Investor Update on R&D Pipeline

February 26, 2014



SUN PHARMA
ADVANCED RESEARCH
COMPANY LTD.

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

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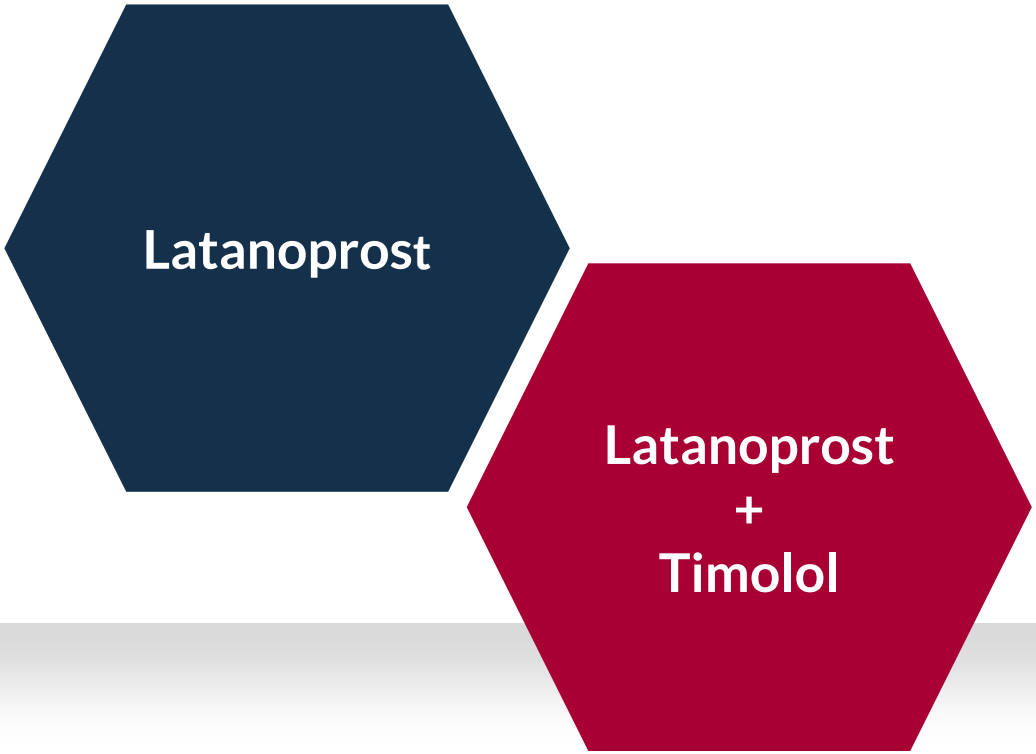
FY 2013 -14 Major Milestones

- PICN
  - Marketing approval in India
  - EOP2 meeting with USFDA
  - Grant of US Patent
- Latanoprost "BAK free" Ophthalmic Solution - First NDA filing in US based on Phase III clinical program
- Latanoprost and Timolol Ophthalmic Solution marketing approval in India
- SUN -597 DPI first in human study initiated in UK
- SUN - 597 Nasal – US IND acceptance; initiated Phase II study

Key Therapy Area and Research Programs

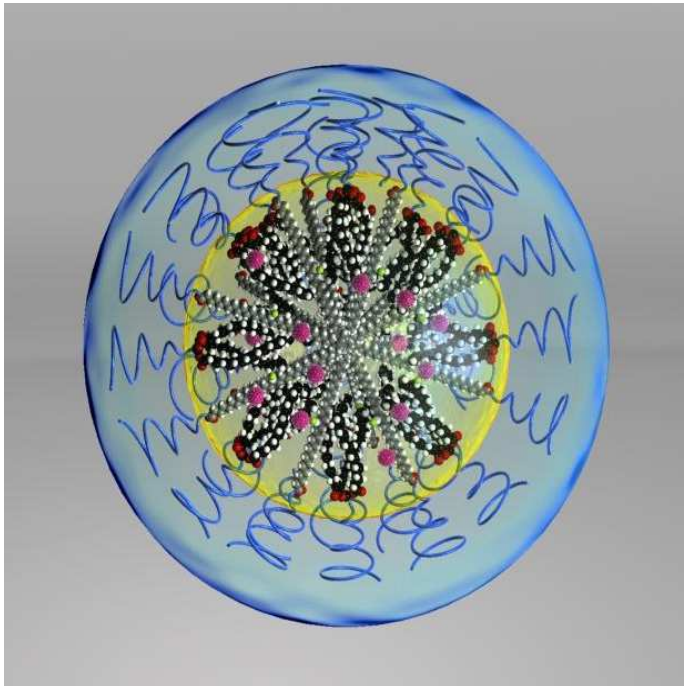
OPHTHALMOLOGY	Swollen Micelle Microemulsion (SMM) Gel Free Reservoir Technology (GFR)
ONCOLOGY	Nanotecton™ Liposomal Drug Delivery Biodegradable depot Tyrosine kinase inhibitor
CNS	GRID ™ Wrap Matrix ™
RESPIRATORY	DPI Soft steroid LTD_4 antagonist

OPHTHALMOLOGY



Latanoprost “BAK Free” Ophthalmic Solution

- Reduced risk of ocular surface damage on chronic use
- Potentially beneficial in chronic glaucoma patients with dry eyes
- Stable at room temperature; ease of storage and transportation in distribution channels



“Swollen Micelle Microemulsion”

