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SUN PHARMA
ADVANCED RESEARCH
COMPANY LTD.

SPARC/Sec/SE/2016-17/011

4th August 2016

To

The National Stock Exchange of India Ltd.
Exchange Plaza, 5th Floor,
Plot No. C/1, G Block,
Bandra Kurla Complex,
Bandra (East),
Mumbai – 400 051.

BSE Limited
P J Towers,
Dalal street,
Mumbai - 400001

Ref: *Scrip Code: NSE: SPARC; BSE: 532872*

Sub: *Investor Presentation—Update on NCE & NDDS programs*

Dear Sir/ Madam,

Further to out letter dated 25th July 2016 on the subject, please find enclosed a copy of the presentation by the Company providing update on NCE & NDDS programs, which is self-explanatory.

You are requested to kindly take the same on your record & disseminate the information through your website.

Yours faithfully,

For **Sun Pharma Advanced Research Company Limited**

Debashis Dey
Company Secretary

Encls: A/a.

SUN PHARMA ADVANCED RESEARCH COMPANY LTD.

Investor Update on R&D Pipeline

August 4, 2016

Investor Update on R&D Pipeline

BSE:532872 • NSE: SPARC • BLOOMBERG: SPADV@IN • REUTERS: SPRC.BO • CIN:L24230GJ1993PLC019050

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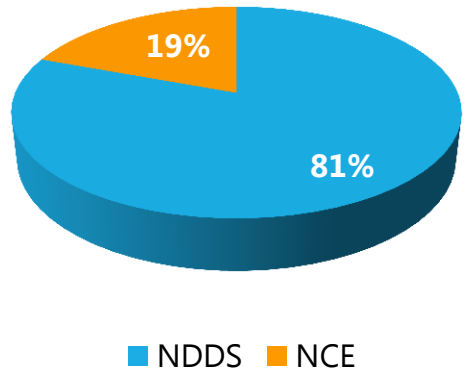
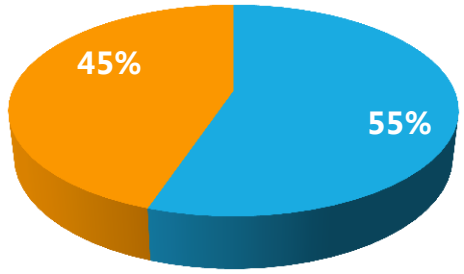
SPARC Portfolio – An Overview

- **Growing Clinical Portfolio**
  - 2 NDAs submitted
  - 3 Late stage clinical programs
  - 5 programs under early clinical development
  - Multiple opportunities for revenue growth
- **Robust early stage discovery pipeline**
  - Transitioning from predominantly NDDS focus to balanced portfolio of NCE & NDDS programs
  - Several new programs initiated on NCE and NDDS platforms
- **Portfolio Rationalization**
  - Deprioritized DICN

Development Pipeline 2014



Development Pipeline 2016



NDA = New Drug Application. NCE = New Chemical Entity, NDDS = Novel Drug Delivery System

Delivering on Commitments

Licensing & Commercialization of Elepsia™ XR	Signed licensing deal with Sun Pharma
Xelpros™ approval by USFDA	Awaiting approval, pending site clearance by USFDA
PICN launch in India	Bevetex® launched
Initiation of pivotal clinical trial for PICN	Approval strategy with BE study being implemented
Filing of 4 INDs	Filed 4 INDs

Clinical development on track for Baclofen GRS, Sal-Flu DPI and SUN-K706

IND= Investigational New Drug

Strategic Roadmap for Sustainable Growth

Smart Portfolio Growth	• Oncology – Next generation agents targeting treatment resistance • Ophthalmology – Solving complex delivery challenges • CNS – New pathways in Neuro-degeneration, Abuse Deterrence • Beyond Small Molecules – New treatment modalities
Driving Functional Excellence	• Accelerate product development • Strategic portfolio review & optimization
Augmenting Internal Capabilities & Infrastructure	• Scaling up clinical, regulatory & program management capabilities • Computer Aided Drug Design (CADD) • In-vivo infrastructure improvement
External Partnerships	• Sourcing new science • Collaborations for bridging competency & expertise • Clinical partnerships with thought leaders

CNS= Central Nervous System

Financial Summary

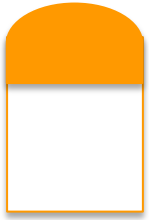
	FY16	FY15	FY14	FY13
Total Income	1,613	1,557	1,670	873
Total Expenses	2,321	1,981	1,371	1,074
Net Profit / (Loss)	(700)	(395)	303	(225)

INR Mn

- **Raised INR 2500 Mn. through Rights Issue**
- **Cash and equivalents INR 2120 Mn. as on June '16**
- **Development costs expected to increase significantly in the short term**
  - Increased clinical trial spend as pipeline transitions to late stage clinical trials
  - External partnerships to access to early translational research work
  - Employee cost escalation in select, strategic areas

Values rounded off whole no.

Upcoming Key Events



Elepsia™ XR and Xelpros™

USFDA Approval & Commercialization

Baclofen GRS

Completion of patient recruitment in Pivotal Phase III study

Salmeterol – Fluticasone DPI

Completion of Pivotal studies

SUN – K706

Establish Recommended Phase 2 Dose

PICN

Completion of Pivotal BE study

Brimonidine OD

Completion of PoC efficacy study

Regulatory Filings

4 INDs in USA

PoC = Proof of Concept

Licensing and Commercialization Update

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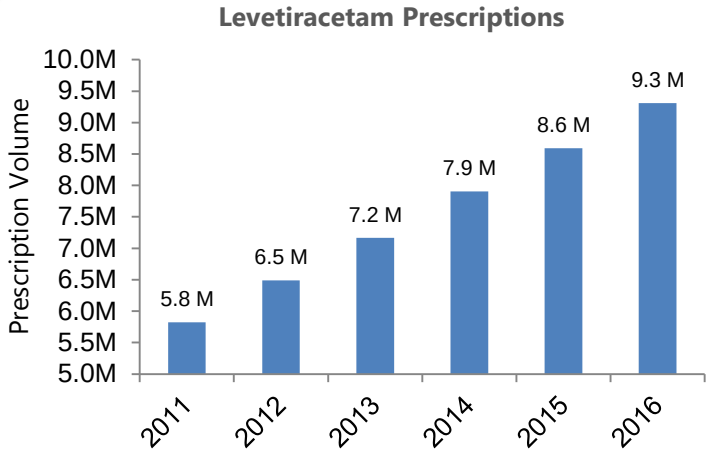
Elepsia™ XR

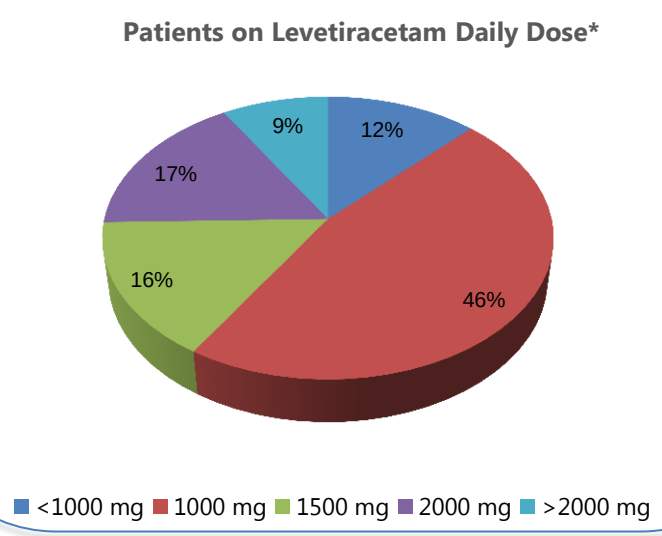
- Licensed Elepsia™ XR to a subsidiary of Sun Pharma for the US market
- Up-front payment of US$10 million, additional milestones and sales based royalties
- Sun Pharma to create a dedicated CNS sales team to commercialize Elepsia™ XR in US

Xelpros™

- Licensed Xelpros™ in 2015 to a subsidiary of Sun Pharma for the US market
- Sun Pharma launched a new specialty division, Sun Ophthalmics, to commercialize branded ophthalmic products in US including Xelpros™

