Sun Pharma Advanced Research Company Ltd.

Annual Report 2021-22

sparc





Innovations inspired by life

Contents

2 Management Discussion and Analysis

56 Business Responsibility Report

14 Board's Report

63 Financial Statements

31 Corporate Governance Report

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

www.sparc.life



Disclaimer:

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

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

Scan the QR Code for addtional information

Corporate Information

Board of Directors

Mr. Dilip S. Shanghvi
Chairman and Non-Executive Director

Mr. Sudhir V. Valia
Non-Executive Director

Dr. T. Rajamannar
Non-Executive Director

Ms. Bhavna Doshi
Independent Director

Dr. Ferzaan Engineer
Independent Director

Dr. Robert J. Spiegel
Independent Director

Key Managerial Personnel

Mr. Anilkumar Raghavan
Chief Executive Officer

Mr. Chetan Rajpara
Chief Financial Officer

Mr. Dinesh Lahoti
Company Secretary

Auditors

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

Bankers

Kotak Mahindra Bank Ltd.
ICICI Bank Ltd.

Offices & Research Centres

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

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

Research Centres

- F.P.- 27, Part Survey No. 27, C.S. No. 1050, T.P.S. No. 24, Tandalja, Vadodara - 390 012.
- 907/4, GIDC, Makarpura, Vadodara - 390 010.

Registrar & Transfer Agent

Link Intime India Pvt. Ltd.
C 101, 247 Park, LBS Marg, Vikhroli West,
Mumbai - 400 083.
Tel: +91 22 4918 6000 | +91 22 4918 6270
Fax: +91 22 4918 6060
E-mail: rnt.helpdesk@linkintime.co.in

Management Discussion and Analysis (MD&A)

Global Pharmaceutical Industry

During the FY 2021 – 2022, the biopharmaceutical industry continued to innovate and bring novel medications to patients worldwide. Apart from making ground-breaking contributions to COVID-19 in the form of vaccines and therapeutics, the biopharmaceutical industry has also done a remarkable job of adapting and re-focusing, overcoming many operational and organisational challenges.

Biotech sector soared during the pandemic, with venture capital investment and IPO volumes hitting all-time highs. But recently, stock valuations have plummeted as a result of being part of a larger market downturn, pricing challenges and the concern that biotech stocks are at unsustainable valuation levels.

Industry leaders believe that the business outlook for pharma companies continues to be positive. The cautious positive outlook is driven by multiple factors, key factors supporting the outlook are:

- *New therapeutics are queued up in the pipeline:* Different therapies are still in early development, spurred by advances in gene editing and cell therapy.
- *Big pharma is prospering and ready for deals:* Big pharma companies have "historic" amounts of cash on hand for deals and partnerships. Many companies have experienced growth and are emboldened with stronger balance sheets from which to invest.
- *The growing body of knowledge:* Leading to the development of new therapeutic strategies that increase treatment options and improve outcomes for patients. Many patient populations that previously were treated with nonselective agents are now receiving targeted agents that are tailored to the molecular and clinical features of their disease.

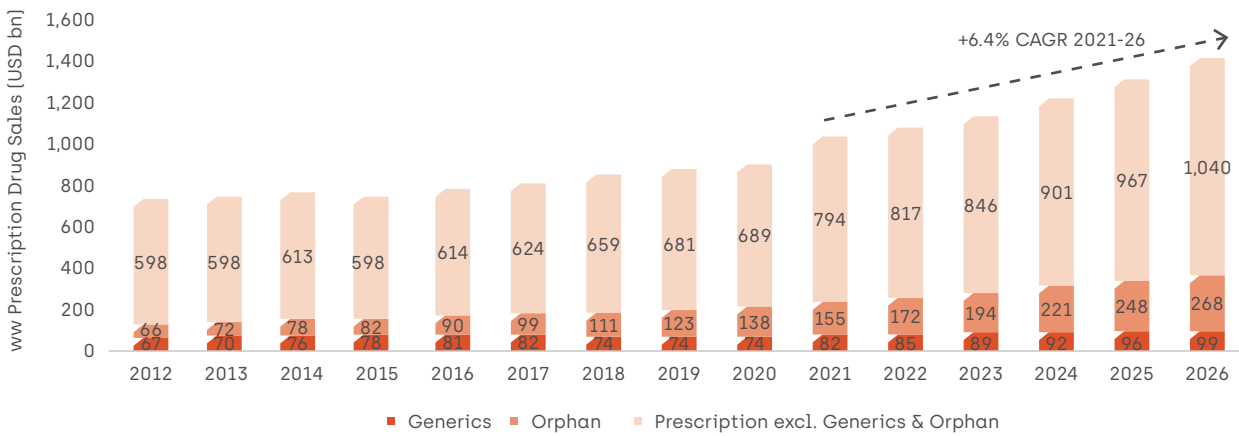
The cautious outlook has led to increase in investors selectivity for the potential investment opportunities. While the markets may ease but funding is expected to remain challenging at the same time late stage data backed companies and technology validations would continue to attract significant level of capital.

Overall, the outlook for the sector is positive and that is evident from the growth expected in the drug usage and sales for the pharmaceuticals worldwide.

The worldwide total prescription drug sales are forecasted to increase at a 6.4% compound annual growth rate (CAGR) from USD 1031 billion in 2021 to USD 1407 billion in 2026. This includes generics, orphan drugs, and other prescribed drugs.[1]

The growth in prescription drug sales is backed by a pipeline of continuous development of Novel Active Substances (NASs). The USFDA designated 44 (61%) of the 72 NASs introduced in the United States in 2021 as first-in-class, and over half had an orphan drug designation, suggesting that they were intended for patients with uncommon conditions. This is an increase over the last

Worldwide Total Prescription Drug Sales[1]



five years, when the proportion of approved NASs that were first-in-class drugs, stayed stable around 43%. In the same five-year period, 51% of new drugs were designated as orphan drugs.[2]

Orphan drugs are used to treat rare diseases, defined as less than 20,000 cases in the US. Multiple biopharma companies have focused their innovation on this area due to the abbreviated regulatory pathways in the US. Other developed countries have followed suit and enacted favorable regulatory policies, allowing for growth over the last decade. It is estimated that the orphan drugs market was about USD 155 billion in 2021 and is expected to reach USD 268 billion by 2026.[1]

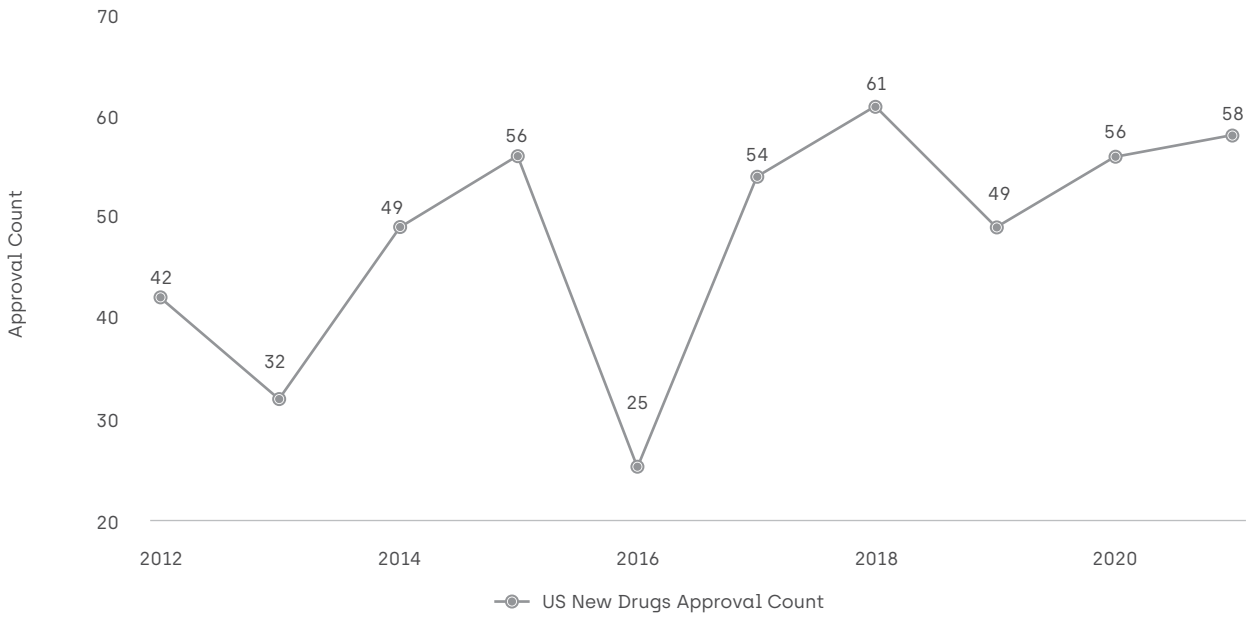
The USFDA (US Food and Drug Administration) kept pace on approval of new drugs, the US drugs regulator approved 58 novel drugs last year, the highest number for the last three years and well above the 10-year average of 48 novel drugs. With travel limitations blamed for decision delays in a number of cases, this uptick could presumably have been steeper under more normal conditions.[3]

In addition to drug approvals, during the FY 2021-2022 USFDA also made notable regulatory decisions. Some of the significant events included the acceptance of an IND (Investigational New Drug application) for the use of CRISPR, the first human trials using gene-editing technology. The USFDA drafted guidance to improve the flexibility and efficiency of drugs under development, including how to combine multiple therapies into novel trial designs like single "umbrella" trials to maximise compatible evidence generation across medicines.

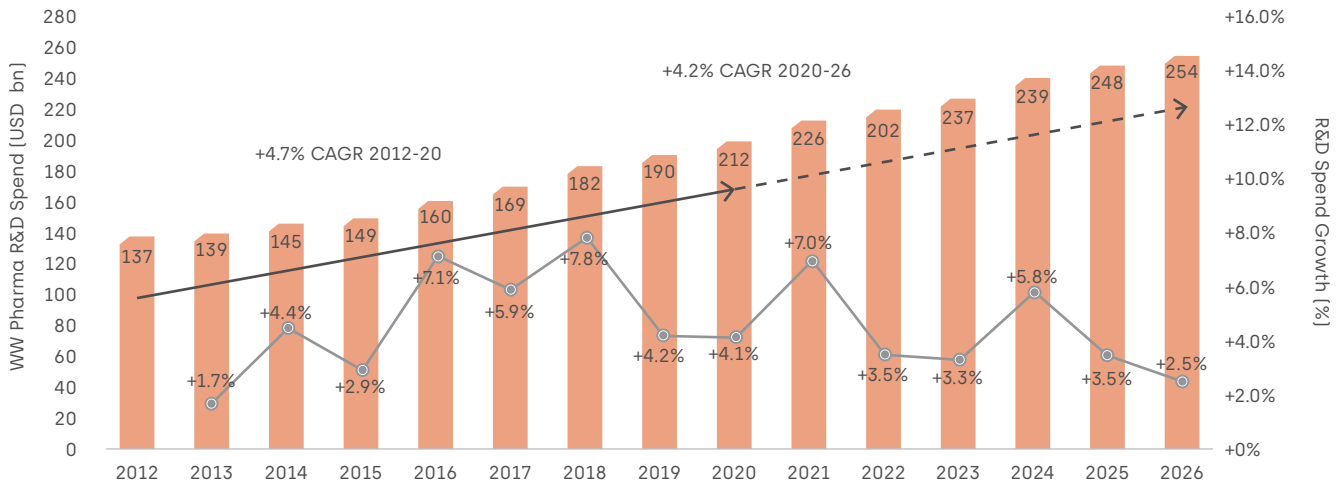
Also, the USFDA updated its advice on oligonucleotides, real-world evidence (RWE), and digital health technologies, among other areas of drug development.[2]

The conducive development environment has led to an increase in investment from the past 2 years, especially in the year 2021.The global Research & Development (R&D) spend is expected to reach USD 254 billion at a CAGR of 4.2% from 2020 to 2026.[1] While the bulk of this increase in R&D spend is expected to come from large biopharma companies, smaller players with cutting edge science are expected to have access to capital to support their R&D. Among large pharmaceutical companies, Roche had the largest R&D budget in 2021 at USD 16 billion (14.8 billion Swiss francs)[4] and is expected to retain this position in 2026.[1] In the United States, the total R&D spending among major pharmaceutical companies in 2020 stood at USD 72 billion, which was approximately 21.4% of total sales.[5]

USFDA Approvals of New Drugs[3]



Worldwide Total Pharmaceutical R&D Spend[1,6]



While there have been bright spots during the past year, the biopharmaceutical industry did face challenges in 2021, prominent among which were those associated with the COVID-19 pandemic which continued to loom over ongoing clinical studies in FY 2021 - 2022, albeit to a lesser degree than in 2020. The number of new clinical trial starts increased 14% in 2021 compared to 2020 due to biopharma companies successfully adapting to the new environment.[2] Among other factors, this is partially attributable to the number of clinical studies to test therapies and vaccines aimed at COVID-19 and the studies-start that were delayed in 2019 and 2020. The uptick is being driven by shifts to more data-driven methods across the value chain, more strategic partnerships, and digital transformation. While suspended trials did resume enrolment in 2021, many continued to experience enrolment disruptions or suspensions.[7]

Trends in the US Biopharma Market

While there was scientific advancement, market sentiment for the biopharmaceutical industry in the US was bearish in 2021 and in the first quarter of 2022. The tumultuous ride US capital markets experienced during second half of 2021 continued into 2022. Since the 2008 financial crisis, this has been the longest period of high volatility as investors remain unsure of the outlook given geopolitical concerns and inflation in the US.[8] Volatility in energy prices, disruption of supply chains in Asia and Europe have built inflationary pressure globally. In response, the Federal Reserve announced the biggest benchmark interest rate increase in two decades. All of this contributes to rapid reduction in biopharma valuations.

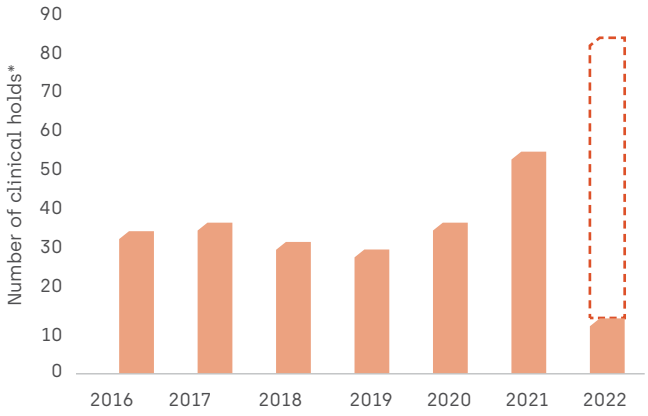
It is possible that markets may ease in the near-to medium-future, it is likely that valuations will continue to be under pressure, even for companies with late-stage clinical assets that can attract capital. While 2021 was a record year for healthcare IPOs, around two-thirds of companies that went public are now trading below their issue price,[9] further demonstrating the previously mentioned bearish sentiment and raising questions over the funding models for early biotech companies. This trend continued in the first quarter of 2022, with low IPO volume and value; six companies went public raising USD 735 million only.[10]

One of the possible reasons for the caution amongst investors is the lack of positive outcomes reported by the biotech companies. Per a report from Morgan Stanley, among companies with a market capitalization of greater than USD 50 million, the proportion of biotech companies reporting positive news has been steadily declining from 61% in the Q1 2020 to about 29% in Q1 2022,[11] a drop of 30% in a period of 2 years. There were multiple reasons for the negative data flow, chief among them being clinical holds, failure of clinical

hypotheses that held promise, and regulatory pressures on new approvals. The downside of this negative data flow is the drag-down of any potential upside from positive data.

While the number of clinical holds have largely remained stable in the past 5 years, 2021 saw a significant increase over the past years.

USFDA Clinical Holds[11]



*Including Clinical and Partial Holds

The US stock market has reacted negatively to clinical failures, a prominent example being BridgeBio, whose stock lost 70% of value after the announcement of failure of its Phase III study in patients with symptomatic transthyretin amyloid cardiomyopathy (ATTR). Even large pharma such as Roche AG and Sanofi SA saw their stock price dragged down following announcements of their SERD (Selective Estrogen Receptor Degrader) programs missing their primary endpoints.

Regulatory pressure on approved drug class also affected investor sentiment. As an example, the black box warning of cardiac side effects for the entire class of JAK inhibitors has hurt companies and investors with significant commitment to the class. Similarly, in oncology, USFDA highlighted several issues relating to the development of PI3K inhibitors in hematologic malignancies: concerning trends in overall survival (OS) in multiple randomized controlled trials (RCTs), toxicities of the PI3K inhibitor class, inadequate dose optimization, and trial design considerations regarding the limitations of single-arm trials. The experience with this class raises a question of whether single-arm trials should be avoided as a regulatory strategy in favor of randomized controlled trials.

In line with the USFDA's push towards mandating clinical trials from the perspective of ethnicity to treat a diverse population, as well as to ensure use of comparators equivalent to standard-of-care in the United States, pressure has been brought upon drugs with single / few-country trials.

In this context, it is worth noting that while it is possible to score an approval with an aggressive regulatory strategy, it does not guarantee commercial success. The most significant example of this is Aduhelm from Biogen, which was approved by the USFDA despite concerns raised by the Advisory Committee and the subsequent restriction of coverage to clinical trials by the Centers for Medicare and Medicaid Services. This reveals the significant effort required to bring key opinion leaders and payors on-board in parallel with the registration process.

Another source of regulatory pressure on biopharma innovation has been on drug pricing, especially in the United States. While the issue of lowering drug prices has evinced interest recently, no specific legislative action has been taken, furthering the volatility. However, non-legislative actions have taken place. A key example of this is the USFDA's decision to allow interchangeability of insulin biosimilars with their branded equivalents.

Although the capital environment is not conducive to raising new capital in these turbulent times, validation of novel platforms and technologies will likely continue to attract considerable capital. Some of the areas in which the industry witnessed transactions or attracted investors include ADCs (Antibody Drug Conjugates), PROTACs (Proteolysis Targeting Chimeras), and RNA-based therapies. ADCs have recently matured as a therapeutic-class and validated by commercial success. PROTACs have garnered lot of interest as they have the potential to target proteins that were previously considered undruggable. PROTACs are expected to be the next generation therapies with blockbuster potential. There has been a boost in valuation of companies focussing on mRNA platforms reflecting optimism that mRNA technology can deliver much more than the current prophylactic COVID-19 vaccines.

ADCs comprise an antibody that recognizes epitopes on cells and delivers a payload to act on the cell. In case of oncological applications, the payloads are intended to kill cancerous cells. Thus, these function as "Trojan Horses" with the potential to target the

delivery of highly potent chemotherapeutics to cancer cells without the systemic liabilities. In the clinic, this expands the treatment window for these therapies compared to non-targeted, systemic delivery. Due to this, ADCs have blockbuster potential despite currently being overshadowed by immune checkpoint inhibitors such as PD-1/PD-L1inhibitors. The burgeoning pipeline of ADCs in development, recent approvals, and positive data coming out of pivotal clinical studies have generated significant commercial interest from big pharma.

PROTACs or proteolysis-targeted chimera are small molecules with heterobifunctionality – to bind a protein of interest (POI) at one end and E3 Ubiquitin ligase at the other. The protein of interest thus gets tagged with ubiquitin and is shuttled through the proteolysis machinery. This approach has multiple advantages that could earn it blockbuster status. Chief among these is that complete proteolysis eliminates functionality of the protein. Weaker binding to the POI does not reduce efficacy and binding-site specificity is not as central to its efficacy as with small molecules and monoclonal antibodies. Perhaps most importantly for oncology is that by virtue of binding anywhere on the POI, the PROTAC is not affected by point mutations that may arise and confer resistance.

The COVID-19 pandemic saw a significant uptick in valuation for RNA-based innovators, due to the global immunization campaign using mRNA vaccines. This is evidenced by the increase in the combined market capitalization of the 5 listed mRNA platform-focused companies from USD 15 billion at the end of 2019 to over USD 300 billion by August 2021.[12] This represents an optimism that mRNA therapeutics can go beyond vaccines and be deployed as therapeutic interventions.

The biological process of RNA interference (RNAi), also known as gene silencing, controls gene expression by interfering with messenger RNA (mRNA). Errors in DNA coding results in incorrect mRNA, which produces disease-causing proteins. It is possible to target and destroy particular mRNA using small interfering RNAs (siRNAs). siRNA can potentially be employed as a therapy by increasing the levels of non disease causing proteins that are implicated in disease pathways. The main benefits of RNAi over small-molecule and protein therapies are that it can block all targets, including those that are 'non-druggable'. Other types of drugs, such as small compounds and monoclonal antibodies, function downstream of RNAi therapies, which is a significant feature.

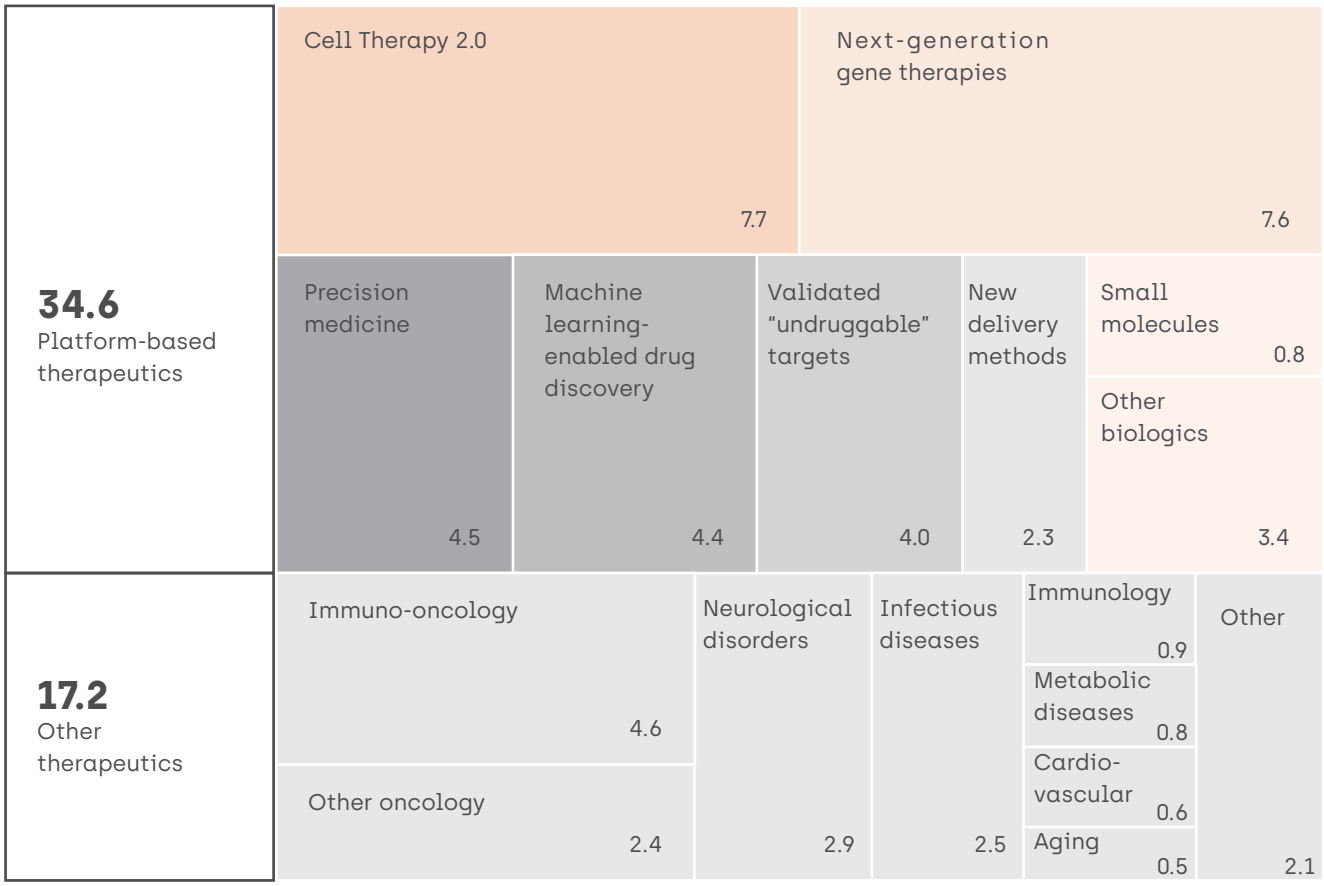
More than two decades after the natural gene-silencing mechanism of RNA interference was elucidated, siRNA-based therapeutics have finally broken into the pharmaceutical market. With multiple agents already approved and many others in advanced stages of the drug development pipeline, siRNA drugs are on their way to becoming a standard modality of pharmacotherapy. The majority of late-stage candidates are indicated for rare or orphan diseases, whose patients have an urgent need for novel and effective therapies. Additionally, there are agents that have the potential to meet the need of a broader population.

Overall, RNAi therapies have a lot of promise as a therapeutic method, potentially introducing a new class of medications to address unmet needs.

In addition to the continued validation of new modalities, the industry is also witnessing availability of funding for cutting-edge science. In the biotech sector, VC funding peaked in the first quarter of 2021 and has declined slightly since. Despite recent dips in the valuations of newly public companies and a slight decline in VC funding over the past four quarters, VC companies continue to plow money into biotech. The exuberance of these seasoned early-stage investors signals that they see the potential for significant breakthroughs in how drugs are discovered, targeted, and delivered. Start-ups with cutting-edge platform technologies—which constitute a base or infrastructure on which other therapies can be developed—have benefited the most. An example of this trend is Eikon Therapeutics which utilizes the 2014 Nobel Prize in Chemistry winning technology of super-resolution microscopy to design therapies for targets previously thought to be 'undruggable'. Their process also uses CRISPR and Artificial Intelligence / Machine Learning (AI/ML) technologies. Venture investors have responded positively enabling Eikon to raise approximately USD 660 million in two years.[13,14]

More than two-thirds of venture capital biotech funding from 2019 to 2021 went to start-ups with platform technologies[15]

Seed to series C VC funding in privately held biotech companies, 2019-21, USD billion



Increasingly, biopharma companies are employing AI/ML tools in drug development. This is an added layer of sophistication to earlier computational drug discovery resources. Traditionally, computational and modelling tools have been used across the value chain from target identification, through lead optimization, till preclinical testing. AI/ML builds on these tools and provides greater predictive capabilities. This includes predicting the 3D structures of proteins and de novo drug design. Importantly, AI can also be used to design multispecific drug molecules with polypharmacologic efficacy for a greater potency. Multiple new technology-enabled drug discovery companies are now pushing the frontiers of drug discovery. However, a critical caveat to this story is that AI-discovered drugs/targets have not yet been clinically validated.

The use of technology is also increasing in execution of clinical trials; virtual, hybrid, or decentralized clinical trials may become preferred options compared to classical trials. Virtual clinical trials utilize technology such as electronic monitoring devices and mobile applications and seek to eliminate/reduce physical sites. In the long term, virtual clinical trials enable sponsors to reach a broader patient population, increased patient diversity, broader geographical representation, better compliance, and reduced dropout rates, all the while being faster and more cost-effective than traditional clinical trials. Another use of technology in conduct of clinical trials include the use wearable devices and smartphone applications enabling collection of vast amounts of data, not always available in the clinical setting, in real time.

Another positive disruption in the biopharma industry has been the rise of innovation in Emerging Markets. These Emerging Biopharma Companies or EBPs were responsible for half of the NASs released in the United States in 2021. In 2021, the EBPs submitted a regulatory filing to the USFDA for approval of 76 % of their originally developed pharmaceuticals, maintaining the high rate seen in prior years and demonstrating increased

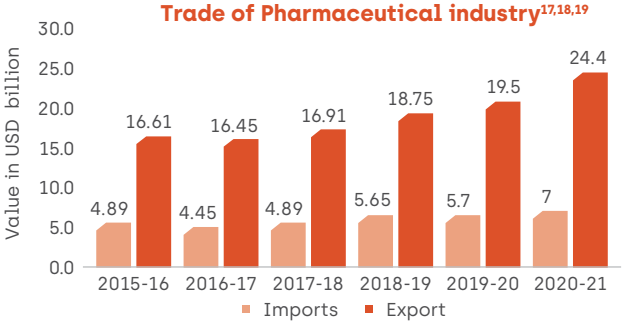
independence in development and commercialisation operations.[2] An example of this is the USFDA approval of Brukinsa (Zanubrutinib). Brukinsa was developed by China-headquartered BeiGene which now operates globally. BeiGene and other China based pharmaceutical companies have successfully navigated the China-US innovation corridor. This presents an attractive model for other Emerging Biopharma Companies, including those in India.

Despite a decline in overall global activity and a wariness from investors toward pre-profit companies in some industries, the biopharmaceutical sector continues to see significant levels of interest and investment. This is being driven by a number of factors, including a strong pipeline of innovative technology and new drugs in advanced R&D stages, robust demand from investors, who seek to leverage the higher returns on investment associated with the industry and the need for pharma companies to replenish their pipeline to secure future revenue. Although geopolitical factors are expected to impact the overall global market. The underlying strength of this sector is expected to promote deal making.

Indian Pharmaceutical Industry

Indian Pharmaceutical sector has been growing over the years and today ranks third in the world in terms of manufacturing volume. India accounts for about 20% of the global supply of generic medications. Indian pharma companies have become significant participants in the global market because of their high quality and low-priced products, thus making the country the 'Pharmacy of the World'. The Indian pharma industry is currently valued at USD 41.7 billion and is estimated to reach USD 65 billion by 2024 and USD 120 - USD 130 billion by 2030.[16]

Trade of Pharmaceutical industry[17,18,19]



With 60% of the world's vaccines and 20% of generic medications coming from India, Indian pharmaceutical businesses have established a global imprint, owing to their price competitiveness and high quality.

Pharmaceutical Development through R&D in India

The Indian pharmaceuticals industry has established itself as an important contributor for the ever-growing demand for pharmaceutical products and solutions globally. However, India lacks adequate number of world class pharmaceutical R&D facilities focussed on innovative drug discovery & research.

Innovation in the pharmaceutical sector will require effective collaboration (amongst industry experts and academicians) and financial aid. According to the Brookings report, India has a mere 216.2 researchers per 1 million population as against 1200 in China, 4300 in the US, and 7100 in South Korea.[20]

The Government of India has recently introduced many initiatives for the advancement of R&D in the pharma sector. The government has developed measures such as Bio-NEST and BioTech Science Clusters to strengthen the biotechnology sector. Four bio-clusters have been formed to bridge the gap between industry and academics in research and innovation, provide incubation space for start-ups, and catalyse R&D and entrepreneurship activities.

The Department of Pharmaceuticals (DoP) has drafted a policy to encourage R&D and innovation in India's pharmaceutical and medical device industries.

Strengthening the legislative framework, rewarding investments, and fostering a facilitatory innovation ecosystem should all be pillars in India's quest to become the global pharma research and innovation hub.

However, there are still fundamental shortages in the healthcare sector, such as universal health coverage, R&D activities, trained labour availability, rural population access to health services, and a favourable regulatory environment for manufacturers. With COVID-19, India has realised its considerable potential of what can be accomplished if all stakeholders, including industry, government, and regulators, work together. With continued efforts to innovate new products and provide quality, affordable drugs, India can rise up the value chain and genuinely becoming the world's pharmacy, both in terms of volume and value.[21]

Opportunities and Challenges

Opportunities

1. The Department of Pharmaceuticals has recently introduced a draft policy to catalyse R&D and innovation in the Pharma- MedTech Sector in India with the objective of enabling a conducive regulatory landscape to accelerate R&D and drive targeted funding, build strong industry-academia collaboration in line with global best practices, and create best-in-class infrastructure for innovation in pharma-medtech sectors. The policy aims to simplify regulatory processes to enable rapid drug discovery; to explore mechanisms to incentivize private sector investment in research and evaluate various funding mechanisms; to identify mechanisms to strengthen the R&D ecosystem through increased collaboration between industry and academia

2. The Indian Government has shown intent to reverse the brain drain with the New Education Policy, 2020. This is certainly an important step towards creating a better academic ecosystem but there is more to do to incentivize academia to build educational environments and curricula that produce talent that are industry ready and can hit the ground running.

Challenges:

1. Limited Financial Infrastructure: India's R&D investment is significantly lower than that of other developing countries. Private finance is also essential for a country's innovation to thrive. The R&D process is lengthy and hazardous, especially in the pharmaceutical industry. Even the largest Indian pharmaceutical businesses find it difficult to fund numerous breakthrough R&D projects without external support.

2. Keeping up with technology: In the last several decades, technology has advanced at an incredible rate. There is a need to not only keep up with evolving technologies but also be at the forefront of embracing new ones.

