



Board's Report

Including Management Discussion and Analysis Report

TO THE MEMBERS:

Your Directors take pleasure in presenting this 67th Annual Report along with the Audited Financial Statement for the financial year ended March 31, 2018. The Company operates only in one business segment viz., "Pharmaceuticals" and this Report covers its Pharmaceutical business performance.

DIVIDEND:

Your Directors recommend a dividend of ₹20.00 (200%) per equity share for the financial year ended March 31, 2018. The dividend payout will be ₹91.50 Crore and the dividend distribution tax payable by the Company would amount to ₹18.63 Crore. This aggregates to a total dividend outgo of ₹110.13 Crore.

FINANCIAL HIGHLIGHTS:

Particulars	₹ in Crore)	
	Year ended March 31, 2018	Year ended March 31, 2017
Net Sales	1,924.86	2,017.26
Other Operating Income	55.33	24.67
Revenue from Operations	1,980.19	2,041.93
Other Income	114.29	101.16
Profit Before Exceptional Items and Tax	547.91	386.40
Exceptional Items (Expenses)/Income	-	130.43
Profit Before Tax	547.91	516.83
Income Tax Expense	187.84	180.05
Profit for the year	360.07	336.78
Total other comprehensive income (net of tax)	6.81	(3.91)
Total comprehensive income for the year	366.88	332.87

Your Company's sales for the financial year ended March 31, 2018 were ₹1,924.86 Crore as compared to ₹2,017.26 Crore in the previous year, which represents a decline of 4.6%. The sales for the year under review are not strictly comparable with that of the previous year, as the sales for the year under review have been impacted by your Company's decision to discontinue Corex Cough Syrup (Chlorpheniramine Maleate + Codeine Phosphate) and also on account of sale of certain brands. Further, the sales up to June 30, 2017 were reported including excise duty whereas the sales for the period July 1, 2017 up to March 31, 2018 were net of GST. Adjusted for above factors in both the years, the sales would reflect a growth of 13%.

Profit before tax and exceptional items for the financial year ended March 31, 2018 was ₹547.91 Crore as compared to ₹386.40 Crore in the previous year, recording an increase of 41.8%. The Profit after tax grew by 6.9% to ₹360.07 Crore for the financial year ended March 31, 2018 as compared to ₹336.78 Crore in the previous year. The previous year profit included gain of ₹103.46 Crore on account of sale of certain brands and profit from sale of property of ₹26.97 Crore.

Indian Economic Overview

India's economy is forecasted to grow to 7.4% in the current fiscal from 6.7% in Financial Year 2017 and accelerate further in Financial Year 2020 to 7.8%. (Source: IMF Forecast January 2018). This growth comes on the back of a number of initiatives of the current Government, aimed at enhancing productivity and the ease of doing business. The year was marked by the implementation of the Goods and Services Tax – a significant reform that replaced multiple central and state levies with one unified tax with the promise of simplifying the conduct of business across the country. Equally significant was the announcement of Ayushman Bharat – a major and historic step towards universal healthcare access – that is expected to bring both social and economic benefits for the country's population.

Current Healthcare Environment

After several years of ambivalent treatment, Healthcare has indeed emerged as a key and mainstream socio-political issue of the Government. This has resulted in an unprecedented focus on enhancing access to healthcare including services, facilities, drugs, diagnostics and insurance.

India launched the world's largest Government funded healthcare assurance program, **Ayushman Bharat**, to address healthcare challenges holistically across primary, secondary and tertiary care systems in India. The Ayushman Bharat program has two key components viz., (i) Health and Wellness Centers - 15,000 centers to strengthen the primary care infrastructure and (ii) National Health Protection Scheme - which provides Insurance cover of ₹5 lakhs for approximately 100 million poor and vulnerable families (approximately 500 million beneficiaries).

Importantly, the program builds on previous initiatives, such as the Pradhan Mantri Swasthya Suraksha Yojana and makes several improvements that will ensure successful outcomes. These improvements include mechanisms through which beneficiaries will be enlisted and creation of funding platforms that ensure timely payment of dues to hospitals.

In the short term, the Government may need to enhance its funding allocation towards this program significantly and also find ways to improve the availability of infrastructure (hospital beds) and resources (primary, tertiary medical and paramedical staff) to meet the expected demand.

Over a longer term, Ayushman Bharat should look to expand its scope to cover the full patient journey – from disease awareness, through pre-hospitalization to post-operative care. It should also look to co-opt and improve the Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP) to fill the void of medicine coverage outside tertiary care settings. Additionally, it should provide incentives to institutions to encourage the use of drugs made to higher quality standards, such as WHO GMP, in much the same as it provides incentives through higher package rates to National Accreditation Board Hospitals and healthcare providers (NABH) accredited hospitals.

Ayushman Bharat is India's route to Universal Healthcare. As a first step, the program as it has been announced is a long awaited and welcome initiative that will mark a major first step in India's journey to provide health assurance to the country's population. Success of this program will require creative thinking, openness to making policy changes that improve outcomes and creation of innovative public-private partnerships.

After several years of abeyance, the Government announced its commitment to increase the total health expenditure to 2.5 per cent of Gross Domestic Product (GDP) by 2025 from the current 1.15 per cent. (Source: National Health Policy in 2017).

While this attention and deliberation on public health is welcome, it has also brought with it heightened uncertainty with amendments and modifications being implemented in practically all policies governing healthcare and pharmaceuticals. In several cases, such interventions have created challenges for sustainable growth and an unpredictable investment environment for the Industry.

Indian Pharma Industry

The Indian pharma market (IPM) stood at ₹121,833 Crore at the end of financial year 2018, growing at 6.3% over the last 12 months period. This represents a significant slowdown from the historic 13-14% CAGR trends (2010-2016). This slowdown was largely due to regulatory, policy and GST challenges that impacted industry performance.

