



*sparc*

Innovations inspired by  
**LIFE**

---

Sun Pharma Advanced Research Company Ltd.  
Annual Report 2022-23

# Contents

02

Management Discussion and Analysis

50

Business Responsibility and Sustainability Report

11

Board's Report

75

Financial Statements

27

Corporate Governance Report

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

[www.sparc.life](http://www.sparc.life)



Scan the QR code for additional information



**Disclaimer:**

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

# Corporate Information

## Board of Directors

**Mr. Dilip S. Shanghvi**  
Chairman 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. Anil 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.

**Branch Office**  
One Commerce Drive,  
Cranbury, New Jersey - 08512

## Research Centres

- F.P.- 27, Part Survey No. 27, C.S. No. 1050, T.P.S. No. 24, Tandajja, 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](mailto:rnt.helpdesk@linkintime.co.in)

# Management Discussion and Analysis (MD&A)

## Global Pharmaceutical Industry

2022 witnessed the global pharmaceutical industry standing at an interesting cross road, characterized by a disruptive marketplace and greater patient empowerment. Operating against the backdrop of a looming global recession, the global pharma players witnessed challenges such as high inflation, talent shortages, rising capital costs, challenging foreign exchange impacts, and pressures on consumer spending.

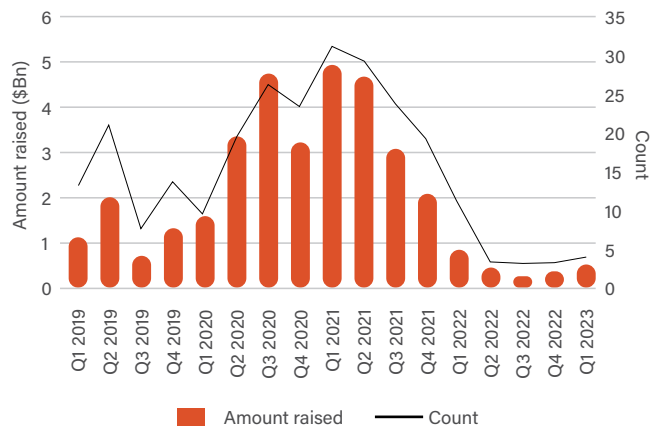
The biopharmaceutical industry showed signs of entering a period of operational stability in the post-pandemic era after the disruptions of the previous 3 years. The outlook for global spending on medicines has become clearer as the uncertainties during COVID give way to more predictable challenges. The life sciences sector, encompassing pharmaceutical, biotech, and med-tech industries, is experiencing robust growth and to sustain this growth trajectory, companies are reorienting their portfolio strategies by engaging in acquisitions, shedding non-core assets, increasing Research & Development (R&D) investments, and adopting digital and data technologies. However, several challenges remain, including intense competition, evolving regulatory frameworks, pricing pressures, and rising expectations from patients and healthcare providers for improved treatments and experiences. Moreover, these challenges must be navigated amidst broader geopolitical and economic uncertainties.

Pharmaceutical developers faced a challenging year in 2022 as the public markets continued to decline, and investors shifted to safer investments. This had a more severe impact on smaller companies than larger ones, and the biotech venture world also suffered due to the precipitous decline in the initial public offering (IPO) market (Fig. 1) resulting in significantly lower overall investments compared to 2020 and 2021<sup>1</sup>. The prevailing economic uncertainty and geopolitical concerns do not bode well for a recovery in either private or public financing in 2023. In this context, acquirers are expected to take advantage of the depressed valuations and make opportunistic moves. Many hope for a surge in mergers and acquisitions in the coming months, as the prolonged slump in valuations forces sellers to consider offers. However, buyers are likely to face concerns about economic growth and the evolving regulatory environment. The changes announced for the accelerated approval pathway are likely to restrict approvals in 2023.

In 2023, the biopharma industry must demonstrate clinical successes to reassure investors about the sector's potential, despite its inherent risks. Additionally, investors will be closely

monitoring the gene therapy and gene editing fields to assess their maturity and regulatory acceptance. The cancer field, which has received significant funding in the last five years, needs to showcase its ability to deliver new mechanisms to maintain its momentum.

Fig. 1: Biotech IPOs by quarter on western exchanges<sup>1</sup>



Life sciences companies are investing in various platforms such as gene and cell therapies, new messenger ribonucleic acid (mRNA) platforms, expanding the indications of existing biologics platforms, developing novel medicines such as antibody drug conjugates (ADCs), and enhancing the effectiveness of existing medications by exploring different routes of administration, or improving diagnostics. Companies increasingly realize that they cannot work in isolation and are more open to collaborating with other stakeholders in the healthcare ecosystem to share knowledge, expertise, and resources.

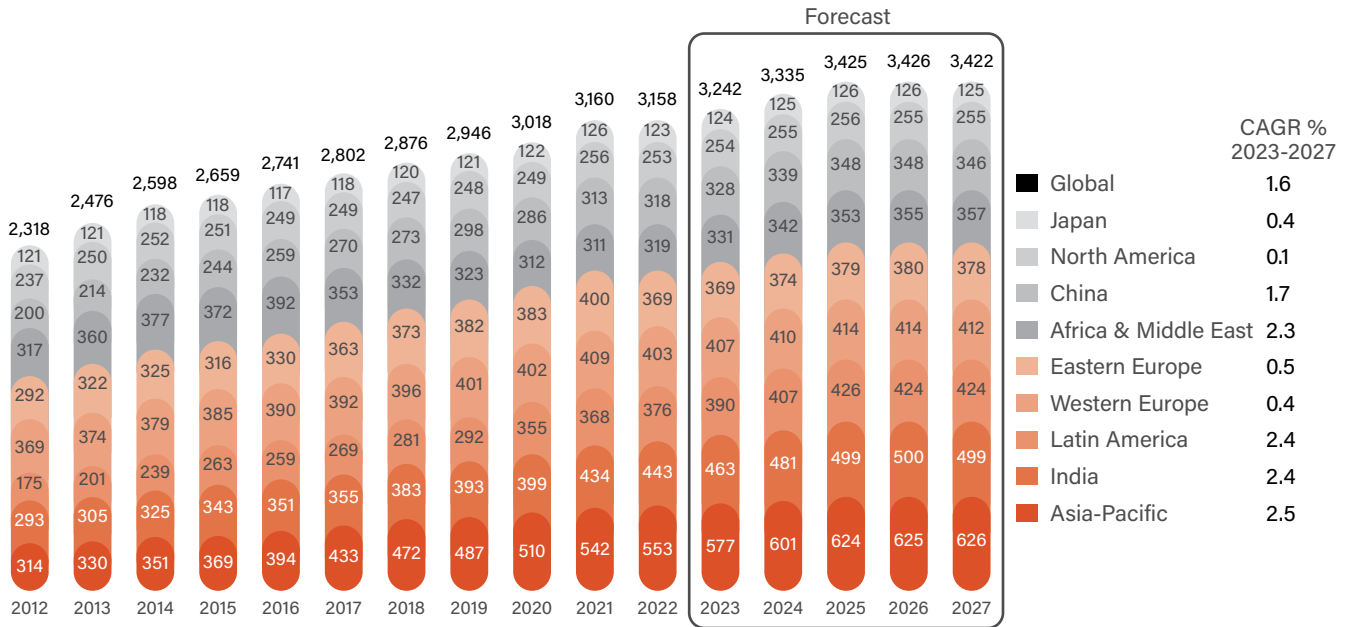
Meanwhile, governments worldwide are tightening regulations and seeking greater transparency in drug reviews, approvals, pricing, and reimbursement. This pressure extends not only to pharmaceutical and biotech manufacturers but also to other stakeholders, such as pharmacy benefit managers (PBMs) in the US. To comply with these regulations, while meeting patient needs and generating shareholder returns, life sciences organizations are seeking new strategies and approaches. They are exploring innovative pricing models, improving their clinical trial designs, and partnering with PBMs and other payers to improve patient access and affordability. Through collaboration and innovation, life sciences companies are striving to create value for all stakeholders while navigating a complex regulatory and pricing environment.

1. Floating biotechs prompt tiny sparks of hope, Evaluate Vantage; April 06, 2023

Medicine usage and global spending are expected to rebound by 2024 to pre-pandemic growth rates, but uncertainties are expected to persist for couple of years. These uncertainties include the emergence of new viral variants of COVID-19, the rollout of COVID-19 booster shots, and economic pressures due to inflation and geopolitical conflicts.

The volume of drug usage is projected to increase by 1.6% until 2027, driven by Asia-Pacific, India, Latin America, Africa/Middle East, and China, which are expected to exceed global volume growth. Meanwhile, higher-income countries in Western Europe, North America, Japan, and Eastern Europe are projected to have slower growth rates of 0.1% to 0.5% until 2027<sup>2</sup> (Fig. 2).

**Fig. 2: Historical and projected use of medicine by region, 2012-2027, Defined Daily Doses (DDD) in \$Bn<sup>2</sup>**

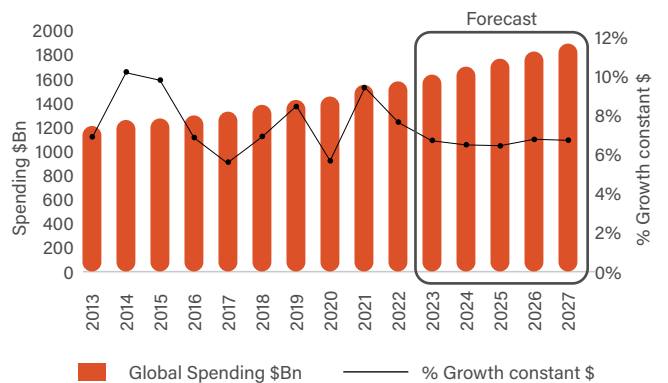


The global medicine market — using invoice price levels — is expected to grow at 3-6% CAGR (Compound Annual Growth Rate) through 2027, reaching about \$1.9Tn in total market size (Fig. 3). The U.S. market, on a net price basis, is forecast to range from a shrinkage by 1% to growth by a modest 2% CAGR over the next five years, down from 4% CAGR for the past five years. Spending in Europe is expected to increase by \$59Bn through 2027, and spending growth in China is expected to slow down<sup>2</sup>.

The projected reduction in the growth of spending for medicines can be attributed to the historic global shifts in drug pricing. Pharmaceutical reimbursement policies are colliding with intensifying competition to boost market access. Life sciences companies are responding to these commercial pressures through dynamic pricing techniques. In the US, life sciences leaders are developing new commercial strategies to address the pricing impact from the 2022 Inflation Reduction Act (IRA), which includes provisions aimed at lowering out-of-pocket costs for patients. These developments are reshaping tactics in the life science sector as companies reposition pricing in an increasingly

competitive landscape. Across non-US markets, there is also a recognition of the increasing pressure on pricing and equitable access to treatments.

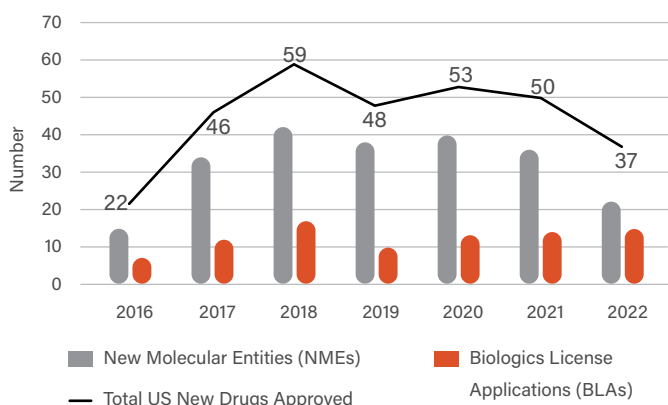
**Fig. 3: The global medicine market size and growth<sup>2</sup>**



2. Global use of medicines 2023 outlook to 2027; IQVIA institute for human data science; Jan 2023

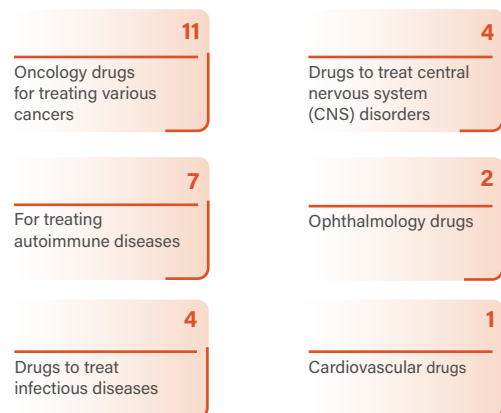
2022 saw a growing share of first-in-class medicines and continued growth in number of specialty medicine launches. While the value and volume of the market grew, 2022 saw fewer approvals of new drugs by the U.S. Food and Drug Administration (USFDA). A total of 37 new drugs were approved in 2022, compared to 50 in 2021. When compared to the approvals during the previous five years, 2022 marked one of the lowest numbers of new drug approvals by USFDA<sup>3</sup> (Fig. 4).

**Fig. 4: USFDA approvals of new drugs<sup>3</sup>**



The trend of expedited reviews for newly approved drugs continued in 2022, with 77% of the launches designated as priority, fast track, breakthrough, or granted accelerated approvals. Priority review and breakthrough designations increased, while fast track and accelerated approvals decreased. Over the past five years, there has been a 15% increase in the use of any expedited development or review mechanism. Out of the 37 newly approved drugs, 22 were small molecules and 15 were biologics, with oncology drugs and autoimmune therapies leading with 11 and 7 approvals respectively. Twenty-three of the approved drugs are considered first-in-class therapies<sup>3</sup>.

**Fig. 5: 2022 USFDA approvals by drug class<sup>3</sup>**



3. Nature Reviews Drug Discovery 22, 83-88 (2023)

4. Global trends in R&D 2023, Activity, Productivity and Enablers; IQVIA Institute for human data science; Feb 2023

Drug developers are rapidly shifting towards the development of drugs with complex modalities. As a result, global regulatory agencies are re-evaluating their procedures, protocols, and requirements to accommodate system-wide scientific, technical, and policy changes.

Some of the notable changes observed in the regulations by USFDA include

1. Project Optimus: Initiative driven by the USFDA Oncology Center of Excellence to reform dose selection and optimization in oncology trials prior to initial regulatory approval with the goal of minimizing patient exposure to supra-therapeutic doses.
2. Scrutiny of Accelerated Approval (AA) pathway: Confirmatory trials following AA face significant delays and their failure to confirm benefit in larger randomized clinical trials (RCTs) led to Congress enacting the Consolidated Appropriations Act 2023 for AA pathway reform. Under the regulation, USFDA mandates that the confirmatory trial should be 'Well under way if not fully enrolled' by the time of accelerated approval action.
3. Biomarker led approvals: USFDA approved aducanumab and lecanemab as disease modifying agents for treatment of Alzheimer's disease based on biomarkers used in the study. The USFDA has published guidance, which suggests that USFDA may approve drugs for serious conditions where there is an unmet medical need and a drug is shown to have an effect on a surrogate endpoint that is reasonably likely to predict a clinical benefit to patients.

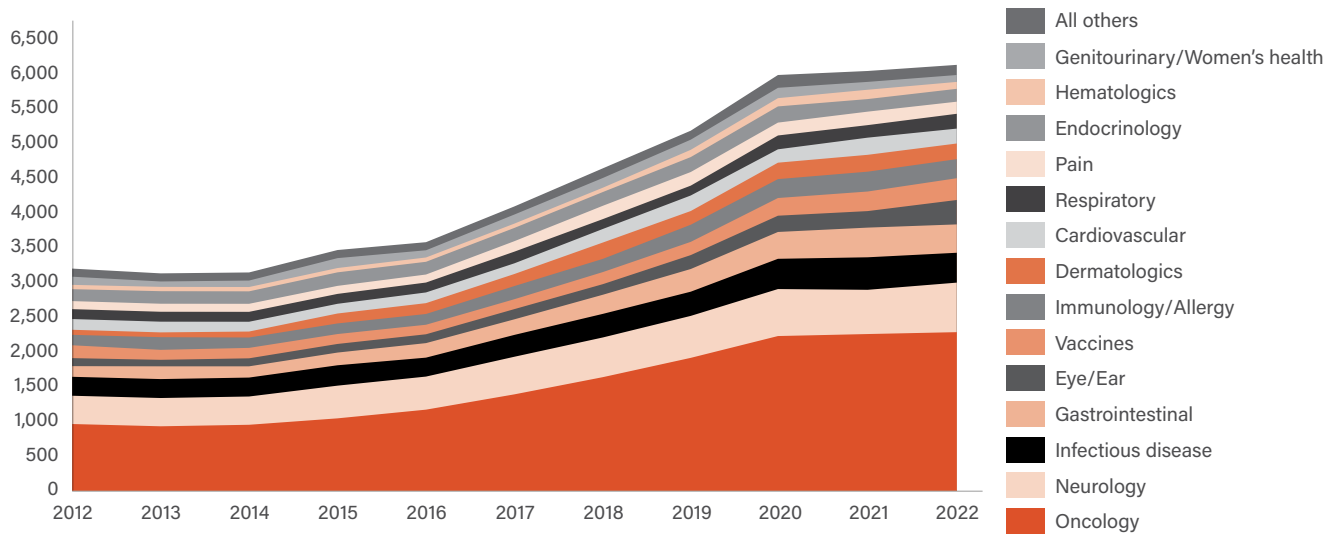
## Biopharma Industry Trends

Despite the challenges, the industry's research and development pipeline continues to expand, with 6,147 products in active development from Phase 1 to regulatory submission. This represents a 49% growth since 2017 and a 2% increase in the last two years<sup>4</sup>.

Emerging biopharma companies (EBPs) i.e., companies, which have R&D spending of less than \$200Mn per year and less than \$500Mn in annual sales, are responsible for two-thirds of the molecules in the R&D pipeline. This is a considerable increase from little over half in 2017 and one-third in 2002. The rise of EBPs is particularly pronounced in China, whose share now exceeds that of Europe. Meanwhile, U.S. headquartered companies account for nearly half of EBP development, while Europe and Japan have seen declining shares of the EBP pipeline over the last decade<sup>4</sup>.

Academic and research groups, while a small contributor to the clinical pipeline (<1%), play a crucial role in advancing work in discovery and pre-clinical phases prior to clinical investigation<sup>4</sup>.

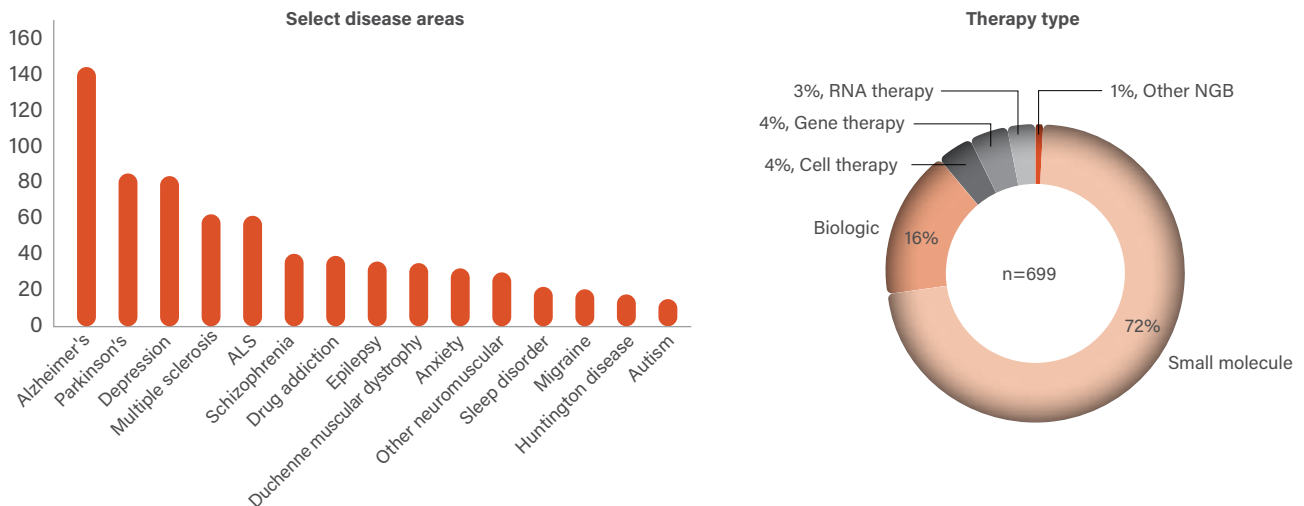
**Fig. 6: Number of clinical pipeline products by therapeutic drug class<sup>4</sup>**



Oncology comprises 38% or 2,331 products in the pipeline, growing at 10.5% CAGR over the last five years. Non-rare cancer clinical development pipeline grew 7% in 2022, whereas rare cancer development has plateaued or slightly declined, indicating a potential shift in the near future away from rare cancers. Next-generation biotherapeutics are being investigated for hematological cancers, accounting for 28% of the pipeline. Immuno-oncologics are tapering off, potentially indicating a switch to newer targeted molecules. Bispecific antibody development for cancer treatment has grown significantly and represents 7% of both hemato-oncology and solid tumor pipelines.<sup>4</sup>

Neurology remains a critical area in drug development, with 699 products currently under investigation to address neurodegenerative, neuromuscular, and psychiatric disorders. Alzheimer's and Parkinson's diseases have been the primary focus of ongoing research, with 127 and 96 products under investigation, respectively. Small molecule products dominate the neurology pipeline, accounting for 72% of the pipeline, while next-generation biotherapeutics such as cell and gene therapies comprise 11% and show potential to revolutionize treatment for these debilitating diseases<sup>4</sup>.

**Fig. 7: Number of neurology pipeline products in 2022 by disease and therapy type<sup>4</sup>**



## Productivity Enablers of Biopharma Industry

While technological advancements and data improvements have increased scientific productivity, there are also trade-off effects that impact complexity, timing, and the likelihood of success.

On the clinical front, novel trial designs, such as umbrella, basket, master, and adaptive protocols, are becoming more prevalent in the industry trial pipeline. In 2022, they accounted for 17% of new and planned trial starts, with 1,068 trials incorporating at least one aspect of a novel trial design. In infectious disease trials, there has been a notable surge in the use of these designs over the last three years, with COVID-19 trials utilizing master protocols and adaptive structures for improved efficiency and decision-making<sup>4</sup>.

Biomarkers, and decentralized methods are delivering initial productivity gains, with long-term innovations such as Real-World Evidence (RWE), Artificial Intelligence/Machine Learning (AI/ML), and trial simulations promising significant future gains as they mature in the pipeline.

In recent years, every industry including pharma, has realized the power of data and how it can help the industry grow and get closer to the end-users. The increasing usage of real-time data, artificial intelligence (AI), and machine learning (ML) in drug development is accelerating the discovery and development of new drugs, improving patient outcomes, as well as reducing costs.

AI has the potential to transform drug discovery by extracting concepts and relationships from data. It can also cross-reference published scientific literature with alternative information sources, such as clinical trials information, conference abstracts, public data and unpublished datasets. Real-time data and AI offer significant benefits to the pharmaceutical industry.

Biopharmaceutical companies are applying AI/ML technology leveraging the growing chemical, biological and patient datasets to accelerate and improve target and drug selection across the entire drug discovery continuum. AI target selection by interrogating clinical, experimental, and 'omics' data to better characterize disease states and identify novel 'druggable' targets has been used in several compounds under development.

Products optimizing drug design by analyzing complex datasets, including molecule structure, molecular dynamics, genome, and combinatorial drug screening databases forms the largest area utilizing AI/ML. The use of AI/ML to deliver insight from a range of patient 'omics', biometrics and previous trial data to specifically optimize drug discovery through precision patient targeting is a focus for several sponsor companies. Finally, trial simulation using AI/ML technologies on deep target, drug, and patient datasets is enabling optimized clinical trial design.

5. Pharma industry to grow to \$130 billion by 2030: Pharmexcil

6. Providing Affordable, Accessible and Quality Healthcare for All; Ministry of Health & Family Welfare; April 06, 2023

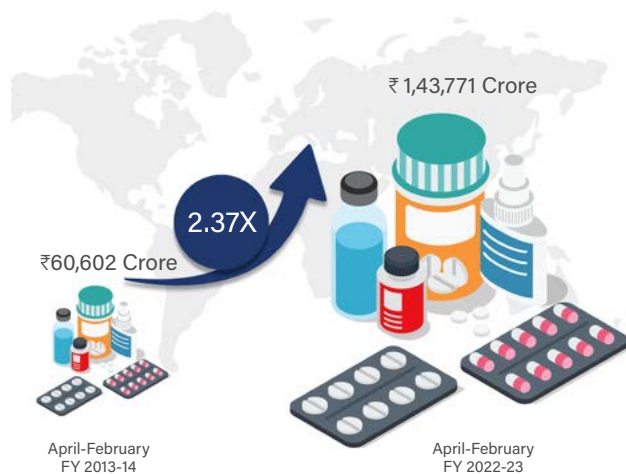
In sum, the global innovative pharmaceutical market remains an attractive opportunity, while remaining resilient by responding to rapidly changing drivers of productivity.

## Indian Pharmaceutical Industry

The Indian pharma industry has been rightfully recognised as 'the pharmacy of the world', as it consistently supplied medicines to over 200 nations worldwide during the pandemic. However, the overall growth of the industry was restricted as other chronic diseases got side-lined due to the pandemic. While the Indian pharma industry leads in volume globally, it is still on the margins in creating value through innovative technologies such as new molecular or biological entities, cell and gene therapy, and precision medicines. The industry has shown unwavering commitment to support the country's healthcare needs, while focusing on opportunities to enhance its footprint across the world.

The Indian pharmaceutical industry is estimated to reach \$65 Bn by 2024 and touch \$130 Bn in value by the end of 2030 – growing at around 11-12% till 2030<sup>5</sup>.

### Remarkable Rise in Exports of Pharma Products<sup>6</sup>



As India strives to reach a higher level of advancement and gain international recognition in the pharmaceutical industry, the government policies and actions will likely be the fundamental growth drivers of this sector.

The Union Budget for FY23 announced some important priority proposals that include:

- The total allocation for health in the budget stood at 2.1% of the gross domestic product (GDP) in FY23 compared to 1.4% of the GDP in FY19. The Government increased its allocation to the health sector by INR 2,954 crore (\$387.1 Mn), from INR



86,200.65 crore (\$11.3 Bn) in the last fiscal year to INR 89,155 crore (\$11.7 Bn) in the current fiscal year, i.e., 2023-24.

- The announcement of 157 new nursing colleges being set up in core locations, to complement the existing 157 medical colleges that have been established since 2014.
- INR 3,201 crore (\$419.2 Mn) has been set aside for research and INR 83,000 crore (\$10.86 Bn) has been allocated for the Ministry of Health and Family Welfare.
- INR 37,000 crore (\$4.83 Bn) has been allocated to the 'National Health Mission.'

To achieve value leadership and overcome global pricing pressures and inflation, the Indian pharmaceutical sector must prioritize innovation and reinvention. It is transitioning from volume to value leadership, becoming a technology- and innovation-driven powerhouse. The country's changing epidemiological profile and growing economy make it a promising candidate for future R&D and manufacturing in the pharmaceutical industry.

### Opportunities

1. The Central Government has been extending legislative support as well as rolling out several initiatives, in the form of the Production Linked Incentive (PLI) scheme and bulk drugs park scheme, to reduce the domestic pharma sector's reliance on China and encourage local production. With the successful implementation of these schemes, it is likely that the Indian pharma industry will capitalise on the enhanced Government impetus going forward. These schemes are projected to boost the API industry's growth and lower the domestic pharma industry's reliance on China by 25-30% over the next 4-5 years.
2. The Indian pharma industry is already an established player in the manufacturing of generic drugs. However, in recent years, the industry's focus on the research-based formulations is anticipated to drive growth and generate new revenue streams.

### Key Financial Ratios

Key Financial Ratios	FY 2022 - 2023	FY 2021 - 2022	Reason
Debtors Turnover	7.90	6.06	Due to higher out-licensing revenue during current 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)	2.54	0.42	Due to increase in investment in mutual funds, certificate of deposits and fixed deposits.
Debt Equity Ratio (in times)	0.03	2.54	Due to repayment of borrowings during the year
Operating Profit Margin (in %)	(90.02)	(138.48)	Due to higher revenue during current year
Return on Net Worth (in %)	(43.41)	(651.37)	Increase in capital due to allotment of shares in preferential issue
Net Profit / Loss Margin (%)	(93.22)	(148.19)	Due to higher out-licensing revenue during current year

### Challenges

1. For a nation that seeks to retain the mantle of 'pharmacy of the world,' India lacks regulatory framework compared to global standards. The current Indian regulatory framework is traditionally geared towards safety and efficacy. However, it should also differentiate in favour of innovation. The Drug Controller General of India in the Central Drug Standard Control Organization (CDSCO) is the licensing authority, but there are multiple agencies with different mandates and expertise that a pharma innovator must navigate within India to obtain approval. A revamp of the country's pharmaceutical regulatory norms is expected to not only expedite the drug approval process but also promote innovation.
2. With evolving automation technologies it is likely that the conventional, stringent chain of processes will be disrupted, and the operations are going to become even more streamlined. However, the lack of private investment in the Indian pharma industry has led to the slow adoption of advanced technologies in this sector.
3. Cyberthreats and data security are areas of concern for the Indian pharma industry. The potential risks of data breaches may make the industry vulnerable to external threats.
4. India may not have the talent to cover the whole range of pharmaceutical products, from the inception of the drug to its release onto the market. A disconnect between academia and industry may result in students missing out on market-relevant skills and knowledge. The Government may support this by funding research and innovation activities at the academic institutes.