3. Limited Incentives for R&D: There are limited schemes /incentives for the R&D segment in India compared to other developed nations. This hinders the growth of the pharma sector.

Key Financial Ratios

Key Financial Ratios	FY 2021 - 2022	FY 2020 - 2021	Reason
Debtors Turnover	6.06	15.05	Due to higher revenue during previous year
Inventory Turnover (no. of days)	N.A.	N.A.	Due to nil inventory
Interest Coverage Ratio (in times)	N.A.	N.A.	Due to higher losses
Current Ratio (in times)	0.42	0.26	Due to repayment of borrowings during the year
Debt Equity Ratio (in times)	2.40	(1.37)	Due to issue of convertible warrants and equity shares during the year
Operating Profit Margin (in %)	(139.85)	(56.12)	Due to higher revenue during previous year
Return on Net Worth (in %)	N.A.	N.A.	Due to average negative net worth
Net Profit Margin (%)	(148.19)	(59.75)	Due to higher revenue during previous year

SPARC's Response to Global Trends

SPARC is currently focused on a narrow set of problems in three therapeutic areas. Our endeavor is to narrow that further so that we increase our depth and effort on each of the problems we focus.

The key objective for SPARC in the near term is to complete the current clinical trials to deliver the next set of catalysts. Our recent successes in biologics promise a potential platform play centred on a set of antibodies targeting Muc-1 α/β junction. We are also exploring additional assets on the platform, most notably multi-specific immunofusions. SPARC will continue to invest in several critical competency areas to fully leverage the competitive advantages of its operating model. We intend to move cautiously given the demands on our resources.

In step with global trends, SPARC has pivoted to adopting new technologies and modalities across the developmental value chain. Over the past years, SPARC has built expertise in computational drug discovery, bioinformatics, and AI/ML. As an example, our machine learning capabilities enables us to predict pharmacokinetic properties of candidate drug molecules. In parallel with building internal capabilities, SPARC collaborated with technology-driven companies such as Schrödinger and Hitgen. In 2021, SPARC collaborated with One Three Biotech, an AI

company, to understand the mechanistic underpinnings of a key enzymatic pathway in oncogenesis.

In the discovery stage, the Company has built robust capabilities in biologics with the ability to create modular platforms of immunofusions and antibody-drug conjugates. SPARC's transition to antibodies and conjugates provides SPARC with a unique advantage of being able to develop both small molecules and large molecules in-house, which only a handful of R&D focused companies possess. SPARC's foray in biologics will expand the playing field for SPARC.

SPARC's continued efforts on external collaborations has led to building a mature process to source innovative assets from both academia and biotech companies. SPARC has engaged multiple US academic centres for joint development programs targeting novel biology in the area of oncology, neuro-degeneration and immunology. During FY 2021 - 2022 SPARC progressed on multiple collaborative projects and also acquired exclusive rights for antibody against a unique oncology target from Biomodifying Inc.

SPARC's initial efforts on NDDS based programs have led to early success with multiple programs approved/ filed and SPARC is well poised for next infliction point with read outs from the key studies for the NCEs under clinical development expected in next 12 – 18 months.

SPARC's Operating Model & Performance Overview

During the year 2021-22 the Company completed the pipeline transition towards novel biology and has built a multi-modal toolkit. Throughout this transition, our mission has remained consistent: to continuously improve standards of care for patients globally through innovation in therapeutics and delivery. SPARC's portfolio now comprises several high-value first- and best-in-class opportunities at various stages of development.

Overall, SPARC has built a mature R&D organization with capabilities across the value chain, and an attractive portfolio with multiple high-value assets.

The FY 2021 - 2022 continued to provide validation for our business model. Following the positive readout from Phase 3 studies for our ophthalmology programs, SPARC successfully licensed the commercialization rights for PDP-716 and SDN-037 to Visiox Pharma, a specialty pharma company focused on ophthalmology. Additionally, SPARC in-licensed the worldwide rights to a novel antibody against a unique target expressed by a variety of cancer cells, bearing the promise of a platform therapy across modalities: multi-specifics, T-cell engagers, and antibody-drug conjugates (ADCs).

While lab operations of SPARC resumed in earnest in 2020 and continued in 2021, COVID-19 continued to impact enrolment for our clinical studies. In FY 2021 - 2022, SPARC continued to put in place measures to improve enrolment and ramp-up patient recruitment in FY 2022 - 2023.

Our clinical studies in six indications continue to ramp-up and recruitment is underway. Our lead asset vodobatinib is currently being tested in early-stage Parkinson's Disease (PD) and late-stage refractory Chronic Myeloid Leukemia (CML). Sun Pharmaceutical Industries Ltd. (SPIL) continues to advance vibozilimod (SCD-044) through Phase 2 studies in two indications – psoriasis and atopic dermatitis. A Phase 1 study in healthy volunteers was completed for SCO-120, indicated for the treatment of metastatic breast cancer.

During the year we raised USD 148 million with participation by our promoter group and other marquee domestic and foreign institutional investors. SPARC received INR 278 Cr (~USD 37 million) being 25% payable on application, balance 75% i.e. INR 834 Cr (~USD 111 million) to be received within 18 months upon conversion of warrants by investors. The available cash from conversion of warrants will be sufficient to cover the cost of ongoing clinical studies.

Additionally, to advance our pre-clinical assets and to augment our pipeline we had obtained shareholder approval at the last AGM to raise an additional sum upto INR 1,800 crores (USD 240 million). The Company also has a line of credit of INR 475 crores (~USD 63 million) to meet any interim funding requirements

Progress on Key Programs

1. **Elepsia™ XR**

   SPARC had licensed the US commercialization rights for Elepsia™ XR 1000mg and 1500mg to Tripoint Therapeutics. Under this agreement, SPARC is eligible to receive tiered royalties ranging from 15% to 50% of net sales.

   The commercialization of Elepsia™ XR commenced in 2021. Tripoint completed the field launch meet and training of the sales team. There are now 40 representatives actively promoting Elepsia™ XR in the United States.

2. **PDP-716 for the treatment of open-angle glaucoma**

   PDP-716 is a novel, once-a-day formulation of brimonidine developed using SPARC's proprietary TearAct™ technology. The previously concluded Phase 3 study demonstrated functional equivalence of PDP-716 and Alphagan® P 0.1% dosed three times-a-day in reducing intraocular pressure.

   SPARC licensed the global (excluding India and greater China) commercialization rights to Visiox Pharma with eligibility to receive upfront payment, milestone payments, and royalty on sales. Additionally, SPARC received a 10% equity stake in Visiox Pharma (subject to regulatory approvals).

   During FY 2021 - 2022, SPARC closed out the Phase 3 study and recently had a pre-NDA meeting with USFDA. The outcome of the pre-NDA meeting was positive and Visiox Pharma along with SPARC plans to submit a NDA in FY 2022 - 2023.

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

   SDN-037 is a novel, twice-a-day formulation of difluprednate developed using SPARC's proprietary technology. The previously concluded Phase 3 study demonstrated patients receiving SDN-037 achieved an Anterior Cell Chamber (ACC) grade of 0 (zero inflammation) versus vehicle alone, with p value <0.0001. SDN-037 was generally well tolerated with adverse events consistent with those generally observed with difluprednate.

   SPARC licensed the global (excluding India and greater China) commercialization rights to Visiox Pharma.

   Visiox Pharma is working with SPARC for NDA submission of SDN-037.

4. **Phenobarbital Sodium for the treatment of neonatal seizures**

   Phenobarbital injection is the current standard-of-care for neonatal seizures but is not approved by the USFDA for safety, quality, or effectiveness. Critically, the marketed formulation of phenobarbital contains benzyl alcohol as a preservative, which is known to cause "gasping syndrome" in neonates.

   SPARC has developed a benzyl alcohol-free formulation of phenobarbital for treatment of seizures in neonates. It was granted an orphan drug designation by the USFDA. During FY 2021 - 2022, SPARC submitted a NDA to the USFDA for approval of its formulation of phenobarbital. SPARC is in discussion with potential partners for licensing the commercialization rights of phenobarbital.

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

   Vodobatinib is a novel, highly-selective c-Abl inhibitor for refractory CML. The pivotal study is recruiting patients who have failed 3 lines of treatment including ponatinib. In FY 2021 - 2022, recruitment for this study was impacted as multiple ponatinib using countries were still facing COVID-19 related issues. SPARC continues to take steps to improve recruitment rates.

   During FY 2021 - 2022, SPARC presented the results of the ongoing study at the 2021 ESH and ASH Annual Meetings as an oral presentation. This was the second consecutive year of SPARC being selected for an oral presentation, demonstrating the hematology-oncology community's belief in the promise of vodobatinib.

   Vodobatinib continues to demonstrate durable long-term response across Phase 1 cohorts, with 68% of enrolled patients continuing on vodobatinib after 1 year and ~47% continuing treatment after 2 years from treatment initiation.

   SPARC expects pivotal study data readout of SCO-088 in FY 2023 - 2024.

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

   Vodobatinib is being investigated for multiple neurodegenerative diseases and is a potentially first-in-class disease modifying treatment.

   The Phase 2 study in Parkinson's disease (PROSEEK) is currently recruiting patients and over 65% patients are randomized. This study was impacted due to COVID-19 related lockdowns and SPARC continues to work on ramping up recruitment. SPARC aims to complete the patient recruitment by the end of FY 2022 - 2023 and the topline readout from this study is expected in FY 2023 - 2024.

   An additional Phase 2 investigator-initiated study is also recruiting patients with Lewy Body Dementia at Georgetown University, Washington D.C.

7. **Vibozilimod for the treatment of autoimmune disorders (SCD-044)**

   Vibozilimod (SCD-044) is a selective S1PR1 agonist in development for autoimmune disorders.

   SPARC previously licensed the global rights of vibozilimod to SPIL which is recruiting patients for Phase 2 studies in Psoriasis and Atopic Dermatitis.

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

   SCO-120 is a novel, orally bioavailable, SERD for the treatment of Hormone Receptor positive (HR+), Human Epidermal Growth Factor Receptor 2 negative (HER2-), metastatic breast cancer. During FY 2021 - 2022, SPARC completed a Multiple Ascending Dose (MAD) study and a Food Effect study in healthy volunteers. A Phase 1 study in patients has been initiated and the study is expected to begin recruitment in H1FY 2022 - 2023.

Outlook

SPARC's portfolio has multiple mid-stage assets in oncology, neurodegeneration, and immunology with significant commercial promise. Additionally, our robust translation engine has the potential to accelerate the advancement of novel therapies from the lab to clinic.

In the near-term our focus will be on execution, we will work with our partners to drive the uptake of Xelpros™ and Elepsia™. Additionally, we will be working closely with Visiox Pharma for the submission of NDAs for the two ophthalmology programs in H1FY 2022 - 2023. We have submitted the NDA for phenobarbital in FY 2021 - 2022 and expect that this program will be partnered in H1FY 2022 - 2023.

For our NCE programs in clinical development we will continue our efforts for ramping up the patients recruitment rates. In the medium-term, we are working on moving two additional programs to first-in-human Phase 1 studies. Our hunt for new programs – both from internal ideation and external partnerships – will continue to augment our pipeline.

In the mid to long-term, our pivot towards NCEs, NBEs, and complex modalities for targeted delivery, has the potential to create greater value. We continue to aggressively build new capabilities to support this transition to higher-value opportunities.

Human Resource Strategy

Strategic human resource management is the foundation of a strong business. At SPARC, a young dynamic team of promising and talented employees, work relentlessly to pursue SPARC's business plans. With high focus on the Sunology values of Innovation, Initiative, Passion and Humility, the HR of the Company is aligned towards hiring, developing and retaining highly proficient talent and works to provide an inclusive environment that is welcoming to all across diversities. The HR department continuously benchmarks best practices across the industry - in the areas of Talent Management, Learning & Development, Performance Management System and Employee Care. This is done with the objective to provide highest levels of employee experience and keep its workforce motivated, knowledgeable and progressive, aligning employees with business goals. The team continuously works towards improving processes and takes initiatives to align our people processes with the changing business requirements to create a culture of continuous learning and innovation. To enhance its R&D capabilities, the Company regularly collaborates with some of the top Indian universities and training institutes and imparts skill development trainings to its employees and prepare them according to the change in business strategies. Effective communication platforms are used to foster transparency and create open forums for discussions to address concerns.

As on 31st March 2022, the Company has a dedicated team of 403 employees (Across India and the US), of which 85% are scientists.

Risks and Concerns

Company's R&D activities takes it on new roads and paths but the core focus is to adhere to risk tolerance thresholds. The Company may be affected by risks and uncertainties related to product development, regulatory approval, patent and proprietary rights scope, market competition, technological advancements. Foreign exchange rate variations can also affect sales, profitability, and cash flows. As a result the Company works hard to identify important risks and adopt mitigation strategies to lessen the impact on the operations of the Company.

Internal Control Systems and their Adequacy

The Company maintains adequate internal control systems commensurate with the size, nature and complexity of its business operations. These controls are

regularly tested for their adequacy and effectiveness by internal as well as external auditors of the Company. Further, the Audit Committee reviews the audit reports for each quarter and monitors the implementation of auditors' recommendations.

Disclaimer

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

References:

[1] World Preview 2021, Outlook to 2026, 14th Edition, July 2021, Evaluate Pharma

[2] Global Trends in R&D, Overview Through 2021, IQVIA Institute, February 2022

[3] The FDA brushes off the pandemic with a pick-up in novel drug approvals; Evaluate Vantage, January 2022

[4] Top 10 pharma R&D budgets in 2021, Fierce Biotech, Mar 14, 2022

[5] 2021 PhRMA Annual Membership Survey

[6] Total global pharmaceutical R&D spending 2012-2026, July 27th 2022, Statista

[7] Covid-19 two years on: persistent symptoms of clinical trial disruption trouble certain therapy areas, March 31st, 2022, ClinicalTrials Arena

[8] PwC Insights Q2 2022 Capital Markets Watch

[9] Evaluate Vantage 2022 Preview, December 2021

[10] Equity capital markets - healthcare: Q1 2022 review, April 2022, Mizuho

[11] Biotech Bears: Jumping A Lower Bar Or A Higher One?, Life Sci VC, March 17th, 2022

[12] Evolution of the market for mRNA technology, Xie et al., September 2nd 2021, Nature Reviews Drug Discovery

[13] Company press release: May 5th 2021

[14] Company Press Release: January 6th 2022

[15] What are the biotech investment themes that will shape the industry? June 10th 2022, McKinsey Insights

[16] Pharma industry in India: Invest in Indian Pharma Sector (investindia.gov.in)

[17] Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers, Government of India, 2019 – 20 Annual Report

[18] Department of Pharmaceuticals, Ministry of Chemicals & Fertilizers, Government of India, 2020 – 21 Annual Report

[19] Economic Survey 2021-22, January 2022, Ministry of Finance, Government of India

[20] Why Indian Pharma Must Evolve As 'Value Creator'?, BioSpectrum India, July 2022.

[21] Impact of the pharma industry on the Indian economy in the post-COVID era. A report by KPMG in India and FICCI.

Board's Report

Dear Members,

Your Directors take pleasure in presenting the Company's 17th Annual Report and Audited Financial Statements for the financial year ended March 31, 2022.

FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2022 is summarized below:

(₹ in Lakhs)

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Total Income	14,409.35	25,836.96
Profit/(Loss) before Finance Cost, Depreciation & Tax	(17,990.48)	(12,956.52)
Finance Cost	1,332.87	1,065.03
Depreciation	1,016.19	1,092.33
Profit/ (Loss) before Tax	(20,339.54)	(15,113.88)
Tax Expense	-	-
Profit/ (Loss) after Tax	(20,339,54)	(15,113.88)
Other Comprehensive Income/ (Loss)	169.64	152.55
Total Comprehensive Income/ (Loss)	(20,169.90)	(14,961.33)
Balance brought forward from Previous Year	(1,16,888.48)	(101,927.15)
Balance carried to Balance Sheet	(1,37,058.38)	(116,888.48)

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THIS REPORT

There were no material changes and commitments, affecting the financial position of the Company, which have occurred between the end of the financial year ended March 31, 2022 and the date of this Report.

DIVIDEND

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

DIVIDEND DISTRIBUTION POLICY

In compliance with the requirements of Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 (hereinafter referred to as 'Listing Regulations'), the Board of Directors of the Company has, formulated a Dividend Distribution Policy, which is available on the website of the Company and may be accessed through the web link https://www.sparc.life/policies-and-codes.

ANNUAL RETURN

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

SUBSIDIARY/ JOINT VENTURE/ ASSOCIATE COMPANY

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

PREFERENTIAL ISSUE

Pursuant to the approval by the Board of Directors at its meeting held on May 12, 2021 and approval by the members of the Company at their Extra-Ordinary General Meeting held on June 08, 2021 ('EGM'), the Company, on July 08, 2021, has allotted 6,24,74,082 warrants, each convertible into one equity share, on preferential basis at an issue price of ₹178/- each, upon receipt of 25% of the issue price (i.e. ₹44.50 per warrant) as warrant subscription money. Balance 75% of the issue price (i.e.

₹ 133.50 per warrant) is payable within 18 months from the allotment date, at the time of exercising the option to apply for fully paid–up equity share of ₹ 1/- each of the Company, against each warrant held by the warrant holder.

The Company, till date, has allotted 98,31,460 fully paid up equity shares against conversion of equal no. of warrants by the concerned warrant holder(s).

The details of utilization of funds is given hereunder:

Particulars	(₹ In Lakhs)
Funds raised and available for utilization till March 31, 2022	40,925.96
Funds utilized during the year ended March 31, 2022	39,665.47
Funds available for utilization as on March 31, 2022	1,260.49

There have been no deviation or variation in the use of proceeds from the objects stated in the offer document (Private Placement Offer cum Application Letter dated June 08, 2021) or explanatory statement to the EGM notice dated May 12, 2021.

SHARE CAPITAL

The paid-up share capital of the Company at the beginning of the financial year was ₹ 26,20,47,506/. During the year the Company has allotted 98,31,460 equity shares of ₹ 1/- each towards conversion of warrants issued on preferential basis. As a result, the paid-up capital of the Company as at the end of the financial year stood increased to ₹ 27,18,78,966/-.

SHARES LYING IN UNCLAIMED SUSPENSE ACCOUNT

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

As on March 31, 2022, 1,584 shares belonging to 13 shareholders were lying unclaimed in the aforesaid account.

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

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Dilip S. Shanghvi (DIN: 00005588), retires by rotation at the ensuing 17th Annual General Meeting of the Company and being eligible has offered himself for re-appointment. The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, has recommended his re-appointment for the approval of the members at the ensuing 17th Annual General Meeting of the Company.

During the year under review, the Mr. Dilip Shanghvi (DIN: 00005588) has expressed his desire to step down from his position as Managing Director of the Company. He, however, would continue to be associated with the Company in his capacity as Non-Executive Director and Chairman of the Company. The Nomination and Remuneration Committee and the Board at their respective meetings held on May 25, 2021 has noted and accepted the same with immediate effect.

On the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on May 25, 2021, had also considered, approved and recommended to the members of the Company, (i) appointment of Mr. Anilkumar Raghavan as the Manager and Whole-time Key Managerial Personnel of the Company, designated as Chief Executive Officer (CEO), for a term of 5 (five) years effective from May 25, 2021 upto May 24, 2026; and (ii) maximum remuneration (of ₹ 8,00,00,000 p.a.) to be paid to Mr. Anilkumar Raghavan for a period of 3 (three) years commencing from May 25, 2021 upto May 24, 2024. The members at their 16th Annual General Meeting of the Company held on September 29, 2021 has approved the above appointment and maximum remuneration to be paid to Mr. Anilkumar Raghavan.

During the year under review, Mr. Debashis Dey has resigned from his position of Company Secretary and Compliance Officer with effect from end of working hours of June 25, 2021. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on July 26, 2021 has considered and approved the appointment of Mr. Dinesh Lahoti as the Company Secretary and Compliance Officer of the Company with immediate effect.

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 the Act and the Listing Regulations.

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

POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

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

The Board, on the recommendation of the Nomination and Remuneration Committee, has framed a policy for selection, appointment and remuneration of Directors and Senior Management. The summary of Remuneration Policy is disclosed in the Corporate Governance Report, which forms a part of this Report.

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

FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

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

MEETINGS OF THE BOARD

The Board of Directors of the Company have met seven times during the year. The dates of the Board meetings and particulars of attendance of the Directors at the said meetings are detailed in the Corporate Governance Report which forms a part of this Report. The intervening gaps between the meetings were within the period prescribed under the Act and Listing Regulations.

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

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

The Board of Directors have carried out an evaluation of its own performance, its various committees and individual directors pursuant to the provisions of the Act and the Listing Regulations.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of various criteria such as Competency and experience of the Directors, Meetings of the Board, Roles and Responsibilities of the Board, Professional Development, etc.

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

The Board 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) and contribution. 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 Chairman) and ability to keep shareholders' interests in mind.

In a separate meeting of Independent Directors, performance of non-independent directors, performance of the Chairman and performance of the Board as a whole was evaluated.

Performance evaluation of the Board, its various Committees and individual Directors including independent Directors and Chairman was found satisfactory. The Board also assessed the fulfillment of the independence criteria as specified in Listing Regulations, by the Independent Directors of the Company and their independence from the management.

HUMAN RESOURCES

The Company is a close-knit family of 403 dedicated individuals – 85% of which are highly qualified and experienced scientists in various fields. Last year, the Company has expanded its footprints into Large Molecules, and hired some top quality scientific talent, including the ones from large molecule background.

The Company also invested in international conferences and scientific collaborations for continuous knowledge up-gradation. The Company has also strengthened its learning & development initiatives and initiated the succession planning for its critical positions.

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

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

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

The Company strongly believes in gender neutrality and also encourages hiring from all genders. It becomes more & more important for us to focus on providing a safe & harassment-free workplace for all employees through various interventions and practices. This cannot be achieved without the Company making sure that the environment at SPARC is free from discrimination and harassment, including sexual harassment.

During the financial year ended March 31, 2022, there was no complaint received for sexual harassment. Also, there are no complains pending as at the end of the financial year.

The Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

AUDITORS

Statutory Auditors

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

Based on the recommendation of the Audit Committee, the Board at its meeting held on May 17, 2022 had considered and approved the appointment of S R B C & Co. LLP, Chartered Accountants, (Firm's Regn. No. 324982E/E300003) for a second term of five years, i.e. from the conclusion of 17th Annual General Meeting till the conclusion of the 22nd Annual General Meeting of the Company, subject to the approval of the shareholders at the ensuing Annual General Meeting. S R B C & Co. LLP have consented to act as Statutory Auditors and confirmed their eligibility to be re-appointed in terms of Section 141 and other applicable provisions of the Act.

The Auditor's Report for the financial year ended March 31, 2022, issued by the Statutory Auditors, does not contain any qualification, reservation, adverse remark or disclaimer and no frauds were reported by the Auditors to the Audit Committee or the Board, in terms of section 143(12) of the Act.

Secretarial Auditors

Pursuant to the provisions of Section 204 of the Act, and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Board had appointed KJB & Co. LLP, Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company for the financial year 2021-22.

The Secretarial Audit Report in the Form No. MR-3 for the year ended March 31, 2022 is annexed as **Annexure 2**. The Secretarial Audit Report does not contain any qualification, reservation, adverse remark or disclaimer.

Pursuant to the SEBI Circular No. CIR/CFD/CMD1/27/2019 dated February 08, 2019, the Annual Secretarial Compliance Report for the financial year 2021-22 has been obtained from the Secretarial Auditor of the Company and the said Report was submitted with the stock exchanges within the prescribed time.

SECRETARIAL STANDARDS

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

LOANS, GUARANTEES & INVESTMENTS

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

RELATED PARTY TRANSACTIONS

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

As required under Section 134(3)(h) of the Act, details of transactions entered with related parties under the Act exceeding ten percent of the annual consolidated turnover as per the last audited financial statements are given in Form AOC-2 provided as **Annexure 3**.

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

COMMITTEES OF THE BOARD

As on March 31, 2022, the Board has 7(seven) Committees, namely, Audit Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Risk Management Committee, Fund Management Committee, Securities Allotment Committee. The details pertaining to the meetings and composition of the Committees of the Board are included in the Corporate Governance Report, which forms a part of this Report.

During the year under review, all recommendations made by the Committees (including Audit Committee) were accepted by the Board.

RISK MANAGEMENT

The Board of Directors has developed and implemented an adequate Risk Management Policy, which lays down the procedure to identify, monitor and mitigate the key elements of risks that threaten the existence of the Company. Further, in compliance with the requirements of Regulation 21 of the Listing Regulations as amended from time to time, the Board of Directors of the Company has constituted a Risk Management Committee to oversee risk mitigation measures in the Company. The details of composition of Risk Management Committee are included in the Corporate Governance Report which forms a part of this Report.

The Risk Management Committee 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 upgrades these systems on continue basis.

CORPORATE SOCIAL RESPONSIBILITY(CSR)

In compliance with the requirements of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility Committee. The details of membership of the Committee and the meeting(s) of the Committee held during the year are given in the Corporate Governance Report which forms a part of this Report.

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

Since the Company has incurred losses during the three immediately preceding financial years, the Company was not required to spend on CSR activities during the financial year ended March 31, 2022. However, in compliance with the requirements of Companies (Corporate Social Responsibility Policy) Rules, 2014, the Annual Report on 'CSR Activities' as per prescribed format, is annexed as **Annexure 4**.

PUBLIC DEPOSITS

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

CREDIT RATING

Acuite Ratings & Research Ltd. has assigned the rating of ACUITE AA/Stable for the long term facilities of the Company.

MANAGEMENT DISCUSSION AND ANALYSIS

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

CORPORATE GOVERNANCE REPORT

Report on Corporate Governance along with the Certificate from the Auditors of your Company confirming compliance of the conditions of Corporate Governance as stipulated in Schedule V read with Regulation 34(3), of the Listing Regulations, are provided in a separate section and forms part of this Report.

BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report of the Company for the year ended March 31, 2022 describing the initiatives taken by them from an environmental, social and governance perspective, in the prescribed format as required under Clause 34(2)(f) of the Listing Regulations, forms part of this Report and is also available on the website of the Company and may be accessed through the web link https://www.sparc.life/announcements-disclosures.

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

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is annexed as **Annexure 5**.

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

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

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

The Company wants to continue enduring value for all stakeholders and ensure highest levels of honesty, integrity and ethical behavior in all its operations. Hence, the Company continues to prioritize this vision to all employees and gives more importance to the already created 'SPARC Whistle Blower Policy'.

SPARC encourages all employees to report suspected or actual occurrence of illegal, unethical or inappropriate events (behavior or practices) that may affect Company's working or interest / image.

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

DIRECTORS' RESPONSIBILITY STATEMENT

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

a) in the preparation of the annual accounts for the financial year ended March 31, 2022, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at March 31, 2022 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
(DIN: 00005588)

Place: Mumbai
Date: August 08, 2022

Annexure 1

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

(i) Ratio of the remuneration of each director to the median remuneration of the employees and percentage increase in remuneration of each Director, CEO, CFO and CS of the Company for the financial year 2021-22:

Name	Designation	% increase/ (decrease) in remuneration[1] in the FY 2021-22	Ratio of remuneration[1] of each Director/ to median remuneration of employee
Mr. Dilip S. Shanghvi	Chairman & Non-Executive Director	Not Applicable[2]	0.23
Mr. Sudhir V. Valia	Non-Executive Director	30.00	0.59
Dr. T. Rajamannar	Non-Executive Director	55.56	0.32
Ms. Bhavna Doshi	Independent Director	18.18	0.59
Dr. Ferzaan Engineer	Independent Director	14.29	0.54
Dr. Robert Spiegel	Independent Director	20.00	0.54
Mr. Anilkumar Raghavan[3]	Chief Executive Officer	Not Applicable[6]	--
Mr. Chetan Rajpara	Chief Financial Officer	6.33	--
Mr. Debashis Dey[4]	Company Secretary and Compliance Officer	Not Applicable[6]	--
Mr. Dinesh Lahoti[5]	Company Secretary and Compliance Officer	Not Applicable[6]	--

1. Remuneration of all the Directors consists only of sitting fees drawn by them
2. For Mr. Dilip S. Shanghvi, there was no comparable available for previous year, and hence "Not Applicable"
3. Appointed as the Manager and the whole-time Key Managerial Personnel, designated as Chief Executive Officer effective from May 25, 2021
4. Resigned as Company Secretary and Compliance Officer effective from close of working hours of June 25, 2021
5 Appointed as Company Secretary and Compliance Officer effective from July 26, 2021
6. Since the remuneration is only for part of the year, the percentage increase/ (decrease) in remuneration is not comparable, hence "Not Applicable"

(ii) Percentage increase in the median remuneration of employees in the financial year (Median 2021-22/Median 2020-21): 9.10%

(iii) Number of permanent employees on the rolls of the Company as on March 31, 2022: 403

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

Average percentage increase in salary of employees other than managerial personnel: 9.79%

Average percentage increase in salary of managerial personnel: 6.50%

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

Note: All the details of remuneration (except sitting fees) given/considered above are as per section 17 of the Income Tax Act, 1961, and the ratios are calculated on that basis.

For and on behalf of the Board of Directors

Dilip S. Shanghvi
Chairman
(DIN: 00005588)

Place: Mumbai
Date: August 08, 2022

Annexure 2

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2022.

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

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

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

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2022, 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 2022, according to the provisions of:

i. The Companies Act, 2013 **("the Act")** and the rules made thereunder;

ii. The Securities Contracts (Regulation) Act, 1956 **("SCRA")** and the rules made thereunder;

iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent applicable during the period under review of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India **("SEBI")** Act, 1992:

   a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and amendments made thereto from time to time **("LODR Regulations")**;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 and amendments made thereto;

   c) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not applicable to the Company for the year under review**;

   d) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 2018 – **Not applicable to the Company for the year under review**;

   e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 – **Not applicable to the Company for the year under review**;

   f) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

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

h) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable to the Company for the year under review**;

i) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **Not applicable to the Company for the year under review**;

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

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

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director.

2. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings and Meetings of Committees except in some cases where the meeting was held on a shorter notice with the consent of all the directors / committee members. Agenda and detailed notes on agenda were sent in advance in adequate time before the meetings and a system exists for Directors for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. On verification of minutes, we have not found any dissent/disagreement on any of the agenda items discussed in the Board and Committee meetings from any of the Directors and all the decisions are carried through.

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

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

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

We further report that during the period under review on July 08, 2021, the Company had allotted 6,24,74,082 warrants, each convertible into one equity share, on preferential basis at an issue price of ₹ 178/- each, upon receipt of 25% of the issue price (i.e. ₹ 44.50 per warrant) as warrant subscription money. Balance 75% of the issue price (i.e. ₹133.50 per warrant) is payable within 18 months from the allotment date, at the time of exercising the option to apply for fully paid-up equity share of ₹ 1 each of the Company, against each warrant held by the warrant holder. During the period under review, the Company upon receipt of balance 75% of the issue price (i.e. ₹ 133.50/- per warrant) for 98,31,460 warrants, has allotted equal no. of fully paid-up equity shares against conversion of said warrants exercised by the warrant holders.