Latanoprost "BAK Free" - Glaucoma opportunity

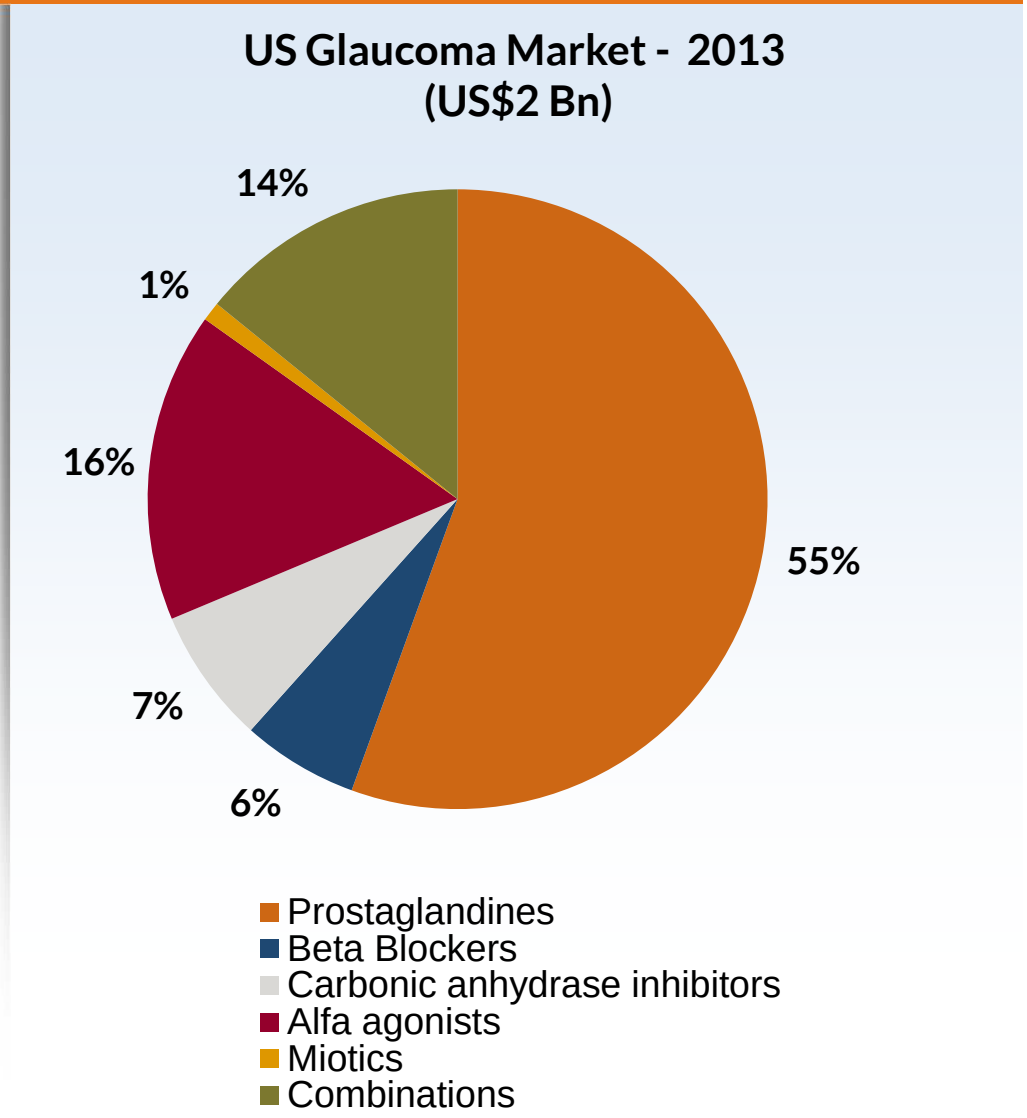
- Glaucoma is largest segment in ophthalmic market. 2.2 million patients are diagnosed in US ; estimated to reach 3 million by 2020; 74 % are Open Angle Glaucoma (OAG) [1]
- 48%-59% of OAG patients show concurrent ocular surface disease (OSD) , 27% show severe OSD (dry eye)[2]
- Relationship between BAK use and OSD well established, 2 fold odds[3]
- Current state – co prescription of artificial tears/lubricating eye drops

1. *J Glaucoma. 2012 April; 21(4): 234–240.*
2. *Clinical Ophthalmology 2010:4 1253–1261*
3. J Glaucoma. 2008 Aug;17(5):350-5

Latanoprost "BAK Free" US Commercial opportunity

Glaucoma Market

- Gluacoma products sales in US at ~ US$2 Bn
- Prostaglandin products constitute 55% of sales
- Prostaglandins market was growing at 6% in 2013

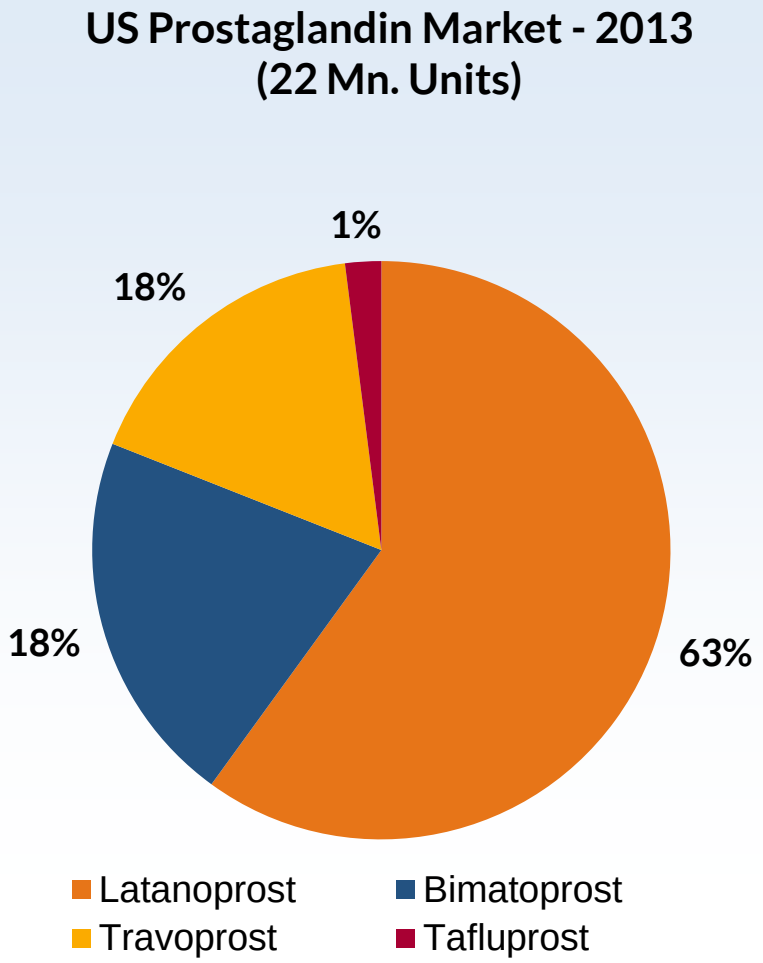


Latanoprost "BAK Free" US Commercial opportunity

Latanoprost "BAK Free" market potential

- Latanoprost is the largest selling PG with 63% volume share
- Market access studies suggest that 10% - 16% patients on Xalatan® and other BAK containing products develop Ocular Surface Disease symptoms
- Estimated potential patient population for SPARC's Latanoprost

  ~ 15 % patients on Xalatan® and its generics and new patients with high risk of developing OSD



