

VOLUNTARY REPORT ON CORPORATE GOVERNANCE

INTRODUCTION:

Corporate Governance is important to build confidence and trust which leads to strong and stable partnership with the Investors and all other Stakeholders. The Directors, hereunder, present the Company's Report on Corporate Governance for the year ended 31st March, 2018 & as on date.

1. COMPANY'S PHILOSOPHY ON CODE OF GOVERNANCE:

The Company's philosophy on Corporate Governance lays strong emphasis on transparency, accountability and ability.

Effective Corporate Governance is the key element ensuring investor's protection; providing finest work environment leading to highest standards of management and maximization of everlasting long -term values. Your Company believes in the philosophy on practicing Code of Corporate Governance that provides a structure by which the rights and responsibility of different constituents such as the board, employees and shareholders are carved out.

A Report on compliance with the principles of Corporate Governance as prescribed by SEBI in Chapter IV read with Schedule V of SEBI (Listing Obligation and Disclosures Requirements) Regulations, 2015 (Listing Regulation) is given below:

2. BOARD OF DIRECTORS:

a) Composition and Category of Directors as on 31st March, 2018 and on the date of report is:

Name of Directors	Category of Directorship	No. of other Directorships @	No. of Committee position in other Companies**		No. of Board Meetings attended during 2017-18	Attendance at AGM. held on 20-09-2017 Yes(Y)/No(N)
			Member	Chairman		
Mr. Sanjay S. Shah	Chairman & Managing Director	2	2	-	8	Y
Mr. Aarsh S. Shah	Joint Managing Director	-	-	-	8	Y
Ms. Rita S. Shah	Whole Time Director	2	-	-	8	Y
Mr. Shailesh Patel	Non-Executive Independent	-	-	-	8	N
Mr. Prashant Srivastav	Non-Executive Independent	1	1	1	8	Y
Mr. Hardik Mehta	Non-Executive Independent	-	-	-	8	N

@ Private Companies, foreign companies and companies under Section 8 of the Companies Act, 2013 are excluded

** for the purpose of reckoning the limit of committees, only chairmanship/membership of the Audit Committee and Stakeholders' Relationship Committee has been considered.

Mr. Sanjay S. Shah, Mr. Aarsh S. Shah and Ms. Rita S. Shah are related to each other.

(b) Details of the Directors seeking Appointment / Re-appointment in forthcoming Annual General Meeting:

Name of Director	Mr. Aarsh S. Shah
Date of Birth	16-02-1991
Date of Appointment	01-06-2012
Qualifications	Masters in Business Administration
Expertise in specific functional areas	Production, Sales and Marketing
List of Public Limited Companies in which Directorships held	-
List of Private Limited Companies in which Directorships held	-
Chairman/Member of the Committees of the Board of Directors of our Company	Member - Stakeholders' Relationship Committee
Chairman/Member of the Committees of Directors of other Companies	-
Shareholding in the Company	13,07,500 Equity Shares

Sakar Healthcare Limited

c) Board Procedures:

The Board of Directors meets once a quarter to review the performance and Financial Results. A detailed Agenda File is sent to all the Directors well in time of the Board Meetings. The Chairman/Managing Director briefs the Directors at every Board Meeting, overall performance of the Company. All major decisions/approvals are taken at the Meeting of the Board of Directors such as policy formation, business plans, budgets, investment opportunities, Statutory Compliance etc. The meeting of the Board of Directors for a period from 1st April, 2017 to 31st March, 2018 were held 8 times on 30-05-2017, 20-07-2017, 31-07-2017, 04-11-2017, 14-11-2017, 09-12-2017, 21-02-2018 and 28-03-2018.

d) Shareholding of Non- Executive Directors as on 31st March, 2018:

No Non-Executive Directors hold any Equity Share or convertible securities in the Company.

e) Familiarisation Program for Independent Directors:

The details of the familiarization program are available on the Company's website – www.sakarhealthcare.com

3. AUDIT COMMITTEE:

The Audit Committee consists of the following Directors as on date of the Report:

Name of the Directors	Expertise	Terms of reference & functions of the Committee	No. of Meetings Attended during 2017-18
Mr. Prashant Srivastav, Chairman	Majority members are Non executive. Chairman is Independent Director and majority is independent. One member has thorough financial and accounting knowledge.	The functions of the Audit Committee are as per Company Law and Listing Regulations prescribed by SEBI which include approving and implementing the audit procedures, review of financial reporting system, internal control procedures and risk management policies.	4 of 4
Mr. Shailesh Patel			4 of 4
Mr. Sanjay S. Shah			4 of 4

The Audit Committee met 4 times during the Financial Year 2017-18. The maximum gap between two meetings was not more than 120 days. The Committee met on 30-05-2017; 30-08-2017; 14-11-2017; 21-02-2018. The necessary quorum was present for all Meetings. The Chairperson of the Audit Committee was present at the last Annual General Meeting of the Company.

