SPEECH DELIVERED BY MR. DILIP SHANGHVI, CHAIRMAN AND MANAGING DIRECTOR OF SUN PHARMA ADVANCED RESEARCH COMPANY LIMITED AT THE 13th AGM OF THE COMPANY

Dear Shareholders,

On behalf of the board of directors, I take pleasure in welcoming you all to the 13th AGM of your Company.

SPARC began its journey a decade ago with a mission to develop Novel Chemical Entities and delivery systems for patients with unmet medical needs across the world. During an exciting, but challenging incubation phase, we made significant progress with your support and now we are on the cusp of achieving a major milestone i.e. approval of Elepsia™ XR and Xelpros™ in the US. This would be SPARC's first set of NDA approvals in the USA and can provide validation for its strategy pursued over the years.

Our path presented several opportunities and complexities, helping us evolve as an experiment set in a complex and risky backdrop. We are in the process of concluding our first wave of innovations that were focused on optimizing drugs based on our formulation technologies and transitioning to a balanced portfolio comprising both delivery systems based improvements and Novel Chemical Entities (NCE). This shift represents a repositioning of SPARC into a higher value/higher risk quadrant in the risk-benefit matrix.

FY18 has been a mixed year for your Company in which we struggled with regulatory delays and negative outcomes in a few of our late stage programs while we had several green shoots of promise in our early stage roaster. We have positive momentum in our early clinical NCEs i.e. K0706 for Chronic Myeloid Leukemia (CML), K0706 for Parkinson's disease (PD) and SCD-044 for Autoimmune Disorders. Phase 1 studies of all NCE programs actively recruited subjects with no major adverse event liabilities in any of the programs so far. Our abuse deterrent program SDN–021 also progressed well with initiation of Human Abuse Liability (HAL) study in recreational opioid abusers and completion of several planned validation studies. Pivotal Bioequivalence study of Taclantis™ accrued over 70% of targeted patients and is on track for a planned completion in the third quarter of FY19. With several of our pipeline programs making swift transition to clinical stage, we are rebuilding our early stage pipeline through a combination of internal ideation and external collaborations.

While we made planned progress on most of our strategically important programs, we also had setbacks on two of our late stage assets i.e. Balcofen GRS and Salmeterol – Fluticasone Dry Powder Inhaler (DPI). As we have disclosed earlier, Baclofen GRS did not meet its primary end point in the pivotal study while we have deprioritized the DPI program because of unfavorable market and reimbursement environment. The expected revenue from licensing of these programs was not materialized and hence we secured funding of up to Rs. 500 crore through a Preferential Allotment of

warrants convertible into equity shares to sustain our portfolio development trajectory, especially our clinical stage programs. These setbacks have not deterred us from the path that we chartered together and we look forward to a very exciting phase ahead of us.

We are entering a crucial 2-3 year period in which we have an opportunity to build a robust launch pad for our aspiration. We expect approval of Elepsia™ XR and Xelpros™ in the current financial year and an important data read-out from the pivotal study of Taclantis™. These programs represent significant revenue generation opportunities in FY19 and beyond. In FY19, we will also Initiate pivotal clinical studies of Brimonidine OD for Glaucoma, SDP-037 for post Cataract surgery pain & inflammation, SDN-021 for multiple pill oral opioid abuse deterrence & K0706 for CML and proof of concept studies for K0706 in PD and SCD-044 for Autoimmune disorders, which together represents substantial value for SPARC in coming years.

Before we go over the SPARC pipeline in more detail, I would like to review key trends shaping the landscape we operate in. A potent mix of macro-economic factors, disruptive use of data, scientific breakthroughs and catalytic regulatory interventions are changing our industry profoundly and irreversibly. It is important to closely track these seminal forces and make appropriate strategy and business model adjustments rapidly to ensure long term success and sustainability.

PHARMACEUTICAL R&D INDUSTRY OVERVIEW

The global pharmaceutical R&D industry is tiptoeing into a disruptive space characterized by customized, purpose-built therapeutic interventions delivered through complex modalities and delivery technologies. Mounting evidence of the limits of efficacy of current drugs and growing awareness of the molecular drivers of complex diseases like metastatic cancers, neurodegenerative conditions and auto immune disorders will continue to accelerate the adoption of precision medicine. In 2017, 42% of all drugs under development were personalized medicines including 73% of all oncology drugs under development. Discovery of novel biomarkers and their clinical validation is facilitating efficient and accelerated conduct of clinical programs and eventually personalization of treatment. While customization of medicine holds enormous potential in humanity's pursuit for increased longevity and more fulfilling lives, many questions regarding its economics is still unresolved. But our efforts to fully leverage the emerging targeting possibilities and develop sustainable business models to do so will define the trajectory of our industry in the coming decade.