Regulatory status update

US –505(b)(2) route

- NDA Filed Q4 FY 2013-14
- Evaluating various options for commercialization

ROW

- 4 EM filing completed ; 5 more markets planned in FY 2014-15

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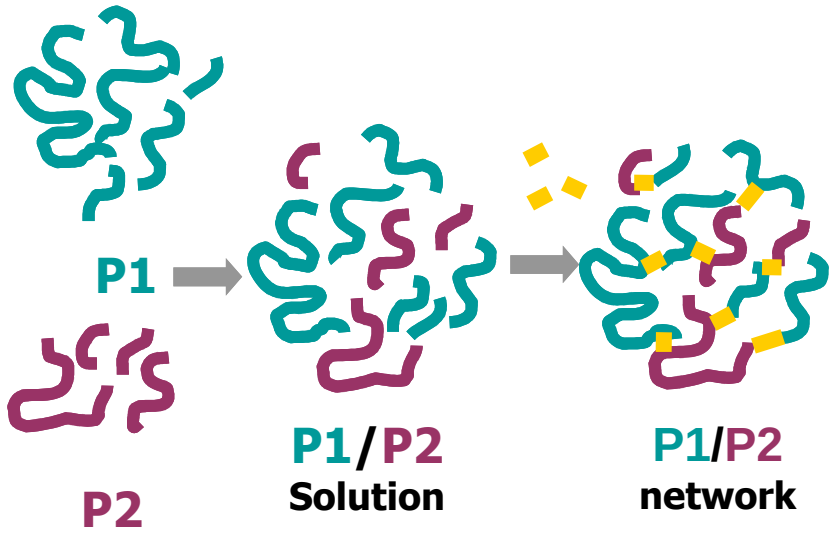
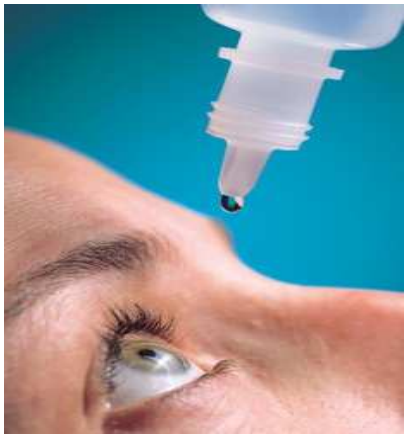
Latanoprost and Timolol OD Ophthalmic Solution

- Combination of essential elements of the SMM into GFR platform
- Once a day dosing
- Product with characteristics similar to natural tears
- Storage at room temperature
- Efficacy of FDC met NI criteria of +/- 1.5 mm Hg with concomitant therapy of Xalatan® + Timoptic® BID

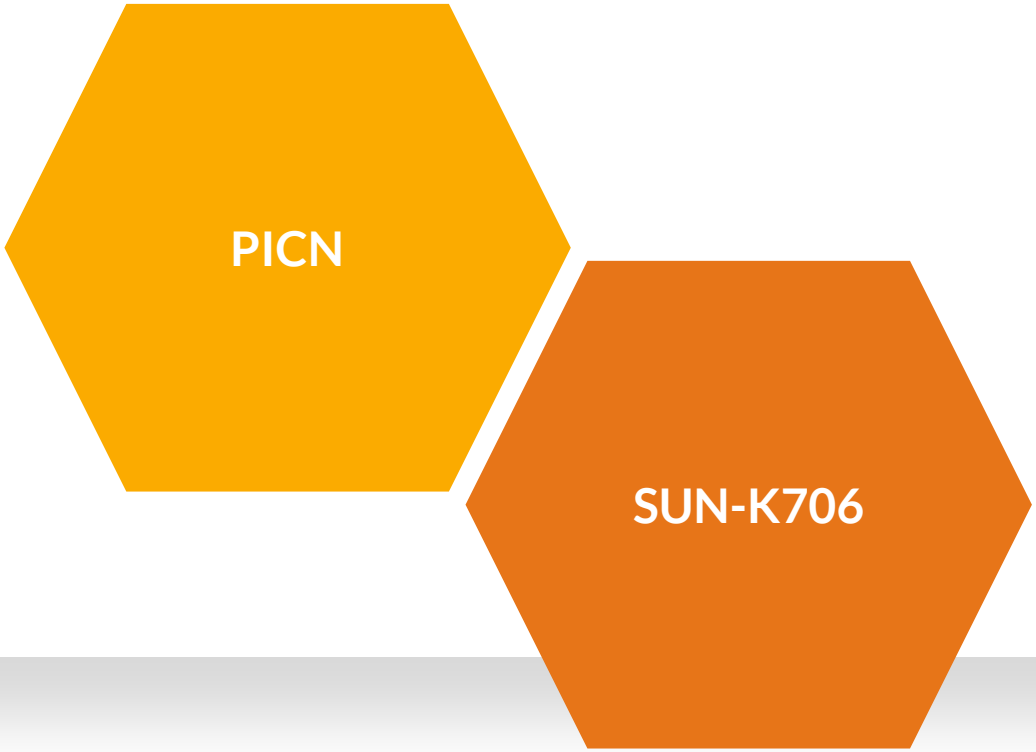




Regulatory status update

- Launched in India : Q4 FY 2013-14
- Select ROW markets filing planned in FY 2014 -15
- Advice obtained from regulatory consultants for potential EU filing; Evaluating commercial potential for EU

ONCOLOGY



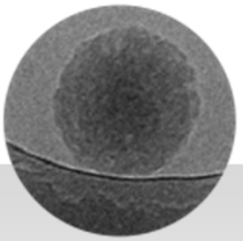
Paclitaxel Injection Concentrate for Nanodispersion (PICN)

Novel formulation of Paclitaxel using SPARC's proprietary Nanotecton™ platform technology

- Cremophor® and Albumin free formulation
- 30 min infusion
- No standard paclitaxel pre-medications required
- Allows higher dose than TAXOL®

PICN as Supplied

PICN as admixture



Electron microscope image of nano particle

50 nm – 150 nm in size

FDA feedback for regulatory pathway in US

SPARC completed End of Phase II meeting with FDA in December 2013

- Single Phase III clinical study required for approval in metastatic breast cancer

Next Steps

- Submit the Phase III study protocol to FDA by Q2 FY 2014-15
- Initiate study in Q3 FY 2014-15

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Update on ongoing phase I studies

In Phase I studies, clinical benefit was observed in various tumor types with patients exposed to several lines of treatment

- Biliary carcinoma
- Ovarian cancer
- Cervical cancer
- Melanoma
- Anal canal cancer
- Bladder cancer

MTD reached in the ongoing Phase I clinical study of PICN with Carboplatin

Next steps

- Planning to initiate Phase II studies in 2 indications in FY 2014-15

PICN – US Commercial opportunity in breast cancer

- Paclitaxel and ABRAXANE® are not approved in weekly dosing schedule for breast cancer
- As per market research
  - 85%- 90% of Paclitaxel and ABRAXANE® are used in weekly dosing schedule
  - Estimated 30,000 breast cancer patients are on Paclitaxel therapy every year
  - Of which 12,000 patients are with metastatic breast cancer
  - Additionally 9000 metastatic breast cancer patients are treated with ABRAXANE®
- At similar efficacy and safety in weekly dosing , PICN could address this patient population