For, KJB & CO LLP,
Practicing Company Secretary
Firm Unique Identification No. – L2020MH006600
Peer Review Certificate No. – 934/2020

Alpeshkumar Panchal
Partner
ACS No.: 49008
C P No.: 20120
UDIN: A049008D000762347

Date: Shravan 17, 1944 / August 8, 2022
Place: Vadodara

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

ANNEXURE 1

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

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

1. Maintenance of secretarial records is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.

6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For, KJB & CO LLP,
Practicing Company Secretary
Firm Unique Identification No. – L2020MH006600
Peer Review Certificate No. – 934/2020

Alpeshkumar Panchal
Partner
ACS No.: 49008
C P No.: 20120
UDIN: A049008D000762347

Date: Shravan 17, 1944 / August 8, 2022
Place: Vadodara

Annexure 3

FORM NO. AOC. 2

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

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

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

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

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, as on March 31, 2022, if any:
Sun Pharmaceutical Industries Ltd. (Majority stake owned and controlled by the Promoter and Promoter Group of Sun Pharma Advanced Research Company Ltd. (SPARC))	Sale of services (License fees/ royalty on technology/ R & D services), Purchase of goods, property, plant and equipment, rent expense (pertains to payment of lease liability), Receiving of research and development services, and Reimbursement of expenses received and expenses paid.	On-going .	The related party transactions entered during the financial year 2021-22 were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2021-22 was ₹ 10,210.74 lakhs.	Since these transactions were in ordinary course of business and were on arm's length basis, approval of the Board was not applicable.	Nil
Sun Pharma Laboratories Limited (Wholly owned subsidiary of Sun Pharmaceutical Industries Ltd. whose majority stake is owned and controlled by the Promoter and Promoter Group of SPARC).	Sale of services (license fees/ royalty on technology/ R & D services), and purchase of goods	On-going	The related party transactions entered during the financial year 2021-22 were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2021-22 was ₹ 4,421.68 lakhs.	Since these transactions were in ordinary course of business and were on arm's length basis, approval of the Board was not applicable.	Nil
Sun Pharmaceutical Industries Inc. (Wholly owned subsidiary of Sun Pharmaceutical Industries Ltd. whose majority stake is owned and controlled by the Promoter and Promoter Group of SPARC).	Sale of services (R & D services), reimbursement/ receiving of research and development services and purchase of goods	On-going	The related party transactions entered during the financial year 2021-22 were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2021-22 was ₹ 2,311.92 lakhs.	Since these transactions were in ordinary course of business and were on arm's length basis, approval of the Board was not applicable.	Nil

For and on behalf of the Board of Directors

Dilip S. Shanghvi
Chairman
(DIN: 00005588)

Place: Mumbai
Date: August 08, 2022

Annexure 4

Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year ended March 31, 2022

1. Brief outline on CSR Policy of the Company

The CSR policy of the Company encompasses its philosophy towards Corporate Social Responsibility and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large.

The Company has identified health, education & livelihood, environment protection, water management and disaster relief as the areas where assistance may be provided as needed on a case-to-case basis.

2. Composition of CSR Committee

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

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

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

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

Not Applicable

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

Not Applicable

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

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

7.

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

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

Total Amount Spent for the Financial Year	Amount Unspent				
	Total Amount transferred to Unspent CSR Account as per section 135(6)		Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5)		
	Amount	Date of transfer	Name of the Fund	Amount	Date of transfer
Not Applicable					

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	(9)	(10)	(11)	
Sl. No.	Name of the Project	Item from the list of activities in Schedule VII to the Act	Local area (Yes/ No)	Location of the project.		Project duration	Amount allocated for the project	Amount spent in the current financial year	Amount transferred to Unspent CSR Account for the project as per per Section 135(6)	Mode of Implementation - Direct (Yes/No)	Mode of Implementation - Through Implementing Agency	
				State	District						Name	CSR Registration number
Not Applicable												

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

(1)	(2)	(3)	(4)	(5)		(6)	(7)	(8)	
Sl. No.	Name of the Project	Item from the list of activities in schedule VII to the Act	Local area (Yes/ No)	Location of the project		Amount spent for the project	Mode of implementation - Direct (Yes/No)	Mode of implementation - Through implementing agency	
				State	District			Name	CSR Registration number
Not Applicable									

(d) Amount spent in Administrative Overheads - Not Applicable

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

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

(g) Excess amount for set off, if any

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

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

Sl. No.	Preceding Financial Year	Amount transferred to Unspent CSR Account under section 135 (6)	Amount spent in the reporting Financial Year	Amount transferred to any fund specified under Schedule VII as per section 135(6), if any.			Amount remaining to be spent in succeeding financial years
				Name of the Fund	Amount	Date of transfer	
Not Applicable							

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Sl. No.	Project ID	Name of the Project	Financial Year in which the project was commenced	Project duration	Total amount allocated for the project	Amount spent on the project in the reporting Financial Year	Cumulative amount spent at the end of reporting Financial Year	Status of the project - Completed /Ongoing
Not Applicable								

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

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

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

Not Applicable

Place: Mumbai
Date: August 08, 2022

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

Dilip S. Shanghvi
Member - CSR Committee
and Chairman of the Board
(DIN: 00005588)

Annexure 5

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

I) CONSERVATION OF ENERGY

Power and Fuel Consumption

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

Few examples of energy conservation are chilled water based cooling system in staff room and conference rooms, Chemical less water treatment for cooling tower operations and Vacuum degasser in chilled water system which Prevents air-locks and cavitation and Increases heat transfer efficiency.

II) TECHNOLOGY ABSORPTION

Research and Development

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

SPARC's R&D focus is on developing novel chemical entities, novel biological entities and reformulations of existing products to address the unmet medical needs of the patients. The products developed are commercialized in multiple markets including US and India.

The current therapeutic focus of the Company is in the areas of oncology, neurology and immunology.

The Company out-licenses the products to partners for commercialization activities and generates revenue from royalty on sales, upfront payments, regulatory and sales based milestone payments.

i) **New Chemical Entities (NCE)**

a) Neurodegeneration

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

b) Oncology

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

c) Immunology

- SCD-044 is a S1P Receptor 1 agonist which was developed in collaboration with French biotechnology company Bioprojet for autoimmune disorders. SPARC has licensed the worldwide rights of SCD-044 to Sun Pharmaceutical Industries Limited. Phase 2 studies have been initiated for Psoriasis and Atopic Dermatitis.

ii) **Novel Drug Delivery Systems (NDDS)**

a) Wrap Matrix™ Technology

Wrap Matrix™ technology is useful to develop controlled release tablets that have high daily dose requirement and drugs that have high solubility. Once-a-day dosing can be achieved using this technology.

Elepsia™ XR (levetiracetam ER 1000 mg and 1500 mg) was developed using Wrap Matrix™ technology. Commercialization rights of Elepsia™ XR for USA were licensed to Tripoint Therapeutics, subsequently Tripoint Therapeutics initiated the commercialization of Elepsia™ XR.

b) Lipexelle™ technology for ophthalmic formulations

Lipexelle™ technology is a quaternary ammonium preservative/surfactant BAK (Benzalkonium Chloride)-free solubilizing technology. SPARC has developed Xelpros™, a BAK free latanoprost eye drops developed using proprietary Lipexelle™ technology. Xelpros™ is commercialised by Sun Pharmaceutical Industries Limited (SPIL) in the USA .

c) TearAct™ Technology

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

SPARC licensed PDP – 716 to Visiox pharma and is currently working with Visiox pharma for filing NDA of PDP-716.

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

Upon successful development and commercialization of the programs under development it is expected that these programs would help address the unmet medical needs of the patients and provide them better quality of life.

3. FUTURE PLAN OF ACTION

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

4. EXPENDITURE ON R&D

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
a) Capital	3,270.86	714.04
b) Revenue	32,399.83	38,793.48
c) Total	35,670.69	39,507.52
d) Total R&D expenditure as % of Total Turnover	260	156

III) FOREIGN EXCHANGE EARNINGS AND OUTGO

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Earnings	502.06	1,200.15
Outgo	27,120.40	21,413.63

For and on behalf of the Board of Directors

Dilip S. Shanghvi
Chairman
(DIN: 00005588)

Place: Mumbai
Date: August 08, 2022

Corporate Governance Report

In compliance with regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), the Company hereby submits the Corporate Governance Report for the financial year ended March 31, 2022 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 belief on Corporate Governance is intended to support the management of the Company for competent conduct of its business and ensuring long term value for shareholders, as well as customers, suppliers, employees and statutory authorities.

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

2. Code of Conduct

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

3. Board of Directors

3.1 Composition and category of Directors:

The Board of Directors of your Company ('hereinafter referred to as 'the Board' or 'the Board of Directors') as on March 31, 2022 comprised of six directors as detailed below:

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

3.2 Attendance of Directors and other Directorships:

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

Name of Directors	Number of Board meetings held during the year	Attendance Particulars for the financial year		No. of other directorships and committee memberships / chairmanships as of March 31, 2022[1]			Directorship in other listed companies as of March 31, 2022
		Board Meetings	16th AGM Held on September 29, 2021	Other Director ships	Committee Member ships[2]	Committee Chairman ships[2]	
Mr. Dilip S. Shanghvi	7	7	Yes	1	1	-	Sun Pharmaceutical Industries Limited – Managing Director
Mr. Sudhir V. Valia	7	7	Yes	4	3	1	Sun Pharmaceutical Industries Limited – Non-Executive Director
Dr. T. Rajamannar	7	7	Yes	-	-	-	-
Ms. Bhavna Doshi	7	6	Yes	7	8	4	Everest Industries Limited – Independent Director IndusInd Bank Limited – Independent Director Nuvoco Vistas Corporation Limited – Independent Director KPIT Technologies Limited – Independent Director
Dr. Ferzaan Engineer	7	7	Yes	-	-	-	-
Dr. Robert Spiegel	7	7	Yes	-	-	-	-

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

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

3.3 Number of Board Meetings held:

Seven Board meetings were held during the financial year ended March 31, 2022 on following dates:

(i) May 12, 2021 (ii) May 17, 2021 (iii) May 25, 2021 (iv) July 26, 2021 (v) September 01, 2021 (vi) November 01, 2021 and (vii) February 04, 2022.

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

3.4 Shares/convertible instruments held by Non-Executive Directors:

Number of equity shares/convertible instruments held by Non-Executive Directors as on March 31, 2022

Name of Directors	No. of shares held (singly or jointly as first holder)	No. of convertible instruments (warrants) held
Mr. Dilip S. Shanghvi*	3,65,29,761	2,52,80,899
Mr. Sudhir V. Valia	18,33,951	NIL
Dr. T. Rajamannar	35,657	NIL
Ms. Bhavna Doshi	Nil	NIL
Dr. Ferzaan Engineer	Nil	NIL
Dr. Robert Spiegel	Nil	NIL

* Non-Executive Director w.e.f. May 25, 2021.

3.5 Familiarization Program for Independent Directors:

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

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

In compliance with regulation 25(7) of the Listing Regulations the details of familiarization sessions for the independent directors, held during the financial year ended March 31, 2022 are available on the website of the Company www.sparc.life and can be accessed through the web link - https://www.sparc.life/announcements-disclosures

3.6 Skills/expertise/competence of the Board

In compliance with Listing Regulations, the Board, on the recommendation of the Nomination and Remuneration Committee, has identified the core skills/expertise/competencies required in the context of Company's business(es) and sector(s) for it to function effectively and those actually available with the board. The particulars of such skills/ expertise competence and Directors who possess the same are as follows:

Sr. No	Category	Particulars	Dilip S. Shanghvi	Sudhir V. Valia	T. Rajamannar	Bhavna Doshi	Ferzaan Engineer	Robert Spiegel
1	Knowledge and Experience	Board members possessing specialist knowledge and experience in any one or more of the following fields						
		Technical	✓		✓		✓	✓
		Finance & Accounts	✓	✓		✓		
		Legal/ Regulatory		✓				✓
		Governance	✓	✓	✓	✓	✓	
		Industry Knowledge	✓	✓	✓		✓	✓
		Business & Risk Management	✓	✓	✓	✓	✓	✓
		Human Resource	✓					
		Public Relations/ Media	✓	✓				✓

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

3.7 Confirmation

The Board confirms that, in its opinion, the independent directors fulfill the conditions specified in the Listing Regulations as amended from time to time and they are independent from the management.

4. Audit Committee

As on March 31, 2022, the Audit Committee of the Company comprised of three Independent Directors viz. Ms. Bhavna Doshi, Dr. Ferzaan Engineer, Dr. Robert Spiegel and one Non-executive Director viz. Mr. Sudhir V. Valia.

Ms. Bhavna Doshi is the Chairperson and Mr. Dinesh Lahoti, 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 and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible;

b. To recommend appointment, remuneration and terms of appointment of auditors of the company;

c. To approve payment to statutory auditors for any other services rendered by the statutory auditors;

d. To review with the management, quarterly and annual financial statements and auditor's report thereon, before submission to the Board for approval.

e. To review with the management, the statement of uses /application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), including the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

f. To review the utilization of loans and/ or advances from/investment by the holding company in the subsidiary exceeding ₹ 100 crore or 10% of the asset size of the subsidiary, whichever is lower including existing loans / advances / investments existing as on the date of coming into force of this provision;

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

h. To approve or any subsequent modification of transactions of the Company with Related Parties;

i. To scrutinize inter-corporate loans and investments;

j. To review valuation of undertakings or assets of the Company, wherever necessary;

k. To evaluate of internal financial controls and risk management systems;

l. To review with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

m. To discuss with internal auditors of any significant findings, and follow up there on;

n. To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;

o. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors, if any,

p. To review the functioning of the Whistle Blower Mechanism/Vigil Mechanism;

q. To approve appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate.

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

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

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

Six Audit Committee Meetings were held during the financial year ended March 31, 2022 on the following dates:

(i) May 12, 2021 (ii) May 17, 2021 (iii) July 26, 2021 (iv) September 01, 2021 (v) November 01, 2021 and (vi) February 04, 2022.

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

Name of Director	Chairperson/ Member	No. of meetings entitled to attend	No. of meetings attended
Ms. Bhavna Doshi	Chairperson	6	5
Dr. Ferzaan Engineer	Member	6	6
Mr. Sudhir Valia	Member	6	6
Dr. Robert Spiegel	Member	6	6

5. Nomination and Remuneration Committee

As on March 31, 2022, the Nomination and Remuneration Committee comprised of three independent directors viz. Dr. Ferzaan Engineer, Dr. Robert Spiegel and Ms. Bhavna Doshi.

Dr. Ferzaan Engineer is the Chairman and Mr. Dinesh Lahoti, Company Secretary, is the secretary of the Committee.

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

a. To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.

b. To devise a policy on Board Diversity.

c. To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board policy, relating to the remuneration for the directors, key managerial personnel and other employees.

d. To specify the manner and formulate criteria for evaluation of the Board, its committees and individual directors to be carried out either by the Board, by the Nomination and Remuneration Committee or by an independent external agency and review its implementation and compliance.

e. To recommend whether to extend or continue the terms of appointment of Independent Directors on the basis of the Report of Performance evaluation of Independent Directors.

g. To approve grant of stock options to Directors and employees

h. To recommend to the board, all remuneration, in whatever form, payable to 'Senior Management'.

Six meetings of the Committee were held during the financial year ended March 31, 2022 on the following dates:

(i) May 17, 2021 (ii) May 25, 2021 (iii) June 26, 2021 (iv) July 26, 2021 (v) November 01, 2021 and (vi) February 04, 2022.

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

Name of Director	Chairman / Member	No. of meetings entitled to attend	No. of meetings attended
Dr. Ferzaan Engineer	Chairman	6	6
Ms. Bhavna Doshi	Member	6	6
Dr. Robert Spiegel	Member	6	6

5.1 Remuneration of Directors

a. Criterion for performance evaluation of individual directors

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

Further each individual independent director is reviewed, based on the additional criteria of independence and independent views & judgment. Similarly, the performance of the chairman is evaluated based on the additional criteria such as effectiveness of leadership and ability to steer the meetings, impartiality, commitment (as chairperson) and ability to keep shareholders' interests in mind.

b. Remuneration Policy

The key highlights of the remuneration policy for the directors, key managerial personnel and other employees of the Company as approved by the Board of Directors on the recommendation of the Nomination and Remuneration Committee are as follows:

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

ii) **Components of remuneration:** The following will be the various remuneration components which may be paid to the personnel of the Company based on the designation and class of the personnel.

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

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

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

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

Mr. Dilip S. Shanghvi was the Chairman and Managing Director of the Company till May 25, 2021. He did not draw any remuneration from the Company in his capacity as Managing Director.

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

The details of the remuneration paid/payable to the directors for the financial year 2021-22 are given below:

(₹ In lakhs)

Directors	Salary	Bonus	Perquisites/Benefits	Sitting Fees	Total
Mr. Dilip S. Shanghvi*	-	-	-	3.00	3.00
Mr. Sudhir V. Valia	-	-	-	7.80	7.80
Dr. T. Rajamannar	-	-	-	4.20	4.20
Ms. Bhavna Doshi	-	-	-	7.80	7.80
Dr. Ferzaan Engineer	-	-	-	7.20	7.20
Dr. Robert Spiegel	-	-	-	7.20	7.20

* Mr. Dilip S. Shanghvi was paid sitting fees for the meetings he had attended as non-executive director

Notes: -

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

6. Stakeholders' Relationship Committee

As on March 31, 2022, the Stakeholders' Relationship Committee comprised of two non-executive directors viz. Dr. T. Rajamannar, and Mr. Sudhir V. Valia and one independent Director viz. Dr. Ferzaan Engineer.

Dr. T. Rajamannar is the Chairman and Mr. Dinesh Lahoti, Company Secretary, is the secretary of the Committee.

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

a. To oversee and review all matters connected with resolving the grievances of the security holders of the Company.

b. To approve transfer, transmission and issue of share certificates.

c. To oversee the performance of the Registrar and Share Transfer Agent and recommend measures for overall improvement in the quality of investor services and review adherence to the service standards adopted by the Company in respect of various services being rendered by the Registrar & Share Transfer Agent.

d. To review of measures taken for effective exercise of voting rights by shareholders.

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

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

Four meetings of the Committee were held during the financial year ended March 31, 2022 on following dates:

(i) May 17, 2021 (ii) July 26, 2021 (iii) November 01, 2021 and (iv) February 04, 2022.

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

Name of Director	Chairman/ Member	No. of meetings entitled to attend	No. of meetings attended
Dr. T. Rajamannar	Chairman	4	4
Mr. Sudhir V. Valia	Member	4	4
Dr. Ferzaan Engineer	Member	4	4

6.1 Shareholders' Complaints

Mr. Dinesh Lahoti, Company Secretary, is also the Compliance Officer of the Company.

The number of shareholder complaint(s) received and resolved during the year under review, were as follows:

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

7. Corporate Social Responsibility Committee

As on March 31, 2022, the Corporate Social Responsibility Committee of the Company comprise of two non-executive directors viz Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia, and one independent director viz Ms. Bhavna Doshi.

Mr. Sudhir V. Valia is the Chairman and Mr. Dinesh Lahoti, 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 May 17, 2021 during the financial year ended March 31, 2022 which was attended by all the members of the Committee

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

8. Fund Management Committee

The Board of Directors of the Company, in its meeting held on October 28, 2016 constituted a Fund Management Committee to oversee the deployment of funds raised by the Company through new issues/ loans & internal accrual in various research projects & to meet general corporate expenditures of the Company. As on March 31, 2022, the Committee comprised of two non-executive Directors, Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia and two independent directors, Ms. Bhavna Doshi and Dr. Robert Spiegel.

Mr. Sudhir V. Valia is the Chairman and Mr. Dinesh Lahoti, Company Secretary, is the secretary of the Committee.

Four meetings of the Committee were held during the financial year ended March 31, 2022 on following dates:

(i) May 17, 2021 (ii) July 26, 2021 (iii) November 01, 2021 and (iv) February 04, 2022.

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

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

9. Securities Allotment Committee

The Board of Directors of the Company, in its meeting held on May 05, 2017 constituted a Securities Allotment Committee to consider and approve allotment of shares and other securities including warrants and securities convertible into shares that may be issued by the Company from time to time. As on March 31, 2022, the Committee comprised of Dr. T Rajamannar, Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia and Ms. Bhavna Doshi.

Dr. T Rajamannar is the Chairman and Mr. Dinesh Lahoti, Company Secretary, is the secretary of the Committee.

Three meetings of the Committee were held during the financial year ended March 31, 2022 on following dates:

(i) July 08, 2021 (ii) August 25, 2021 and (iii) March 21, 2022

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

Name of Director	Chairman/ Member	No. of meetings entitled to attend	No. of meetings attended
Dr. T. Rajamannar	Chairman	3	3
Mr. Dilip S. Shanghvi	Member	3	0
Mr. Sudhir V. Valia	Member	3	2
Ms. Bhavna Doshi	Member	3	1

10. Risk Management Committee

In compliance with the requirements of Regulation 21 of the Listing Regulations, the Board of Directors of the Company at its meeting held on February 04, 2019 had constituted a Risk Management Committee. Considering the amendments in the Listing Regulations, the Committee was re-constituted during the year and as on March 31, 2022, the Committee comprise of two non-executive directors viz. Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia and one independent director, Ms. Bhavna Doshi. Mr. Anilkumar Raghavan, CEO of the Company is also a member of the Committee.

Mr. Dilip S. Shanghvi is the Chairman and Mr. Dinesh Lahoti, Company Secretary, is the secretary of the Committee.

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

i. To formulate a detailed Risk Management Policy which shall include:

   a. A framework for identification of internal and external risks specifically faced by the listed entity, in particular including financial, operational, sectoral, sustainability (particularly, ESG related risks), information, cyber security risks or any other risk as may be determined by the Committee.

b. Measures for risk mitigation including systems and processes for internal control of identified risks.

c. Business continuity plan.

ii. To ensure that appropriate methodology, processes and systems are in place to monitor and evaluate risks associated with the business of the Company;

iii. To monitor and oversee implementation of the risk management policy, including evaluating the adequacy of risk management systems;

iv. To periodically review the risk management policy, at least once in two years, including by considering the changing industry dynamics and evolving complexity;

v. To keep the board of directors informed about the nature and content of its discussions, recommendations and actions to be taken;

vi. The appointment, removal and terms of remuneration of the Chief Risk Officer (if any) shall be subject to review by the Risk Management Committee. The Risk Management Committee shall coordinate its activities with other committees, in instances where there is any overlap with activities of such committees, as per the framework laid down by the board of directors."

Two meetings of the Committee were held during the financial year ended March 31, 2022 on following dates:

(i) September 24, 2021 and (ii) March 15, 2022

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

Name of Director /Member	Chairman/ Member	No. of meetings entitled to attend	No. of meetings attended
Mr. Dilip S. Shanghvi	Chairman	2	2
Mr. Sudhir V. Valia	Member	2	2
Ms. Bhavna Doshi	Member	2	2
Mr. Anilkumar Raghavan (CEO)	Member	2	2

11. General Body Meetings

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

Year	Meeting	Location	Date	Time	Special Resolution(s) passed at the General Meeting
2018-19	Fourteenth AGM	Vasvik Auditorium, Trivia Complex, Race Course Road, Gautam Nagar, Vadiwadi, Vadodara – 390007, Gujarat, India	July 29, 2019	09:45 AM	NIL

Year	Meeting	Location	Date	Time	Special Resolution(s) passed at the General Meeting
2019-20	Fifteenth AGM	Held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and deemed to be held at the then registered office of the Company at Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara, 390 020, as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated April 8, 2020, General Circular No.17/2020 dated April 13, 2020 and General Circular No. 20/2020 dated May 05, 2020.	September 30, 2020	04:00 PM	1. Appointment of Dr. Robert J. Spiegel (DIN: 08739625) as an Independent Director of the Company for a term of five years. 2. Re-appointment of Ms. Bhavna Doshi (DIN: 00400508) as an Independent Director of the Company for a term of five years. 3. Re-appointment of Dr. Ferzaan Engineer (DIN: 00025758) as an Independent Director of the Company for a term of five years. 4. Approval for shifting of Registered Office of the Company.
2020-21	Sixteenth AGM	Held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and deemed to be held at the registered office of the Company at Plot No. 5&6/1, Savli G.I.D.C. Estate, Savli - Vadodara Highway, Manjusar - 391775, Vadodara, Gujarat, as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020 and General Circular No. 02/2021 dated January 13, 2021.	September 29, 2021	05:00 PM	1. Approved appointment and remuneration of Mr. Anilkumar Raghavan, as the Manager and Whole-time Key Managerial Personnel of the Company, designated as Chief Executive Officer (CEO) 2. Approved raising of the funds through equity shares, convertible warrants, preference shares/ bonds /debentures / any other instruments whether convertible into equity or not, American Depository Receipts ("ADRs"), Global Depository Receipts ("GDRs"), Foreign Currency Convertible Bonds ("FCCBs"), etc. (Passed as an enabling special resolution)

Two Extra-Ordinary General Meetings of the Company were held during the year i.e. 2021-22, details of which are as follows:

Year	Meeting	Location	Date	Time	Special Resolution(s) passed at the General Meeting
2021-22	Extra – Ordinary General Meeting	Held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and deemed to be held at the registered office of the Compa-ny at Plot No. 5&6/1, Savli G.I.D.C. Estate, Savli - Vadodara Highway, Manjusar - 391775, Vadodara, Gujarat, as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020 and General Circular No. 02/2021 dated January 13, 2021.	April 26, 2021	03:00 PM	1. Authorised the Board to borrow money not exceeding ₹ 1000 Crores or the aggregate of the paid up capital, free reserves and securities premium of the Company, whichever is higher. 2. Authorised the Board to create charge on the assets of the Company, so that the total amount secured by such charge shall not, at any time exceed the limit of ₹ 1000 Crores or the aggregate of the paid up capital, free reserves and securities premium of the Company, whichever is higher.
2021-22	Extra – Ordinary General Meeting	Held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and deemed to be held at the registered office of the Compa-ny at Plot No. 5&6/1, Savli G.I.D.C. Estate, Savli - Vadodara Highway, Manjusar - 391775, Vadodara, Gujarat, as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020 and General Circular No. 02/2021 dated January 13, 2021.	June 08, 2021	04:00 PM	1. Approved issue of upto 6,74,70,203 (Six Crores Seventy Four Lakhs Seventy Thousand Two Hundred and Three) warrants each convertible into, or exchangeable for, one equity share of the Company within the period of 18 (eighteen months) in accordance with the applicable law ("Warrants") to the Promoter of the Company and certain identified non-promoter persons / entities

(ii) Postal Ballot -

The Company did not pass any resolution by Postal Ballot during financial year 2021-22.

12. Means of Communication

a. **Quarterly Financial Results:** The quarterly, half-yearly and annual Financial Results are posted by the Company on its website. These are also submitted to the stock exchanges in accordance with the Listing Regulations are published in all English Editions and in Gujarati Edition (Published in Ahmedabad) of Financial Express.

b. **Website:** The Company's www.sparc.life contains a dedicated 'Investors' section where shareholders' information is available. The Annual Report is available on the website in a user friendly and downloadable form. Apart from this, official news releases and media presentations to analysts are displayed on the Company's website.

c. **Corporate Filing:** Announcements, Quarterly Results, Shareholding Pattern etc. are regularly filed by the Company with the Stock Exchanges and are available on the websites of BSE Ltd. - www.bseindia.com and the National Stock Exchange of India Ltd. - www.nseindia.com and also on the website of the Company at www.sparc.life.

d. **Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Board's Report, the Management Discussion and Analysis Report, Auditor's Report, and other important information is sent to the shareholders whose e-mail IDs are registered. However pursuant to General Circular No. 14/2020 dated April 08, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020, and General Circular No. 02/ 2021 dated January 13, 2021 and other applicable circulars issued by the Ministry of Corporate Affairs and circular No. SEBI/HO/CFD/CMD1/CIR/P/2020/79 dated May 12, 2020 read with Circular No. SEBI/HO/CFD/CMD2/CIR/P/2021/11 dated January 15, 2021 and other applicable circulars, if any, no physical copies of the Annual Report for FY 2020-21 were sent. Pursuant to the MCA's General Circular 2/2022 dated May 05, 2022 and SEBI Circular No. SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 issued in continuation of above referred Circular(s), no physical copies of the Annual Report for FY 2021-22 are being sent, unless requested by the shareholder(s).

e. **Presentation to Analyst:** The Company also makes periodic presentations to analysts and also holds at least one conference call with the analysts and investors, to allow them to raise their queries directly to the management. A copy of all such presentations and a transcript of all such conference call are also made available by the Company on its website www.sparc.life.

13. General Shareholder Information

13.1 Annual General Meeting :

(a) Day, Date and Time	Thursday, September 22, 2022, at 05:00 P.M. (IST)
(b) Mode (Deemed Venue):	Through Video Conferencing / Other Audio Visual Means and shall deemed to be held at the registered office of the Company at Plot No. 5&6/1, Savli G.I.D.C. Estate, Savli - Vadodara Highway, Manjusar - 391775, Vadodara, Gujarat, as per the guidelines issued by the Ministry of Corporate Affairs (MCA) vide General Circular No. 14/2020 dated April 8, 2020, General Circular No. 17/2020 dated April 13, 2020, General Circular No. 20/2020 dated May 05, 2020; General Circular No. 02/2021 dated January 13, 2021 and General Circular 2/2022 dated May 05, 2022.

