

**SUN PHARMA ADVANCED RESEARCH COMPANY LTD.**

**TRANSCRIPT OF THE FIFTEENTH ANNUAL GENERAL MEETING OF THE MEMBERS OF SUN PHARMA ADVANCED RESEARCH COMPANY LTD., HELD ON WEDNESDAY, 30<sup>TH</sup> SEPTEMBER 2020 AT 04:00 P.M. (IST) THROUGH VIDEO CONFERENCING (VC).**

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❖ **Mr. Debashis Dey :**

Good afternoon everyone.

My name is Debashis Dey, Company Secretary & Compliance Officer of the Company and I welcome you all to the 15th Annual General Meeting of the Company.

This meeting is being held through video conference in accordance with the circular issued by the Ministry of Corporate Affairs and Securities Exchange Board of India. The present Registered Office of the Company i.e. Sun Pharma Advanced Research Centre, Akota Road, Akota, Vadodara shall be deemed venue for this Annual General Meeting and proceedings of the Meeting shall be deemed to be made thereat.

I hope all of you are safe and keeping well during these tough times.

Now, I welcome and introduce the distinguished members of the Board of Directors of the Company, who are attending this meeting through video conferencing.

Mr. Dilip Shanghvi, Chairman & Managing Director of the Company

❖ **Mr. Dilip Shanghvi :**

Good Afternoon, I am happy to be here.

❖ **Mr. Debashis Dey:**

Mr. Sudhir Valia, Non-Executive Director.

❖ **Mr. Sudhir Valia :**

Good Afternoon. My name is Sudhir Valia and I am joining this meeting from my residence in Khandala

❖ **Mr. Debashis Dey :**

Dr. T Rajamannar, Non- Executive Director & Chairman of Stakeholders Relationship Committee.

❖ **Dr. Rajamannar:**

My name is Rajamannar Thennati and I am joining this meeting through Video Conference from my office in Vadodara.

❖ **Mr. Debashis Dey:**

Thank you sir. Ms. Bhavna Doshi, Independent Director & Chairperson of the Audit Committee.

❖ **Ms. Bhavna Doshi:**

Hello. Can you hear me?

❖ **Mr. Debashis Dey :**

Yes ma'am.

❖ **Ms. Bhavna Doshi :**

Hello. I am Bhavna Doshi joining this meeting from my office in Mumbai.

❖ **Mr. Debashis Dey :**

Dr. Ferzaan Engineer, Independent Director & Chairman of the Nomination & Remuneration Committee.

❖ **Dr. Ferzaan Engineer :**

Good Afternoon everyone, I am Dr. Ferzaan Engineer and I am joining this meeting from Bangaluru.

❖ **Mr. Debashis Dey :**

Thank you. Dr. Robert Spiegel, Independent Director.

❖ **Dr. Robert Spiegel :**

Good Afternoon everyone, my name is Dr. Robert Spiegel and I am joining this meeting through Video Conference from my residence in New Jersey, United States.

❖ **Mr. Debashis Dey :**

Welcome Sir.

Moderator, I now request you to kindly mute all the Directors. We are having some background noise.

Thank you.

I also welcome Mr. Anil Raghavan, Chief Executive Officer of the Company, Mr. Chetan Rajpara, Chief Financial Officer of the Company and the other officials of the Company who are present at the meeting.

Representatives of S R B C & Co. LLP, Chartered Accountants and Statutory Auditors of the Company and KJB & Co. LLP, Company Secretaries and Secretarial Auditors of the Company for the financial year 2019-20 are also joining the Meeting through Video Conferencing and are also welcomed to this meeting.

Before I hand over the proceedings to the Chairman, I would like to highlight certain point for better participation by the Members. The facility to join this meeting opened 15 minutes before the scheduled time of the commencement of the meeting, which is 04: 00 pm IST and it will remain open for another 15 minutes after the conclusion of the proceedings to facilitate e-voting by the Members who have joined the meeting but did not cast their vote on the resolutions proposed at the Meeting through remote e-voting earlier.

Members are encouraged to join the meeting through their laptops and headphones for a better experience and use internet with a good speed to avoid any disturbance during the meeting. Participants connecting from mobile devices or tablets or through laptops connected to internet via a mobile hotspot may experience audio/video loss due to fluctuation in their respective network. We therefore recommended you to use a stable wi-fi or LAN connection to mitigate any kind of aforesaid glitches.

All the members attending this meeting through Video conferencing are being placed on mute by default to avoid any background noise during the meeting. The Company had provided the facility to the Members to register themselves as Speakers to express their views or ask questions during the Meeting by sending request from their registered email ID to the designated email ID of the Company during the prescribed time given in the Notice of the Meeting. The Company has received valid requests from two members to register them as speakers. Accordingly, we will call out the names of the respective speakers one by one who will be unmuted to allow them to ask questions or express their views once the Chairman opens the floor for the speakers. Speakers are requested to express their views within a time limit of 3 minutes.