Regulatory status update

US –505(b)(2) route

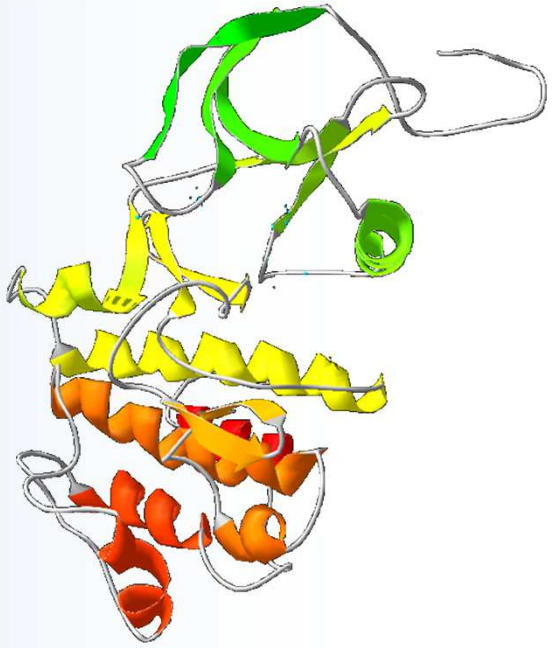
- Received FDA guidance for registration of PICN in metastatic breast cancer indication in weekly dosing regimen
- Phase III trial planned Q3 FY 2014-15

India

- Obtained marketing approval for India in Q4 FY 2013-14
- Expected launch in Q1 FY 2014-15

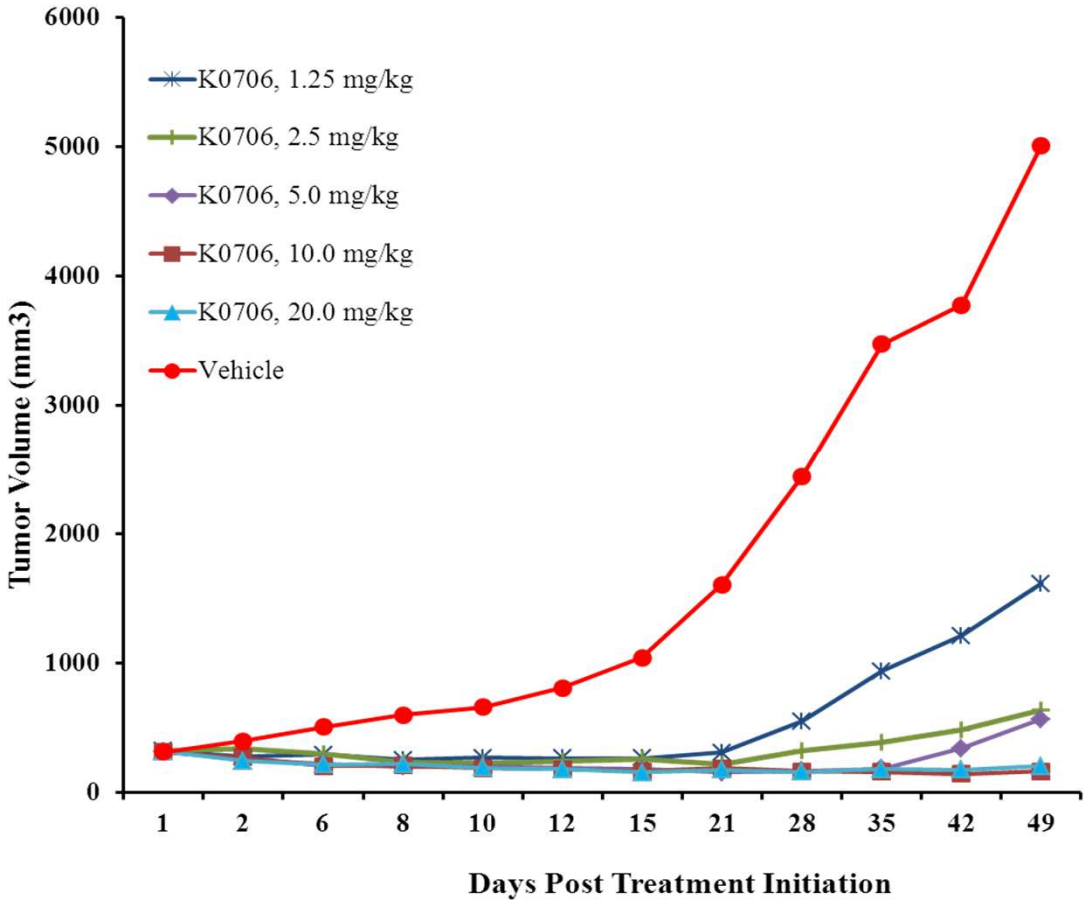
SUN–K706 Excellent preclinical profile

- Potent and highly selective Bcr-Abl Tyrosine Kinase Inhibitor
- Significantly inhibits the key Imatinib resistant mutants, including the T315I mutation
- Unlike Ponatinib, the only approved TKI for T315I mutation , SUN-K706 is not a pan Bcr-Abl kinase inhibitor
- Being selective, SUN -K706 is less likely to have off-target side effects
- Suitable formulation for clinical studies is optimized



Bcr-Abl Kinase

SUN–K706 In vivo efficacy in tumor xenograft model with optimized formulation



SUN-K706 formulation shows dose dependent anti-tumor activity in tumor xenograft in mice model

SUN–K706 Excellent *in vivo* safety profile

Low potential for cardiac side effects

- No significant effect seen on heart rate, arterial blood pressure and “rate corrected” QT intervals in telemetered Beagle dogs