Post July 2017, the Industry witnessed a steady recovery. The industry growth of 6.3% in the end of Financial Year 2018 was primarily contributed by new product launches (approximately 5%) and volume growth (approximately 3%). Price has yielded negative contribution of approximately -2% predominantly due to taxation changes.

Industry growth is being led primarily by chronic therapy areas and 'Lifestyle Diseases' such as Anti-diabetics and Dermatology. These therapy areas have shown exceptionally strong growth at 12% and 14% respectively. Overall, the shift in disease profile towards non-communicable disorders continues with approximately 57% of disease burden estimated to be of non-communicable type by 2020 as compared to approximately 30% in 1990. The acute therapies, where your Company continues to have a larger portfolio play, have shown an overall growth of 6%. Anti-infectives, the largest group in the acute segment, posted a growth of only 1% during this period.

Even though economic outlook is expected to remain positive, there are several headwinds in the healthcare and pharmaceutical regulatory space. While implementation of large scale healthcare initiatives are expected to provide a boost to the Pharmaceuticals industry, there will be continued challenges. These may be in the areas of price controls, ad-hoc regulatory changes and new policies that may impact predictability and sustainable growth.

In light of these challenges, IQVIA's growth prognosis for the Indian Pharma Market has been revised to a CAGR of 9.7% for 2018-2022 as opposed to the previous estimate of 10-12% (per IQVIA Prognosis Report Q1 2018).

An Overview of the Operating Environment

The fiscal year 2018 was characterized by a dynamic operating environment for the Indian Pharmaceutical Industry. While the Government's heightened focus on providing low cost healthcare access to the masses opened new windows of opportunity; the Industry also looks to predictability in policy, a positive environment for business growth and progressive regulations that move the sector in the right direction.

Upgradation of quality norms: Deliberations on improving quality standards of drugs continued through the year. Your Company strongly supports an upgradation of minimum manufacturing quality requirement for pharmaceuticals in India to WHO-GMP or similar standards. This will provide patients and prescribers with confidence on the efficacy of drugs, place India on the same benchmark as markets around the world, encourage upgradation of domestic manufacturing facilities and address concerns around the quality of unbranded generic drugs.

Ad-hoc policy changes: The operating environment was also marked by a number of policy changes either proposed or implemented that would ideally have required more in-depth deliberations and rational decision making. In one such case, the Government announced a ban on all manufacturing of Oxytocin, other than by one PSU company, in order to curb its misuse in the dairy industry. Oxytocin is a drug on the essential medicines list that is used to control post-partum



bleeding among women and is considered as a lifesaving medicine. While your Company fully supports the Government's intent to curb any misuse of this drug, there is no evidence whatsoever to show that the Oxytocin brands manufactured legally and with due licenses are misused in the manner suggested. Consequently, this decision does not appear to be based on evidence and appears to be misdirected in harming legitimate businesses with little foreseeable impact on the situation at hand.

Similarly, new regulations on changes in labelling requirements of drugs (generic branding), provisioning of bar codes on product packs and track and trade mechanism for the top 300 brands are being brought in. In these cases, the Industry has sought a more detailed deliberation so that such policies are both practical and result oriented.

Drug pricing: Drug pricing in India is governed by the Drugs (Prices Control) Order, 2013 (DPCO). A process to amend the DPCO was initiated during the year. While specifics of these amendments are yet awaited, any further expansion of price controls will have a detrimental impact on sustainable growth of the Industry without any proven benefits of increased access from such measures in the past. Your Company believes that an alternative and proven approach of tiered pricing to simultaneously enhance access for the vulnerable segments of the population and enhance viability of commercial businesses would be a more impactful solution in the case of pharmaceuticals.

Alternate model for drug pricing: Tiered pricing and targeted benefits are universally acknowledged as the most impactful mechanisms to provide affordability and access to population segments that need them the most. In the case of drugs, the Pradhan Mantri Bhartiya Janaushadhi Pariyojana (PMBJP) has been designed to provide such targeted access. However, it requires to be strengthened, both in terms of reliable availability of listed medicines as well as improved perception of quality of medicines. Towards this, a policy that results in participation of established market leading manufacturers in the PMBJP can make this targeted access initiative a success. One such policy change can be a provision for such manufacturers to supply drugs into the PMBJP Scheme at its current low prices and compensate through marginal price increase in the private market. Such innovative solutions would be required to move India from the current blanket price controls regime to more sophisticated and impactful solutions.

Continuing Pricing Litigation: While the Industry is facing an unpredictable pricing policy environment, it is also faced with an increase in avoidable price related litigation. A large number of these cases relate to often erroneous demand notices in respect of alleged delayed market implementation of ceiling price and alleged introduction of 'new drugs' without price approval.

Further, number of cases which pertain to matters going back to DPCO 1979 and 1987 continue to remain unresolved. The extent of litigation in the Industry does not bode well for the ease of doing business and points to a deficit in collaboration and harmony between the industry and various authorities.

Your Company believes that all such matters should be resolved through deliberations and an autonomous dispute redressal mechanism be created for speedy resolution of price related litigation.

Draft National Pharma Policy: The Government invited public comments and recommendations on its draft National Pharmaceuticals Policy. The Policy proposed measures that is expected to enhance drug quality through mandatory bio availability and bio equivalence of all new drugs for renewal of current drug licenses and provide an element of stability in price controls. At the same time, several proposals threatened to significantly impact the sustainability and viability of business. A final version of the policy is yet awaited.

Thrust on generic prescriptions: The government has rolled out a list of initiatives to encourage prescription of medicines by their generic names instead of the brands. These include mandatory changes in drug labels to make the molecule name significantly larger and more conspicuous than the brand, proposals to healthcare professionals to mandatorily prescribe generic medicines and dedicated retail shelf space for generic products.