The regulatory agencies globally, and FDA in particular are certainly delivering on their promise to help accelerate the approval of newer drugs. FDA's Breakthrough Therapy Designation (BTD) program is an excellent illustration of this intent. During 2015 and 2016, the average time from commencement of human clinical trials to USFDA approval of drugs with BTD was 65 months compared to 110 months for approval of drugs without BTD status. The regulatory agencies are not only working on reducing the 'time to patients' by advancing drugs showing early efficacy in validated surrogate biomarkers through conditional approvals, but also on improving the options for patients

with significant unmet needs, especially in orphan and neglected diseases. This is evident from the fact that 46 new molecular entities were approved by the USFDA in 2017 which is substantially above the average of 31 drugs approved per year during 2008 to 2016.

While breakthrough science and progressive regulatory forces offer meaningful tail winds for R&D, our industry is also grappling with difficult questions on R&D's return on investments while facing enormous pricing pressure from payers around the world. Societal compulsion to lower healthcare costs will drive policy agendas globally, forcing disruption with important consequences to where and how we innovate. Affordability will remain an important policy for the foreseeable future and pharmaceutical companies will come under increased pressure to rationalize drug pricing and justify their price on the basis of costs and value.

The need to justify pricing on the basis of delivered value has emerged as a key imperative for our industry in recent times. Value-based pricing has the potential to help improve patient outcomes – at an affordable cost. A successful value-based pricing arrangement is "incumbent upon a clear understanding of when the medication works, and when it does not work". Incremental value over other available treatment options is the basis for negotiating access and price. We believe this process will become more transparent, data driven and objective and will drive clinical development and portfolio management decisions more sharply than in the past.

As the momentum in traditional large markets become more measured, industry sees exceptional opportunities in Emerging Markets (EM). Industry revenues from emerging markets have grown substantially in the recent past and the growth has been attributed to larger populations, household income growth, and increasing life expectancy. These changes accompany a shift in disease burden characterized by a disproportional rise in the incidence of non-communicable diseases such as cardiovascular illnesses, diabetes, and cancers, mimicking their Western counterparts. While Emerging Markets are extremely price sensitive as large proportion of the EM healthcare spending is out of pocket expenses, its sheer scale and upward mobility offer enormous room for growth. We believe emerging markets will become an important theatre for driving incremental growth and piloting disruptive solutions and business models.

With growing demand complexity and product development uncertainties, Industry is forced to transition away from its traditional, 'closed network' business models to broader multi-stakeholder partnerships focused on solving unresolved diseases with breakthrough science and modern tool kits. Drug developers are increasingly participating in risk-sharing relationships and other strategic partnerships with academic institutions, patient groups, contract research organizations, and other R&D stakeholders to improve productivity. In 2017, we continued to see momentum for strategic partnerships and collaborations in the healthcare landscape, emphasizing the importance of working together to thrive. As we shift to value-based pricing models we expect to see continued growth in partnerships, along with Joint Ventures, Mergers & Acquisitions (M&A), Strategic Alliances and Clinical Affiliations.

In summary, Global Pharmaceutical Industry's status quo is ripe for disruption. Industry Economics poses important questions on viability even as science is bringing up enormously exciting possibilities. Emerging markets are becoming substantial and the business model disruption is coming in the form of Artificial Intelligence, Biomarkers, Regulatory urgency etc. Industry needs to carefully pick ideas based on the strength of evidence, translatability & commercial attractiveness and maintain religious discipline in resource allocation and 'Go/No-Go' decision making.

As we have discussed in the past, we believe India has an opportunity to do an encore of its generics success in the innovative products space. While we have made remarkable progress in our appreciation of the nuances of global scale New Product Development, competency build-up through augmenting our Chemistry and Pharmaceutical Sciences capabilities, and developing a facilitating regulatory environment, we still have significant challenges in our eco-system such as the quality of our academic output, suboptimal experience in Discovery Biology and Clinical Sciences, lack of high quality local supplier base etc. None of this is insurmountable. We believe SPARC and companies like SPARC in partnership with ambitious and well-meaning public institutions will help build an ecosystem that will form the foundation of the future of our Industry in India.