Elepsia™ XR
US Commercial Opportunity

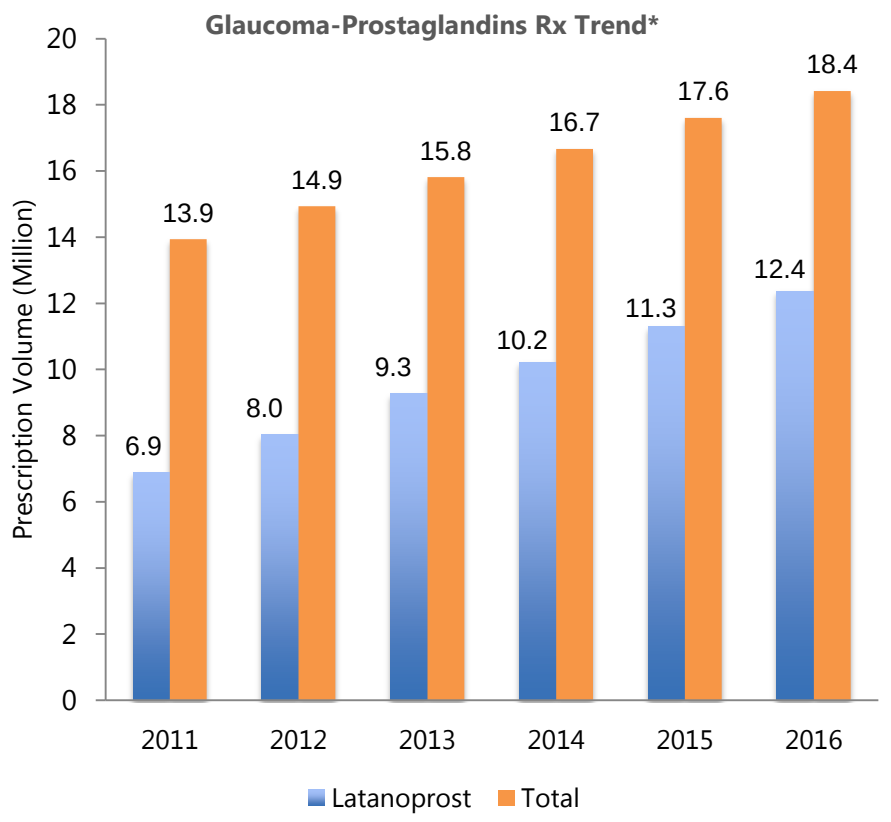




- Healthy Rx growth despite no promotion
- For the majority of Epilepsy patients, pill burden remains high
  - Over 50% patients need >6 pills per day
- >80% patients on Levetiracetam require dose exceeding 1000 mg/day
- Extended Release, once daily dosing and reducing the pill burden seen as major advantages by neurologists#
- Elepsia™ XR peak sales potential US$ 50 Mn.

Primary Market Research conducted through 3rd Party. Rx = Prescription. *IMS MAT Jun 2016

Commercial Opportunity for BAK-free Latanoprost



- Prostaglandin analogues for Glaucoma is US$ 1.4 Bn. market in US*
- Latanoprost is the most widely prescribed Prostaglandin for Glaucoma with ~67% share of prescriptions
- 10% - 16% patients on Xalatan® and other BAK containing products develop Ocular Surface Disease (OSD) symptoms#
- Ophthalmologists showed preference for BAK-free Latanoprost formulation #
- Xelpos™ peak sales potential US$ 50 Mn.

Primary Market Research conducted through 3rd Party. *IMS MAT Jun'16

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CNS

Baclofen GRS

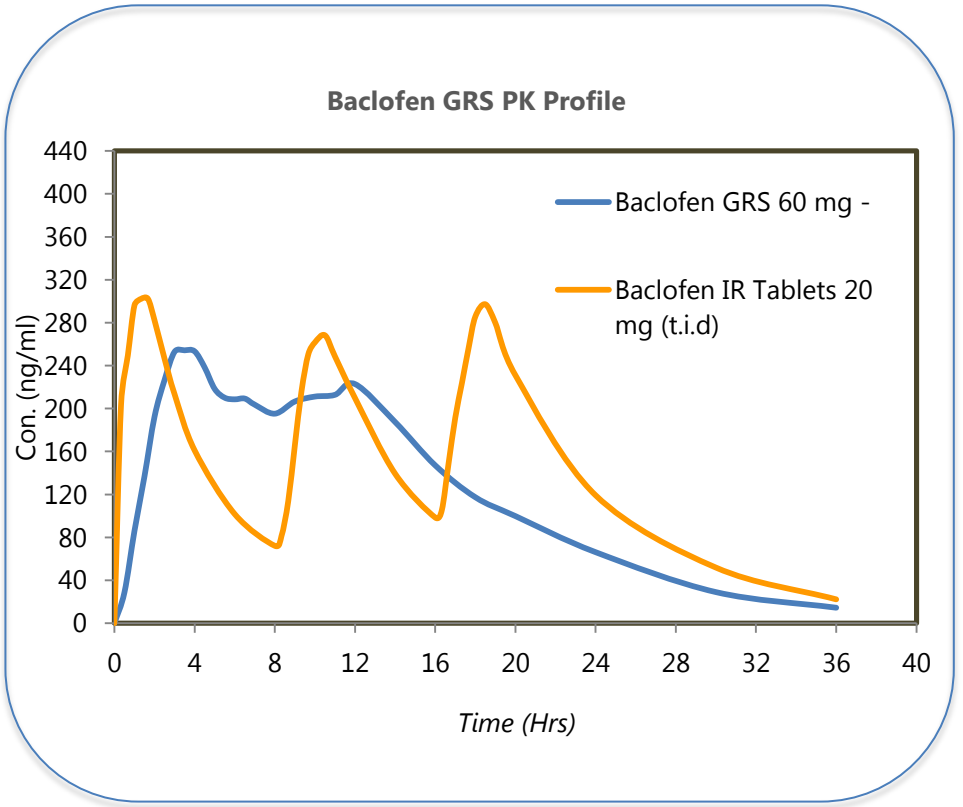
Baclofen GRS

Designed to improve compliance in patients with Spasticity

- Once-a-Day Baclofen with Proprietary Gastro Retentive Innovative Device (GRID™) technology

- Combination of mechanisms leads to successful "once -a- day" formulation
  - Flotation
  - Size expansion
  - Muco-adhesion

- Patent portfolio comprising of formulation , once a day therapy and indication patents with last patent expiring in 2027



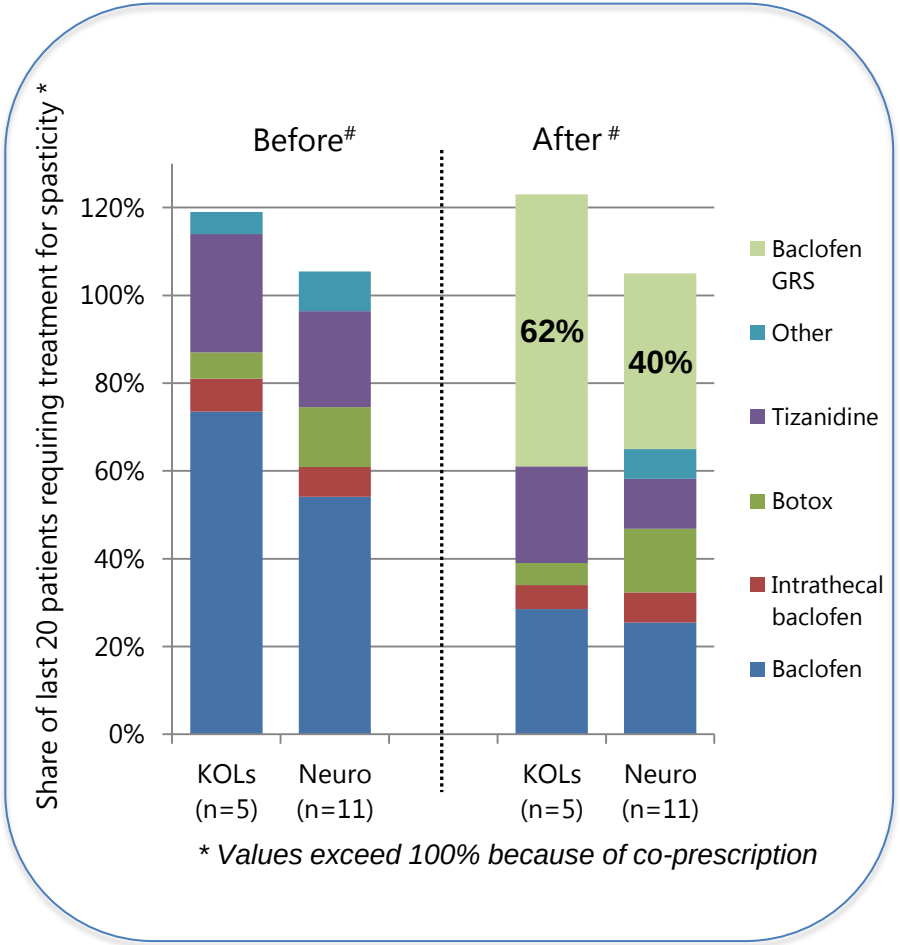
Baclofen GRS

Physicians favorably respond to the distinct product attributes

- In primary research, the majority of physicians responded that steady blood levels and once-a-day dosing are key benefits over IR Baclofen

- Based on physicians survey Baclofen GRS would take significant share of spasticity patients^
  - 40% - 60% if Tier 2 formulary position
  - 20% - 30% if Tier 3 formulary position

- **Market Opportunity****
  - Baclofen volume in US (630 million units) is growing at 5%
  - 34% prescriptions for spasticity related to neurological indications



^ Market Research conducted by 3rd party, Qualitative data, sample size not adequate for forecasting. **IMS MAT April 2016.
#Before and After depicted in the chart represents potential prescription share change after availability of Baclofen GRS

Baclofen GRS
Development Status Update

- **Clinical studies under SPA* with FDA**
- **Phase 3 efficacy study**
  - 45 active sites, opened new sites in Europe
  - 161/214 patients completed study
- **Open label safety study**
  - 200 subject enrolment completed
- **Duration of action study**
  - 84/93 patients completed
- **Targeted NDA filing by Q4FY18**