4. NOMINATION & REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee consists of the following Directors as on the date of the Report.

Name of the Directors	Functions of the Committee	No. of meetings Attendance during 2017-18
Mr. Shailesh Patel, Chairman	All members are Non executive. The Committee is vested with the responsibilities to function as per SEBI Guidelines and recommends to the Board Compensation Package for the Managing Director. It also reviews from time to time the overall Compensation structure and related policies with a view to attract, motivate and retain employees.	During the year under review, meeting of Nomination & Remuneration Committee was held on 21-02-2018.
Mr. Hardik Mehta		
Mr. Prashant Srivastav		

Terms of reference and Nomination & Remuneration Policy:

The Committee identifies and ascertain the integrity, qualification, expertise and experience of the person for appointment as Director, KMP or at Senior Management level and recommend to the Board his / her appointment. The Committee has discretion to decide whether qualification, expertise and experience possessed by a person are sufficient / satisfactory for the concerned position.

The Committee fixes remuneration of the Directors on the basis of their performance and also practice in the industry. The terms of reference of the Nomination & Remuneration Committee include review and recommendation to the Board of Directors of the remuneration paid to the Directors. The Committee meets as and when required to consider remuneration of Directors.

Performance Evaluation Criteria for Independent Directors:

The Board evaluates the performance of independent directors (excluding the director being evaluated) on the basis of the contributions and suggestions made to the Board with respect to financial strategy, business operations etc.

5. REMUNERATION OF DIRECTORS:

1. Mr. Sanjay S. Shah, Managing Director was paid Rs. 12.35 Lakh as managerial remuneration during the financial year 2017-18.
2. Mr. Aarsh S. Shah, Joint Managing Director was paid Rs. 11.70 Lakh as managerial remuneration during the financial year 2017-18.
3. Ms. Rita S. Shah, Whole Time Director was paid Rs. 6.50 Lakh as managerial remuneration during the financial year 2017-18.
4. The Directors were not paid any Sitting Fees during the financial year 2017-18.
5. No Commission or Stock Option has been offered to the Directors.
6. The terms of appointment of Managing Director / Whole-time Director are governed by the resolutions of the members and applicable rules of the Company. None of the Directors are entitled to severance fees.
7. Commission based on performance criteria, if any, as approved by the Board and subject to maximum limit specified in the Act.
8. The Nomination and Remuneration Policy of the Company is given in Directors' Report which specifies the criteria of making payments to Non Executive Directors.
9. Service contract and notice period are as per the terms and conditions mentioned in their Letter of Appointments.
10. There are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Non-Executive Directors except those disclosed in the financial statements for the financial year ended on 31st March, 2018.

7. STAKEHOLDERS' RELATIONSHIP COMMITTEE:

The Board has constituted a Stakeholders' Relationship Committee for the purpose of effective Redressal of the complaints and concerns of the shareholders and other stakeholders of the Company.

The Committee comprises the following Directors as members as on the date of the Report:

1. Mr. Prashant Srivastav Chairman
2. Mr. Shailesh Patel Member
3. Mr. Aarsh Shah Member

The Company had not received any complaints during the year and thus, there is no complaint pending as on date. There was no valid request for transfer of shares pending as on 31st March, 2018.

Ms. Hema Advani, Company Secretary is the Compliance Officer for the above purpose.

8. GENERAL BODY MEETINGS:

Details of last three Annual General Meetings of the Company are given below:

Financial Year	Date	Time	Venue
2014-2015	30-09-2015	12.00 noon	Block No. 10-13, Nr. N. M. Desai Petrol Pump, Sarkhej-Bavla Road, Village: Changodar, Dist: Ahmedabad – 382 213 No Special Resolution was passed.
2015-2016	30-09-2016	12.00 noon	Block No. 10-13, Nr. N. M. Desai Petrol Pump, Sarkhej-Bavla Road, Village: Changodar, Dist: Ahmedabad – 382 213 No Special Resolution was passed.
2016-2017	20-09-2017	02.00 p.m.	Block No. 10-13, Nr. N. M. Desai Petrol Pump, Sarkhej-Bavla Road, Village: Changodar, Dist: Ahmedabad – 382 213 Special Resolution: Authority to Link Intime India Private Limited (RTA) for maintaining Register of Members together with the Index of Members of the Company and copies of Annual Returns.