Your company has been on the forefront of this transition with its unique model built on smart execution and low cost of failure. At the same time we recognize the difficult questions posed by a global industry order which is in the early phases of profound structural disruption. Our low risk opportunities driven by a pursuit of incremental innovation are expected to face tough reimbursement hurdles. Development cycle times and product life cycles are also expected to shrink with the explosive growth in new scientific hypotheses and robust capital support driving advancement of such new mechanisms and modalities into effective therapeutics. We need to find and prioritize areas to focus to build deep expertise where we can be globally competitive to survive and thrive. Your company has been making adjustments in its portfolio strategy and execution priorities in the last few years to reposition SPARC in a rapidly changing landscape. We are focused on (1) aggressive portfolio management to identify programs with greater probability of success and strong reimbursement potential, (2) efficient execution of prioritized programs, (3)rebuilding our early stage portfolio with innovative programs which can move the standards of care, (4) narrow the therapeutic focus to a select set of areas to increase our depth of understanding and (5) strategic partnering with world class academic innovators, clinicians and disrupters in order to improve the quality and market relevance of our innovations. We are excited about the future of your company and the nascent Indian Pharmaceutical R&D Industry it aspires to lead.

FINANCIAL PERFORMANCE

As I mentioned earlier, FY18 has been a challenging year for SPARC. The expected revenue from the approval/commercialization of Xelpros™ and Elepsia™ XR could not be realized due to the continued GMP compliance issues at our partner's manufacturing site. The expected revenues from out-licensing of Baclofen GRS and Salmeterol – Fluticasone DPI did not materialize due to negative outcomes from their pivotal studies. The royalty income from products and platforms previously licensed has also started slowing with the introduction of additional generics for some of our key products, especially Lipodox.

Your Company earned net revenues of Rs. 8,320 lakhs during the previous financial year. The source of income was royalty received for the products licensed. We also generated exceptional income through the sale of our R&D facility at Tandalja and the proceeds of the sale are being utilized for the development of our new R&D facility at Savli, Vadodara.

Your Company reported net loss of INR 19,700 lakhs. The bulk of our expenses (70%) during the year were driven by clinical trials of our investigational products and employee costs. In the coming year, we expect to see an increase in our clinical spending as several of our programs will advance from early to late-stage or pivotal clinical studies and some programs entering into clinical development from pre-clinical stage.

To manage the expected increase in spend on our clinical pipeline, we secured funding of up to Rs. 500 crore through a Preferential Allotment of convertible warrants. Apart from the flexibility with regards to availability of funds for managing the operations of your Company, this capital infusion is an illustration of the significant commitment of our investors and their belief in the capabilities, assets and vision of your Company. We will also selectively explore out-licensing some of our programs earlier in the development lifecycle to generate incremental cash flows and moderate our risk profile.

UPDATE ON KEY PROGRAMS

Now I will discuss some of our programs in more detail.

I am happy to note that the compliance status of the manufacturing plant supporting our Xelpros and Elepsia NDAs has changed to Voluntary Action Initiated (VAI), allowing us to respond to the Complete Response Letters (CRL) we have received from FDA. SPARC has now filed responses to the FDA CRLs, indicating facility compliance and readiness. We expect to see the approvals of these programs to come in FY19.

In pivotal efficacy studies, Baclofen GRS did not meet the primary endpoints, however, results of Secondary endpoints e.g. Subject Global Impression of Severity (SGIS) score was statistically pertinent, and favored Baclofen GRS ($p<0.05$). Several other endpoints, such as spasm frequency and night time awakenings, also favored Baclofen GRS (both $p<0.001$). But unfortunately these secondary end-points are not sufficient to secure marketing authorization for the Baclofen program, even though they are clinically relevant.

We are assessing the development options of Baclofen GRS to decide on future course of action

We have now concluded the planned consultations with European regulatory agencies after the completion of pivotal studies of the SPARC DPI program. Based on our current understanding of the registrational pathway, changing treatment landscape and overall assessment of the commercial attractiveness, we have decided to deprioritize further development of SPARC DPI for European markets.

We initiated the pivotal Bioequivalence study of Taclantis™ during the year and we have randomized over 70% patients required for this trial. We are expecting the data of the BE study by Q3 FY19 and we plan to file New Drug Application with USFDA by Q4 FY19 if the study results are positive. Taclantis™ presents a near term revenue generation opportunity for SPARC.