In sum, India is shifting from a traditional generic powerhouse to a potential innovative drug developer. Whereas there are green shoots that show promise of growth in the right direction, there remain several structural and environmental impediments for this growth to truly flourish. As more changes are rolled out, companies need to actively adapt to take advantage and not be blindsided.

## SPARC's Response to Global Trends

SPARC has taken a deliberate and measured response to the changing external environment driving the growth trajectory of the biopharmaceutical industry. SPARC has narrowed its focus on select therapeutic areas i.e., oncology & neurodegeneration, which together make the majority of pipeline assets. As discussed above, both these areas are expected to drive the value growth for the industry in coming years.

In line with the global trends and productivity enablers, SPARC continues to evolve its competencies and is adopting new technologies and treatment modalities to develop novel drugs. A key area of SPARC's focus for last couple of years has been biologics and the ability to create modular immune-fusions and ADCs. The platform has seen some early success during evaluation of anti-MUC-1 ADC (SBO-154) in the preclinical animal models. These newer platforms for drug development help to expand the operating field for SPARC beyond small molecules.

Similarly, in small molecule development, SPARC has advanced SCC-138 in Phase 2 study for treatment of Parkinson's Disease (PD) with multiple exploratory biomarkers being evaluated to understand the effect of drug on delaying or halting the progression of disease.

SPARC has also collaborated with external partners for use of technology for drug development process, not just to speed up the development process but also to identify right candidates for development. SPARC will continue to cautiously invest in critical competency areas aligned with the evolved portfolio of programs under development.

## SPARC's Performance Overview

During the year 2022-23 the Company focused primarily on execution of operational objectives to ensure that the projects reach the stipulated milestones as per the plan.

Key milestones for late-stage assets were achieved during the year. Some notable achievements include NDA approval by the USFDA and licensing of Sezaby™ (phenobarbital sodium for injection), and NDA filing of PDP-716 (brimonidine OD) in collaboration with Visiox Pharma.

The clinical programs continue to recruit patients across various sites in multiple geographies. SCC-138 is expected to complete patient recruitment during FY24. Part B study of SCO-088 was completed during the current year. SPARC will begin a comparator trial during FY24 to support registration of SCO-088.

SPARC's preclinical programs are on track and SPARC expects to file Investigational New Drug (IND) application for SCD-153 in FY24. In parallel, the team is also working on completing the required activities with expected IND filing for SBO-154 in FY25.

The revenue from the approved 505(b)(2) programs is expected to be affected due to supply disruptions caused due to the compliance challenges of the CMO partner. SPARC is working with the partners to ensure supplies are normalized as soon as possible.

During the year, the warrants issued in 2021 were fully converted and SPARC received ~INR 703 Cr (\$86 Mn). The available cash from conversion of warrants will be sufficient to cover the cost of ongoing clinical studies. The funds will be utilized to advance the programs under development and to meet the expenses associated with the operations. The Company also has a line of credit of INR 475 crores (~\$63 Mn) to meet any interim funding requirements.

Overall, with licensing of Sezaby™, SPARC's pipeline is completely transitioned to New Chemical Entities (NCEs) and New Biological Entities (NBEs). SPARC will utilize the learnings from the initial programs to build a sustainable R&D organization with capabilities across the value chain, and an attractive portfolio with multiple high-value assets.

## Progress on Key Programs

### 1. Elepsia™ XR

Tripoint continued to successfully commercialize Elepsia™ XR tablets in the United States. The supply has been disrupted due to compliance challenges at the partners manufacturing site. SPARC & Tripoint are working on finalizing alternate site for restoring the supply and to ensure availability of Elepsia™ XR tablets.

### 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. During FY23, SPARC along with Visiox completed the NDA submission to the USFDA; the NDA was accepted for review by the USFDA with a PDUFA goal date in early August 2023. SPARC & Visiox are working together to plan for the launch of PDP-716 upon approval by the USFDA.

### 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. Visiox Pharma has decided to file the NDA with the USFDA after the outcome of NDA filed for PDP-716.

### 4. Sezaby™ (Phenobarbital Sodium) for the treatment of neonatal seizures

SPARC's NDA for Sezaby™ was approved by the USFDA. Recently, the USFDA granted orphan drug exclusivity to SPARC's Sezaby™.

SPARC licensed the US commercialization rights of Sezaby™ to Sun Pharmaceutical Industries Inc. Under the terms of the license agreement, Sun Pharma paid SPARC an upfront payment of \$10 Mn. SPARC will also be eligible to receive milestone payments contingent upon the achievement of regulatory and sales milestones, as well as tiered royalties on sales.

Commercialization of Sezaby™ was initiated by Sun Pharma in Jan 2023 and it expects to build the sales for Sezaby™ over coming quarters.

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

Vodobatinib is a novel, highly-selective c-Abl inhibitor for treatment of refractory CML. Part C of the study is recruiting patients who have failed three lines of treatment including ponatinib. The patient recruitment for this study has been slow as the available patients eligible for the study is limited. SPARC continues to take steps to improve recruitment rates.

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

#### 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 targeting cAbl.

The Phase 2 study in Parkinson's disease (PROSEEK) is currently recruiting patients and over 80% patients are randomized. SPARC aims to complete the patient recruitment in coming quarters and the topline readout from this study is expected in FY24.

Another Phase 2 investigator-initiated study is 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. Bexirestrant (SCO-120) for the treatment of HR+, HER2-metastatic breast cancer

Bexirestrant 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 FY23, SPARC completed a Single Ascending Dose (SAD) study and a Multiple Ascending Dose (MAD) study in metastatic breast cancer patients. The company paused the development of bexirestrant due to changing clinical landscape.

### Outlook

SPARC has transitioned its portfolio to focus on developing NCEs and NBEs. With multiple assets under clinical development the focus for SPARC in the coming year will be to build on execution to ensure that the next milestones for the programs are achieved as per the objectives set.

The immediate priority for SPARC is to work with partners to ensure that the supply of approved products is restored and the patient recruitment in ongoing clinical studies is completed as per the plan. Additionally, SPARC will work with Visiox Pharma for securing NDA approval of PDP-716 and to prepare for successful launch of PDP-716. SPARC will work with Sun Pharma to drive the uptake of Sezaby™.

SPARC is aiming to initiate first-in-human Phase 1 studies for SCD-153 in FY24 and for SBO-154 during FY25. Our collaboration model with academia is expected to add new preclinical programs to SPARC's pipeline.

In the medium term, SPARC's pipeline has several inflexion points that can drive significant value for the company. SPARC will continue to build new competencies that are aligned with the broader portfolio strategy. SPARC is well positioned to leverage the 'still very attractive' global opportunity and has the potential to be a big catalyst success story for the emerging Indian innovation industry.

### Human Resource Strategy

Strategic human resource (HR) 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 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 and 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 prepares 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 2023, the Company has a dedicated team of 407 employees (across India and the US), of which 85% are scientists.

### **Risks and Concerns**

SPARC's R&D activities/initiatives offer both new possibilities as well as challenges 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, and technological advancements. Foreign exchange rate

variations can also affect sales, profitability, and cash flows. As a result, SPARC works hard to identify important risks and adopt mitigation strategies to lessen the impact on its operations.

### **Internal Control Systems and their Adequacy**

SPARC 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 management discussion and analysis, 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.

# Board's Report

Dear Members,

Your Directors take pleasure in presenting the Company's 18th Annual Report and Audited Financial Statements for the financial year ended March 31, 2023.

## FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2023 is summarized below:

Particulars	(₹ in Lakhs)	
	Year ended March 31, 2023	Year ended March 31, 2022
Total Income	24,965.75	14,409.35
Profit/(Loss) before Finance Cost, Depreciation & Tax	(20,317.80)	(17,990.48)
Finance Cost	763.47	1,332.87
Depreciation	1,177.08	1,016.19
Profit/ (Loss) before Tax	(22,258.35)	(20,339.54)
Tax Expense	-	-
Profit/ (Loss) after Tax	(22,258.35)	(20,339.54)
Other Comprehensive Income/ (Loss)	135.39	169.64
Total Comprehensive Income/ (Loss)	(22,122.96)	(20,169.90)
Balance brought forward from Previous Year	(1,37,058.38)	(1,16,888.48)
Balance carried to Balance Sheet	(1,59,181.34)	(1,37,058.38)

## 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, 2023 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 Annual Return as required under subsection (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. On January 06, 2023 the Company had allotted 4,91,92,121 equity shares against the conversion of equal number of warrants issued on preferential basis. Consequent to the said allotment, Shanghvi Finance Private Limited (SFPL) has ceased to be the Company's Holding Company effective from the said date as its percentage shareholding along with its subsidiaries in the Company has reduced from 52.07% to 44.18%. The number of shares held by SFPL and its subsidiaries in the Company remain unchanged.

## 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 Rs. 178/- each, upon receipt of 25% of the issue price (i.e. Rs. 44.50 per warrant) as warrant subscription money. Balance 75% of the issue price (i.e. Rs. 133.50 per warrant) was payable within 18 months from the allotment date, at the time of exercising the option to apply for fully paid-up equity shares of Re. 1/- each of the Company, against each warrant held by the warrant holder ("Preferential Issue").

The Company has allotted fully paid up equity shares against conversion of equal no. of warrants upon receipt from the warrant holder(s), a written notice and balance 75% (at the rate of Rs. 133.50/- per warrant) payment for the warrants so opted by them, on various dates as detailed in the table herein below:

Financial Year	Date of Allotment	No. of equity shares allotted
2021-22	August 25, 2021	14,04,494
2021-22	March 21, 2022	84,26,966
2022-23	November 08, 2022	34,50,501
2022-23	January 06, 2023	4,91,92,121
<b>Total</b>		<b>624,74,082</b>

The details of utilization of funds so received under the Preferential Issue is given hereunder:

Particulars	Rs. In Lakhs
Funds available for utilization as on April 01, 2022 (a)	1,260.49
Funds received during the year ended March 31, 2023 (b)	70,277.90
Funds available for utilization as on March 31, 2023 (c) = [(a) + (b)]	71,538.39
Funds utilized during the year ended March 31, 2023 (d)	16,847.19
Funds available for utilization as on March 31, 2023 (e) = [(c) - (d)]	54,691.21

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 Rs. 27,18,78,966/-. During the year the Company has allotted 5,26,42,622 equity shares of Re. 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 Rs. 32,45,21,588/-.

## DIRECTORS AND KEY MANAGERIAL PERSONNEL

Dr. Rajamannar Thennati (DIN: 01415412), retires by rotation at the ensuing 18th 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 18th Annual General Meeting of the Company.

The members at their 16th Annual General Meeting of the Company held on September 29, 2021 has approved (i) the appointment of Mr. Anil 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 up to May 24, 2026; and (ii) maximum remuneration to be paid to Mr. Anil Raghavan for a period of 3 (three) years commencing from May 25, 2021 up to May 24, 2024.

On the recommendation of the Nomination and Remuneration Committee, the Board at its meeting held on May 22, 2023, has considered, approved and recommended to the members for their approval, a maximum remuneration of Rs. 8,00,00,000 p.a. (or its equivalent, in any other currency) to be paid to Mr. Anil Raghavan for a further period of 2 (two) years commencing from May 25, 2024 up to May 24, 2026, that is, up to the expiry of his present term of Office.

## DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed under the Act and the Listing Regulations. Further, in terms of Section 150 of the Act read with Rule 6 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors have confirmed that they have included their names in the Independent Directors' Databank maintained with the Indian Institute of Corporate Affairs (IICA).

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

The 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>.

## **FAMILIARIZATION PROGRAMME FOR THE INDEPENDENT DIRECTORS**

The details of familiarization programme conducted for Independent Directors are disclosed in the Corporate Governance Report, which forms part of this Report.

## **MEETINGS OF THE BOARD**

The Board of Directors of the Company have met five times during the year under review. 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 a 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 annual evaluation of its own performance, its various committees and individual directors pursuant to the provisions of the Act and the Listing Regulations.

The performance of the Board was evaluated by the Board after seeking inputs from all the directors on the basis of various criteria such as 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 407 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 year 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](mailto: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, 2023, there was no complaint received for sexual harassment. Also, there are no complaints 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**

The shareholders at their 17th Annual General Meeting of the Company had approved the appointment of S R B C & Co. LLP, Chartered Accountants, (Firm's Regn. No. 324982E/E300003), as the Statutory Auditors of the Company for a second term of five years, to hold office up to the conclusion of the 22nd Annual General Meeting of the Company.

The Auditor's Report for the financial year ended March 31, 2023, 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 to undertake the Secretarial Audit of the Company for the financial year 2022-23.

The Secretarial Audit Report in the Form No. MR-3 for the year ended March 31, 2023 is annexed as **Annexure 2**. The Secretarial Audit Report 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.

The Annual Secretarial Compliance Report for the financial year 2022-23 is being obtained from the Secretarial Auditor of the Company and the said Report will be submitted to the stock exchanges within the time prescribed under the Listing Regulations.

## **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 an '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 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, 2023, 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, and 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 a comprehensive 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.

### IT Security Incident

In March 2023, the Company experienced an IT Security Incident that impacted some of the Company's IT assets and operations. Based on the Company's investigation, the Company currently believes that the incident's effects on its IT system include a breach of certain file systems and the theft of Company data and personal data. As part of the Company's containment and remediation efforts, the Company has taken various measures to strengthen its cybersecurity infrastructure to safeguard against such risks in the future. The details on the IT Security Incident are also provided in Note 49 of the financial statements.

## 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 continuous basis.

## CORPORATE SOCIAL RESPONSIBILITY

In compliance with the requirements of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors has constituted a Corporate Social Responsibility Committee. The details of membership of the Committee and the 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, 2023. 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 bank 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 the 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 AND SUSTAINABILITY REPORT

The Business Responsibility and Sustainability Report of the Company for the year ended March 31, 2023, in the prescribed format as required under Regulation 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 believes in ensuring the highest level of honesty, integrity and ethical behavior across all its operations. Accordingly, the Company has devised a Whistle Blower Policy and has established the necessary vigil mechanism for its Directors and employees in accordance with Section 177(9) of the Act and Regulation 22 of the Listing Regulations, to enable them to report suspected or actual occurrence of illegal, unethical or inappropriate events. 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(3)(c) read with section 134(5) 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, 2023, 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, 2023 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 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

Place: Mumbai  
Date: May 22, 2023

**Dilip S. Shanghvi**  
Chairman  
(DIN: 00005588)

# 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 2022-23:

Name	Designation	% increase/ (decrease) in remuneration <sup>1</sup> in the FY 2022-23	Ratio of remuneration <sup>1</sup> of each Director/ to median remuneration of employee
Mr. Dilip S. Shanghvi	Chairman & Non-Executive Director	10.00	0.22
Mr. Sudhir V. Valia	Non-Executive Director	(11.54)	0.47
Dr. T. Rajamannar	Non-Executive Director	(14.29)	0.24
Ms. Bhavna Doshi	Independent Director	(19.23)	0.43
Dr. Ferzaan Engineer	Independent Director	(25.00)	0.37
Dr. Robert Spiegel	Independent Director	(25.00)	0.37
Mr. Anil Raghavan <sup>2,3</sup>	Chief Executive Officer	9.73	--
Mr. Chetan Rajpara <sup>3</sup>	Chief Financial Officer	8.70	--
Mr. Dinesh Lahoti <sup>2,3</sup>	Company Secretary and Compliance Officer	13.69	--

1. Remuneration of all the Directors consists only of sitting fees drawn by them.
2. The percentage increase has been calculated on a pro-rata basis for the period they served as KMP in the previous year i.e. 2021-22.
3. The percentage increase in remuneration is calculated basis the remuneration as per Section 17 of the Income Tax Act, 1961.

- (ii) Percentage increase in the median remuneration of employees in the financial year (Median 2022-23/Median 2021-22): 8.84%

- (iii) Number of permanent employees on the rolls of the Company as on March 31, 2023: 407

- (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: 9.29%

Average percentage increase in salary of managerial personnel: 5.5%

- (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.

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 22, 2023

**Dilip S. Shanghvi**  
Chairman  
(DIN: 00005588)

# Annexure 2

Form No. MR-3

## SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH 2023.

[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 Regulation 24A of 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 2023, 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 2023, 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 of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ("**SEBI Act**"):
  - a) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
  - b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
  - c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;
  - d) 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;**
  - e) The Securities and Exchange Board of India (Buy-back of Securities) Regulations, 2018 - **Not applicable to the Company for the year under review;**
  - f) The Securities and Exchange Board of India (Share Based Employee Benefits and Sweat Equity) Regulations, 2021 - **Not applicable to the Company for the year under review;**
  - g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2021 - **Not applicable to the Company for the year under review;**
  - h) 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;**

- i) The Securities and Exchange Board of India (Issue and Listing of Non-Convertible Securities) Regulations, 2021 - **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 the 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 Non-Executive Directors, Independent Directors and Woman Director. There was no change in the composition of the Board of Directors during the period under review.
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 were held on a shorter notice. Agenda and detailed notes on agenda were sent in advance in adequate time before the meetings and a system exists for Directors for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.
3. 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 the Company has identified and complied with the various laws applicable to the Company inter-alia:

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

We further report that 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 Rs. 178 each, upon receipt of 25% of the issue price (i.e. Rs. 44.50 per warrant) as warrant subscription money. Balance 75% of the issue price (i.e. Rs. 133.50 per warrant) was payable within 18 months from the allotment date, at the time of exercising the option to apply for fully paid-up equity share of Re. 1 each of the Company, against each warrant held by the warrant holder. As on March 31, 2023, the Company, upon receipt of balance 75% of the issue price (i.e. Rs. 133.50 per warrant) for 6,24,74,082 warrants, has allotted equal number of fully paid up equity shares against conversion of said warrants exercised by the warrant holders and that no warrants are unexercised as on that date.

For, **KJB & CO LLP,**

Practicing Company Secretaries

Firm Unique Identification No. – L2020MH006601

Peer Review Certificate No. – 2797/2022

**Alpeshkumar Panchal**

Partner

ACS No.: 49008

C P No.: 20120

UDIN: A049008E000352817

Date: Jyeshtha 1, 1945 / May 22, 2023

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 Secretaries  
Firm Unique Identification No. – L2020MH006601  
Peer Review Certificate No. – 2797/2022

**Alpeshkumar Panchal**  
Partner  
ACS No.: 49008  
C P No.: 20120  
UDIN: A049008E000352817

Date: Jyeshtha 1, 1945 / May 22, 2023  
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, 2023, 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, Purchase and sale of 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 2022-23 were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2022-23 was Rs. 6,424.91 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 2022-23 were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2022-23 was Rs. 5,372.97 lakhs.	Since these transactions were in ordinary course of business and were on arm's length basis, approval of the Board was not applicable.	Nil

Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any:	Date(s) of approval by the Board, if any:	Amount paid as advances, as on March 31, 2023, if any:
Sun Pharmaceutical Industries Inc. (Wholly owned subsidiary of Sun Pharmaceutical Industries Ltd. whose majority stake is owned and controlled by the Promoter and Promoter Group of SPARC).	Sale of services (License fees/ royalty on technology /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 2022-23 were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2022-23 was Rs. 24,691.80 lakhs.	Since these transactions were in ordinary course of business and were on arm's length basis, approval of the Board was not applicable.	Nil

For and on behalf of the Board of Directors

Place: Mumbai  
Date: May 22, 2023

**Dilip S. Shanghvi**  
Chairman  
(DIN: 00005588)



# Annexure 4

## Annual Report on Corporate Social Responsibility (CSR) Activities for the financial year ended March 31, 2023

### 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	<a href="https://www.sparc.life/committees-of-board-of-directors">https://www.sparc.life/committees-of-board-of-directors</a>
CSR Policy	<a href="https://www.sparc.life/policies-and-codes">https://www.sparc.life/policies-and-codes</a>
CSR projects	Not Applicable

### 4. Executive summary along with web-links of of Impact assessment of CSR projects carried out in pursuance of sub-rule (3) of rule 8, if applicable:

Not Applicable

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

6. (a) Amount spent on CSR projects (both Ongoing Project and other other than Ongoing Project) : Not Applicable

(b) Amount spent in Administrative Overheads : Not Applicable

(c) Amount spent on Impact Assessment, if applicable : Not Applicable

(d) Total amount spent for the Financial Year [6(a)+6(b)+6(c)] : Not Applicable

(e) 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				

(f) Excess amount for set off, if any:

(1) Sl. No.	(2) Particulars	(3) 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)]	

7. Details of Unspent CSR amount for the preceding three financial years:

(1) Sl. No.	(2) Preceding Financial Year	(3) Amount transferred to Unspent CSR Account under section 135 (6)	(4) Balance amount in Unspent CSR Account under section 135(6)	(5) Amount spent in the reporting Financial Year	(6) Amount transferred to any fund specified under Schedule VII as per second proviso to section 135(5), if any.	(7) Amount remaining to be spent in succeeding financial years	(8) Deficiency, if any
					Amount      Date of transfer		
			Not Applicable				

**8. Whether any capital assets have been created or acquired through Corporate Social Responsibility amount spent in the Financial Year:**

Yes  No

If yes, enter the number of Capital assets created/ acquired: Not Applicable

Furnish the details relating to such asset(s) so created or acquired through Corporate Social Responsibility amount spent in the Financial Year:

(1)	(2)	(3)	(4)	(5)	(6)		
Sl. No.	Short particulars of the property or assets (including complete address and location of the property)	Pincode of the property or assets(s)	Date of creation	Amount of CSR amount spent	Details of entity / authority / beneficiary of the registered owner		
					CSR Registration Number, if applicable	Name	Registered address
Not Applicable							

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

Not Applicable

**Sudhir V. Valia**

Chairman - CSR Committee  
and Director  
(DIN: 00005561)

**Dilip S. Shanghvi**

Member - CSR Committee  
and Chairman of the Board  
(DIN: 00005588)

Place: Mumbai  
Date: May 22, 2023

# 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. Continuing our efforts from previous years we continue to implement practices that are energy efficient and help in conservation of energy. Some of the examples of energy conservation undertaken during last year include replacement of conventional dome lights and street light with energy efficient LED lights. We have also installed motion sensor in select areas based on review of footfalls to reduce consumption of light and energy when the areas are not occupied.

### II) TECHNOLOGY ABSORPTION

#### Research and Development

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

SPARC has narrowed its therapeutics focus in oncology and neuro-degenerative diseases. The treatment modalities include small molecules and biologics. The products developed are intended to be commercialized globally including India. 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.

SPARC has multiple NCEs under late stage clinical development. Vodobatinib (SCC-138) is being evaluated in patients with Parkinson's disease and Lewy Body Dementia (LBD). Vodobatinib (SCO-088) is also being evaluated in treatment of Chronic Myeloid Leukemia (CML). SPARC was also developing bexirestrant (SCO-120) for treatment of Hormone Receptor +ve (HR+), Human Epidermal Receptor 2 -ve (HER2-) metastatic breast cancer. Additional small molecule programs are under pre-clinical development.

The team at SPARC also built capabilities for developing biologics. SBO-154 is the most advanced biologic program under development. SBO-154 is an antibody drug conjugate targeting MUC-1 antigen on the tumor

cells for treatment of multiple tumors.

#### 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

Particulars	Year ended	
	March 31, 2023	March 31, 2022
a) Capital	2,686.42	3,270.86
b) Revenue	45,283.55	32,399.83
c) Total	47,969.97	35,670.69
d) Total R&D expenditure as % of Total Turnover	201	260

(₹ in Lakhs)

### III) FOREIGN EXCHANGE EARNINGS AND OUTGO

Particulars	Year ended	
	March 31, 2023	March 31, 2022
Earnings	13,171.98	502.06
Outgo	26,620.97	27,120.40

(₹ in Lakhs)

For and on behalf of the Board of Directors

**Dilip S. Shanghvi**  
Chairman  
(DIN: 00005588)

Place: Mumbai  
Date: May 22, 2023

# Corporate Governance Report

In compliance with Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("Listing Regulations"), the Company submits the Corporate Governance Report for the financial year ended March 31, 2023 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://sparc.life/policies-and-codes>.

## 3. Board of Directors

### 3.1 Composition and category of Directors:

The Board comprises of six Non-Executive Directors out of which three are Independent Directors including a Woman Independent Director. The Composition of the Board is in conformity with Regulation 17 of Listing Regulations read with Section 149 of the Act. The names & categories of the Directors on the Board and inter-se relationship between them are detailed below:

Name of Directors	Category	Inter-se Relationship between Directors
Mr. Dilip S. Shanghvi (Chairman) (DIN: 00005588)	Promoter and Non-Executive Director	Brother-in-law of Mr. Sudhir V. Valia
Mr. Sudhir V. Valia (DIN: 00005561)	Non- Promoter (however part of Promoter Group) and Non-Executive Director	Brother-in-law of Mr. Dilip S. Shanghvi
Dr. T. Rajamannar (DIN: 01415412)	Non-Executive Director	--
Ms. Bhavna Doshi (DIN: 00400508)	Independent Director	--
Dr. Ferzaan Engineer (DIN: 00025758)	Independent Director	--
Dr. Robert Spiegel (DIN: 08739625)	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, 2023 <sup>1</sup>			Directorship in other listed companies as of March 31, 2023
		Board Meetings	17th AGM held on September 22, 2022	Other Directorships	Committee Memberships <sup>2</sup>	Committee Chairmanships <sup>2</sup>	
Mr. Dilip S. Shanghvi	5	4	Yes	1	1	-	Sun Pharmaceutical Industries Limited – Managing Director
Mr. Sudhir V. Valia	5	5	Yes	4	3	1	Sun Pharmaceutical Industries Limited – Non-Executive Director
Dr. T. Rajamannar	5	5	Yes	-	-	-	-
Ms. Bhavna Doshi	5	5	Yes	5	6	3	Everest Industries Limited – Independent Director IndusInd Bank Limited – Independent Director Nuvoco Vistas Corporation Limited – Independent Director KPIT Technologies Limited – Independent Director
Dr. Ferzaan Engineer	5	5	Yes	-	-	-	-
Dr. Robert Spiegel	5	5	Yes	-	-	-	-

<sup>1</sup>Does not include Directorships, Committee Memberships / Chairmanships in Private Companies, Foreign Companies, high value debt listed entities and Companies incorporated under section 8 of the Act.

<sup>2</sup>For Audit and Stakeholders' Relationship Committee only.

### 3.3 Number of Board Meetings held:

Five Board meetings were held during the financial year ended March 31, 2023 on following dates:

(i) May 16, 2022 (ii) May 17, 2022 (iii) August 08, 2022 (iv) November 07, 2022 and (v) February 13, 2023.

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. The Board periodically reviews the compliance reports of laws applicable to the Company.

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

Details of equity shares held by Non-Executive Directors as on March 31, 2023

Name of Directors	No. of shares held (singly or jointly as first holder)
Mr. Dilip S. Shanghvi	6,18,10,660*
Mr. Sudhir V. Valia	18,33,951
Dr. T. Rajamannar	35,657
Ms. Bhavna Doshi	Nil
Dr. Ferzaan Engineer	Nil
Dr. Robert Spiegel	Nil

\*Includes 2,52,80,899 equity shares allotted during the year ended March 31, 2023 upon exercise of equal no. of convertible warrants issued on a preferential basis.

### 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. Periodic presentations are made at the Board and Committee meetings on business, programmes, products and performance updates of the Company. Apart from the Board & Committee meetings, Strategy meets are also organized to discuss the Company's future strategy and goals, opportunities, challenges, etc.

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, 2023 are available on the website of the Company 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. The particulars of such skills/ expertise competence and Directors who possess the same are as follows:

Knowledge/Expertise in one or more of the following	Skills	Behavioral Traits
Technical	Strategic Thinking/Planning Skills	Integrity
Finance & Accounts	Critical Thinking / Problem Solving Skills	Genuine interest
Legal/ Regulatory	Analytical Skills	Curiosity and courage
Governance	Decision Making Skills	Instinct
Industry Knowledge	Leadership Skills	Inter-personal skills / communication
Business & Risk Management		Active contributor
Human Resources		
Public Relations / Media		

The expertise of the Board Members are as given below

Expertise	Name of the Director					
	Mr. Dilip S. Shanghvi	Mr. Sudhir V. Valia	Dr. T. Rajamannar	Ms. Bhavna Doshi	Dr. Ferzaan Engineer	Dr. Robert Spiegel
Technical	✓		✓		✓	✓
Finance & Accounts	✓	✓		✓		
Legal/ Regulatory		✓				✓
Governance	✓	✓	✓	✓	✓	
Industry Knowledge	✓	✓	✓		✓	✓
Business & Risk Management	✓	✓	✓	✓	✓	✓
Human Resources	✓					
Public Relations / Media	✓	✓				✓
Skills	✓	✓	✓	✓	✓	✓
Behavioral Traits	✓	✓	✓	✓	✓	✓

### 3.7 Confirmation

The Board is of the opinion that, the Independent Directors fulfil 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, 2023, 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 acts as the secretary to the Audit Committee.

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

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

- 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 Rs. 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.

The information mandatorily reviewed by the Committee, inter alia, include the following:

- Management discussion and analysis of financial condition and results of operations
- Internal audit reports relating to internal control weaknesses
- Statement of deviations in terms of Regulation 32 of the Listing Regulations

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 roles/ functions as are envisaged under Regulation 18 of the Listing Regulations and the provisions of Section 177 of the Act.