At the same time, there remains a concern that measures to ensure that generic drugs provide equivalence with respect to bio-availability, potency, efficacy and impurity content as compared to established brands are not yet effective enough to guarantee equivalent quality. Additionally, brands provide Prescribers and Pharmacists with an ease of prescription and dispensation, especially in case of combination drugs that have more than one constituent. It would be important to factor these considerations as policies towards generics are developed.

Positive regulatory initiatives: The Central Drugs Standards Control Organization (CDSCO) has rolled out an online system 'SUGAM' as part of its ease of doing business initiative. This system allows for regulatory submissions to be made and approvals to be granted online. The roll out of this electronic system has led to a considerable reduction in approval time while allowing visibility to the progress of an application. There has also been significant progress on the areas of Clinical Trials needed as part of the drug registration process. The New Drugs and Clinical Trial (CT) Rules 2018 are expected to be published soon and are expected to address various aspects including ethics, easing the process and timelines, clarity on lines of approvals and safety of the patients.

Separately, an expert committee was also set up to review the safety, efficacy and therapeutic justification of 349 fixed

dose combinations that were earlier deemed to be irrational. The final outcome of this review is expected. Your Company fully supports this process through which, subsequent to due consultation, any combinations that are irrational and harmful to patient health are removed from the marketplace.

Universal Code of Pharmaceutical Marketing Practices (UCPMP): The Government has issued a voluntary Uniform Code for Pharmaceuticals Marketing Practices (UCPMP) which governs the promotion of pharmaceutical products to healthcare professionals (HCP). Your Company fully supports a Code that not only ensures high ethical standards for the industry but also ensures a level playing field for all pharmaceutical companies. It would be important that such a code is made mandatory, and that it is provided with its own legal framework and not created within the ambit of any existing act or law that may create challenges of practicality and implementation. Further, the Code should enable for a 100% scientific engagements with healthcare professionals that are essential to disseminate scientific knowledge as part of their continuous medical education programs.

Review of Strategic Alternatives for Global Consumer Healthcare Business:

Pfizer Inc., USA had announced on October 10, 2017 that it was considering review of strategic alternatives for its Global Consumer Healthcare business. Further to this, in March 2018, Pfizer Inc. also informed your Company that they have identified certain products outside its consumer healthcare business in India, viz., Becosules, Corex and Gelusil range of products, for inclusion in the scope of the above review of strategic alternatives for its global Consumer Healthcare business. Further Pfizer Inc. also informed your Company that no decision has yet been made with respect to any strategic alternatives for the global Consumer Healthcare business.

Until the outcome of this review of strategic alternatives is determined, Gelusil, Becosules and Corex will continue to be manufactured and marketed by your Company as they are today.

REVIEW OF OPERATIONS:

While the market witnessed a slowdown growing at 6.3% in fiscal year 2018, your Company grew in double digits at 13% (i.e. adjusting for the impact of Corex Cough Syrup (Chlorpheniramine Maleate + Codeine Phosphate) discontinuation, sale of certain products and excise duty component up to June 2017). This growth comes on account of market buoyancy as well as strong brand performances in key therapies. Several top Pfizer brands such as Dolonex, Wysolone, Magnex & Corex Dx have grown faster than their represented markets. Corex Dx is now ranked number 1 in its represented cough market.

Your Company has been able to achieve this growth by adopting new ways of working and implementing strategies for enhancing growth in its core portfolio. Several initiatives have yielded positive results like innovative go-to-market approach with customer centric Commercial Units. Through its focus on private hospital segment, the Key Account Management (KAM) team of the Anti Infection unit were able to secure a number of strategic wins. Similarly, we have seen enhanced execution excellence in our Women's Health, Vaccines and Primary Care teams. An active portfolio management ensured an early launch of the Injectable brand 'Merone', strong performance of the acquired brand 'Neksium' and introduction of key line extensions of core brands.

Your Company operates through the following six commercial teams:

1. Vaccines:

Prevenar13 is your Company's pneumococcal conjugate vaccine for children between 6 weeks to 17 years and adults above 50 years of age. Your Company continues to enjoy leadership position in Pneumococcal Vaccines Market with a market share of 60.5% and healthy double digit growth of 11.8%. Overall, revenue of Prevenar13 recorded a 4-year CAGR growth of 11.3% (2015 -2018) which is in line with market growth, strongly driven by private market uptake in pediatric and adult segments.

With its continuing preference among Pediatricians, Prevenar 13 is now the 8th ranked brand in the Indian Pharma Industry. Prevenar 13 provides broad coverage against the most prevalent 13 serotypes of Streptococcus pneumoniae.

Pneumococcal disease is one of the major vaccine-preventable causes of death in children under five, globally and in India. It is a major public health concern both in pediatric and adults. Recent statistics state that 0.56 million severe episodes of pneumococcal pneumonia and 105,000 pneumococcal deaths have occurred in children under 5 years in India. Precisely for this reason the Government of India introduced PCV 13 vaccine in select states in the Immunization Program through Gavi support, for which the vaccine in unique multi-dose vials are supplied directly by Pfizer Inc.

Given the large unmet needs, your Company is committed in working through multiple access initiatives through parent education, healthcare professional education and awareness initiatives including para medics education awareness programs both in paediatric and elderly settings. These educational programs have been gaining acceptance and have led to a double digit growth in this segment.



With a wide global usage of this vaccine and substantial scientific differentiation, its established efficacy and safety, your Company is convinced that Prevenar 13 will continue protecting millions of life in the coming future.