13.2 Financial Calendar	- Results for quarter ended June 30, 2022 – On August 08, 2022. - Results for quarter ending September 30, 2022 – First or Second week of November 2022 (tentative). - Results for quarter ending December 31, 2022 – First or Second week of February 2023 (tentative). - Results for quarter ending March 31, 2023 – Second or Third week of May, 2023 (tentative).
13.3 Dividend Payment Date	N.A.
13.4 Details of Book-closure	N.A.
13.5 (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 Limited** Exchange Plaza, 5th Floor, Plot No. C/1, G Block, Bandra Kurla Complex, Bandra (East), Mumbai – 400 051
(b) Payment of Listing Fees:	Listing Fees for the financial year 2022-23 have been paid, within the stipulated time, to the BSE Limited and the National Stock Exchange of India Limited, where the Company's Equity Shares are listed.
13.6 Stock Code:	
Equity Shares of ₹ 1 each	
(a) Trading Symbol in BSE:	532872
(b) Trading Symbol in NSE:	SPARC
(c) ISIN for Equity Shares held in Demat:	INE232I01014

13.7 Market Price Data

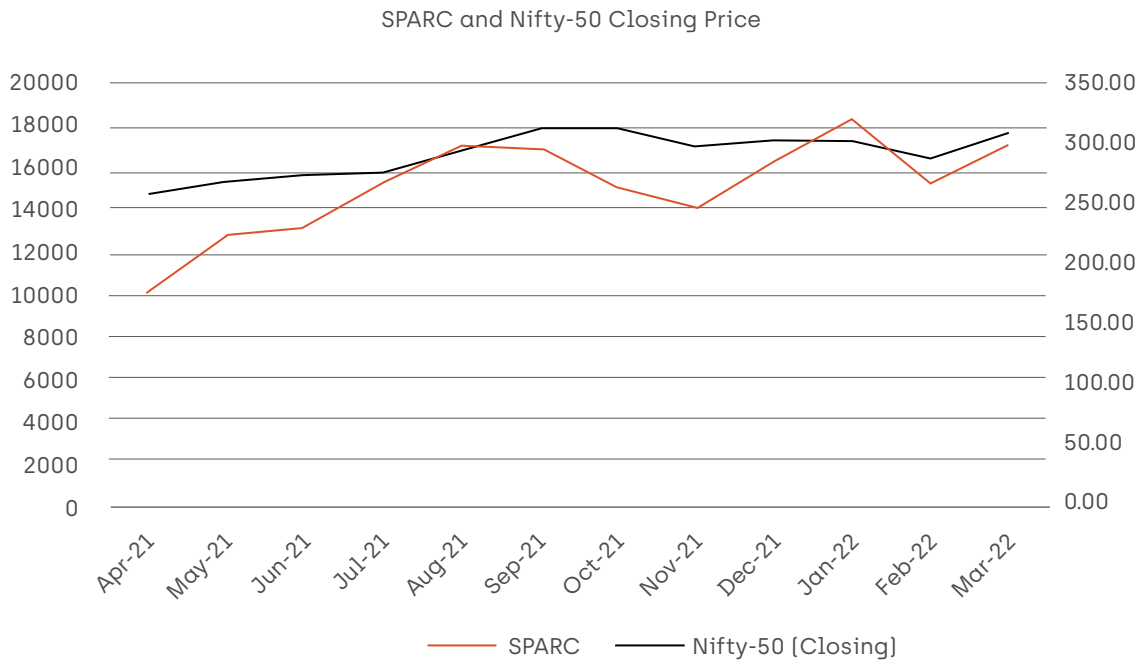
The market price data of the equity shares of the Company on BSE Limited and National Stock Exchange of India Limited for the financial year 2021-22 are as follows:

Month	BSE Ltd.		National Stock Exchange of India Ltd.	
	Month's High Price (In ₹)	Month's Low Price (In ₹)	Month's High Price (In ₹)	Month's Low Price (In ₹)
April 2021	183.25	142.40	183.40	142.30
May 2021	248.00	170.25	247.80	170.20
June 2021	264.85	216.25	264.90	216.05
July 2021	277.00	228.50	277.10	228.60
August 2021	311.90	258.35	312.00	258.15
September 2021	310.30	275.40	310.40	275.05
October 2021	304.80	260.50	305.00	261.00
November 2021	279.80	241.70	279.95	243.10
December 2021	293.40	241.50	293.95	241.25
January 2022	338.00	283.55	337.85	283.40
February 2022	348.75	250.85	349.00	250.10
March 2022	309.00	249.65	309.05	250.00

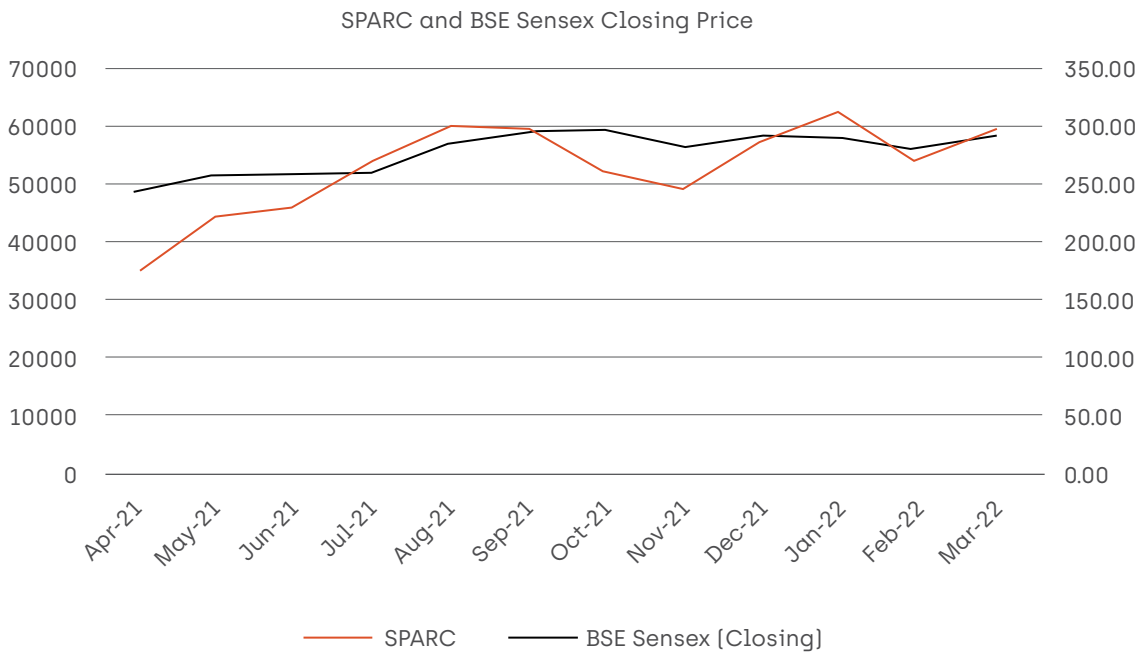
(Source: BSE and NSE website)

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

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



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



13.9 Registrars & Transfer Agent

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

13.10 Share Transfer System

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

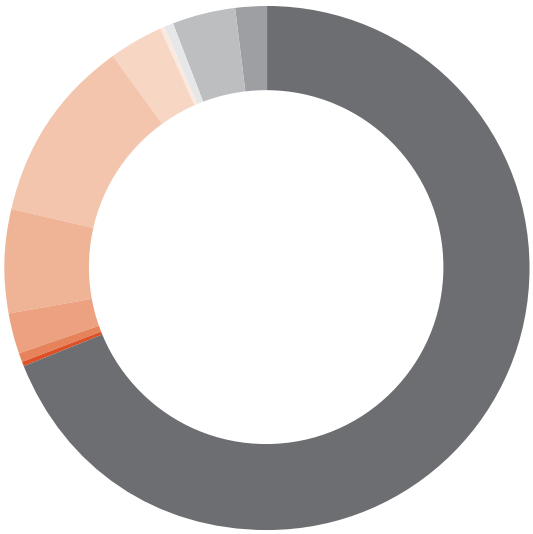
13.11 Distribution of Shareholding as on March 31, 2022

Equity Shares held	No. of Folios	% to total	No. of Shares	% to total
Upto 100	63,737	67.18	23,76,379	0.87
101- 250	13,124	13.83	23,23,377	0.86
251 - 500	7,554	7.96	29,19,510	1.07
501 - 1000	4,562	4.81	35,39,525	1.30
1001 - 2000	3,421	3.61	48,19,209	1.77
2001 - 3000	830	0.87	21,13,865	0.78
3001 - 4000	346	0.36	12,39,040	0.46
4001 - 5000	282	0.30	13,24,925	0.49
5001 - 10000	475	0.50	35,15,810	1.29
10001 - 20000	218	0.23	31,08,052	1.14
20001 - 30000	93	0.10	23,26,895	0.86
30001 - 40000	43	0.05	15,24,616	0.56
40001 - 50000	24	0.03	11,18,089	0.41
50001 - 100000	57	0.06	41,67,280	1.53
100001 and above	115	0.12	23,54,62,394	86.61
Total	**94,881**	**100.00**	**27,18,78,966**	**100.00**

13.12 Shareholding Pattern of the Company as on March 31, 2022

Particulars	No. of Shares	No. of Shares
Promoter & Promoter Group	18,78,34,196	69.09%
Mutual Funds	6,51,702	0.24%
Alternate Investment Funds	14,08,494	0.52%
Financial Institutions/ Banks	650	0.00%
Foreign Portfolio Investors	64,77,388	2.38%
Bodies Corporate	1,75,34,480	6.45%
Individuals (holding nominal share capital upto ₹2 lakh)	3,11,66,175	11.46%
Individual (holding nominal share capital in excess of ₹ 2 lakh)	88,81,980	3.27%
NRI (Repat)	6,06,095	0.22%
NRI(Non-Repat)	3,75,682	0.14%
HUF	17,95,892	0.66%
Trusts	1,03,25,879	3.80%
Others	48,20,353	1.77%
TOTAL	**27,18,78,966**	**100.00%**

Shareholding Pattern as on March 31, 2022



Promoter & Promoter Group	69.09%
Mutual Funds	0.24%
Alternate Investment Funds	0.52%
Financial Institutions/ Banks	0.00%
Foreign Portfolio Investors	2.38%
Bodies Corporate	6.45%
Individuals (holding nominal share capital upto ₹ 2 lakh)	11.46%
Individual (holding nominal share capital in excess of ₹ 2 lakh)	3.27%
NRI (Repat)	0.22%
NRI(Non-Repat)	0.14%
HUF	0.66%
Trusts	3.80%
Others	1.77%

13.13 Dematerialization of Shares

Out of the total 27,18,78,966 equity shares, 27,11,77,461* equity shares of the Company representing about 99.74% of the total equity shares of the Company were held in dematerialized mode as on March 31, 2022.

** includes 8426966 equity shares allotted on March 21, 2022 upon conversion of warrants which were under listing as on March 31, 2022.*

Liquidity:

The equity shares of the Company are actively traded on NSE and BSE. Relevant data for the average daily turnover for the financial year 2021-22 is given below:

Particulars	NSE	BSE	NSE + BSE
No. of shares (in Thousands)	1,375.46	135.85	1,511.31
Value of shares (₹ Lakhs)	3,575.33	347.46	3,922.79

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

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

The Company, on July 08, 2021 had allotted 6,24,74,082 warrants, each convertible into one equity share, on preferential basis at an issue price of ₹ 178/- each, upon receipt of 25% of the issue price (i.e. ₹ 44.50 per warrant) as warrant subscription money. Balance 75% of the issue price (i.e. ₹ 133.50 per warrant) shall be payable within 18 months from the allotment date, at the time of exercising the option to apply for fully paid–up equity share of ₹ 1/- each of the Company, against each warrant held by the warrant holder.

During the year, the Company upon receipt of balance 75% of the issue price (i.e. ₹ 133.50/- per warrant) for 98,31,460 warrants, has allotted equal no. of fully paid up equity shares against conversion of said warrants exercised by the warrant holder(s). For the remaining 5,26,42,622 warrants, the respective allottees are yet to exercise their option for conversion/exchange the warrants into/for equity shares and accordingly, balance 75% money towards such remaining warrants is yet to be received. The last day for exercising the option for

conversion/exchange the warrants into/for equity shares of the Company is January 07, 2023, being 18 months from the date of allotment of warrants i.e. July 08, 2021.

13.15 Commodity Price Risk/ Foreign Exchange Risk and Hedging Activities

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

13.16 R&D Centres

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

13.17 Investor Correspondence

(a) Registrar and Transfer Agent

Link Intime India Private Limited
Unit: Sun Pharma Advanced Research Company Limited
C 101, 247 Park,
L B S Marg, Vikhroli West, Mumbai 400 083
E-Mail: rnt.helpdesk@linkintime.co.in
Tel: +91 22 49186000,
Fax: +91 22 49186060

(b) For query on Annual Report

Mr. Jaydeep Issrani
Sun Pharma Advanced Research Company Limited
17/B, Mahal Industrial Estate,
Off. Mahakali Caves Road,
Andheri (East), Mumbai - 400 093.
E-Mail: jaydeep.issrani@sparcmail.com

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

Secretarial Department
Sun Pharma Advanced Research Company Limited
17/B, Mahal Industrial Estate,
Off. Mahakali Caves Road, Andheri (East), Mumbai - 400 093.
E-mail id designated by the Company for Investor Complaints: secretarial@sparcmail.com.

13.18 List of Credit Ratings

Rating Agency	Facilities	Rating
Acuite Ratings & Research Ltd.	Long Term facilities	ACUITE AA/Stable

14. Disclosures

- No transaction of a material nature has been entered into by the Company with the related parties that may have a potential conflict with the interests of the Company at large. The transactions with the related parties are disclosed in the Financial Statements.
- During the year, the Company has received ₹ 40,925.96 lakhs towards allotment of warrants / upon conversion of such warrants allotted on preferential basis. Of the above, ₹ 39,665.47 lakhs has been utilised by the Company for funding its research and development activities and/or for general corporate purposes and/or for purposes as decided and approved by the Board from time to time. As on March 31, 2022, ₹ 1,260.49 lakhs was available for utilization.
- There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties/ strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority during the last three financial years.
- The Company has laid down procedures to inform Board members about the risk assessment and its minimization, which is periodically reviewed to ensure that risk control is exercised by the management effectively.
- The Board of Directors of the Company has approved a Whistle Blower Policy and put in place a mechanism to monitor the actions taken on complaints received under the said policy. This Policy also outlines the reporting procedure and investigation mechanism to be followed in case an employee blows the whistle for any wrong-doing in the Company. Employees are given protection in two important areas - confidentiality and against retaliation. It is ensured that employees can raise concerns regarding any violation or potential violation easily and free of any fear of retaliation, provided they have raised the concern in good faith. An Ombudsperson has been appointed to receive the complaints through portal, email or letters who would investigate the complaints. The final decision would be taken by the Ombudsperson in consultation with the management and the Audit Committee. The Policy is expected to help to draw the Company's attention to unethical, inappropriate or incompetent conduct which has or may have detrimental effects either for the organization or for those affected by its functions. A copy of the Company's Whistle Blower Policy is available on the website of the Company and may be accessed at https://www.sparc.life/policies-and-codes. No personnel have been denied access to the Audit Committee.
- During the year, one separate meeting of the independent directors was held on March 16, 2022. At the said meeting of independent directors, the performance of non-independent directors and the board as a whole was evaluated.
- Details of compliance with mandatory requirements and adoption / non-adoption of the discretionary requirements:

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

  (ii) The Chairman of the Company is Non-Executive Director (effective from May 25, 2021) of the Company.

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

  (iv) The Auditors have issued an unmodified opinion to the financial statements of the Company.

  (vi) Aneja Assurance Private Limited are the Internal Auditors of the Company. The Internal Auditors report their findings to the Audit Committee of the Company.
- The Company does not have any policy on material subsidiaries since it does not have any subsidiary.
- The policy of the Company on dealing with Related Party Transactions is available on the website of the Company and can be accessed through the web link: https://www.sparc.life/policies-and-codes.

- The Company being in the business of Research & Development does not face any significant commodity price risk.
- Mr. Debashis Dey has resigned from his position of Company Secretary and Compliance Officer with effect from end of working hours of June 25, 2021. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on July 26, 2021 has considered and approved the appointment of Mr. Dinesh Lahoti as the Company Secretary and Compliance Officer of the Company with immediate effect.
- A certificate issued by M/s. Veenit Pal & Associates Practicing Company Secretary, certifying that none of the directors on the Board of the Company have been debarred or disqualified from being appointed or continuing as directors of companies by the Board/ Ministry of Corporate Affairs or any such statutory authority has been attached as – **Annexure II** to this Report.
- During the year, the Board accepted all recommendations made to it by its duly constituted Committees.
- Total fees for all services paid by the Company to the statutory auditor and all entities in the network firm/ network entity of which the statutory auditor is a part was 27.28 lakhs, for the year under review.
- Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 are as follows:

Number of complaints filed during the financial year 2021-22	Number of complaints disposed of during the financial year 2021-22	Number of complaints pending as at end of the financial year 2021-22
Nil	Nil	Nil

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

For and on behalf of the Board of Directors

Place: Mumbai
Date: August 08, 2022

Dilip S. Shanghvi
Chairman
(DIN: 00005588)

ANNEXURE – I TO CORPORATE GOVERNANCE

DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT FOR THE YEAR ENDED MARCH 31, 2022

I, Anilkumar Raghavan, Chief Executive Officer of Sun Pharma Advanced Research Company Limited ("the Company") hereby declare that, to the best of my information, all the Board Members and senior management personnel of the Company have affirmed their compliance and undertaken to continue to comply with the Code of Conduct laid down by the Board of Directors of the Company for Board members and senior management.

For Sun Pharma Advanced Research Company Limited

Place: Mumbai
Date: August 08, 2022

Anilkumar Raghavan
Chief Executive Officer

ANNEXURE - II TO CORPORATE GOVERNANCE

CERTIFICATE OF NON-DISQUALIFICATION OF DIRECTORS

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

To,
The Members,
SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED,
Plot No. 5 & 6, 6/1, Savli G.I.D.C Estate,
Savli - Vadodara Highway,
Manjusar Vadodara-391 775
CIN:- L73100GJ2006PLC047837

I have examined the relevant registers, records, forms, return and disclosures received from the Directors of SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED having CIN L73100GJ2006PLC047837 and having registered office at Plot No. 5 & 6, 6/1, Savli G.I.D.C Estate, Savli - Vadodara Highway, Manjusar Vadodara-391 775 (hereinafter referred to as 'the Company'), produced before me by the company for the purpose of issuing this certificate, in accordance with Regulation 34(3) and Schedule V Para C clause (10) (i) of the SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015.

In my opinion and to the best of my information and according to the verifications (including Director Identification Number (DIN) status at the portal www.mca.gov.in as considered necessary and explanation furnished to me by the Company and its officer(s), I hereby certify that none of the Directors on the Board of Directors of the Company as stated below for the financial year ending on 31st March, 2022 have been debarred or disqualified from being appointed or continuing as Directors of the Companies by the Securities and Exchange Board of India, Ministry of Corporate Affairs or any such Statutory Authority.

Sr. No.	Name of Director	DIN	Date of appointment in the Company
1	Sudhir Vrundavandas Valia	00005561	01.03.2006
2	Dilip Shantilal Shanghvi	00005588	01.03.2006
3	Ferzaan Nariman Engineer	00025758	05.05.2017
4	Bhavna Gautam Doshi	00400508	31.10.2014
5	Rajamannar Thennati	01415412	04.06.2007
6	Robert Jay Spiegel	08739625	01.06.2020

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

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

For Veenit Pal & Associates
Company Secretaries

Veenit Pal
(Proprietor)
ACS : 25565
CP : 13149
Peer Review No. 1433/ 2021

Place : Mumbai
Date : August 2, 2022
UDIN : A025565D000729191

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

The Members of Sun Pharma Advanced Research Company Limited

1. The Corporate Governance Report prepared by Sun Pharma Advanced Research Company Limited (hereinafter the "Company"), contains details as specified in regulations 17 to 27, clauses (b) to (i) and (t) of sub – regulation (2) of regulation 46 and para C, D, and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') for the year ended March 31, 2022 as required by the Company for annual submission to the Stock exchange.

Management's Responsibility

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

Auditor's Responsibility

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to provide a reasonable assurance in the form of an opinion whether, the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by ICAI.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.
7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of procedures performed include:
    i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
    ii. Obtained and verified that the composition of the Board of Directors with respect to executive and non-executive directors has been met throughout the reporting period;
    iii. Obtained and read the Register of Directors as on March 31, 2022 and verified that atleast one independent woman director was on the Board of Directors throughout the year;
    iv. Obtained and read the minutes of the following committee meetings / other meetings held during the period April 01, 2021 to March 31, 2022:
        (a) Board of Directors;
        (b) Audit Committee;
        (c) Annual General Meeting (AGM);
        (d) Nomination and Remuneration Committee;

(e) Stakeholders Relationship Committee;

(f) Risk Management Committee;

(g) Securities Allotment Committee;

(h) Corporate Social Responsibility Committee;

(i) Fund Management Committee.

v. Obtained necessary declarations from the directors of the Company.

vi. Obtained and read the policy adopted by the Company for related party transactions.

vii. Obtained the schedule of related party transactions during the year and balances at the year- end. Obtained and read the minutes of the audit committee meeting where in such related party transactions have been pre-approved prior by the audit committee.

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

8. The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

Opinion

9. Based on the procedures performed by us, as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as specified in the Listing Regulations, as applicable for the year ended March 31, 2022, referred to in paragraph 4 above.

Other matters and Restriction on Use

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

11. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

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

per Paul Alvares
Partner
Membership Number: 105754
UDIN: 22105754AOMRIA1827
Place of Signature: Mumbai
Date: August 08, 2022

Business Responsibility Report

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. **Corporate Identity Number (CIN) of the Company:** L73100GJ2006PLC047837
2. **Name of the Company:** Sun Pharma Advanced Research Company Limited (SPARC)
3. **Registered address:** Plot No. 5&6/1, Savli G.I.D.C. Estate, Savli – Vadodara Highway, Manjusar - 391775, Vadodara, Gujarat, India
4. **Website:** https://www.sparc.life
5. **E-mail id:** secretarial@sparcmail.com
6. **Financial Year reported:** 2021-22
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 products/services that the Company manufactures/provides (as in balance sheet):**

   The Company does not manufacture any products.

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

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

   (b) Number of National locations: 4

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

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. **Paid up Capital (₹ in lakhs):** 2,718.87
2. **Total Turnover (₹ in lakhs):** 14,409.35
3. **Total profit/ (loss) after taxes (₹ in lakhs):** (20,339.54)
4. **Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):** NIL*
5. **List of activities in which expenditure in 4 above has been incurred:** NA

   * In view of the negative average net profit of the Company during the three immediately preceding financial years, the Company was not required to spend on CSR activities pursuant to the provisions of the Companies Act, 2013 read with rules made thereunder.

SECTION C: OTHER DETAILS

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? If yes, then indicate the number of such subsidiary Company(s):** NA
3. **Do any other entity/entities (suppliers, distributors, and so on) that the Company does business with, participate in the BR initiatives of the Company?** No

SECTION D: BUSINESS RESPONSIBILITY (BR) INFORMATION

(a) Details of the Director/Directors responsible for implementation of the BR policy/policies

1. DIN: 00005561
2. Name: Sudhir V. Valia
3. Designation: Non- Executive Director

(b) Details of the BR head

No.	Particulars	Details
1	DIN (if applicable)	03548731
2	Name	Mr. Anilkumar Raghavan
3	Designation	CEO
4	Telephone number	+91 22 6645 5645
5	E-mail id	anil.raghavan@sparcmail.com

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

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/ policies for:	Y	Y	Y	Y	Y	Y	Y	Y	Y
2	Has the policy been formulated in consultation with the relevant stakeholders?	Yes. After due consultation with the concerned Management Team, the BR Policy and other related policies have been formulated.								
3	Does the policy conform to any national / international standards? If yes, specify?	Yes. The policies do comply with the respective principles under National Voluntary Guidelines (NVG).								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/ owner/ CEO/ appropriate Board Director?	Yes. The Board of Directors has approved the policies and they are signed by the CEO.								
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	The Board has appointed Mr. Sudhir V. Valia, Director of the Company, to oversee policy implementation.								
6	Indicate the link for the policy to be viewed online?	The link to access the policy shall be made available on receipt of written request from a shareholder.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes								
8	Does the Company have in-house structure to implement the policy/ policies?	Y	Y	Y	Y	Y	Y	Y	Y	Y
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes								
10	Has the policy been formulated in consultation with the relevant stakeholders?	Yes, by an internal committee.								

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

No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles	----------NA----------								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next 6 months									
5	It is planned to be done within the next 1 year									
6	Any other reason (please specify)									

3. **Governance related to BR:**

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

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

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

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

SECTION E: PRINCIPLE-WISE PERFORMANCE

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

SPARC is guided by the values and it aims to pursue growth while keeping responsibilities intact. The focus lies on ensuring organic growth, with a holistic approach. The Company's core values of transparency, integrity, good governance and accountability form the heart of Company's Code of Conduct and it strives to stand by it at all times. The Company believes in adhering to statutory regulations and it helps the Company to retain stakeholders' trust while creating long term value for them.

The following constitute the Company's guiding principles:

a. Leading by example

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

b. Abiding by a comprehensive Code of Conduct

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

- Resolve conflicts ethically, as a priority over personal and professional relationships;
- Ensure safety of confidential information related to the Company or its clients;
- Protect the Company's assets and ensure its proper utilisation;
- Consider all statutory compliances as important;
- Enable reporting of incidents of infringements or non-compliance, following necessary internal processes and procedures

Upholding Governance with Whistle Blower Policy

The Company's Whistle Blower Policy clearly mentions the process for reporting violation, breach, non-compliance, infringement, or infraction of the Code of Conduct. It also precisely states the provision for protection. During the year, no violations to the Code of Conduct were reported.

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

   Yes, the policy extends only to the Company.

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

   The Company had received 1 complaint from a shareholder during the financial year which was satisfactorily resolved.

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

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

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

- Lipixelle Technology™ – This technology helps to overcome the challenge of solubilising ophthalmic drugs without the use of Benzalkonium Chloride (BAK). Lipixelle Technology™ helps to remove the use of toxic BAK, which is known to cause ocular surface damage, if used over long time.
- Wrap Matrix™ Technology – It is a proprietary oral drug delivery technology, the use of technology helps in reducing the pill size as the drug to excipient ratio is high. This technology is suitable for high solubility - high dose drugs.
- Phenobarbital formulation – SPARC has developed novel formulation of phenobarbital for treatment of neonatal seizures. SPARC's formulation does not contain benzyl alcohol. Currently marketed formulations contain benzyl alcohol which is known to cause gasping syndrome in neonates.

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

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

   NA

2. **For each such product, provide the following details in respect of resource use (energy, water, raw material, and so on) per unit of product (optional):**

   (a) **Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?**

   NA

   (b) **Reduction during usage by consumers (energy, water) has been achieved since the previous year?**

   NA

3. **Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.**

   NA

4. **Has the Company taken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?**

   NA

5. **Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.**

   NA

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

1. **Please indicate the total number of employees:**

   403 permanent employees as on March 31, 2022

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

   168

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

   136

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

   NIL

5. **Do you have an employee association that is recognised by the management?**

   No

6. **What percentage of your permanent employees are members of this recognised employee association?**

   NA

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

   Nil

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

   (a) Permanent Employees - Behavioural - 80%; Technical - 65%

   (b) Permanent Women Employees - Behavioural - 85%; Technical - 65 %

(c) Casual/Temporary/Contractual Employees – Nil

(d) Employees with Disabilities - NA

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

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

1. Employees
2. Communities
3. Patients
4. Healthcare professionals
5. Payers
6. Regulators
7. Shareholders

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

1. **Has the Company mapped its internal and external stakeholders?**

   Yes

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalised stakeholders?**

   No

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof, in about 50 words or so.**

   NA

Principle 5: Businesses should respect and promote human rights.

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

   Yes. The Company ensures that the fundamental rights of all individuals, within the organisation and across every touch point, are preserved. Certain imperatives are uncompromisingly adhered to by the Company. These include:

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

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

   Nil

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

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

   Presently it covers only the Company.

2. **Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, and so on? If yes, please give hyperlink for webpage.**

   No

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

   Yes

4. **Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?**

   No

5. **Has the Company undertaken any other initiatives on — clean technology, energy efficiency, renewable energy, and so on. If yes, please give hyperlink for web page.**

   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 (not resolved to satisfaction) as on end of the financial year.**

   Nil

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

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

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

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

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

   Yes

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

By extending the benefits of better healthcare to a larger group, the Company aims to enable inclusive growth of all its beneficiaries. Our CSR policy clearly resonates this endeavour. However, in the last three years, the Company was not required to spend on CSR activities owing to operational loss and negative cash flow. Nonetheless, the Company remains focused to bring better healthcare to a larger section of the society.

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/ government structures/any other organisation?**

   NA

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

   NA

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

   NA

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

   NA

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

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

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

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

   Nil

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

   NA

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

   No

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

   No

Financial Statements

Independent Auditor's Report

To the Members of
Sun Pharma Advanced Research Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of Sun Pharma Advanced Research Company Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2022, the Statement of Profit and Loss, including the Statement of Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013, as amended (the "Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2022, its loss including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the financial year ended March 31, 2022. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each key audit matter below, our description of how our audit addressed the matter is provided in that context.

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

Key audit matter	How our audit addressed the key audit matter
(a) Revenue recognition (as described in Note 27 of the financial statements)	
The Company is engaged in the business of Research and Development of pharmaceutical products. The Company has various contractual arrangements with customers which are entered into at various stages of research and development. The Company, in line with Ind AS 115 recognises revenue based on the contractual terms and performance obligations with customers. Some of these arrangements involve judgments which may impact the manner and timing of revenue recognition. Considering that contractual arrangements with customers involve judgments which may impact the manner and timing of revenue recognition, accordingly it is considered as a key audit matter.	Our audit procedures amongst others included the following: • Read the accounting policy for revenue recognition of the Company and assessed compliance with the principles enunciated under Ind AS 115. • Evaluated the design and tested the operating effectiveness of management's controls in respect of revenue recognition. • Obtained a sample of contracts and reviewed the terms of the arrangements to determine whether the work performed under the contract qualified for revenue recognition having regard to the performance obligations under the contracts. • Assessed the disclosures in the accompanying financial statements.
Evaluation of direct tax and indirect tax litigations (as described in Note 42 of the financial statements)	
The Company has material direct tax and indirect tax litigations which involve significant judgment to determine the possible outcome of these disputes and accordingly it is considered as key audit matter.	Our audit procedures amongst others included the following: • Evaluated the design and tested the operating effectiveness of controls in respect of the identification and evaluation of tax litigations and the recording and reassessment of the related liabilities and provisions and disclosures. • Obtained list of ongoing tax litigations from management along with their assessment of the cases based on past precedents, judgements and matters in the jurisdiction, legal opinions sought by management, correspondences with tax department etc. • Engaged tax specialists, to evaluate management's assessment of the outcome of these litigations. Our specialists considered legal precedence and other rulings in evaluating management's position on these tax litigations. • Assessed contingent liability disclosure in the accompanying financial statements.

Other Information

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

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

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

Responsibilities of Management for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

  We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant

deficiencies in internal control that we identify during our audit.

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements for the financial year ended March 31, 2022 and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2020 ("Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

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

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

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

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

   (e) On the basis of written representations received from the directors as on March 31, 2022, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2022, from being appointed as a director in terms of Section 164 (2) of the Act;

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

   (g) Based on the information and explanations provided to us and based on our examination of books of accounts, the Company has not accrued / paid any managerial remuneration to its directors. Accordingly, the provision of section 197 read with Schedule V to the Act are not required to be complied with;

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

      i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 42 to the financial statements;

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

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

      iv. (a) The management has represented that, to the best of its knowledge and belief and read with note 48 to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share

premium or any other sources or kind of funds) by the Company to or in any other person(s) or entity(ies), including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall, whether, directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries;

(b) The management has represented that, to the best of its knowledge and belief and read with note 48 to the financial statements, no funds have been received by the Company from any person(s) or entity(ies), including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall, whether, directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries; and

c) Based on such audit procedures that were considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (a) and (b) contain any material misstatement.

iv. No dividend has been declared or paid during the year by the Company.

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

per **Paul Alvares**
Partner
Membership Number: 105754
UDIN: 22105754AJCIAF4837

Place of Signature: Mumbai
Date: May 17, 2022

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

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(i) (a) (B) The Company has maintained proper records, where relevant, showing full particulars of intangible assets.

(i) (b) Property, Plant and Equipment have been physically verified by the management during the year and no material discrepancies were identified on such verification.

(i) (c) The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) disclosed in note 3a to the financial statements included in Property, Plant and Equipment are held in the name of the Company except for the following immovable properties for which registration of title deeds is in process:

Description of Property	Gross carrying value (₹ in Lakhs)	Held in name of	Whether promoter, director or their relative or employee	Period held (In Year)	Reason for not being held in the name of Company
R&D building located at Mahakali Caves Road. Andheri, Mumbai admeasuring 1041.29 square meters.	285.99	Sun Pharmaceutical Industries Limited	No	15	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

(i) (d) The Company does not follow the revaluation model for subsequent measurement of its Property, Plant and Equipment (including Right of use assets) or intangible assets. Accordingly, the requirement to report on clause 3(i)(d) of the Order is not applicable to the Company.

(i) (e) There are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder. Accordingly, the requirement to report on clause 3(i)(e) of the Order is not applicable to the Company.

(ii) (a) According to the information and explanation given to us and having regard to the nature of the Company's business, the Company does not have any inventory during the year since procurements are issued directly for consumption to the user department. Accordingly, the requirement to report on clause 3(ii)(a) of the Order is not applicable to the Company.

(ii) (b) As disclosed in note 17 to the financial statements, the Company has been sanctioned working capital limits in excess of INR five crore in aggregate from banks during the year on the basis of security of current assets of the Company. Based on the records examined by us in the normal course of audit of the financial statements, the quarterly return/statement filed by the Company with such bank and financial institution is in agreement with the books of accounts of the Company.

(iii) (a) During the year the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to any other entity, other than to its employees as follows.

Particulars	Loans to employees (₹ in Lakhs)
Aggregate amount granted during the year	36.08
Balance outstanding as at balance sheet date	15.49

Accordingly, the requirement to report on clause 3(iii)(a)(A) and (B) of the Order are not applicable to the Company.

(iii) (b) During the year the investment made and the terms and conditions of the grant of all loans and advances in the nature of loans to its employees are not prejudicial to the Company's interest. Since, the Company has not provided loans, advances in the nature of loans, stood guarantee or provided security to any other entity, other than to its employees, the requirement to report on clause 3(iii)(b), 3(iii)(c), 3(iii)(d), 3(iii)(e) and 3(iii)(f) of the Order is not applicable to the Company in respect of any entity other than employees.

(iii) (c) The Company has granted loans and advances in the nature of loans during the year to its employees where the schedule of repayment of principal and payment of interest has been stipulated and the repayment/receipts are regular.

(iii) (d) In respect of loans and advances in the nature of loans granted to employees during the year, there are no amounts overdue for more than ninety days. Accordingly, the requirement to report on clause 3(iii)(d) of the order is not applicable.

(iii) (e) In respect of loans and advances in the nature of loans granted to employees, there were no amounts which have fallen due during the year, that have been renewed or extended or fresh loans granted to settle the overdues of existing loans given to the same employees. Accordingly, the requirement to report on clause 3(iii)(e) of the order is not applicable.

(iii) (f) In respect of loans and advances in the nature of loans granted to employees, there were no amounts granted which were either repayable on demand or without specifying any terms or period of repayment. Accordingly, the requirement to report on clause 3(iii)(f) of the Order is not applicable to the Company.

(iv) There are no loans, investments, guarantees, and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable and accordingly, the requirement to report on clause 3(iv) of the Order is not applicable to the Company.

(v) The Company has neither accepted any deposits from the public nor accepted any amounts which are deemed to be deposits within the meaning of sections 73 to 76 of the Companies Act and the rules made thereunder, to the extent applicable. Accordingly, the requirement to report on clause 3(v) of the Order is not applicable to the Company.

(vi) The Central Government has not specified the maintenance of cost records under Section 148(1) of the Companies Act, 2013, for the products/services of the Company and accordingly, the requirement to report on clause 3(vi) of the Order is not applicable to the Company.

(vii) (a) Undisputed statutory dues including goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, where applicable, have generally been regularly deposited with the appropriate authorities where applicable, though there has been a slight delay in a few cases. According to the information and explanations given to us and based on audit procedures performed by us, no undisputed amounts payable in respect of these statutory dues were outstanding, at the year end, for a period of more than six months from the date they became payable.