Four Audit Committee Meetings were held during the financial year ended March 31, 2023 on the following dates:

- (i) May 17, 2022 (ii) August 08, 2022 (iii) November 07, 2022 and (iv) February 13, 2023.

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	4	4
Mr. Sudhir V. Valia	Member	4	4
Dr. Ferzaan Engineer	Member	4	4
Dr. Robert Spiegel	Member	4	4

## 5. Nomination and Remuneration Committee

As on March 31, 2023, 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, acts as the secretary to the Committee.

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

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

Four meetings of the Committee were held during the financial year ended March 31, 2023 on the following dates:

(i) June 21, 2022 (ii) August 08, 2022 (iii) November 07, 2022 and (iv) February 13, 2023.

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	4	4
Ms. Bhavna Doshi	Member	4	4
Dr. Robert Spiegel	Member	4	4

### 5.1 Remuneration of Directors

#### a. Criteria 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 the 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) and contribution.

Further, performance of 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 Chairman) and ability to keep shareholders' interests in mind.

## b. Remuneration Policy

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

- i) **Guiding principles for remuneration:** The Company shall remunerate all its personnel reasonably and sufficiently as per industry benchmarks and standards. The remuneration be commensurate to retain and motivate the human resources of the Company. The compensation package will, inter alia, take into account the experience of the personnel, the knowledge & skill required including complexity of the job, work duration and risks associated with the work and attitude of the worker like positive outlook, team work, loyalty etc.
- ii) **Components of remuneration:** The following will be the various remuneration components which may be paid to the personnel of the Company based on the designation and class of the personnel.
  - o **Fixed compensation:** The fixed salaries of the Company's personnel shall be competitive and based on the individual personnel's responsibilities and performance.
  - o **Variable compensation:** The personnel of the Company may be paid remuneration by way of variable salaries based on their performance evaluation. Such variable salaries should be based on the performance of the individual against his short and long term performance objectives and the performance of the Company.
  - o **Share based payments:** The Board may, on the recommendation of the Nomination and Remuneration Committee, issue to certain class of personnel a share and share price related incentive program.
  - o **Non-monetary benefits:** Senior management personnel of the Company may, on a case to case basis, be awarded customary non-monetary benefits such as discounted salary advance / credit facility, rent free accommodation, company car with or without chauffer, reimbursement of electricity and telephone bills, etc.
  - o **Gratuity / group insurance:** Personnel may also be awarded to group insurance and other key man insurance protection. Further as required by the law necessary gratuity shall be paid to the personnel.
  - o **Commission:** The directors may be paid commission, if approved by the shareholders. The shareholders may authorize 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:

<b>Designation / Class</b>	<b>To be determined by</b>
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

All the Directors of the Company are Non-Executive Directors and are paid sitting fees of Rs. 30,000 for attending each meeting of the Board or of Committee thereof. During the year under review, apart from sitting fees and reimbursement of expenses, if any, there were no pecuniary relationship or transactions between the Non-Executive Directors and the Company.

The details of the remuneration paid/payable to the directors for the financial year 2022-23 are given below:

					(Rs. in Lakhs)
Directors	Salary	Bonus	Perquisites/Benefits	Sitting Fees	Total
Mr. Dilip S. Shanghvi	-	-	-	3.30	3.30
Mr. Sudhir V. Valia	-	-	-	6.90	6.90
Dr. T. Rajamannar	-	-	-	3.60	3.60
Ms. Bhavna Doshi	-	-	-	6.30	6.30
Dr. Ferzaan Engineer	-	-	-	5.40	5.40
Dr. Robert Spiegel	-	-	-	5.40	5.40

Note: -

The Company presently does not have a scheme for grant of stock options either to the directors, KMPs or to the employees of the Company. There is no separate provision for payment of severance fee to Directors.

## 6. Stakeholders' Relationship Committee

As on March 31, 2023, 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, acts as the secretary to 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, 2023 on following dates:

(i) May 17, 2022 (ii) August 08, 2022 (iii) November 07, 2022 and (iv) February 13, 2023.

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	5
Resolved during the year	5
Pending at the end of the year	-

## 7. Corporate Social Responsibility Committee

The Corporate Social Responsibility Committee is constituted in line with the provisions of Section 135 of the Companies Act. As on March 31, 2023, the Committee comprised 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, acts as the secretary to the Committee.

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

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

One meeting of the Committee was held on May 17, 2022 during the financial year ended March 31, 2023 which was attended by all the members of the Committee.

## 8. Fund Management Committee

The Board of Directors of the Company, has 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, 2023, 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, acts as the secretary to the Committee.

Four meetings of the Committee were held during the financial year ended March 31, 2023 on following dates:

(i) May 17, 2022 (ii) August 08, 2022 (iii) November 07, 2022 and (iv) February 13, 2023.

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, has 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, 2023, the Committee comprised of three non-executive directors, Dr. T Rajamannar, Mr. Dilip S. Shanghvi, and Mr. Sudhir V. Valia and one independent director, Ms. Bhavna Doshi.

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

Three meetings of the Committee were held during the financial year ended March 31, 2023 on following dates:

(i) November 08, 2022 (ii) January 06, 2023 and (iii) January 06, 2023

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	3
Ms. Bhavna Doshi	Member	3	0

## 10. Risk Management Committee

In compliance with the requirements of Regulation 21 of the Listing Regulations, the Board of Directors of the Company has constituted a Risk Management Committee. As on March 31, 2023, the Committee comprised of two non-executive directors viz. Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia and one independent director, Ms. Bhavna Doshi. Mr. Anil 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, act as the secretary to the Committee.

The terms of reference 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, 2023 on following dates:

(i) September 05, 2022 and (ii) March 01, 2023

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. Anil Raghavan (CEO)	Member	2	2

## 11. General Body Meetings

(i) General Meetings:

(a) Annual General Meeting (AGM)

Year	Meeting	Location	Date	Time	Special Resolution(s) passed at the General Meeting
2019-20	15th AGM	Pursuant to circular(s) issued by the Ministry of Corporate Affairs (MCA) from time to time, the meeting was held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and is deemed to be held at the then registered office of the Company at Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara, 390 020	September 30, 2020	04:00 PM	<ol style="list-style-type: none"> <li>Appointment of Dr. Robert J. Spiegel (DIN: 08739625) as an Independent Director of the Company for a term of five years.</li> <li>Re-appointment of Ms. Bhavna Doshi (DIN: 00400508) as an Independent Director of the Company for a term of five years.</li> <li>Re-appointment of Dr. Ferzaan Engineer (DIN: 00025758) as an Independent Director of the Company for a term of five years.</li> <li>Approval for shifting of Registered Office of the Company.</li> </ol>
2020-21	16th AGM	Pursuant to circular(s) issued by the Ministry of Corporate Affairs (MCA) from time to time, the meeting was held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and is 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,	September 29, 2021	05:00 PM	<ol style="list-style-type: none"> <li>Approved appointment and remuneration of Mr. Anil Raghavan, as the Manager and Whole-time Key Managerial Personnel of the Company, designated as Chief Executive Officer (CEO)</li> <li>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)</li> </ol>

Year	Meeting	Location	Date	Time	Special Resolution(s) passed at the General Meeting
2021-22	17th AGM	Pursuant to circular(s) issued by the Ministry of Corporate Affairs (MCA) from time to time, the meeting was held through Video Conferencing ("VC")/ Other Audio Visual Means ("OAVM") and is deemed to 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,	September 22, 2022	05:00 PM	1. 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)

**b) Extra-Ordinary General Meetings (EGM):**

No EGM of the members was held during the financial year 2022-23.

**(ii) Postal Ballot -**

The Company did not pass any resolution by Postal Ballot during the financial year 2022-23. Further, there is no immediate proposal for passing any resolution through postal ballot.

## 12. Means of Communication

- a. Quarterly Financial Results:** The quarterly, half-yearly and annual Financial Results are posted by the Company on its website and are also submitted to the stock exchanges in accordance with the Listing Regulations. The said Results are published in all English Editions and in Gujarati Edition (Published in Ahmedabad) of Financial Express.
- b. Website:** The Company's website i.e. [www.sparc.life](http://www.sparc.life) contains a dedicated investors section where relevant 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](http://www.bseindia.com) and the National Stock Exchange of India Ltd. - [www.nseindia.com](http://www.nseindia.com) and also on the website of the Company at [www.sparc.life](http://www.sparc.life).
- d. Annual Report:** Annual Report containing Audited Annual Accounts, Board's Report, Business Responsibility and Sustainability Report, Corporate Governance Report, the Management Discussion and Analysis Report, Auditor's Report, and other important information are circulated to the Members entitled thereto through permitted mode(s).
- e. Presentation to Investors:** 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 are also made available by the Company on its website [www.sparc.life](http://www.sparc.life).



### 13. General Shareholder Information

#### 13.1 Annual General Meeting :

**(a) Day, Date and Time**

Monday, August 07, 2023, at 03:30 P.M. (IST)

**(b) Venue:**

Meeting is being conducted through Video Conferencing / Other Audio Visual Means and shall be 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) from time to time.

#### 13.2 Financial Year and Calendar -

Company follows the Financial year i.e. April 01 to March 31.

Financial Calendar (tentative) for considering Results for quarter ending on:

- June 30, 2023 – First or Second week of August 2023
- September 30, 2023 – First or Second week of November 2023
- December 31, 2023 – First or Second week of February 2024
- March 31, 2024 – Second or Third week of May 2024

#### 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 as applicable 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 Re. 1 each**

- |   |              |
|---|--------------|
| (a) Scrip Code in BSE:                    | 532872       |
| (b) Scrip Symbol in NSE:                  | SPARC        |
| (c) ISIN for Equity Shares held in Demat: | INE232I01014 |

### 13.7 Market Price Data

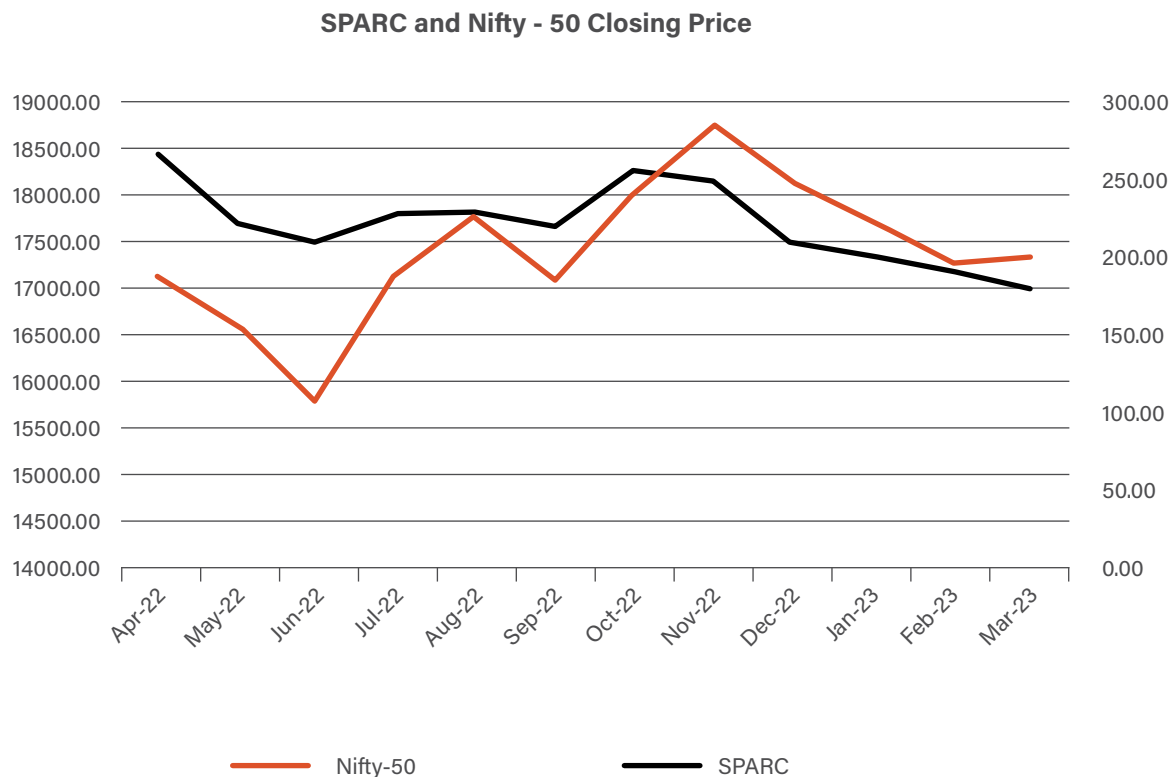
The market price data of the equity shares of the Company on BSE Limited and National Stock Exchange of India Limited for the financial year 2022-23 are as follows:

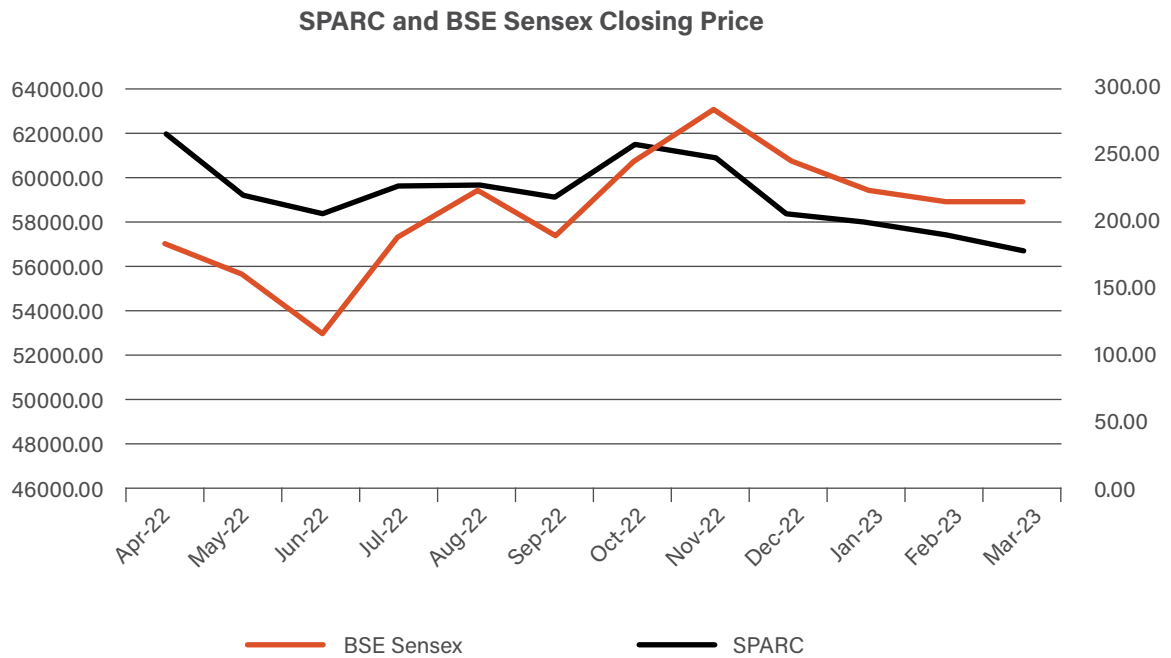
Month	BSE Ltd.		National Stock Exchange of India Ltd.	
	Month's High Price (In Rs.)	Month's Low Price (In Rs.)	Month's High Price (In Rs.)	Month's Low Price (In Rs.)
April 2022	305.60	257.55	305.85	257.05
May 2022	266.25	201.20	267.00	201.00
June 2022	224.45	172.45	224.95	170.45
July 2022	234.00	201.00	230.85	200.65
August 2022	243.95	214.00	244.15	214.00
September 2022	241.65	196.85	241.35	196.30
October 2022	259.90	216.10	260.00	216.10
November 2022	265.75	237.60	265.85	237.50
December 2022	259.75	201.80	259.70	202.00
January 2023	214.40	188.80	214.50	191.05
February 2023	224.35	183.25	224.00	183.20
March 2023	196.40	160.50	196.40	162.10

(Source: BSE and NSE website)

### 13.8 Share Price Performance in comparison to broad-based indices - NSE Nifty - 50 and BSE Sensex

#### (a) SPARC Share Price Performance in comparison to NSE Nifty - 50



**(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](mailto:rnt.helpdesk@linkintime.co.in)

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

**13.10 Share Transfer System**

In terms of Regulation 40(1) of SEBI Listing Regulations, as amended from time to time, transfer, transmission and transposition of securities shall be effected only in dematerialized form. Pursuant to SEBI Circular dated January 25, 2022, the listed companies shall issue the securities in dematerialized form only, for processing any service requests from shareholders viz., issue of duplicate share certificates, endorsement, transmission, transposition, etc. After processing the service request, a letter of confirmation will be issued to the shareholders and shall be valid for a period of 120 days, within which the shareholder shall make a request to the Depository Participant for dematerializing those shares. If the shareholders fail to submit the dematerialisation request within 120 days, then the Company shall credit those shares in the Suspense Escrow Demat account held by the Company. Shareholders can claim these shares transferred to Suspense Escrow Demat account on submission of necessary documentation.

**13.11 Distribution of Shareholding as on March 31, 2023**

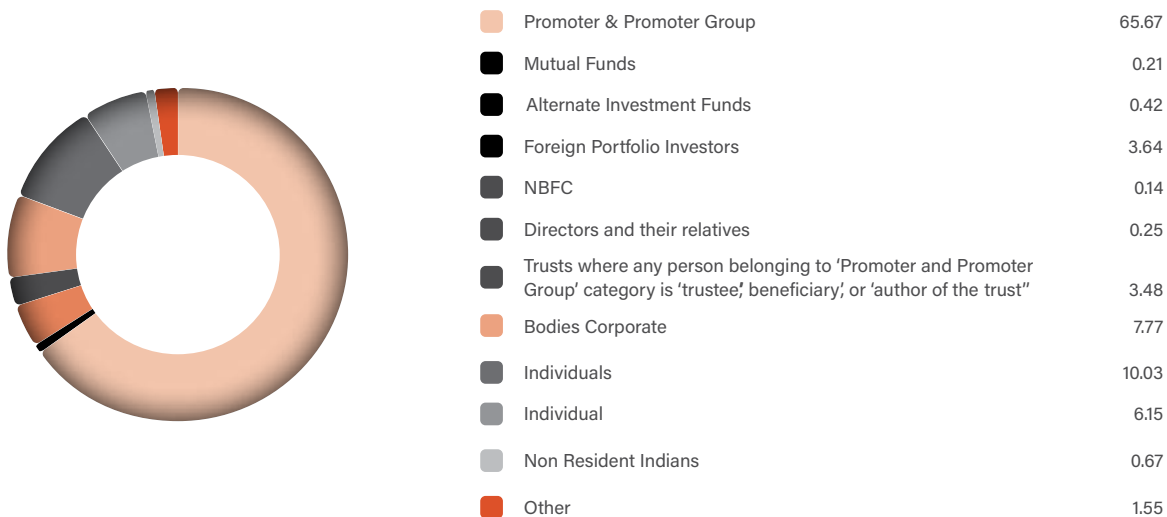
Equity Shares held	No. of Folios	% to total	No. of Shares	% to total
Upto 100	67404	66.64	2509132	0.77
101- 250	14428	14.26	2548472	0.79
251 - 500	8178	8.09	3155338	0.97
501 - 1000	5006	4.95	3872242	1.19
1001 - 2000	3574	3.53	5066066	1.56
2001 - 3000	869	0.86	2204026	0.68

Equity Shares held	No. of Folios	% to total	No. of Shares	% to total
3001 - 4000	368	0.36	1320785	0.41
4001 - 5000	272	0.27	1278506	0.39
5001 - 10000	491	0.49	3566127	1.10
10001 - 20000	206	0.20	2922450	0.90
20001 - 30000	95	0.09	2371679	0.73
30001 - 40000	44	0.04	1558006	0.48
40001 - 50000	25	0.02	1170927	0.36
50001 - 100000	50	0.05	3673031	1.13
100001 and above	140	0.14	287304801	88.53
<b>Total</b>	<b>101150</b>	<b>100.00</b>	<b>324521588</b>	<b>100.00</b>

### 13.12 Shareholding Pattern of the Company as on March 31, 2023

Particulars	No. of Shares	Percentage
Promoter & Promoter Group	213115095	65.67
Mutual Funds	680934	0.21
Alternate Investment Funds	1375309	0.42
Financial Institutions/ Banks	650	0.00
Foreign Portfolio Investors	11807384	3.64
Foreign Institutional Investors	1200	0.00
NBFC	469522	0.14
State Government / Governor	668	0.00
Directors and their relatives (excluding Independent Directors and nominee Directors)	826456	0.25
Key Managerial Personnel	10285	0.00
Trusts where any person belonging to 'Promoter and Promoter Group' category is 'trustee', 'beneficiary', or 'author of the trust'	11297006	3.48
Bodies Corporate	25206735	7.77
Individuals (holding nominal share capital upto Rs. 2 lakh)	32559663	10.03
Individual (holding nominal share capital in excess of Rs. 2 lakh)	19958906	6.15
Non Resident Indians	2187904	0.67
Other	5023871	1.55
<b>Total</b>	<b>324521588</b>	<b>100.00</b>

Shareholding Pattern as on March 31, 2023



### 13.13 Dematerialization of Shares

Out of the total 32,45,21,588 equity shares, 32,38,79,223 equity shares of the Company representing about 99.80% shares of the Company were held in dematerialized mode as on March 31, 2023.

#### 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 2022-23 is given below:

Equity Shares held	NSE	BSE	NSE + BSE
No. of shares (in Thousands)	598.81	52.60	651.41
Value of shares (Rs. Lakhs)	1284.65	113.10	1397.75

(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 Rs. 178/- each, upon receipt of 25% of the issue price (i.e. Rs. 44.50 per warrant) as warrant subscription money. Balance 75% of the issue price (i.e. Rs. 133.50 per warrant) was payable within 18 months from the allotment date, at the time of exercising the option to apply for fully paid-up equity share of Rs. 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. Rs.133.50/- per warrant) for 5,26,42,622 warrants, has allotted equal no. of fully paid up equity shares against conversion of said warrants opted by the warrant holder(s). Considering the said allotment along with the allotment made in the previous year, the Company has allotted 6,24,74,082 equity shares against conversion of warrants exercised by the respective allottee(s). There are no unexercised convertible warrants as on March 31, 2023.

### 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. The disclosures in terms of SEBI Circular No. SEBI/HO/CFD/CMD1/CIR/P/2018/0000000141 dated November 15, 2018 is not applicable to the Company.

### 13.16. Equity shares lying in the Unclaimed Suspense Account:

In accordance with the provisions of the Listing Regulations, details of equity shares lying in the Unclaimed Suspense Account are as follows:

Particulars	No. of Shareholders	No. of equity shares
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on April 1, 2022	13	1584
Shareholders who approached the Company for transfer of shares from suspense account during the year	1	36
Shareholders to whom shares were transferred from the suspense account during the year	1	36
Aggregate number of shareholders and the outstanding shares in the suspense account lying as on March 31, 2023	12	1548

The voting rights on the shares outstanding in the suspense account as on March 31, 2023 shall remain frozen till the rightful owner of such shares claims the shares

### 13.17. Transfer of unclaimed/unpaid amounts to the Investor Education and Protection Fund

Pursuant to Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules"), any application money received by companies for allotment of any securities and due for refund, if not claimed for a period of seven years, are liable to be transferred to Investor Education and Protection Fund (IEPF).

In light of the aforesaid provisions an amount of Rs. 21,058/-, received as an application money in the year 2015-16 on account of Rights Issue and remaining unclaimed for seven years, was transferred to IEPF on May 16, 2023.

### 13.18. R&D Centres

1. Plot No. 5 & 6,1, Savli G.I.D.C. Estate, Savli Vadodara Highway, Manjusr, 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.

### 13.19 Investor Correspondence

- (a) Registrar and Transfer Agent

**Link Intime India Private Limited**

Unit: Sun Pharma Advanced Research Company Ltd.

C 101, 247 Park,

L B S Marg, Vikhroli West, Mumbai 400 083

E-Mail: [rnt.helpdesk@linkintime.co.in](mailto: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 Ltd.

17/B, Mahal Industrial Estate,

Off. Mahakali Caves Road,

Andheri (East), Mumbai - 400 093.

E-Mail: [jaydeep.issrani@sparcmail.com](mailto: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 Ltd.

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](mailto:secretarial@sparcmail.com).

### 13.20 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.
- 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 Company has devised a Whistle Blower Policy and has established the necessary vigil mechanism to monitor the actions taken on complaints received under the said policy. The Policy also outlines the reporting procedure and investigation mechanism to be followed in case an employee blows the whistle for any wrongdoing in the Company. Employees can report suspected or actual occurrence of illegal, unethical or inappropriate events easily and free of any fear. A copy of the Company's Whistle Blower Policy is available on the website of the Company and may be accessed at <https://sparc.life/policies-and-codes>. No personnel have been denied access to the Audit Committee.
- During the year, a meeting of the independent directors was held on February 13, 2023. At the said meeting of independent directors, the performance of non-independent directors and the board as a whole was evaluated.
- The Company has complied with all the mandatory requirements specified under the Listing Regulations. Further the Company has adopted the following discretionary requirements:
  - (i) The Company maintains separate positions for Chairperson and Chief Executive Officer. Mr. Dilip S. Shanghvi, Non-Executive Director is the Chairman and Mr. Anil Raghavan is the Chief Executive Officer of the Company. Further, they both are not related to each other.
  - (ii) The Statutory Auditors have issued an unmodified opinion to the financial statements of the Company.
  - (iii) Aneja Assurance Private Limited are the Internal Auditors of the Company. Internal Auditors make quarterly presentations to the Audit Committee on their reports.

- 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://sparc.life/policies-and-codes>
- The Company being in the business of Research & Development does not face any significant commodity price risk.
- During the year, the Company has received Rs. 70,277.90 lakhs towards issue of equity shares upon conversion of warrants allotted on preferential basis. Of the above, Rs. 16,847.91 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, 2023, Rs. 54,691.21 lakhs was available for utilization.
- A certificate issued by M/s. Veenit Pal & Associates Practicing Company Secretary, certifying that none of the directors on the Board of the Company has 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 Rs. 33.82 lakhs, for the year under review.
- Disclosure in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 for FY 2022-23 are as follows:

Number of complaints received during the financial year 2022-23	Number of complaints disposed off during the financial year 2022-23	Number of complaints pending as on March 31, 2023
0	0	0

- The Company has not given any loans and advances in the nature of loans to firms / companies in which directors of the Company are interested.
- The Company does not have a subsidiary and hence requirement pertaining to providing details of material subsidiaries is not applicable
- 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.
- Disclosure as required under Clause IV of Part II of Schedule V to the Companies Act, 2013 in respect of Mr. Anil Raghavan is given below:

Mr. Anil's remuneration for the FY 2022-23 was Rs. 5,03,30,304/- which included a variable pay of Rs. 60,00,000) which was within the overall limit of Rs. 8,00,00,000/- as approved by the shareholders. The variable pay is linked to his performance and the performance of the Company. The same is also reviewed and approved by the Board on the recommendation by the Nomination and Remuneration Committee. The terms of his appointment is as per the HR policies of the Company and as approved by the Shareholders. He is not entitled to any severance fee or any stock options as the Company presently does not have a scheme for grant of stock options.