*SPA = Special Protocol Assessment

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Oncology

PICN

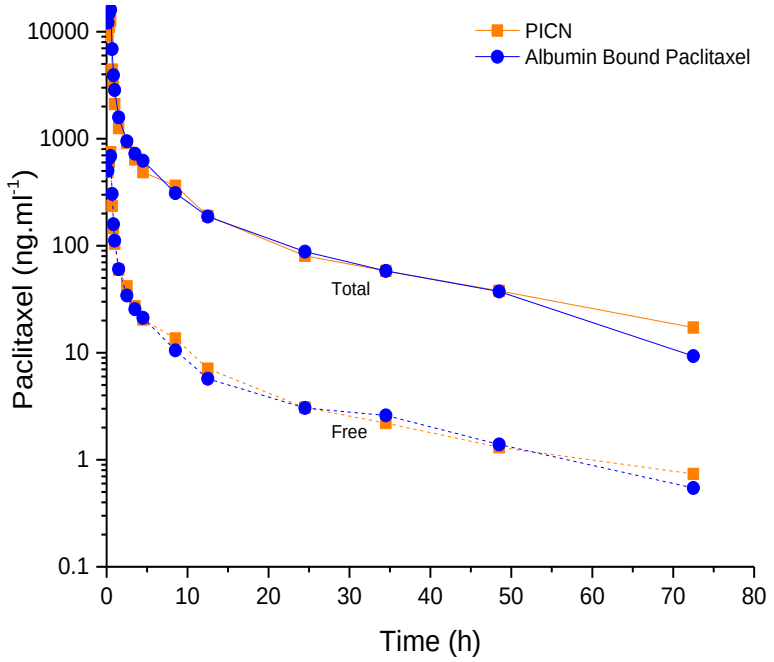
Paclitaxel Injection Concentrate for Nanodispersion (Taclantis™)

- **Novel formulation of paclitaxel using SPARC's proprietary Nanotecton™ platform technology**
  - Cremophor® and albumin free formulation
  - Short infusion time
  - No standard paclitaxel pre-medications required
  - Allows higher dose than Taxol®
  - Launched in India as Bevetex®

Taclantis™ is conditionally approved by USFDA as trade name for US market.

Pursuing PK strategy to compare Taclantis™ with albumin bound Paclitaxel

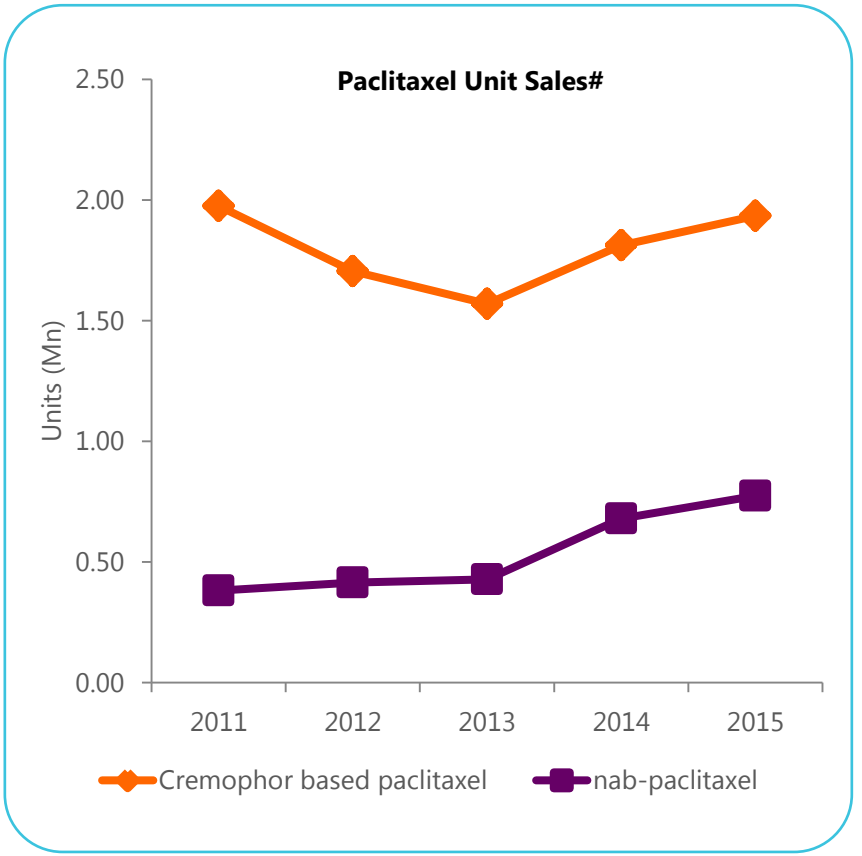
- Completed pilot BA/BE study with additional patients
- SPARC is evaluating PK data for optimizing study design in consultation with USFDA
- To initiate pivotal BE study by Q4FY17
- Planned NDA filing by Q4FY18



Taclantis™

Significant opportunity for Cremophor® free paclitaxel formulations

- Albumin bound paclitaxel generated sales of ~ US$ 668 Mn in the US^^
- Over 70% marketed units are Cremophor® based paclitaxel formulations^^
- ~150,000 patients being treated with Cremophor® based paclitaxel^
- Over 60% of Physicians view risk of hypersensitivity and ease of administration as important factors influencing choice of therapy*
- Taclantis™ has the opportunity to acquire a meaningful patient share from Cremophor® based paclitaxel formulations



Units Equivalent to 100mg paclitaxel based on IMS MAT Apr 2016. ^Patient nos. estimated based on IMS unit sales* Primary research conducted through 3rd party
^^ IMS MAT June 2016

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Respiratory DPI

Dry Powder Inhaler

SPARC's DPI is a pre-metered, 60 dose, breath activated device for administration of combination of inhaled steroids and bronchodilator drugs

- High efficiency device, delivers more to the lung
- Comparable PK profile to Seretide® Accuhaler® at half the dose
- Uniform dose delivery independent of inspiratory flow rate
- On most of the device characteristics physicians rated SPARC DPI better than Seretide® Accuhaler®*

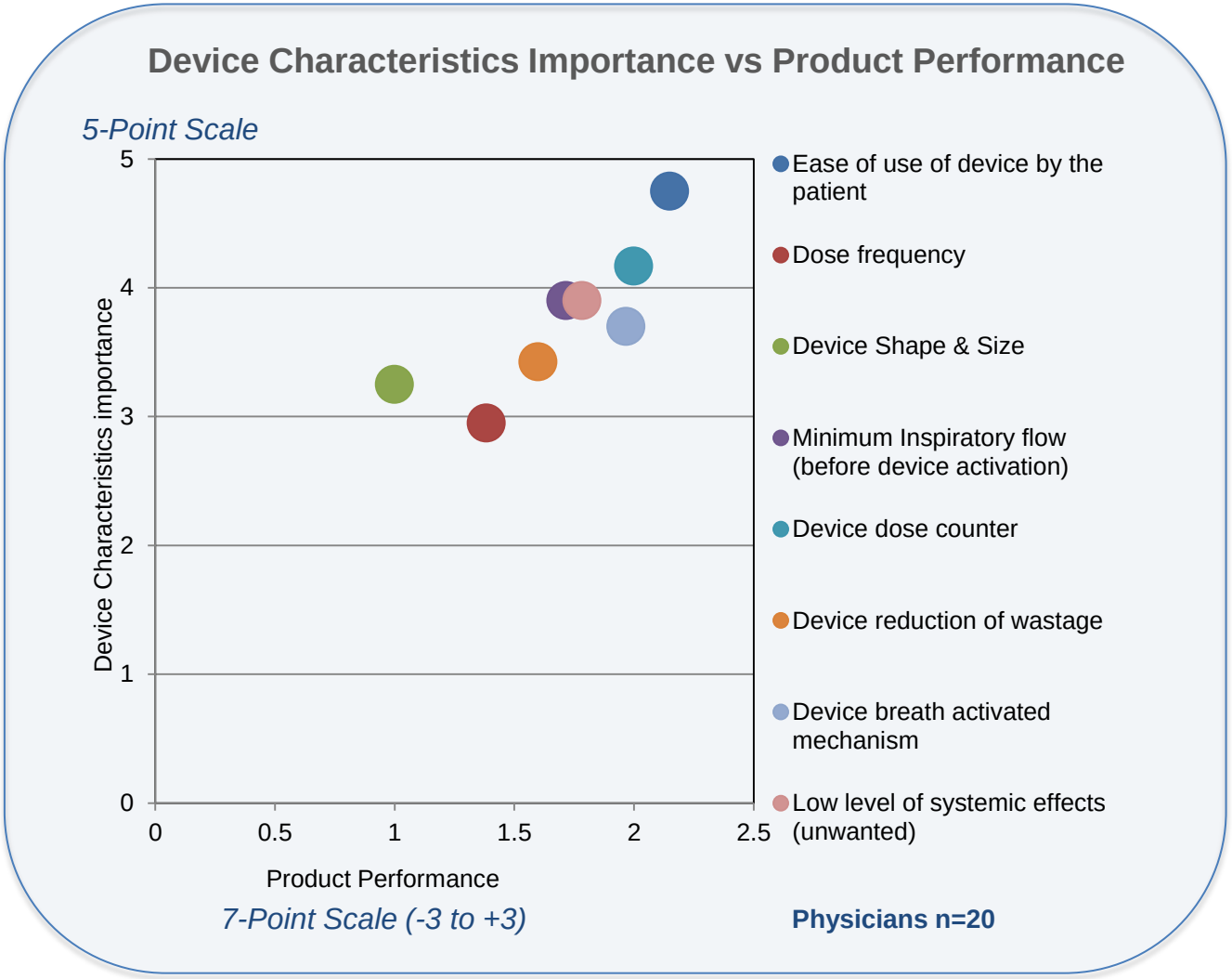
*Primary research conducted through 3rd party in EU