Sakar Healthcare Limited

Extra Ordinary General Meeting of the members of the Company was held on 31st August, 2017 in which one Ordinary Resolution was passed for increase in Authorised Share Capital and one Special Resolution was passed for Conversion of Unsecured Loan into Equity Shares of the Company.

Another Extra Ordinary General Meeting of the members of the Company was held on 20th March, 2018 in which two Special Resolutions were passed for Alteration of Articles of Association of the Company and Issue of Equity Warrants convertible into Equity Shares of the Company.

Pursuant to the relevant provisions of the Companies Act, 2013, there was no matter required to be dealt by the Company to be passed through postal ballot during 2017-18.

9. MEANS OF COMMUNICATIONS:

In compliance with the requirements of the Listing Agreement and SEBI (LODR) Regulations, the Company regularly intimates Unaudited / Audited Financial Results to the Stock Exchanges immediately after they are taken on record by the Board of Directors. These Financial Results are normally published in 'Western Times' (English and Gujarati). Results are also displayed on Company's website www.sakarhealthcare.com.

The reports, statements, documents, filings and any other information are electronically submitted to the recognized stock exchanges, unless there are any technical difficulties while filing the same. All important information and official press releases are displayed on the website for the benefit of the public at large.

During the year ended on 31st March, 2018, no presentations were made to Institutional Investors or analyst or any other enterprise.

10. GENERAL SHAREHOLDERS' INFORMATION:

- | | | |
|---|---|---|
| a) Registered Office | : | Block No. 10/13, Village: Changodar, Sarkhej-Bavla Highway, Tal: Sanand, Dist: Ahmedabad – 382 213 |
| b) Annual General Meeting | : | Day Thursday
Date 20 th September, 2018
Time 2.00 p.m.
Venue Block No. 10/13, Village: Changodar, Sarkhej-Bavla Highway, Tal: Sanand, Dist: Ahmedabad – 382 213 |
| c) Financial Calendar | : | Half Yearly Results : Mid - November, 2018.
Audited yearly Results:End May, 2019. |
| d) Book Closure | : | From : Friday, the 7 th September, 2018
To : Thursday, the 20 th September, 2018
(Both days inclusive) |
| e) Dividend Payment Date | : | N.A. |
| f) Listing of Shares on Stock Exchanges | : | National Stock Exchange of India Limited-SME Emerge
Bandra Kurla Complex, Bandra (East), Mumbai – 400 001.
The Company has paid the annual listing fees for the financial year 2018-19 to the Stock Exchange. |
| g) Stock Exchange Code | : | Stock Exchange Code / Symbol
NSE Symbol SAKAR |
| h) Registrar and Share Transfer Agents | : | Registrars and Share Transfer Agents (RTA) for both Physical and Demat Segment of Equity Shares of the Company:
Link Intime India Pvt. Ltd.
506-508, Amarnath Business Centre-1 (ABC-1), Besides Gala Business Centre, Near St. Xavier's College Corner, Off C. G. Road, Ellisbridge, Ahmedabad – 380 006
Email id: ahmedabad@linkintime.co.in |
| i) Share Transfer System | : | The transfers of Shares are processed by NSDL/ CDSL through the respective Depository Participants or through Link Intime India Pvt. Ltd. (RTA) |

- j) Stock Price Data:
The shares of the Company were traded on the National Stock Exchange of India Limited. The information on stock price data, Nifty details are as under:

Month	High (Rs.)	Low (Rs.)	Volume (No. of Shares)
April, 2017	60.25	54.75	45,000
May, 2017	59.80	52.05	54,000
June, 2017	58.00	49.20	33,000
July, 2017	57.90	51.00	1,11,000
August, 2017	57.00	49.00	39,000
September, 2017	58.10	49.00	24,000
October, 2017	60.50	50.90	3,48,000
November, 2017	77.90	59.90	4,29,000
December, 2017	68.00	61.40	66,000
January, 2018	73.50	57.10	11,70,000
February, 2018	74.00	52.05	14,46,000
March, 2018	67.80	56.00	2,31,000

- k) Distribution of Shareholding as on 31st March, 2018:
The Shares of the Company are held in Lot Size of 3,000 Shares.