For K0706 CML program, we have completed Phase 1A study and established the oral bio-availability. Pharmacokinetic data suggests once-a-day dosing for K0706. We also completed food effect study and a moderate food effect was observed in the study. We initiated Dose Range Finding study in treatment refractory CML patients, 4 dose escalations have been completed till date in the study. Encouraging preliminary efficacy has been observed with no major adverse effects in the ongoing study. We plan to initiate the pivotal study for K0706 CML by Q3 FY19 while continuing to dose escalate to the Maximum Tolerated Dose.

For Brimonidine OD, we completed Phase 2 Proof of Concept study in 140 Glaucoma patients. Intraocular Pressure (IOP) reduction observed with Brimonidine OD was comparable to Alphagan P dosed three times-a-day. The outcomes of the study confirmed the benefits of our once-a-day formulation compared to the currently marketed formulation. We have filed IND with USFDA and initiating pivotal Phase 3 study for its registration and plan to complete the study in a year.

SPARC is developing a novel long-acting (twice-a-day) formulation (SDP-037) of USFDA approved ophthalmic steroid for eye pain and inflammation after cataract surgery. Currently, marketed steroidal eye drops require administration every 4 to 6 hours.SDP-037 has clear colorless appearance, longer retention and bio-adhesion that helps to retain efficacy at reduced dosing frequency and lower drug concentrations. We completed Pre-IND consultation with USFDA for SDP-037 and obtained guidance for registration. We have recently filed our US IND and plan to initiate pivotal Phase 3 study for potential registration in US shortly. SDP-037 can be filed in FY20 with USFDA for registration if the study outcome is positive.

SPARC is developing SCD-044, a highly selective Sphingosine-1- Phosphate Receptor 1 (S1PR1) agonist for autoimmune disorders in collaboration with Bioprojet, a French biotech company. SCD-044 being selective is expected to provide better cardiac safety and PK (Pharmacokinetic) profile compared to marketed first generation product Fingolimod. We have completed Phase 1 Single Ascending Dose study and initiated Phase 1 Multiple Ascending Dose (MAD) study for SCD-044. We have observed significant lyphocytopenia, an important pharmacodynamic biomarker for the proposed

mechanism of action at low/safe doses, indicating an acceptable therapeutic window. We plan to complete the MAD study in the second half of FY-19 and proceed to a proof of concept study in an appropriate Auto-immune Disorder.

We are evaluating potential activity of K0706 in Parkinson's disease. The role of c-ABL Kinase, the target enzyme for K0706 in Parkinson's disease progression has been extensively studied and reported. Currently there are no drugs approved which can prevent or meaningfully slow down the progression of this disease. In animal models of Parkinson's disease, K0706 conferred meaningful neuroprotection, indicating its potential to be a disease modifying agent in Parkinson's disease. SPARC completed Phase 1 safety and tolerability studies in healthy volunteers and is planning to initiate Phase 2 clinical Proof of Concept study in patients with Parkinson's disease by Q2 FY19. In parallel we are also doing additional pre-clinical exploration of K0706

As we have previously disclosed, we are working on a novel delivery platform to address the escalating problem of prescription drug abuse. SPARC's platform technology deters oral multi-pill abuse; the technology is also designed to deter abuse by other prevalent routes. We completed pilot PK study for the first product on this platform, SDN-021 in healthy volunteers and initiated Human Abuse Liability (HAL) study in recreational abusers. The study is expected to be completed by Q3 FY19. We are planning to initiate SDN-021 pivotal Clinical and Human Abuse Liability studies in the second half of FY19 based on the outcome of the Pilot HAL study.

Our dermatology programs viz., S597 Topical for steroid responsive Dermatoses and Minocycline Topical for Acne have completed required safety and toxicological studies to initiate clinical trials. Both programs require substantial spend on clinical development. Considering our need for advancing other higher priority programs, we have decided to develop dermatology programs in collaboration with other partners. We are currently exploring joint development opportunities with potential partners.