Salmeterol – Fluticasone DPI

Development status update – Europe

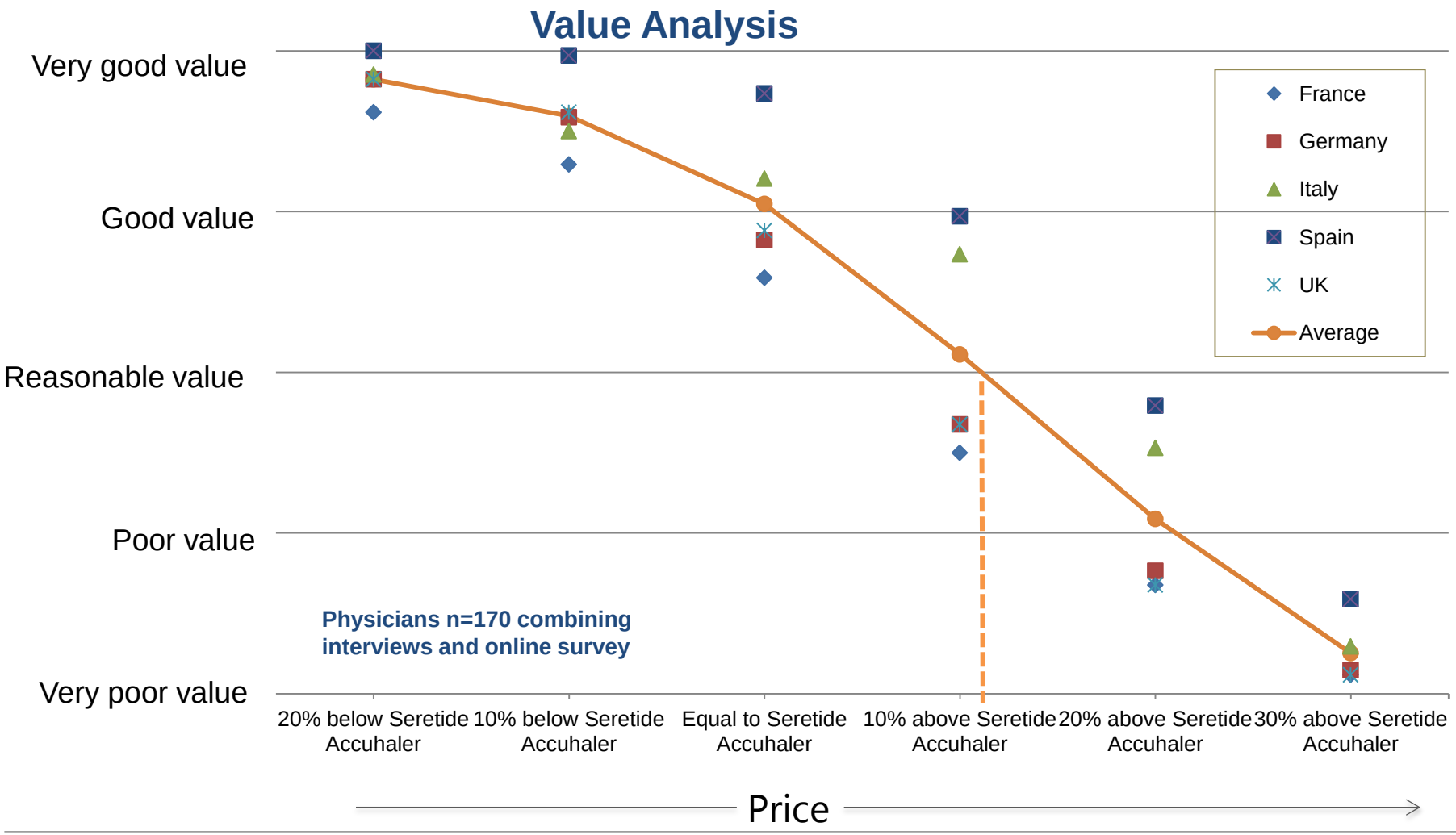
- **120 subject Peak Inspiratory Flow rate study initiated in Europe**
  - 20 subjects completed
  - Additional 20 subjects enrolled
- **Low dose PK study awaiting Regulatory Approval in Europe**
  - Plan to initiate study by Q2FY17
- **High dose PK study**
  - Plan to initiate study by Q4FY17
- **Plan to file for marketing authorization by Q4FY18**

Physicians responded favourably to SPARC DPI's device characteristics*



*Primary research conducted through 3rd party in EU

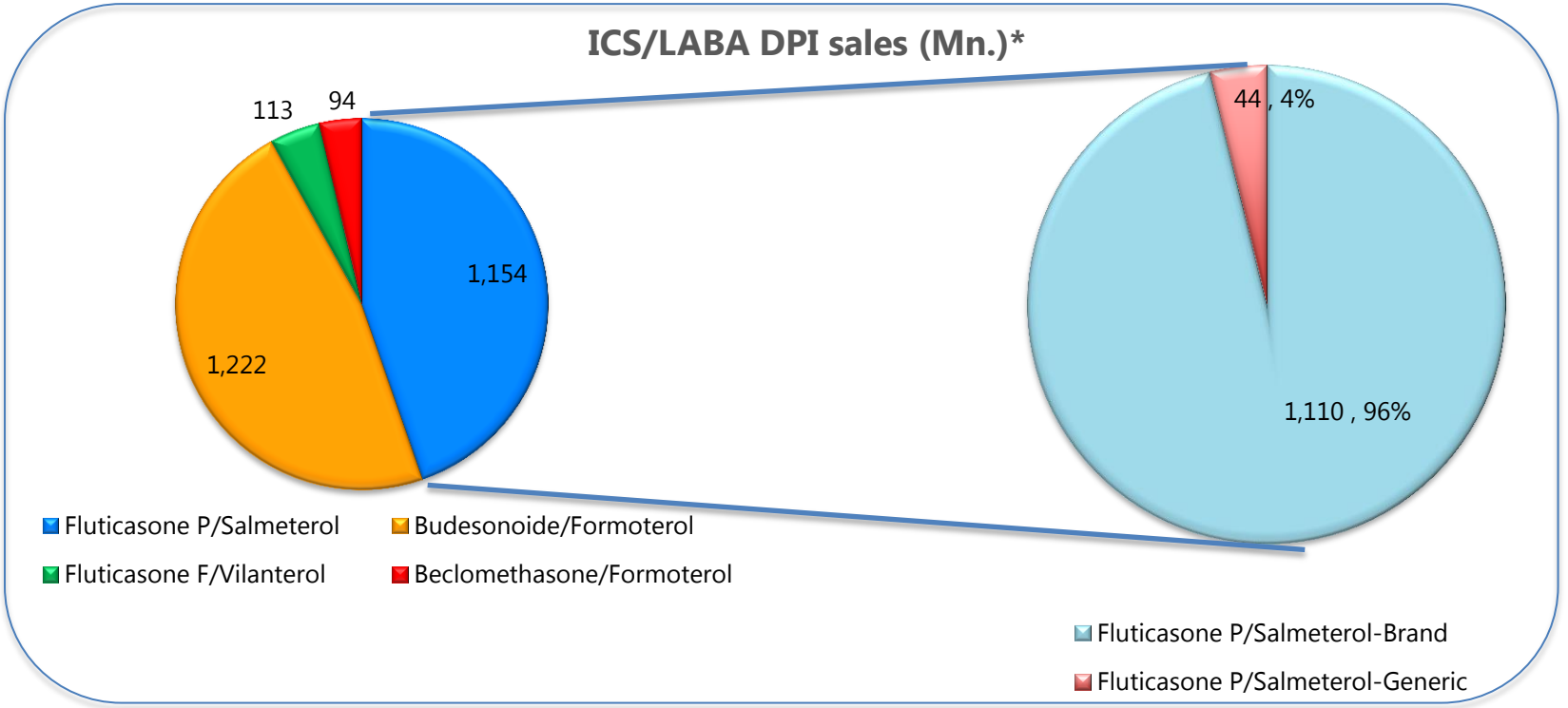
Physicians across Europe value SPARC device better than Seretide® Accuhaler®*



*Primary research conducted through 3rd party in EU

Salmeterol – Fluticasone DPI

ICS/LABA DPI market dynamics in Europe



- Total ICS/LABA Dry Powder Inhaler market in Europe is estimated to be ~ 2.6 Bn.*
- Seretide® Accuhaler® has market share of 45% in ICS/LABA market with sales of ~1 Bn.*
- Seretide® Accuhaler® generics have so far achieved limited penetration*
- Market may see additional generics, however, the market would still offer opportunities for differentiated products like SPARC DPI

