SPEECH DELIVERED BY MR. DILIP SHANGHVI, CHAIRMAN AND MANAGING DIRECTOR OF SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED AT THE 12th AGM OF THE COMPANY

Dear Shareholders,

On behalf of the board of directors, I take pleasure in welcoming you all to the 12th AGM of your Company.

At the outset I would like to thank you for your patience, trust and belief in our pursuit of innovation that is slowly but surely making progress towards creating novel therapeutic interventions for the underserved diseases and improving patient wellbeing.

Your Company is advancing its clinical programs prudently and replenishing its early stage portfolio with new promising programs.

Drug discovery is a long, arduous journey, navigating often unchartered territories against steep odds. It takes several years of multifunctional and multifactorial collaborative team work and significant investments to come up with a novel drug which moves the needle for patients. Your Company has made significant progress over last decade and built a promising clinical stage pipeline. We have filed 2 products with USFDA and 7 clinical stage programs recruiting patients globally. This is a significant achievement for a young drug discovery company operating in an eco-system which is still in its infancy. I would especially like to recognize our team who has worked tirelessly to pursue your Company's vision.

THE PROGESS AND IMPORTANT MIELSTONES IN 2016-17

Your Company crossed several important milestones in the year 2016-17 in its quest for developing new products for the regulated markets. We have provided updates on all key programs in the Management Discussion and Analysis section of the annual report which I assume as read. However, I would like to provide updates on and discuss some of our late stage programs here.

We completed the patient recruitment in pivotal clinical studies of Baclofen GRS and initiated pivotal Bio-equivalence (BE) study of Taclantis™ (PICN). Both Baclofen GRS and Taclantis™ address a significantly large market and have very attractive commercial propositions. Successful outcome of clinical studies of these programs may provide significant licensing revenues for SPARC.

We tested our tyrosine kinase inhibitor SUN – K0706 in healthy human volunteers and established its bioavailability and safety in single dose setting. We have now initiated SUN – K0706 dosing in Chronic Myeloid Leukemia (CML) patients. . We expect to complete the current Multiple Ascending Dose study and transition to the next phase of development in the current financial year.

We also successfully completed human Proof of Concept PK study for SDN – 021, an abuse deterrent formulation designed to deter oral multiple pill abuse and Phase 2 study for Brimonidine OD. We have now established clinical validation for these programs and are readying them for the advanced clinical studies.

Prescription Opioid drugs are one of the mostly widely prescribed drug classes for the treatment of acute and chronic pain in the USA. However, a large proportion of the prescription Opioids are misused /abused by recreational and habitual users

SDN –021 is a novel formulation of an immediate release Opioid drug, designed with a proprietary Abuse Deterrent drug delivery platform developed at SPARC. SDN –021 is designed to deliver prescribed doses with desired efficacy in relieving pain, while reducing the pharmacokinetic yield at multiple pill abuse or overdose to build deterrence. SDN –021 is also designed to deter abuse through nasal or other routes of abuse by preventing physical tampering. We are planning to initiate the Human Abuse Liability trials and other required studies in FY18.

Brimonidine OD is a once-a-day formulation of Brimonidine eye drops for Glaucoma which we have developed with our proprietary TearAct™Technology. The currently marketed product requires patients to be dosed three times a day, which poses treatment compliance challenges. We completed Phase 2 Proof of Concept study in 140 Glaucoma patients in Europe. We will now transition this program to late stage registration studies in the current financial year.

Your Company has taken note of the growing evidence of efficacy of ABL kinase inhibitors in Parkinson's disease patients and in other neurodegenerative conditions.. Parkinson's disease is a progressively debilitating disease of old age with a standard of care limited to providing symptomatic relief. A meaningful improvement in the disease can improve lives of millions of patients globally and hold significant commercial promise. We completed preclinical validation experiments, required toxicological studies, consultations with KOLs and USFDA and filed IND and initiated a dose range finding study in Parkinson's disease patients. We intend to prioritize this program depending on the outcome of additional preclinical studies and early stage clinical studies we are currently carrying out.

We licensed Elepsia™ XR to a subsidiary of Sun Pharmaceutical Industries Ltd. for US market and received upfront payment of USD 10 million. This is a significant milestone and validation of the value that our research programs can deliver.

In pharmaceutical R&D, your company seeks to excel in developmental execution. However, the exploratory research for the identification of disease pathways and novel targets and development of tool sets for screening potential drugs are carried out in global academic centers. We have realized the need for collaborating with Universities and Research Institutes to bring cutting edge science to our labs and use our development engine to advance it rapidly to create possibilities for truly differentiated therapeutic interventions. Last year, we signed agreements with three Universities in USA, for pursuing collaborative research for our discovery programs. We will continue to explore possibilities for more such collaborations in coming years.