2. Inflammation and Immunology ('I&I') & Internal Medicine:

Enbrel & Xeljanz

Indian Rheumatology market is currently showing a double digit growth predominantly driven by Rheumatoid Arthritis Ankylosing Spondylitis and Psoriasis Arthritis. Around 10.1 Lakhs patients in India suffer from Rheumatoid Arthritis, which is the most treated indication in immunology space. Your Company has 2 products in the space of Immunology, **Enbrel**, First TNF, launched across the globe having indication approval in Rheumatoid Arthritis, Ankylosing Spondylitis, Psoriasis Arthritis and Juvenile Idiopathic Arthritis and **Xeljanz**, First Oral JAK Inhibitor launched in Rheumatoid Arthritis. Enbrel remains the most trusted brand among Rheumatologist in approved indication and has market leadership in Psoriasis Arthritis. Long term sustainable data along with proven efficacy makes Enbrel partner of choice for patient suffering from these chronic diseases.

Your Company is also proud to have launched its breakthrough innovation - 1st ORAL JAK Inhibitor in Rheumatoid Arthritis called Xeljanz, catering to patient suffering from moderate to severe Rheumatoid Arthritis. Xeljanz provides similar efficacy and enhanced safety as compared to existing TNFs and, being an oral therapy, also provides enhanced convenience.

Eliquis

Eliquis® (Apixaban) a Factor Xa inhibitor anticoagulant is one of the leading oral anticoagulants predominantly prescribed by Cardiologists and Neurologists. Eliquis is approved for prevention of stroke and systemic embolism in adult patients with non-valvular atrial fibrillation (NVAF), treatment of deep vein thrombosis (DVT) and pulmonary embolism (PE) and prevention of recurrent DVT and PE in adults. In the last few years, Eliquis sales has gained momentum and reflected a strong double digit growth of over 50%. Eliquis' success story is worth noting, considering that the drug has broken into a crowded and competitive therapeutic area of cardiovascular diseases and oral anticoagulants.

Lyrica

Lyrica (Pregabalin) is the original research product of Pfizer Inc. Lyrica is approved for management of neuropathic pain in adults and management of fibromyalgia.

It is recommended as a first line treatment across various treatment guidelines. Lyrica has proven efficacy in refractory cases with uncontrolled neuropathic pain and has well established and proven safety profile in over 10,000 patients.

Despite the presence of over 400 generic formulations in the represented neuropathic market, Lyrica enjoys a value share of 6.2%.

3. **Primary Care** focuses on a broad range of products in multiple therapy areas such as Antitussives, Multi-vitamins, Gastric, Pain, Respiratory, Anti-infectives and Anti-inflammation. These therapy areas are focused on serving general physicians and select specialties. During the year, the Primary Care teams have transformed to adopt a customer/channel centric go-to-market to enhance its reach, launched several products in its core therapy areas to improve product offerings to customers and shown steady development in efficiency indices.

Respiratory Portfolio

Your Company's Respiratory portfolio is ranked 3rd in the represented market. The team initiated portfolio approach to offer a larger basket of products to its customers while focusing on improved prescription yield and prescriber share. Your Company continues to focus on prescription based growth for the respiratory portfolio and has undertaken various initiatives to increase reach to a larger customer base. As part of your Company's continuous medical education programs, the teams engaged with over 1000 Healthcare Professionals through multiple innovative channels, including digital, whereby eminent global Key Opinion Leaders provided current updates on Asthma management.

Corex brand franchise

Your Company had earlier initiated a portfolio development exercise in the Antitussives segment. As a result of this, your Company launched Corex T (Triprolidine Hydrochloride 1.25 mg & Codeine Phosphate 10 mg/ 5 ml) which is now leading the market with 75% share in its molecular segment. The flagship brand Corex Dx continued its leadership position with 51.8% market share (within molecular segment), 31.2% growth and robust 13.4% prescription growth. Your Company has successfully launched a new brand Corex LS, under Corex franchise in the cough market. This is part of your Company's strategy, announced last year, to build Corex franchise with new brands in high growth segments.

Multi-vitamins portfolio (Becosules)

Your Company's flagship brand Becosules performed better than the market, increasing its market share from 51.6% to 52.7%. As a result of focused promotion of Becosules to General Physicians and Chest Physicians as a Co-Rx along with NSAIDs, Antibiotics, Antipyretics and Proton Pump Inhibitors, Becosules has shown significant improvement in its prescribers growth.

Pain management portfolio

Your Company's Pain portfolio is ranked 7th in the represented market with the flagship brand Dolonex outperforming the market with 3.8% growth.

Gastric portfolio:

Your Company's Gastric portfolio was strengthened with the acquisition of Nexium, an established Proton Pump Inhibitor (PPI) brand in India in May 2017. This acquisition has helped to augment your Company's leadership position in the Gastro-Intestinal space with existing leading brands like Gelusil and Mucaine. With a strong advocacy from generalists and specialists such as Gastroenterologists, Nexium has shown a robust growth in prescriptions and prescribers.

Your Company also sharpened its communication to a 'faster relief' claim for Gelusil by leveraging multi-channel media and reinforce our messaging. Mucaine Gel continues to be the market leader with 18.4% market share and is also the most prescribed brand in Liquid Antacids category.

On the whole, the growth of the Primary Care portfolio was supported with focused strategies at both Healthcare Practitioners and Channel front. Prescriptions are driven with the right customer segmentation, Key Opinion Leaders advocacy through targeted specialties and various digital initiatives. Channel initiatives were driven to ensure availability.

4. **Special Care** focuses on products that require therapy area expertise and synergies. The Women Healthcare, Cardiovascular, Central Nervous System and Ophthalmology portfolios form a part of this segment.