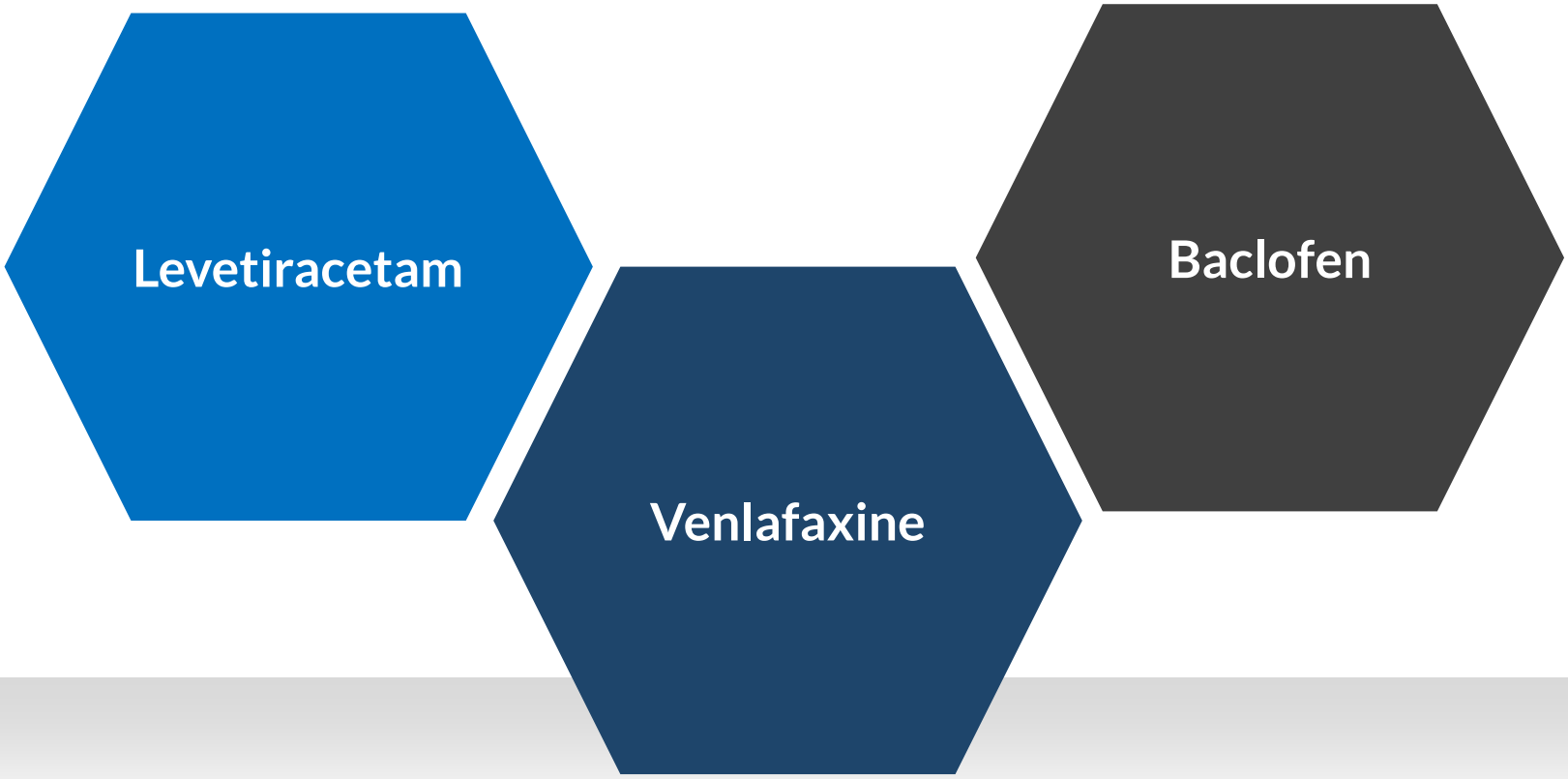
Low potential for hemostasis

- Unlike Dasatinib therapy, where thrombocytopenia and platelet function have been implicated, SUN-K706 caused less bleeding in mice indicating low potential for such side effects

SUN-K706 Future development plan

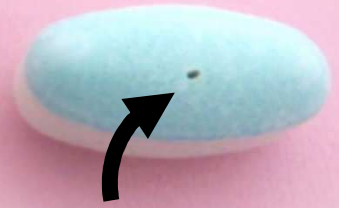
- Complete Safety pharmacology studies by Q2 FY 2014- 15
- Complete Toxicity studies for IND by Q3 FY 2014-15
- File IND in Q4 FY 2014-15

CNS



Levetiracetam ER 1000mg / 1500mg

- NDA for Levetiracetam ER was filed in US in Q1 FY 2012-13
- SPARC received complete response letter in May 2013
- Interaction with USFDA was completed and FDA is in agreement with SPARC's proposal to conduct 1 additional pharmacokinetic study
- Response to FDA planned by Q2 FY 2014-15
- Composition and dose specific patents granted in US with expiry up to 2028



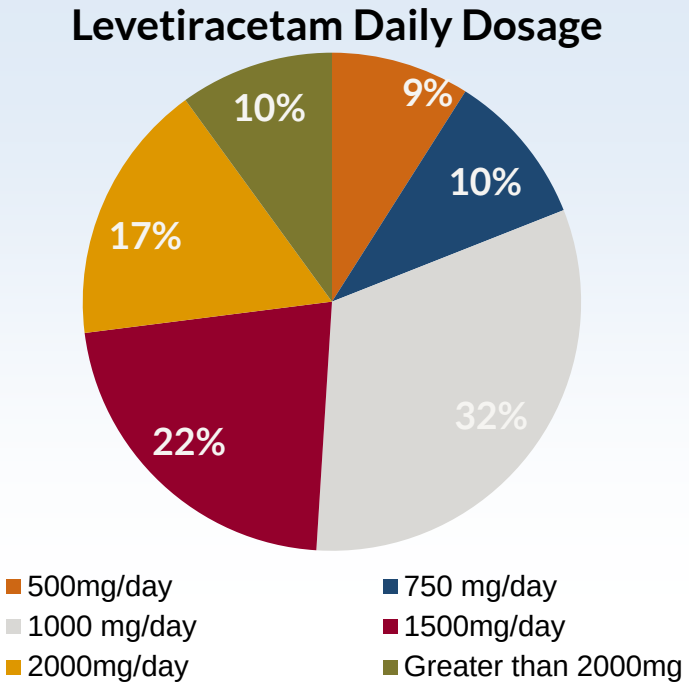
Wrap Matrix ™

Use of Laser drill to achieve a controlled release with minimal excipients

Levetiracetam ER - US Commercial opportunity

Market access studies in US

- Epilepsy patients in US: Pill burden remains high (>55%) at >6 pills required per day
- >80% of patients need daily dosage of 1000mg-3000mg
- Patients may pay a higher co-pay (Tier 2) compared to generics for reduced pill burden



Levetiracetam ER market potential

- Levetiracetam market volume in US is growing at an average annual growth rate of 11%
- ~ Out of 600 million units sold per year, 400 million units are consumed for daily dosage of 1000mg - 3000mg
- Product is expected to be commercialized at significant premium to generics