For and on behalf of the Board of Directors

**Dilip S. Shanghvi**  
Chairman  
(DIN: 00005588)

Place: Mumbai  
Date: May 22, 2023

# ANNEXURE - I TO CORPORATE GOVERNANCE

## DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT FOR THE YEAR ENDED MARCH 31, 2023

I, Anil 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: May 22, 2023

**Anil 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  
Gujarat - 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, Gujarat - 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](http://www.mca.gov.in) as considered necessary and explanation furnished to me by the Company and its officer, I hereby certify that none of the Directors on the Board of Directors of the Company as stated below for the financial year ended on 31st March, 2023 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 an 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)

M. No : 25565  
COP No. : 13149

P. R. No. 1433/2021

UDIN : A025565E000261781

Place : Mumbai  
Date : May 05, 2023

## **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, 2023 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, 2023 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, 2022 to March 31, 2023:
    - (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, 2023, 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 Amit Singh**

Partner

Place of Signature: Mumbai

Date: May 22, 2023

Membership Number: 408869

UDIN: 23408869BGXKKC6263

# Business Responsibility and Sustainability Report

## Section A: General Disclosures

### I. Details of the listed entity:

1. Corporate Identity Number (CIN) of the Listed Entity	L73100GJ2006PLC047837
2. Name of the Listed Entity	Sun Pharma Advanced Research Company Limited
3. Year of incorporation	2006
4. Registered office address	Plot No. 5&6/1, Savli G.I.D.C. Estate, Savli – Vadodara Highway, Manjusar - 391775, Vadodara, Gujarat, India
5. Corporate address	17/B, Mahal Industrial Estate, Off Mahakali Caves Road, Andheri (East), Mumbai - 400 093, Maharashtra
6. E-mail	<a href="mailto:secretarial@sparcmail.com">secretarial@sparcmail.com</a>
7. Telephone	+91 22 6645 5645
8. Website	<a href="https://sparc.life">https://sparc.life</a>
9. Financial year for Reporting	2022-23
10. Name and contact details (telephone, email address) of the person who may be contacted in case of any queries on the BRSR report	Dinesh Lahoti (Company Secretary) Email – <a href="mailto:secretarial@sparcmail.com">secretarial@sparcmail.com</a> Tel. No. +91 22 6645 5645
11. Reporting boundary	Standalone Basis
12. Name of the Stock Exchange(s) where shares are listed	BSE Limited and National Stock Exchange of India Limited
13. Paid-up Capital (INR)	32,45,21,588

### II. Products/services:

#### 14. Details of business activities (accounting for 90% of the turnover):

Sr. No.	Description of Main Activity	Description of business activity	% Of turnover of the entity
1	Professional, Scientific and Technical	Scientific Research and Development	100

#### 15. Products/Services sold by the entity (accounting for 90% of the entity's Turnover):

Sr. No.	Product/Service	NIC Code	% Of total Turnover contributed
1	Professional, Scientific and Technical	M5	100%

### III. Operations:

#### 16. Number of locations where plants and/or operations/offices of the entity are situated

Location	Number of plants	Number of offices	Total
National	4*	0	4
International	0	1	1

\* R&D facilities includes office areas

**17. Markets served by the entity****a. Number of Locations**

Locations	Number
National (No. of States)	3
International (No. of Countries)	2

**b. What is the contribution of exports as a percentage of the total turnover of the entity?**

55%

**c. A brief on types of customers**

Business to Business

**IV. Employees:****18. Details as at the end of Financial Year****a. Employees and workers (including differently abled)**

Sr. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
<b>Employee</b>						
1	Permanent (D)	407	281	69	126	31
2	Other than Permanent (E)	172	167	97	5	3
3	<b>Total employees (D + E)</b>	<b>579</b>	<b>448</b>	<b>77</b>	<b>131</b>	<b>23</b>
<b>Worker</b>						
4	Permanent (F)	-	-	-	-	-
5	Other than Permanent (G)	-	-	-	-	-
6	<b>Total workers (F + G)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**b. Differently abled Employees and workers:**

Sr. No.	Particulars	Total	Male		Female	
		(A)	No. (B)	% (B/A)	No. (C)	% (C/A)
<b>Differently Abled Employees</b>						
1	Permanent (D)	-	-	-	-	-
2	Other than Permanent (E)	-	-	-	-	-
3	<b>Total employees (D + E)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Differently Abled Workers</b>						
4	Permanent (F)	-	-	-	-	-
5	Other than Permanent (G)	-	-	-	-	-
6	<b>Total workers (F + G)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

**19. Participation/Inclusion/Representation of women**

	Total (A)	No. and percentage of Females	
		No. (B)	% (B/A)
Board of Directors	6	1	17
Key Management Personnel	3	0	0

**20. Turnover rate for permanent employees and workers (Disclose trends for the past 3 years)**

	Turnover Rate								
	FY 2022-23			FY 2021-22			FY 2020-21		
	Male	Female	Total	Male	Female	Total	Male	Female	Total
Permanent Employees	13%	24%	16%	20%	15%	19%	12%	13%	12%
Permanent Workers	-	-	-	-	-	-	-	-	-

**V. Holding, Subsidiary and Associate Companies (including Joint Ventures)****21. Names of holding / subsidiary / associate companies / joint ventures as on 31st March, 2023**

Sr. No.	Name of the holding / subsidiary / associate companies / joint ventures	Indicate whether holding/ Subsidiary/ Associate/ Joint Venture	% Of shares held by listed entity	Does the entity indicated at column A, participate in the Business Responsibility initiatives of the listed entity? (Yes/No)
Nil *				

\* Shanghi Finance Private Limited (SFPL) was the Holding company of the Company till January 06, 2023. On January 06, 2023 the Company had allotted 4,91,92,121 equity shares against the conversion of equal no. of warrants issued on preferential basis. Consequent to the said allotment, SFPL has ceased to be the Company's Holding Company w.e.f. January 06, 2023 as its percentage shareholding along with its subsidiaries in the Company has reduced from 52.07% to 44.18%. The number of shares held by SFPL and its subsidiaries in the Company remain unchanged.

**VI. Corporate Social Responsibility (CSR) Details**

22. (i) Whether CSR is applicable as per section 135 of Companies Act, 2013	Yes *
(ii) Turnover (in Rs.)	2,38,78,00,734
(iii) Net worth (in Rs.)	5,12,77,46,757

\* 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. 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, 2023.

**VII. Transparency and Disclosures Compliances****23. Complaints/Grievances on any of the principles (Principles 1 to 9) under the National Guidelines on Responsible Business Conduct:**

Stakeholder group from whom complaint is received	Grievance Redressal Mechanism in Place (Yes/No) (If yes, then provide web-link for grievance redress policy)	FY 2022-23			FY 2021-22		
		Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks	Number of complaints filed during the year	Number of complaints pending resolution at close of the year	Remarks
Communities	Not applicable	-	-	-	-	-	-
Shareholders	Yes <sup>1</sup>	5	Nil	Nil	1	Nil	Nil
Investors (Other than shareholders)	Yes <sup>2</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Employees and workers	Yes	Nil	Nil	Nil	Nil	Nil	Nil
Customers	Not applicable	-	-	-	-	-	-
Value chain partners	Yes <sup>3</sup>	Nil	Nil	Nil	Nil	Nil	Nil

1 The Company has a grievance redressal mechanism for shareholders. The Company has appointed Link Intime India Private Limited as the Share Transfer Registrars/ Agents. The Link Intime India Private Limited takes care of shareholders' enquiries/queries, requests and complaints. The Share Transfer Registrars/ Agents respond to enquiries/ queries, requests and complaints within the framework specified/ defined by SEBI. There is a dedicated email id to receive the grievances from shareholders- secretarial@sparcmail.com

2The Company has a common redressal mechanism for shareholders and investors, which has been captured in the row "Shareholders"

3 The grievance redressal mechanism for value chain partners is through email id, shared service helpdesk and Whistleblower mechanism.

## 24. Overview of the entity's material responsible business conduct issues

Please indicate material responsible business conduct and sustainability issues pertaining to environmental and social matters that present a risk or an opportunity to your business, rationale for identifying the same, approach to adapt or mitigate the risk along-with its financial implications:

Sr. no.	Material issues identified	Indicate whether risk or opportunity	Rationale for identifying risk/ opportunity	In case of risk, approach to adapt or mitigate	Financial implications of the risk or opportunity (indicate positive or negative implications)
1	Data Integrity & Security	Risk and Opportunity	Risk: Risk linked to technology directly impact the security and integrity of the system across the business operation. The criticality involved with the technology and cyber security needs to be assessed periodically to prevent breaches of data privacy from the aspects of confidential information of the Company. Opportunity: A strong governance on the data integrity, technology, digitalization and innovation parameters of the Company enables the creation of a secure and impenetrable network while supporting pace and scale of business transactions across geographies.	Strengthened perimeter security, IT and monitoring systems, anti-virus and patch management while conducting trainings on cyber security to reduce risks arising from cyber security and data breaches.	Positive: Strong alignment of secure data integrity principles with the help of innovative technology and digitalisation initiatives within the Company's business operations will ensure compliance of data security, privacy and prevent any loss of data. Negative: Lack of a strong data integrity and security mechanism may lead to increase in number of data breaches and loss of valuable data.
2	Increasing probability of disruptive climate change events	Risk	Risk: Risk of events occurring that may interrupt business operations or impair the ability of the Company to recover and maintain business operations in the event of disruptive climate change events.	Robust business continuity planning	Negative: Disruptive climate change events have the capability to interrupt business operations which can cause delays/ disruptions in research activities
3	Attracting and retaining talent	Risk and Opportunity	Risk: Talent management parameters such as acquisition, retention and development are intrinsically linked to workforce welfare. Inability to meet with the workforce expectations may impact the Company's retention rate and affect the Company's business continuity due to the criticality of workforce as a part of the business growth plan. Opportunity: Company's efforts towards workforce welfare and development directly conveys its resolute commitment towards the upliftment of the most integral asset.	1. Attracting and retaining talent through talent development programs along with compensation and other benefits to employees. 2. Formal succession planning programme for all leadership positions.	Positive: A strong workforce with high retention rate highlights the Company's efforts towards creating a conducive work environment in addition to creating a positive approach towards workforce development Negative: Workforce being an integral component of the Company's value creation strategy play a critical role in the business growth plan. Inability to meet the workforce expectations may result in adverse impacts on the workforce productivity and the company's growth plan in a long run.

## SECTION B: Management and Process Disclosures

The National Guidelines for Responsible Business Conduct (NGRBC) as prescribed by the Ministry of Corporate Affairs advocates nine principles referred as P1-P9 as given below:

<b>P1</b>	Businesses should conduct and govern themselves with integrity in a manner that is ethical, transparent and accountable
<b>P2</b>	Businesses should provide goods and services in a manner that is sustainable and safe
<b>P3</b>	Businesses should respect and promote the well-being of all employees, including those in their value chains
<b>P4</b>	Businesses should respect the interests of and be responsive towards all its stakeholders
<b>P5</b>	Businesses should respect and promote human rights
<b>P6</b>	Businesses should respect, protect, and make efforts to restore the environment
<b>P7</b>	Businesses when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent
<b>P8</b>	Businesses should promote inclusive growth and equitable development
<b>P9</b>	Businesses should engage with and provide value to their consumers in a responsible manner

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Policy and Management Processes</b>									
1. a. Whether your entity's policy/policies cover each principle and its core elements of the NGRBCs. (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
b. Has the policy been approved by the Board? (Yes/No)	Yes, the Company has developed comprehensive policies covering these principles, some of the Policies have been approved by the Board as per relevant statutory requirements.								
c. Web Link of the Policies, if available	<a href="https://sparc.life/policies-and-codes">https://sparc.life/policies-and-codes</a>								
2. Whether the entity has translated the policy into procedures. (Yes / No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
3. Do the enlisted policies extend to your value chain partners? (Yes/No)	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
4. Name of the national and international codes/ certifications/ labels/ standards adopted by your entity and mapped to each principle.	P2 <ul style="list-style-type: none"> <li>▪ Certificate of Good Laboratory Practice (GLP) compliance by the National GLP Compliance Monitoring Authority, Government of India</li> <li>▪ Integrated Addendum to ICH E6(R1): Guideline for Good Clinical Practice E6(R2), version dated 9 November 2016</li> <li>▪ ICH E3: Structure and Content of Clinical Study Reports, dated 30 November 1995</li> <li>▪ FDA 21 CFR Part 11: Electronic Records, Electronic Signatures</li> <li>▪ New Drugs and Clinical Trial Rules, Mar 2019, India</li> </ul>								
5. Specific commitments, goals and targets set by the entity with defined timelines, if any.	To reduce water consumption by 10% by FY2028, considering baseline of FY2023								
6. Performance of the entity against the specific commitments, goals, and targets along-with reasons in case the same are not met.	The Company has set environment targets in FY2022-23, hence the performance against set target will not be applicable for this reporting period.								



Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
<b>Governance, Leadership, and Oversight</b>									
7. Statement by director responsible for the business responsibility report, highlighting ESG related challenges, targets, and achievements	<p>“Sun Pharma Advanced Research Company (SPARC) is a clinical stage bio-pharmaceutical company focused on continuously improving standards of care for patients globally, through innovation in therapeutics and delivery. Our accountability to patients we seek to serve and investors who enable us and our commitment to sustainable human progress are key components of our identity – A responsible innovator inspired by life’s amazing ability to learn, evolve and survive.</p> <p>SPARC is committed to building a sustainable business and embedding ESG parameters into the business growth model. Our ESG related challenges, targets and achievements are mentioned at various parts within this report.”</p> <p>Sudhir V. Valia Non-Executive Director</p>								
8. Details of the highest authority responsible for implementation and oversight of the Business Responsibility policy (ies).	<p>Name: Anil Raghavan Designation: Chief Executive Officer</p>								
9. Does the entity have a specified Committee of the Board/ Director responsible for decision making on sustainability related issues? (Yes / No). If yes, provide details.	<p>Yes, Sudhir V. Valia, Non-Executive Director. Further, Mr. Anil Raghavan, Chief Executive Officer of the Company oversees the Business Responsibility and Sustainability initiatives of the Company.</p>								

**10. Details of Review of NGRBCs by the Company:**

Subject for Review	Indicate whether review was undertaken by Director / Committee of the Board/ Any other Committee									Frequency (Annually/ Half yearly/ Quarterly/ Any other - please specify)								
	P1	P2	P3	P4	P5	P6	P7	P8	P9	P1	P2	P3	P4	P5	P6	P7	P8	P9
	Performance against above policies and follow up action	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Annual							
Compliance with statutory requirements of relevance to the principles, and rectification of any non-compliances	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Annual								

11. Has the entity carried out independent assessment/ evaluation of the working of its policies by an external agency? (Yes/No). If yes, provide name of the agency	P1	P2	P3	P4	P5	P6	P7	P8	P9
	No. The Company internally reviews the working of the above-mentioned policies.								

12. If answer to question (1) above is "No" i.e., not all Principles are covered by a policy, reasons to be stated:

Disclosure Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
The entity does not consider the principles material to its business (Yes/No)									
The entity is not at a stage where it is in a position to formulate and implement the policies on specified principles (Yes/No)									
The entity does not have the financial or/human and technical resources available for the task (Yes/No)									
It is planned to be done in the next financial year (Yes/No)									
Any other reason (please specify)									

Not Applicable

## SECTION C: Principle wise Performance Disclosure

### Ethics and Integrity

**Principle 1:** Businesses should conduct and govern themselves with integrity, and in a manner that is Ethical, Transparent and Accountable

#### Essential Indicators

1. Percentage coverage by training and awareness programs on any of the principles during the financial year 2022- 23:

Segment	Total number of training and awareness programs held	Topics/ principles covered under the training and its impacts	Percentage of persons in respective category covered by the awareness programs
Board of Directors	5	Principle 1,2,3,4,5,6,7,8,9	100%
Key Managerial Personnel	5	Principle 1,2,3,4,5,6,7,8,9	100%
Employees other than Board of Directors and KMPs	4	Principle 1,2,3,4,5,6,7,8,9	100%
Workers	NA	NA	NA

2. Details of fines / penalties /punishment/ award/ compounding fees/ settlement amount paid in proceedings (by the entity or by directors / KMPs) with regulators/ law enforcement agencies/ judicial institutions, in the financial year 2022- 23:

Monetary					
	NGRBC Principle	Name of the Regulatory/ Enforcement agencies/ Judicial institution	Amount (In INR)	Brief of the Case	Has an appeal been preferred? (Yes / No)
Penalty/ Fine	-	-	-	-	-
Settlement	-	-	-	-	-
Compounding Fee	-	-	-	-	-

Non-Monetary				
	NGRBC Principle	Name of the Regulatory/ Enforcement agencies/ Judicial institution	Brief of the Case	Has an appeal been preferred? (Yes / No)
Imprisonment	-	-	-	-
Punishment	-	-	-	-

3. Of the instances disclosed in Question 2 above, details of the Appeal/ Revision preferred in cases where monetary or non-monetary action has been appealed.

Case Details	Name of the regulatory/ enforcement agencies/ judicial institutions
	Not applicable

4. Does the entity have an anti-corruption or anti-bribery policy? If yes, provide details in brief and if available, provide a weblink to the policy.

Yes, the Anti-bribery policy in the Company's Global Code of Conduct outlines the Company's commitment to conduct business with integrity. The Company abides by all the applicable anti-bribery laws including US Foreign Corrupt Practices Act (FCPA). The Anti-bribery policy as part of the Global Code of Conduct is applicable to all the employees (whether permanent, temporary or on contract, direct or through contractor, retainer or full-time consultant), and members of the Board of Directors of the Company ("Personnel"). The Company expects its business partners, including suppliers, service providers, agents, channel partners (dealers, distributors and others) to adhere to the principles of the code. Weblink: <https://sparc.life/policies-and-codes>

5. Number of Directors/KMPs/employees/workers against whom disciplinary action was taken by any law enforcement agency for the charges of bribery/ corruption:

	FY 2022-23	FY 2021-22
Board of Directors	-	-
Key Managerial Personnel	-	-
Employees other than Board of Directors and KMPs	-	-
Workers	NA	NA

6. Details of complaints with regard to conflict of interest:

	FY 2022-23		FY 2021-22	
	Number	Remarks	Number	Remarks
Number of complaints received in relation to issues of Conflict of Interest of the directors	-	NA	-	NA
Number of complaints received in relation to issues of Conflict of Interest of the KMPs	-	NA	-	NA

7. Provide details of any corrective action taken or underway on issues related to fines / penalties / action taken by regulators/ law enforcement agencies/ judicial institution on cases of corruption and conflicts of interest.

Not Applicable

### Leadership Indicators

1. Does the entity have processes in place to avoid/ manage conflict of interests involving members of the Board? (Yes/No) If yes, provide details of the same.

Yes, the Company's Global Code of Conduct expects all its Personnel to refrain from engaging in any activity or having a personal interest that presents a conflict of interest. Further, the Company outlines that Personnel of the Company shall not exploit any information discovered through their position in the Company, for their own personal gain.

## Sustainable Business

**Principle 2:** Businesses should provide goods and services in a manner that is sustainable and safe

### Essential indicators

1. Percentage of R&D and capital expenditure (capex) investments in specific technologies to improve the environmental and social impacts of product and processes to total R&D and capex investments made by the entity, respectively.

	FY 2022-23	FY 2021-22	Details of improvements in environmental and social impacts
R&D	0%	0%	NA
Capex	0%	0%	NA

- 2.a. Does the entity have procedures in place for sustainable sourcing? (Yes/No)

Yes. The Company endeavours to implement responsible procurement practices. As a measure of enhancing its impact on the environment and society, the Company encourages local sourcing enabling the reduction in costs, currency risks and environmental footprint of the transportation services

- 2.b. If yes, what percentage of inputs were sourced sustainably?

100% of inputs sourced from critical suppliers is sourced sustainably

3. Describe the processes in place to safely reclaim your products for reusing, recycling and disposing at the end of life, for (a) Plastics (including packaging) (b) E-waste (c) Hazardous waste and (d) other waste.

Not applicable as the company does not manufacture any products

4. Whether Extended Producer Responsibility (EPR) is applicable to the entity's activities (Yes / No).

- If yes whether the waste collection plan is in line with the Extended Producer Responsibility (EPR) plan submitted to Pollution Control Boards?
- If not provide steps taken to address the same.

Not applicable



## 2. Details of retirement benefits, for FY 2022-23 and FY 2021-22

Benefits	FY 2022-23			FY 2021-22		
	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)	No. of employees covered as a % of total employees	No. of workers covered as a % of total workers	Deducted and deposited with the authority (Y/N/N.A.)
PF	100	-	Y	100	-	Y
Gratuity	100	-	Y	100	-	Y
ESI	0.48	-	Y	0.50	-	Y

## 3. Accessibility of workplaces

Are the premises/ offices of the entity accessible to differently abled employees and workers as per the requirements of the Rights of Persons with Disabilities Act 2016? (Yes/ No)	Yes, As per the requirements of the Rights of Persons with Disabilities, the Company's offices have ramps, elevators and infrastructure for differently abled individuals.
--	--

4. Does the entity have an equal opportunity policy as per the Rights of Persons with Disabilities Act, 2016? (Yes/ No)	Yes
If so, provide a web link to the policy.	NA

## 5. Return to work and Retention rates of permanent employees and workers that took parental leave.

Gender	Permanent Employees		Permanent Workers	
	Return to work rate (%)	Retention rate (%)	Return to work rate (%)	Retention rate (%)
Male	100	100	-	-
Female	100	100	-	-
Total	100	100	-	-

## 6. Is there a mechanism available to receive and redress grievances for the following categories of employees and worker? If yes, give details of the mechanism in brief.

	Yes/No (If yes, then give details of the mechanism in brief)
Permanent employees	Yes. The Company has online platform, email and other informal channels of communication for grievance redressal
Other than Permanent employees	No
Permanent workers	Not Applicable
Other than Permanent workers	

## 7. Membership of employees and worker in association(s) or Unions recognized by the listed entity:

Category	FY 2022-23			FY 2021-22		
	Total employees / workers in respective category (A)	No. of employees / workers in respective category, who are part of association(s) or Union (B)	% (B/A)	Total employees / workers in respective category (C)	No. of employees / workers in respective category, who are part of association(s) or Union (D)	% (D/C)
<b>Total Permanent Employees</b>	407	-	0	403	-	0
Male	281	-	0	266	-	0
Female	126	-	0	137	-	0
<b>Total Permanent Workers</b>	-	-	-	-	-	-
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-

## 8. Details of training given to employees and workers:

Category	FY 2022-23					FY 2021-22				
	Total (A)	On Health Safety		On Skill Upgradation		Total (D)	On Health Safety		On Skill Upgradation	
		No. (B)	% (B/A)	No. (C)	% (C/A)		No. (E)	% (E/D)	No. (F)	% (F/D)
<b>Employees</b>										
Male	281	281	100	281	100	266	266	100	266	100
Female	126	126	100	126	100	137	137	100	137	100
<b>Total</b>	<b>407</b>	<b>407</b>	<b>100</b>	<b>407</b>	<b>100</b>	<b>403</b>	<b>403</b>	<b>100</b>	<b>403</b>	<b>100</b>
<b>Workers</b>										
Male	-	-	-	-	-	-	-	-	-	-
Female	-	-	-	-	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 9. Details of performance and career development reviews of employees and worker:

Benefits	FY 2022-23			FY 2021-22		
	Total (A)	No. (B)	% (B/A)	Total (C)	No. (D)	% (D/C)
<b>Employee</b>						
Male	281	281	100	266	266	100
Female	126	126	100	137	137	100
<b>Total</b>	<b>407</b>	<b>407</b>	<b>100</b>	<b>403</b>	<b>403</b>	<b>100</b>
<b>Workers</b>						
Male	-	-	-	-	-	-
Female	-	-	-	-	-	-
<b>Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## 10. Health and Safety Management System:

a) Whether an occupational health and safety management system has been implemented by the entity? (Yes/ No). If yes, the coverage of such system?	Yes 100%
b) What are the processes used to identify work-related hazards and assess risks on a routine and non-routine basis by the entity?	The Company conducts EHS training by internal & external trainers and audits for the implementation of best safety practices
c) Whether you have processes for workers to report the work-related hazards and to remove themselves from such risks. (Y/N)	Yes
d) Do the employees/ worker of the entity have access to non-occupational medical and healthcare services? (Yes/ No)	Yes

**11. Details of safety related incidents:**

Safety Incident/Number	Category	FY 2022-23	FY 2021-22
Lost Time Injury Frequency Rate (LTIFR)	Employees	Nil	Nil
	Workers	-	-
Total recordable work-related injuries	Employees	Nil	Nil
	Workers	-	-
Number of fatalities	Employees	Nil	Nil
	Workers	-	-
High consequence work-related injury or ill-health (excluding fatalities)	Employees	Nil	Nil
	Workers	-	-

**12. Describe the measures taken by the entity to ensure a safe and healthy workplace.**

The Company undertakes periodic internal audits to assess the safety practices as per relevant regulations. The safety incidents and hazards are analyzed to determine the root cause, subsequently corrective action plans are laid out to prevent the occurrence of similar incidents in the future. As part of the EHS management system, the company provides safety trainings and safety drill practices to all employees.

**13. Number of Complaints on the following made by employees and workers:**

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Working Conditions	-	-	-	-	-	-
Health & Safety	-	-	-	-	-	-

**14. Assessments for the year:**

% Of your plants and offices that were assessed. (by entity or statutory authorities or third parties)	
Health and safety practices	100
Working Conditions	100

**15. Provide details of any corrective action taken or underway to address safety related incidents (if any) and on significant risks / concerns arising from assessments of health & safety practices and working conditions.**

No safety incident occurred

### Leadership Indicators

**1. Does the entity extend any life insurance or any compensatory package in the event of death of: (Y/N)?**

A) Employees	Yes
B) Workers	-



**2. Provide the measures undertaken by the entity to ensure that statutory dues have been deducted and deposited by the value chain partners.**

The Company requires its value chain partners to abide by the principles of the Company's Supplier Code of Conduct and implement responsible business conduct principles in its operating practices

**3. Provide the number of employees / workers having suffered high consequence work-related injury / ill-health / fatalities (as reported in Q11 of Essential Indicators above), who have been rehabilitated and placed in suitable employment or whose family members have been placed in suitable employment:**

	Total no. of affected employees/ workers		No. of employees/workers that are rehabilitated and placed in suitable employment or whose family members have been placed in suitable Employment	
	FY 2022-23	FY 2021-22	FY 2022-23	FY 2021-22
	Employees	0	0	NA
Workers	-	-	-	-

**4. Does the entity provide transition assistance programs to facilitate continued employability and the management of career endings resulting from retirement or termination of employment? (Yes/ No)**

Yes, the Company periodically conducts skill-upgradation training programs for all its employees.

**Stakeholder inclusiveness**

**Principle 4: Businesses should respect the interests of and be responsive to all its stakeholders**

**Essential Indicators**

**1. Describe the processes for identifying key stakeholder groups of the entity.**

The stakeholder groups are identified as part of the stakeholder engagement mechanism, built on the principles of inclusivity, accountability, and responsibility. The Company identifies key stakeholder groups based on those groups who are impacted as well as those who have a major influence on the business decisions.

**2. List stakeholder groups identified as key for your entity and the frequency of engagement with each stakeholder group.**

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group. (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others – please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Investor	No	<ul style="list-style-type: none"> <li>Annual/ quarterly reports and earning calls</li> <li>Attending investor conferences</li> <li>Issuing specific event based press releases</li> <li>Investor presentations</li> </ul>	Quarterly/ Need Based	Investors form an integral part of the stakeholder group, influencing the decisions of the Company. The key areas of interest for the investors are: <ul style="list-style-type: none"> <li>Corporate governance</li> <li>Regulatory compliance</li> <li>Overall Company performance</li> </ul>

Stakeholder Group	Whether identified as Vulnerable & Marginalized Group. (Yes/ No)	Channels of communication (Email, SMS, Newspaper, Pamphlets, Advertisement, Community Meetings, Notice Board, Website), Other	Frequency of engagement (Annually/ Half yearly/ Quarterly / others - please specify)	Purpose and scope of engagement including key topics and concerns raised during such engagement
Regulator	No	<ul style="list-style-type: none"> <li>In person meetings</li> <li>E-mail</li> </ul>	Need-based	Transparent communication with the regulators is critical from a compliance perspective
Vendor	No	<ul style="list-style-type: none"> <li>Vendor meets</li> <li>Virtual modes such as telephone, email, etc.</li> </ul>	Ongoing	Responsible supply chain practices are critically important for ensuring the business continuity in a sustainable manner. The key areas of interest for the suppliers are: <ul style="list-style-type: none"> <li>Timely payments</li> <li>Collaboration</li> </ul>
Customer	No	<ul style="list-style-type: none"> <li>In-person meetings</li> <li>E-mail</li> </ul>	Ongoing	Customers form a vital part of the Company's stakeholder engagement group to ensure quality services
Employee	No	<ul style="list-style-type: none"> <li>Employee focused web-portal</li> <li>E-mail</li> <li>Employee engagement surveys</li> <li>Town-halls</li> </ul>	Ongoing	Employee wellbeing and satisfaction is an integral part of the Company's growth model. Employee engagement through various means of communication provides an insight into the key action areas for employee wellbeing and growth. The key areas of interest for employees are: <ul style="list-style-type: none"> <li>Training, professional growth and development</li> <li>Well-being initiatives</li> <li>Employee recognition</li> <li>Fair remuneration</li> <li>Work-life balance</li> </ul>

### Leadership Indicators

1. Provide the processes for consultation between stakeholders and the Board on economic, environmental and social topics or if consultation is delegated, how is feedback from such consultations provided to the Board.

The identified material issues were presented to the Board for their feedback and guidance on the sustainable growth model of the Company

2a. Whether stakeholder consultation is used to support the identification and management of environmental and social topics (Yes / No).

2b. If so, provide details of instances as to how the inputs received from stakeholders on these topics were incorporated into policies and activities of the entity.

Yes. The identified issues are mapped with relevant risks as part of the risk management process. The Company subsequently develops mitigation plans for the identified issues.

3. Provide details of instances of engagement with and actions taken to address the concerns of vulnerable/ marginalized stakeholder groups.

Not applicable



### 3. Details of remuneration/salary/wages:

Gender	Male		Female	
	Number	Median remuneration/ salary/ wages of respective category	Number	Median remuneration/ salary/ wages of respective category
Board of Directors (BoD) *	5	NA *	1	NA *
Key Managerial Personnel (KMP)	3	1,73,66,741 #	Nil	NA
Employees other than BoD and KMP	278	19,23,330	126	10,74,576
Workers	-	-	-	-

\*Directors are only paid sitting fees of Rs. 30,000 per meeting attended

#as per Form 16

4. Do you have a focal point (Individual/ Committee) responsible for addressing human rights impacts or issues caused or contributed to by the business? (Yes/No)	Yes, the Head of Human Resource department of the Company is responsible for addressing human rights impact or issues
---	---

### 5. Describe the internal mechanisms in place to redress grievances related to human rights issues.

The Company 'Ask HR' / 'RAY' platform, email and other informal channels of communication form part of the internal mechanism for grievance redressal of human rights issues. The process is in place to address grievances through the open channels of communication and the Ombudsman channel as per the Whistleblower Policy. The Ombudsman ensures the confidentiality of the complaints and grievances received through email.