(vii) (b) The dues of goods and service tax, provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues, where applicable and which have not been deposited on account of any dispute, are as follows:

Name of the statute	Nature of the dues	Amount involved (₹ in lakhs)	Period to which the amount relates	Forum where the dispute is pending
The Income Tax Act, 1961	Income Tax and Interest	3,738.83	AY 2011-12, AY 2013-14 and AY 2014-15	Commissioner of Income Tax (Appeals)
The Income Tax Act, 1961	Income Tax and Interest*	1,319.35	AY 2015-16, AY 2016-17, AY 2017-18 and AY 2018-19	Commissioner of Income Tax (Appeals)
Finance Act, 1994	Service Tax, Interest and Penalty	6,938.27	April 2016 to June 2017	Custom Excise and Service Tax Appellate Tribunal (CESTAT)

* The disallowances pertaining to AY 2015-16, AY 2016-17, AY 2017-18 and AY 2018-19 will impact the income tax losses assessed by the assessee in these years.

Note: The amounts disclosed above are net of the payments made to the respective authorities where the dispute is pending and includes interest till the date of demand.

(viii) The Company has not surrendered or disclosed any transaction, previously not recorded in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year. Accordingly, the requirement to report on clause 3(viii) of the Order is not applicable to the Company.

(ix) (a) The Company has not defaulted in repayment of loans or other borrowings or in the payment of interest thereon to any lender.

(ix) (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.

(ix) (c) Term loans were applied for the purpose for which the loans were obtained.

(ix) (d) On an overall examination of the financial statements of the Company, no funds raised on short-term basis have been used for long-term purposes by the Company.

(ix) (e/f) The Company does not have any subsidiary, associate or joint venture. Accordingly, the requirement to report on clause 3(ix)(e) and 3(ix)(f) of the Order is not applicable to the Company.

(x) (a) The Company has not raised any money during the year by way of further public offer (including debt instruments). Accordingly, the requirement to report on clause 3(x)(a) of the Order is not applicable to the Company.

(x) (b) The Company has complied with provisions of sections 42 and 62 of the Companies Act, 2013 in respect of the preferential allotment of shares during the year. The funds raised, have been used for the purposes for which the funds were raised.

(xi) (a) No fraud by the Company or no fraud on the Company has been noticed or reported during the year under audit.

(xi) (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditors or by us in Form ADT–4 as prescribed under Rule 13 of Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(xi) (c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) The Company is not a Nidhi Company as per the provisions of the Companies Act, 2013. Therefore, the requirement to report on clause 3(xii)(a), 3(xii)(b) and 3(xii)(c) of the Order is not applicable to the Company.

(xiii) Transactions with the related parties are in compliance with sections 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) (a) The Company has an internal audit system commensurate with the size and nature of its business.

(xiv) (b) The internal audit reports of the Company issued till the date of the audit report, for the period under audit have been considered by us.

(xv) The Company has not entered into any non-cash transactions with its directors or persons connected with its directors and accordingly the requirement to report on clause 3(xv) of the Order is not applicable to the Company.

(xvi) (a) The provisions of section 45-IA of the Reserve Bank of India Act, 1934 (2 of 1934) are not applicable to the Company. Accordingly, the requirement to report on clause (xvi)(a) of the Order is not applicable to the Company.

(xvi) (b) The Company has not conducted any Non-Banking Financial or Housing Finance activities without obtaining a valid Certificate of Registration (CoR) from the Reserve Bank of India as per the Reserve Bank of India Act, 1934.

(xvi) (c) The Company is not a Core Investment Company as defined in the regulations made by Reserve Bank of India. Accordingly, the requirement to report on clause 3(xvi)(c) of the Order is not applicable to the Company.

(xvi) (d) Based on information and explanation provided by the management of the Company, there is no Core Investment Company as a part of the Group, hence, the requirement to report on clause 3(xvi)(d) of the Order is not applicable to the Company and hence not reported upon. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

(xvii) The Company has incurred cash losses amounting to ₹ 19,392 Lakhs in the current year and amounting to ₹ 14,037 Lakhs in the immediately preceding financial year respectively.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly the requirement to report on Clause 3(xviii) of the Order is not applicable to the Company.

(xix) According to the information and explanation given to us and on the basis of the financial ratios disclosed in note 48 to the financial statements, ageing and expected dates of realization of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The provisions of Section 135 to the Companies Act, 2013 in relation to Corporate Social Responsibility is not applicable to the Company. Accordingly, the requirement to report on clause 3(xx)(a) and clause 3(xx)(b) of the Order is not applicable to the Company.

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

per **Paul Alvares**
Partner
Membership Number: 105754
UDIN: 22105754AJCIAF4837

Place of Signature: Mumbai
Date: May 17, 2022

Annexure 2 to the Independent Auditor's Report of even date on the financial statements of Sun Pharma Advanced Research Company Limited

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

We have audited the internal financial controls with reference to financial statements of Sun Pharma Advanced Research Company Limited (the "Company") as of March 31, 2022 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls with Reference to these Financial Statements

A Company's internal financial controls with reference to financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A Company's internal financial controls with reference to financial statements includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance

that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls with Reference to Financial Statements

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

Opinion

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to these financial statements and such internal financial controls with reference to financial statements were operating effectively as at March 31, 2022, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India .

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

per **Paul Alvares**
Partner
Membership Number: 105754
UDIN: 22105754AJCIAF4837

Place of Signature: Mumbai
Date: May 17, 2022

Balance Sheet as at March 31, 2022

₹ In Lakhs

Particulars	Notes	As at March 31, 2022	As at March 31, 2021
ASSETS			
(A) Non-current assets			
(a) Property, plant and equipment	3a	9,139.77	8,987.33
(b) Capital work-in-progress	3b	372.01	523.43
(c) Other intangible assets	3c	47.05	68.50
(d) Intangible assets under development	3d	2,264.52	-
(e) Financial assets			
(i) Other financial assets	4	2,318.05	39.86
(f) Deferred tax assets (net)	5	-	-
(g) Non-current tax assets (net)	6	6,691.49	7,023.63
(h) Other non-current assets	7	60.16	15.10
Total non-current assets (A)		**20,893.05**	**16,657.85**
(B) Current assets			
(a) Financial assets			
(i) Investments	8	1,166.49	642.52
(ii) Trade receivables	9	2,773.61	1,757.55
(iii) Cash and cash equivalents	10	122.42	930.45
(iv) Bank balances other than cash and cash equivalents	11	0.21	0.71
(v) Loans	12	33.47	6.81
(vi) Other financial assets	13	285.46	0.01
(b) Other current assets	14	2,733.57	2,642.14
Total current assets (B)		**7,115.23**	**5,980.19**
(C) Assets held for sale	3a & 3b	-	330.94
TOTAL ASSETS		**28,008.28**	**22,968.98**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	15	2,718.87	2,620.56
(b) Other equity	16	403.70	(19,445.72)
Total equity		**3,122.57**	**(16,825.16)**
Liabilities			
(A) Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	-	11,250.00
(ia) Lease liabilities	18	243.69	421.51
(b) Provisions	19	814.63	863.21
(c) Other non-current liabilities	20	6,684.50	3,924.25
Total non-current liabilities (A)		**7,742.82**	**16,458.97**
(B) Current liabilities			
(a) Financial liabilities			
(i) Borrowings	21	7,500.00	11,804.52
(ia) Lease liabilities	22	177.68	162.11
(ii) Trade payables	23		
Total outstanding dues of micro enterprises and small enterprises		57.16	7.30
Total outstanding dues of creditors other than micro enterprises and small enterprises		7,161.55	9,109.50
(iii) Other financial liabilities	24	1,139.53	1,167.63
(b) Other current liabilities	25	578.75	509.44
(c) Provisions	26	528.22	574.67
Total current liabilities (B)		**17,142.89**	**23,335.17**
Total liabilities (A + B)		**24,885.71**	**39,794.14**
TOTAL EQUITY AND LIABILITIES		**28,008.28**	**22,968.98**
Significant accounting policies	2		

The accompanying notes are integral part of the financial statements

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

per PAUL ALVARES
Partner
Membership No. 105754

Place : Mumbai
Date : May 17, 2022

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

ANILKUMAR RAGHAVAN
Chief Executive Officer

CHETAN M. RAJPARA
Chief Financial Officer

DINESH LAHOTI
Company Secretary

DILIP S. SHANGHVI
Chairman
DIN: 00005588

RAJAMANNAR THENNATI
Director
DIN: 01415412

Place : Mumbai
Date : May 17, 2022

Statement of Profit and Loss for the year ended March 31, 2022

₹ In Lakhs

Particulars		Notes	Year ended March 31, 2022	Year ended March 31, 2021
(I)	Revenue from operations	27 & 44	13,724.89	25,295.71
(II)	Other income	28	684.46	541.25
(III)	**Total income (I + II)**		**14,409.35**	**25,836.96**
(IV)	**Expenses**			
	Cost of materials consumed	29	1,827.12	1,817.58
	Employee benefits expense	30	9,677.87	9,158.57
	Clinical trial expenses / products development expense		10,842.59	18,401.89
	Professional charges		6,742.92	5,392.70
	Finance costs	31	1,332.87	1,065.03
	Depreciation and amortisation expenses	3a & 3c	1,016.19	1,092.33
	License and fees	32a	342.81	945.25
	Other expenses	32b	2,966.52	3,077.49
	Total expenses (IV)		**34,748.89**	**40,950.84**
(V)	**Loss before tax (III - IV)**		**(20,339.54)**	**(15,113.88)**
(VI)	Tax expense		-	-
(VII)	**Loss for the year (V - VI)**		**(20,339.54)**	**(15,113.88)**
(VIII)	**Other comprehensive income (OCI)**			
	A) Items that will not be reclassified to profit or loss			
	Gain on remeasurement of the defined benefit plans		169.64	152.55
	Total other comprehensive income (A)		**169.64**	**152.55**
(IX)	**Total comprehensive loss for the year (VII + VIII)**		**(20,169.90)**	**(14,961.33)**
(X)	**Loss per equity share**	37		
	(Face value ₹ 1/- per equity share)			
	Basic and Diluted (in ₹)		**(7.73)**	(5.77)
Significant accounting policies		2		

The accompanying notes are integral part of the financial statements

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

per PAUL ALVARES
Partner
Membership No. 105754

Place : Mumbai
Date : May 17, 2022

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

ANILKUMAR RAGHAVAN
Chief Executive Officer

DILIP S. SHANGHVI
Chairman
DIN: 00005588

CHETAN M. RAJPARA
Chief Financial Officer

RAJAMANNAR THENNATI
Director
DIN: 01415412

DINESH LAHOTI
Company Secretary

Place : Mumbai
Date : May 17, 2022

Statement of Changes in Equity for the year ended March 31, 2022

A Equity share capital

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
At the beginning of the year	2,620.56	2,620.56
Changes in equity share capital during the year (Refer Note 15)	98.31	-
At the end of the year	**2,718.87**	**2,620.56**

B Other equity

₹ In Lakhs

Particulars	Other equity				
	Money received against share warrants	Reserves and surplus			Total
		General reserves	Securities premium	Retained earnings	
Balance as at April 1, 2020	-	3,397.66	94,045.10	(1,01,927.15)	(4,484.39)
Loss for the year	-	-	-	(15,113.88)	(15,113.88)
Other comprehensive income for the year	-	-	-	152.55	152.55
Balance as at March 31, 2021	**-**	**3,397.66**	**94,045.10**	**(1,16,888.48)**	**(19,445.72)**
Add : Amount received on issue of warrants convertible into equity shares	23,425.97	-	-	-	23,425.97
Add : Premium on issue of equity shares against conversion of warrants	-	-	17,401.69	-	17,401.69
Less : Transaction cost related to equity share capital			(808.34)		(808.34)
Loss for the year	-	-	-	(20,339.54)	(20,339.54)
Other comprehensive income for the year	-	-	-	169.64	169.64
Balance as at March 31, 2022	**23,425.97**	**3,397.66**	**1,10,638.45**	**(1,37,058.38)**	**403.70**

Note : There are no changes in accounting policies and prior period errors during the current and previous year.

Significant accounting policies Note 2

The accompanying notes are integral part of the financial statements

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

per PAUL ALVARES
Partner
Membership No. 105754

Place : Mumbai
Date : May 17, 2022

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

ANILKUMAR RAGHAVAN
Chief Executive Officer

CHETAN M. RAJPARA
Chief Financial Officer

DINESH LAHOTI
Company Secretary

DILIP S. SHANGHVI
Chairman
DIN: 00005588

RAJAMANNAR THENNATI
Director
DIN: 01415412

Place : Mumbai
Date : May 17, 2022

Statement of Cash Flows for the year ended March 31, 2022

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
A. Cash flow from operating activities		
Loss before tax	**(20,339.54)**	**(15,113.88)**
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortisation expenses	1,016.19	1,092.33
Gain on disposal of property, plant and equipment (net)	(489.32)	(26.39)
Finance costs	1,332.87	1,065.03
Interest income	(140.21)	(89.31)
Net gain on sale of financial assets measured at fair value through profit or loss	(45.11)	(56.30)
Net gain arising on financial assets measured at fair value through profit or loss	(1.28)	(0.41)
Net unrealised foreign exchange loss / (gain)	(7.42)	60.78
Sundry balances written off / (written back), net	1.49	(19.93)
Product development expense	-	2,849.29
Operating loss before working capital changes	**(18,672.33)**	**(10,238.79)**
Working capital adjustments :		
(Increase) / decrease in trade receivables	(1,014.59)	(154.39)
(Increase) / decrease in other assets	(2,638.12)	1,535.45
Increase / (decrease) in trade payables	(1,935.77)	(5,991.64)
Increase / (decrease) in other liabilities	2,908.60	(213.73)
Increase / (decrease) in provisions	74.61	36.68
Cash used in operations	**(21,277.60)**	**(15,026.42)**
Direct taxes (paid) net of refund	454.35	(163.14)
Net cash used in operating activities (A)	**(20,823.25)**	**(15,189.56)**
B. Cash flow from investing activities		
Payments for purchase of property, plant and equipment (including capital work-in-progress, intangible assets and intangible assets under development)	(3,267.79)	(599.51)
Proceeds from disposal of property, plant and equipment (net)	810.16	481.75
Purchase of investment (net)	(477.58)	263.28
Bank balances not considered as cash and cash equivalents		
Fixed deposits placed	-	(0.50)
Fixed deposits matured	0.50	10.46
Interest received	18.01	0.70
Net cash generated from / (used in) investing activities (B)	**(2,916.70)**	**156.18**

Statement of Cash Flows for the year ended March 31, 2022

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
C. Cash flow from financing activities		
Proceeds from borrowings	10,700.00	40,500.00
Re-payment of borrowings	(26,254.52)	(23,555.95)
Payment of lease liabilities	(209.23)	(202.73)
Proceeds from issue of equity shares (on conversion of warrants)	17,500.00	-
Transaction costs on issue of warrants convertible into equity shares	(808.34)	-
Proceeds from issue of warrants convertible into equity shares	23,425.97	-
Interest paid	(1,421.79)	(812.89)
Net cash generated from financing activities (C)	**22,932.09**	**15,928.43**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(807.86)**	**895.05**
Cash and cash equivalents at the beginning of the year (Refer Note 10)	930.45	35.23
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	(0.17)	0.17
Cash and cash equivalents at the end of the year (Refer Note 10)	**122.42**	**930.45**
Cash and cash equivalents comprises of		
Balances with banks		
In current accounts	122.08	930.00
Cash on hand	0.34	0.45
Cash and cash equivalents (Refer Note 10)	**122.42**	**930.45**
Significant accounting policies		

The accompanying notes are integral part of the financial statements

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

per PAUL ALVARES
Partner
Membership No. 105754

Place : Mumbai
Date : May 17, 2022

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

ANILKUMAR RAGHAVAN
Chief Executive Officer

CHETAN M. RAJPARA
Chief Financial Officer

DINESH LAHOTI
Company Secretary

DILIP S. SHANGHVI
Chairman
DIN: 00005588

RAJAMANNAR THENNATI
Director
DIN: 01415412

Place : Mumbai
Date : May 17, 2022

Notes to Financial Statements for the year ended March 31, 2022

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 BSE Limited and National Stock Exchange of India Limited. The registered office is located at Plot No. 5 & 6/1, Savli, G. I. D. C. Estate, Manjusar, Vadodara – 391 775. The Company is in the business of research and development (R&D) of pharmaceutical products.

The financial statements were approved for issue in accordance with the resolution of the Board of Directors on May 17, 2022.

2. Significant accounting policies

2.1 Basis of preparation and presentation

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

The financial statements have been prepared on the historical cost basis, except for : (i) certain financial instruments that are measured at fair values at the end of each reporting period (ii) non-current assets classified as held for sale which are measured at the lower of their carrying amount and fair value less costs to sell and (iii) defined benefit plans – plan assets that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

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

The Company has prepared the financial statement on the basis that it will continue to operate as a going concern.

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

For the purpose of these financial statements, previous year means the financial year ended March 31, 2021.

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.

Notes to Financial Statements for the year ended March 31, 2022

All other assets are classified as non-current.

A liability is current when:

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

The terms of the liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

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

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

b) Foreign currencies

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

Transactions and balances

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

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

c) Fair value measurement

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

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

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

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

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

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

Notes to Financial Statements for the year ended March 31, 2022

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

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

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

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

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

d) Segment reporting

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

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

e) Property, plant and equipment

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

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

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

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

Notes to Financial Statements for the year ended March 31, 2022

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

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

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

f) Intangible assets

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

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

Derecognition of intangible assets

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

g) Research and development cost

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

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

Notes to Financial Statements for the year ended March 31, 2022

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

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

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

h) Impairment of non-financial assets

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

The recoverable amount of an asset or cash-generating unit (as defined below) is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or the cash-generating unit for which the estimates of future cash flows have not been adjusted. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

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

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

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.

Notes to Financial Statements for the year ended March 31, 2022

Subsequent measurement-

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

i. Debt instruments measured at amortised cost

ii. Debt instruments measured at fair value through other comprehensive income (FVTOCI)

iii. Debt instruments measured at fair value through profit or loss (FVTPL)

iv. Equity instruments are measured at fair value through other comprehensive income (FVTOCI)

A. Debt instruments

i. Debt instruments measured at amortised cost - A 'debt instrument' is measured at the amortised cost if both the following conditions are met:

- The asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and
- Contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

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

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

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

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

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

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').

Notes to Financial Statements for the year ended March 31, 2022

B. Equity instruments

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

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

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

Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Impairment of financial assets

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

a) Financial assets that are debt instruments, and are measured at amortised cost

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

c) Loan commitments which are not measured as at FVTPL

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

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

Notes to Financial Statements for the year ended March 31, 2022

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

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

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

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

Financial liabilities and equity instruments-

Classification as debt or equity

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

Equity instruments-

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

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

Initial recognition and measurement-

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

Subsequent measurement-

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

Financial liabilities at fair value through profit or loss-

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

Notes to Financial Statements for the year ended March 31, 2022

Financial liabilities subsequently measured at amortised cost-

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

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

Derecognition-

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

Reclassification of financial assets-

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

j) Leases

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

Company as a lessee

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

Notes to Financial Statements for the year ended March 31, 2022

i) Right-of-use assets

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

- Building 3-5 years

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

ii) Lease liabilities

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

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

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

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

k) Cash and cash equivalents

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

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

l) Provisions, contingent liabilities and contingent assets

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of past event, it is probable that an overflow of resources embodying economic benefits will be required

Notes to Financial Statements for the year ended March 31, 2022

to settle the obligation and a reliable estimate can be made of the amount of obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flow as a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities and contingent assets-

Contingent liability is disclosed for,

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

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

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

m) Revenue from operations

Revenue from contracts with customers

Milestone payments and out licensing arrangements

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

Research and development services

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

Royalties

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

Dividend

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

Notes to Financial Statements for the year ended March 31, 2022

Interest income

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

Contract balances

Contract assets

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

Trade receivables

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

Contract liabilities

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

n) Employee benefits

Defined benefit plans

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

The liability in respect of defined benefit plans is calculated using the projected unit credit method with actuarial valuations being carried out at the end of each annual reporting period. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows by reference to market yields at the end of the reporting period on government bonds. The currency and term of the government bonds shall be consistent with the currency and estimated term of the post-employment benefit obligations. The current service cost of the defined benefit plan, recognised in the statement of profit and loss as employee benefits expense, reflects the increase in the defined benefit obligation resulting from employee service in the current year, benefit changes, curtailments and settlements. Past service costs are recognised in statement of profit and loss in the period of a plan amendment. The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in statement of profit and loss. Actuarial gains and losses arising from experience adjustments and changes in actuarial assumptions are charged or credited to OCI in the period in which they arise and is reflected immediately in retained earnings and is not reclassified to statement of profit and loss.

Notes to Financial Statements for the year ended March 31, 2022

Termination benefits

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

Short-term and other long-term employee benefits

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

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

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

Defined contribution plans

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

o) Borrowing cost

Borrowing costs that are directly attributable to the construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

p) Income tax

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

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

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

Notes to Financial Statements for the year ended March 31, 2022

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

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

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

q) Earnings/(loss) per share

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

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

r) Share issue expenses

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

s) Recent accounting pronouncements

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

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time. The Company has not early adopted any new standards or amendments to the existing standards that has been issued but is not yet effective.

Notes to Financial Statements for the year ended March 31, 2022

t) Changes in accounting policies and disclosures

New and amended standards

Several amendments and interpretations apply for the first time in March 2022, but do not have an impact on the financial statements of the Company. The Company has not early adopted any standards or amendments that have been issued but are not yet effective.

u) Non-current assets, held for sale

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

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

Notes to Financial Statements for the year ended March 31, 2022

NOTE 3a

PROPERTY, PLANT AND EQUIPMENT

₹ In Lakhs

Particulars	Lease hold land	Right of use assets#	Buildings*	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
At cost or deemed cost								
As at April 1, 2020	1,146.57	855.06	2,672.42	7,963.87	362.73	387.59	56.60	13,444.84
Additions	-	1.43	64.49	385.81	16.06	67.06	11.45	546.30
Disposals	##(343.07)	(1.18)	-	(1,362.62)	(7.30)	(128.73)	(4.44)	(1,847.34)
As at March 31, 2021	803.50	855.31	2,736.91	6,987.06	371.49	325.92	63.61	12,143.80
Additions	-	-	263.77	794.54	27.75	69.18	2.52	1,157.76
Disposals	-	-	-	-	-	(93.66)	(0.15)	(93.81)
As at March 31, 2022	**803.50**	**855.31**	**3,000.68**	**7,781.60**	**399.24**	**301.44**	**65.98**	**13,207.75**
Accumulated depreciation								
As at April 1, 2020	25.95	162.15	28.97	2,629.45	58.18	214.89	26.79	3,146.38
Depreciation expenses	14.55	162.36	45.75	724.38	36.05	70.52	17.52	1,071.13
Eliminated on disposals of assets	##(12.13)	(0.45)	-	(916.32)	(6.98)	(122.77)	(2.39)	(1,061.04)
As at March 31, 2021	28.37	324.06	74.72	2,437.51	87.25	162.64	41.92	3,156.47
Depreciation expenses	10.19	162.21	48.20	658.80	35.66	66.94	12.74	994.74
Eliminated on disposals of assets	-	-	-	-	-	(83.08)	(0.15)	(83.23)
As at March 31, 2022	**38.56**	**486.27**	**122.92**	**3,096.31**	**122.91**	**146.50**	**54.51**	**4,067.98**
Carrying amounts								
As at March 31, 2021	775.13	531.25	2,662.19	4,549.55	284.24	163.28	21.69	8,987.33
As at March 31, 2022	**764.94**	**369.04**	**2,877.76**	**4,685.29**	**276.33**	**154.94**	**11.47**	**9,139.77**

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

Refer Note 39.

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

The Company follows a Cost Model for subsequent measurement of Property Plant and Equipment and hence no revaluation is done.

Notes to Financial Statements for the year ended March 31, 2022

No assets acquired or transferred as part of business combination.

The title deeds of immovable properties (other than properties where the Company is the lessee and the lease agreements are duly executed in favour of the lessee) are held in the name of the Company except for the following immovable properties for which registration of title deeds is in process:

Relevant line item in the Balance sheet	Description of item of property	Gross carrying value	Title deeds held in the name of	Whether title deed holder is a promoter, director or relative(#) of promoter(*) /director or employee of promoter / director	Property held since which date	Reason for not being held in the name of the Company
Property, plant and equipment	Building	285.99	Sun Pharmaceutical Industries Limited	No	March 1, 2007	(**)

relative here means relative as defined in the companies act, 2013.

*promoter here means promoter as defined in the companies act, 2013.

** 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 erstwhile Companies Act, 1956 in terms of the approval of the honourable High Court of Gujarat.

NOTE 3b

CAPITAL WORK-IN-PROGRESS

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Capital work-in-progress (CWIP)	372.01	523.43
	372.01	**523.43**

Capital-work-in-progress ageing schedule

₹ In Lakhs

CWIP	As at March 31, 2022				
	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	214.88	138.16	18.97	-	372.01
Projects temporarily suspended	-	-	-	-	-

₹ In Lakhs

CWIP	As at March 31, 2021				
	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	494.04	29.39	-	-	523.43
Projects temporarily suspended	-	-	-	-	-

There is no project which is overdue or has exceeded its cost compared to its original plan as at balance sheet date.

Notes to Financial Statements for the year ended March 31, 2022

NOTE 3c

OTHER INTANGIBLE ASSETS

₹ In Lakhs

Particulars	Computer software
At cost or deemed cost	
As at April 1, 2020	105.54
Additions	1.69
Disposals	-
As at March 31, 2021	107.23
Additions	-
Disposals	-
As at March 31, 2022	**107.23**
Accumulated amortisation	
As at April 1, 2020	17.53
Amortisation expenses	21.20
Eliminated on disposals of assets	-
As at March 31, 2021	38.73
Amortisation expenses	21.45
Eliminated on disposals of assets	-
As at March 31, 2022	60.18
Carrying amounts	
As at March 31, 2021	68.50
As at March 31, 2022	**47.05**

NOTE 3d

INTANGIBLE ASSETS UNDER DEVELOPMENT

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Intangible assets under development	2,264.52	-
	2,264.52	**-**

Intangible assets under development ageing schedule

₹ In Lakhs

Intangible assets under development	As at March 31, 2022				
	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	2,264.52	-	-	-	2,264.52
Projects temporarily suspended	-	-	-	-	-

₹ In Lakhs

Intangible assets under development	As at March 31, 2021				
	Amount in CWIP for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	-	-	-	-	-
Projects temporarily suspended	-	-	-	-	-

There is no intangible asset where completion is over due or has exceeded its cost compared to its original plan as at balance sheet date.

Notes to Financial Statements for the year ended March 31, 2022

NOTE 4

OTHER FINANCIAL ASSETS (NON-CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Security deposits - Unsecured, considered good	44.35	39.86
Other receivables	2,273.70	-
	2,318.05	**39.86**

NOTE 5

DEFERRED TAX ASSETS (NET)

₹ In Lakhs

Particulars	As at March 31, 2021	Recognised in profit or loss	As at March 31, 2022
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	(2,062.46)	506.34	(1,556.12)
Difference in carrying value and tax base of financial assets of investments	(0.12)	(0.25)	(0.37)
Expenses claimed for tax purpose on payment basis	418.71	(25.22)	393.49
Deferred revenue	730.60	154.44	885.04
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)	913.27	(635.31)	277.96
	-	-	-

₹ In Lakhs

Particulars	As at April 1, 2020	Recognised in profit or loss	As at March 31, 2021
Deferred tax (liabilities) / assets in relation to:			
Difference between written down value of property, plant and equipment and capital work-in-progress as per books of accounts and income tax	(2,314.98)	252.52	(2,062.46)
Difference in carrying value and tax base of financial assets of investments	-	(0.12)	(0.12)
Expenses claimed for tax purpose on payment basis	452.45	(33.74)	418.71
Deferred revenue	1,142.74	(412.14)	730.60
Unabsorbed business losses / capital expenditure (unabsorbed depreciation) (Restricted to the extent of deferred tax liability on depreciation on account of uncertainty of future taxable income)	719.79	193.48	913.27
	-	-	-

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

Notes to Financial Statements for the year ended March 31, 2022

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
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	1,11,105.82	93,739.16
Unabsorbed depreciation	19,391.45	16,803.23

The unused tax losses will expire from financial year 2022 - 2023 to financial year 2030 - 2031.

NOTE 6

NON-CURRENT TAX ASSETS (NET)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Advance income tax* (Net of provisions)	6,691.49	7,023.63
	6,691.49	**7,023.63**

* Includes amount paid under protest.

NOTE 7

OTHER ASSETS (NON-CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good unless otherwise stated		
Capital advances	46.67	0.30
Prepaid expenses	13.49	14.80
	60.16	**15.10**

NOTE 8

INVESTMENTS (CURRENT)

₹ In Lakhs

	As at March 31, 2022		As at March 31, 2021	
	Quantity (In No.)	Amount (₹ In Lakhs)	Quantity (In No.)	Amount (₹ In Lakhs)
Investments stated at fair value through profit and loss				
Investments in mutual funds				
Unquoted*				
Nippon India Overnight Fund - Direct Plan Growth Plan - (ONAG) Face Value of ₹ 100 each)	10,22,165	1,166.49	-	-
PGIM India Overnight Fund - Direct Plan - Growth (Face value of ₹ 1,000 each)	-	-	60,502	642.52
Aggregate value of unquoted investments		**1,166.49**		**642.52**

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

Notes to Financial Statements for the year ended March 31, 2022

NOTE 9

TRADE RECEIVABLES

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured, considered good (Refer Note 44)	2,773.61	1,757.55
Receivables which have significant increase in credit risk	-	-
	-	-
Less : Impairment allowance (allowance for bad and doubtful debts)	-	-
	2,773.61	**1,757.55**

Note : There are no trade receivables which are due from directors or other officers of the Company either severally or jointly. Trade receivables comprise of receivable due from related parties as mentioned in Annexure A of Note 41. For terms and conditions relating to related party receivables, refer Annexure A of Note 41.

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

Trade receivables ageing schedule

₹ In Lakhs

Particulars	As at March 31, 2022							
	Outstanding periods from due date of payment							
	Unbilled dues	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables– considered good	-	2,664.42	109.19	-	-	-	-	2,773.61
(ii) Undisputed trade receivables– which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed trade receivables– credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed trade receivables– considered good	-	-	-	-	-	-	-	-
(v) Disputed trade receivables– which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-	-
Less : Impairment allowance (allowance for bad and doubtful debts)								
(i) Undisputed and disputed trade receivables– considered credit impaired	-	-	-	-	-	-	-	-

Notes to Financial Statements for the year ended March 31, 2022

₹ In Lakhs

Particulars	As at March 31, 2021							
	Outstanding periods from due date of payment							
	Unbilled dues	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed trade receivables– considered good	-	1,731.15	8.51			17.86	0.03	1,757.55
(ii) Undisputed trade receivables– which have significant increase in credit risk	-	-	-	-	-	-	-	-
(iii) Undisputed trade receivables– credit impaired	-	-	-	-	-	-	-	-
(iv) Disputed trade receivables– considered good	-	-	-	-	-	-	-	-
(v) Disputed trade receivables– which have significant increase in credit risk	-	-	-	-	-	-	-	-
(vi) Disputed trade receivables - credit impaired	-	-	-	-	-	-	-	-
Less : Impairment allowance (allowance for bad and doubtful debts)								
(i) Undisputed and disputed trade receivables– considered credit impaired	-	-	-	-	-	-	-	-

NOTE 10

CASH AND CASH EQUIVALENTS

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Balances with banks		
In current accounts	122.08	930.00
Cash on hand	0.34	0.45
	122.42	**930.45**

Changes in liabilities arising from financing activities

₹ In Lakhs

Particulars	Balance as at April 01, 2021	Cashflows	Other	Balance as at March 31, 2022	Balance as at April 01, 2020	Cashflows	Other	Balance as at March 31, 2021
Current borrowings	11,804.52	(4,304.52)	-	7,500.00	6,000.00	5,804.52	-	11,804.52
Current Lease Liabilities	162.11	(209.23)	224.80	177.68	142.10	(202.73)	222.74	162.11
Non-current borrowings	11,250.00	(11,250.00)	-	-	54.52	11,195.48	-	11,250.00
Non Current Lease Liabilities	421.51	-	(177.82)	243.69	583.31	-	(161.80)	421.51

Notes to Financial Statements for the year ended March 31, 2022

NOTE 11

BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Deposit accounts		
Balances held as margin money or security against guarantees	-	0.50
Earmarked balances with banks		
Share application money refund account	0.21	0.21
	0.21	**0.71**

NOTE 12

LOANS (CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Loans and advances to employees		
Unsecured, considered good	33.47	6.81
	33.47	**6.81**

The Company has not granted any loans or advances in the nature of loans to promoters, directors, KMPs and the related parties (as defined under the Companies Act, 2013), either severally or jointly with any other person.