Members who have not registered themselves as speakers but have any queries, can always write to the Company and we shall suitably reply to you in due course.

In Compliance with the requirements of the Companies Act 2013, including the Rules made thereunder and SEBI Listing Regulations, the Company had provided the facility to the Members to exercise their right to vote on the businesses proposed to be transacted at this Meeting through remote e-voting for the period commencing from 27th September, 2020 to 29th September, 2020.

In order to facilitate voting by those Members, who are attending this meeting but have not exercised their right to vote through remote e-voting, the Company has provided facility to vote during the Meeting through the e-voting platform of CDSL. Consequent to the circular dated 8th April 2020, issued by the Ministry of Corporate Affairs, the facility to appoint proxy to attend and cast vote for the members is not available for this Meeting.

Ms. Reema Seth, Partner of Bathiya & Associates LLP, Practicing Chartered Accountants and failing her Mr. Jatin Thakker Partner of Bathiya & Associates LLP have been appointed as the Scrutinizer for remote e-voting as well as e-voting at this Meeting, who would scrutinize the votes and hand over the combined report on voting within forty eight hours of conclusion of this Meeting.

Upon receipt of the result of voting along with the Scrutinizer's Report, the same shall be placed on the website of the Company, CDSL, on notice board of the Company and shall also be submitted to the Stock Exchanges.

The members are also requested to note that since the resolutions mentioned in the Notice convening this meeting have already been put to the vote through remote e-voting' there is no need for proposing and seconding the resolutions.

I note that, the members and Authorized Representatives present through Video Conference fulfills the requirements of Quorum for this meeting. I therefore request Mr. Dilip Shanghvi, Chairman & Managing Director of the Company, to kindly occupy the Chair and start the proceedings.

Thank you.

Moderator, kindly unmute Mr. Shanghvi.

❖ **Mr. Dilip Shanghvi :**

Good evening Members!

I welcome you to the 15<sup>th</sup> Annual General Meeting of the Company and hope that you and your family members are safe and fine.

The quorum being present, I call this meeting to order.

I would like to inform the shareholders that if at any time during the meeting due to technical issues the connection from my side is interrupted, Mr. Sudhir. Valia, Non-Executive Director shall Chair the proceedings till my connection is restored. In case Mr. Valia's connection is also interrupted in that case Ms. Bhavna Doshi, Independent Director will Chair the Meeting.

In view of the continuing COVID-19 pandemic and to ensure social distancing norms, this meeting has been convened through video conferencing in compliance

with the circulars issued by the Ministry of Corporate Affairs and the Securities and Exchange Board of India in this regard.

The Company has taken adequate and feasible steps to enable shareholders to participate in the meeting through Video Conferencing and to cast their vote by electronic means. The Company has appointed Central Depository Services (India) Limited (CDSL) to provide the facility of Video Conferencing and e-voting.

Kindly note that all the books and records required under the Companies Act, 2013 to be kept at the Annual General Meeting are available for inspection electronically.

The Notice of the meeting and the Annual Report of the Company for Financial Year 2019-20 have already been sent to the Members whose email ID's are registered with the Company or the Depositories, through electronic mode, in accordance with the circulars issued by the Ministry of Corporate Affairs and SEBI. Therefore, with the permission of the Members, I take the same as read.

Since there are no qualifications, observations or comments on financial transactions or matters, which have any adverse effect on the functioning of the Company mentioned in the Statutory Auditor's report and Secretarial Audit Report as specified under section 145 of the Companies Act, 2013, the same is not required to be read out at the Meeting.

Dear Shareholders,

On behalf of the board of directors, a warm welcome to the 15th AGM of our Company. Thank you so much for taking the time to be with us today. Many of you have been attending SPARC AGMs over the past several years and your continued support and engagement are a great source of motivation for all of us at SPARC. I am delighted to be addressing you again as the Chairman of SPARC.

We are meeting virtually today given the extraordinary circumstances due to the COVID-19 pandemic. Never before, in history, we have encountered a challenge of this magnitude. I hope you and your family are safe and healthy.

I would like to first express our deepest respect for the country's corona warriors who have relentlessly worked to ensure safety of population at large.

Amidst the COVID-19 pandemic, our main focus has been to maintain continuity of our operations. I wish to take a moment to recognize the commendable work of our team during this difficult time.