### 6. Number of complaints on the following made by employees and workers:

	FY 2022-23			FY 2021-22		
	Filed during the year	Pending resolution at the end of year	Remarks	Filed during the year	Pending resolution at the end of year	Remarks
Sexual Harassment	0	0	-	0	0	-
Discrimination at workplace	0	0	-	0	0	-
Child Labour	0	0	-	0	0	-
Forced/ Involuntary Labour	0	0	-	0	0	-
Wages	0	0	-	0	0	-
Other human rights related issues	0	0	-	0	0	-

### 7. Mechanisms to prevent adverse consequences to the complainant in discrimination and harassment cases.

As per the Whistleblower Policy, the Company ensures protection of the complainant. The investigation of the complaints is done strictly in a confidential manner ensuring the protection of the complainant against any retaliation.

The Company provides necessary safeguards to all Whistle Blowers for making Protected Disclosures in good faith, in all the areas covered under the Global Code of Conduct.

For the cases pertaining to sexual harassment, the Company's policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder ensures strict confidentiality of the investigation procedure and protection of the identity of the complainant.

<b>8. Do human rights requirements form part of your business agreements and contracts? (Yes/No)</b>	Yes. They form an integral part of business agreements and contracts.
--	---

**9. Assessments for the year:**

	<b>% Of your plants and offices that were assessed (by entity or statutory authorities or third parties)</b>
Sexual harassment	100
Discrimination at workplace	100
Child labour	100
Forced Labour/ Involuntary Labour	100
Wages	100
Other human rights related issues	100

**10. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 9 above.**

No significant risks or concerns observed.

**Leadership Indicators**

**1. Details of a business process being modified / introduced as a result of addressing human rights grievances/complaints.**

NA

**2. Details of the scope and coverage of any Human rights due diligence conducted.**

None.

**3. Is the premise/office of the entity accessible to differently abled visitors as per the requirements of the Rights of Persons with Disabilities Act 2016?**

Yes.

**4. Details on assessment of value chain partners:**

	<b>% of value chain partners (by value of business done with such partners) that were assessed</b>
Sexual harassment	0
Discrimination at workplace	0
Child labour	0
Forced Labour/ Involuntary Labour	0
Wages	0
Other human rights related issues	0

**5. Provide details of any corrective actions taken or underway to address significant risks / concerns arising from the assessments at Question 4 above.**

NA

## Environment

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

#### Essential Indicators

#### 1. Details of total energy consumption (in Joules or multiples) and energy intensity:

Parameter	FY 2022-23	FY 2021-22
Total electricity consumption (A)	18,417 GJ	14,950 GJ
Total fuel consumption (B)	350 GJ	409 GJ
Energy consumption through other sources – Steam (C)	93 GJ	93 GJ
<b>Total energy consumption (A+B+C)</b>	<b>18,860 GJ</b>	<b>15,453 GJ</b>
Energy intensity per rupee of turnover (Total energy consumption/ turnover in Mn rupees)	8	11

#### 2. Does the entity have any sites / facilities identified as designated consumers (DCs) under the Performance, Achieve and Trade (PAT) Scheme of the Government of India? (Yes/ No). If yes, disclose whether targets set under the PAT scheme have been achieved. In case targets have not been achieved provide the remedial action taken if any.

No.

#### 3. Provide details of the following disclosures related to water:

Parameter	FY 2022-23	FY 2021-22
<b>Water Withdrawn by the source (KL)</b>		
i) Surface Water	0	0
ii) Ground Water	4,491	4,306
iii) 3rd Party Water	27,004	18,837
iv) Seawater/desalinated water	0	0
v) Others	0	0
<b>Total Vol of Water Withdrawn (i + ii + iii + iv + v)</b>	<b>31,495</b>	<b>23,143</b>
<b>Total Vol of Water Consumed (KL)</b>	<b>31,495</b>	<b>23,143</b>
Water intensity per rupee of turnover. (Water consumed in KL/Mn Rupee of turnover)	13	17

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

Yes. By M/s. Eco Care Solutions and Envirocare Labs Private Limited

#### 4. Has the entity implemented a mechanism for Zero Liquid Discharge? (Yes/ No)

Yes

If yes, Provide details of its coverage and implementation.

The Company has effluent treatment plant to treat the waste water which then is used for gardening and cleaning.

#### 5. Please provide details of air emissions (other than GHG emissions) by the entity:

Parameter	Please specify unit of measurement (UoM)	FY 2022-23	FY 2021-22
NOx	Kgs	185	179
Sox	Kgs	106	112
Particulate Matter (PM)	Kgs	159	160

**Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.**

No

6. Provide details of greenhouse gas emissions (Scope 1 and Scope 2 emissions) & its intensity:

Parameter	Unit	FY 2022-23	FY 2021-22
Total Scope 1 emissions	Metric tonnes of CO2 equivalent	0	0
Total Scope 2 emissions	Metric tonnes of CO2 equivalent	0	0
Total Scope 1 and Scope 2 emissions per rupee of turnover	NA	0	0

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

7. Does the entity have any project related to reducing Green House Gas emission?

If yes, then provide details.

No

8. Provide details related to waste management by the entity:

Total Waste generated (in metric tonnes)			
Parameter		FY 2022-23	FY 2021-22
Plastic waste (A)		0	0
E-waste (B)		0	0
Bio-medical waste (C)		13	8
Construction and Demolition waste (D)		0	0
Battery waste (E)		0	0
Radioactive waste (F)		0	0
Other Hazardous waste (G)		12	10
Other Non-hazardous waste generated (H)		35	20
<b>Total (A+B+C+D+E+F+G+H)</b>		<b>60</b>	<b>37</b>

For each category of waste generated, total waste recovered through recycling, re-using or other recovery operations (in metric tonnes)

Parameter		FY 2022-23	FY 2021-22
(i) Recycled		0	0
(ii) Re-used		0	0
(iii) Other recovery operations		0	0
<b>Total</b>		<b>0</b>	<b>0</b>

For each category of waste generated, total waste disposed by nature of disposal method (in metric tonnes)

Parameter		FY 2022-23	FY 2021-22
(i) Incineration		11	10
(ii) Landfilling		0	0
(iii) Other disposal operations		48	27
<b>Total</b>		<b>60</b>	<b>37</b>

9. Briefly describe the waste management practices adopted in your establishments. Describe the strategy adopted by your company to reduce usage of hazardous and toxic chemicals in your products and processes and the practices adopted to manage such wastes.

The Company has adopted a waste management plan with a comprehensive approach towards waste minimization, segregation and safe disposal. The Company sends the hazardous waste like spent oil to recycling units.

10. If the entity has operations/offices in/around ecologically sensitive areas (such as national parks, wildlife sanctuaries, biosphere reserves, wetlands, biodiversity hotspots, forests, coastal regulation zones etc.) where environmental approvals / clearances are required, please specify details:

Not applicable

11. Details of environmental impact assessments of projects undertaken by the entity based on applicable laws, in the current financial year:

Not applicable

12. Is the entity compliant with the applicable environmental law/ regulations/ guidelines in India, such as the Water (Prevention and Control of Pollution) Act, Air (Prevention and Control of Pollution) Act, Environment protection act and rules thereunder (Y/N). If not, provide details of all such non-compliances:

Yes

### Leadership Indicators

1. Provide break-up of the total energy consumed (in Joules or multiples) from renewable and non-renewable sources:

Parameter	FY 2022-23	FY 2021-22
<b>From Renewable Sources</b>		
Total electricity consumption (A) (Wind, Solar and Power Purchase Agreements (PPAs))	0 GJ	0 GJ
Total fuel consumption (B) (Biomass)	0 GJ	0 GJ
Energy consumption through other sources (C) (Steam)	93 GJ	93 GJ
<b>Total energy consumed from renewable sources (A+B+C)</b>	<b>93 GJ</b>	<b>93 GJ</b>
<b>From Non-Renewable Sources</b>		
Total electricity consumption (D) (Grid electricity)	18,417 GJ	14,950 GJ
Total fuel consumption (E) (Diesel, Petrol, High Speed Diesel, Compressed Natural Gas, Liquefied Petroleum Gas, Coal, Furnace Oil)	350 GJ	409 GJ
Energy consumption through other sources (F)	0 GJ	0 GJ
<b>Total energy consumed from non-renewable sources (D+E+F)</b>	<b>18,767 GJ</b>	<b>15,359 GJ</b>

Note: Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

No

2. Provide the following details related to water discharged:

Parameter	FY 2022-23	FY 2021-22
<b>Water discharge by destination and level of treatment (KL)</b>		
<b>(i) To Surface Water</b>	0	0
- No treatment	0	0
- With treatment	0	0
<b>(ii) To Groundwater</b>	0	0
- No treatment	0	0
- With treatment	0	0
<b>(iii) To Seawater</b>	0	0
- No treatment	0	0
- With treatment	0	0



Parameter	FY 2022-23	FY 2021-22
<b>(iv) Sent to third parties (discharged to common drain)</b>	2787	2549
- No treatment	0	0
- With treatment (Post primary, secondary and tertiary treatment, treated water is drained in common sewer)	2787	2549
<b>(v) Others (Reused)</b>	4942	3431
- No treatment	0	0
- With treatment (Post primary, secondary and tertiary treatment, treated water is reused)	4942	3431
<b>Total Water discharged (KL)</b>	<b>7729</b>	<b>5980</b>

**Note:** Indicate if any independent assessment/ evaluation/assurance has been carried out by an external agency? (Y/N) If yes, name of the external agency.

Yes. By M/s. Eco Care Solutions and Envirocare Labs Private Limited

**3. Water withdrawal, consumption, and discharge in areas of water stress (in kiloliters):**

Not applicable

**4. Please provide details of total Scope 3 emissions & its intensity in the following format:**

Parameter	Unit	FY 2022-23	FY 2021-22
<b>Total Scope 3 emissions</b> (Break-up of the GHG into CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs, SF <sub>6</sub> , NF <sub>3</sub> , if available)	Metric Tonnes of CO <sub>2</sub> equivalent	0	0
<b>Total Scope 3 emissions per Rupee of turnover</b>		0	0

**5. With respect to the ecologically sensitive areas reported at Question 10 of Essential Indicators above, provide details of significant direct & indirect impact of the entity on biodiversity in such areas along with prevention and remediation activities.**

Not Applicable

**6. If the entity has undertaken any specific initiatives or used innovative technology or solutions to improve resource efficiency, or reduce impact due to emissions / effluent discharge / waste generated, please provide details of the same as well as outcome of such initiatives:**

No

**7. Does the entity have a business continuity and disaster management plan? Give details in 100 words/ web link.**

Yes, the Company has a business continuity and disaster management plan in place. This business continuity plan enables the Company to adapt in situations arising from any natural calamity or an unprecedented event which may disrupt the business operations. The Company continuously enhances its existing plan by incorporating interferences and observations from disruptions faced in the unprecedented situations such as the pandemic. Further, the Company's risk management plan enables the minimisation of disaster-linked losses, by assessing the potential for major disruption with its consequent risks to the business, and by providing the appropriate mitigation action plans.

**8. Disclose any significant adverse impact to the environment arising from the value chain of the entity. What mitigation or adaptation measures have been taken by the entity in this regard?**

Not applicable

**9. Percentage of value chain partners (by value of business done with such partners) that were assessed for environmental impacts.**

Nil

## Responsible Public Advocacy

**Principle 7:** Businesses, when engaging in influencing public and regulatory policy, should do so in a manner that is responsible and transparent

### Essential Indicators

1.a Number of affiliations with trade and industry chambers/ associations.

One

1.b List the top 10 trade and industry chambers/ associations (determined based on the total members of such body) the entity is a member of/ affiliated to.

Sr. No.	Name of the trade and industry chambers/ associations	Reach of trade and industry chambers/ associations (State/National)
1	IMC Chamber of Commerce and Industry	National

2. Provide details of corrective action taken or underway on any issues related to anticompetitive conduct by the entity, based on adverse orders from regulatory authorities.

Not applicable

## Community upliftment

**Principle 8:** Businesses should promote inclusive growth and equitable development

### Essential Indicators

1. Details of Social Impact Assessments (SIA) of projects undertaken by the entity based on applicable laws, in the current financial year.

NA

2. Provide information on project(s) for which ongoing Rehabilitation and Resettlement (R&R) is being undertaken by your entity:

NA

3. Describe the mechanisms to receive and redress grievances of the community.

NA

4. Percentage of input material (inputs to total inputs by value) sourced from suppliers:

Parameter	FY 2022-23	FY 2021-22
Directly sourced from MSMEs/ small producers	8%	10%
Sourced directly from within the district and neighboring districts	-	-

**Leadership Indicators**

1. Provide details of actions taken to mitigate any negative social impacts identified in the Social Impact Assessments (Reference: Question 1 of Essential Indicators above):

NA

2. Provide the following information on CSR projects undertaken by your entity in designated aspirational districts as identified by government bodies:

Not Applicable

3.a. Do you have a preferential procurement policy where you give preference to purchase from suppliers comprising marginalized /vulnerable groups? (Yes/No)	No
3.b From which marginalized /vulnerable groups do you procure?	NA
3.c What percentage of total procurement (by value) does it constitute?	NA

4. Details of the benefits derived and shared from the intellectual properties owned or acquired by your entity (in the current financial year), based on traditional knowledge:

Nil

5. Details of corrective actions taken or underway, based on any adverse order in intellectual property related disputes wherein usage of traditional knowledge is involved

Not applicable

6. Details of beneficiaries of CSR Projects:

CSR Projects	No. of persons benefitted from CSR Projects	% Of beneficiaries from vulnerable and marginalized groups
	Not Applicable	

**Consumer Wellbeing**

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

**Essential Indicators**

1. Describe the mechanisms in place to receive and respond to consumer complaints and feedback.

The Company is engaged in research and development activities. It does not provide services directly to consumers. Hence not applicable.

2. Turnover of products and/ services as a percentage of turnover from all products/ services that carry information about Environmental product and social parameters relevant to the Product, Safe and responsible usage and Recycling and/or safe disposal:

Not applicable

3. Number of consumer complaints in respect of the following:

	FY 2022-23		Remark	FY 2021-22		Remark
	Received during the year	Pending resolution at end of year		Received during the year	Pending resolution at end of year	
Data privacy	-	-	-	-	-	-
Advertising	-	-	-	-	-	-
Cyber-security	-	-	-	-	-	-
Delivery of essential services	-	-	-	-	-	-
Restrictive Trade Practices	-	-	-	-	-	-
Unfair Trade Practices	-	-	-	-	-	-
Others	-	-	-	-	-	-

4. Details of instances of product recalls on account of safety issues:

Not applicable

5. Does the entity have a framework/ policy on cyber security and risks related to data privacy? (Yes/No)  
If available, provide a web-link of the policy.

No

6. Provide details of any corrective actions taken or underway on issues relating to advertising, and delivery of essential services; cyber security and data privacy of customers; re occurrence of instances of product recalls; penalty / action taken by regulatory authorities on safety of products / services.

Not applicable

Leadership Indicators

1. Channels / platforms where information on products and services of the entity can be accessed (provide web link if available).

<https://sparc.life>

2. Steps taken to inform and educate consumers about safe and responsible usage of products and/or services.

Not Applicable

3. Mechanisms in place to inform consumers of any risk of disruption/discontinuation of essential services.

Not Applicable

4.a Does the entity display product information on the product over and above what is mandated as per local laws? (Yes/No/Not Applicable)

Not applicable

4.b If yes, provide details in brief.

Not applicable

4.c Did your entity carry out any survey with regard to consumer satisfaction relating to the major products / services of the entity, significant locations of operation of the entity or the entity as a whole? (Yes/No)

No

5. Provide the following information relating to data breaches:

a. Number of instances of data breaches along-with impact

There was one data breach identified during the year, outside the organization. There were no complaints received concerning the breaches of customer privacy.

b. Percentage of data breaches involving personally identifiable information of customers

Nil

# 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, 2023, 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, 2023, 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, 2023. 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 matters	How our audit addressed the key audit matter
<p><b>(a) Revenue recognition</b> (as described in Note 27 of the financial statements)</p> <p>The Company is engaged in the business of Research and Development of pharmaceutical products. The Company has various contractual arrangements with customers which are entered into at various stages of research and development. The Company, in line with Ind AS 115 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.</p> <p>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.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>▪ Read the accounting policy for revenue recognition of the Company and assessed compliance with the principles enunciated under Ind AS 115.</li> <li>▪ Evaluated the design and tested the operating effectiveness of management's controls in respect of revenue recognition.</li> <li>▪ 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.</li> <li>▪ Assessed the disclosures in the accompanying financial statements.</li> </ul>
<p><b>Evaluation of direct tax and indirect tax litigations</b> (as described in Note 42 of the financial statements)</p> <p>The Company has material direct tax and indirect tax litigations which involve significant judgment to determine the possible outcome of these disputes and accordingly it is considered as key audit matter.</p>	<p>Our audit procedures amongst others included the following:</p> <ul style="list-style-type: none"> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ 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.</li> <li>▪ Assessed contingent liability disclosure in the accompanying financial statements.</li> </ul>

## 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, Business Responsibility and Sustainability Report and Board's Report, but does not include the financial statements and our auditor's report thereon. The Management Discussion and Analysis Report, Business Responsibility and Sustainability 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, 2023 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 ("the Order"), issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure 1" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
  - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
  - (c) The Balance Sheet, the Statement of Profit and Loss including the Statement of Other Comprehensive Income, the 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, 2023 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2023 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 has been no delay in transferring amounts, 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 performed 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.
- v. No dividend has been declared or paid during the year by the Company.
- vi. As proviso to Rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only w.e.f. April 1, 2023, reporting under this clause is not applicable.

For **SRBC & CO LLP**

Chartered Accountants

ICAI Firm Registration Number: 324982E/E300003

per **Amit Singh**

Partner

Place of Signature: Mumbai

Date: May 22, 2023

Membership Number: 408869

UDIN: 23408869BGXKKA8070

## 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

In terms of the information and explanations sought by us and given by the Company and the books of account and records examined by us in the normal course of audit and to the best of our knowledge and belief, we state that:

- (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	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 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	16	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 21 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	78.23
Balance outstanding as at balance sheet date	32.78

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) Investments in respect of which provisions of sections 186 of the Companies Act, 2013 are applicable have been complied with by the Company. Further, there are no loans, guarantees and security in respect of which provisions of sections 185 and 186 of the Companies Act, 2013 are applicable.
- (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, 2013 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) The Company is regular in depositing with appropriate authorities undisputed statutory dues including goods and services 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 applicable to it. 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 services 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)
Finance Act, 1994	Service Tax, Interest and Penalty	6,938.27	April 2014 to June 2017	Custom Excise and Service Tax Appellate Tribunal (CESTAT)

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 during the year.
- (ix) (b) The Company has not been declared wilful defaulter by any bank or financial institution or government or any government authority.
- (ix) (c) There are no term loans obtained during the year and hence reporting under clause (ix)(c) is not applicable.
- (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 initial public offer / 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) Other than the cyber security incident as explained in Note 49 of the financial statements, no material fraud on the Company has been noticed or reported during the year. Further, no fraud by the Company has been noticed or reported during the year.
- (xi) (b) During the year, no report under sub-section (12) of section 143 of the Companies Act, 2013 has been filed by secretarial auditor 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 requirements 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. Accordingly, the requirement to report on clause 3(xvi)(b) of the Order is not applicable to the Company.
- (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 Rs. 21,410 Lakhs in the current year and amounting to Rs. 19,392 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 explanations given to us and on the basis of the financial ratios disclosed in note 47 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 the 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 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 **Amit Singh**

Partner

Place of Signature: Mumbai

Date: May 22, 2023

Membership Number: 408869

UDIN: 23408869BGXKKA8070

# 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, 2023 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, 2023, 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 **Amit Singh**

Partner

Place of Signature: Mumbai

Membership Number: 408869

Date: May 22, 2023

UDIN: 23408869BGXKKA8070

# Balance Sheet

as at March 31, 2023

₹ In Lakhs

Particulars	Notes	As at March 31, 2023	As at March 31, 2022
<b>ASSETS</b>			
<b>(A) Non-current assets</b>			
(a) Property, plant and equipment	3a	10,540.70	9,139.77
(b) Capital work-in-progress	3b	187.34	372.01
(c) Other intangible assets	3c	34.17	47.05
(d) Intangible assets under development	3d	2,512.65	2,264.52
(e) Financial assets			
(i) Bank Balances other than cash and cash equivalents	4	15,000.00	-
(ii) Other financial assets	5	2,740.94	2,318.05
(f) Deferred tax assets (net)	6	-	-
(g) Income tax assets (net)	7	6,259.78	6,691.49
(h) Other non-current assets	8	240.76	60.16
<b>Total non-current assets (A)</b>		<b>37,516.34</b>	<b>20,893.05</b>
<b>(B) Current assets</b>			
(a) Financial assets			
(i) Investments	9	29,089.93	1,166.49
(ii) Trade receivables	10	3,271.43	2,773.61
(iii) Cash and cash equivalents	11	58.36	122.42
(iv) Bank balances other than cash and cash equivalents	12	11,099.21	0.21
(v) Loans	13	53.90	33.47
(vi) Other financial assets	14	416.47	285.46
(b) Other current assets	15	1,506.97	2,733.57
<b>Total current assets (B)</b>		<b>45,496.27</b>	<b>7,115.23</b>
<b>TOTAL ASSETS</b>		<b>83,012.61</b>	<b>28,008.28</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
(a) Equity share capital	16	3,245.30	2,718.87
(b) Other equity	17	48,032.21	403.70
<b>Total equity</b>		<b>51,277.51</b>	<b>3,122.57</b>
<b>Liabilities</b>			
<b>(A) Non-current liabilities</b>			
(a) Financial liabilities			
(i) Lease liabilities	18	1,262.00	243.69
(b) Provisions	19	813.80	814.63
(c) Other non-current liabilities	20	11,764.73	6,684.50
<b>Total non-current liabilities (A)</b>		<b>13,840.53</b>	<b>7,742.82</b>
<b>(B) Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	21	5.10	7,500.00
(ia) Lease liabilities	22	300.43	177.68
(ii) Trade payables	23		
Total outstanding dues of micro enterprises and small enterprises		220.54	57.16
Total outstanding dues of creditors other than micro enterprises and small enterprises		14,604.79	7,161.55
(iii) Other financial liabilities	24	1,173.08	1,139.53
(b) Other current liabilities	25	941.24	578.75
(c) Provisions	26	649.39	528.22
<b>Total current liabilities (B)</b>		<b>17,894.57</b>	<b>17,142.89</b>
<b>Total liabilities (A + B)</b>		<b>31,735.10</b>	<b>24,885.71</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>83,012.61</b>	<b>28,008.28</b>
Significant accounting policies	2		

The accompanying notes are integral part of the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No : 324982E/E300003

For and on behalf of the Board of Directors of

**SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED**

**ANIL RAGHAVAN**  
Chief Executive Officer

**CHETAN M. RAJPARA**  
Chief Financial Officer

**DINESH LAHOTI**  
Company Secretary

**DILIP S. SHANGHVI**  
Chairman

DIN: 00005588

**SUDHIR V. VALIA**  
Director

DIN: 00005561

Place : Mumbai

Date : May 22, 2023

per **AMIT SINGH**

Partner

Membership No. 408869

Place : Mumbai

Date : May 22, 2023



# Statement of Profit and Loss

for the year ended March 31, 2023

₹ In Lakhs

Particulars	Notes	Year ended March 31, 2023	Year ended March 31, 2022
(I) Revenue from operations	27 & 44	23,878.01	13,724.89
(II) Other income	28	1,087.74	684.46
<b>(III) Total income (I + II)</b>		<b>24,965.75</b>	<b>14,409.35</b>
<b>(IV) Expenses</b>			
Cost of materials consumed	29	2,211.08	1,827.12
Employee benefits expense	30	10,699.82	9,830.64
Clinical trial expenses / products development expense		14,946.97	10,842.59
Professional charges		13,194.27	6,742.92
Finance costs	31	763.47	1,332.87
Depreciation and amortisation expense	3a & 3c	1,177.08	1,016.19
Other expenses	32	4,231.41	3,156.56
<b>Total expenses (IV)</b>		<b>47,224.10</b>	<b>34,748.89</b>
<b>(V) Loss before tax (III - IV)</b>		<b>(22,258.35)</b>	<b>(20,339.54)</b>
(VI) Tax expense		-	-
<b>(VII) Loss for the year (V - VI)</b>		<b>(22,258.35)</b>	<b>(20,339.54)</b>
<b>(VIII) Other comprehensive income (OCI)</b>			
A) Items that will not be reclassified to profit or loss			
i. Gain on remeasurement of the defined benefit plans		135.39	169.64
<b>Total other comprehensive income (A)</b>		<b>135.39</b>	<b>169.64</b>
<b>(IX) Total comprehensive loss for the year (VII + VIII)</b>		<b>(22,122.96)</b>	<b>(20,169.90)</b>
<b>(X) Loss per equity share</b>	37		
(Face value ₹ 1/- per equity share)			
Basic and Diluted (in ₹)		<b>(7.82)</b>	<b>(7.73)</b>
Significant accounting policies	2		

The accompanying notes are integral part of the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No : 324982E/E300003

For and on behalf of the Board of Directors of

**SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED****ANIL RAGHAVAN**

Chief Executive Officer

**CHETAN M. RAJPARA**

Chief Financial Officer

**DINESH LAHOTI**

Company Secretary

**DILIP S. SHANGHVI**

Chairman

DIN: 00005588

**SUDHIR V. VALIA**

Director

DIN: 00005561

Place : Mumbai

Date : May 22, 2023

**per AMIT SINGH**

Partner

Membership No. 408869

Place : Mumbai

Date : May 22, 2023

# Statement of Changes in Equity

for the year ended March 31, 2023

## A Equity share capital

₹ In Lakhs

	Year ended March 31, 2023	Year ended March 31, 2022
At the beginning of the year	2,718.87	2,620.56
Changes in equity share capital during the year (Refer Note 16)	526.43	98.31
<b>At the end of the year</b>	<b>3,245.30</b>	<b>2,718.87</b>

## B Other equity

₹ In Lakhs

Particulars	Money received against share warrants	Other equity			Total
		Reserves and surplus			
		General reserves	Securities premium	Retained earnings	
<b>Balance as at April 1, 2021</b>	-	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
<b>Balance as at March 31, 2022</b>	<b>23,425.97</b>	<b>3,397.66</b>	<b>1,10,638.45</b>	<b>(1,37,058.38)</b>	<b>403.70</b>
Add : Premium on issue of equity shares against conversion of warrants	-	-	70,277.90	-	70,277.90
Less : Transfer to equity share capital and securities premium	(23,425.97)	-	22,899.54	-	(526.43)
Loss for the year	-	-	-	(22,258.35)	(22,258.35)
Other comprehensive income for the year	-	-	-	135.39	135.39
<b>Balance as at March 31, 2023</b>	<b>-</b>	<b>3,397.66</b>	<b>2,03,815.89</b>	<b>(1,59,181.34)</b>	<b>48,032.21</b>

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

Significant accounting policies

2

The accompanying notes are integral part of the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No : 324982E/E300003

For and on behalf of the Board of Directors of

**SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED****ANIL RAGHAVAN**

Chief Executive Officer

**DILIP S. SHANGHVI**

Chairman

DIN: 00005588

**SUDHIR V. VALIA**

Director

DIN: 00005561

Place : Mumbai

Date : May 22, 2023

per **AMIT SINGH**

Partner

Membership No. 408869

Place : Mumbai

Date : May 22, 2023

**CHETAN M. RAJPARA**

Chief Financial Officer

**DINESH LAHOTI**

Company Secretary

# Statement of Cash Flows

 for the year ended March 31, 2023

₹ In Lakhs

	Year ended March 31, 2023	Year ended March 31, 2022
<b>A. Cash flow from operating activities</b>		
Loss before tax	(22,258.35)	(20,339.54)
<b>Adjustments to reconcile loss before tax to net cash flows:</b>		
Depreciation and amortisation expense	1,177.08	1,016.19
Gain / (loss) on disposal of property, plant and equipment (net)	11.29	(489.32)
Finance costs	763.47	1,332.87
Interest income	(758.26)	(140.21)
Net gain on sale of financial assets measured at fair value through profit or loss	(208.06)	(45.11)
Net gain arising on financial assets measured at fair value through profit or loss	(118.46)	(1.28)
Net unrealised foreign exchange gain	(167.81)	(7.42)
Sundry balances written off, net	-	1.49
<b>Operating loss before working capital changes</b>	<b>(21,559.10)</b>	<b>(18,672.33)</b>
<b>Working capital adjustments :</b>		
(Increase) / decrease in trade receivables	(500.63)	(1,014.59)
(Increase) / decrease in other assets	1,040.56	(2,638.12)
Increase / (decrease) in trade payables	7,666.79	(1,935.77)
Increase / (decrease) in other liabilities	5,648.36	2,908.60
Increase / (decrease) in provisions	255.73	74.61
<b>Cash used in operations</b>	<b>(7,448.29)</b>	<b>(21,277.60)</b>
Direct tax refund received (including interest on refunds) (Net)	536.50	454.35
<b>Net cash used in operating activities (A)</b>	<b>(6,911.79)</b>	<b>(20,823.25)</b>
<b>B. Cash flow from investing activities</b>		
Payments for purchase of property, plant and equipment (including capital work-in-progress, intangible assets and intangible assets under development)	(1,538.67)	(3,267.79)
Proceeds from disposal of property, plant and equipment (net)	46.54	810.16
Purchase of investment (net)	(27,423.61)	(477.58)
Bank balances not considered as cash and cash equivalents	-	-
Fixed deposits with bank placed	(78,099.00)	-
Fixed deposits with bank matured	52,000.00	0.50
Interest received	186.95	18.01
<b>Net cash generated used in investing activities (B)</b>	<b>(54,827.80)</b>	<b>(2,916.70)</b>
<b>C. Cash flow from financing activities</b>		
Proceeds from borrowings	22,453.67	10,700.00
Re-payment of borrowings	(29,948.57)	(26,254.52)
Payment of lease liabilities	(335.68)	(209.23)
Proceeds from issue of equity shares (on conversion of warrants)	70,277.90	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	(771.79)	(1,421.79)
<b>Net cash generated from financing activities (C)</b>	<b>61,675.53</b>	<b>22,932.09</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(64.06)</b>	<b>(807.86)</b>
Cash and cash equivalents at the beginning of the year (Refer Note 11)	122.42	930.45
Effect of exchange differences on restatement of foreign currency cash and cash equivalents	-	(0.17)
Cash and cash equivalents at the end of the year (Refer Note 11)	<b>58.36</b>	<b>122.42</b>
<b>Cash and cash equivalents comprises of</b>		
Balances with banks	-	-
In current accounts	58.14	122.08
Cash on hand	0.22	0.34
Cash and cash equivalents (Refer Note 11)	<b>58.36</b>	<b>122.42</b>

Significant accounting policies

2

The accompanying notes are integral part of the financial statements

As per our report of even date

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

Chartered Accountants

ICAI Firm Registration No : 324982E/E300003

For and on behalf of the Board of Directors of

**SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED****ANIL RAGHAVAN**  
Chief Executive Officer**CHETAN M. RAJPARA**  
Chief Financial Officer**DINESH LAHOTI**  
Company Secretary**DILIP S. SHANGHVI**  
Chairman

DIN: 00005588

**SUDHIR V. VALIA**

Director

DIN: 00005561

Place : Mumbai

Date : May 22, 2023

**per AMIT SINGH**

Partner

Membership No. 408869

Place : Mumbai

Date : May 22, 2023

# Notes to Financial Statements

for the year ended March 31, 2023

## 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 22, 2023.

## 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, 2022.

#### a) Current versus non-current classification

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

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

All other assets are classified as non-current.

