recognized employee association? Not Applicable

6. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and those pending as on the end of the financial year.

Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child Labour / Forced Labour / Involuntary Labour	None	None
2	Sexual Harassment	None	None
3	Discriminatory Employment	None	None

7. What percentage of undermentioned employees were given safety and skill up-gradation training in the last year?

A. Permanent employees : 84%

B. Permanent women employees : 20%

C. Casual / Temporary / Contractual employee : NIL

D. Employees with disabilities : NIL

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

The Company has mapped its entire internal and external stakeholders as under:

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

7. Shareholders

For its internal as well as external stakeholders, the Company is constantly committed and focussed on multi-stakeholder engagement and value-creation. It maps, measure and manages expectations of each stakeholder group that not only details specific deliverables but also ensures that divergent and minority interest are also taken care of.

To maintain high benchmarks of transparency and accountability and ensure the involvement of each and every stakeholder in the decision-making process, the Company has put in place a Stakeholder Policy. Through multiple platforms such as its website, annual report, investor presentations and general meetings, it engages with its stakeholders.

1. **Has the Company mapped its internal and external stakeholders?** Yes
2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?** No
3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders?** Not Applicable

Principle 5: Businesses should respect and promote human rights.

Especially in respect of matters related to health and wellness, respect and dignity of human beings is crucial. The Company acknowledges this as a non-negotiable element of its undertakings.

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   Yes. The Company ensures that the fundamental rights of all individuals, within the organisation and across every touch point, are preserved.

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

   None

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

The Company ensures that the fragile environment balance and precious natural resources are used judiciously and justly in all other spheres of its operations. Constantly striving to reduce, re-use and recycle with greener processes and better technologies, the Company complies with all environmental laws of the land.

The Company has requested investors to forgo printed copies and opt for digital copies of documents, notices, annual report, etc, under its 'Go Green' initiative.

The Company has not received any CPCB/SPCB notice during the year.

1. **Does the policy pertaining to Principle 6 cover only the Company or extends to the Group / Joint Ventures /Suppliers / Contractors / NGOs / others?**

   Covers Company and its Contractors

2. **Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc?**

   No

3. **Does the Company identify and assess potential environmental risks?**

   Yes

4. **Does the Company have any project related to Clean Development Mechanism (CDM)?**

   No

5. **Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy etc?**

   No

6. **Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

   Yes

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

   None

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

The Company actively engages with trade and industry to further the cause of scientific research and innovation in India.

1. **Is your Company a member of any trade and chambers of association?**

   Yes, member of IMC Chamber of Commerce & Industry

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

   No

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

The Company strives to spread the benefits of better healthcare to a larger group of beneficiaries towards ensuring a wider net of inclusive growth. Its CSR Policy reflects its focus and drive towards achieving inclusive growth.

Due to operational loss and negative cash flow during the three immediately preceding year, the Company could not invest in CSR activities. However, the Company has firm plans to implement welfare programmes aimed brining better healthcare to a wider reach of communities.

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

   No

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

   Not Applicable

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

   Not Applicable

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

   Not Applicable

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community?**

   Not Applicable

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

The Company does not directly engage or deal with end consumers. Nevertheless, as part of its larger purpose and objective to improve and enrich lives, it willingly undertakes its responsibility and obligation to its patient. Towards this end, the Company has a customer-centric policy based on the following broad themes:

- Focus on health, safety and satisfaction
- Follow a sustainable product development lifecycle that is as socially responsible as it is ethically firm
- Accord highest priority to customer feedback and concerns, and respond efficiently and effectively

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year 2018?**

   None

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

   Not Applicable

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year?**

   No

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

   No



Sun Pharma Advanced Research Company Ltd.
Akota Road, Akota, Vadodara - 390 020 | CIN: L73100GJ2006PLC047837
www.sparc.life

Concept, Content & Design
WYATT Prism COMMUNICATIONS (info@wyatt.co.in)
www.sapprints.com