Let me discuss the performance of SPARC during the previous year. The financial year '20 was a year of many notable firsts for SPARC. We achieved several milestones for the first time in the history of SPARC. Let me share some of those with you:

- SPARC executed its 1<sup>st</sup> commercial in-licensing agreement, SPARC obtained exclusive global rights of SCD-044 from Bioprojet (France).
- SPARC established first commercial partnership for China region with China Medical System, out-licensing commercial rights of five assets namely Xelpros, Elepsia, Taclantis, PDP-716 and SDN-037.
- During the year, SPARC executed its first NCE out-licensing agreement when we partnered global rights of SCD-044.
- Two of the SPARC's programs were granted orphan drug designation by USFDA i.e. Vodobatinib for CML and Phenobarbital formulation for treatment of neonatal seizures.

While we made progress on most of our programs, we faced a setback for Taclantis due to receipt of Complete Response Letter from USFDA. We are in active discussions with the FDA on finding a path forward on Taclantis. The other key challenge encountered not just by SPARC alone but the entire industry was the impact on patient enrollment in the ongoing clinical studies due to lockdowns imposed in most parts of the world. While we did face disruptions initially like the rest of the industry, patient recruitment and clinical studies have resumed and we are working to put them back on schedule.

Before I provide an update on key programs I would like to highlight some of the strategic shifts that we have made over last couple of years.

SPARC's emphasis during the early years was on low risk 505(b)(2) opportunities. While these programs offer advantages to the patients, the industry has witness a shift towards programs offering significant clinical differentiation and benefit for the patients. Programs offering only patient convenience benefit can no longer attract higher price premiums, and therefore lead to unviable low returns. Furthermore, we have seen challenges even in the NCE space for those who are not the first movers and do not offer significant clinical differentiation. While pockets of opportunities do exist, and these opportunities can still be an area where we play, it is not the place where we want to focus.

Today, SPARC has transitioned to a company with multiple assets, several of which are first-in-class assets. NDDS based programs which were more than 80% of our portfolio five years ago are less than 20% today. And one third of our current programs have the potential to be first-in-class drugs.

We are cognizant of the fact that this shift requires different set of capabilities and competencies. We have been actively investing in building competencies, partnerships and infrastructure to ensure SPARC's competitiveness. Our company today is a contemporary development engine which can prosecute an asset from ideation to full clinical development and it gives me immense pleasure to have reached this stage over the last decade.

I thank all our employees, shareholders and partners for their commitment and unconditional trust in building the organization to its current level.

Let me share details of our clinical stage programs which are important from a short to medium term value standpoint.

**1. Elepsia<sup>TM</sup> XR Once-a-Day Tablet for Treatment of Epilepsy**

Rights of Elepsia<sup>TM</sup> XR were returned back to SPARC last year by SUN FZE and SPARC team has now licensed the US commercialization rights of Elepsia<sup>TM</sup> XR to Tripoint Therapeutics. Under the terms of the agreement SPARC is eligible to receive royalties on net sales of Elepsia<sup>TM</sup> XR ranging from 15% to 50%.

The teams of both the organizations are working closely to ensure Elepsia<sup>TM</sup> XR is made available to the patients in USA as soon as possible.

**2. Taclantis<sup>TM</sup> for Treatment of Solid Tumours**

SPARC provided update on the CRL that we received for Taclantis<sup>TM</sup>. We met with the agency subsequently on few occasions to find an acceptable way forward for the program. While we managed to make progress, USFDA is still considering the options. We expect to receive feedback soon from the agency.

**3. PDP-716 Eye drops for Treatment of Glaucoma**

PDP-716 is once-a-day formulation of Brimonidine for treatment of Glaucoma. The patient recruitment in the pivotal Phase III study for PDP-716 is completed and the topline data from the study is expected to be available by Q4 FY21.

**4. SDN-037 Eye drops for Treatment of Ocular Pain and Inflammation**

SDN-037 is a twice daily eye drops of a potent steroid for treating pain and inflammation, post cataract surgery. The pivotal study is completed and the top line data of the study is expected soon.

**5. Vodobatinib for Treatment of Neurodegenerative Disorders**

SPARC has established PK characteristics in Parkinson's patients through single and multiple dose studies and have found that the drug is generally safe and well tolerated in this patient population. Currently, a Phase 2b proof-of-concept study named PROSEEK is enrolling patients.

We have also taken several measures to ramp up the patient recruitment in the PROSEEK study. Some of these include dedicated website for PROSEEK, use of media i.e. both social media and traditional media among other measures.

Vodobatinib is being evaluated in Lewy Body Dementia as well. The study is conducted as an investigator initiated study in collaboration with Georgetown University.

Both these studies are expected to be completed in 2022.

We are also expanding the program to Alzheimer's disease with additional pre-clinical studies.