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Venlafaxine ER 300mg

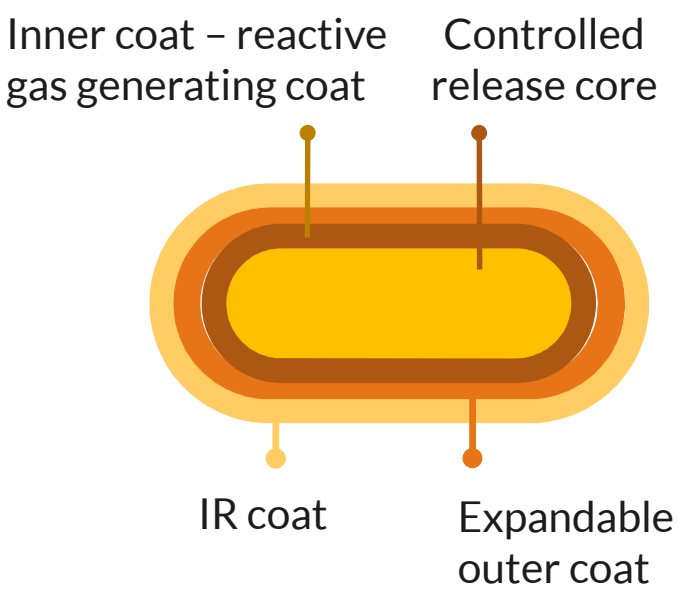
- Venlafaxine ER employs SPARC's proprietary Wrap Matrix ™ technology
- NDA was filed in US in Q4 FY 2012-13
- Post complete response letter, discussion for additional requirements with FDA completed in Feb 2014
- The FDA requested additional clinical data supporting safety and efficacy of 300mg dose
- SPARC intend to support the FDA requirement with published literature

Wrap Matrix ™

Baclofen GRS

- Extended release formulation of Baclofen with Proprietary Gastro Retentive Innovative Device (GRID ™) technology
- Once daily and recommended fed state dosing for optimal bioavailability and minimal sedation
- Baclofen GRS will be available in 6 strengths i.e., 10 / 20 / 30 / 40 / 50 / 60 mg for individualized dosing and greater dose flexibility
- Offers a steady therapeutically effective level for spasticity
- Patent portfolio comprising of formulation , once a day therapy and indication patents with last patent expiring in 2027

GRID™ Technology



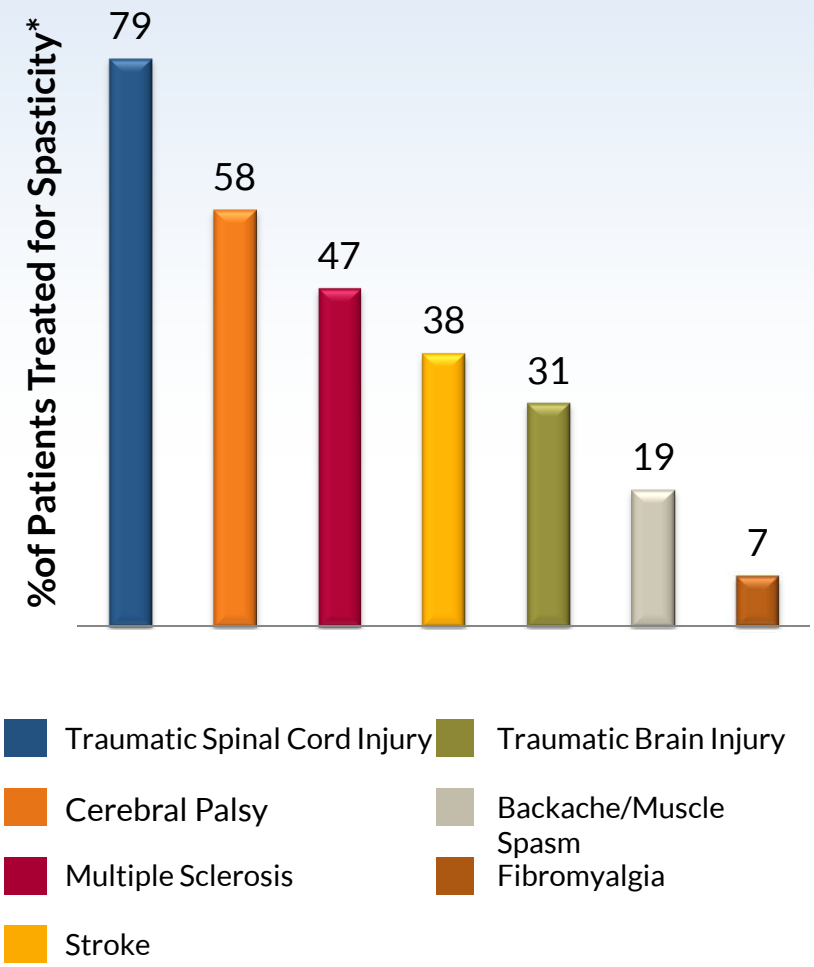
Baclofen GRS - US Commercial opportunity

Market access studies in US

- More than half million people in US suffer from spasticity associated with neurological conditions
- Baclofen is considered as 'Gold Standard' for treatment of spasticity associated with neurological disorders
- KOLs and Payers acknowledged that Baclofen GRS offers sustained efficacy and better patient convenience and compliance
- 5% to 10% switch from Baclofen IR to baclofen GRS is expected

Baclofen GRS market potential

- Baclofen market volume in US (587 million units) is growing at an average annual growth rate of 8%
- Baclofen GRS can be priced at significant premium over generics



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**Spasticity: A Clinical Review, Medscape Education, 2008*

Regulatory status update

US –505(b)(2) route

- Phase III, randomized, placebo-controlled efficacy study in 300 patients :
  - 28 sites actively recruiting patients
  - Plan to increase no. of sites to speed up study completion
- Open label safety study is ongoing
- 135 patients PD study to start in Q1 FY 2014-15 to prove once a day dosing

ROW

- Planning to file in select EM in FY 2014 - 15

Baclofen GRS for Alcohol Dependence

- 180 patients Phase II clinical study completed in India
- Although Baclofen GRS was found to be numerically better on certain study endpoints, overall statistical significance was not achieved
- Seeking expert opinion on clinical study design for Europe
- We are conducting market access study in Europe and will decide on next steps after its completion