PRE-CLINICAL PIPELINE DEVELOPMENT

While we made significant progress on our existing clinical pipeline, we are deliberately replenishing our pre-clinical pipeline. Our pre-clinical portfolio is now a balanced mix of both novel chemical entities and novel formulations based on our proprietary delivery technologies. The pipeline focus has narrowed to a select set of problems in smaller number of therapeutic areas. Oncology remain an important priority, especially new molecular mechanisms to address treatment resistance and metastasis in hormone dependent cancers like breast, prostate etc. and b-cell malignancies. We are also very interested in molecular pathways with biomarker clarity with validated activity across multiple tumor types. Neurodegenerative diseases present some of the largest and most unmet medical needs currently. This remains a comparatively riskier clinical research proposition with difficult and subjective end points in the absence of validated biomarkers. But science is making rapid strides both in pathophysiological understanding and biomarker development. We are looking to take very deliberate positions in collaboration with external partners in this space. We are also extremely

interested in neurodegenerative conditions of the eye both from drug discovery and topical/long acting delivery perspectives. Our focus on Auto-immune disorders and oral multi-pill abuse deterrence will continue as both areas offer considerable opportunities to improve the current standards of care.

Some of these programs involve novel biology and if successful these programs can add disproportionate value to SPARC. However, they also carry significant risk compared to NDDS programs or programs with validated target/biology. Our intent is to continue to balance the portfolio by limiting our exposure to target risk to a smaller subset of our programs just like we would like to limit our exposure to a difficult reimbursement environment by restricting the incremental innovation efforts to a select set of carefully chosen programs which clearly address unmet medical needs.

To further de-risk our foray into first in class propositions, we insist on external partnerships and collaborations with thought leaders in Academia and private industry. We are collaborating with several Universities in India and abroad to ensure access to early science and expertise to build our pipeline. Our collaborations are not only focused on licensing early assets but also joint development programs and collaborative research in the areas of our interest.

Last year we collaborated with Washington University at St. Louis for their LEAP Inventor Challenge. Under the collaboration SPARC plans to fund selected programs for up to three (3) years. SPARC may also provide additional in-kind support in our areas of expertise such as Screening, Medicinal Chemistry, Pharmacology & Toxicology studies, Formulation Development and Analytical Development.

Our aggressive external outreach is accompanied by an equally aggressive effort internally to build or augment our competencies in order to continuously improve the quality and efficiency of our execution. Computational discovery and translational research are identified priorities for capability development. We will continue to improve our human capital, invest in systems and processes in addition to tapping external expertise to move up the maturity curve and stay relevant.

Transition of our Vadodara R&D facility to a new site at Savli is progressing on schedule and we plan to move to the new lab by the end of Q3 FY19. The proceeds of the sale of our Tandalja R&D facility are being utilized for setting up the laboratories and other necessary infrastructure. The new R&D facility would be a world class centre with state of the art infrastructure that can accommodate up to 400 employees. We are looking forward to our relocation later this year.

During the year, we have also launched our new corporate website of SPARC i.e. www.sparc.life

Our new website is designed to be interactive, easier to navigate and user friendly. In addition to new look and feel consistent with the re-launched SPARC identity, we've also added substantially more content to provide a clearer picture of our organization and the work we do.

OUTLOOK

Let me conclude by briefly revisiting some of the expectations we set for FY19. FY19 is going to be very critical year for SPARC. We are looking forward to the approval of Elepsia™ XR and Xelpros™. We will have the read out from the pivotal study of Taclantis™ and initiate pivotal studies for several programs including K0706 CML, Brimonidine OD, SDP-037 and SDN-021. We also plan to initiate phase 2 proof of concept studies for K0706 PD and SCD-044. We see short term revenue opportunities from out-licensing of some of our programs including Taclantis™, Dermatology portfolio and Ophthalmology assets.

Our clinical stage programs will require significant spend as they move forward to more advanced development. We have been cautious on our spending but at the same time we have been investing on upgrading our facilities and technology to meet the demands of contemporary drug development.

In closing, we have come a long way together with our shared belief that we can create an institution of global significance which can impact the lives of patients across the world while setting an important example which can inspire several others to be part of the solution. We knew this journey was going to be arduous. We knew we have to be persistent over a long horizon to realize our vision. I would like to thank all our investors for being patient and supportive through this journey. I would also like to thank our partners and our group companies for their unwavering support for our pursuit. Lastly I want to recognize the SPARC team that continues to be relentless in their effort to develop world class innovation from India to extend the standards of care for patients across the world meaningfully.

On behalf of everybody at SPARC, I thank you all again for your engagement and time today. We look forward to your questions, feedback and suggestions. Thank you.

Thank you.

Place: Vadodara

Date: July 30, 2018

Dilip S Shanghvi

Chairman & Managing Director