**6. Vodobatinib for Treatment of Resistant Chronic Myeloid Leukemia (CML)**

Vodobatinib is also under investigation for CML. The Phase 1 study of vodobatinib is completed and data from the study is encouraging. The major cytogenetic response rate in the population that we intend to use for approval, that is, patients failing 3 or more tyrosine kinase inhibitors one of which includes ponatinib, is very substantial at 58%.

Vodobatinib also appears to be safe as no new SAEs were reported since last year. Mild to moderate gastrointestinal and musculoskeletal complaints were the most common safety findings reported in the Phase I study.

Pivotal study in patients who are refractory to 3 or more TKIs, including ponatinib is enrolling patients across the world. The topline results of this study are expected in FY23.

**7. SCD-044 for Treatment of Autoimmune Disorders**

SCD-044 was a collaborative development with a French Biotech, Bioprojet. SPARC licensed Bioprojet's rights to the asset last year. Since then SPARC completed the IND enabling studies.

SPARC out-licensed the global rights of SCD-044 to Sun Pharma, we are particularly proud of this deal as it is the first NCE we have successfully developed and partnered. SPARC received an upfront payment of US\$ 20 million and is also eligible to receive up to US\$ 125 million as milestone payments contingent upon the achievement of clinical, regulatory and sales milestones, in addition to tiered royalties on sales.

Sun Pharma will be responsible for the development, regulatory filings, manufacturing and commercialization of the product globally.

**8. SCO-120 for Treatment of Breast Cancer**

SCO-120 is an oral selective estrogen receptor degrader (SERD) program for the treatment of patients who stop responding to initial treatments with anti-hormonal agents.

The IND for SCO-120 was filed in January and a dose escalation study is ongoing.



We've studied doses up to 100 mg and there have been no significant AEs. We hope to complete the proof-of-concept study in patients by end of next year.

The execution of the clinical trials of these programs was impacted due to COVID-19 as the hospital systems across the world were shut down or repurposed to handle the pandemic resulting in drastic reduction of clinical research activity. Closing or scaling down of manufacturing facilities impacted IP supply and scaled down lab operations have had an 'across the board' impact on pipeline movement. Global airline restrictions negatively impacted the supply chain, and disrupted the normal way of doing business. But, we have responded well and have continued to push forward using new and novel ways of doing business where we can. .

We have taken several steps early on to identify and mitigate risks as much as possible. One of the primary priorities was to protect the patients who are already in trials through a combination of ancillary support and virtualization. We have also managed to maintain high lab productivity. Today we are at, 70% of our resources working from labs at sites and 30% working from home. We have also used this period to scale the clinical trial site infrastructure so that we can scale fast when things normalize later this year or early next year. Especially for our key trials, we have been adding trial sites through virtual site initiation visits and other start up activities. In summary, the COVID challenges are significant and are still evolving, but we are working to put our key priorities back on schedule as soon as possible.

We are now at an important inflection point at SPARC and I would like to spend a moment to discuss some of the near term key priorities. With the completion of our ophthalmology programs and pending conclusion of our regulatory discussions on Taclantis, we will increase our focus on NCE opportunities even beyond where we are today.

As a result, we need to continue to invest in the capabilities that will set up SPARC to be an industry leader in innovation. We will be reviewing our team and looking to add expertise on the pre-clinical and clinical development side. We will look to expand our ongoing collaborations with academia and partner with key commercial organizations who can help us to continue our journey.

We hope to bring additional assets into our preclinical ecosystem and advance additional assets into the clinic in the next 18 months. We are expecting important data readouts in 2022 that are expected to be catalysts for generating value for SPARC. The maturing of our clinical portfolio will bring with it our first real opportunity at sustainable financial independence. But, in order to get there, we need to continue to invest. Currently, we are evaluating our options, but we expect there will be another fund raising event over the next 12 months.

On behalf of the Board, I thank you and our valuable shareholders, for the continued encouragement through the years. As always, I will depend on your support as we steer

the Company through this challenging journey to build the new SPARC focussed on NCEs and NBEs.

Thank you.

I now request Mr. Anil Raghavan, CEO to briefly explain the objective and implications of each of the resolutions put up for your consideration.

❖ **Mr. Anil Raghavan :**

Thank you Dilip bhai.

Debashis can you hear me well?

❖ **Mr. Debashis Dey :**

Yes, yes you can proceed.

❖ **Mr. Anil Raghavan :**

Okay. So let me start with Item no. 1.

The first resolution proposed at this meeting as an ordinary resolution is:

RESOLVED THAT the audited Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2020 along with the reports of the Board of Directors and Auditors thereon be and are hereby received, considered and adopted.

A copy of the Financial Statements of the Company for the year ended 31<sup>st</sup> March, 2020 along with the reports of the Board of Directors and Auditors thereon were emailed to all shareholders along with the Notice for the 15<sup>th</sup> Annual General Meeting. There are no qualifications, observations or comments on financial transactions or matters, which have any adverse effect on the functioning of the Company mentioned in the auditor's report and Secretarial Audit Report as specified under section 145 of the Companies Act, 2013. The Board has therefore recommended the same for your approval & adoption.