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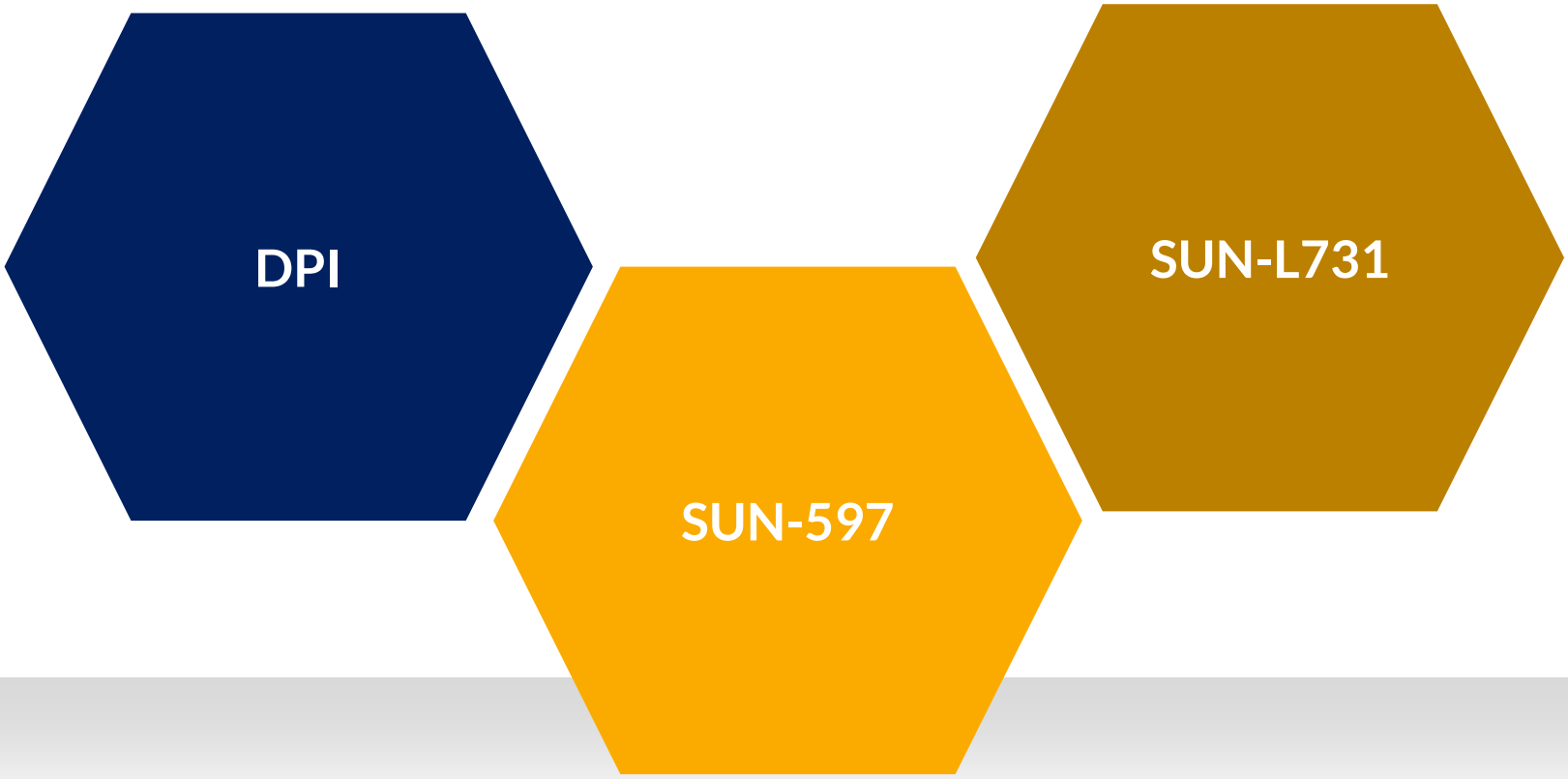
RESPIRATORY



Dry Powder Inhaler

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

- Uniform dose delivery independent of inspiratory flow rate
- Consistently delivers higher amount of drug to lungs
- Eliminates double dosing and dose wastage
- Provides visual, audible and tactile feedback upon dose administration
- Glow-in-the-dark feature for easy night-time use
- Feature for assisting visually impaired, as reminder to refill device, when 8 doses remain
- Small and convenient for easy to carry
- Compliant to the stringent USFDA and European requirements

Regulatory status update

US

- IND filing in Q3 FY 2014 -15

EU

- CTA submitted to BfARM-Q4 FY 2013-14
- Study to be initiated in Q4 FY 2013-14

ROW

- In one market, CTA submission planned in Q1 FY 2014-15

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SUN-597 – Superior pre-clinical profile

- SUN-597 has optimal in vitro potency for glucocorticoid receptors (GR)
- In a high-throughput safety screen, SUN-597 had no significant activity against a battery of 85 receptors, ion channels, enzymes and transporters at clinically relevant concentrations, establishing its specificity for GR
- SUN-597 has in vivo potency and efficacy over a wide range of animal models of allergic inflammation of upper/lower respiratory tract
- SUN-597 is a safe corticosteroid as demonstrated by low systemic side effect potential on single and multiple topical and oral administrations in preclinical models

SUN-597 Nasal – Clinical proof of concept established

Phase I studies of SUN-597 nasal have been completed in India with excellent safety profile

Phase II proof-of- concept study completed in Germany

- At all dose levels SUN-597 demonstrated encouraging efficacy in relieving nasal symptoms
- No significant differences in safety parameters between SUN-597 and placebo.
- Efficacy comparable to literature reported data of Fluticasone and Mometasone

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SUN-597 Nasal – Regulatory status update

- Pre-IND meeting with the USFDA with proposed Phase 2 study for identification of optimum dosage and dosing regimen – Completed in Q2 FY 2013-14
- IND accepted by the USFDA
- Phase II study initiated in Q4 FY 2013- 14 and completion expected in Q1 FY 2015-16

SUN -597 - Nasal Commercial opportunity

Allergic rhinitis in US [1]

- Prevalence between 24-28% of total population
- 2 million missed school days and 100 million missed work days annually

US Nasal Corticosteroid Market

- Intranasal corticosteroids are recommended as first-line treatment for moderate/severe or persistent allergic rhinitis
- As per US IMS 2013 data, nasal steroid market is ~ US$2bn (~55 mn units)

1. As per World Allergy Organization (WAO) data base

SUN-597 Inhalation- Regulatory status update

- CTA approved by UK MHRA- Q3 FY 2013-14
- Phase I/IIa Study initiated in Q4 FY 2013-14
  - Phase Ia-Single dose in healthy for tolerance, safety and PK
  - Phase Ib-Multiple dosing in mild asthmatics to assess safety, PK and pharmacodynamics
  - Phase IIa- Multiple dosing in mild asthmatics to establish Proof-of-Concept
- Completion anticipated by Q2 FY 2015-16

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SUN-597 Inhalation - Future development plan