* IMS MAT Dec 2015

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Oncology
CML Program

SPARC program targets treatment-resistant CML

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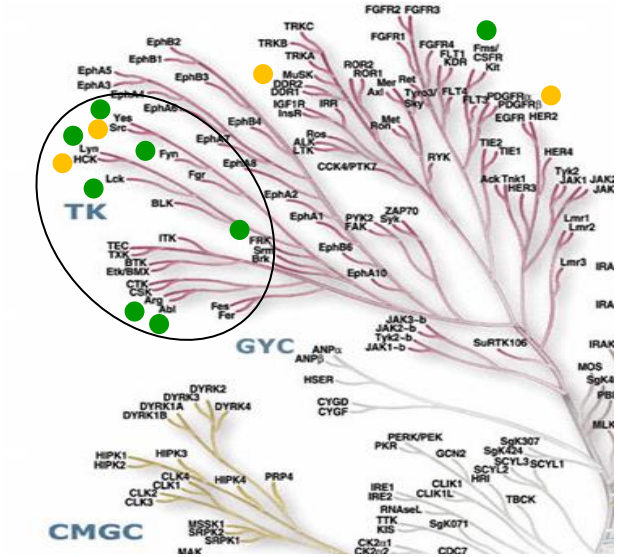
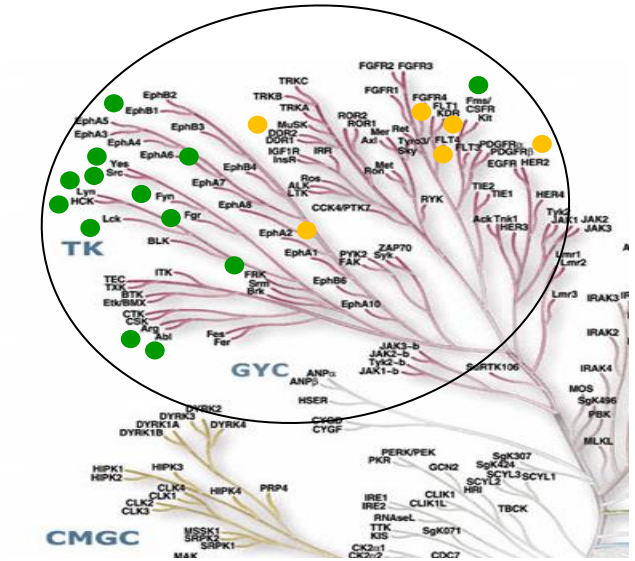
SUN-K706 Kinome Analysis



SUN-K954 Kinome Analysis

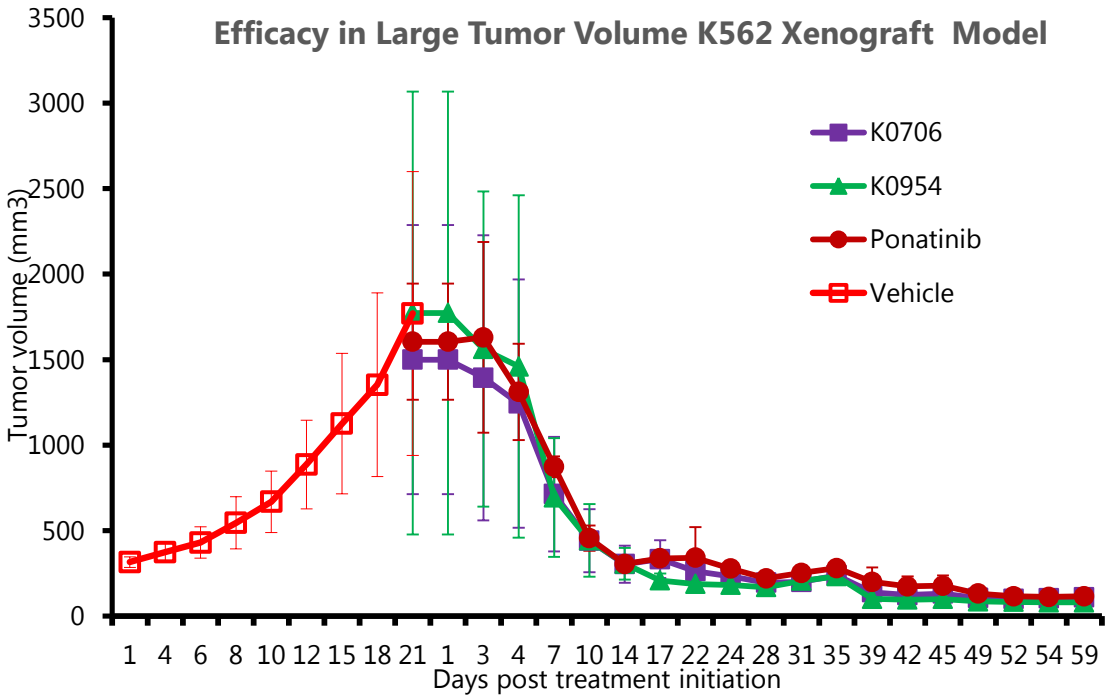


- IC_{50} < 10 nM
- IC_{50} 10-50 nM

○ SUN-K706 and SUN-K954

- Potent, orally available and BCR-ABL Tyrosine Kinase Inhibitors (TKIs)
- Effective against BCR-ABL and most of its mutants including the difficult to treat T315I mutation

SUN-K706 and SUN-K954 demonstrated efficacy in Imatinib resistant CML



- **In pre-clinical studies both SUN-K706 and SUN-K954**
  - Cause tumor regressions in an imatinib resistant xenograft model
  - Better therapeutic index compared to Ponatinib

CML Program
Development Status Update

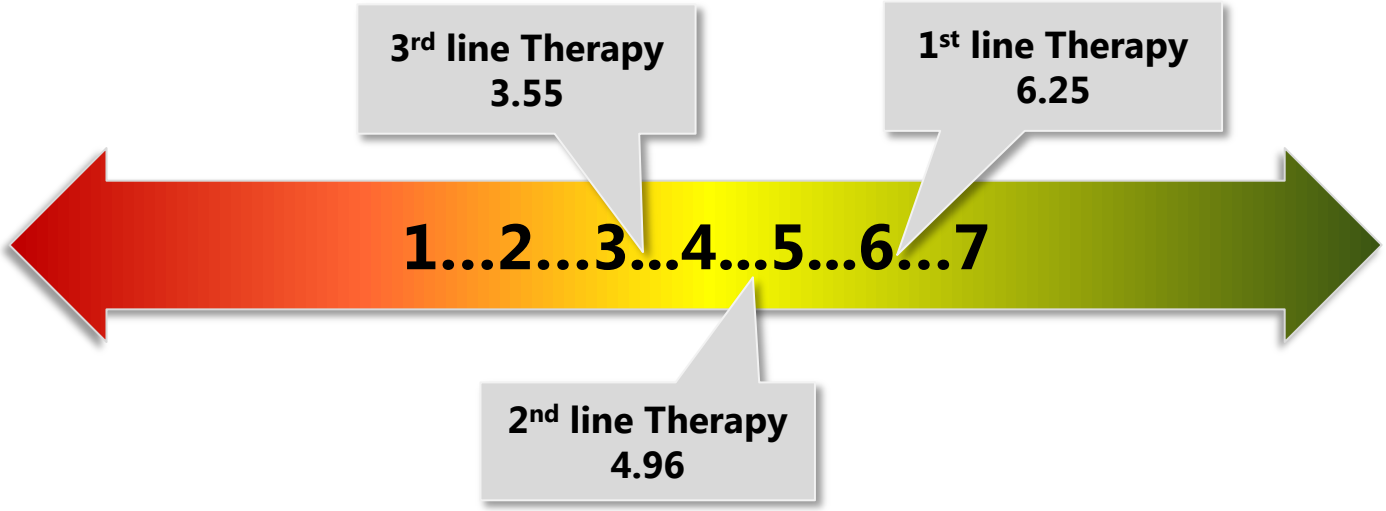
- **SUN-K706**
  - US IND opened
  - Phase I dose escalation study ongoing in USA
  - Expecting indicative efficacy data by Q4FY17

- **SUN-K954**
  - IND enabling toxicology studies ongoing
  - Plan to file IND by Q4FY17

CML Treatment

Physicians believe available treatments are inadequate for 3rd line of CML treatment*

- Physician satisfaction score decreases for treatment choices when proceeding from 1st to 3rd line treatment options*
- KOLs acknowledged the need for an agent with a reasonable toxicity profile for T315I mutation disease*