No. of Equity Shares held	No. of Shareholders	% of Shareholders	No. of Shares held	% of Shareholding
3000	110	52	330000	3
6000	43	20	258000	2
9000	17	8	153000	1
Above 9000	41	20	11470000	94
Grand Total	211	100	12211000	100

- l) Category of Shareholders as on 31st March, 2018:

Category	No. of Shares held	% of Shareholding
Promoters (Directors & Relatives)	8770000	71.82
Financial Institutions/ Banks	-	-
Mutual Fund	-	-
Domestic Companies	1567000	12.83
Indian Public	1841000	15.08
NRIs & CM	33000	0.27
Foreign Corporate	-	-
Grand Total	12211000	100.00

- m) Outstanding GDRs/ADRs/Warrants or any Convertible Instruments, Conversion Date and likely impact on Equity:

The Company has allotted 27,50,000 Equity Warrants of Rs. 10/- each at premium of Rs. 55/- per Equity Warrant on 28th March, 2018 to Promoter and Non-Promoter of the Company on Preferential Basis after complying provisions and guidelines under the Companies Act, 2013, SEBI & Listing Agreement. The said 27,50,000 Equity Warrants are convertible in to 27,50,000 Equity Shares within 18 months of from the date of allotment of Equity Warrants.

The Company has not issued any GDRs/ADRs or any other convertible securities.

- n) Dematerialisation of Shares and liquidity: The Company's Equity Shares are traded compulsorily in dematerialised form and 100% of the Equity Shares are in dematerialised form. ISIN number for dematerialisation of the Equity Shares of the Company is INE732S01012.

Sakar Healthcare Limited

o) Commodity Price Risks and Commodity Hedging Activities:

Business risk evaluation and management is an ongoing process within the Company. The assessment is periodically examined by the Board. The Company is exposed to the risk of price fluctuation of raw materials as well as finished goods. The Company proactively manages these risks through forward booking Inventory management and proactive vendor development practices.

p) Plant Location:

Block No. 10/13, Village: Changodar, Sarkhej-Bavla Highway, Tal: Sanand, Dist: Ahmedabad – 382 213

q) Address for Correspondence:

For Share transfers, transactions, change of address, non receipt of dividend or any other query relating to shares, Shareholders' correspondence should be addressed to the Company's Registrar and Share Transfer Agent at:

Link Intime India Pvt. Ltd.

5th Floor, 506 to 508, Amarnath Business Centre – 1 (ABC-1), Beside Gala Business Centre,

Nr. St. Xavier's College Corner, Off C. G. Road, Navrangpura, Ahmedabad -380 006

Tel.: (079) 2646 5179 Email: ahmedabad@linkintime.co.in

Compliance Officer : Ms. Hema Advani, Company Secretary

11. MANAGEMENT DISCUSSION AND ANALYSIS:

a. Industry Structure and Developments:

The Indian Pharmaceutical Industry is 3rd Largest in volume and 13th Largest in terms of value in the world and is expected to grow at a CAGR of 15.92%, according to a recent report by the Indian Brand Equity Foundation (IBEF) by 2020. Branded Generics are expected to continue their dominance in the Indian Market, considering the various therapeutic categories they cover and the increase in population.

b. Opportunities and Threats:

Our competitive strengths include robust manufacturing unit for sterile injections (SVP), antibiotics (tablet, capsule, dry powder, dry syrup, dry powder injections), oral liquid; equipped with technologically advanced equipments like lyophiliser. All these installed equipments are from renowned companies of Germany, Switzerland, Italy, China; which facilitate manufacturing diverse product portfolio including 150 formulations covering 22 therapeutic categories. The manufacturing unit has been accredited by regulatory authorities of 13 countries, which supports extended accessibility to export products to more overseas countries. The business model includes international marketing to over 50 countries of Africa, South East Asia, Latin America, Asia and CIS; with 202 registered Sakar brands, operating through 61 distribution channel partners, as well as contract manufacturing top-rated high-moving brands for Indian and multi-national pharmaceutical companies. This setup is ably run by talented professionals with years of expertise in the industry, under proper guidance from the top management.