In order to further optimize the benefits of stronger teams and a compelling product portfolio, your Company formed Chronic Care - a consolidation of Central Nervous Systems (CNS) and Cardiovascular (CV) teams, within the Special Care segment. This consolidation brought together the ability and opportunity to engage with a wider set of healthcare practitioners and offer a broader product portfolio.

Women Healthcare (WHC)

Women Healthcare continues to be one of the most significant therapy areas for your Company with iconic brands such as Folvite, Ovrul, Autrin and Premarin, and long standing category leadership. Your Company's products within this portfolio feature amongst top 3 brands across key categories, namely contraceptives, folic acid supplementation and Menopausal Hormone Therapy.

With the aspiration to be the market leader in this therapeutic area, the Women Healthcare was structured under two distinct business models namely, Maternal Health and Hormonal Health. The Maternal Health portfolio focuses on maternal nutrition, supplements, antacids and contraceptives. The Hormonal Health focuses on contraceptives, menstrual disorders and menopause.

Your Company is constantly evaluating its portfolio and has penetrated the market with new products and line extensions. As part of this approach, the team launched Folvite Active in July 2017 and Folvite DHA in March 2018, which has been well received by the Gynecologists. Folvite, as a group, continues to be the market leader with 82.6% market share. Additionally, your Company has augmented the reach of the maternal health team through select interventions in high potential geographies.

WHC is focused on driving volumes through prescriptions by enhancing scientific engagement with physicians through sustained medical education programs.

The team collaborated with FOGSI (Federation of Obstetrics & Gynecological Societies of India) and IMS (Indian Menopause Society) to conduct a number of meetings aimed at busting myths associated with long term hormonal use and providing Gynecologists and Physicians an opportunity to interact with key opinion leaders.

As part of experience sharing of experts in the field of Contraception, the team facilitated face to face lectures and web meetings by International experts from the field of contraception and menopausal hormone therapy covering more than 1000 eminent Gynecologists in over 25 cities across the country.

Being the leader in the contraceptive market with 28.5% market share, educating patients and encouraging them to take an informed decision on contraception in consultation with their doctor continues to be a focus area for your Company. The team launched 2 digital applications for Gynecologists to improve their dialogue with patients regarding contraception and menopausal hormone therapy as part of efforts to improve compliance to treatment.



Chronic Care

The Company's Neuroscience portfolio is ranked 5th in the Indian Neuroscience market. Major brands like Ativan, Pacitane and Daxid are leaders in the respective therapeutic category. Ativan (Lorazepam) continues to be No. 1 Anxiolytic brand in the Benzodiazepine Tranquillizer market with 12% volume growth. The volumes were primarily driven by the new promotion viz., 'Safety in Manic Depressant Disorder (MDD)/ Anxiety patients with co-morbid alcohol use'.

The Cardiovascular (CV) team operates in the Anti-hypertensive segment with its flagship brand 'Minipress XL', the second largest brand in the Anti-hypertensive market, leading through a series of therapy shaping programs in collaboration with International and Indian Societies.

During the year, a number of engagement initiatives were conducted by the team. As part of your Company's Continuous Medical Education programs, the Neuroscience team sensitized more than 1500 Psychiatrists on recent updates/events in psychiatry through multiple innovative, digital and scientific engagements. Unique engagements through centres of excellence initiative with National Institute of Mental Health (NIMHANS) on alcohol de-addiction and on clinical management of schizophrenia through Schizophrenia Research Institute (SCARF) engaging about 350 Psychiatrists.

The CV team undertook interesting Initiatives during the year under review, such as, meetings with Nephrologists and Physicians on treating hypertension with chronic kidney disease, educational initiatives for physicians on uncontrolled hypertension. The team also partnered with Medical Colleges in India to educate young Nephrologists.

5. **Critical Care** focuses on Institutions. Hospitals and Nursing homes are prime customers of our products in Anti-Infectives and Sterile Injectables portfolio which forms a part of this segment.

Your Company has a strong presence across the anti-bacterial continuum, ranging from Beta-Lactam/Beta-Lactamase-Inhibitor (BL/BLI) products to high-end anti-bacterial products. Your Company's brand Magnex is #1 brand in its represented product market segment. Magnex has approximately 5.6% value market share in the broader represented market and approximately 40% value market share in the respective molecule (Cefoperazone Sulbactam). Last year,

your Company acquired the brand Meronem (Meropenem). Meronem is strongly endorsed for the treatment of high risk patients in the ICU setting. Meronem has approximately 11.5% value market share in the Meropenem market. In addition, your Company markets another leading brand Tygacil (Tigecycline), which is a novel broad-spectrum antimicrobial used to treat targeted high-risk infections.

Throughout the year, Your Company has made significant progress towards the aspiration of "Leadership in Hospitals", through a segmented approach to the market requirements. For the year under review, several scientific interventions were made to address the needs of each segment, i.e.

- Partnership with the Academy of Infection Management (AIM), United Kingdom and with renowned clinicians across India to develop case-based modules for treatment of infections. These modules provide a practical India-centric approach to manage severe infections typically seen in the tertiary care setting.
- Supporting select tertiary care centers to increase the Infectious Disease expert base in India through a unique Fellowship Program.
- Connecting several small hospitals / nursing homes to designated Centers of Excellence for the dissemination of best practices in the field of infection control.
- Supporting dissemination of scientific knowledge on infection control and stewardship on an ongoing basis across key national congresses in the critical care space.

6. Consumer Healthcare:

For the year under review, your Company continued to focus on distribution efforts into smaller towns in identified states. Campaigns around in-store visibility for brands Anne French and Anacin were conducted. Visibility was also built through select media campaigns towards existing and new consumers to enhance brand equity, current user base retention and growth in key markets.