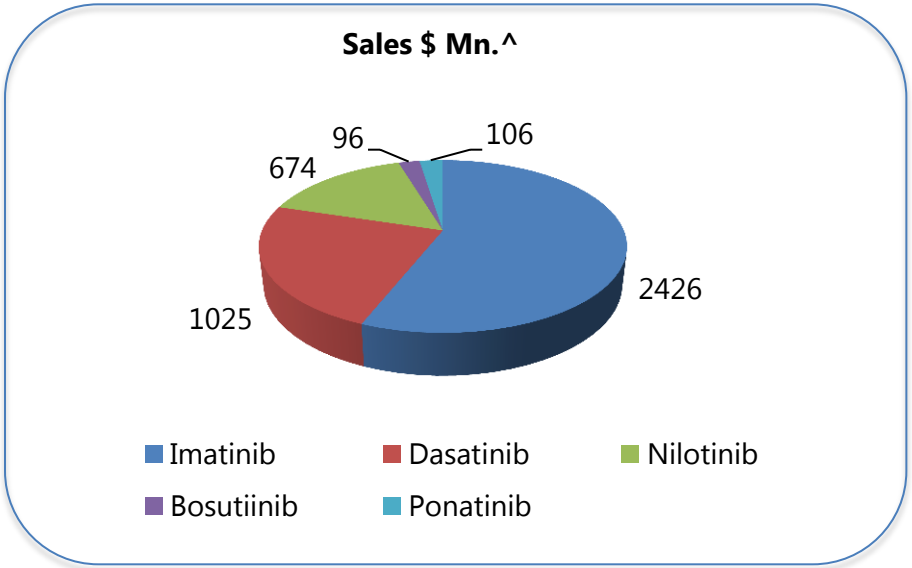


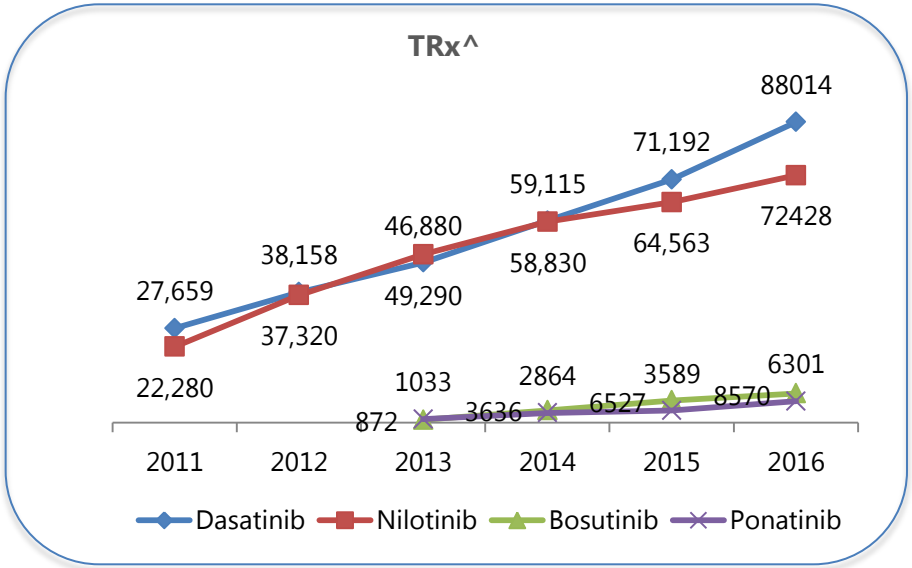
How satisfied are you with the current treatment options and outcomes in 1st, 2nd- and 3rd-line CML patients? Please rate on a scale of 1 to 7 (1 = extremely unsatisfied, 7 = extremely satisfied

*Primary research conducted through 3rd party

SPARC CML Program

Treatment resistant CML – Niche market, yet commercially attractive





- ~50,000 CML patients are currently treated with TKIs in USA*
- Continued uptake of second and third-generation TKIs, particularly in later lines of therapy^
- Estimated target patient population for SPARC CML program ~6,000

^ IMS MAT Apr 2016, *GlobalData Chronic Myeloid Leukemia-Global Forecast 2012-2022

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Dermatology

SUN-597 Topical

SUN-597 Topical

A novel topically active steroid with low systemic bio-availability

- Prolonged continuous use of topical steroids often results in systemic side-effects as well as cutaneous adverse effects like skin atrophy#

- SUN-597 is a novel steroid designed for topical use with an improved safety profile
  - Low systemic bioavailability
  - Low HPA axis suppression
  - Low potential for induction of skin atrophy

- Demonstrated better efficacy compared to mid potency steroids such as Triamcinolone in pre-clinical models

Exp Dermatol 2006:15: 406–420; J Am Acad Dermatol 2014:71(1):116-32. HPA = Hypothalamus Pituatory Axis

SUN-597 Topical
Development Status Update

- IND opened in US
- Phase 1 vasoconstrictor assay study completed
- Phase 1 healthy volunteer safety/tolerability study is planned in Q4FY17
- Phase 1 study to evaluate SUN-597 potency in Psoriasis patients is planned in Q1FY18
- Outcome from the above studies will guide further clinical development

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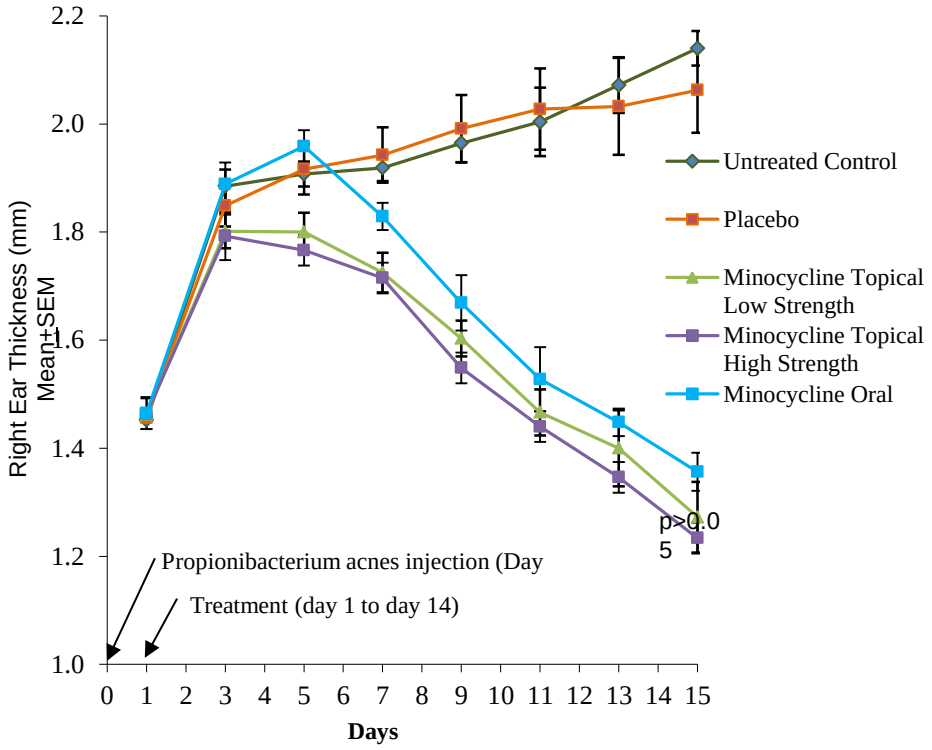
Dermatology

Minocycline Topical

Minocycline Topical

Pre-clinical PoC established in Acne model

- Minocycline is a commonly prescribed antibiotic for inflammatory lesions of moderate to severe Acne
- Currently, minocycline has to be administered orally potentially resulting in undesirable systemic side-effects
- SPARC's novel formulation delivers minocycline topically to skin
  - Avoids systemic exposure
  - Potentially active in both inflammatory and non-inflammatory Acne lesions
- Product is undergoing formulation optimization based on pre-clinical study results



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Ophthalmology

Brimonidine OD

Brimonidine OD

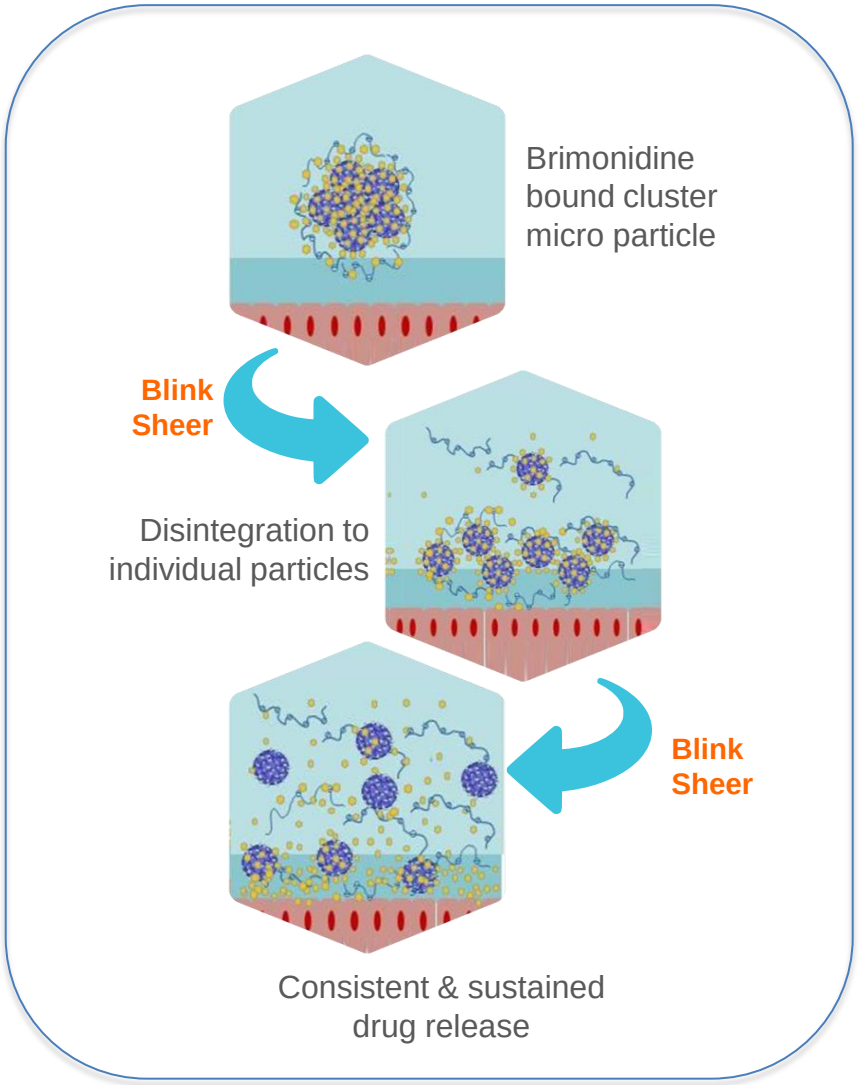
Novel Once daily formulation with TearAct™ Technology