**Item No. 2:**

The Second resolution proposed at the meeting as an Ordinary Resolution is:

RESOLVED THAT Dr. T. Rajamannar (DIN:01415412) who retires by rotation under Section 152 of the Companies Act, 2013 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.

Dr. Rajamannar retires by rotation, by virtue of being longest in office and being eligible, offers himself for re-appointment. In view of his immense contribution during his past tenure as Director of the Company, the Board has recommended his re-appointment for your approval.

Item No. 3:

The Third resolution proposed at the meeting as a Special Resolution pertains to the appointment of Dr. Robert J. Spiegel as an Independent Director of the Company for a term of five years.

Dr. Spiegel, is a highly qualified and experienced professional with over 35 years of extensive R&D and operational experience in biopharmaceuticals including big pharma, biotech, and academic startups. In view of his vast operational experience in the industry, the Board considers that his appointment as an Independent Director for a term of five years shall benefit the Company immensely and therefore the Board recommends his appointment for your approval.

Item No. 4:

The Fourth resolution proposed at the meeting as a Special Resolution pertains to the Re-appointment of Ms. Bhavna Doshi as an Independent Director of the Company for a term of five years.

The first term of Ms. Bhavna Doshi as an Independent Director is ending at the conclusion of the 15th Annual General Meeting of the Company. Ms. Doshi, former partner of a full member firm of KPMG in India, is a qualified Chartered Accountant and also holds Master's Degree in Commerce from Mumbai University. She has over 3 decades of experience in the fields of taxation, accounting, restructuring and allied subjects.

In view of the commendable performance of Ms. Bhavna Doshi during her association with the Company, the Board recommends her re-appointment for your approval.

Item No. 5:

The Fifth resolution proposed at the meeting as a Special Resolution pertains to the Re-appointment of Dr. Ferzaan Engineer as an Independent Director of the Company for a term of five years.

The first term of Dr. Engineer as an Independent Director is ending at the conclusion of the 15th Annual General Meeting of the Company. Dr. Engineer, a pharmacy graduate from the LM College in Ahmedabad and PhD in Pharmaceutical Sciences from the College of Pharmacy at the University of South Carolina (USA), is Co-founder and Chairman of Cytecure Hospitals Pvt

Ltd. In view of the commendable performance of Dr. Ferzaan Engineer during his association with the Company, the Board recommends his re-appointment for your approval.

Item No. 6:

The Sixth resolution proposed at the meeting as a Special Resolution pertains to shifting of Registered Office of the Company from the present location at Akota to Plot No. 5 & 6/1, Savli G.I.D.C. Estate, Savli - Vadodara Highway, Manjusar, District Vadodara - 391 775.

The present Registered Office of the Company at Akota Road is a leased premise and it is proposed to shift the Registered Office of the Company to the new R&D Facility at Savli G.I.D.C. Estate, Manjusar, which is fully owned by the Company. Accordingly the Board recommends shifting of the registered office from present location to Savli for your approval.

Item No. 7:

The Seventh resolution proposed at the meeting as an Ordinary Resolution pertains to the approval and ratification of Line of Credit availed from Shanghvi Finance Pvt. Ltd.

The Board of Directors of the Company had, in its meeting held on 4th November 2019, approved the availment of a Line of Credit of Rs. 200 Crores from Shanghvi Finance Pvt. Ltd., the Holding Company and a Related Party of the Company, to meet the Working Capital requirements of the Company on various terms and conditions which are specified in the Notice. In the opinion of the Board entering into transactions pursuant to the aforesaid contract was necessary and is in the best interest of the Company. Accordingly, the Board recommended this Resolution for approval of the Member.

Item No. 8 to 11:

The resolutions proposed as Ordinary Resolution at item no. 8 to 11 of the meeting pertains to approval for continuation of certain transactions with related parties which were previously approved by the shareholders in their 10<sup>th</sup> Annual General Meeting held on 1st August 2015, as follows:

Item 8: Continuation of transaction with Sun Pharmaceutical Industries Ltd. pursuant to Master Support Service Agreement.

Item 9: Continuation of transaction with Sun Pharma Global FZE pursuant to Master Licensing Agreement.

Item 10: Continuation of transaction with Sun Pharma Laboratories Ltd. pursuant to Master Licensing Agreement.

Item 11: Continuation of transaction with Sun Pharmaceutical Industries Ltd.

pursuant to Master Licensing Agreement.