A liability is current when:

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

The 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.

# Notes to Financial Statements

for the year ended March 31, 2023

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.

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

# Notes to Financial Statements for the year ended March 31, 2023

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.

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, office 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.

# Notes to Financial Statements

for the year ended March 31, 2023

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

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.

# Notes to Financial Statements for the year ended March 31, 2023

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

## i) Financial instruments

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

### Financial assets

#### Initial recognition and measurement-

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

#### Subsequent measurement-

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

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

### A. Debt instruments

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

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

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

**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.



# Notes to Financial Statements

for the year ended March 31, 2023

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

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

## B. Equity instruments

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

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

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

## Derecognition

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

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

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred 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, 2023

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.

## 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.

# Notes to Financial Statements

for the year ended March 31, 2023

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.

#### 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.

# Notes to Financial Statements

for the year ended March 31, 2023

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

# Notes to Financial Statements

for the year ended March 31, 2023

## 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.

#### 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.

# Notes to Financial Statements

for the year ended March 31, 2023

## 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.

### 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.

# Notes to Financial Statements

for the year ended March 31, 2023

## p) Income tax

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

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

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

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

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.

# Notes to Financial Statements

for the year ended March 31, 2023

## 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.

## t) Changes in accounting policies and disclosures

### New and amended standards

Several amendments and interpretations apply for the first time in March 2023, 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.



# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 3a PROPERTY, PLANT AND EQUIPMENT

	Lease hold land	Right of use assets#	Buildings*	Plant and equipment	Furniture and fixtures	Vehicles	Office equipment	Total
<b>At cost or deemed cost</b>								
As at April 1, 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)
<b>As at March 31, 2022</b>	<b>803.50</b>	<b>855.31</b>	<b>3,000.68</b>	<b>7,781.60</b>	<b>399.24</b>	<b>301.44</b>	<b>65.98</b>	<b>13,207.75</b>
Additions	-	1,390.70	35.48	1,099.12	3.30	72.10	13.71	2,614.41
Disposals	-	(458.23)	-	(672.63)	(41.10)	(115.38)	(28.34)	(1,315.68)
<b>As at March 31, 2023</b>	<b>803.50</b>	<b>1,787.78</b>	<b>3,036.16</b>	<b>8,208.09</b>	<b>361.44</b>	<b>258.16</b>	<b>51.35</b>	<b>14,506.48</b>
<b>Accumulated depreciation</b>								
As at April 1, 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)
<b>As at March 31, 2022</b>	<b>38.56</b>	<b>486.27</b>	<b>122.92</b>	<b>3,096.31</b>	<b>122.91</b>	<b>146.50</b>	<b>54.51</b>	<b>4,067.98</b>
Depreciation expenses	10.19	278.21	51.28	717.52	36.77	57.30	4.38	1,155.65
Eliminated on disposals of assets	-	(458.23)	-	(618.92)	(36.98)	(115.38)	(28.34)	(1,257.85)
<b>As at March 31, 2023</b>	<b>48.75</b>	<b>306.25</b>	<b>174.20</b>	<b>3,194.91</b>	<b>122.70</b>	<b>88.42</b>	<b>30.55</b>	<b>3,965.78</b>
<b>Carrying amounts</b>								
<b>As at March 31, 2022</b>	<b>764.94</b>	<b>369.04</b>	<b>2,877.76</b>	<b>4,685.29</b>	<b>276.33</b>	<b>154.94</b>	<b>11.47</b>	<b>9,139.77</b>
<b>As at March 31, 2023</b>	<b>754.75</b>	<b>1,481.53</b>	<b>2,861.96</b>	<b>5,013.18</b>	<b>238.74</b>	<b>169.74</b>	<b>20.80</b>	<b>10,540.70</b>

\* Pending registration of one location (Gross carrying amount : ₹ 285.99 Lakhs; Net carrying amount ₹ 195.35)

# Refer Note 39.

The Company follows a Cost Model for subsequent measurement of Property plant and equipment and hence no revaluation is done.

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.

# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 3b

### CAPITAL WORK-IN-PROGRESS

	As at March 31, 2023	As at March 31, 2022
Capital work-in-progress (CWIP)	187.34	372.01
	<b>187.34</b>	<b>372.01</b>

₹ In Lakhs

Movement of capital work-in-progress

Particulars	Opening balance	Addition during the year	Capitalised / disposed off during the year	Closing balance
As at March 31, 2023	372.01	56.00	240.67	187.34
As at March 31, 2022	523.43	787.01	938.43	372.01

Capital work-in-progress ageing schedule

CWIP	As at March 31, 2023				
	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	47.69	-	6.61	0.69	54.98
Projects temporarily suspended	0.80	-	131.55	-	132.36

₹ 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

There is no project which is overdue or has exceeded its cost compared to its original plan as at balance sheet date.

## NOTE 3c

### OTHER INTANGIBLE ASSETS

	Computer software
<b>At cost or deemed cost</b>	
As at April 1, 2021	107.23
Additions	-
Disposals	-
<b>As at March 31, 2022</b>	<b>107.23</b>
Additions	8.55
Disposals	-
<b>As at March 31, 2023</b>	<b>115.78</b>

₹ In Lakhs

# Notes to Financial Statements

for the year ended March 31, 2023

	₹ In Lakhs
	<b>Computer software</b>
<b>Accumulated amortisation</b>	
As at April 1, 2021	38.73
Amortisation expenses	21.45
Eliminated on disposals of assets	-
<b>As at March 31, 2022</b>	<b>60.18</b>
Amortisation expenses	21.43
Eliminated on disposals of assets	-
<b>As at March 31, 2023</b>	<b>81.61</b>
<b>Carrying amounts</b>	
<b>As at March 31, 2022</b>	<b>47.05</b>
<b>As at March 31, 2023</b>	<b>34.17</b>

## NOTE 3d

### INTANGIBLE ASSETS UNDER DEVELOPMENT

	As at March 31, 2023	As at March 31, 2022
Intangible assets under development	2,512.65	2,264.52
	<b>2,512.65</b>	<b>2,264.52</b>

#### Movement of Intangible assets under development

Particulars	Opening balance	Addition during the year	Capitalised / disposed off during the year	Closing balance
<b>As at March 31, 2023</b>	<b>2,264.52</b>	<b>248.13</b>	<b>-</b>	<b>2,512.65</b>
<b>As at March 31, 2022</b>	<b>-</b>	<b>2,264.52</b>	<b>-</b>	<b>2,264.52</b>

#### Intangible assets under development ageing schedule

Intangible assets under development	As at March 31, 2023				
	Amount in Intangible asset under development for a period of				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	248.13	2,264.52	-	-	2,512.65
Projects temporarily suspended	-	-	-	-	-

Intangible assets under development	As at March 31, 2022				
	Amount in Intangible asset under development 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	-	-	-	-	-

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, 2023

## NOTE 4

### BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS (NON-CURRENT)

	As at March 31, 2023	As at March 31, 2022
<b>Deposit accounts</b>		
Fixed deposits with bank	15,000.00	-
	<b>15,000.00</b>	<b>-</b>

₹ In Lakhs

## NOTE 5

### OTHER FINANCIAL ASSETS (NON-CURRENT)

	As at March 31, 2023	As at March 31, 2022
Interest accrued on fixed deposits (unsecured, considered good)	229.93	-
Security deposits - Unsecured, considered good	45.91	44.35
Other receivables	2,465.10	2,273.70
	<b>2,740.94</b>	<b>2,318.05</b>

₹ In Lakhs

## NOTE 6

### DEFERRED TAX ASSETS (NET)

	As at April 01, 2022	Recognised in profit or loss	As at March 31, 2023
<b>Deferred tax (liabilities) / assets in relation to :</b>			
Difference between written down value of property, plant and equipment and capital work-in-progress as per books of accounts and income tax	(1,556.12)	(225.10)	(1,781.22)
Difference in carrying value and tax base of financial assets	(0.37)	(34.12)	(34.49)
Expenses claimed for tax purpose on payment basis	393.49	32.59	426.08
Deferred revenue	885.04	1,479.36	2,364.40
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)	277.96	(1,252.73)	(974.77)
	<b>-</b>	<b>-</b>	<b>-</b>

₹ In Lakhs

	As at April 01, 2021	Recognised in profit or loss	As at March 31, 2022
<b>Deferred tax (liabilities) / assets in relation to :</b>			
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	(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
	<b>-</b>	<b>-</b>	<b>-</b>

₹ In Lakhs

# Notes to Financial Statements

for the year ended March 31, 2023

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.

	As at March 31, 2023	As at March 31, 2022
₹ In Lakhs		
<b>Deductible temporary differences, unused tax losses and unused tax credits for which no deferred tax assets have been recognised are attributable to the following :</b>		
Tax losses	1,28,601.23	1,11,105.82
Unabsorbed depreciation	20,926.18	19,391.45

## NOTE 7

### INCOME TAX ASSETS (NET)

	As at March 31, 2023	As at March 31, 2022
₹ In Lakhs		
Advance income tax* (Net of provisions)	6,259.78	6,691.49
	<b>6,259.78</b>	<b>6,691.49</b>

\* Includes amount paid under protest.

## NOTE 8

### OTHER ASSETS (NON-CURRENT)

	As at March 31, 2023	As at March 31, 2022
₹ In Lakhs		
<b>Unsecured, considered good unless otherwise stated</b>		
Capital advances	174.74	46.67
Prepaid expenses	66.02	13.49
	<b>240.76</b>	<b>60.16</b>

## NOTE 9

### INVESTMENTS (CURRENT)

	As at March 31, 2023		As at March 31, 2022	
	Quantity (In No.)	Amount (₹ In Lakhs)	Quantity (In No.)	Amount (₹ In Lakhs)
₹ In Lakhs				
<b>Investments stated at fair value through profit and loss</b>				
<b>Investments in mutual funds</b>				
<b>Unquoted*</b>				
DSP Liquidity Fund-Direct Plan-Growth (Face value of ₹ 10 each)	18,246	587.01	-	-
ICICI Prudential Liquid Fund-Direct Plan Growth (Face value of ₹ 100 each)	5,04,715	1,681.64	-	-
Nippon India Overnight Fund - Direct Plan Growth Plan - (ONAG) (Face Value of ₹ 100 each)	-	-	10,22,165	1,166.49
Nippon India Liquid Fund - Direct Plan Growth Plan - Growth Option (LFAGG) (Face Value of ₹ 1,000 each)	63,765	3,511.48	-	-
UTI Liquid Cash Plan - Direct Plan Growth (Face Value of ₹ 1,000 each)	1,02,193	3,770.31	-	-
		<b>9,550.44</b>		<b>1,166.49</b>

# Notes to Financial Statements

for the year ended March 31, 2023

	As at March 31, 2023		As at March 31, 2022	
	Quantity	Amount	Quantity	Amount
	(In No.)	(₹ In Lakhs)	(In No.)	(₹ In Lakhs)
<b>Investments stated at amortised cost</b>				
<b>Investments in certificate of deposits (CD)</b>				
<b>Unquoted</b>				
Axis Bank Limited	500	2,477.21	-	-
Bank of Baroda	500	2,482.50	-	-
Canara Bank Ltd.	500	4,936.26	-	-
ICICI Bank Ltd.	500	2,380.87	-	-
Small Industries Development Bank of India	500	4,843.72	-	-
State Bank of India	500	2,418.93	-	-
		<b>19,539.49</b>		
		<b>29,089.93</b>		<b>1,166.49</b>

Aggregate value of unquoted investments

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

## NOTE 10

### TRADE RECEIVABLES

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good (Refer Note 44)	3,271.43	2,773.61
Receivables which have significant increase in credit risk	-	-
Less : Impairment allowance (allowance for bad and doubtful debts)	-	-
	<b>3,271.43</b>	<b>2,773.61</b>

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 15 - 45 days.

Trade receivables ageing schedule

Particulars	As at March 31, 2023						Total
	Outstanding periods from due date of payment						
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables- considered good	2,656.98	614.45	-	-	-	-	<b>3,271.43</b>
(ii) Undisputed trade receivables- which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed trade receivables- credit impaired	-	-	-	-	-	-	-
(iv) Disputed trade receivables- considered good	-	-	-	-	-	-	-

# Notes to Financial Statements

for the year ended March 31, 2023

₹ In Lakhs

Particulars	As at March 31, 2023						Total
	Outstanding periods from due date of payment						
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(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)	-	-	-	-	-	-	-
(vii)Undisputed and disputed trade receivables- considered credit impaired	-	-	-	-	-	-	-

₹ In Lakhs

Particulars	As at March 31, 2022						Total
	Outstanding periods from due date of payment						
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
(i) Undisputed trade receivables- considered good	2664.42	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)	-	-	-	-	-	-	-
(vii)Undisputed and disputed trade receivables- considered credit impaired	-	-	-	-	-	-	-

Note : Unbilled revenue as at March 31, 2023 is ₹ 351.62 Lakhs (Previous Year ₹ 282.86 Lakhs)

# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 11

### CASH AND CASH EQUIVALENTS

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
<b>Balances with banks</b>		
In current accounts	58.14	122.08
Cash on hand	0.22	0.34
	<b>58.36</b>	<b>122.42</b>

Changes in liabilities arising from financing activities

Particulars	₹ In Lakhs							
	Balance as at April 01, 2022	Cash flows	Other	Balance as at March 31, 2023	Balance as at April 01, 2021	Cash flows	Other	Balance as at March 31, 2022
Current borrowings	7,500.00	(7,494.90)	-	5.10	11,804.52	(4,304.52)	-	7,500.00
Current Lease Liabilities	177.68	(335.68)	458.43	300.43	162.11	(209.23)	224.80	177.68
Non-current borrowings	-	-	-	-	11,250.00	(11,250.00)	-	-
Non Current Lease Liabilities	243.69	-	1,018.31	1,262.00	421.51	-	(177.82)	243.69

## NOTE 12

### BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS (CURRENT)

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
<b>Deposit accounts</b>		
Fixed deposits with bank	11,099.00	-
<b>Earmarked balances with banks</b>		
Share application money refund account	0.21	0.21
	<b>11,099.21</b>	<b>0.21</b>

## NOTE 13

### LOANS (CURRENT)

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
<b>Loans and advances to employees</b>		
Unsecured, considered good	53.90	33.47
	<b>53.90</b>	<b>33.47</b>

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.



# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 14

### OTHER FINANCIAL ASSETS (CURRENT)

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Interest accrued on fixed deposits (unsecured, considered good)	63.29	-
Unbilled revenue (Refer Note 44)	351.62	282.86
Other receivable	1.56	2.60
	<b>416.47</b>	<b>285.46</b>

## NOTE 15

### OTHER ASSETS (CURRENT)

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Prepaid expenses	332.79	247.61
Advances for supply of goods and services (considered good)	106.58	107.76
Balances with government authorities*	1,067.60	2,378.20
	<b>1,506.97</b>	<b>2,733.57</b>

\*Includes balances of Goods and Services Tax.

## NOTE 16

### EQUITY SHARE CAPITAL

	As at March 31, 2023		As at March 31, 2022	
	Number of shares	Amount (₹ In Lakhs)	Number of shares	Amount (₹ In Lakhs)
	₹ In Lakhs			
<b>Authorised</b>				
Opening balance (Equity shares of ₹ 1 each)	42,50,00,000	4,250.00	37,50,00,000	3,750.00
Addition during the year	-	-	5,00,00,000	500.00
Closing balance (Equity shares of ₹ 1 each)	<b>42,50,00,000</b>	<b>4,250.00</b>	<b>42,50,00,000</b>	<b>4,250.00</b>
<b>Issued, subscribed and fully paid up</b>				
Equity shares of ₹ 1 each*	27,18,78,966	2,718.87	26,20,47,506	2,620.56
Add : Shares issued against conversion of warrants (Refer note iv)	5,26,42,622	526.43	98,31,460	98.31
	<b>32,45,21,588</b>	<b>3,245.30</b>	<b>27,18,78,966</b>	<b>2,718.87</b>

\*Consequent to forfeiture of 12,537 equity shares in prior years and on receipt of unpaid amount thereon, the paid-up share capital of the Company have increased by ₹ 0.08 Lakhs.

# Notes to Financial Statements

for the year ended March 31, 2023

## 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 :

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Equity shares held	% of Holding	No. of Equity shares held	% of Holding
Dilip Shantilal Shanghvi	6,18,10,660	19.05%	3,65,29,761	13.44%
Shanghvi Finance Private Limited	13,72,11,787	42.28%	13,72,11,787	50.47%

₹ In Lakhs

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

Name of the shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Equity shares held	Amount ₹ in Lakhs	No. of Equity shares held	Amount ₹ in Lakhs
Opening balance	27,18,78,966	2,718.87	26,20,47,506	2,620.56
Add : Shares issued against conversion of warrants (Refer note iv)	5,26,42,622	526.43	98,31,460	98.31
<b>Closing balance</b>	<b>32,45,21,588</b>	<b>3,245.30</b>	<b>27,18,78,966</b>	<b>2,718.87</b>

₹ In Lakhs

- iv 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) was 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 previous financial year, the Company upon receipt of balance 75% of the issue price (i.e. ₹ 133.50/- per warrant) for 98,31,460 warrants, had allotted equal no. of fully paid up equity shares against conversion of said warrants exercised by the warrant holder(s). Whereas during the current financial year, for the remaining 5,26,42,622 warrants, the respective allottees have exercised their option for conversion/exchange the warrants into/for equity shares and accordingly, the company has allotted equal no. of fully paid up equity shares against conversion of said warrants exercised by the warrant holder(s).

- v No equity share has been allotted as fully paid up bonus shares and / bought back during the period of five years immediately preceding the date at which the balance sheet is prepared.

# Notes to Financial Statements

for the year ended March 31, 2023

## vi Details of shares held by promoters

As at March 31, 2023

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	3,65,29,761	2,52,80,899	6,18,10,660	19.05	5.61
2	Shanghvi Finance Private Limited	13,72,11,787	-	13,72,11,787	42.28	(8.19)
3	Mr. Sudhir Valia	18,33,951	-	18,33,951	0.57	(0.11)
4	Mrs. Vibha Dilip Shanghvi	10,63,236	-	10,63,236	0.33	(0.06)
5	Mr. Aalok Dilip Shanghvi	3,50,162	-	3,50,162	0.11	(0.02)
6	Ms. Vidhi Dilip Shanghvi	3,44,081	-	3,44,081	0.11	(0.02)
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	0.05	(0.01)
9	Mrs. Raksha S.Valia	41,45,231	-	41,45,231	1.28	(0.25)
10	Unimed Investments Limited	12,67,963	-	12,67,963	0.39	(0.08)
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	1.51	(0.29)
	<b>Total</b>	<b>18,78,34,196</b>	<b>2,52,80,899</b>	<b>21,31,15,095</b>	<b>65.67</b>	<b>(3.42)</b>

As at March 31, 2022

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 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)
	<b>Total</b>	<b>17,94,07,230</b>	<b>84,26,966</b>	<b>18,78,34,196</b>	<b>69.09</b>	<b>0.63</b>

# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 17

### OTHER EQUITY

		₹ In Lakhs	
		As at March 31, 2023	As at March 31, 2022
<b>A</b>	<b>Securities premium</b>		
	Opening balance	1,10,638.45	94,045.10
	Add: Premium on issue of equity shares against conversion of warrants [Refer Note 16(iv)]	70,277.90	17,401.69
	Add : Transferred from money received against share warrants	22,899.54	-
	Less : Transaction cost related to equity share capital	-	(808.34)
		<b>2,03,815.89</b>	<b>1,10,638.45</b>
<b>B</b>	<b>General reserve</b>	<b>3,397.66</b>	<b>3,397.66</b>
<b>C</b>	<b>Money received against share warrants</b>		
	Opening balance	23,425.97	
	Add : Amount received on issue of warrants convertible into equity shares [Refer Note 16(iv)]	-	23,425.97
	Less : Transfer to equity share capital and securities premium	(23,425.97)	
		<b>-</b>	<b>23,425.97</b>
<b>D</b>	<b>Retained earnings</b>		
	Opening balance	(1,37,058.38)	(1,16,888.48)
	Add : Loss for the year	(22,258.35)	(20,339.54)
	Add : Actuarial gain on remeasurement of defined benefit plan	135.39	169.64
		<b>(1,59,181.34)</b>	<b>(1,37,058.38)</b>
	<b>Total (A+B+C+D)</b>	<b>48,032.21</b>	<b>403.70</b>

#### Nature and purpose of each reserve

**Securities premium** - The amount received in excess of face value of the equity shares is recognised in securities premium. This would be utilised in accordance with the provisions of the Companies Act, 2013.

**General reserve** - The reserve arises on transfer portion on the net profit pursuant to the earlier provisions of the Companies Act, 1956. Mandatory transfer to general reserve is not required under the Companies Act, 2013. The Company can use this reserve for payment of dividend and issue of fully paid-up and not paid-up bonus shares.

## NOTE 18

### LEASE LIABILITIES (NON-CURRENT)

		₹ In Lakhs	
		As at March 31, 2023	As at March 31, 2022
	Lease liability (Refer Note 39)	1,262.00	243.69
		<b>1,262.00</b>	<b>243.69</b>

# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 19

### PROVISIONS (NON-CURRENT)

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
<b>Provision for employee benefits</b>		
Compensated absences	700.62	626.45
Gratuity (Refer Note 43)	113.18	188.18
	<b>813.80</b>	<b>814.63</b>

## NOTE 20

### OTHER LIABILITIES (NON-CURRENT)

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Deferred revenue (Refer Note 44)	11,764.73	6,684.50
	<b>11,764.73</b>	<b>6,684.50</b>

## NOTE 21

### BORROWINGS (CURRENT)

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Temporary Book Overdraft (Secured)*	5.10	-
<b>Current maturity of long term borrowings</b>		
<b>Secured term loan</b>		
Kotak Mahindra Bank Limited		
- Term loan from bank (secured)#	-	7,500.00
	<b>5.10</b>	<b>7,500.00</b>

# The company had taken term loan at 7.20% p.a. As at March 31, 2022, ₹ 7,500 lakhs was repayable by way of three equal instalments at ₹ 2,500 lakhs each. The loan was secured by Corporate Guarantee given by Shanghvi Finance Private Limited and charge on all existing and future current assets.

\* 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, 2023 Company is not required to file quarterly statement with the bank. Further, the Company has availed working capital facilities from ICICI Bank Limited on the basis of security of current assets. The Company has filed the quarterly statement with bank.

Quarter	Name of the Bank	Particulars of Securities provided	Amount as per books of accounts	Amount as reported in the quarterly return / statement	Amount of difference	Reason for material discrepancies
June 2022	ICICI Bank Ltd.	Trade receivables	2,639.56	2,639.56	-	N.A.
September 2022	ICICI Bank Ltd.	Trade receivables	3,482.65	3,482.65	-	N.A.
December 2022	ICICI Bank Ltd.	Trade receivables	3,332.13	3,332.13	-	N.A.
March 2023	ICICI Bank Ltd.	Trade receivables	3,271.43	3,271.43	-	N.A.

# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 22

### LEASE LIABILITIES (CURRENT)

	As at March 31, 2023	As at March 31, 2022
Lease liability (Refer Note 39)	300.43	177.68
	<b>300.43</b>	<b>177.68</b>

₹ In Lakhs

## NOTE 23

### TRADE PAYABLES

	As at March 31, 2023	As at March 31, 2022
Total outstanding dues of micro and small enterprises (Refer Note 38)	220.54	57.16
Total outstanding dues of creditors other than micro and small enterprises*	14,604.79	7,161.55
	<b>14,825.33</b>	<b>7,218.71</b>

₹ In Lakhs

Note : Trade payables comprises of payables due to directors and 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.

\* The Company has paused the development of SCO-120 program due to changing clinical landscape. Pursuant to this, the Company has made provision for committed costs for this program estimated at ₹ 2,700 lakhs payable to Sun Pharmaceutical Industries Limited.

Trade payable ageing schedule

Particulars	As at March 31, 2023						
	Outstanding periods from due date of payment						Total
	Unbilled dues	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(i) Micro and small enterprises	164.92	30.70	24.19	0.73	-	-	220.54
(ii) Others	8,671.09	2,941.45	2,981.63	-	3.99	6.63	14,604.79
(iii) Disputed dues - Micro and small enterprise	-	-	-	-	-	-	-
(iv) Disputed dues - others	-	-	-	-	-	-	-

₹ In Lakhs

Trade payable ageing schedule

Particulars	As at March 31, 2022						
	Outstanding periods from due date of payment						Total
	Unbilled dues	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
(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	-	-	-	-	-	-	-

₹ In Lakhs

# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 24

### OTHER FINANCIAL LIABILITIES (CURRENT)

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Interest accrued but not due on borrowings	-	57.21
Security deposits	-	17.74
Payable on purchase of property, plant and equipment	60.24	175.12
Payable to employees	1,109.86	888.29
Unclaimed excess share application money	0.21	0.21
Other financial liability	2.77	0.96
	<b>1,173.08</b>	<b>1,139.53</b>

## NOTE 25

### OTHER LIABILITIES (CURRENT)

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Statutory remittances	941.13	575.83
Advances from customers (Refer Note 44)	0.11	2.92
	<b>941.24</b>	<b>578.75</b>

## NOTE 26

### PROVISIONS (CURRENT)

	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
<b>Provision for employee benefits</b>		
Compensated absences	348.53	267.98
Gratuity (Refer Note 43)	300.86	260.24
	<b>649.39</b>	<b>528.22</b>

## NOTE 27

### REVENUE FROM OPERATIONS

	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from contracts with customers		
Sale of services - licence fees / royalty on technology / R&D services (Refer Note 44)	23,878.01	13,724.89
	<b>23,878.01</b>	<b>13,724.89</b>

# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 28

### OTHER INCOME

	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>Interest income on:</b>		
Deposits with banks	478.58	18.00
Loans to employees	1.28	0.83
Others (includes refund from government authorities)	279.68	122.21
	<b>759.54</b>	<b>141.04</b>
Net gain on sale of financial assets measured at fair value through profit or loss	208.06	45.11
Net gain arising on financial assets measured at fair value through profit or loss	118.46	1.28
	<b>326.52</b>	<b>46.39</b>
Net gain on disposal of property, plant and equipment	-	489.32
Miscellaneous income	1.68	7.71
	<b>1,087.74</b>	<b>684.46</b>

## NOTE 29

### COST OF MATERIALS CONSUMED

	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Materials consumed	2,211.08	1,827.12
	<b>2,211.08</b>	<b>1,827.12</b>

## NOTE 30

### EMPLOYEE BENEFITS EXPENSE

	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Salaries, wages and bonus	9,756.36	8,927.72
Contribution to provident and other funds*	632.76	591.03
Staff welfare expenses	310.70	311.89
	<b>10,699.82</b>	<b>9,830.64</b>

\* includes gratuity expense of ₹ 197.24 Lakhs (Previous year: ₹187.40 Lakhs)

## NOTE 31

### FINANCE COSTS

	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>Interest expense on:</b>		
Borrowings	714.58	1,285.89
Lease liabilities (Refer Note 39)	48.89	46.98
	<b>763.47</b>	<b>1,332.87</b>



# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 32

### OTHER EXPENSES

	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Consumption of stores and spare parts	515.60	437.77
Power and fuel	575.03	462.20
Rates and taxes	13.64	17.07
Insurance	75.94	150.51
Repairs and maintenance	621.30	528.90
Printing and stationery	16.47	14.88
Travelling and conveyance	388.43	100.24
License and fees	130.36	342.81
Communication expenses	39.89	31.55
Loss on sale/write-off of property, plant & equipment (net)	11.29	-
Net loss on foreign currency transactions	206.90	83.86
Payment to auditor		
As auditor		
For statutory audit	20.92	18.19
For limited review	8.00	7.06
For certification services	1.00	2.00
For reimbursement	3.90	0.04
Contract labour expenses	356.95	320.00
Membership fees and subscription	50.09	63.61
Software expenses	846.10	418.98
Miscellaneous expenses	349.60	156.90
	<b>4,231.41</b>	<b>3,156.56</b>

## NOTE 33

### CATEGORIES OF FINANCIAL INSTRUMENTS

Particulars	As at March 31, 2023			As at March 31, 2022		
	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
<b>Financial assets</b>						
Investments in mutual funds	9,550.44	-	-	1,166.49	-	-
Investment in certificate of deposits	-	-	19,539.49	-	-	-
Loans and advances to employees	-	-	53.90	-	-	33.47
Security deposits	-	-	45.91	-	-	44.35
Trade receivables	-	-	3,271.43	-	-	2,773.61
Cash and cash equivalents	-	-	58.36	-	-	122.42
Bank balances other than above	-	-	26,099.21	-	-	0.21
Interest accrued on fixed deposit	-	-	293.22	-	-	-
Unbilled revenue	-	-	351.62	-	-	282.86
Other receivables	-	-	2,466.66	-	-	2,276.30
<b>Total</b>	<b>9,550.44</b>	<b>-</b>	<b>52,179.80</b>	<b>1,166.49</b>	<b>-</b>	<b>5,533.22</b>

# Notes to Financial Statements

for the year ended March 31, 2023

Particulars	As at March 31, 2023			As at March 31, 2022		
	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
<b>Financial liabilities</b>						
Borrowings	-	-	5.10	-	-	7,500.00
Interest accrued but not due on borrowings	-	-	-	-	-	57.21
Trade payables	-	-	14,825.33	-	-	7,218.71
Security deposits	-	-	-	-	-	17.74
Payables on purchase of property, plant and equipment	-	-	60.24	-	-	175.12
Unclaimed excess share application money	-	-	0.21	-	-	0.21
Lease liabilities	-	-	1,562.43	-	-	421.37
Payable to employees	-	-	1,109.86	-	-	888.29
Others	-	-	2.77	-	-	0.96
<b>Total</b>	<b>-</b>	<b>-</b>	<b>17,565.94</b>	<b>-</b>	<b>-</b>	<b>16,279.61</b>

## 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			
	Carrying Value		Fair Value	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
<b>Financial assets:</b>				
Investments in mutual fund - unquoted	9,550.44	1,166.49	9,550.44	1,166.49
Investments in certificated of deposits - unquoted	19,539.49	-	19,539.49	-
<b>Total</b>	<b>29,089.93</b>	<b>1,166.49</b>	<b>29,089.93</b>	<b>1,166.49</b>

The management assessed that cash and cash equivalents, bank balance other than 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					
	As at March 31, 2023			As at March 31, 2022		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
<b>Financial assets at FVTPL</b>						
Investments in mutual funds	9,550.44	-	-	1,166.49	-	-
<b>Financial assets at amortised cost</b>						
Investment in certificate of deposits	-	19,539.49	-	-	-	-
<b>Total</b>	<b>9,550.44</b>	<b>19,539.49</b>	<b>-</b>	<b>1,166.49</b>	<b>-</b>	<b>-</b>

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.