Key Features

- Fine resin particles act as a template on which the drug particle is adsorbed
- Drug-resin clusters disintegrate into individual drug bound resin particles due to eye blink shear
- Drug-resin complex suspension provides a slow, consistent, and sustained exposure

Key Benefits

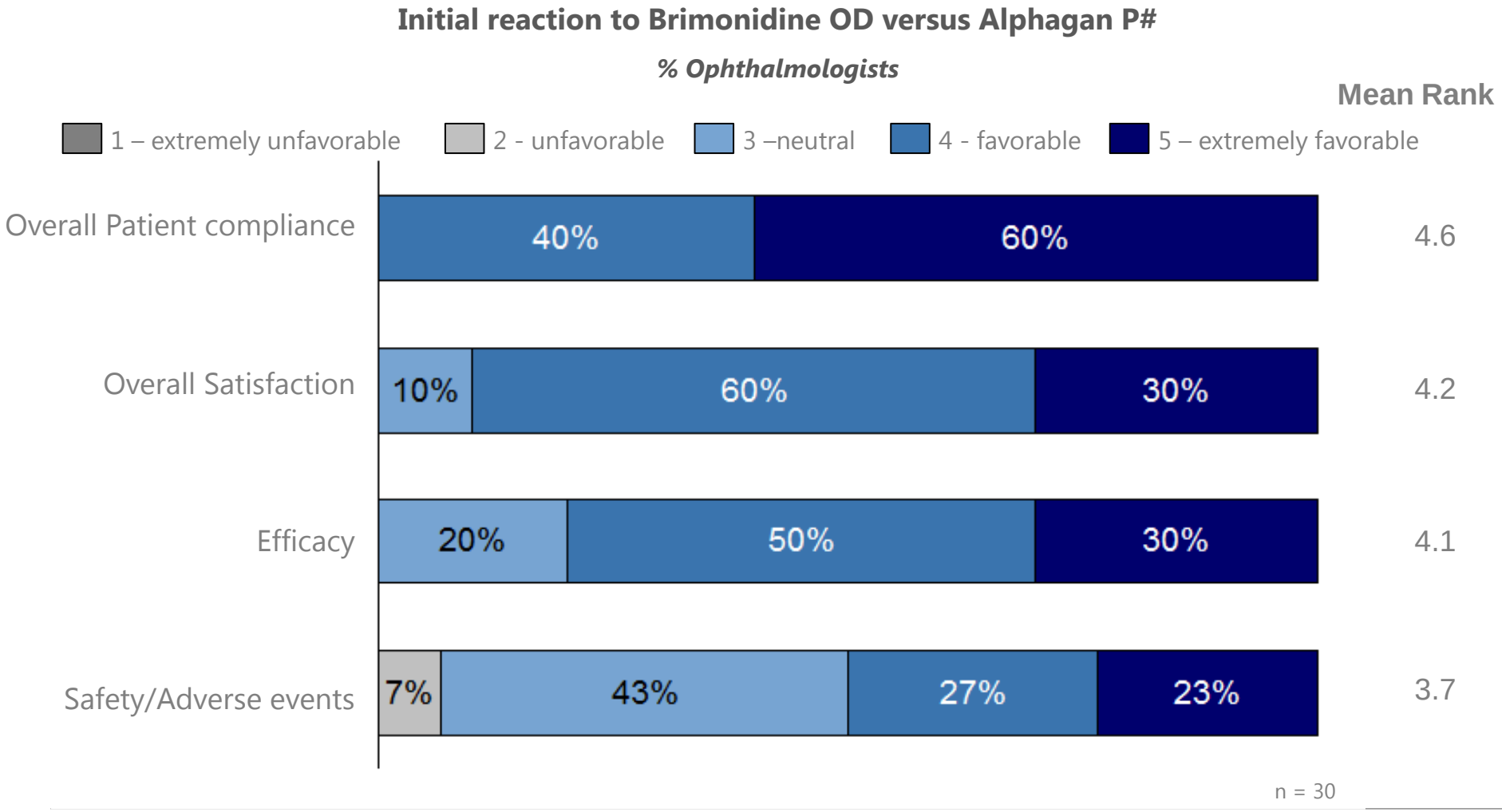
- Controlled and maximal availability of drug to ocular surface
- Reduces immediate exposure of drug
- Free of gel forming polymers



NTC Ocular Technology is renamed as TearAct™

Brimonidine OD

Once daily dosing to significantly help improve overall patient compliance



#Primary market research conducted in US through 3rd party

Brimonidine OD
Regulatory Update

- IND enabling toxicology studies completed
- CTA approved
- Phase 2 Proof-of-Concept study initiated

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Abuse Deterrent Formulations

SDN-021

Prescription opioid drug abuse
A growing epidemic in USA

19,000 deaths occurred in 2014 due to prescription opioid overdose[1]

46/day people die due to prescription opioid overdose[2]

~1.9 million people abused prescription opioid in 2013[3]

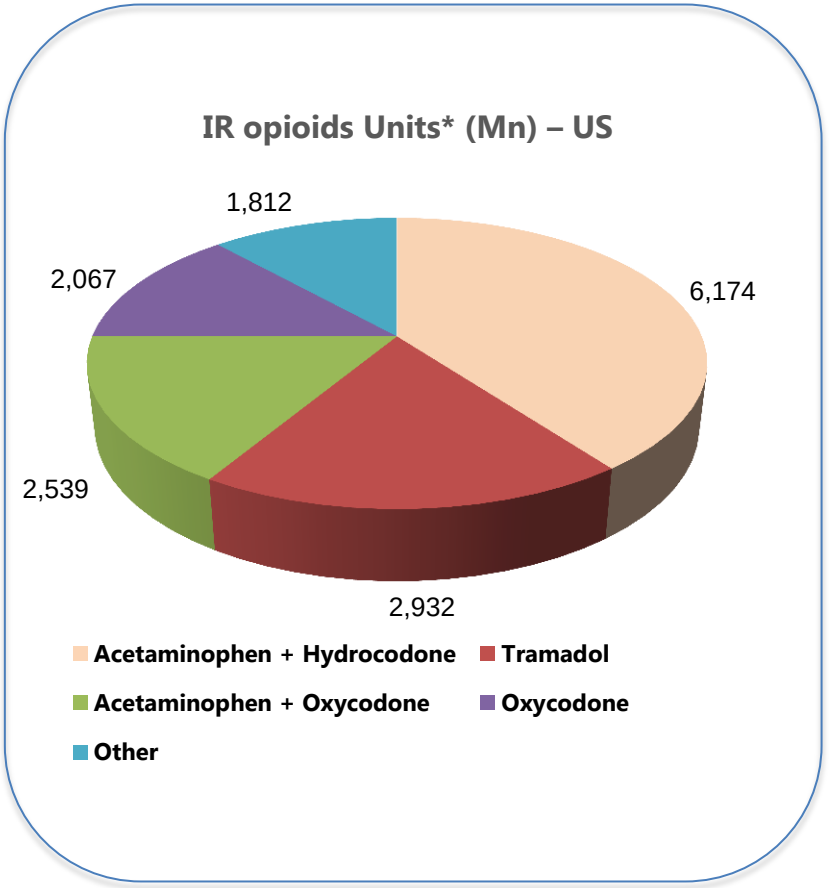
>420,000 ED visits involved abuse or misuse of prescription opioids in 2011[4]

1. CDC/NCHS, National Vital Statistics System, Mortality File 2015. 2 www.CDC.gov/vital signs July 2014. 3. Results from the 2013 National Survey on Drug Use and Health: US Department of Health and Human Services, Substance Abuse and Mental Health Services Administration. 4. Highlights of the 2011 Drug Abuse Warning Network (DAWN) findings on drug-related emergency department visits

Prescription opioid drug abuse

IR formulations are most vulnerable

- 221 million prescriptions were written for IR opioid analgesics in 2015-16*
- 66% of abusers prefer IR opioid formulations^
- Currently no approved IR opioid with abuse-deterrent labelling
- Oral ingestion of multiple pills is the most common form of abuse
- No FDA approved opioid which can deter oral multi-pill abuse