Due to the inherent open-ended nature of the Master Agreement, the transactions to be entered into by the Company pursuant to the same may exceed the threshold limit of 'Materiality' as per Related Party Transaction Policy of the Company and SEBI (LODR) Regulations, 2015. Since no maximum term for entering into the aforesaid transaction was sought or specified by the shareholders while approving the above transactions in their 10th Annual General Meeting held on 1st August 2015, due to continual and ongoing nature of the arrangement, it was decided to voluntarily put up the proposal for continuation of the arrangement, for the approval of the shareholders after every five years, as a measure of good Corporate Governance.

In the opinion of the Board entering into transactions pursuant to the aforesaid Agreements are in the best interest of the Company. Accordingly, the Board recommends the resolutions at item no. 8 to 11 of the Notice for the approval of the Members.

Item No. 12:

The resolution at item No. 12 and the last resolution proposed at the meeting as an Ordinary Resolution pertains to Approval for increase the Authorised Share Capital of the Company.

The increase in Authorised Capital of the Company is proposed to facilitate raising of additional funds by the Company through issue of equity shares to meet the business requirements of the Company. The Board has recommended this resolution for your approval.

I now request Dilip bhai, to kindly take over the proceedings again.

❖ Mr. Dilip Shanghvi:

Thank you Anil.

Now I request Debashis Dey, Company Secretary to allow the Members who have registered as Speakers raise their queries pertaining to the business of the Company or seek clarifications or offer comments related to any item of business proposed at the meeting. I request the member speakers to keep their queries short and try to finish their speech within the stipulated period of three minutes.

❖ Mr. Debashis Dey:

Thank You sir.

Moderator, please unlock Mr. Jaydip Bakshi.

Please let me know if he is not joining.

❖ **Moderator:**

Mr. Bakshi you can start.

❖ **Mr. Jaydip Bakshi**

Am I audible?

❖ **Mr. Debashis Dey:**

Yes, yes, you are audible.

❖ **Mr. Jaydeep Bakshi**

Good evening Mr. Shanghvi and other board of directors. Myself Jaydeep Bakshi connecting from the city of Kolkata. It's my pleasure to attend to this general meeting through video conferencing.

Thanks to Mr. Debashis Dey for giving me an opportunity to attend this video conferencing and for a detailed Annual report.

Sir how much of the business is affected due to supply chain disruptions during this Covid period?

Sir what are the plans to increase our revenues as operating profits are marginal and also plans to lower debts? Sir what is the amount spent on R&D from our side.

Sir what is our future joint venture plans and capex program for the coming 2 to 3 years and also contacts for procuring different products for different diseases as applied. Due to this Covid situation where we are passing through economic crisis and financial crisis also what are the cost curtailment measures we are taking.

Sir kindly highlight on the holding of the company Shanghvi Finance.

Sir our share price though it is not under your hands is coming down in the stock market.

I support all the resolutions and I wish the Management staff and employees for putting their efforts and with the eminent person on the board our company will surge forward to a new heights.

Thank you Chairman, thank you sir and I request everyone to stay safe and healthy.

Thank you sir.

❖ **Mr. Debashis Dey :**

Thank you Mr. Jaydip.

Moderator kindly unmute Mr. Avijit Panda if he is joining.

❖ **Mr. Avijit Panda**

Hello

❖ **Moderator:**

Yes, Avijitji you can start.

❖ **Mr. Avijit Panda**

Hello, can you hear me?

❖ **Mr. Debashis Dey:**

Yes, we can hear you, please start.

❖ **Mr. Avijit Panda**

(Respected Chairman, Board of Directors, company secretary and fellow shareholders. Sir I am Avijit Panda from Howrah, shareholder of the Company.

Sir first of all I appreciate for your fund raising program.

Sir I want you to open a R&D center in Kolkata as there are many talented person in Kolkata and our Company can also grow in its scale and go forward and I also want that there should be a R&D Center in my city Kolkata.

And Sir regarding your Oncology Department - there is a huge opportunity in Oncology and ophthalmology. Sir are you doing any research for genetic disease? Actually sir I am a patient of hemophilia due to deficiency of factor 9 but I am very sorry to say that, factor 9 come from USA and the cost of factor 9 is very high so there is huge opportunity in the hemophilia. And if you make some investments for treatment of thalassemia then it would be very good for our country because we have many such patient in India and Indian pharmaceutical industry is always growing and what Indian pharmaceutical company is doing is being highly appreciated even in countries like USA - therefore as an Indian, I feel proud.

Sir, I also want our sister concern Sun Pharmaceutical also makes great progress. Sir is there any plan to amalgamation with the parent company Sun pharma? and sir any plan to invest in Kolkata? And Sir the fund raising program that you have made, I want, we retail investors should also be able to participate through a Rights Issue and it should not happen to few shareholders through preferential issue.