# Notes to Financial Statements

for the year ended March 31, 2023

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, 2023 and March 31, 2022.

## 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	
	As at March 31, 2023	As at March 31, 2022
Debt (includes non-current borrowings, current borrowings and lease liabilities)	1,567.53	7,921.37
Less : cash and cash equivalents	58.36	122.42
Net debt	1,509.17	7,798.95
Total equity (including reserves)	51,277.51	3,122.57
Net debt to total equity ratio	0.03	2.50

## 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.

#### 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.

# Notes to Financial Statements

for the year ended March 31, 2023

## 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 ₹ **17,494.90 Lakhs** as on March 31, 2023 (Previous year : ₹ 7,500 Lakhs)

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

Particulars	As at March 31, 2023				As at March 31, 2022			
	Less than 1 year	1-3 years	More than 3 years	Total	Less than 1 year	1-3 years	More than 3 years	Total
	₹ In Lakhs							
<b>Non derivative</b>								
Borrowings	5.10	-	-	5.10	7,500.00	-	-	7,500.00
Lease liabilities	397.37	804.08	631.46	1,832.91	209.23	136.80	159.60	505.63
Trade payables	14,825.33	-	-	14,825.33	7,218.71	-	-	7,218.71
Other financial liabilities	1,173.08	-	-	1,173.08	1,139.53	-	-	1,139.53
<b>Total</b>	<b>16,400.88</b>	<b>804.08</b>	<b>631.46</b>	<b>17,836.42</b>	<b>16,067.47</b>	<b>136.80</b>	<b>159.60</b>	<b>16,363.87</b>

## Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: interest rate risk, currency risk and other price risk, such as equity price risk. Financial instruments affected by market risk include investments. The Company has designed risk management frame work to control various risks effectively to achieve the business objectives. This includes identification of risk, its assessment, control and monitoring at timely intervals.

## Foreign exchange risk

The Company's foreign exchange risk arises from its foreign operations, foreign currency revenues and expenses, (primarily in US Dollars, Euros). As a result, if the value of the Indian Rupee fluctuates relative to these foreign currencies, the Company's revenues and expenses measured in Indian Rupees may fluctuate. The exchange rate between the Indian Rupee and these foreign currencies have changed substantially in recent periods and may continue to fluctuate substantially in the future.

### a) Significant foreign currency risk exposure relating to trade receivables other receivable and trade payables

Particulars	As at March 31, 2023				As at March 31, 2022			
	US Dollars - equivalent ₹	Euro - equivalent ₹	Others - equivalent ₹	Total - equivalent ₹	US Dollars - equivalent ₹	Euro - equivalent ₹	Others - equivalent ₹	Total - equivalent ₹
	₹ In Lakhs							
<b>Financial assets</b>								
Trade receivables	615.53	-	-	615.53	11.38	-	-	11.38
Unbilled revenue	116.81	-	-	116.81	136.59	-	-	136.59
Other receivables	2,465.10	-	-	2,465.10	2,273.70	-	-	2,273.70
<b>Financial liabilities</b>								
Trade payables	10,497.28	226.62	150.60	10,874.50	6,308.74	29.89	82.97	6,421.61

### b) Sensitivity

For the years ended March 31, 2023 and March 31, 2022, 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

# Notes to Financial Statements

for the year ended March 31, 2023

the Company's equity by approximately ₹ 383.85 Lakhs and ₹ 200.00 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

Particulars	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Loss for the year (₹ in Lakhs)	(22,258.35)	(20,339.54)
Weighted average number of shares used in computing basic and diluted loss per share	28,46,95,959	26,31,44,166
Nominal / face value per share (in ₹)	1.00	1.00
Basic and diluted loss per share (in ₹)	(7.82)	(7.73)

## 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.

- The principal amount remaining unpaid as at March 31, 2023 in respect of enterprises covered under the "Micro, Small and Medium Enterprises Development Act, 2006" (MSMED) is ₹ 220.54 Lakhs (Previous year : ₹ 57.16 Lakhs).
- There are no amounts of interest paid/due/payable during the year/previous year/succeeding year. Also, there is no amount of interest accrued and remaining unpaid at the end of current accounting year/previous accounting year.
- The list of undertakings covered under MSMED was determined by the Company on the basis of information available with the Company and has been relied upon by auditors.

## NOTE 39

### LEASES

#### Right-of-use (ROU assets)

Particulars	₹ In Lakhs
	Amount
<b>At cost or deemed cost</b>	
<b>As at April 1, 2021</b>	855.31
Additions	-
Disposals	-
<b>As at March 31, 2022</b>	<b>855.31</b>
Additions	1,390.70
Disposals	(458.23)
<b>As at March 31, 2023</b>	<b>1,787.78</b>

# Notes to Financial Statements

for the year ended March 31, 2023

Particulars	₹ In Lakhs	
	Amount	
<b>Accumulated depreciation</b>		
<b>As at April 1, 2021</b>		324.06
Depreciation expenses		162.21
Eliminated on disposals of assets		-
<b>As at March 31, 2022</b>		<b>486.27</b>
Depreciation expenses		278.21
Eliminated on disposals of assets		(458.23)
<b>As at March 31, 2023</b>		<b>306.25</b>
<b>Carrying amounts (Refer Note 3a)</b>		
<b>As at March 31, 2022</b>		<b>369.04</b>
<b>As at March 31, 2023</b>		<b>1,481.53</b>

## Lease liability

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

Particulars	₹ In Lakhs	
	Amount	
As at April 1, 2021		583.62
Accretion of interest		46.98
Addition during the year		-
Addition / (deletion) due to foreign exchange loss / (gain)		-
Payments towards lease liability		(209.23)
<b>As at March 31, 2022</b>		<b>421.37</b>
Accretion of interest		48.89
Addition during the year		1,390.70
Addition / (deletion) due to foreign exchange loss / (gain)		37.15
Payments towards lease liability		(335.68)
<b>As at March 31, 2023</b>		<b>1,562.43</b>
<b>Lease liabilities (non-current) (Refer Note 18)</b>		
Lease liability		1,262.00
<b>Lease liabilities (Current) (Refer Note 22)</b>		
Lease liability		300.43
<b>Total lease liability</b>		<b>1,562.43</b>

## Lease liabilities - maturity analysis - contractual undiscounted cash flows

Particulars	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Not later than one year	397.37	209.23
Later than one year and not later than five years	1,435.54	296.40
Later than five years	-	-
<b>Amounts recognised in statement of profit and loss</b>		
Interest on lease liabilities	48.89	46.98
Foreign exchange loss / (gain)	37.15	-
Depreciation on right-to-use assets	278.21	162.21

# Notes to Financial Statements

for the year ended March 31, 2023

Annual lease costs on short term leases and low value asset leases amounted to NIL in the year ended March 31, 2023 and March 31, 2022.

## 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.

Particulars	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>ii. Secondary segment</b>		
<b>Revenue by geography</b>		
Within India	10,706.03	13,222.83
Outside India	13,171.98	502.06
<b>Total revenue from operations</b>	<b>23,878.01</b>	<b>13,724.89</b>

[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)

Particulars	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
<b>i. Contingent liabilities</b>		
a) Guarantees given by the bankers against custom licenses	0.50	0.50
b) Disputed demands by Income tax authorities* (gross)	8,848.45	8,848.45
c) Disputed demands by Service tax authorities** (gross)	5,190.17	5,190.17
* Amount paid under protest is classified under income tax assets (Refer Note 7)	5,509.63	5,509.63
**Amount paid under protest is classified under other current assets (Refer Note 15)	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.

Particulars	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
<b>ii. Commitments</b>		
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of advances) *	140.06	508.75

# Notes to Financial Statements

for the year ended March 31, 2023

- 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.

\* The Company is committed to pay milestone payments on a contract, however obligation to pay is contingent upon fulfilment of contractual obligation by parties to the contract.

## 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 ₹ **418.00 Lakhs** (Previous year : ₹ 387.58 Lakhs).

Particulars	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Contribution to Provident Fund and Family Pension Fund	414.47	383.92
Contribution to ESIC and Employees Deposit Linked Insurance (EDLI)	3.50	3.65
Contribution to Labour Welfare Fund	0.03	0.00

#### Defined benefit plan

##### a) Gratuity

In respect of Gratuity, a defined benefit plan, contributions are made to LIC's Recognised Group Gratuity Fund Scheme. It is governed by the Payment of Gratuity Act, 1972. Under the Gratuity Act, employees are entitled to specific benefit at the time of retirement or termination of the employment on completion of five years or death while in employment. The level of benefit provided depends on the member's length of service and salary at the time of retirement/termination age. Provision for gratuity is based on actuarial valuation done by an independent actuary as at the year end. Each year, the Company reviews the level of funding in gratuity fund. The Company decides its contribution based on the results of its annual review. The Company aims to keep annual contributions relatively stable at a level such that the fund assets meets the requirements of gratuity payments in short to medium term.

##### b) Other long term benefit plan

Actuarial valuation for compensated absences is done as at the year end and the provision is made as per Company rules with corresponding charge to the statement of profit and loss amounting to ₹ **279.38 Lakhs** (Previous year : ₹ 161.63 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



# Notes to Financial Statements

for the year ended March 31, 2023

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, 2023 Gratuity (Funded)	Year ended March 31, 2022 Gratuity (Funded)
<b>I. Reconciliation of liability/(asset) recognised in the balance sheet</b>		
Present value of obligation at the end of the year	2,153.62	2,019.97
Fair value of plan assets at the end of the year	(1,739.58)	(1,571.55)
Net liability recognised in the financial statement	414.04	448.42
<b>II. Movement in net liability / (asset) recognised in the balance sheet</b>		
Net liability / (assets) as at beginning of the year	448.42	538.16
Net expense recognised in the statement of profit and loss	197.24	187.40
Net expense / (gain) recognised in other comprehensive income	(135.39)	(169.64)
Net (liability) / asset transfer out	-	(22.88)
Net (liability) / asset transfer in	-	9.95
Contribution during the year	(96.23)	(86.17)
Benefit paid by the employer	-	(8.40)
Net liability / (asset) as at the end of the year (Refer Note 19 and 26)	414.04	448.42
<b>III. Net interest cost for the current year</b>		
Interest cost	140.12	120.83
Interest income	(108.91)	(86.77)
Net interest cost for the current year	31.21	34.06
<b>IV. Expense recognised in the statement of profit and loss</b>		
Current service cost	166.03	153.34
Net interest cost for the current year	31.21	34.06
Expense charged to the statement of profit and loss	197.24	187.40
<b>V. Expense recognised in the other comprehensive income (OCI)</b>		
Actuarial (gains) / losses on obligation for the year	(129.47)	(74.37)
Return on plan assets excluding interest income	(5.92)	(95.27)
Net expenses/ (income) recognised in the OCI	(135.39)	(169.64)
<b>VI. Return on plan assets</b>		
Expected return on plan assets	108.91	86.77
Actuarial gain	5.92	95.27
Actual return on plan assets	114.83	182.04
<b>VII. Reconciliation of defined-benefit obligations</b>		
Obligation as at the beginning of the year	2,019.97	1,908.85
Current service cost	166.03	153.34
Liability transfer out	-	(22.88)
Liability transfer in	-	9.95
Interest cost	140.12	120.83
Benefits paid	(43.03)	(67.35)
Benefit paid by the employer	-	(8.40)

# Notes to Financial Statements

for the year ended March 31, 2023

Particulars	₹ In Lakhs	
	Year ended March 31, 2023 Gratuity (Funded)	Year ended March 31, 2022 Gratuity (Funded)
Actuarial (gain) / loss arising from changes in financial assumptions	(38.61)	(84.73)
Actuarial (gain) / loss arising from demographic assumptions	(90.17)	1.69
Actuarial (gain) / loss arising from changes in experience adjustments	(0.69)	8.67
Obligation as at the end of the year	2,153.62	2,019.97
<b>VIII. Reconciliation of plan assets</b>		
Plan assets as at the beginning of the year	1,571.55	1,370.69
Expected return on plan assets	108.91	86.77
Actuarial gain on plan assets	5.92	95.27
Employer's contribution during the year	96.23	86.17
Benefits paid	(43.03)	(67.35)
Plan assets as at the year end	1,739.58	1,571.55
<b>IX. Actuarial assumptions</b>		
Discount rate	7.35%	6.96%
Expected return on plan assets	7.35%	6.96%
Expected rate of salary increase	10.00%	10.00%
Mortality	Indian Assured Lives Mortality (2012-14)	Indian Assured Lives Mortality (2012-14)
Attrition rate	12% p.a.	8% p.a.
Retirement age (years)	60-67 years	60-67 years
<b>X. Investment details</b>		
Insurance fund	1,739.58	1,571.55
<b>XI. Sensitivity analysis for significant assumptions :</b>		
Benefit obligation as at the end of the year	2,153.62	2,019.97
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	(92.29)	(121.69)
Delta effect of -1% change in rate of discounting	102.22	137.72
Delta effect of +1% change in rate of salary increase	98.69	132.40
Delta effect of -1% change in rate of salary increase	(90.96)	(119.55)
Delta effect of +1% change in rate of employee turnover	(15.39)	(24.69)
Delta effect of -1% change in rate of employee turnover	16.75	27.34
<b>XII. Maturity analysis of projected benefit obligation</b>		
Projected benefits payable in future years from the date of reporting		
1st following year	440.96	146.99
2nd following year	200.89	285.78
3rd following year	349.60	172.24
4th following year	173.05	294.55
5th following year	249.66	119.29
Sum of years 6 to 10	873.07	911.37
Sum of Years 11 and above	978.74	1,593.85

# Notes to Financial Statements

for the year ended March 31, 2023

## 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 in next financial year ending March 31, 2024 ₹ **300.87 Lakhs** (Previous year : ₹ 260.25 Lakhs).

## NOTE 44

### REVENUE FROM CONTRACT WITH CUSTOMERS:

Particulars	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Revenue from contract with customers	23,878.01	13,724.89

Particulars	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Trade receivables (Refer Note 10)	3,271.43	2,773.61
Contract assets (Refer Note 14)	351.62	282.86
Contract liabilities (Refer Note 20 and 25)	11,764.84	6,687.42

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 ₹ **5,138.64 Lakhs** (Previous year : ₹ 2,760.25 Lakhs) 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 19 and 26]
- 2 Contingent liabilities [Refer Note 42]
- 3 Financial risk management [Refer Note 36]

# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 46

The Company does not have any transactions and balances with companies which are struck off except shares held by 9 shareholders holding 4,801 shares (Previous year 4,801 shares) having face value of ₹ 1 per share.

## NOTE 47

### RATIO ANALYSIS AND ITS ESTIMATES

Ratio	Numerator	Denominator	March 31, 2023	March 31, 2022	% change
Current ratio (Refer Note 47.1)	Current assets	Current Liabilities	2.54	0.42	513%
Debt- Equity Ratio (Refer Note 47.2)	Total debt + lease liability (Non-current and current borrowings)	Total equity	0.03	2.54	(99%)
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	(0.66)	(0.65)	2%
Return on Equity ratio (Refer Note 47.3)	Loss for the year	Average shareholder's equity	(81.83%)	(296.87%)	72%
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	7.90	6.06	30%
Trade Payable Turnover Ratio	Cost of materials consumed and Clinical trial expenses	Average trade payable	1.56	1.55	0%
Net Capital Turnover Ratio (Refer Note 47.6)	Revenue from operations	Working capital = Current assets - Current liabilities	0.87	(1.37)	(163%)
Net loss ratio (Refer Note 47.5)	Loss for the year	Revenue from operations	(0.93)	(1.48)	37%
Return on Capital Employed (Refer Note 47.3)	Loss before interest and taxes	Capital employed = Tangible net worth + Total debt + Lease liability	(42.73%)	(217.66%)	(80%)
Return on Investment (Refer Note 47.7)	Income from investment	Average investment	2.86%	7.12%	(60%)

Note 47.1 Increase in current ratio is due to increase in investment in mutual funds, certificate of deposits and fixed deposits.

Note 47.2 Decrease in debt equity ratio is due to repayment of borrowings on receipt of funds on issue equity shares against conversion of warrants.

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 Increase in trade receivable turnover ratio / net loss ratio is due to higher out-licensing revenue in the current year.

Note 47.6 Increase in Net capital turnover ratio is due to higher outlicensing revenue and increase in working capital during the current year.

Note 47.7 Decrease Return on investment ratio is due to higher investment made towards end of the current year.

# Notes to Financial Statements

for the year ended March 31, 2023

## 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.
- (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.

# Notes to Financial Statements

for the year ended March 31, 2023

## NOTE 49

The Company had an information security incident (the 'incident') that impacted some of the IT assets and infrastructure which the Company uses. Necessary steps were taken to gauge, contain and mitigate the impact of the incident as well as to safeguard the integrity of the systems infrastructure which included isolating its network and initiating recovery procedures. The Company believes there is no material legal non-compliance by the Company on account of the incident and all known impacts on its financial statements for the year ended March 31, 2023 on account of this incident have been considered. The Company is strengthening its cybersecurity infrastructure and is in the process of implementing improvements to its cyber and data security systems to safeguard against such risks in the future. The Company is also implementing certain long-term measures to augment its security controls systems across the organisation.

## 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.

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 AMIT SINGH**

Partner

Membership No. 408869

Place : Mumbai

Date : May 22, 2023

For and on behalf of the Board of Directors of

**SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED**

**ANIL RAGHAVAN**

Chief Executive Officer

**CHETAN M. RAJPARA**

Chief Financial Officer

**DINESH LAHOTI**

Company Secretary

**DILIP S. SHANGHVI**

Chairman

DIN: 00005588

**SUDHIR V. VALIA**

Director

DIN: 00005561

Place : Mumbai

Date : May 22, 2023

# Notes to Financial Statements

for the year ended March 31, 2023

## 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) <sup>#</sup>
Sudhir V. Valia	Non-Executive Director
Rajamannar Thennati	Non-Executive Director
Bhavna Doshi	Independent Director
Ferzaan Engineer	Independent Director
Robert Jay Spiegel	Independent Director
Anil Raghavan	Chief Executive Officer <sup>#</sup>

#### 2. Holding Company

Shanghvi Finance Private Limited (Ceased to be the holding company w.e.f. January 6, 2023)

#### 3. Enterprises under significant influence/are controlled by Key Management Personnel (with whom transactions are entered)

Alkaloida Chemical Company ZRT	Spiegel Consulting LLC
Antique Stock Broking Limited	Sun Pharma Laboratories Limited
PV Power Technologies Pvt. Ltd.	Sun Pharmaceutical Industries Europe BV
OHM Laboratories Inc.	Sun Pharmaceutical Industries Inc.
Sun Pharma Global FZE**	Sun Pharmaceutical Industries Limited
Sun Pharmaceutical Medicare Limited	Taro Pharmaceuticals Industries Limited
	Taro Pharmaceuticals U.S.A., Inc.

\*\* Sun Pharma Global FZE has been merged with Sun Pharmaceutical Industries Ltd. w.e.f. October 1, 2021

#### 1. Transaction with Key Management Personnel (KMP)

Particulars	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>Director sitting fees</b>		
Dilip S. Shanghvi	3.30	3.00
Sudhir V. Valia	6.90	7.80
Bhavna Doshi	6.30	7.80
Rajamannar Thennati	3.60	4.20
Ferzaan Engineer	5.40	7.20
Robert Jay Spiegel	5.40	7.20
<b>Issue of warrants convertible into equity shares</b>		
Dilip S. Shanghvi	-	15,000.00
<b>Issue of equity shares against conversion of warrants</b>		
Dilip S. Shanghvi	33,750.00	11,250.00
<b>Remuneration</b>		
Anil Raghavan <sup>#</sup>	501.67	389.23

# Notes to Financial Statements

for the year ended March 31, 2023

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. Anil Raghavan has been appointed as manager and whole time key managerial personnel of the Company, designated as the Chief Executive Officer. Accordingly, the remuneration is on pro-rata basis for the year ended March 31, 2022.

## 2. Transaction with Holding Company

Particulars	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>Shanghvi Finance Private Limited</b>		
Loan received	-	7,000.00
Loan repayment	-	15,000.00
Interest paid	-	236.60
Corporate guarantee received*	-	20,000.00

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

Particulars	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
<b>Alkaloida Chemical Company ZRT</b>		
Purchase of goods	-	1.71
<b>Antique Stock Broking Limited</b>		
Professional fees	-	768.00
<b>PV Power Technologies Pvt. Ltd.</b>		
Purchase of property, plant and equipment	6.35	-
<b>Spiegel Consulting LLC</b>		
Professional fees	41.09	75.78
<b>Sun Pharma Global FZE</b>		
Sale of services - License fees / Royalty on technology / R&D services	-	279.98
<b>Sun Pharma Laboratories Limited</b>		
Sale of services - License fees / Royalty on technology / R&D services	5,371.40	4,418.08
Purchase of goods	1.57	3.61
<b>Sun Pharmaceutical Industries Europe BV</b>		
Reimbursement of expenses paid	61.42	4.08
Receiving of research and development services	107.20	-
<b>Sun Pharmaceutical Industries Inc.</b>		
Sale of services - License fees / Royalty on technology / R&D services	12,399.26	5.30
Deferred revenue	4,089.63	-
Reimbursement of expenses paid	382.48	208.38
Receiving of research and development services	7,819.00	2,091.12
Purchase of goods	1.43	7.12
<b>Sun Pharmaceutical Industries Limited</b>		
Sale of services - License fees / Royalty on technology / R&D services	5,334.63	8,524.77
Purchase of goods	478.42	528.86
Purchase of property, plant and equipment	37.84	20.50
Payment of lease liabilities	209.23	209.23
Receiving of research and development services	81.57	682.42



# Notes to Financial Statements

for the year ended March 31, 2023

Particulars	₹ In Lakhs	
	Year ended March 31, 2023	Year ended March 31, 2022
Sale of property, plant and equipment	25.39	-
Reimbursement of expenses paid	238.74	198.56
Reimbursement of expenses received	19.09	46.40
<b>Sun Pharmaceutical Medicare Limited</b>		
Purchase of goods	0.20	-
Reimbursement of expenses paid	0.81	-
<b>Taro Pharmaceuticals Industries Limited</b>		
Sale of services - R&D services	18.37	14.42
<b>Taro Pharmaceuticals U.S.A., Inc.</b>		
Payment of lease liabilities	126.45	-

## Balances outstanding - receivable / (payable)

Particulars	₹ In Lakhs	
	As at March 31, 2023	As at March 31, 2022
Rajamannar Thennati	(0.54)	-
Sudhir V. Valia	(0.54)	-
OHM Laboratories Inc.	-	(12.27)
Spiegel Consulting LLC	(41.09)	(18.95)
Sun Pharma Laboratories Limited	1,709.03	1,372.78
Sun Pharmaceutical Industries Europe BV	(168.03)	(16.97)
Sun Pharmaceutical Industries Inc.	(4,035.54)	(1,681.54)
Sun Pharmaceutical Industries Limited	946.87	1,389.45
Taro Pharmaceuticals Industries Limited	1.08	11.38
Taro Pharmaceuticals U.S.A., Inc.	(38.01)	-

## 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 as at March 31, 2023 (Previous year : ₹ 20,000). Refer Note 21.







**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](http://www.sparc.life)



# Notice of Annual General Meeting

**NOTICE** is hereby given that Eighteenth (18th) Annual General Meeting of the members of Sun Pharma Advanced Research Company Limited ("**Company**") will be held on **Monday, August 07, 2023, at 03:30 P.M. (IST)**, 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, 2023 and the reports of the Board of Directors and Auditors thereon.**

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

**"RESOLVED THAT** the Audited Financial Statements of the Company for the year ended March 31, 2023 along with the reports of the Board of Directors and Auditors thereon be and are hereby received, considered and adopted."

2. **To re-appoint Dr. Rajamannar Thennati (DIN: 01415412), who retires by rotation and being eligible, has offered himself for re-appointment as a Director.**

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

**"RESOLVED THAT** in accordance with the provisions of Section 152 and other applicable provisions of the Companies Act, 2013, Dr. Rajamannar Thennati (DIN: 01415412), who retires by rotation at this meeting and being eligible, offers himself for re-appointment, be and is hereby re-appointed as a Director of the Company, liable to retire by rotation."

## **SPECIAL BUSINESS:**

3. **To approve the maximum remuneration of Mr. Anil Raghavan, Manager and Whole-time Key Managerial Personnel of the Company, designated as Chief Executive Officer (CEO), for further period of two years i.e. from May 25, 2024 to May 24, 2026.**

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

**"RESOLVED THAT** further to the resolution passed at the 16th Annual General Meeting of the Company held on September 29, 2021 ("Appointment Resolution") and pursuant to the provisions of Sections 196, 197, 198, 203 and other applicable

provisions, if any, of the Companies Act, 2013 (the "Act") and the Rules made thereunder read with Schedule V to the Act (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), relevant provisions of the Articles of Association of the Company, and subject to such approval(s) / sanction(s) as may be necessary under law, and pursuant to the recommendation by the Nomination and Remuneration Committee and the Board of Directors of the Company, the consent of the members of the Company be and is hereby accorded for maximum remuneration to be paid to Mr. Anil Raghavan, Manager and Whole-time Key Managerial Personnel of the Company, designated as Chief Executive Officer (CEO), for a further period of **2 (Two) years commencing from May 25, 2024 upto May 24, 2026**, that is, upto the expiry of his present term of office, on the same terms and conditions of his appointment and remuneration as were approved by the shareholders under the Appointment Resolution, which are set out in the draft revised agreement to be entered into between Mr. Anil Raghavan and the Company, and his existing appointment letter which inter-alia forms part of the said draft revised agreement (hereinafter referred to as "Agreement"), and material terms of which are given below, with the liberty to the Board of Directors to alter, vary and modify the terms and conditions of the appointment and/or remuneration, in such manner as may be agreed to between the Board of Directors and Mr. Anil Raghavan within and in accordance with the Act or any amendment thereto:

- 1) Mr. Anil Raghavan shall act as the Manager (designated as Chief Executive Officer) of the Company and may devote such time in the performance of his duties as Chief Executive Officer as necessary and expedient.
- 2) Subject to the control and supervision of the Board of Directors and subject to the provisions of the Act, Mr. Anil Raghavan in his capacity as Chief Executive Officer of the Company, shall have the powers for general conduct and management of the affairs the Company and he shall be entitled to exercise all such powers and to do all such acts and things the Company is authorized to exercise and all such powers, acts or things which are directed or required by the applicable provisions of the Act or such other applicable laws or under the Memorandum and Articles of Association of the Company or otherwise, except those to be exercised or done by the Company in General meeting or by the Board of Directors at their meeting only. Mr. Anil Raghavan shall perform such duties and exercise

such powers as are additionally entrusted to him by the Board of Directors from time to time.