For Anacin, the Consumer healthcare team rolled out several trade initiatives that would enhance retail sell out and also introduced differentiated packs for geographies to ensure better retail penetration. For Anne French, a mass visibility campaign was rolled out for 100,000 outlets in key season. Media campaigns were rolled out to enhance brand equity, recruit new users and retain current consumer base. Branding initiatives were initiated in 200 colleges for Anne French.

MULTI-CHANNEL MARKETING:

Your Company spearheaded its ONE PFIZER approach to Digital Media where the digital assets were utilised to promote both branded generic and innovative products simultaneously and ensured consistency in its initiatives for the year under review. Our initiatives not only achieved scale with approximately 5.3 million touchpoints but also on boarded new engagement platform capabilities such as HCP/Consumer Online Communities. We have built internal alignment across stakeholders to focus on strategic imperatives by increasing Reach with MCL by 7X and increase frequency with our customer by 5X and also improve their experiences on engagement platforms.

During the year under review, your Company has deployed average 2 campaigns per day across multiple stakeholders. A total of approximately 18,000+ doctors registered on the Multi Therapy Area HCP portal – “Inquimed”. Our webcasts, including Meet the Expert (MTE) sessions have seen approximately 8000+ unique doctor visits across different specialties. Your Company has also launched a new digital service “ACTify” & improved Rep Triggered Email functionality to augment the efforts of your colleagues in the field.

MANUFACTURING OPERATIONS:

Your Company has always endeavored to deliver products that improve patient health and comply with the highest standards of quality. Aligning to this ethos, all your Company’s products are manufactured in full compliance with local laws and with stringent Global Pfizer standards. Your Company’s continued focus on non-renewable resources has created an excellent model for environmental sustainability. There is a constant emphasis on conservation of resources across manufacturing operations and to reduce waste.

Your Company has a state-of-the-art manufacturing facility at Goa which manufactures products with the most stringent Quality Standards. Besides complying with Schedule M of the Drugs and Cosmetics Rules 1945, the Plant holds ISO 9001, WHO GMP, ISO 14001 & OHSAS 18001 accreditation.

The Plant follows Global Safety, Environmental Health and Hygiene norms and has received a number of awards. The Plant was the recipient of the India Manufacturing Excellence Award: Future Ready Factory of the Year Award 2017. The Goa Plant is also awarded with the prestigious Pfizer’s President’s Platinum Award for 2017. During the year under review, the formulation development cell has developed and supported in successful launch of five new products for the Indian market and also supported inter site technology transfer of 17 SKUs. This plant has also supported the supply of “ANTARA” (Contraceptive Injection) - Government of India’s first ever introduction of injectable contraceptives in the family planning program in few states.

Your Company’s manufacturing partners strictly adhere to Pfizer’s global standards of Quality, Compliance and Environment, Health and Safety norms. To ensure compliance to these Global Standards, all our manufacturing locations are audited and certified by Pfizer’s Global Audit Teams.

Environment Sustainability

Your Company conducts systematic audits across all the manufacturing facilities (Contract Manufacturing and Own Manufacturing) to assess environmental compliance and impact. This is with added focus on our antibiotics manufacturers and suppliers. Global Experts have been engaged with a purpose of educating suppliers and contractors across the country and also to ensure that our partners do not adversely impact the environment in any way.

Energy Conservation

Your Company’s Goa Site continued the initiative of replacing the Conventional lighting with LED lighting to conserve energy. Major modifications of HVAC system are also carried out to improve the quality of treated air with adoption of new generation energy efficient technology. Initiatives were taken to improve usage of ground water.

In September 2015, the Company entered into a Business Transfer Agreement (BTA) for transfer of the Company’s manufacturing facility at Thane as a going concern. The BTA will be concluded upon receipt of all necessary approvals.

MEDICAL AFFAIRS DIVISION:

The year under review was a year of transformation for the medical team with comprehensive strategies to maximize value creation by partnering with a broad array of healthcare practitioners, medical institutions and associations differentiated by each of our business lines. The team remains committed to delivering impactful insights and disseminating medical knowledge to advance towards the ultimate goal of improving patient care as exemplified by some of our key initiatives:

- **General Practitioner Education Programs:** The Medical team conducted several educational programs tailored for Indian physicians on the latest guidelines and treatment trends in select therapy areas. Insights gathered from more than 40 doctors were used to develop these modules, some of which were additionally accredited by the Indian Society for the Study of Pain (ISSP). Overall, 2,200 general practitioners from across India participated in this initiative.

- **Pharmacist Education:** STEP-UP (Structured Training to Educate Pharmacists- Upskill) was another medical initiative which was conducted in partnership with the IPA (Indian Pharmacists Association). The Program covered several relevant topics including trainings on counterfeit medicines, prescription handling and medication errors. Face to face meetings and digital modules were used to educate more than 1,100 pharmacists from major retail chains as well as unstructured pharmacies.
- **Combating Antimicrobial Resistance (AMR):** This Program aims to effectively contribute towards combating antimicrobial resistance in India through a multi-pronged approach inclusive of surveillance, stewardship, advocacy and awareness. In this regard, the medical team partnered with associations such as the IDEF (Infectious Disease Educational Foundation) and FISF (Fungal Infection Study Forum) to develop educational modules. To promote ID education, the Medical team also supported an ID fellow and conducted diagnostic workshops for fungal infections at a national level for 24 Microbiologists and Technicians. Antimicrobial stewardship workshops as well as digital preceptorship programs were also conducted for over 2,000 doctors and nurses. Additionally, the AMR surveillance program was developed to monitor AMR trends in India as well as to assess the impact of antimicrobial stewardship initiatives. As part of this effort, the number of sites included as part of the Pfizer ATLAS (Antimicrobial Testing Leadership & Surveillance) initiative was expanded from 2 to 9 for better epidemiological representation.
- **Enhancing Leadership position in Private Hospitals:** The Pharmacy Academia program was set up to equip hospital pharmacists with skills in their evolving role towards patient centric activities. In 2017, 13 programs were conducted in 7 key institutes across India and more than 250 Pharmacists were trained. In partnership with the Global Association of Physicians of Indian Origin (GAPIO), the team also developed modules covering soft skills and clinical development which were rolled out to 200 HCPs across 6 major hospitals.
- **Menopause Awareness:** The MASS (Menopause Awareness through Series of educational Sessions) was developed to educate specialists and address concerns surrounding menopausal hormonal therapy in India.