We also had our share of challenges in the year 2016-17.

Marketing approval of both Xelpros™ and Elepsia™ was further delayed on account of the compliance issues at the manufacturing site of our partner. As a consequence, we could not realize the projected milestone and royalty income associated with the licensing and commercialization of these products. To mitigate the risk of further delay, we have now initiated technology transfer to alternative sites for both these products.

We recently announced the topline data from the pivotal clinical studies of Salmeterol – Fluticasone DPI. While the Peak Inspiratory Flow Rate study data were positive, Lower strength Pharmacokinetic study did not meet the bioequivalence criteria for Salmeterol component. While we plan to discuss the data with EU regulatory agencies to finalize next steps for this program, we anticipate a delay in gaining approval for the DPI product in our target markets.

These delays in realizing revenue and our growing clinical spend have resulted in increased cash burn during FY17. We expect higher cash burn in FY18 as we have several programs progressing towards advanced and expensive late stage clinical development. We therefore have raised additional funds through a preferential allotment of warrants.

We are expecting results from the pivotal studies of Baclofen GRS by Q3 FY18. Data from Taclantis™ may also be available by Q1 FY19. Positive outcomes of these pivotal studies may provide us additional revenue opportunities in next 12 to 24 months.

We have reorganized our early stage portfolio and therapy area focus over the last couple of years. We now have a balanced portfolio of NCEs and NDDS programs with a sharper focus on select type of cancers, inflammation and auto-immunity, neurodegenerative diseases and development of abuse deterrent formulations. We plan to graduate additional early development assets into clinical development phase during FY18.

I am happy to share with you our proposal to move SPARC R&D labs to a modern, dedicated facility in the outskirts of Vadodara. As you know, SPARC has been working out of a co-located lab it shares with Sun Pharmaceutical Industries Ltd. since its inception through the demerger. We believe SPARC needs a larger dedicated facility now given its aggressive growth intent and substantial promise. We seek your continued support as your company transitions to the next chapter of its exciting journey.

During the year, we worked to create a new SPARC logo which captures the essence of our identity and purpose, marking another key milestone in our evolution. Our new logo combines continuity and change by embracing our roots proudly, while expressing our aspiration and innovative soul through a powerful, modern composition. The key foundational pillars of the future we seek to create are Innovation, Integrity, Efficiency and Human Centricity, and these values come alive in an abstraction we call the “Lens of Life”. Lens of Life craftily brings together our heritage (Sun pharma) and the object of our pursuit (Life itself) in a bright visual statement which captures our very purpose - innovations inspired by life.

In a nutshell, your Company took major strides during the year 2016-17 and set the stage for accelerating its mission with several additional revenue generating opportunities in the short to medium term.

TRENDS IN PHARMACEUTICAL INDUSTRY

Pharmaceutical companies engaged in novel drug discovery research are at a cross roads.

Over last several decades, our industry has been prolific in developing new drugs and vaccines for serious life threatening and lifestyle disease like systemic infections, cancer, cardiovascular disease, pain and central nervous system disorders. Most companies created large and expensive captive research capabilities and invested billions of dollars in a hunt for new drugs, exhausting easy pickings. The pursuit of consequential new drugs addressing complex and unresolved diseases is becoming increasingly challenging. Commercial landscape of our industry is also experiencing

significant shifts with tougher pricing and reimbursement environment globally. Payers are increasingly demanding health economic data to justify pricing and there is a perceptible shift towards value based reimbursement in most major markets. These trends are likely to become more real in coming years.

Over a period of time, Industry has also witnessed a gradual decline in productivity from large internal R&D efforts, forcing serious R&D companies to explore newer models to sustain their pipeline growth and competitiveness. Industry is now increasingly dependent on in-licensing and aggressive partnering with both academia and smaller biopharma companies for early stage pipeline replenishment,

On the other hand there is remarkable progress in understanding of disease biology, elucidation of novel targets, development of cutting edge drug discovery tools, evolution of targeted drug delivery technologies and application of deep learning and analytics which has created a new sense of possibility and excitement. The demand for newer therapies to address unmet medical needs continues to remain high because of increasingly aging population and prevalence of chronic diseases.

This environment, pregnant with possibilities of new science in the backdrop of rapidly evolving business models across the R&D spectrum, is fueling the emergence of several small to medium research focused biotech companies worldwide. Almost 750 new drug discovery companies were reported over the past twelve months. The number of products in active development by the pharma and biotech industries rose to an all-time high in January 2017. New data shows that there were 14,872 pipeline projects in development in January 2017, an increase of 8.4% on the corresponding figure from 2016.