* IMS MAT APRIL 2016

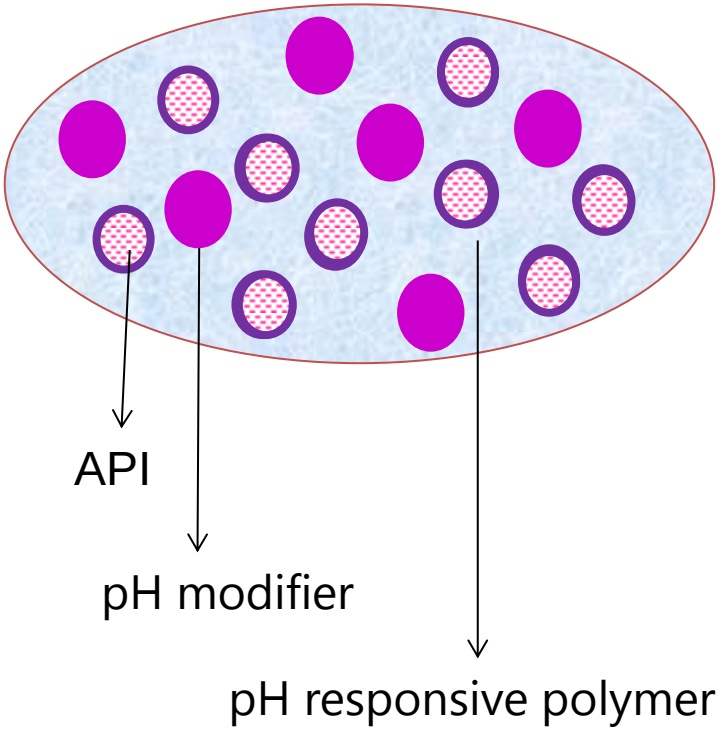
^ Researched Abuse, Diversion and Addiction-Related Surveillance System technical report Q3 2015

Abuse deterrent technology platform

Designed to deter multi-pill abuse

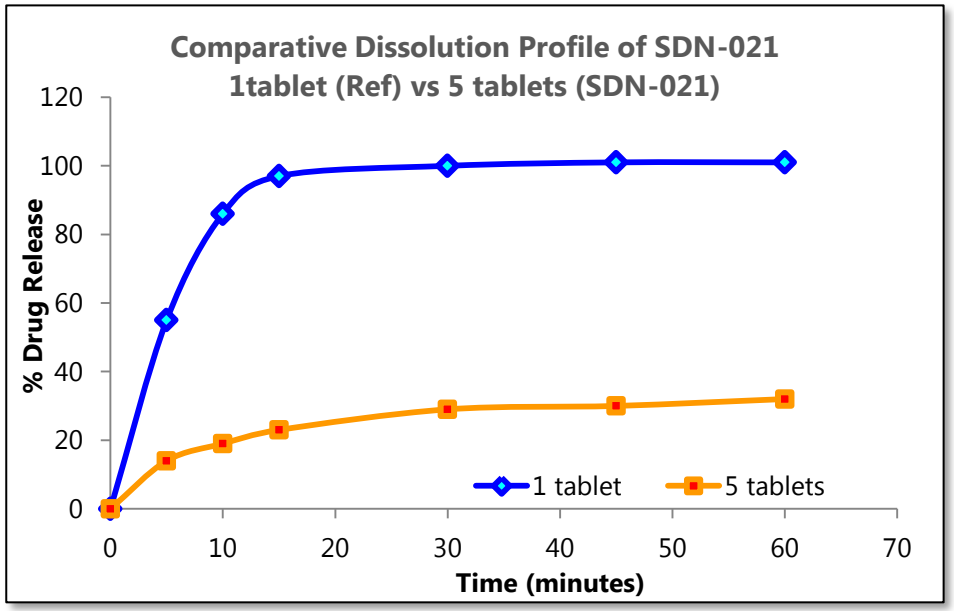
- Designed to deliver clinically effective dose at prescribed dose
- Upon ingestion of multiple pills the technology reduces and delays the release of drug
- Formulation could be modified to modulate the rate and / or extent of release
- Number of pills beyond which release inhibition is desired, can be tailored
- Can also deter drug abuse by snorting or injecting
- Can prevent the drug extraction by common solvents

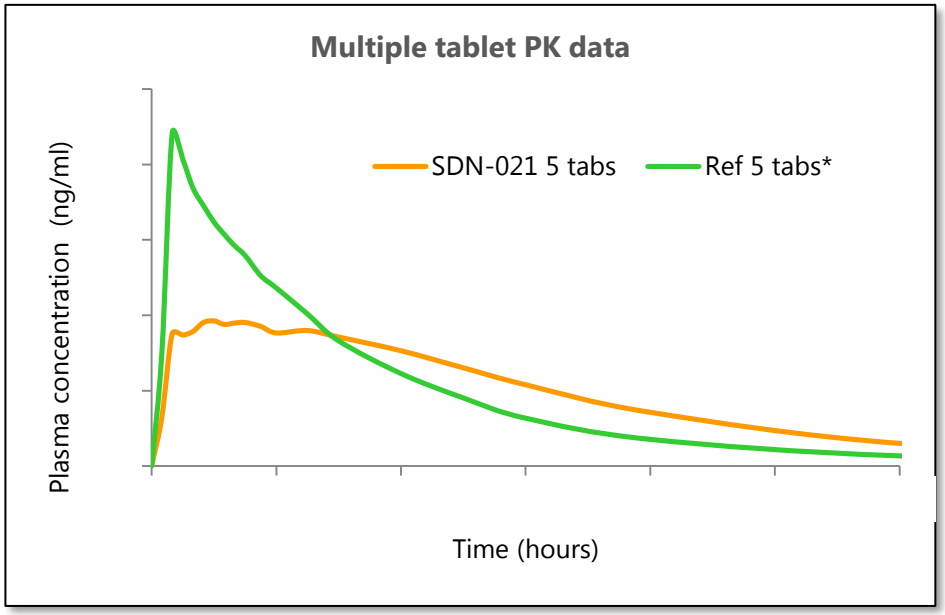
Schematic presentation of Technology



SDN-021

Proof of concept established for oral multi-pill abuse





- Escalating doses result in less than proportional escalations in plasma exposures
- Delayed Tmax may prevent the abuser from getting the desired "high"

*Dose corrected from one tablet

SDN-021
Development Status Update

- IND filed in Q3FY16, PoC completed
- Product optimization underway
- Additional PK studies planned in FY17

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CNS

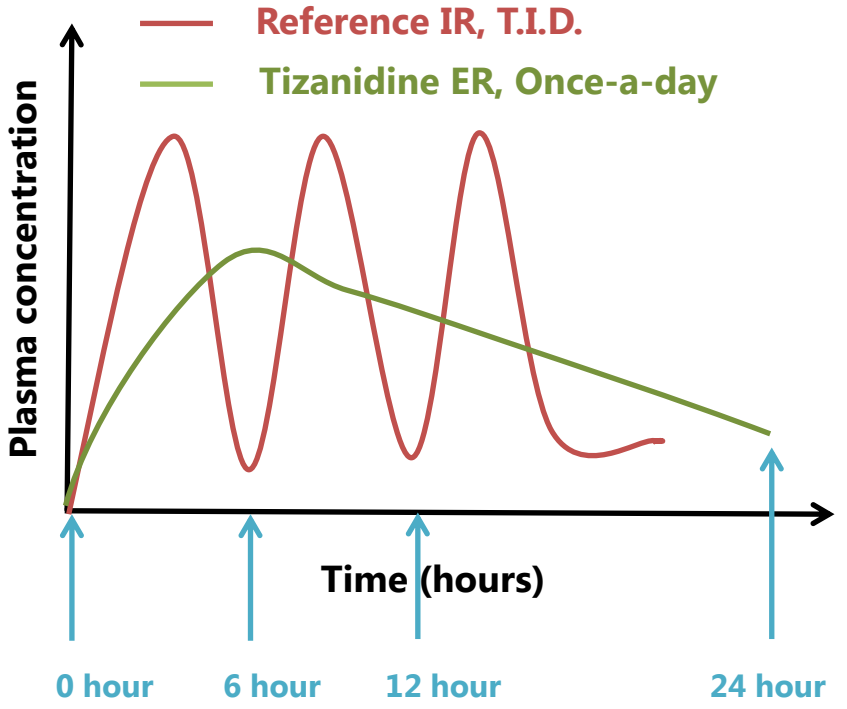
Tizanidine

Tizanidine ER for Musculoskeletal Pain

Optimizing PK to improve safety profile

- Tizanidine market in USA is estimated at 725 million tablets growing at 11%*
- About 60% Tizanidine usage is in musculo-skeletal pain*
- Tizanidine use is limited due to side effects like orthostatic hypotension, somnolence, cognitive function impairment
- Currently, no "once a day" Tizanidine formulation in market
- SPARC is developing a novel extended release formulation to target
  - Patient convenience and better compliance
  - An improved side effect profile

Schematic Representation of Comparative mean Plasma Tizanidine Concentration - Time Profiles



*IMS MAT April 2016,

Tizanidine ER

Development Status Update

- Simulated driving study initiated in Q1FY17
- Topline results expected in Q2FY17
- IND filing planned in Q2FY17

SPARC R&D Pipeline

For updates and specific queries, please visit www.sunpharma.in or contact

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