As part of this, your Company partnered with the Indian Menopause Society (IMS) to conduct a series of educational programs including public health awareness campaigns for rural and urban women. The team also initiated “Train the Trainer” courses in which 20 trainers educated over 1000 gynecologists in 2017.

- **Data Generation and Publications:** To help narrow the gaps between actual clinical practice and scientific evidence in the practice setting, the team has also been involved in the development of several publications in reputed journals. These publications span several relevant topics, for instance, the challenges in diagnosing sarcoidosis in India, management of hypertension in chronic kidney disease, and the diagnosis and management of osteoarthritis.

HUMAN RESOURCES (“HR”):

During the year under review, the Human Resource department has focused its efforts in exploring new avenues to attract talent, invested in capability building of people/ human capital and supported leaders in fostering a diverse and inclusive work environment. In addition, the HR team continue to strengthen the existing platforms in the field of technology and lattice career movements.

Attracting Talent

Your company aspires to be an employer of choice and attract the best talent for your workforce through various channels.

The Sales Career Architecture framework launched in 2017 has seen successful transition of several field colleagues into various career ladders within the Company. It has formed the base for the Pfizer Sales Trainee Program which has been designed to attract fresh graduates to your Company in order to strengthen the succession pipeline in field sales. The Program will focus on attracting high potential graduates to a meaningful career in pharmaceutical sales.

Your workforce is the ambassador of your Company. They have continuously helped us scout for the right talent in the industry and beyond. In order to leverage the strong network of your present workforce, in addition to the existing Field Referral Policy, this year the Employee Referral Policy for non-field colleagues has been launched. The policy offers a differentiated reward for referring female candidates to your Company; this is with the intent of bringing in high caliber female talent to your Company and harness the advantages of diverse perspectives and leadership styles.

Advocates of Diversity

Your Company is an equal opportunity employer and it strives to provide the best working environment for all its colleagues so that they can focus on achieving their career aspirations without compromising on personal commitments. In cognizance of the primary care giver role of working mothers, your Company is keen to support them with professional childcare facilities for their infants. Hence the Crèche Benefit Policy has been introduced during the year under review.

Developing Talent

Your Company is committed to people development and growing talent from within.

Your field managers form the fulcrum of the sales value chain and are vital for Company's growth. In the ever changing external and internal environment, I-Lead presents a platform for leveraging the opportunity of the evolving roles of the field managers by building their leadership capabilities.

I-LEAD and AVATAR are structured and blended year-long development interventions. These programs offer a combination of various forms of learning platforms ranging from classroom training, coaching and introspective learning. During the year under review, these programs have equipped your frontline managers in building coaching capabilities as well as developing need specific operating plans independently.

Driving the OWNIT Culture

In order to enhance the quality of employees' personal and professional experiences, your Company has embraced Energy Management, a Pfizer Inc. initiative in partnership with the Energy Project consulting group. Colleagues across the Company participated in connecting with their physical, emotional, mental & spiritual energy on Pfizer OWNIT Day. Energy management aims at expanding, renewing and using our energy more effectively to increase creativity, innovation and resilience, thereby optimizing our individual performances & drive sustainable high performance for the Company.

PREVENTION OF SEXUAL HARASSMENT POLICY:

The 'Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013' ("the Act") seeks to protect women colleagues against sexual harassment at their workplace. Your Company has a specially-designed online course was rolled out to help all colleagues and contingent associates to understand what constitutes sexual harassment at workplace and how to address it; as well as the organization's role in preventing it.

Your Company has complied with the provisions relating to the constitution of Internal Complaints Committee under the Act.

During the financial year under review, no complaints were received by your Company.

LEGAL DIVISION:

Your Company's Legal Division is committed to providing responsive, qualitative and client-centric service that protects and advances Pfizer's goals along with ensuring adherence to the law of the land.

The Legal team's activities include protecting your Company's interest, ensuring compliance with applicable laws, protecting your Company's intellectual property and other assets, assisting various Business Units in evaluating the risks associated with completing transactions and other activities.

Some of the areas where your Company's Legal team partnered are:

- Supported the growth of your Company's business through strategic acquisitions and divestments transactions.
- Continuing the active role in mitigating risks relating to litigation of your Company's key brands.
- Ensuring your Company's activities and transactions are aligned and in adherence with the statutory requirements.

GLOBAL COMMERCIAL OPERATIONS:

Commercial operations are critical to Pfizer and a centralized organization can rapidly pilot and scale innovations, share best practices, effectively deploy resources and leverage investments with suppliers and technology. Pfizer was the first pharmaceutical company to consolidate five major services into one global function, giving us a competitive edge.

In India, Commercial Operations (CO) has successfully completed almost four years of its operations. CO India team's vision has been to be a trusted business partner to deliver flawless services and enable excellence in customer experience. Every day, CO colleagues come to work with the drive to make commercial operations easier and more impactful for Pfizer's businesses so that they can remain focused on our patients and customers, and achieve their goals.

Enduring with the same philosophy, CO works closely with business and helps to provide solutions that cater to the trending needs of our field force. The key four pillars that the team continues to focus are ease of doing things, commercial impact, capability & effectiveness and compliance.