- 3) **REMUNERATION:** Mr. Anil Raghavan shall be paid remuneration for his services as may be approved by the Board on the recommendation of the Nomination and Remuneration Committee of the Company, and shall be subject to annual review and revision, subject to his total remuneration (including salary, perquisites, allowances, etc.) not exceeding Rs. 8,00,00,000/- (Rupees Eight Crore only) per annum (or its equivalent, in any other currency).

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

**RESOLVED FURTHER THAT** in the event of any statutory amendments, modifications or relaxation by the Central Government to Chapter XIII (Appointment and Remuneration of Managerial Personnel) and/or Schedule V to the Companies Act, 2013, the Board of Directors of the Company be and is hereby authorized to revise the terms and conditions of appointment including remuneration and that the aforesaid Agreement between the Company and Mr. Anil Raghavan be suitably amended to give effect to such modification, relaxation or variation, subject to such approvals as may be required under law;

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

4. **To increase the limits applicable for making investments / extending loans and giving guarantees or providing securities in terms of Section 186 of the Companies Act, 2013.**

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

**"RESOLVED THAT** pursuant to the provisions of Section 186 of the Companies Act, 2013 (the "Act"), read with the Companies (Meetings of Board and its Powers) Rules, 2014 as amended from time to time and other applicable provisions, if any, of the Act (including any amendment(s), statutory modification(s) or re-enactment thereof(s) for the

time being in force), in accordance with the provisions of the Memorandum and Articles of Association of the Company and subject to such approvals, consents, sanctions, and permission as may be necessary, the consent of the members of the Company be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as the "Board", which term shall be deemed to include any committee of the Board constituted to exercise its powers, including the powers conferred by this resolution) to (a) give any loan to any person(s) or other body corporate(s); (b) give any guarantee or provide any security in connection with a loan to any other body corporate(s) or person(s); and (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate(s), as the Board may in its absolute discretion deem beneficial and in the interest of the Company, upto a maximum aggregate amount of Rs. 1,000 Crore (Rupees One Thousand Crore Only), outstanding at any point of time, over and above the permissible limits prescribed under Section 186(2) of the Act;

**RESOLVED THAT** that the Board be and is hereby authorised to negotiate the terms and conditions of the above said investments, loan(s), security(ies) or guarantee(s) as they deem fit and in the best interest of the Company and take all such steps as may be necessary to complete the same;

**RESOLVED FURTHER THAT** 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, 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 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 the 17th Annual General Meeting of the Company held on September 22, 2022 and pursuant to the provisions of Sections 23, 41, 42, 55, 62, 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 Re. 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 one or more public and/ or private offerings 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 Rs. 1,800 Crore (Rupees One Thousand Eight Hundred Crore 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 Rs 250 crores and five, where the issue size is greater than Rs 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 non-convertible 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 ICDR Regulations.

**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 if 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**

SD/-

**Dinesh Lahoti**

Company Secretary and  
Compliance Officer

Place: Mumbai

Date: May 22, 2023

**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

Email: [secretarial@sparcmail.com](mailto:secretarial@sparcmail.com)

Website: [www.sparc.life](http://www.sparc.life)

**NOTES:**

1. The Ministry of Corporate Affairs ("MCA") has, vide its circular dated December 28, 2022 read together with circulars referred therein, (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 18th Annual General Meeting of the Company (hereinafter referred to as the "AGM" or "Meeting") is being held through VC / OAVM. The Registered Office of the Company shall be the deemed venue for the AGM.
2. The Explanatory Statement pursuant to Section 102(1) of the Act setting out material facts concerning the Special Business to be transacted at the Meeting (item no. 3 to 5 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 Dr. Rajamannar Thennati (Director retiring by rotation and seeking re-appointment) and Mr. Anil Raghavan (resolution proposed for approval of remuneration as a Manager designated as CEO) are given under the heading "Profile of Director and Manager" forming part of this Notice.
3. In terms of the provisions of Section 152 of the Act, Dr. Rajamannar Thennati (DIN 01415412), Director of the Company, retire by rotation at the Meeting and being eligible for 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. Dr. Rajamannar Thennati is interested in the Item no. 2 of the Notice with regard to his re-appointment. Relatives of Dr. Rajamannar Thennati may be deemed to be interested in Item No. 2 of the Notice to the extent of their shareholding interest, if any, 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 and 2 of the Notice.
4. In line with MCA Circulars read with circulars issued by Securities and Exchange Board of India (SEBI) from time to time the Notice of the AGM along with the Annual Report for FY 2022-23 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. Members may note that the Notice of the 18th AGM along with the Annual Report for FY 2022-23 is also available for download on the website of the Company at [www.sparc.life](http://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](http://www.bseindia.com) and [www.nseindia.com](http://www.nseindia.com) respectively. The Notice of the 18th AGM is also available on the website of Central Depository Services (India) Limited ("CDSL") at [www.evotingindia.com](http://www.evotingindia.com), being the agency appointed by the Company for providing VC/OAVM facility and e-voting facility. Any shareholder desirous of receiving the physical copy of the same may send a request to the Company at [secretarial@sparcmail.com](mailto:secretarial@sparcmail.com)
5. Since the AGM is being held through VC/OAVM, the route map of the venue of the Meeting is not annexed hereto.
6. Generally, a member entitled to attend and vote at the meeting is entitled to appoint a proxy to attend and vote on a poll instead of himself and the proxy need not be a member of the Company. Since this AGM is being held through VC / OAVM pursuant to the MCA circulars, physical attendance of members has been dispensed with. Accordingly, the facility for appointment of proxies by the members will not be available for the AGM and hence the proxy form and attendance slip are not annexed hereto.
7. Members will be able to attend the 18th AGM on August 07, 2023 through VC/OAVM by following the instructions detailed in this Notice.
8. The Members can join the AGM through VC/OAVM fifteen (15) minutes before the scheduled time of the commencement of the Meeting by following the procedure mentioned in the Notice. The facility of participation at the AGM through VC/OAVM will be made available to at least 1000 members on first come first served basis. This will not include large Shareholders (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. Shareholders of the Company under the category of 'Institutional Investor' are encouraged to attend the Meeting and to exercise their vote.
9. Participation of members through VC/OAVM will be reckoned for the purpose of quorum for the AGM as per Section 103 of the Act.
10. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 and Regulation 44 of the Listing Regulations, and MCA Circulars, the Company is providing to the members the facility to exercise their right to vote at the Meeting by electronic means, i.e. remote e-voting and e-voting during

the Meeting (together referred to as "e-voting")

11. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the Depositories as on the Cut-off Date, i.e. Monday, July 31, 2023, shall only be entitled to avail the facility of e-voting and attend the Meeting. 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. 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 this Notice.
12. Members are informed that in case of joint holders attending the AGM, only such joint holder whose name stands higher in the order of the names in the Register of Members of the Company/ list of Beneficial Owners as on the Cut-off Date in respect of such joint holding will be entitled to vote, provided the votes are not already cast by remote e-voting.
13. 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 requested to send a certified copy (PDF/JPEG format) of its Board or Governing body resolution /Power of Attorney/ Authority letter etc. authorizing its representative to attend the AGM through VC/OAVM on its behalf and to vote through remote e-voting. The said resolution / authorization shall be sent by e-mail to [secretarial@sparcmail.com](mailto:secretarial@sparcmail.com) or the same can be uploaded on the e-voting portal i.e. [www.evotingindia.com](http://www.evotingindia.com).
14. Members who would like to express their views/ ask questions during the AGM may register themselves as a speaker by sending their request, mentioning the name, Demat account number/folio number, email id, mobile number, at [secretarial@sparcmail.com](mailto:secretarial@sparcmail.com) latest by August 03, 2023. 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.
15. 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](mailto:secretarial@sparcmail.com). These queries will be suitably replied to by the Company.
16. Relevant registers as required under the Act, will be available for inspection electronically by the members during the AGM. Relevant documents referred to in the 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](mailto:secretarial@sparcmail.com), mentioning their name, Demat account number/folio number, e-mail id and mobile number.
17. 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.
18. The Scrutinizer will, immediately after the conclusion of voting at the 18th 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 will be declared and the same along with the consolidated Scrutinizer's Report will be placed on the Company's website at [www.sparc.life](http://www.sparc.life) and on the website of CDSL at [www.evotingindia.com](http://www.evotingindia.com), as well as displayed on the notice board at the Registered Office and Corporate Office of the Company, within two working days of the conclusion of the Meeting. The Company will simultaneously forward the voting results to BSE Limited and National Stock Exchange of India Limited, where the shares of the Company are listed.
19. 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, August 07, 2023
20. In terms of the Listing Regulations, transfer of securities of listed companies held in physical form shall be effected only in demat mode. Further, SEBI, has also mandated that listed companies shall, while processing investor service requests pertaining to issue of duplicate share certificate, claim from Unclaimed Suspense Account, renewal/ exchange of share certificate, endorsement, sub-division / splitting / consolidation of share certificates, transmission,

transposition etc. issue securities only in demat mode. In view of this as also to eliminate all risks associated with physical shares and to get inherent benefits of dematerialization, shareholders holding shares in physical form are advised to avail the facility of dematerialization.

21. Shareholders holding shares in physical mode are requested to register / update KYC details such as PAN (Aadhar linked), Nomination Details, Contact Details (address with PIN, mobile number and email address), Bank Account Details (bank name, branch name, account number and IFS code) and Specimen Signature with the Company's Registrar and Transfer Agent ("RTA"), Link Intime India Private Limited. The relevant forms prescribed by SEBI for furnishing the above details are available on the Company's website at [www.sparc.life](http://www.sparc.life) as well as on RTA's website at [www.linkintime.co.in](http://www.linkintime.co.in). For any clarifications / queries with respect to the submission of above mentioned forms, shareholders may contact the RTA at +91 22 4918 6000 or by email on [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in). Folios where any of the above cited details / documents are not available on or after October 01, 2023 shall be frozen by the RTA. Such frozen folios shall not be eligible to lodge grievances, avail investor services or receive any payments like dividend, etc. unless they furnish complete documents / details. Shareholders are also advised to link their PAN with Aadhar as per the mandate of Central Board of Direct Taxes ("CBDT") to avoid freezing of folios on this account.
22. Shareholders holding shares in dematerialized mode, are requested to register / update KYC details such as PAN (Aadhar linked), Nomination Details, Contact Details (address with PIN, mobile number and email address), Bank Account Details (bank name, branch name, account number and IFS code) and Specimen Signature with the relevant Depository Participant (DP). Shareholders are also advised to link their PAN with Aadhar as per the mandate of CBDT.
23. Pursuant to Section 124 of the Act read with the Investor Education and Protection Fund Authority (Accounting, Audit, Transfer and Refund) Rules, 2016 ("IEPF Rules") an amount of Rs. 21,058/-, received as an application money in the year 2015-16 on account of Rights Issue and remaining unclaimed for seven years, was transferred to IEPF on May 16, 2023. The details of such members whose amount have been transferred are available on the website of the Company at [www.sparc.life](http://www.sparc.life). The said amount lying in IEPF can be claimed from IEPF Authority by the concerned member by making an application in Form IEPF-5 online on the website [www.iepf.gov.in](http://www.iepf.gov.in)

gov.in and by complying with requisite procedure.

24. Instructions for Remote E-Voting and E-Voting during the AGM:
  - i. **The remote e-voting period begins on Thursday, August 03, 2023 at 9:00 a.m. (IST) and ends on Sunday, August 06, 2023 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. Monday, July 31, 2023, 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 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 is given below:

Type of shareholders	Login Method
Individual Shareholders holding securities in Demat mode with <b>CDSL</b>	<ol style="list-style-type: none"> <li>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 is <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on Login icon and select New System Myeasi tab.</li> <li>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 &amp; voting during the meeting. Additionally, there is also links provided to access the system of all e-Voting Service Providers so that the user can visit the e-Voting service providers' website directly.</li> <li>3) If the user is not registered for Easi / Easiest, option t o register is available at CDSL's website <a href="http://www.cdslindia.com">www.cdslindia.com</a> and click on login of New System Myeasi Tab and then click on registration option</li> <li>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 <a href="http://www.cdslindia.com">www.cdslindia.com</a> home page. The system will authenticate the user by sending OTP on registered Mobile &amp; 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 will also be able to directly access the system of all e-Voting Service Providers.</li> </ol>
Individual Shareholders holding securities in demat mode with <b>NSDL</b>	<ol style="list-style-type: none"> <li>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: <a href="https://eservices.nsd.com">https://eservices.nsd.com</a> 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 &amp; voting during the meeting.</li> <li>2) If the user is not registered for IDeAS e-Services, option to register is available at <a href="https://eservices.nsd.com">https://eservices.nsd.com</a>. Select "Register Online for IDeAS "Portal" or click at <a href="https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp">https://eservices.nsd.com/SecureWeb/IdeasDirectReg.jsp</a></li> <li>3) Visit the e-Voting website of NSDL. Open web browser by typing the following URL: <a href="https://www.evoting.nsd.com/">https://www.evoting.nsd.com/</a> 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 &amp; voting during the meeting</li> </ol>

Type of shareholders	Login Method
Individual Shareholders (holding securities in Demat mode) login through their <b>Depository Participants</b>	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 <a href="mailto:helpdesk.evoting@cdslindia.com">helpdesk.evoting@cdslindia.com</a> 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 <a href="mailto:evoting@nsdl.co.in">evoting@nsdl.co.in</a> 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](http://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](http://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:

<b>For Physical shareholders and other than individual shareholders holding shares in Demat.</b>	
PAN	Enter your 10-digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both Demat shareholders as well as physical shareholders) <ul style="list-style-type: none"> <li>▪ 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.</li> </ul>
Dividend Bank Details <b>OR</b> Date of Birth (DOB)	Enter the Dividend Bank Details or Date of Birth (in dd/mm/yyyy format) as recorded in your Demat account or in the company records in order to login. <ul style="list-style-type: none"> <li>▪ 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.</li> </ul>

- 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: 230705010 for the Sun Pharma Advanced Research Company Limited.
- x. On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- xi. Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- xii. After selecting the resolution, you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK"; else to change your vote, click on "CANCEL" and accordingly modify your vote.
- xiii. Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- xiv. You can also take a print of the votes cast by clicking on "Click here to print" option on the Voting page.
- xv. If a Demat account holder has forgotten the login password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- xvi. There is also an optional provision to upload Board Resolution /Power of Attorney /Authority Letter etc. if any uploaded, which will be made available to scrutinizer for verification.

#### **xvii. 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](http://www.evotingindia.com) and register themselves under 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](mailto: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 will be mapped automatically & can be delink in case of any wrong mapping.
- It is Mandatory that, 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. together with attested specimen signature of the duly authorized signatory who are authorized to vote, to the Scrutiniser and to the Company at the e-mail address viz; [secretarial@sparcmail.com](mailto:secretarial@sparcmail.com) (designated e-mail address by company), if they have voted from individual tab & not uploaded same in the CDSL e-voting system for the scrutiniser to verify the same.

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

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



- 3) **For Individual Demat shareholders** – Please update your e-mail id & mobile no. with your respective Depository Participant (DP) which is mandatory while e-Voting & joining virtual meetings through Depository.

**xviii. 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 remote 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 remote 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 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 AGM.
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. If any votes are cast by the shareholders through the e-voting available during the AGM and if the same shareholders have not participated in the meeting through VC/OAVM facility, then the votes cast by such shareholders shall be considered invalid as the facility of e-voting during the meeting is available only to the shareholders attending the meeting.

- xviii. In case you have any queries or issues regarding attending AGM & e-voting from the CDSL e-voting system, you may write an e-mail to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) or contact 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](mailto:helpdesk.evoting@cdslindia.com) or call at toll free no.: 1800 22 55 33.

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

SD/-  
**Dinesh Lahoti**  
Company Secretary and  
Compliance Officer

Place: Mumbai  
Date: May 22, 2023

**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  
Email: [secretarial@sparcmail.com](mailto:secretarial@sparcmail.com)  
Website: [www.sparc.life](http://www.sparc.life)

**As required under Section 102 of the Companies Act, 2013 ("the Act"), the following Explanatory Statement sets out material facts relating to the Special Business as set out at Item Nos. 3 to 5 of the accompanying Notice dated May 22, 2023.**

### Item No. 3

**To approve the maximum remuneration of Mr. Anil Raghavan, Manager and Whole-time Key Managerial Personnel of the Company, designated as Chief Executive Officer (CEO), for further period of two years i.e. from May 25, 2024 to May 24, 2026:**

The members by passing a special resolution at the 16th Annual General Meeting held on September 29, 2021 had approved the appointment of Mr. Anil Raghavan as the Manager and Whole-time Key Managerial Personnel (designated as Chief Executive Officer) of the Company for a period of 5 (five) years with effect from May 25, 2021, including the remuneration to be paid to him in any financial year for a period of 3 (three) years with effect from May 25, 2021. However, in view of loss/ inadequacy of profit, the approval for remuneration to be paid to Mr. Anil Raghavan was obtained only for a period of 3 (three) years, pursuant to requirements of Schedule V of Companies Act, 2013 ("Act"). It is now proposed to obtain approval of the Members for remuneration to be paid to Mr. Anil Raghavan for further period of two years i.e. from May 25, 2024 to May 24, 2026, which is the remaining period of his present term of appointment.

The maximum remuneration to Mr. Anil Raghavan, approved by the members at the 16th AGM for the period period of 3 years i.e. from May 25, 2021 to May 24, 2024, was Rs. 8,00,00,000 (Rupees Eight Crore Only) per annum, within which limit the Nomination and Remuneration Committee and the Board approve the remuneration to be paid to Mr. Anil Raghavan. On the recommendation of the Nomination and Remuneration Committee, the Board of Directors at its meeting held on May 22, 2023 has considered and approved to retain the same maximum limit of Rs. 8,00,00,000/- (Rupees Eight Crore Only) per annum (or its equivalent, in any other currency) for his remaining period of his present term of appointment i.e. from May 25, 2024 to May 24, 2026 and the same is being recommended to the shareholders for their approval.

Pursuant to provisions of Section 197 read with Schedule V of the Act, in case the Company has no profit/ inadequate profits in any financial year during the tenure of a managerial personnel, the remuneration can be paid to such managerial personnel, as may be decided by the Board of Directors, if the approval of members is obtained by way of a Special Resolution. Since the net profit of the Company is presently negative in terms of the Act, it is proposed to seek members' approval by way of a Special

Resolution, to enable the Company to pay Remuneration as per the proposed resolution to Mr. Anil Raghavan, for his remaining tenure as the Manager and Whole-time Key Managerial Personnel of the Company, designated as Chief Executive Officer.

Members' approval is therefore sought for maximum remuneration to be paid to Mr. Anil Raghavan, as stated aforesaid and detailed in the resolution, for the aforesaid remaining period of his term of appointment, including the remuneration to be paid to him in event of loss or inadequacy of profits in any financial year during the aforesaid period, as recommended by the Nomination and Remuneration Committee and approved by the Board of Directors.

It may be noted that the main terms and conditions of Mr. Anil Raghavan's appointment, shall remain the same as per the special resolution passed by the members at the 16th Annual General Meeting of the Company held on September 29, 2021.

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

This explanatory statement and the Resolution set out at Item No. 3 of this Notice may also be read and treated as disclosure in compliance with the requirements of Section 190 of the Act.

The copy of the draft revised agreement to be entered into with Mr. Anil Raghavan is available for inspection by any member as detailed in point no. 16 of Notes to Notice of this 18th Annual General Meeting.

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

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

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

### I. General Information:

#### (i) Nature of Industry:

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

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

The Company carries on above business since its incorporation.

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

Not Applicable

#### (iv) Financial performance based on given indicators:

Particulars	(Rs. in Lakhs except EPS)	
	FY 2022-23	FY 2021-22
Profit (Loss) after Tax	(22,258.35)	(20,339.54)
Total Equity (Share capital + Other equity)	51,277.51	3,122.57
Revenue from operations	23,878.01	13,724.89
Earnings Per Share	(7.82)	(7.73)

#### (v) Foreign investments or collaborations, if any.

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

As on March 31, 2023, the shareholding of foreign investors, in the Company is detailed as under:

Particulars	No. of Shares	%
Foreign Portfolio Investors	11807384	3.64
Non Resident Indians (Repat)	639795	0.20
Overseas Bodies Corporates	9600	0.00
Foreign Institutional Investors	1200	0.00
<b>Total</b>	<b>12457979</b>	<b>3.84</b>

### II. Information about the appointee:

#### (i) Background details

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

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

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

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

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

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

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

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

**(ii) Past Remuneration:**

The remuneration to Mr. Anil Raghavan for financial year 2022-23 was as follows:

(In Rs.)		
Fixed Pay including notional gratuity	Variable pay	Total Remuneration
4,43,30,304	60,00,000	5,03,30,304

**(iii) Recognition or awards:**

NIL

**(iv) Job profile and its suitability**

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

**(v) Remuneration proposed**

Details of remuneration proposed for approval of the Shareholders at this 18th Annual General Meeting of the Company is as provided in the Resolution no. 3 in this Notice.

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

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

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

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

**III. Other information:**

**(i) Reasons of loss or inadequate profits**

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

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

The Company is monitoring its fixed costs and overheads tightly.

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

Various projects of the Company are in the late clinical stage evaluation and read outs are expected in couple of years.

**IV. Disclosures:**

The necessary disclosures have been mentioned in the Corporate Governance Report.

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

**Item No. 4**

Pursuant to the provisions of Section 186(2) of the Companies Act, 2013 (the "Act"), the Company shall not directly or indirectly (a) give any loan to any person or other body corporate; (b) give any guarantee or provide security in connection with a loan to any other body corporate or person; and (c) acquire by way of subscription, purchase or otherwise, the securities of any other body corporate, exceeding sixty per cent of its paid-up share capital, free reserves and securities premium account or one hundred per cent of its free reserves and securities premium account, whichever is higher.

Previously, the members of the Company at the 9th Annual General Meeting held on July 31, 2014 had accorded their consent to the Board by passing a special resolution to exercise the power beyond the limit laid down under Section 186(2) of the Act subject to aggregate limit of Rs. 250 Crore (Rupees Two Hundred and Fifty Crore only).

In view of the future outlook of the Company, its growth targets and prospects, the Company would require additional funding and is exploring various funds raising options as detailed in the Item No. 5 of this Notice. It would be prudent to have in place an

authority to park the said funds temporarily, until they are put in use for the purpose for which they have been raised.

Pursuant to the provisions of Section 186 of the Companies Act, 2013, the powers to make loan(s) and/or give any guarantee(s)/ provide any security(ies) in connection with loan(s) made to and to make investments in shares, debentures and/or any other securities of other body corporates, in excess of the limits prescribed, can be exercised by the Board with the consent of the shareholders obtained by passing a Special Resolution. In view of the above, approval of the members is sought by way of special resolution in terms of Section 186 of the Companies Act, 2013, to authorise the Board of Directors of the Company to exercise aforesaid powers, in one or more tranches, upto a maximum aggregate amount of Rs. 1,000 Crore (Rupees One Thousand Crore Only), outstanding at any point of time, over and above the permissible limits prescribed under Section 186(2) of the Act (presently being sixty percent of the company's paid up share capital, free reserves and securities premium account or one hundred percent of the Company's free reserves and securities premium account, whichever is more).

The Board recommends the Resolution as set out at Item no. 4 of the Notice for approval of the Members as a Special Resolution.

None of the Directors or Key Managerial Personnel of the Company and their relatives, are in any way concerned or interested in the Resolution as set out at Item no. 4 of this Notice.

#### Item No. 5

**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 17th Annual General Meeting held on September 22, 2022, for Rs. 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 May 22, 2023 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 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 Re. 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 Rs. 1,800 Crore (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 provisions of Section 62 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. 5 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 Section 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. 5 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**

SD/-  
**Dinesh Lahoti**  
Company Secretary and  
Compliance Officer

Place: Mumbai  
Date: May 22, 2023

**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  
Email: [secretarial@sparcmail.com](mailto:secretarial@sparcmail.com)  
Website: [www.sparc.life](http://www.sparc.life)

## PROFILE OF DIRECTOR AND MANAGER

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 / Manager who is proposed to be re-appointed / whose remuneration is to be approved are given below.

Name of the Director	Dr. Rajamannar Thennati
DIN	01415412
Date of Birth and Age	22-07-1961 (62 years)
Resume / Experience / Expertise in specific functional areas and Qualifications:	<p>Dr. Rajamannar is highly experienced and qualified in the field of Pharmaceutical Research &amp; Development and an inventor in several research areas. He has completed M. Sc. from University of Madras, Ph.D in Organic Chemistry from IIT Madras and Post-Doctoral from University of Zurich, Switzerland. He has filed over 250 patent applications and has 37 research publications in international journals. Several of his innovations are commercialised successfully and few were licensed. Further, he has recently filed one of the fastest IND from India in 30.5 months by HISHS research group (High impact innovations - sustainable health solutions), in the therapeutic area of metabolic disorders, addressing diabetes, obesity &amp; fatty liver disorders.</p> <p>Drug discovery projects directed by Dr Rajamannar while in SPARC are in phase 2 and phase 3 clinical programs in the areas of immunology and oncology, likely to have significant patient benefit with unmet medical need. These research innovations originating from Indian Research organizations are competing globally.</p> <p>Dr. Rajamannar is a Research Council Chairperson of CSIR-IICT, Hyderabad, Expert committee member of CSIR Drug Discovery Research Programs; Member, Board of Governors of NIPER, Mohali; Domain expert, development of mission mode project on active pharmaceutical ingredients for affordable health care, APIs-AHC, CSIR and Governing Council Member of Technology Information, Forecasting and Assessment Council (TIFAC, DST). He was invited to the formulation of India's 5th national Science Technology &amp; Innovation Policy, STIP2020, on Industrial Research &amp; Innovation.</p> <p>Dr. Rajamannar was invited to deliver Dr. J. C. RAY oration lecture at Indian Institute of Chemical Biology, Kolkata 2023. He is a recipient of Sir U N Brahmachari Award in 2021.</p> <p>Dr. Rajamannar has delivered several lectures at National and International Conferences. He was a Faculty for Ph.D Course work program in Organic Chemistry at NCL, Pune, also a Program Advisory Committee (PAC) member of DST-SERB [Science &amp; Engineering Research Board]. He was invited to be an Expert Review Panel Member, viz., at Departments of chemistry IIT, Chennai (2013) and IIT, Delhi (2014).</p> <p>His Professional Membership includes American Diabetes Association (ADA), European Association for the study of Diabetics (EASD), European Association for the study of liver (EASL), Chemical Research Society of India (CRSI), Chemical Biology Society of India, and American Chemical Society (ACS).</p>
Terms of appointment / re-appointment	In terms of Section 152 of the Companies Act, 2013, Dr. Rajamannar Thennati retires by rotation at the AGM and being eligible has offered himself for re-appointment
Remuneration last drawn	Dr. Rajamannar Thennati is a non-executive Director and did not draw any remuneration in the year 2022-23. He, however, was paid the sitting fees for attending Board/Committee meetings.
Remuneration proposed to be paid	Dr. Rajamannar Thennati 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	June 04, 2007
Relationship with other Directors / KMP's of the Company	None
No. of Meetings of the Board attended during the FY 23.	He attended all the meetings (five board meetings) held during the FY 23.
Directorship held in other companies in India (excluding foreign companies and section 8 companies) as on March 31, 2023.	Nil
Listed companies from which Director has resigned in the past 3 years (i.e. FY 21, FY 22, and FY 23)	Nil
Membership/ Chairmanship of Committees of other public companies in India	N.A.
No. of Equity Shares held in the Company (including as a beneficial owner for non-executive director) as on March 31, 2023	Holding singly or jointly as first holder: 35,657 shares

Name of the Manager	Mr. Anil Raghavan
DIN	N.A.
Date of Birth and Age	20-05-1968 (55 years)
Resume / Experience / Expertise in specific functional areas and Qualifications:	Please refer the resolution / explanatory statement set out at Item No. 3 of the Notice.
Terms of appointment / re-appointment	Please refer the resolution / explanatory statement set out at Item No. 3 of the Notice.
Remuneration last drawn	Please refer the resolution / explanatory statement set out at Item No. 3 of the Notice.
Remuneration proposed to be paid	Please refer the resolution / explanatory statement set out at Item No. 3 of the Notice.
Date of first appointment on the Board of the Company	N.A.
Relationship with other Directors / KMP's of the Company	None
No. of Meetings of the Board attended during the FY 23.	Not a Board member
Directorship held in other companies in India (excluding foreign companies and section 8 companies) as on March 31, 2023.	AIRAMATRIX PRIVATE LIMITED
Listed companies from which Director has resigned in the past 3 years (i.e. FY 21, FY 22, and FY 23)	Nil
Membership/ Chairmanship of Committees of other public companies in India	N.A.
No. of Equity Shares held in the Company (including as a beneficial owner for non-executive director) as on March 31, 2023	Nil