Sir how many permanent employee in your company and sir was there any disciplinary action taken in the last financial year from any delinquent staff in your company? If yes please share the number of such delinquent employees against whom the company has issued charge sheet or given punishment.

Sir our present management and Independent Directors - all of them are very good and are doing a very good job. I am... I wish to all of them the very best.

Sir I convey my best wishes to all of you for the ensuing Puja and Dipawali. And sir the present challenge posed by COVID 19 is also an opportunity for pharmaceutical and research & development companies. You will notice that in the share market also all share prices are going down but not so much in pharmaceutical company and companies related to pharmaceuticals. It is thus a great opportunity for you and therefore you should research on this as well and make new medicines.

And Sir, lastly I would like to ask you that our Company has a huge opportunity to grow in size - so is there any special recruitment drive for physically handicapped person because I have seen that physically handicapped person can also be very talented but they don't get proper guidance and proper opportunity.

So thank you very much all of you and my best wishes one again.)\*

(\*Translated from regional language)

❖ **Mr. Debashis Dey :**

Thank you. So, chairman there are no other speakers registered for this so you can reply to the questions.

❖ **Mr. Dilip Shanghvi :**

Yes, sure. Anil, may be the operational part of the response if you can give.

❖ **Mr. Anil Raghavan :**

Unmute me.

Can you hear me now?

❖ **Mr. Debashis Dey :**

Yes, we can hear you sir.

❖ **Mr. Anil Raghavan :**

So let me start, there is so much to unpack in these questions so let me try and addresses this. There are several operational issue. So before, I hand, this call back to Dilipbhai, let me try and address some of the key operational issues and business strategy issues raised in this call.

But let me first thank Mr. Jaydip Bakshi and Mr. Avijit Panda for their questions and also the positive and engaging spirits which is driving those questions.

So, if I can address some of the points Mr. Bakshi mentioned, when they're three or four major threads. One is a plans for revenue growth. The second thread that is kind of pursued is cost control measures that we're taking, especially as we try to address these challenging circumstances, infused by Covid 19 pandemic. And then there are some more specific questions about the next round of fundraise. And a request to comment on the holding company etc. So let me address the first two parts. On the revenue side, as you can see from Mr. Shanghvi's comment on progress of the portfolio. We've seen the portfolio move substantially, and definitely in the positive direction except, probably, in the case with Taclantis, so that gives us several calls on short term revenue opportunities and that is something which you know we would be pursuing and you can see some of that already materializing this year with the Elepsia going to Tripoint, for US commercialization and also the broader transaction that we've done with Sun Pharmaceuticals on our receptor program, that is SCD-044.

The balance that we would like to make is maintaining our ownership of higher value programs, as much as possible within the portfolio while releasing enough to ensure appropriate level of cash flow to open part of the investments that we can attract, at least, in the short term is the way to move forward. So, as Dilipbhai said, you know, in terms of significant and sustainable revenue growth, we're still a few years away from those definitive three thousand outcomes and we have laid down out significant value, enhancing catalyst for 2022 and beyond in his expectations settings.

So, in that in the medium term, we will work towards encashing some of the assets early while trying to maintain, assets that we need to keep for larger value for the longer term. In terms of a cost containment here, if you look at the overall, spend on the SPARC R&D pipeline in the last several years has been in the vicinity of around sixty to seventy million dollars, you know, moving up or down, depending on the extended clinical work that we have on our plate on our particular area. And that clinical part which is the lion share of our spend is expected to go up.

So, in that sense, our cost structure, is going to grow in the medium term, as we aggressively pursue some of these opportunities. At the same time, the intent is to optimized base costs that we carry in terms of the infrastructure cost and the cost of the base operation that we're carrying to an optimal level, and we have done several things this year, including, you know, tweaking the composition of our team and there are areas where, as you can see over the years we have down prioritized certain areas of our focused and prioritized up certain areas.

Yes, so, there are commitments in terms of people and infrastructure on certain areas which we're bringing down and so we have made rationalization of our cost structure based on these changes that we have made to our strategic priorities.

And the overall philosophy of this company, right from the beginning, has been to do more with less. So, in that sense the yeild that we look to get with the investments of around sixty, seventy million dollars annually, especially through clinical programs, and also significant level of late stage transitional pre-clinical work, we are trying to bring down the productivity of the of the spend, in terms of, you know, bring down the per patient cost or per study cost in a pre-clinical studies. So, from our standpoint, cost management has two or three major elements you need to commit to the necessary resources and provisioning of necessary resources to maintain the momentum portfolio and that is what we are prioritizing substantially. At the same time, we're trying to optimize entry the base cost structure to the extent possible so that we can use least resources to deploy or these clinical programs as well as for investing in other priority competency areas that's a significant task for us. Because there's several areas where we need to build new competencies to be competitive in the marketplace and so releasing the sources is not just from a cost saving standpoint but it is also cost releasing the costs. So that we can deploy in most strategic competencies. And then making sure that the productivity of these investments, in terms of how much we can get asan yeild from the money that goes into these programs, maximising that is important element of managing costs.