NOTE 13

OTHER FINANCIAL ASSETS (CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on fixed deposits (considered good)	-	0.01
Unbilled revenue (Refer Note 44)	282.86	-
Other receivable	2.60	-
	285.46	**0.01**

NOTE 14

OTHER ASSETS (CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Prepaid expenses	247.61	479.09
Advances for supply of goods and services (considered good)	107.76	79.61
Balances with government authorities*	2,378.20	2,083.44
	2,733.57	**2,642.14**

*Includes balances of Goods and Services Tax.

Notes to Financial Statements for the year ended March 31, 2022

NOTE 15

EQUITY SHARE CAPITAL

₹ In Lakhs

	As at March 31, 2022		As at March 31, 2021	
	Number of shares	Amount ₹ In Lakhs	Number of shares	Amount ₹ In Lakhs
Authorised				
Opening balance (Equity shares of ₹ 1 each)	37,50,00,000	3,750.00	32,50,00,000	3,250.00
Addition during the year	5,00,00,000	500.00	5,00,00,000	500.00
Closing balance (Equity shares of ₹ 1 each)	**42,50,00,000**	**4,250.00**	**37,50,00,000**	**3,750.00**
Issued, subscribed and fully paid up				
Equity shares of ₹ 1 each*	26,20,47,506	2,620.56	26,20,47,506	2,620.56
Add : Shares issued against conversion of warrants (Refer note iv)	98,31,460	98.31	-	-
	27,18,78,966	**2,718.87**	**26,20,47,506**	**2,620.56**

*Consequent to forfeiture of 12,537 equity shares in prior years and on reciept of unpaid amount thereon, the paid-up share capital of the Company have increased by ₹ 0.08 Lakhs

Disclosures relating to share capital

i Rights, preferences and restrictions attached to equity shares

The Company has only one class of equity shares and declares and pays dividend in Indian Rupees. The equity shares of the Company, having par value of ₹1/- per share, rank pari passu in all respects including voting rights and entitlement to dividend. The dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders in the Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company on pro-rata basis. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

₹ In Lakhs

Name of the shareholder	As at March 31, 2022		As at March 31, 2021	
	No. of Equity shares held	% of Holding	No. of Equity shares held	% of Holding
Dilip Shantilal Shanghvi	3,65,29,761	13.44%	2,81,02,795	10.72%
Shanghvi Finance Private Limited	13,72,11,787	50.47%	13,72,11,787	52.36%

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

₹ In Lakhs

Particulars	As at March 31, 2022		As at March 31, 2021	
	No. of Equity shares held	Amount ₹ in Lakhs	No. of Equity shares held	Amount ₹ in Lakhs
Opening balance	26,20,47,506	2,620.56	26,20,47,506	2,620.56
Add : Shares issued against conversion of warrants (Refer note iv)	98,31,460	98.31	-	-
Closing balance	**27,18,78,966**	**2,718.87**	**26,20,47,506**	**2,620.56**

Notes to Financial Statements for the year ended March 31, 2022

iv During the year, the Company has allotted 6,24,74,082 warrants, each convertible into one equity share, on preferential basis at an issue price of ₹ 178/- each, upon receipt of 25% of the issue price (i.e. ₹ 44.50 per warrant) as warrant subscription money. Balance 75% of the issue price (i.e. ₹ 133.50 per warrant) shall be payable within 18 months from the allotment date, at the time of exercising the option to apply for fully paid–up equity share of ₹ 1/- each of the Company, against each warrant held by the warrant holder.

During the year, the Company upon receipt of balance 75% of the issue price (i.e.₹ 133.50/- per warrant) for 98,31,460 warrants, has allotted equal no. of fully paid up equity shares against conversion of said warrants exercised by the warrant holder(s). For the remaining 5,26,42,622 warrants, the respective allottees have not yet exercised their option for conversion/exchange the warrants into/for equity shares and accordingly, balance 75% money towards such remaining warrants is yet to be received. The last day for exercising the option for conversion/exchange the warrants into/for equity shares of the Company is January 07, 2023, being 18 months from the date of allotment of warrants i.e. July 08, 2021.

v No equity share has been allotted as fully paid up bonus shares and / bought back during the period of five years immediately preceding the date at which the balance sheet is prepared.

vi **Details of shares held by promoters**

As at March 31, 2022

₹ In Lakhs

Sr. No.	Equity shares held by promoters / members of promoter group / person acting in concert	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares at the end of the year	% change during the year
1	Mr. Dilip Shantilal Shanghvi	2,81,02,795	84,26,966	3,65,29,761	13.44	2.71
2	Shanghvi Finance Private Limited	13,72,11,787	-	13,72,11,787	50.47	(1.89)
3	Mr. Sudhir V. Valia	18,33,951	-	18,33,951	0.67	(0.03)
4	Mrs. Vibha Dilip Shanghvi	10,63,236	-	10,63,236	0.39	(0.01)
5	Mr. Aalok Dilip Shanghvi	3,50,162	-	3,50,162	0.13	(0.00)
6	Ms. Vidhi Dilip Shanghvi	3,44,081	-	3,44,081	0.13	(0.00)
7	Mrs. Kumud S. Shanghvi	38,795	-	38,795	0.01	(0.00)
8	Shanghvi Family & Friends Benefit Trust (Kumud S. Shanghvi and Dilip S. Shanghvi)	1,54,922	-	1,54,922	0.06	(0.00)
9	Mrs. Raksha S.Valia	41,45,231	-	41,45,231	1.52	(0.06)
10	Unimed Investments Limited	12,67,963	-	12,67,963	0.47	(0.02)
11	Flamboyawer Finance Private Limited	2,543	-	2,543	0.00	(0.00)
12	Sanghvi Properties Private Limited	1,887	-	1,887	0.00	(0.00)
13	Gujarat Sun Pharmaceutical Industries Private Limited	1,751	-	1,751	0.00	(0.00)
14	Aditya Medisales Limited	48,88,126	-	48,88,126	1.80	(0.07)
	Total	**17,94,07,230**	**84,26,966**	**18,78,34,196**	**69.09**	**0.63**

Notes to Financial Statements for the year ended March 31, 2022

As at March 31, 2021

₹ In Lakhs

Sr. No.	Equity shares held by promoters / members of promoter group / person acting in concert	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total shares at the end of the year	% change during the year
1	Mr. Dilip Shantilal Shanghvi	2,81,02,795	-	2,81,02,795	10.72	0.00
2	Shanghvi Finance Private Limited	13,72,11,787	-	13,72,11,787	52.36	0.00
3	Mr. Sudhir V. Valia	18,33,951	-	18,33,951	0.70	0.00
4	Mrs. Vibha Dilip Shanghvi	10,63,236	-	10,63,236	0.41	0.00
5	Mr. Aalok Dilip Shanghvi	3,50,162	-	3,50,162	0.13	0.00
6	Ms. Vidhi Dilip Shanghvi	3,44,081	-	3,44,081	0.13	0.00
7	Mrs. Kumud S. Shanghvi	38,795	-	38,795	0.01	0.00
8	Shanghvi Family & Friends Benefit Trust (Kumud S. Shanghvi and Dilip S. Shanghvi)	1,54,922	-	1,54,922	0.06	0.00
9	Mrs. Raksha S.Valia	41,45,231	-	41,45,231	1.58	0.00
10	Unimed Investments Limited	12,67,963	-	12,67,963	0.48	0.00
11	Flamboyawer Finance Private Limited	2,543	-	2,543	0.00	0.00
12	Sanghvi Properties Private Limited	1,887	-	1,887	0.00	0.00
13	Gujarat Sun Pharmaceutical Industries Private Limited	1,751	-	1,751	0.00	0.00
14	Aditya Medisales Limited	48,88,126	-	48,88,126	1.87	0.00
	Total	**17,94,07,230**	**-**	**17,94,07,230**	**68.45**	**0.00**

NOTE 16

OTHER EQUITY

₹ In Lakhs

	Particulars	As at March 31, 2022	As at March 31, 2021
A	**Securities premium**		
	Opening balance	94,045.10	94,045.10
	Add: Premium on issue of equity shares against conversion of warrants [Refer Note 15(iv)]	17,401.69	-
	Less : Transaction cost related to equity share capital	(808.34)	-
		1,10,638.45	**94,045.10**
B	**General reserve**	3,397.66	3,397.66
C	**Money received against share warrants**		
	Amount received on issue of warrants convertible into equity shares [Refer Note 15(iv)]	23,425.97	-
D	**Retained earnings**		
	Opening balance	(1,16,888.48)	(1,01,927.15)
	Add : Loss for the year	(20,339.54)	(15,113.88)
	Add : Actuarial gain on remeasurement of defined benefit plan	169.64	152.55
		(1,37,058.38)	**(1,16,888.48)**
	Total (A+B+C+D)	**403.70**	**(19,445.72)**

Nature and purpose of each reserve

Securities premium - The amount received in excess of face value of the equity shares is recognised in securities premium. This would be utilised in accordance with the provisions of the Companies Act, 2013.

General reserve - The reserve arises on transfer portion on the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. The Company can use this reserve for payment of dividend and issue of fully paid-up and not paid-up bonus shares.

Notes to Financial Statements for the year ended March 31, 2022

NOTE 17

BORROWINGS (NON-CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Secured term loan		
Kotak Mahindra Bank Limited#		
Term loan from bank (secured)	-	11,250.00
	-	**11,250.00**

The 7.20% term loan tenor is repayable by way of three equal instalments of ₹ 2,500 lakhs as at March 31, 2022. The loan is secured by Corporate Guarantee given by Shanghvi Finance Private Limited and charge on all existing and future current assets. For the current maturities of long-term loan Refer Note 21 "Borrowings (Current)" .

The Company has availed working capital facilities from Kotak bank on the basis of security of current assets. However, for the year ended March 31, 2022 Company is not required to file quarterly statement with the bank. Further, the Company in the month of January 2022, has availed working capital facilities from ICICI bank on the basis of security of book debts (i.e. trade receivables). The Company has filed the Statement of trade receivables with value of ₹ 2,773.61 lakhs as at March 31, 2022 for the quarter ended March 31, 2022 which is as per books of accounts.

NOTE 18

LEASE LIABILITIES (NON-CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability (Refer Note 39)	243.69	421.51
	243.69	**421.51**

NOTE 19

PROVISIONS (NON-CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Compensated absences	626.45	571.01
Gratuity (Refer Note 43)	188.18	292.20
	814.63	**863.21**

NOTE 20

OTHER LIABILITIES (NON-CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Deferred revenue (Refer Note 44)	6,684.50	3,924.25
	6,684.50	**3,924.25**

Notes to Financial Statements for the year ended March 31, 2022

NOTE 21

BORROWINGS (CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Unsecured loan from Shanghvi Finance Pvt. Ltd.	-	8,000.00
(Unsecured term loan carried fixed rate of interest @8% p.a. repaid during the year)		
Current maturity of long term borrowings		
Secured term loan		
Kotak Mahindra Bank Limited		
- Term loan from bank (secured) (Refer Note 17)	7,500.00	3,750.00
Unsecured term loan		
Department of Science and Technology (DST), Government of India under the "Drug and Pharmaceutical Research Program"	-	54.52
	7,500.00	**11,804.52**

NOTE 22

LEASE LIABILITIES (CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Lease liability (Refer Note 39)	177.68	162.11
	177.68	**162.11**

NOTE 23

TRADE PAYABLES

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Total outstanding dues of micro and small enterprises (Refer Note 38)	57.16	7.30
Total outstanding dues of creditors other than micro and small enterprises	7,161.55	9,109.50
	7,218.71	**9,116.80**

Note : There are no trade payables which are due to directors or other officers of the Company either severally or jointly. Trade payables comprises of payables due to related parties as mentioned in Annexure A of Note 41.

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

Notes to Financial Statements for the year ended March 31, 2022

Trade payable ageing schedule

₹ In Lakhs

Particulars	As at March 31, 2022						
	Outstanding periods from due date of payment						
	Unbilled dues	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro and small enterprises	13.87	27.59	15.70	-	-		57.16
(ii) Others	3,225.10	1,623.16	1,523.08	111.22	20.11	658.88	7,161.55
(iii) Disputed dues - Micro and small enterprise	-	-	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-	-	-

Trade payable ageing schedule

₹ In Lakhs

Particulars	As at March 31, 2021						
	Outstanding periods from due date of payment						
	Unbilled dues	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Micro and small enterprises	0.55	2.15	4.60	-			7.30
(ii) Others	1,941.54	1,732.05	3,936.01	570.89	171.48	757.53	9,109.50
(iii) Disputed dues - Micro and small enterprise	-	-	-	-		-	-
(iv) Disputed dues - others	-	-	-	-		-	-

NOTE 24

OTHER FINANCIAL LIABILITIES (CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Interest accrued but not due on borrowings	57.21	193.11
Security deposits	17.74	38.42
Payable on purchase of property, plant and equipment	175.12	146.36
Payable to employees	888.29	789.53
Unclaimed excess share application money	0.21	0.21
Other financial liability	0.96	-
	1,139.53	**1,167.63**

NOTE 25

OTHER LIABILITIES (CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Statutory remittances	575.83	480.74
Advances from customers (Refer Note 44)	2.92	27.00
Other advance	-	1.70
	578.75	**509.44**

Notes to Financial Statements for the year ended March 31, 2022

NOTE 26

PROVISIONS (CURRENT)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Provision for employee benefits		
Compensated absences	267.98	328.71
Gratuity (Refer Note 43)	260.24	245.96
	528.22	**574.67**

NOTE 27

REVENUE FROM OPERATIONS

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from contracts with customers		
Sale of services - licence fees / royalty on technology / R&D services (Refer Note 44)	13,724.89	25,295.71
	13,724.89	**25,295.71**

NOTE 28

OTHER INCOME

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest income on:		
Deposits with banks	18.00	0.31
Loans to employees	0.83	0.40
Others (refund from government authorities)	122.21	89.00
	141.04	**89.71**
Net gain on sale of financial assets measured at fair value through profit or loss	45.11	56.30
Net gain arising on financial assets measured at fair value through profit or loss	1.28	0.41
	46.39	**56.71**
Net gain on foreign currency transactions and translation	-	301.40
Net gain on disposal of property, plant and equipment	489.32	26.39
Miscellaneous income	7.71	47.11
Sundry balances written back, net	-	19.93
	684.46	**541.25**

Notes to Financial Statements for the year ended March 31, 2022

NOTE 29

COST OF MATERIALS CONSUMED

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Materials consumed	1,827.12	1,817.58
	1,827.12	**1,817.58**

NOTE 30

EMPLOYEE BENEFITS EXPENSE

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Salaries, wages and bonus	8,774.96	8,347.59
Contribution to provident and other funds*	591.03	591.10
Staff welfare expenses	311.88	219.88
	9,677.87	**9,158.57**

* includes gratuity expense of ₹ 187.40 Lakhs (Previous year: ₹ 210.69 Lakhs)

NOTE 31

FINANCE COSTS

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Interest expense on:		
Borrowings	1,285.89	1,004.09
Lease liabilities	46.98	60.94
	1,332.87	**1,065.03**

NOTE 32a

LICENSE AND FEES

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
License and fees	342.81	945.25
	342.81	**945.25**

Notes to Financial Statements for the year ended March 31, 2022

NOTE 32b

OTHER EXPENSES

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Consumption of stores and spare parts	437.77	447.23
Power and fuel	462.20	459.64
Rent (Refer Note 37)	-	-
Rates and taxes	17.07	15.89
Insurance	150.51	142.95
Repairs and maintenance	528.90	523.07
Printing and stationery	14.88	13.50
Travelling and conveyance	253.00	187.57
Communication expenses	31.55	54.54
Net loss on foreign currency transactions	83.86	-
Payment to auditor		
As auditor		
For statutory audit	18.19	16.54
For limited review	7.06	6.51
For certification services	2.00	-
For reimbursement	0.04	0.86
Contract labour expenses	320.00	311.54
Membership fees and subscription	63.61	38.33
Software expenses	418.98	511.07
Miscellaneous expenses	156.90	348.25
	2,966.52	**3,077.49**

NOTE 33

CATEGORIES OF FINANCIAL INSTRUMENTS

₹ In Lakhs

Particulars	As at March 31, 2022			As at March 31, 2021		
	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	1,166.49	-	-	642.52	-	-
Loans and advances to employees	-	-	33.47	-	-	6.81
Security deposits	-	-	44.35	-	-	39.86
Trade receivables	-	-	2,773.61	-	-	1,757.55
Cash and cash equivalents	-	-	122.42	-	-	930.45
Bank balances other than above	-	-	0.21	-	-	0.71
Interest accrued on fixed deposit	-	-	-	-	-	0.01
Unbilled revenue	-	-	282.86	-	-	-
Other receivables	-	-	2,276.30	-	-	-
Total	**1,166.49**	**-**	**5,533.22**	**642.52**	**-**	**2,735.39**

Notes to Financial Statements for the year ended March 31, 2022

₹ In Lakhs

Particulars	As at March 31, 2022			As at March 31, 2021		
	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost	Fair value through profit or loss	Fair value through other comprehensive income	Amortised cost
Financial liabilities						
Borrowings	-	-	7,500.00	-	-	23,054.52
Interest accrued but not due on borrowings	-	-	57.21	-	-	193.11
Trade payables	-	-	7,218.71	-	-	9,116.80
Security deposits	-	-	17.74	-	-	38.42
Payables on purchase of property, plant and equipment	-	-	175.12	-	-	146.36
Unclaimed excess share application money	-	-	0.21	-	-	0.21
Lease liabilities	-	-	421.37	-	-	583.62
Payable to employees	-	-	888.29	-	-	789.53
Others	-	-	0.96	-	-	
Total	**-**	**-**	**16,279.61**	**-**	**-**	**33,922.57**

NOTE 34

FAIR VALUE HIERARCHY

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

₹ In Lakhs

Particulars	Carrying Value		Fair Value	
	As at March 31, 2022	As at March 31, 2021	As at March 31, 2022	As at March 31, 2021
Financial assets:				
FVTPL financial investments	1,166.49	642.52	1,166.49	642.52
Total	**1,166.49**	**642.52**	**1,166.49**	**642.52**

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

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

Financial assets and liabilities measured at fair value on a recurring basis at the end of each reporting period

₹ In Lakhs

Name of the shareholder	As at March 31, 2022			As at March 31, 2021		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Financial assets at FVTPL						
Investments in mutual funds	1,166.49	-	-	642.52	-	-
Total	**1,166.49**	**-**	**-**	**642.52**	**-**	**-**

Notes to Financial Statements for the year ended March 31, 2022

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 during the years ended March 31, 2022 and March 31, 2021.

NOTE 35

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) Net debt equity ratio

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Debt (includes non-current and current borrowings)	7,500.00	23,054.52
Less : cash and cash equivalents	122.42	930.45
Net debt	7,377.58	22,124.07
Total equity	3,122.57	(16,825.16)
Net debt to total equity ratio	**2.36**	**(1.31)**

NOTE 36

FINANCIAL RISK MANAGEMENT

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

Credit risk

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

Notes to Financial Statements for the year ended March 31, 2022

Investments

The Company limits its exposure to credit risk by generally investing in liquid securities and only with counterparties that have a good credit rating. The Company does not expect any losses from non-performance by these counterparties, and does not have any significant concentration of exposures to specific industry sectors or specific country risks.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they become due. The Company manages its liquidity risk by ensuring, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risk to the Company's reputation.

The Company has unutilised working capital lines from banks of ₹ 7,500 Lakhs as on March 31, 2022 (Previous year : ₹ 6,500 Lakhs)

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

₹ In Lakhs

Particulars	As at March 31, 2022				As at March 31, 2021			
	Less than 1 year	1 - 3 years	More than 3 years	Total	Less than 1 year	1 - 3 years	More than 3 years	Total
Non derivative								
Borrowings	7,500.00	-	-	7,500.00	11,804.52	11,250.00	-	23,054.52
Trade payables	7,218.71	-	-	7,218.71	9,116.80	-	-	9,116.80
Other financial liabilities	1,139.53	-	-	1,139.53	1,167.63	-	-	1,167.63
Lease liabilities	209.23	136.80	159.60	505.63	209.59	277.96	228.00	715.55
Total	**16,067.47**	**136.80**	**159.60**	**16,363.87**	**22,298.54**	**11,527.96**	**228.00**	**34,054.50**

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include investments. The Company has designed risk management frame work to control various risks effectively to achieve the business objectives. This includes identification of risk, its assessment, control and monitoring at timely intervals.

Foreign exchange risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in US Dollars, Euros). As a result, if the value of the Indian Rupee fluctuates relative to these foreign currencies, the Company's revenues and expenses measured in Indian Rupees may fluctuate. The exchange rate between the Indian Rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future.

Notes to Financial Statements for the year ended March 31, 2022

a) **Significant foreign currency risk exposure relating to trade receivables and payables**

₹ In Lakhs

Particulars	As at March 31, 2022				As at March 31, 2021			
	US Dollars	Euro	Others	Total	US Dollars	Euro	Others	Total
Financial assets								
Trade receivables	11.38	-	-	11.38	649.44	-	-	649.44
Other receivables	2,273.70	-	-	2,273.70	-	-	-	-
Financial liabilities								
Trade payables	6,308.74	29.89	82.97	6,421.61	8,103.09	36.45	30.90	8,170.44

b) **Sensitivity**

For the years ended March 31, 2022 and March 31, 2021, 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 ₹ 206.83 Lakhs and ₹ 376.05 Lakhs respectively. A 5% weakening of the Indian rupee and the respective currencies would lead to an equal but opposite effect.

Interest rate risk

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

Commodity rate risk

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

NOTE 37

LOSS PER SHARE

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Loss for the year (₹ in Lakhs)	(20,339.54)	(15,113.88)
Weighted average number of shares used in computing basic and diluted loss per share	26,31,44,166	26,20,47,506
Nominal / face value per share (in ₹)	1.00	1.00
Basic and diluted loss per share (in ₹)	(7.73)	(5.77)

NOTE 38

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.

a) The principal amount remaining unpaid as at March 31, 2022 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) is ₹ 57.16 Lakhs (Previous year : ₹ 7.30 Lakhs).

b) There are no amounts of interest paid/due/payable during the year/previous year/succeeding year. Also, there is no amount of interest accrued and remaining unpaid at the end of current accounting year/previous accounting year.

c) The list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and has been relied upon by auditors.

Notes to Financial Statements for the year ended March 31, 2022

NOTE 39

LEASES

Right-of-use (ROU assets)

₹ In Lakhs

Particulars	Amount
At cost or deemed cost	
As at April 1, 2020	855.06
Additions	1.43
Disposals	(1.18)
As at March 31, 2021	**855.31**
Reclassified from property, plant and equipment	
Additions	-
Disposals	-
As at March 31, 2022	**855.31**
Accumulated depreciation	
As at April 1, 2020	162.15
Depreciation expenses	162.36
Eliminated on disposals of assets	(0.45)
As at March 31, 2021	**324.06**
Depreciation expenses	162.21
Eliminated on disposals of assets	-
As at March 31, 2022	**486.27**
Carrying amounts (Refer Note 3a)	
As at March 31, 2021	**531.25**
As at March 31, 2022	**369.04**

Lease liability

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

₹ In Lakhs

Particulars	Amount
As at April 1, 2020	725.41
Accretion of interest	60.94
Payments towards lease liability	(202.73)
As at March 31, 2021	**583.62**
Accretion of interest	46.98
Payments towards lease liability	(209.23)
As at March 31, 2022	**421.37**
Lease liabilities (non-current) (Refer Note 18)	
Lease liability	243.69
Lease liabilities (Current) (Refer Note 22)	
Lease liability	177.68
Total lease liability	**421.37**

Notes to Financial Statements for the year ended March 31, 2022

Lease liabilities - maturity analysis - contractual undiscounted cash flows

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Not later than one year	209.23	214.93
Later than one year and not later than five years	296.40	477.13
Later than five years	-	22.80
Amounts recognised in statement of profit and loss		
Interest on lease liabilities	46.98	61.07
Expenses relating to short-term leases	-	-
Depreciation on right-to-use assets	162.21	162.36

Annual lease costs on short term leases and low value asset leases amounted to NIL in the year ended March 31, 2022 and March 31, 2021.

NOTE 40

SEGMENT REPORTING

i. Primary segment

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

ii. Secondary segment

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue by geography		
Within India	13,222.83	24,095.56
Outside India	502.06	1,200.15
Total revenue from operations	**13,724.89**	**25,295.71**

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

NOTE 41

RELATED PARTY DISCLOSURE

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

NOTE 42

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

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
i. Contingent liabilities		
a) Guarantees given by the bankers against custom licenses	0.50	2.10
b) Disputed demands by Income tax authorities* (gross)	8,848.45	8,931.73
c) Disputed demands by Service tax authorities** (gross)	5,190.17	5,190.17

Notes to Financial Statements for the year ended March 31, 2022

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
* Amount paid under protest is classified under income tax assets (Refer Note 6)	5,509.63	4,512.33
**Amount paid under protest is classified under other current assets (Refer Note 14)	172.65	172.65

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

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

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
ii. Commitments Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances)	508.75	88.66

iii. For commitments relating to lease arrangement. (Refer Note 39)

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

NOTE 43

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 ₹ 387.58 Lakhs (Previous year : ₹ 365.27 Lakhs).

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Contribution to Provident Fund and Family Pension Fund	399.97	377.13
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	3.65	3.27
Contribution to Labour Welfare Fund	0.00	0.00

Notes to Financial Statements for the year ended March 31, 2022

Defined benefit plan

a) Gratuity

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age. Provision for gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in gratuity fund. The Company decides its contribution based on the results of its annual review. The Company aims to keep annual contributions relatively stable at a level such that the fund assets meets the requirements of gratuity payments in short to medium term.

b) Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and the provision is made as per Company rules with corresponding charge to the statement of profit and loss amounting to ₹ 161.63 Lakhs (Previous year : ₹ 204.28 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, 2022 Gratuity (Funded)	Year ended March 31, 2022 Gratuity (Funded)
I.	**Reconciliation of liability/(asset) recognised in the balance sheet**		
	Present value of obligation at the end of the year	2,019.97	1,908.85
	Fair value of plan assets at the end of the year	(1,571.55)	(1,370.69)
	Net liability recognised in the financial statement	**448.42**	**538.16**
II.	**Movement in net liability / (asset) recognised in the balance sheet**		
	Net liability / (assets) as at beginning of the year	538.16	672.77
	Net expense recognised in the statement of profit and loss	187.40	210.69
	Net expense / (gain) recognised in other comprehensive income	(169.64)	(152.55)
	Net (liability) / asset transfer out	(22.88)	(172.75)
	Net (liability) / asset transfer in	9.95	-
	Contribution during the year	(86.17)	(20.00)
	Benefit paid by the employer	(8.40)	-
	Net liability / (asset) as at the end of the year (Refer Note 20 and 26)	**448.42**	**538.16**
III.	**Net interest cost for the current year**		
	Interest cost	120.83	124.31
	Interest income	(86.77)	(83.68)
	Net interest cost for the current year	**34.06**	**40.63**

Notes to Financial Statements for the year ended March 31, 2022

₹ In Lakhs

Particulars		Year ended March 31, 2022 Gratuity (Funded)	Year ended March 31, 2022 Gratuity (Funded)
IV.	**Expense recognised in the statement of profit and loss**		
	Current service cost	153.34	170.06
	Net interest cost for the current year	34.06	40.63
	Expense charged to the statement of profit and loss	**187.40**	**210.69**
V.	**Expense recognised in the other comprehensive income (OCI)**		
	Actuarial (gains) / losses on obligation for the year	(74.37)	(161.41)
	Return on plan assets excluding interest income	(95.27)	8.86
	Net expenses/ (income) recognised in the OCI	**(169.64)**	**(152.55)**
VI.	**Return on plan assets**		
	Expected return on plan assets	86.77	83.68
	Actuarial gain	95.27	(8.86)
	Actual return on plan assets	**182.04**	**74.82**
VII.	**Reconciliation of defined-benefit obligations**		
	Obligation as at the beginning of the year	1,908.85	2,058.18
	Current service cost	153.34	170.06
	Liability transfer out	(22.88)	(172.75)
	Liability transfer in	9.95	
	Interest cost	120.83	124.31
	Benefits paid	(67.35)	(109.54)
	Benefit paid by the employer	(8.40)	-
	Actuarial (gain) / loss arising from changes in financial assumptions	(84.73)	(38.62)
	Actuarial (gain) / loss arising from demographic assumptions	1.69	-
	Actuarial (gain) / loss arising from changes in experience adjustments	8.67	(122.79)
	Obligation as at the end of the year	**2,019.97**	**1,908.85**
VIII.	**Reconciliation of plan assets**		
	Plan assets as at the beginning of the year	1,370.69	1,385.41
	Expected return on plan assets	86.77	83.68
	Actuarial gain on plan assets	95.27	(8.86)
	Employer's contribution during the year	86.17	20.00
	Benefits paid	(67.35)	(109.54)
	Plan assets as at the year end	**1,571.55**	**1,370.69**
IX.	**Actuarial assumptions**		
	Discount rate	6.96%	6.33%
	Expected return on plan assets	6.96%	6.33%
	Expected rate of salary increase	10.00%	10.00%
	Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2006-08)
	Attrition rate	8% p.a.	8% p.a.
	Retirement age (years)	60-67 years	60 years
X.	**Investment details**		
	Insurance fund	1,571.55	1,370.69

Notes to Financial Statements for the year ended March 31, 2022

₹ In Lakhs

Particulars	Year ended March 31, 2022 Gratuity (Funded)	Year ended March 31, 2022 Gratuity (Funded)
XI. Sensitivity analysis for significant assumptions :		
Benefit obligation as at the end of the year	2,019.97	1,908.85
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	(121.69)	(122.35)
Delta effect of -1% change in rate of discounting	137.72	139.86
Delta effect of +1% change in rate of salary increase	132.40	133.58
Delta effect of -1% change in rate of salary increase	(119.55)	(119.54)
Delta effect of +1% change in rate of employee turnover	(24.69)	(30.64)
Delta effect of -1% change in rate of employee turnover	27.34	34.16
XII. Maturity analysis of projected benefit obligation		
Projected benefits payable in future years from the date of reporting		
1st following year	146.99	360.67
2nd following year	285.78	106.62
3rd following year	172.24	109.24
4th following year	294.55	148.16
5th following year	119.29	144.90
Sum of years 6 to 10	911.37	860.95
Sum of Years 11 and above	1,593.85	1,537.18

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, 2022 is ₹ 260.25 Lakhs (Previous year : ₹ 175.40 Lakhs).

NOTE 44

REVENUE FROM CONTRACT WITH CUSTOMERS:

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Revenue from contract with customers	13,724.89	25,295.71

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Trade receivables (Refer Note 9)	2,773.61	1,757.55
Contract assets (Refer Note 13)	282.86	-
Contract liabilities (Refer Note 19 and 25)	6,687.42	3,951.25

Notes to Financial Statements for the year ended March 31, 2022

Contract assets are initially recognised for revenue from sale of goods. Contract liabilities are on account of the upfront revenue received from customer for which performance obligation has not yet been completed. The performance obligation is satisfied when control of the goods or services are transferred to the customers based on the contractual terms. Payment terms with customers vary depending upon the contractual terms of each contract.

The Company has recorded an additional amount of ₹ 2,760.25 Lakhs (Previous year : ₹ NIL) as deferred revenue pursuant to the requirements of Ind AS 115.

NOTE 45

USE OF ESTIMATES AND JUDGEMENTS

The preparation of the Company's financial statements requires the management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements is included in the following notes:

1 **Provisions [Refer Note 20 and 26]**

2 **Contingent liabilities [Refer Note 42]**

3 **Financial risk management [Refer Note 36]**

NOTE 46

There are 9 struck off companies holding 4,801 shares of the Company in aggregate as at March 31, 2022 and March 31, 2021.