The organisation constantly evaluates the probable threats due to changes in the regulatory norms, both in domestic and international arena, as well as the effects of restructuring of pricing regimen at any point of time. Both these factors can adversely affect the business revenue, in addition to declining phase of any product in its life-cycle and hence the product basket has been made flexible across countries with multiple brands to nullify such effects, at any point of time.

c. Segment wise Performance:

The Company is operating in single segment. Hence, there is no need of reporting segment wise performance.

d. Recent Trend and Future Outlook:

India is now among the top 5 pharmaceutical emerging markets. This has given the necessary structure to the credibility of India make products; particularly when quality matters the most. Keeping the manufacturing unit and operations compliant to regulatory market requirements, company has ensured the standards for quality and presentation of the products which can draw attention internationally. Recent inclusion of lyophilizer has made it feasible to manufacture class products with advanced technology and enhanced stability. The strategic decision for future would be to extend the range of products with wider use across multiple countries, revisiting products with higher returns and marketing of lyophilized products for differentiation and growth.

e. Risks and Concerns:

There are a set of risk factors which have been evaluated. This includes competition, pricing and margins, investment rationale on products, country of export as all of these contribute to key decision making. A balance in contribution from countries, products and key accounts has thereby been assessed, with proper adherence to ever changing regulatory and environment, health and safety norms.

f. Internal Control Systems and their Adequacy:

The Company has adequate systems of Internal Controls commensurate with its size and operations to ensure orderly and efficient conduct of business. These controls ensure safeguarding of assets, reduction and detection of fraud and error, adequacy and completeness of the accounting records and timely preparation of reliable financial information.

g. Financial Performance with respect to Operational Performance:

The financial performance of the Company for the year 2017-18 will be described in the Directors' Report.

h. Material Developments in Human Resources and Industrial Relations Front:

Your Company has undertaken certain employees' development initiatives, which have very positive impact on the morale and team spirit of the employees. The Company has continued to give special attention to Human Resources/Industrial Relations development. Industrial relations remained cordial throughout the year. We are also concentrating on building up of our Human Resource Capital especially in our Sales Team by undertaking various R & D activities. We are also creating adequate support systems at our HO which will provide requisite knowledge and data to our sales team. These activities will lead to a more informed and motivated sales team.

i. Cautionary Statement:

Statement in this Management Discussion and Analysis Report, describing the Company's objectives, estimates and expectations may constitute 'Forward Looking Statements' within the meaning of applicable laws or regulations. Actual results might differ materially from those either expressed or implied.

12. DISCLOSURES:

- a. The Company has not entered into any transaction of material nature with the Promoters, the Directors or the Management that may have any potential conflict with the interest of the Company. The Company has no subsidiary.
- b. There has neither been any non compliance of any legal provision of applicable law, nor any penalty, stricture imposed by the Stock Exchange/s or SEBI or any other authorities, on any matters related to Capital Market during the last three years.
- c. The Company has implemented Vigil Mechanism and Whistle Blower Policy and it is hereby affirmed that no personnel have been denied access to the Audit Committee.

The Company is in compliance with all mandatory requirements under Listing Regulations. Adoption of non-mandatory requirements of Listing Regulations is being reviewed by the Board from time to time.

- d. The policy on related party transactions is disclosed on the Company's website viz. sakarhealthcare.com

13. DETAILS OF NON COMPLIANCE CORPORATE GOVERNANCE REQUIREMENT:

There was no non-compliance during the year and no penalties were imposed or structures passed on the Company by the Stock Exchanges, SEBI or any other statutory authority.

14. NON-MANDATORY REQUIREMENTS OF REGULATION 27 (1) & PART E OF SCHEDULE II OF THE LISTING REGULATIONS:

- i. The half yearly results are not sent to the shareholders. However, the same are published in the newspapers and also posted on the Company's website.
- ii. The Company's financial statements for the financial year 2017-18 do not contain any audit qualification.
- iii. The internal auditors report to the Audit Committee.

15. The Company is in compliance with the corporate governance requirements specified in Regulation 17 to 27 and Clause (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI Regulations on voluntary basis.

Registered Office
Block No. 10/13, Village: Changodar,
Sarkhej- Bavla Highway,
Tal: Sanand, Dist: Ahmedabad -382 213
Date : 20th July, 2018

For and on behalf of the Board,

Sanjay S. Shah
Chairman & Managing Director

Aarsh S. Shah
Jt. Managing Director