Both India and China are slowly joining the high stakes race for novel drugs. Established pharmaceutical companies in the generic/specialty generics space and pharmaceutical entrepreneurs are ramping up their discovery efforts with visible encouragement from Government to support innovative research. There is appreciable improvement in the regulatory environment with more globally aligned and transparent drug approval and clinical trial approval processes. Government in India is supporting and funding innovation and has created several funding mechanisms and incubators to encourage novel drug discovery research. There is great interest among private investors and venture capital firms in India to support innovative life sciences ventures and are funding them at attractive valuations.

Your Company is poised to take advantage of the changing global industry landscape and encouraging local environment. Over the last decade, we have built a promising clinical stage pipeline, strengthened our drug development capabilities and infrastructure and built an experienced and accomplished science team. In coming years, we will continue to aggressively partner with global academic centers to source early stage ideas to feed our cost efficient and accelerated development engine to substantially increase shareholder value.

FINANCIAL PERFORMANCE

Your Company earned net revenues of INR 19,465 lakhs. Our source of revenue largely includes royalty and milestone income for the products previously licensed to partner(s). We did not receive approval of Xelpros™ and Elepsia™ XR due to GMP compliance issues at our partner's manufacturing site. Our milestone and royalty income linked to approval and commercialization of these products is deferred as a result of delay in approvals. Since our products are not yet commercialized in major markets like US, we do not have a steady stream of royalty income. Our income therefore is sporadic and depends on the milestone payments that we might receive at the time of licensing. We expect this trend to continue in the next year as well.

Your Company reported net loss of INR 12,027 lakhs. The major expenses were attributed to the conduct of clinical trials associated with our late stage R&D programs and towards employee costs. During the year, we initiated several clinical trials and also accelerated patient enrolment in ongoing clinical trials. This resulted in significant increase in clinical trial expenses compared to previous year.

In the year ahead, we anticipate incremental spending in our clinical trials and critical developmental capability building. We have initiated pivotal and Proof of Concept clinical trials for several of our programs. We are continuously augmenting our human capital to build competencies required to take SPARC to the next level. As I have emphasized in the past, Drug discovery research is a high risk endeavor. Your Company has identified potential risks associated with the business and has developed a robust risk management plan to mitigate the potential impact of such risks.

OUTLOOK

While we navigate the uncertainties around the approval of 2 products filed with USFDA, and steadily increasing cash burn, we intend to pursue our clinical agenda aggressively. We have completed patient enrolment in pivotal studies of Baclofen GRS and have initiated a pivotal study for Taclantis™. These programs can generate additional short term cash flow opportunities in the next 12 to 24 months depending on the outcome of clinical trials.

We are aggressively replenishing our early stage pipeline as some of our promising early stage assets would transition to the clinical stage. Our early stage portfolio is now a balanced mix of delivery system innovations with medium term timelines for development and new chemical entities addressing the next generation of opportunities in known and validated biological pathways and a small set of opportunities addressing novel targets. Oncology, Neurodegeneration, Inflammation and Pain remain our therapeutic areas of focus.

In closing, our exhilarating journey to build a consequential institution which can discover and develop 'needle moving cures' to life threatening diseases and generate substantial value continues to gather momentum. We are entering a critical phase in our journey with several of our programs expected to deliver significant read-outs in the next 12-24 months period. While we work diligently towards ensuring positive outcomes in these short-term milestones, we are incredibly excited about the nuanced global drug discovery landscape which offers substantial returns to measured risk takers with competitive execution capabilities. Your company has built a contemporary translational competency and an innovative business model to effectively compete and create value in a risk mitigated manner. I thank all of you again for your continued support for your company's quest for leadership and excellence in a rapidly evolving global health landscape.

Before I conclude, I would like to take a moment to recognize our retiring directors Dr Andrea Vasella, Prof Goverdhan Mehta and Mr Mohanchand Dadha for their stellar stewardship of your company over the years. They have been with the company from the very beginning and have contributed immensely to shaping SPARC's vision and strategy. We couldn't have been where we are today without their wisdom and passion. I would also like to thank Deloitte Haskins & Sells, for their valuable contribution to SPARC as statutory auditors over last 10 years.

On behalf of everybody at SPARC, I want to express our heartfelt gratitude for your leadership and vision that made our journey possible. Thank you very much. We wish you all the very best in all your future endeavors.

Thank you.

Place: Vadodara

Date: August 5, 2017

Dilip S. Shanghvi

Chairman & Managing Director