NOTE 47

RATIO ANALYSIS AND ITS ESTIMATES

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change
Current ratio (Refer Note 47.1)	Current Assets	Current Liabilities	0.42	0.26	62%
Debt- Equity Ratio (Refer Note 47.2)	Total debt (Non-current and current borrowings)	Total equity	2.40	(1.37)	-275%
Debt Service Coverage Ratio (Refer Note 47.3)	Earnings for debt service = Loss for the year + Non-cash operating expenses	Debt service = Interest and lease payments + Principal repayments	(0.65)	(0.41)	58%
Return on Equity ratio (Refer Note 47.3)	Loss for the year	Average shareholder's equity	(296.87%)	(161.74%)	-

Notes to Financial Statements for the year ended March 31, 2022

Ratio	Numerator	Denominator	March 31, 2022	March 31, 2021	% change
Inventory Turnover ratio (Refer Note 47.4)	Not applicable	Not applicable	-	-	-
Trade Receivable Turnover Ratio (Refer Note 47.5)	Revenue from operations	Average trade receivable	6.06	15.05	-60%
Trade Payable Turnover Ratio	Cost of materials consumed and Clinical trial expenses	Average trade payable	1.55	1.67	-7%
Net Capital Turnover Ratio (Refer Note 47.6)	Revenue from operations	Working capital = Current assets – Current liabilities	(1.37)	(1.46)	-
Net loss ratio (Refer Note 47.7)	Loss for the year	Revenue from operations	(1.48)	(0.60)	-
Return on Capital Employed (Refer Note 47.3)	Loss before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	(228.69%)	(228.03%)	0%
Return on Investment	Income from investment	Average investment	7.12%	7.59%	-6%

Note 47.1 Increase in current ratio is due to repayment of borrowings during the year.

Note 47.2 Change is on account of issue of convertible warrants and equity shares during the year.

Note 47.3 Debt service coverage ratio/Return on equity/Return on Capital employed is negative since the company has incurred losses in the current year and previous year.

Note 47.4 The Company does not have inventory and hence, this ratio is not applicable.

Note 47.5 Decrease in trade receivable turnover ratio is due to higher out-licensing revenue in the previous year.

Note 47.6 Ratio is negative because net working capital is negative.

Note 47.7 Increase in net loss ratio is due to higher out-licensing revenue in the previous year.

NOTE 48

OTHER STATUTORY INFORMATION

(i) The Company does not have any Benami property, where any proceeding has been initiated or pending against the company for holding any Benami property.

(ii) The Company has not been declared as wilful defaulter.

(iii) The Company does not have any charges or satisfaction which is yet to be registered with ROC beyond the statutory period.

(iv) The Company has not traded or invested in Crypto Currency or Virtual Currency during the financial year.

Notes to Financial Statements for the year ended March 31, 2022

(v) The Company has not advanced or loaned or invested either from borrowed funds or share premium or any other sources or kind of funds to any other person or entity, including foreign entities (Intermediaries) with the understanding, (whether recorded in writing or otherwise) that the Intermediary shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries

(vi) The Company has not received any funds from any person or entity, including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or

(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

(vii) The Company does not have any such transaction which is recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961.

(viii) The Company does not have any scheme of arrangements during the year.

(ix) The Company does not have not any such transaction which is not recorded in the books of accounts that has been surrendered or disclosed as income during the year in the tax assessments under the Income Tax Act, 1961 (such as, search or survey or any other relevant provisions of the Income Tax Act, 1961).

NOTE 49

The global spread of COVID–19 has been a fluid and challenging situation facing all the industries. The Company has taken all possible effective measures to limit and keep the impact of COVID-19 under control in order to ensure business continuity with minimal disruption. The Company has considered internal and external information while finalizing various estimates in relation to its financial statement captions upto the date of approval by the Board of Directors.

The Company continues to pay close attention to the development of COVID–19, and will further evaluate and actively respond to such impact on the financial position and financial performance of the Company.

Notes to Financial Statements for the year ended March 31, 2022

NOTE 50

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

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

NOTE 51

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

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

per PAUL ALVARES
Partner
Membership No. 105754

Place : Mumbai
Date : May 17, 2022

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

ANILKUMAR RAGHAVAN
Chief Executive Officer

DILIP S. SHANGHVI
Chairman
DIN: 00005588

CHETAN M. RAJPARA
Chief Financial Officer

RAJAMANNAR THENNATI
Director
DIN: 01415412

DINESH LAHOTI
Company Secretary

Place : Mumbai
Date : May 17, 2022

Notes to Financial Statements for the year ended March 31, 2022

Annexure "A"

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

Names of related parties and description of relationship

1. Key Management Personnel

Dilip S. Shanghvi	Chairman & Non-Executive Director (Designation changed from Managing Director to Non-Executive Director from May 25, 2021)#
Sudhir V. Valia	Non Executive Director
Rajamannar Thennati	Non-Executive Director
AnilKumar Raghavan	Chief Executive Officer#
Bhavna Doshi	Independent Director
Ferzaan Engineer	Independent Director
Robert Jay Spiegel	Independent Director

2. Holding Company

Shanghvi Finance Private Limited

3. Other Enterprises under significant influence controlled by Key Management Personnel (with whom transactions are entered)

Alkaloida Chemical Company ZRT	Sun Pharma Global FZE**
Antique Stock Broking Limited	Sun Pharma Laboratories Limited
Dusa Pharmaceuticals Inc.	Sun Pharmaceutical Industries Europe BV
Insite Vision Inc.*	Sun Pharmaceutical Industries Inc.
OHM Laboratories Inc.	Sun Pharmaceutical Industries Limited
Spiegel Consulting LLC	Taro Pharmaceutical Industries Limited

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

** Sun Pharma Global FZE has been merged with Sun Pharmaceutical Industries Ltd. w.e.f. October 1, 2021

1. Transaction with Key Management Personnel

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Received against issue of convertible warrants	11,250.00	-
Received on issue of equity shares	15,000.00	-
Remuneration#	389.23	-
Sitting fees paid	37.20	27.60

Key Management Personnel (KMP) who is under the employment of the Company is entitled to post employment benefits and other long term employee benefits recognised as per Ind AS 19 - 'Employee Benefits'. As these employee benefits are lump sum amount provided on the basis of actuarial valuation, the same is not included above.

Mr. Dilip S. Shanghvi voluntarily stepped down from the position of Managing Director of the Company with effect from May 25, 2021. Consequently, with effect from May 25, 2021, Mr. Anilkumar Raghavan has been appointed as "Manager" and "Key Managerial Personnel" of the Company, designated as the Chief Executive Officer. Accordingly, the remuneration is on pro-rata basis.

Notes to Financial Statements for the year ended March 31, 2022

2. Transaction with Holding Company

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Loan recevied	7,000.00	25,500.00
Loan repaid	15,000.00	23,500.00
Interest paid	236.60	691.10
Corporate guarantee recevied	20,000.00	20,000.00

3. Other Enterprises under significant influence controlled by Key Management Personnel (with whom transactions are entered)

₹ In Lakhs

Particulars	Year ended March 31, 2022	Year ended March 31, 2021
Sale of services - License fees / Royalty on technology / R&D services	13,242.54	25,038.28
Sale of property, plant and equipment	-	446.76
Reimbursement of expenses received	46.40	23.81
Purchase of services	2,773.54	2,767.09
Purchase of goods	541.29	397.59
Purchase of property, plant and equipment	20.50	131.14
Reimbursement of expenses paid	411.03	1,309.28
Professional fees paid	843.78	-
Rent paid (pertains to payment of lease liability)	209.23	203.37

Balances outstanding - receivable / (payable)

₹ In Lakhs

Particulars	As at March 31, 2022	As at March 31, 2021
Receivable		
Others	2,773.61	1,472.08
Payable		
Key management personnel	-	(1.53)
Holding company*	-	(8,094.70)
Others	(1,729.73)	(3,814.26)

Terms and condition of transactions with related parties.

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

* The Company has an outstanding corporate guarantee from Shanghvi Finance Private Limited amounting to ₹ 20,000 Lakhs (Previous year : ₹ 20,000) as at March 31, 2022. Refer Note 17.

Notes

Notes

sparc

Sun Pharma Advanced Research Company Ltd.

Plot No. 5 & 6/1, Savli G.I.D.C. Estate,
Savli - Vadodara Highway, Manjusar,
District Vadodara – 391 775.
CIN: L73100GJ2006PLC047837

www.sparc.life

a K&A creation | www.kalolwala.com

Notice of Annual General Meeting

NOTICE is hereby given that Seventeenth (17th) Annual General Meeting of the members of Sun Pharma Advanced Research Company Limited ("**Company**") will be held on **Thursday, September 22, 2022, at 05:00 P.M. IST (Indian Standard Time)**, through Video Conferencing ("**VC**") / Other Audio-Visual Means ("**OAVM**"), to transact the following business:

ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the financial year ended March 31, 2022 and the reports of the Board of Directors and Auditors thereon.

2. To appoint Mr. Dilip S. Shanghvi (DIN: 00005588), who retires by rotation and being eligible, has offered himself for re-appointment.

3. To re-appoint S R B C & Co. LLP, Chartered Accountants as the Statutory Auditors of the Company.

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

   "**RESOLVED THAT** pursuant to the provisions of Section 139, 142 and other applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force), S R B C & Co LLP, Chartered Accountants (Firm's Registration No. 324982E/ E300003) be and are hereby re-appointed as the Statutory Auditors of the Company for a second term of 5 (Five) consecutive years to hold office from the conclusion of this 17th Annual General Meeting till the conclusion of the 22nd Annual General Meeting of the Company, at such remuneration as shall be fixed by the Board of Directors of the Company from time to time in consultation with them."

SPECIAL BUSINESS:

4. **To approve revision in terms of Line of Credit availed from Shanghvi Finance Private Limited.**

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

   "**RESOLVED THAT** in furtherance to the resolution passed by the members at their 15th Annual General Meeting and their 16th Annual General Meeting held on September 30, 2020 and September 29, 2021 respectively and pursuant to applicable provisions of the Companies Act, 2013 including the Rules made thereunder and the provisions of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members of the Company be and is hereby accorded to revise the terms, as set out in the explanatory statement, for the line of credit of upto ₹ 250 Crores (Rupees Two Hundred and Fifty Crores only), availed from Shanghvi Finance Private Limited (CIN: U65910MH1989PTC053111), the Holding Company as defined under Section 2(46) of the Companies Act, 2013 and a 'Related Party' as defined under Section 2(76) of the Companies Act, 2013 and Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015;

   RESOLVED FURTHER THAT the Board of Directors of the Company or any Committee of the Board, be and is hereby authorised to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transactions with the related party, and make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution in the best interest of the Company."

5. **To approve continuation of transactions with Sun Pharmaceutical Industries Inc., USA under Shared Services Agreement.**

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

   "**RESOLVED THAT** in furtherance to the resolution passed by the members at their 12th Annual General Meeting held on August 05, 2017 and pursuant to applicable provisions of the Companies Act, 2013 including the Rules made thereunder and the provisions of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members of the Company be and is hereby accorded for continuation and entering into

transactions with Sun Pharmaceutical Industries Inc., USA, a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 , pursuant to the Shared Services Agreement having the terms and conditions as set out in the explanatory statement;

RESOLVED FURTHER THAT the Board of Directors or any Committee of the Board of the Company be and is hereby authorised to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transactions with the related party, and make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution in the best interest of the Company."

6. **To approve continuation of transactions with Sun Pharmaceutical Industries Inc., USA under Master Support Services Agreement**

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

"**RESOLVED THAT** in furtherance to the resolution passed by the members at their 12th Annual General Meeting held on August 05, 2017 and pursuant to applicable provisions of the Companies Act, 2013 including the Rules made thereunder and the provisions of Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any statutory modification(s) or re-enactment thereof, for the time being in force), approval of the members of the Company be and is hereby accorded for continuation and entering into transactions with Sun Pharmaceutical Industries Inc., USA, a 'Related Party' as defined under Section 2 (76) of the Companies Act, 2013 and Regulation 2(zb) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 , pursuant to the Master Support Services Agreement having terms and conditions as set out in the explanatory statement;

RESOLVED FURTHER THAT the Board of Directors or any Committee of the Board of the Company be and is hereby authorised to do or cause to be done all such acts, deeds and things, settle any queries, difficulties, doubts that may arise with regard to any transactions with the related party, and make such changes to the terms and conditions as may be considered necessary, expedient or desirable and execute such addendum agreements, documents and writings and to make such filings as may be necessary or desirable, in order to give effect to this Resolution in the best interest of the Company."

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

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

"**RESOLVED THAT** in supersession of the resolution passed by the shareholders at their meeting held on September 29, 2021 and pursuant to the provisions of Sections 23, 41, 42, 55, 62(1)(a), 62(1)(c), 71, 179, 180(1)(a), 180(1)(c) and other applicable provisions, if any, of the Companies Act, 2013 ("Companies Act"), the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Companies (Share Capital and Debentures) Rules, 2014 and other applicable rules made thereunder (including any amendment(s), statutory modification(s) or re-enactment thereof), the provisions of the Memorandum of Association and the Articles of Association of the Company and in accordance with the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018, as amended ("SEBI ICDR Regulations"), the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("SEBI Listing Regulations"), the listing agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited ("Stock Exchanges") on which the equity shares having face value of ₹ 1/- each of the Company ("Equity Shares") are listed, the provisions of the Foreign Exchange Management Act, 1999 and rules and regulations framed thereunder, as amended (the "FEMA"), including the Foreign Exchange Management (Non-debt Instruments) Rules, 2019, as amended, Foreign Exchange Management (Debt Instruments) Rules, 2019, as amended, the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depository Receipt Mechanism) Scheme, 1993, as amended, the Depository Receipts Scheme, 2014, as amended, the extant Consolidated FDI Policy issued by the Department for Promotion of Industry and Internal Trade, Ministry of Commerce and Industry, Government of India, the Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021, as amended,

(the "Debt Listing Regulations"), the Reserve Bank of India Master Directions on Foreign Investment in India and subject to other applicable rules, regulations and guidelines issued by the Ministry of Corporate Affairs ("MCA"), the relevant Registrar of Companies, Securities and Exchange Board of India ("SEBI"), Reserve Bank of India ("RBI"), Government of India ("GoI"), Stock Exchanges and / or any competent statutory, regulatory, governmental or any other authorities whether in India or abroad (herein referred to as "Applicable Regulatory Authorities"), from time to time and to the extent applicable, and subject to such approvals, permissions, consents and sanctions as may be necessary or required from the Applicable Regulatory Authorities in this regard and further subject to such terms and conditions or modifications as may be prescribed or imposed by any or all of them while granting any such approvals, permissions, consents and / or sanctions, which may be agreed to by the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall include any committee thereof which the Board may duly have constituted or may hereinafter constitute to exercise its powers including the powers conferred by this Resolution), consent, authority and approval of the Members of the Company, be and is hereby accorded to the Board and the Board be and is hereby authorised to create, offer, issue and allot (including with provisions for reservations on firm and/ or competitive basis, or such part of issue and for such categories of persons, including employees, as may be permitted) with or without green shoe option such number of Equity Shares, convertible warrants, preference shares/ bonds /debentures /any other instruments whether convertible into equity or not, American Depository Receipts ("ADRs"), Global Depository Receipts ("GDRs"), Foreign Currency Convertible Bonds ("FCCBs"), or any other securities or combination of such securities (hereinafter collectively referred to as "Securities") or any combination of Securities, in one or more tranches, whether Rupee denominated or denominated in one or more foreign currencies in the course of international and / or domestic offerings, in one or more foreign markets and/or domestic markets, through public and/ or private offerings and/or rights offering and/ or by way of Qualified Institutions Placement("QIP"), or any combination thereof, through issue of prospectus and/or preliminary placement document, placement document and/or other permissible/ requisite offer documents to any eligible person, including Qualified Institutional Buyers ("QIBs") as defined under the SEBI ICDR Regulations, or otherwise, including foreign/ resident investors (whether institutions, incorporated bodies, mutual funds, individuals or otherwise), venture capital funds (foreign or Indian), alternate investment funds, foreign institutional investors, foreign portfolio investors, qualified foreign investors, Indian and/ or multilateral financial institutions, non-resident Indians, stabilizing agents, pension funds and/or any other categories of investors, whether they be holders of Securities of the Company or not (collectively called the "Investors"), as may be decided by the Board in its discretion and permitted under applicable laws and regulations, for an aggregate consideration of up to ₹ 1,800 crores (Rupees One Thousand Eight Hundred Crores only) (inclusive of such premium as may be fixed on such Securities) at such time or times, at such price or prices, at a discount or premium to market price or prices, as permitted under applicable laws and in such manner and on such terms and conditions including security, rate of interest etc. and any other matters incidental thereto as may be deemed appropriate by the Board in its absolute discretion including the discretion to determine the categories of Investors to whom the offer, issue and allotment of Securities shall be made to the exclusion of other categories of Investors at the time of such creation, offer, issue and allotment considering the prevailing market conditions and other relevant factors and wherever necessary in consultation with book running lead manager(s) and/ or underwriter(s) and/or other advisor(s) appointed and/or to be appointed by the Board, in foreign currency and/ or equivalent Indian Rupees as may be determined by the Board, or in any convertible foreign currency, as the Board in its absolute discretion may deem fit and appropriate (the "Issue").

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

(a) the allotment of the Securities, or any combination of Securities as may be decided by the Board, shall be completed within 365 days from the date of passing of the special resolution by the Members or such other time as may be allowed under the SEBI ICDR Regulations from time to time;

(b) the Securities shall not be eligible to be sold by the allottees for a period of 1 year from the date of allotment, except on a recognized stock exchange, or except as may be permitted under the SEBI ICDR Regulations;

(c) the relevant date for the purpose of pricing of the Securities shall be the date of the meeting in which the Board decides to open the QIP and at such price being not less than the price

determined in accordance with the pricing formula provided under Chapter VI of the SEBI ICDR Regulations;

(d) no single allottee shall be allotted more than 50% of the proposed QIP size and the minimum number of allottees shall be two, where the issue size is less than or equal to ₹ 250 crores and five, where the issue size is greater than ₹ 250 crores, in accordance with Chapter VI of the SEBI ICDR Regulations;

(e) in the event that convertible securities and/or warrants which are convertible into Equity Shares of the Company are issued along with nonconvertible debentures to QIBs under Chapter VI of the SEBI ICDR Regulations, the relevant date for the purpose of pricing of such securities, shall be the date of the meeting in which the Board (or relevant committee thereof) decides to open the issue of such convertible securities and/or warrants simultaneously with non-convertible debentures or any other date in accordance with applicable law and such Securities shall be issued at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VI of the SEBI ICDR Regulations; and

(f) the Board may, in accordance with applicable law, also offer a discount of not more than 5% or such percentage as permitted under applicable law on the price calculated in accordance with the pricing formula provided under the SEBI Regulations.

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

(a) rights to the existing shareholders to whom the offer is made to renounce, the Equity Shares being offered, in favour of any other person(s);

(b) the persons to whom the Equity Shares are being issued shall be entitled to apply for additional Equity Shares in the Rights Issue;

(c) the manner in which allotment of the additional Equity Shares, if any, shall be made in the proportion to be decided by the Board at its discretion;

(d) the Securities to be so created, offered, issued, and allotted shall rank pari passu in all respects with the existing Securities, if any, of the Company and shall be subject to the provisions of the Memorandum of Association and the Articles of Association of the Company;

(e) the Board may dispose of the unsubscribed portion in such manner as it may think most beneficial to the Company;

(f) all monies received out of Rights Issue shall be transferred to a separate bank account maintained by the Company for the purpose of the Rights Issue;

(g) the Company shall utilize the monies received pursuant to the Rights Issue upon a confirmation from the lead manager(s) to the bankers by way of copies of listing and trading approvals that all formalities in connection with the issue have been completed, in accordance with the provisions of the SEBI ICDR Regulations and other applicable laws;

(h) details of all monies utilised out of the Rights Issue referred to in (g) hereinabove shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the purpose for which such monies had been utilized, or in any other manner as may be required under the applicable laws; and

(i) details of all unutilised monies out of the Rights Issue, if any, shall be disclosed under an appropriate separate head in the balance sheet of the Company indicating the form in which such unutilised monies have been invested, or in any other manner as may be required under the applicable laws.

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

(a) in the event the Company is making a bonus issue by way of capitalization of its profits or reserves prior to the allotment of the Equity Shares, the number of Equity Shares to be allotted shall stand augmented in the same proportion in

which the equity share capital increases as a consequence of such bonus issue and the premium, if any, shall stand reduced pro tanto;

(b) in the event the Company is making a rights offer by issue of Equity Shares prior to the allotment of the Equity Shares, the entitlement to the Equity Shares will stand increased in the same proportion as that of the rights offer and such additional Equity Shares shall be offered to the holders of the Securities at the same price at which the same are offered to the existing shareholders;

(c) in the event of merger, amalgamation, takeover or any other re-organization or restructuring or any such corporate action, if and as required, the number of Equity Shares, the price and the time period as aforesaid shall be suitably adjusted; and

(d) in the event of consolidation and/or division of outstanding Equity Shares into smaller number of Equity Shares (including by way of stock split) or re-classification of the Securities into other securities and/or involvement in such other event or circumstances which in the opinion of concerned stock exchange requires such adjustments, necessary adjustments will be made.

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

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

RESOLVED FURTHER THAT in the event the Securities are proposed to be issued as FCCBs, the relevant date for the purpose of pricing the Securities shall be the date of the meeting in which the Board decides to open the issue of such Securities in accordance with the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (through the Depository Receipt Mechanism) Scheme, 1993 (including any amendment or replacement/substitution thereof) and other applicable pricing provisions issued by the Ministry of Finance.

RESOLVED FURTHER THAT in pursuance of the aforesaid resolutions the Securities to be so created, offered, issued and allotted shall be subject to the provisions of the Memorandum of Association and Articles of Association of the Company.

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

RESOLVED FURTHER THAT without prejudice to the generality of the above, subject to applicable laws and subject to approval, consents, permissions, if any, of any governmental body, authority or regulatory institution including any conditions as may be prescribed in granting such approval or permissions by such governmental authority or regulatory institution, the aforesaid Securities may have such features and attributes or any terms or combination of terms that provide for the tradability and free transferability thereof in accordance with the prevailing practices in the capital markets including but not limited to the terms and conditions for issue of additional Securities and the Board subject to applicable laws, regulations and guidelines be and is hereby authorized in its absolute discretion in such manner as it may deem fit, to dispose of such Securities that are not subscribed.

RESOLVED FURTHER THAT for the purpose of giving effect to the above resolutions, the Board be and is hereby authorized to negotiate, modify, sign, execute, register, deliver including sign any declarations required in connection with the private placement offer letter, information memorandum, draft prospectus, prospectus, the draft offer document, application form, Confirmation Allocation Note ("CAN"), abridged prospectus, offer letter, offer document, offer circular, preliminary placement document or placement document for issue of the Securities, term sheet, issue agreement, registrar agreement, escrow agreement, underwriting agreement, placement agreement, consortium agreement, trustee agreement, trust deed, subscription agreement, purchase agreement, agency agreement, agreements with the depositories,

security documents, and other necessary agreements, memorandum of understanding, deeds, general undertaking/indemnity, certificates, consents, communications, affidavits, applications (including those to be filed with the regulatory authorities, if any) (the "Transaction Documents") (whether before or after execution of the Transaction Documents) together with all other documents, agreements, instruments, letters and writings required in connection with, or ancillary to, the Transaction Documents (the "Ancillary Documents") as may be necessary or required for the aforesaid purpose including to sign and/or dispatch all forms, filings, documents and notices to be signed, submitted and/or dispatched by it under or in connection with the documents to which it is a party as well as to accept and execute any amendments to the Transaction Documents and the Ancillary Documents and further to do all such other acts, deeds mentioned herein as it may deem necessary in connection with the issue of the Securities in one or more tranches from time to time and matters connected therewith.

RESOLVED FURTHER THAT the Board be and is hereby authorized to engage/ appoint consultants, lead managers, underwriters, guarantors, depositories, custodians, registrars, stabilizing agent, escrow agent, trustees, bankers, legal advisors and any other advisors, professionals and intermediaries and all such agencies as may be involved or concerned in such offerings of Securities and to remunerate them by way of commission, brokerage, fees or the like and to enter into and execute all contracts, agreements/ arrangements/memorandums of understanding/fee letters/documents with such agencies as may be required or desirable in connection with the issue and listing of the Securities, on any stock exchanges in India or abroad

RESOLVED FURTHER THAT the Board or person(s) as may be authorized by the Board, be and is/are hereby severally authorised to finalize all the terms and conditions and the structure of the proposed Securities, to do all such acts, deeds, matters and things as it may be considered necessary, desirable or expedient including to resolve and settle any questions and difficulties that may arise in connection with the proposed creation, offer, issue and allotment of the Securities.(including in relation to the issue of such Securities in one or more tranches from time to time) and the utilization of the issue proceeds in such manner as may be determined by the Board, subject however, to applicable laws, and to take such actions or give such directions as may be necessary or desirable and to obtain any approvals, permissions, sanctions which may be necessary or desirable, as it may deem fit or as the Board may suo moto decide in its absolute discretion in the best interests of the Company

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

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

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

Place: Mumbai
Date: August 08, 2022

Registered Office:
Plot No. 5 & 6/1, Savli G.I.D.C. Estate,
Savli - Vadodara Highway, Manjusar,
Vadodara - 391775, Gujarat, India.
CIN: L73100GJ2006PLC047837
Tel.: +91 026 6766 6800
Fax: +91 022 6645 5685
Website: www.sparc.life
E-mail: secretarial@sparcmail.com

NOTES:

1. The Ministry of Corporate Affairs ("MCA") has, vide its circular dated May 5, 2022, read together with circulars dated April 8, 2020, April 13, 2020, May 5, 2020, January 13, 2021, December 8, 2021 and December 14, 2021 (collectively referred to as "MCA Circulars"), permitted convening the Annual General Meeting ("AGM" / "Meeting") through Video Conferencing ("VC") or Other Audio Visual Means ("OAVM"), without physical presence of the members at a common venue. In accordance with the MCA Circulars and applicable provisions of the Companies Act, 2013 ("the Act") read with Rules made thereunder and the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the 17th Annual General Meeting of the Company (hereinafter referred to as the "AGM" or "Meeting") is being held through VC / OAVM. The deemed venue for the AGM shall be the Registered Office of the Company.

2. The Explanatory Statement pursuant to Section 102(1) of the Act setting out material facts concerning the business item no. 3 to 7 of the Notice, is annexed hereto. The relevant details as required under Regulation 36 of the Listing Regulations and/or Clause 1.2.5 of Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India (SS-2), in respect of the Director seeking reappointment are given under the heading "Profile of Director" forming part of this Notice.

3. In terms of the provisions of Section 152 of the Act, Mr. Dilip S. Shanghvi, Director of the Company, retire by rotation at the Meeting and being eligible for re-appointment, the Nomination and Remuneration Committee and the Board of Directors of the Company have recommended his re-appointment to the shareholders for their approval. Mr. Dilip Shanghvi is interested in the Item no. 2 of the Notice with regard to his re-appointment. Mr. Sudhir V. Valia (being related to Mr. Dilip Shanghvi) may be deemed to be interested in Item No. 2 of the Notice. Other relatives of Mr. Dilip Shanghvi, may be deemed to be interested in Item No. 2 of the Notice to the extent of their shareholding in the Company. Save and except the above none of the Directors / Key Managerial Personnel of the Company / their relatives are, in any way, concerned or interested, financially or otherwise, in the Ordinary Business set out under Item Nos. 1 & 2 of the Notice.

4. In line with MCA Circulars read with circulars issued by Securities and Exchange Board of India (SEBI) vide SEBI/HO/CFD/CMD2/CIR/P/2022/62 dated May 13, 2022 (hereinafter referred to as "SEBI Circular for AGM"), the Notice of the AGM along with the Annual Report for 2021-22 is being sent only through electronic mode to those members whose e-mail addresses are registered with the Company's Registrar & Share Transfer Agents, Link Intime India Pvt. Ltd. ("RTA") / Depositories. Hard copies shall be sent to those members who shall request for the same. Members may note that the Notice of the 17th AGM along with the Annual Report 2021-22 is also available for download on the website of the Company at www.sparc.life and on the websites of the Stock Exchanges, i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively and on the website of CDSL at www.evotingindia.com.

5. The Members can join the AGM through VC/OAVM thirty (30) minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (2% or more shareholding), Promoters, Institutional Investors, Directors, Key Managerial Personnel, Auditors of the Company etc. who are allowed to attend the AGM without restriction on account of first come first served basis.

6. Since the AGM will be held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto.

7. Participation of members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.

8. Members are informed that in case of joint holders attending the AGM, only such joint holder whose name stands first in the Register of Members of the Company will be entitled to vote, provided the votes are not already cast by remote e-voting.

9. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to

the MCA Circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the proxy form and attendance slip are not annexed hereto.

10. In pursuance of Section 112 and Section 113 of the Act, Representatives of the members such as the President of India or the Governor of a State or body corporate can attend the AGM through VC/OAVM and cast their votes through e-voting. Institutional/ Corporate members intending to appoint authorised representative to attend and vote on their behalf at the AGM are required to send a scanned copy (PDF/JPEG format) of its Board or Governing body resolution /Authorization letter etc. authorizing its representative to attend the AGM through VC/OAVM on its behalf before the commencement of the AGM. The said resolution / authorization shall be sent by e-mail to secretarial@sparcmail.com or upload on the e-voting portal i.e. www.evotingindia.com.

11. The voting rights of members shall be in proportion to their shareholding in the paid-up equity share capital of the Company as on the cut-off date of Thursday, September 15, 2022. A person who is not a Member as on the cut-off date should treat this Notice solely for information purposes. Those who acquire equity shares of the Company and become members of the Company after the Notice is sent, and hold equity shares as of the cut-off date, can vote/ attend the AGM, in the manner as detailed in the Note no. 20.

12. Members who have not registered their email addresses with the Company/ RTA or their Depositories Participants for receiving all communication (including Notice and Annual Report) from the Company electronically can get the same registered as follows:

    (i) Process to be followed by the Members holding shares in physical mode has been detailed in Note No. 23.

    (ii) Members holding shares in dematerialized mode are requested to register/ update their email addresses with the relevant Depository Participants.

13. Members will be able to attend the 17th AGM on September 22, 2022 through VC/OAVM by following the instructions detailed in Note no. 20.

14. Relevant registers as required under the Act, will be available for inspection electronically by the members during the AGM. Relevant documents referred to the Notice will also be available for inspection electronically by the members, without any fee, from the date of circulation of this Notice up to the date of AGM. Those shareholders who wish to inspect the aforementioned documents electronically may send their requests to secretarial@sparcmail.com, mentioning their name, Demat account number/folio number, e-mail id and mobile number.

15. The members are requested to get their physical shares dematerialised, since vide SEBI Circular dated June 08, 2018 read with SEBI Circular dated December 03, 2018 with effect from April 01, 2019, the securities shall not be transferred unless they are held in the dematerialised form. Further, vide SEBI Circular dated January 25, 2022, securities shall be issued in dematerialised form only while processing requests for transmission/ transposition/ duplicate certificates, etc.

16. Members who would like to express their views/ ask questions during the AGM may register themselves as a speaker by sending their request, mentioning the name, Demat account number/folio number, email id, mobile number, at secretarial@sparcmail.com latest by September 18, 2022. Only those Members who have registered themselves as a speaker will be allowed to express their views/ ask questions during the AGM for a maximum time of 3 (three) minutes each, once the floor is open for shareholder queries. The Company reserves the right to restrict the number of speakers and number of questions depending on the availability of time for the AGM.

17. Members who do not wish to speak during the AGM but have queries may send their queries, mentioning the name, securities demat account number/folio number, email id, mobile number, to secretarial@sparcmail.com. These queries will be suitably replied to by the Company by email.

18. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended) and Regulation 44 of the Listing Regulations (as amended), and MCA Circulars, the Company is providing facility of remote e-voting to its Members in respect of the business to be transacted at the AGM of the Company. For this purpose, the Company has appointed Central Depository Services (India) Limited ("CDSL") for facilitating voting through electronic means, as the authorised e-voting agency.

19. The Board of Directors of the Company have appointed Mr. Alpesh Panchal, Company Secretary, Partner of KJB & Co. LLP, Practicing Company Secretaries, and failing him, Mr. Chintan Goswami, Company Secretary, Partner of KJB & Co. LLP, Practicing Company Secretaries, as the Scrutinizer to scrutinize the voting during the AGM by electronic mode and remote e-voting process in a fair and transparent manner. They have communicated their willingness to be appointed as such and will be available for the said purpose.

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

    i. **The remote e-voting period begins on Monday, September 19, 2022 at 9:00 a.m. (IST) and ends on Wednesday, September 21, 2022 at 5:00 p.m. (IST)**, during this period, shareholders of the Company holding shares either in physical form or in dematerialised form, as on the cut-off date, i.e. Thursday, September 15, 2022, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter. Those members who will be present in the AGM through VC/ OAVM facility and have not cast their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system during the 17th AGM.

    ii. Shareholders who have already voted prior to the meeting date would not be entitled to cast their vote again.

    iii. Pursuant to SEBI Circular No. SEBI/HO/CFD/CMD/CIR/P/2020/242 dated December 9, 2020, under Regulation 44 of the Listing Regulations listed entities are required to provide remote e-voting facility to its shareholders, in respect of all shareholders' resolutions.