So, I guess I address the two key threads that you had Mr. Bakshi there and I will, park the question on your request for comments on the holding company, and probably its best address by the chairman, this, this, let me before I transition the call back, a couple of questions from Mr. Avijit Panda, which I can take. Certainly, there are some you know, very specific asks. We are in the range of around four hundred and twenty five people in the SPARC in three different locations. We have the majority of our people a lab based out of our, larger R&D centre at Savli, Vadodara the second largest and that's around sixty percent of our work force and the second largest location is here in Mumbai and where we have a backend collaboration operations and also the our foundation constituting majority of our commitment here in Mumbai and we have a important and growing presence in Princeton, New Jersey which is mostly clinicians and regulatory scientists and that's an important element of our, both our clinical agenda as well as our international business. Now we are navigating our relationship with important agencies like FDA.

I can also confirm that there is no disciplinary actions against any of our colleagues in the last year or so, and we're very happy and proud of the fact that we have committed and a highly qualified, group of people who are committed with the mission of SPARC. You've made an interesting comment about Kolkata's potential as an R&D destination and that's something which we will definitely keep in mind. At the moment, as you can derive from my earlier the comments, we have a short to medium term agenda, which is fairly packed in terms of what we need to achieve which is essentially a conclusion of the clinical programs and also ensuring that we have appropriate replenishments of those programs, a clinical portfolio, a graduating programs from programs from Pre-clinical roster to the clinical roster. So, in that sense, I don't think we have the space to consider a new back up R&D location at the moment in India. But that's something which we will definitely keep in mind. And as we move forward, we've asked we evaluate more options or at geographic expansion. We would definitely keep that in mind.

I'm also sorry to learn about your health condition, which you shared with us. Unfortunately, that's not one of the areas where we have the expertise that at the moment, but we clearly get what you're saying in terms of the large unmet need in that area and that's again food for thought for SPARC as we go through the internal ideation process.

So, I wanted to thank you both for very insightful and very important questions that you have raised in this conversation. I am deferring two questions - one on request to comment on the holding company and also a specific question from Mr. Avijit Panda about our attitude towards potential merger of Sun Pharma with SPARC. I would refer both of these questions to Mr. Shanghvi.

Thank you so much again.

❖ **Mr. Dilip Shanghvi :**

Thank you Anil.

Can you hear me?

❖ **Mr. Debashis Dey :**

Yes, we can hear you sir.

❖ **Mr. Dilip Shanghvi :**

So, Shanghvi Finance, I think I could say is a holding company for both Sun Pharma and SPARC - promoters, and it also has investments in non-pharma business out of same

company into other business activities and the shareholder of that Company are few private companies and Shanghvi family members. So hope that clarifies the holding company working.

As far as, what you call suggestions for SPARC and the SUN merger, my view is that the original objective for separating SPARC into a separate company because that was a innovative research and and Sun pharma was only doing generic and grounded generic drug developing businesses is not as relevant anymore because Sun Pharma has entered into branded business and is also developing speciality products and investing in speciality products. However, the status of the majority of SPARC portfolio and also the undervalued valuation of the Company because of the current shareholders other than the promoters, doesnot allow us to fully get the value that our scientists in the SPARC team is creating.

So our view is that it will be premature for SPARC to think about merging with somebody at current valuation. Should the valuation change and we expect it to change going forward, we can look at such options.

However, as a drug discovery Company, I see that smallness of size and reasonably good networking and small team leading to informal work environment is very conducive to innovation and new idea generation. This is possible to achieve even in large Companies by creating smaller sub-groups and by designing separate roles and responsibilities, but generally its better to keep innovation teams smaller. So my sense is that it may not be in the best long term interest of the SPARC shareholders to think of merger at this point.

I hope that I have been able to explain my view and also the mangement's view on the subject of Merger.

Once again I like to thank you for taking interest in the progress of the Company and supporting the Company and the Management. As Anil said, there are some important events coming up in the next few years which should help us performance very well going forward.

Thank you.

❖ **Mr. Debashis Dey :**

Thank you Mr. Shanghvi and with your permission, can we therefore close this meeting?

❖ **Mr. Dilip Shanghvi :**

Yes, sure, I confirm if there are no other businesses you can close the meeting. Thank

you.

❖ Mr. Debashis Dey :

Thank you.

So, I propose vote of thanks to a chair and with the permission of the chair I declared this meeting as concluded. Thank you all for joining.

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