- File IND in the US – Q2 FY 2015-16
- Initiate Phase 2 program in the US –Q2 FY 2015-16

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SUN-L731 – A highly selective and potent LTD_4 antagonist

LTD_4 receptor antagonists ($CysLT_1$ receptor antagonists), are a class of effective anti-allergic therapies for mild asthma and rhinitis

Pre-clinical profile

- Potent and selective LTD4 antagonist; selective to other isoforms by 1000 fold
- Good oral bioavailability
- Potency ~10 times of Montelukast in LTD4 induced brochospasm in guinea pigs
- Efficacy superior to Montelukast in animal model (sensitized BN rat) for eosinophilia
- Fast onset, and long duration of action in LTD4 induced Lung resistance in guinea pigs; suitable for once-a-day dosing
- High therapeutic index in toxicity studies

SUN-L731 Development status update and plan

- CNS and respiratory safety pharmacology studies for IND completed
- Toxicity studies for IND by Q4 FY 2014-15
- File CTA in the UK by Q1 FY 2015-16

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DISCONTINUED PROGRAMS

- Upon commercial assessment and portfolio reorganization, following programs were discontinued
  - SUN 1334 ORAL
  - SUN 1334 OPHTHALMIC DROPS
  - B 09
  - G 44

Robust clinical stage program pipeline

Baclofen GRS	Initiated 135 patients PD study to establish once a dosing in parallel to the ongoing Phase III program
PICN	Successfully completed EOP2 meeting with USFDA. Clear pathway for registration in metastatic breast cancer obtained from FDA
PICN	Established MTD in ongoing Phase I study of PICN in combination with Carboplatin
Sun-597 Nasal for Allergic Rhinitis	Filed US IND and Initiated second Phase II study
Sun-597 DPI for COPD and Asthma	Initiated Phase I/IIa PK and Proof of concept clinical study in UK
Salmeterol and Fluticasone DPI	Initiated Bio Equivalence study in Germany for highest strength of DPI

Cash flow opportunity – Out-licensing candidates

Latanoprost " BAK free" Ophthalmic Solution

- Peak sales potential in US~ US$ 25Mn - 50 Mn
- Filed patent application with 2028 expiry

Levetiracetam ER

- Peak sales potential in US ~ US$30 Mn – 50 Mn
- Product and dose specific granted patents in US -last patent expiry in 2028

Baclofen GRS

- Target NDA filing in 2018
- Peak sales potential in US ~ US$ 100 Mn
- Product and technology specific granted patents in US - last patent expiry in 2027

Cash flow opportunity – Out-licensing candidates

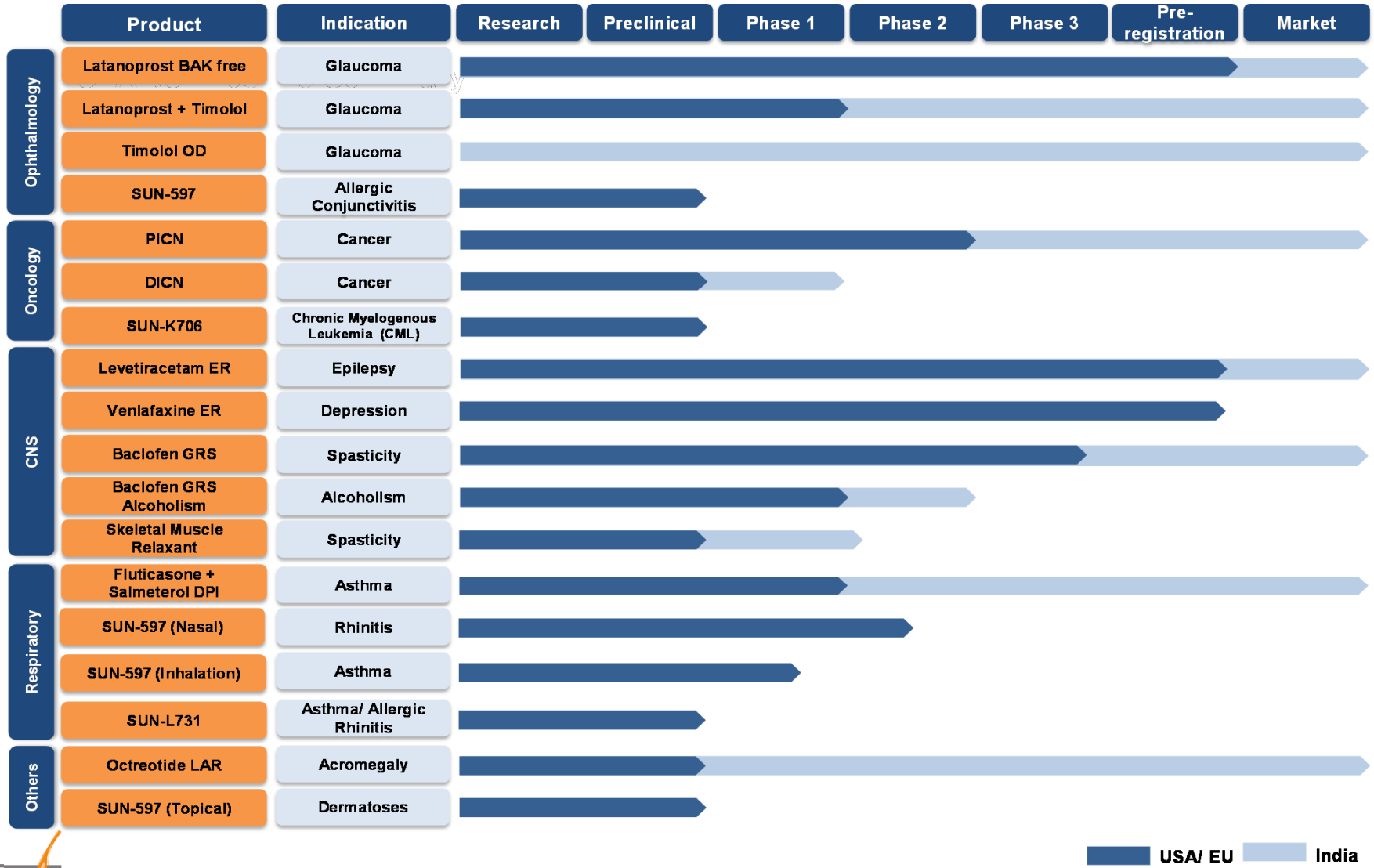
PICN

- Target US filing in 2018
- Peak sales potential ~ US$ 100 Mn - 250 Mn
- Granted patents in US with 2029 expiry

Potential upsides for SPARC

- Upfront , milestones and royalty income on out-licensing

SPARC Pipeline Summary



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