    E-voting has been enabled for all the demat account holders by way of a single login credential through their demat accounts/ websites of Depositories/ Depository Participants. Demat account holders would be able to cast their vote without having to register again with the e-voting service providers, thereby, not only facilitating seamless authentication but also enhancing ease and convenience of participating in e-voting process.

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

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

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with **CDSL**	1) Users who have opted for CDSL Easi / Easiest facility, can login through their existing user id and password. Option will be made available to reach e-Voting page without any further authentication. The URL for users to login to Easi / Easiest are https://web.cdslindia.com/myeasi/home/login or visit www.cdslindia.com and click on Login icon and select New System Myeasi. 2) After successful login the Easi / Easiest user will be able to see the e-Voting option for eligible companies where the e-voting is in progress as per the information provided by company. On clicking the evoting option, the user will be able to see e-Voting page of the e-Voting service provider i.e. CDSL for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers i.e. CDSL, so that the user can visit the e-Voting service providers' website directly. 3) If the user is not registered for Easi / Easiest, option to register is available at https://web.cdslindia.com/myeasi/Registration/EasiRegistration 4) Alternatively, the user can directly access e-Voting page by providing Demat Account Number and PAN No. from a e-Voting link available on www.cdslindia.com home page or click on https://evoting.cdslindia.com/Evoting/EvotingLogin The system will authenticate the user by sending OTP on registered Mobile & Email as recorded in the Demat Account. After successful authentication, user will be able to see the e-Voting option where the e-voting is in progress and also able to directly access the system of all e-Voting Service Provider i.e. CDSL.
Individual Shareholders holding securities in demat mode with **NSDL**	1) If you are already registered for NSDL IDeAS facility, please visit the e-Services website of NSDL. Open web browser by typing the following URL: https://eservices.nsdl.com either on a Personal Computer or on a mobile. Once the home page of e-Services is launched, click on the "Beneficial Owner" icon under "Login" which is available under 'IDeAS' section. A new screen will open. You will have to enter your User ID and Password. After successful authentication, you will be able to see e-Voting services. Click on "Access to e-Voting" under e-Voting services and you will be able to see e-Voting page. Click on company name – Sun Pharma Advanced Research Company Limited or e-Voting service provider name – CDSL and you will be re-directed to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting. 2) If the user is not registered for IDeAS e-Services, option to register is available at https://eservices.nsdl.com. Select "Register Online for IDeAS "Portal or click at https://eservices.nsdl.com/SecureWeb/IdeasDirectReg.jsp 3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section. A new screen will open. You will have to enter your User ID (i.e. your sixteen digit Demat account number hold with NSDL), Password/OTP and a Verification Code as shown on the screen. After successful authentication, you will be redirected to NSDL Depository site wherein you can see e-Voting page. Click on company name – Sun Pharma Advanced Research Company Limited or e-Voting service provider name – CDSL and you will be redirected to CDSL's website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting

Type of shareholders	Login Method
Individual Shareholders (holding securities in Demat mode) login through their **Depository Participants**	1) You can also login using the login credentials of your Demat account through your Depository Participant registered with NSDL/CDSL for e-Voting facility. After Successful login, you will be able to see e-Voting option. Once you click on e-Voting option, you will be redirected to NSDL/CDSL Depository site after successful authentication, wherein you can see e-Voting feature. Click on company name – Sun Pharma Advanced Research Company Limited or e-Voting service provider name - CDSL and you will be redirected to e-Voting service provider website for casting your vote during the remote e-Voting period or joining virtual meeting & voting during the meeting.

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

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

Login type	Helpdesk details
Individual Shareholders holding securities in Demat mode with CDSL	Members facing any technical issue in login can contact CDSL helpdesk by sending a request at helpdesk.evoting@cdslindia.com or call at toll free no.: 1800 22 55 33
Individual Shareholders holding securities in Demat mode with NSDL	Members facing any technical issue in login can contact NSDL helpdesk by sending a request at evoting@nsdl.co.in or call at toll free no.: 1800 1020 990 and 1800 22 44 30

v. Login method for e-voting and joining virtual meetings for **Physical shareholders and shareholders other than individual holding in Demat form**.

- The shareholders should log on to the e-voting website www.evotingindia.com.
- Click on "Shareholders" module.
- Now enter your User ID
  a) For CDSL: 16 digits beneficiary ID
  b) For NSDL: 8 Character DP ID followed by 8 Digits Client ID
  c) Shareholders holding shares in Physical Form should enter Folio Number registered with the Company.
- Next enter the Image Verification as displayed and Click on Login
- If you are holding shares in Demat form and had logged on to www.evotingindia.com and voted on an earlier e-voting of any company, then your existing password is to be used.
- If you are a first time user follow the steps given below:

	For Physical shareholders and other than individual shareholders holding shares in Demat.
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) • Shareholders who have not updated their PAN with the Company/ Depository Participant are requested to use the sequence number sent by Company/RTA or contact Company/RTA.
Dividend Bank Details OR Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the company records in order to login. • If both the details are not recorded with the depository or company, please enter the member id / folio number in the Dividend Bank details field as mentioned in instruction (v).

vi. After entering these details appropriately, click on "SUBMIT" tab.

vii. Shareholders holding shares in physical form will then directly reach the Company selection screen. However, shareholders holding shares in Demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the Demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

viii. For shareholders holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.

ix. Click on the EVSN 220822002 for the Sun Pharma Advanced Research Company Limited.

x. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.

xi. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.

xii. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.

xiii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.

xiv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.

If a Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.

xvi. Additional Facility for Non – Individual Shareholders and Custodians –For Remote Voting only.

- Non-Individual shareholders (i.e. other than Individuals, HUF, NRI etc.) and Custodians are required to log on to www.evotingindia.com and register themselves in the "Corporates" module.
- A scanned copy of the Registration Form bearing the stamp and sign of the entity should be e-mailed to helpdesk.evoting@cdslindia.com.
- After receiving the login details a Compliance User should be created using the admin login and password. The Compliance User would be able to link the account(s) for which they wish to vote on.
- The list of accounts linked in the login should be mailed to helpdesk.evoting@cdslindia.com and on approval of the accounts they would be able to cast their vote.
- A scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, should be uploaded in PDF format in the system for the scrutiniser to verify the same. Alternatively Non Individual shareholders are required to send the relevant Board Resolution/ Authority letter etc., to the Scrutiniser and to the Company at the e-mail address viz; secretarial@sparcmail.com (designated e-mail address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

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

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

per the instructions mentioned above for e-voting.

3. Shareholders who have voted through Remote e-Voting will be eligible to attend the meeting. However, they will not be eligible to vote at the 17th AGM.

4. Shareholders are encouraged to join the Meeting through Laptops / IPads for better experience.

5. Shareholders will be required to allow Camera and use Internet with a good speed to avoid any disturbance during the meeting.

6. Please note that participants connecting from mobile devices or tablets or through laptop connecting via mobile hotspot may experience audio/video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

7. Only those shareholders, who are present in the AGM through VC/OAVM facility and have not casted their vote on the Resolutions through remote e-voting and are otherwise not barred from doing so, shall be eligible to vote through e-voting system available during the AGM.

8. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the Meeting.

xviii. In case you have any queries or issues regarding attending AGM & e-voting from the e-voting System, you may write an e-mail to helpdesk.evoting@cdslindia.com or call at toll free no.: 1800 22 55 33.

All grievances connected with the facility for voting by electronic means may be addressed to Mr. Rakesh Dalvi, Sr. Manager, (CDSL) Central Depository Services (India) Limited, A Wing, 25th Floor, Marathon Futurex, Mafatlal Mill Compounds, N M Joshi Marg, Lower Parel (East), Mumbai - 400013 or send an e-mail to helpdesk.evoting@cdslindia.com or call at toll free no.: 1800 22 55 33.

21. The Scrutinizer will, immediately after the conclusion of voting at the 17th AGM, start scrutinizing the votes cast at the Meeting along with remote e-voting and prepare a consolidated Scrutinizer's Report and submit thereafter to the Chairman of the Meeting or any person authorised by him. The voting result declared along with the consolidated Scrutinizer's Report will be placed on the Company's website at www.sparc.life and on the website of CDSL at www.evotingindia.com, as well as displayed on the notice board at the Registered Office and Corporate Office of the Company, within three days of the conclusion of the Meeting. The Company will simultaneously forward the voting results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.

22. Subject to receipt of requisite number of votes, the Resolutions proposed in the Notice shall be deemed to be passed on the date of the Meeting, that is, September 22, 2022.

23. The Securities and Exchange Board of India (SEBI) vide its circular dated April 20, 2018 has mandated the registration of Permanent Account Number (PAN) and Bank Account details by shareholders holding securities in physical form. Further SEBI vide its circular dated November 03, 2021 and December 14, 2021 has mandated shareholders holding securities in physical form to furnish PAN, Nomination details, Contact details (Address alongwith PIN code, Mobile No. and Email address), Bank Account details, (bank name, branch name, account number and IFS code) and Specimen signature before they could any investor related service. Folios wherein any one of the above mentioned details are not available by April 01, 2023, shall be frozen. The relevant forms

prescribed by SEBI for furnishing the above details are available on the website of the Company. The concerned shareholders are requested to register/ update the above mentioned details by submitting the prescribed form duly filled and signed by the registered holders, by email from their registered email address to rnt.helpdesk@linkintime.com or by submitting a physical copy thereof to the Company's RTA, Link Intime India Private Limited (Unit: Sun Pharma Advanced Research Company Ltd.) C-101, 247 Park, LBS Marg, Vikhroli West, Mumbai - 400083.

Shareholders holding shares in demat mode are requested to register / update their PAN, Nomination details, Contact details (Address alongwith PIN code, Mobile No. and Email address), Bank Account details, (bank name, branch name, account number and IFS code) and Specimen Signature with the relevant Depository Participant.

For **Sun Pharma Advanced Research Company Limited**

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

Place: Mumbai
Date: August 08, 2022

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

Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013 and additional information as required under the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The following Explanatory Statement sets out material facts relating to the business set out at Item Nos. 3 to 7 of the accompanying Notice.

Item No. 3

The members of the Company at the 12th Annual General Meeting, had approved the appointment of S R B C & Co. LLP, ("SRBC") Chartered Accountants (Firm's Registration No. 324982E / E300003) as the Statutory Auditors of the Company for a term of 5 (five) consecutive years to hold office until the conclusion of the 17th Annual General Meeting of the Company at such remuneration as may be fixed by the Board of Directors of the Company in consultation with them.

Under the provisions of Section 139(2) of the Companies Act, 2013 (the 'Act'), the Company is permitted to appoint the aforementioned Statutory Auditors (being an audit firm) for one more term of 5 (five) consecutive years.

Basis various parameters such as industry experience, credibility, efficiency in conduct of audit, independence, etc., the Board of Directors of the Company, based on the recommendation of the Audit Committee, at its meeting held on May 17, 2022, has proposed to the members of the Company re-appointment of SRBC, Chartered Accountants, (Firm's Registration No. 324982E / E300003) as the Statutory Auditors for a second term of 5 (five) consecutive years to hold office from the conclusion of this 17th Annual General Meeting till the conclusion of 22th Annual General Meeting of the Company, at such remuneration as may be fixed by the Board of Directors in consultation with them.

SRBC has consented to act as Statutory Auditors and have confirmed that their appointment, if made, will be in accordance with Section 139 read with Section 141 of the Act and the rules made thereunder. SRBC has also confirmed, that they have subjected themselves to the peer review process of the Institute of Chartered Accountants of India (ICAI) and holds a valid certificate issued by the 'Peer Review Board' of the ICAI.

The Board recommends the Resolution as set out at item no. 3 of the Notice for approval of the Members as an Ordinary Resolution.

None of the Directors or Key Managerial Personnel or their relatives are in anyway concerned or interested in the resolution as set out in Item no. 3 of the Notice.

Item No. 4

To approve revision in terms of Line of Credit availed from Shanghvi Finance Private Limited

The members at the 15th Annual General Meeting held on September 30, 2020, had considered, ratified and approved an unsecured line of credit facility of upto Rs.200 crores at Interest Rate of 10.5% p.a. from Shanghvi Finance Private Limited (CIN: U65910MH1989PTC053111), the Holding Company and a Related Party of the Company to meet the working capital requirements of the Company. Further, at the 16th Annual General Meeting held on September 29, 2021 the members of the Company had ratified and approved changes in the terms of said line of credit facility whereby the facility amount was revised from Rs. 200 crores to Rs. 250 crores and the rate of interest was revised (i) from 10.50% to 9.75% per annum with effect from October 01, 2020 and (ii) from 9.75% to 8.00% per annum with effect from April 01, 2021.Considering the changes in financial markets, from time to time, and looking at the proposed tenure of 5 years, it may be considered as a good practice to link the interest rate to some relevant benchmark like State Bank of India - Marginal Cost of Funds-based Lending Rate (SBI-MCLR). Accordingly, approval of the shareholders is being sought to link the rate of interest with a transparent benchmark i.e. the rate of interest be revised to a rate which does not exceed prevailing SBI-MCLR + 250 basis points, subject to arm's length pricing. The Audit Committee and the Board of Directors at their respective meetings held on August 08, 2022 have considered, approved and have recommended the same to the members of the Company for their approval.

Information pursuant to SEBI Circular No. SEBI/HO/CFD/CM1/CIR/P/2021/662 dated November 22, 2021 and the Act, including terms and conditions, are given below:

Sr. No.	Particulars	Details
1	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	Name of the Related Party: Shanghvi Finance Private Limited (SFPL) Relationship: SFPL is a holding company of the Company (50.47%)
2	Type, material terms and particulars of the proposed transaction	Presently, the Company has a Line of Credit of ₹ 250 crores at the rate of 8% p.a. (rate effective from April 01, 2022) from SFPL. The said transaction was approved / ratified by the shareholders at the 16th AGM of the Company. In the current resolution, existing 8% p.a. rate of interest is proposed to be revised to a rate which does not exceed prevailing SBI-MCLR + 250 basis points, subject to arm's length pricing.
3	Tenure of the proposed transaction (particular tenure shall be specified)	The Company shall have the Line of Credit for a further period of 5 (five) years (i.e. from the conclusion of this 17th AGM till conclusion of 22nd AGM)
4	Value of the proposed transaction	**Principal -** The principal amount withdrawn under the Line of Credit shall not exceed an amount of Rs. 250 Crores (Rupees Two Hundred and Fifty Crores only), outstanding at any point in time. **Interest –** Not to exceed prevailing SBI-MCLR plus 250 basis points, subject to arm's length pricing
5	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)	~ 180% (calculated on the basis of principal value i.e. Rs 250 crores)
6	Any advance paid or received for the contract or arrangement, if any	Not applicable
7	The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	The pricing / commercial terms are determined on arm's length basis
8	Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors	Yes
9	Name of the director or key managerial personnel who is related, if any	Mr. Dilip S. Shanghvi Mr. Sudhir V. Valia
10	Justification as to why the RPT is in the interest of the listed entity	SFPL is a non-banking finance company and providing a line of credit facility is in its ordinary course of business. The Company, to carry out its research and other business activities, requires funds from time to time. Having a line of credit facility from SFPL will benefit the Company with timely disbursements and at the competitive rate. Therefore, in the opinion of the Board, the transaction is in the best interest of the Company.

Sr. No.	Particulars	Details
11	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary: (i) details of the source of funds in connection with the proposed transaction (ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, • nature of indebtedness; • cost of funds; and • tenure; (iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT	Not applicable
12	A statement that the valuation or other external party report, if any such report has been relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders	Not applicable
13	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	--
14	Any other information that may be relevant	None

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

In the opinion of the Board proposed revision in the rate of interest is in line with the market practices and in the interest of the Company. The Board recommends the Resolution as set out at item no.4 of the Notice for approval by the Members as an Ordinary Resolution.

Mr. Dilip S. Shanghvi, Chairman & Non-Executive Director, Mr. Sudhir V. Valia, Non-Executive Director, and their relatives are deemed to be interested in the proposed resolution. Other than Mr. Dilip S Shanghvi, Mr. Sudhir V Valia, and their relatives, none of the other Directors or Key Managerial Persons or their relatives are concerned or interested financially or otherwise in the proposed resolution.

Item No. 5

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

The members of the Company at their 12th Annual General Meeting held on August 05, 2017, gave approval for entering into transactions pursuant to the Shared Service Agreement under which Sun Pharmaceutical

Industries Inc. USA (SPI Inc.), has agreed to allow the Company to avail the services of certain identified employees of SPI Inc to manage the affairs of the Company in United States of America.

Basis the above approval, the Company is entering into the transactions with SPI Inc. from time to time. Since this is continual and ongoing nature of the arrangement and was earlier approved by the shareholders at the Annual General Meeting held on August 05, 2017 and as no maximum term for entering into the aforesaid transaction was sought or specified by the members while approving the above transactions, it was decided to voluntarily put up the proposal for continuation of the arrangement, for the approval of the members after every five years, as a measure of good Corporate Governance and accordingly the approval of the members is sought for continuing of transactions with SPI Inc for a further period of 5 years.

Information pursuant to SEBI Circular No. SEBI/HO/CFD/CM1/CIR/P/2021/662 dated November 22, 2021 and the Act, including terms and conditions, are given below:

Sr. No.	Particulars	Details
1	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	Name of the Related Party: Sun Pharmaceutical Industries Inc., USA (SPI Inc.) Relationship: SPI Inc is a wholly owned subsidiary of Sun Pharmaceutical Industries Limited where promoter of the Company is a promoter.
2	Type, material terms and particulars of the proposed transaction	Based on the Company's requirements, the Company may utilise the services of certain identified employees of SPI Inc. from time to time, for various research and development activities and other support services to manage the affairs of the Company in United States of America in its ordinary course of business. In consideration of the services provided by such identified employees of SPI Inc., the Company shall reimburse SPI Inc. proportionate employee cost based on actual man hours spent by such identified employees towards providing such services to the Company along with a suitable mark-up, to be decided on arm's length basis.
3	Tenure of the proposed transaction (particular tenure shall be specified)	5 (five) years (i.e. from FY 23 till FY 27)
4	Value of the proposed transaction	FY 23 – upto ₹ 80 crores FY 24 – upto ₹ 85 crores FY 25 – upto ₹ 90 crores FY 26 – upto ₹ 95 crores FY 27 – upto ₹ 100 crores
5	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)	~ 58 % (calculated basis the proposed transaction value for FY 23)

Sr. No.	Particulars	Details
6	Any advance paid or received for the contract or arrangement, if any	Not Applicable
7	The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	In consideration of the services provided by such identified employees of SPI Inc., the Company shall reimburse SPI Inc. proportionate employee cost based on actual man hours spent by such identified employees towards providing such services to the Company along with a suitable mark-up, to be decided on arm's length basis.
8	Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors	Yes
9	Name of the director or key managerial personnel who is related, if any	Mr. Dilip S. Shanghvi Mr Sudhir V. Valia
10	Justification as to why the RPT is in the interest of the listed entity	The Company would need man-power to carry out research and development related activities and for providing other support services from time to time to manage its operations / affairs in United States of America (USA). The said arrangement allows the parties to contract for multiple/ periodic assignments (as and when required) through the issuance of multiple oral/ written instructions to the identified employees, without having to re-negotiate the basic terms and conditions again and again. SPI Inc have in place the requisite infrastructure to provide such services to the Company. The arrangement would also support smooth conduct of business operations of the Company in USA.
11	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary: (i) details of the source of funds in connection with the proposed transaction (ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, • nature of indebtedness; • cost of funds; and • tenure; (iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT	Not applicable

Sr. No.	Particulars	Details
12	A statement that the valuation or other external party report, if any such report has been relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders	Not applicable
13	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	--
14	Any other information that may be relevant	The list of identified employees shall be subject to periodic review & modification through mutual consent.

Pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 all material Related Party Transactions requires approval of the members in which the related parties shall not vote to approve the transaction. The transactions to be entered into by the Company pursuant to Shared Services Agreement may exceed the threshold limit of 'Materiality' as per Related Party Transaction Policy of the Company and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and accordingly it is proposed for approval by the members of the Company. The related parties shall not vote to approve this transaction. Copy of the draft Shared Service Agreement is available for inspection by any member as detailed in point no. 14 of Notes to this Notice.

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

Mr. Dilip S Shanghvi, Chairman & Non-Executive Director, Mr. Sudhir V Valia, Non-Executive Director and their relatives are deemed to be interested in the Agreement. Other than Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia and their relatives, none of the other Directors or Key Managerial Persons or their relatives are concerned or interested financially or otherwise in the proposed resolution.

Item No. 6

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

The members of the Company at their 12th Annual General Meeting held on August 05, 2017, gave approval for entering into transactions pursuant to the Master Support Services Agreement under which Sun Pharmaceutical Industries Inc., (SPI Inc.), and the Company have agreed for rendering / availing of certain range of research & development activities and other ancillary support services between each other.

Basis the above approval, the Company is entering into the transactions with SPI Inc. from time to time. Since this is continual and ongoing nature of the arrangement and was earlier approved by the shareholders at the Annual General Meeting held on August 05, 2017 and as no maximum term for entering into the aforesaid transaction was sought or specified by the members while approving the above transactions, it was decided to voluntarily put up the proposal for continuation of the arrangement, for the approval of the members after every five years, as a measure of good Corporate Governance and accordingly the approval of the members is sought for continuing of transactions with SPI Inc. for a further period of five years.

Information pursuant to SEBI Circular No. SEBI/HO/CFD/CM1/CIR/P/2021/662 dated November 22, 2021 and the Act, including terms and conditions are given below:

Sr. No.	Particulars	Details
1	Name of the related party and its relationship with the listed entity or its subsidiary, including nature of its concern or interest (financial or otherwise)	Name of the Related Party: Sun Pharmaceutical Industries Inc., USA (SPI Inc.) Relationship: SPI Inc. is a wholly owned subsidiary of Sun Pharmaceutical Industries Limited where promoter of the Company is a promoter.
2	Type, material terms and particulars of the proposed transaction	Based on requirements from time to time, either party may request the other party to provide certain range of research and development activities and other support services in its ordinary course of business, on various terms and conditions which are on arm's length basis. In consideration of the services provided by performing party to receiving party, receiving party shall pay to performing party such amount as may be determined in accordance with the arm's length principles under the Transfer Pricing Regulations, which shall consist of the fully absorbed internal costs incurred by performing party in providing the services plus a mark-up of up to thirty percent (30%).
3	Tenure of the proposed transaction (particular tenure shall be specified)	5 (five) years (i.e. from FY 23 till FY 27)
4	Value of the proposed transaction	FY 23 – upto ₹ 20 crores FY 24 – upto ₹ 25 crores FY 25 – upto ₹ 30 crores FY 26 – upto ₹ 35 crores FY 27 – upto ₹ 40 crores
5	The percentage of the listed entity's annual consolidated turnover, for the immediately preceding financial year, that is represented by the value of the proposed transaction (and for a RPT involving a subsidiary, such percentage calculated on the basis of the subsidiary's annual turnover on a standalone basis shall be additionally provided)	~ 15 % (calculated basis the proposed transaction value for FY 23)
6	Any advance paid or received for the contract or arrangement, if any	Not Applicable
7	The manner of determining the pricing and other commercial terms, both included as part of contract and not considered as part of the contract	In consideration of the services provided by performing party to receiving party, receiving party shall pay to performing party such amount as may be determined in accordance with the arm's length principles under the Transfer Pricing Regulations, which shall consist of the fully absorbed internal costs incurred by performing party in providing the services plus a mark-up of up to thirty percent (30%)
8	Whether all factors relevant to the contract have been considered, if not, the details of factors not considered with the rationale for not considering those factors	Yes
9	Name of the director or key managerial personnel who is related, if any	Mr. Dilip S. Shanghvi Mr Sudhir V. Valia

Sr. No.	Particulars	Details
10	Justification as to why the RPT is in the interest of the listed entity	The Company being in the business of Research and Development may need external support to carry out its research activities from time to time. Similarly, SPI Inc. being in pharma business may need external support for its business activities. The "Master" form of Contract, allows the parties to contract for multiple/ periodic assignments (as and when required) through the issuance of multiple Statement of Work ("SOW") without having to re-negotiate the basic terms and conditions again and again and hence would be in the interest of both the parties.
11	If the transaction relates to any loans, inter-corporate deposits, advances or investments made or given by the listed entity or its subsidiary: (i) details of the source of funds in connection with the proposed transaction (ii) where any financial indebtedness is incurred to make or give loans, inter-corporate deposits, advances or investments, • nature of indebtedness; • cost of funds; and • tenure; (iii) applicable terms, including covenants, tenure, interest rate and repayment schedule, whether secured or unsecured; if secured, the nature of security the purpose for which the funds will be utilized by the ultimate beneficiary of such funds pursuant to the RPT	Not applicable
12	A statement that the valuation or other external party report, if any such report has been relied upon by the listed entity in relation to the proposed transaction will be made available through the registered email address of the shareholders	Not applicable
13	Percentage of the counter-party's annual consolidated turnover that is represented by the value of the proposed RPT on a voluntary basis	--
14	Any other information that may be relevant	Performing party shall make available sufficient quantities of materials to carry out the service(s) at the cost of receiving party or such cost sharing mechanism as may be mutually agreed from time to time in connection with the particular SOW. The receiving party shall grant the performing party and its authorized representatives and/or agents a limited non-exclusive, non-transferable, revocable license to use the technical information and intellectual property rights for the purpose of rendering services under the contract and the respective SOW. The license shall be royalty-free, unless otherwise agreed in writing between the parties.

Pursuant to Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 all material Related Party Transactions requires approval of the members in which the related parties shall not vote to approve the transaction. The transactions to be entered into by the Company pursuant to the Master Support Services Agreement may exceed the threshold limit of 'Materiality' as per Related Party Transaction Policy of the Company and Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and accordingly it is proposed for approval by the members of the Company. The related parties shall not vote to approve this transaction. Copy of the draft Master Support Services Agreement is available for inspection by any member as detailed in point no. 14 of Notes to this Notice.

In the opinion of the Board entering into transactions pursuant to the above is in the best interest of the Company. The Board recommends the Resolution as set out at item no. 6 of the Notice for approval of the members as an Ordinary Resolution.

Mr. Dilip S Shanghvi, Chairman & Non-Executive Director, Mr. Sudhir V Valia, Non-Executive Director and their relatives are deemed to be interested in the Agreement. Other than Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia and their relatives, none of the other Directors or Key Managerial Persons or their relatives are concerned or interested financially or otherwise in the proposed resolution.

Item No. 7

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

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

An enabling Resolution in this regard was passed by the shareholders at the 16th Annual General Meeting held on September 29, 2021, for ₹ 1800 crore (Rupees One Thousand Eight Hundred crore) which was valid for 365 days. No amount was raised by the Company pursuant to the said enabling Resolution. Since, the expiry date of the aforesaid approval from shareholders is approaching, the Board of Directors ("Board") of the Company in its meeting held on August 08, 2022 decided to seek a fresh approval from the shareholders on the fund raising for the same amount, as also to have the flexibility in timing of raising of funds as and when it is required, and approved the raising of capital by the Company through further public offer or issuance of American Depository Receipts / Global Depository Receipts / Foreign Currency Convertible Bonds or qualified institutions placement or through a combination thereof, as may be considered appropriate, subject to requisite approvals.

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

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

In case of issuance of securities through a qualified institutions placement ("QIP"), in terms of Chapter VI of the SEBI ICDR Regulations, an issue of securities pursuant to a QIP shall be made at a price not less than the average of the weekly high and low of the closing prices of the equity shares of the same class quoted on the stock exchange during the two weeks preceding the "relevant date." The relevant date for the purpose

of pricing of the securities shall be the date of the meeting in which the Board decides to open the QIP and at such price being not less than the price determined in accordance with the pricing formula provided under Chapter VI of the SEBI Regulations. In case of a QIP, the special resolution has a validity period of 365 within which allotments under the authority of said resolution should be completed.

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

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

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

The proceeds of the proposed issue of Securities shall be utilized for any of the purposes as may be decided by the Board, subject to applicable laws. The Resolution at Item No. 7 is an enabling resolution conferring authority on the Board to do all acts and deeds, which may be required to issue/offer Securities of appropriate nature at appropriate time, including the size, structure, price and timing of the issue(s) /offer(s) at the appropriate time(s). The detailed terms and conditions for the domestic/international offering will be determined in consultation with the lead managers, merchant bankers, global business coordinators, guarantors, consultants, advisors, underwriters and/or such other intermediaries as may be appointed for the issue/offer. Wherever necessary and applicable, the pricing of the issue/ offer will be finalized in accordance with applicable guidelines in force. As and when the Board takes a decision on matters on which it has the discretion, necessary disclosures will be made to the relevant stock exchanges on which the Equity Shares are listed under the provisions of the SEBI Listing Regulations.

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

The Directors accordingly recommend this resolution at Item No. 7 of the Notice for the approval of the Members of the Company as an enabling special resolution.

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

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

Dinesh Lahoti
Company Secretary and
Compliance Officer

Place: Mumbai
Date: August 08, 2022
(ICSI Membership No. A22471)

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

PROFILE OF DIRECTOR

(Details of Director retiring by rotation at the AGM)

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

Name of the Director	Mr. Dilip S. Shanghvi
DIN	00005588
Date of Birth and Age	18-10-1955 (66 years)
Resume / Experience / Expertise in specific functional areas and Qulifications:	Mr. Dilip Shanghvi, Chairman of the Company, is also the founder and Managing Director of Sun Pharmaceutical Industries Limited and has extensive industrial experience in the pharmaceutical industry. A first-generation entrepreneur, Mr. Shanghvi has won numerous awards and recognitions, including Forbes's Entrepreneur of the Year Award (2014), Economic Times' Business Leader of the Year (2014), CNN IBN's Indian of the Year (Business) (2011), Business India's Businessman of the Year (2011) and Ernst and Young's World Entrepreneur of the Year (2011). He has also been awarded the Economic Times' Entrepreneur of the Year (2008), Business Standard's CEO of the Year (2008), and CNBC TV 18's First Generation Entrepreneur of the Year (2007). Mr. Shanghvi was conferred with the prestigious 'Padma Shri' award by the Hon'ble President of India in the year 2016. He has been actively involved in international pharmaceutical markets, business strategy, business development and research and development functions. He holds a B. Com degree from the University of Kolkata.
Terms of appointment / re-appointment	Mr. Dilip S. Shanghvi retires by rotation at the AGM and being eligible has offered himself for re-appointment
Remuneration last drawn	NIL
Remuneration proposed to be paid	Mr. Dilip S. Shanghvi is a non-executive Director and he will not draw any remuneration. He, however, shall be entitled to sitting fees for attending Board/ Committee meetings.
Date of first appointment on the Board of the Company	March 01, 2006
Relationship with other Directors / KMP's of the Company	Mr. Dilip Shanghvi is brother-in-law of Mr. Sudhir V Valia. Except as stated above, he is not related to any Director / KMP of the Company.
No. of Meetings of the Board attended during the FY 22.	He had attended all the meetings (seven board meetings) held during the FY 22.
Directorship held in other companies in India (excluding foreign companies and section 8 companies)	Sun Pharmaceutical Industries Limited (Listed Company) Sun Petrochemicals Private Limited Alfa Infraprop Private Limited Aditya Clean Power Ventures Private Limited
Listed companies from which Director has resigned in the past 3 years (i.e. FY 20, FY 21, and FY 22)	Mr. Dilip Shanghvi stepped down as the Managing Director of the Company effective from May 25, 2021. He, however, continue to be associated with the Company in his capacity as the Chairman and Non-Executive Director.

Membership/ Chairmanship of Committees of other public companies in India	Sun Pharmaceutical Industries Limited a) Stakeholders' Relationship Committee (Member) b) Risk Management Committee (Chairman) c) Corporate Social Responsibility Committee (Chairman)
No. of Equity Shares held in the Company (including as a beneficial owner for non-executive director) as on March 31, 2022	Holding singly or jointly as first holder: 3,65,29,761 (13.44%) As a beneficial owner: 14,35,28,979 (52.79%)*
No. of Warrants (convertible into equal no. of equity shares of the Company) as on March 31, 2022	2,52,80,899

*Disclosure w.r.t. SBO – Calculations for holdings / exercise of right of the SBO in the reporting company, has been done on the basis of the shareholding of the registered owner in the Company and not on proportionate basis.

Notes

Notes