BUSINESS TECHNOLOGY:

During the year under review, the focus of Business Technology (BT) function was to implement the SAP ERP solution and ensure that it works seamlessly with the new GST norms which came into effect on July 1, 2017.



SAP ERP covers all aspects of the value chain - demand planning, supply network planning, direct and indirect procurement, manufacturing, quality, sales and distribution operations and financial accounting. The deployment is in line with the standard implementation followed in all countries where Pfizer has presence. The system went LIVE on 3rd October 2017 and has been working seamlessly since then.

The BT team continues to be in the forefront of technological innovations which help the business do things smarter and faster that will help field force enhance their work performance and provide an edge in the market place. Our focus for next year remains on a digital strategy that would cover the whole gamut of social connect, mobile applications, multi-channel marketing and other virtual and augmented reality platforms.

FINANCE:

The Finance Division is a key partner to the Management in upholding internal controls and governance standards, driving performance and leading enterprise wide initiatives.

During the year under review, your Company's Finance team took lead in managing the complex transition to GST. The team ensured strong understanding of the complexities of the law, training the internal and external stakeholders, led the configuration of the legacy ERP system and coordinated the commercial response and interactions with the trade partners for this implementation. The transition was achieved seamlessly without any business disruptions.

Despite multiple major initiatives, the Finance function has ensured that its core focus on ensuring fiduciary integrity, upholding governance standards and providing timely pro-active decision support to the business was maintained at highest levels.

Compliance and Ethics

Integrity is one of the fundamental values of your Company. Your Company never compromises integrity in its decision making or during the pursuit of its business goals. When the performance against business goals are measured, your Company is equally focused on 'how' we achieve the results as we are on 'whether' we achieve them. In this complex and heavily regulated industry, it is the core responsibility to do everything to earn and keep the trust of patients, consumers, physicians and the general public.

Your Company has a deep legacy of integrity and ethical conduct and engraining this value begins with compliance with the law and with the Company's policies. Your Company's management is fully engaged in establishing a strong culture and is actively involved to ensure that Pfizer values and standards are prioritized at all levels of the organization.

Robust Compliance programs implemented at your Company includes proactive monitoring, risk assessment, compliance education and coaching and active encouragement of whistle blower system. Proactive Risk Management through implementing a robust Risk Assessment Framework has helped your company to assess the potential compliance risks and timely mitigation of the risks. There are policies, compliance training and resources put in place aimed at identifying and resolving potential issues in timely manner and making all efforts to make compliance systematic in all our operations.

Further, your Company's open door and anti-retaliation policies provides tremendous encouragement and offers a retaliation free environment to ask questions and raise concerns.

INTERNAL CONTROL SYSTEMS, THEIR ADEQUACY AND COMPLIANCE:

Compliance, Controls and Risk (CCR) Team is responsible for continuously monitoring the adequacy and effectiveness of internal controls. The team's objective is to provide to the Senior Management and Audit Committee, an independent and reasonable assurance on the adequacy and effectiveness of the Company's risk management, control and governance processes. This is achieved through a co-sourced internal audit model which includes independent reviews performed by CCR team together with audit reviews performed through an independent Chartered Accountant firm.

The Company has laid down Internal Financial Controls that includes a risk based framework to ensure orderly and efficient conduct of its business, safeguarding of its assets, accuracy and completeness of the accounting records and assurance on reliability of financial information. The Audit Committee evaluated the design framework and operative assessment and deliberated with members of management and Statutory Auditors to ascertain their views or opinion. The Audit Committee has satisfied itself with the adequacy and effectiveness of the internal financial control system laid down by management. The Statutory Auditors have confirmed the adequacy of the internal financial control systems over financial reporting.

The CCR team conducts a risk assessment every year whereby all risks to the objectives of the company are assessed and mitigating plans are put in place. These risks include operational, regulatory, legal, business and compliance risks. All the key risks along with mitigating plans are presented and discussed annually with Audit Committee.

Annually, based on the risk assessment and findings from previous internal audits, the CCR Team prepares the annual audit plan which is approved by the Audit Committee and

followed throughout the year. As part of the quarterly review, status of the annual audit plan, design assessment, operating effectiveness, key audit findings and remediation status of prior findings are presented and discussed with Audit Committee.

During the year, your Company went through major transition to business and finance processes on account of Goods and Services tax (GST) and SAP ERP implementation. CCR team was proactively involved in the transition process along with finance and business teams to ensure that all controls were in line with risks and business requirements.

Your Company has a policy covering interaction with Healthcare Professionals and Government officials called 'My Anti-Corruption Policy & Procedures' (MAPP). The policy addresses both local legal requirements while also leveraging on best practices followed in other markets. As a way of reinforcing its compliance culture, your Company has identified 94 odd colleagues as "Compliance Champions" from various teams who act as first point of contact for any colleague in case they have policy related questions.

Given all the above, your Company is well placed in driving the spirit of compliance across its colleagues and stakeholders.

CORPORATE AFFAIRS:

The Corporate Affairs Division through its functions of Government Relations, Internal and External Communications and Corporate Social Responsibility, undertook a number of policy advocacy, stakeholder engagement, image building, community outreach and colleague engagement programs.

Public Affairs & Communications

Your Company's Managing Director Mr. S. Sridhar was elected as the Chair of the Federation of Indian Chambers of Commerce & Industry's (FICCI) National Pharmaceutical Committee for the current year. Through Industry associations such as FICCI and the Organisation of Pharmaceuticals Producers of India ('OPPI'), and through direct advocacy, your Company has pursued an active stakeholder engagement program throughout the year under review.

(i) Engagement through industry associations and direct advocacy:

As a member of the OPPI Executive Committee, your Company continues to participate and play an active role in leading the engagement with the relevant government stakeholders and advance comments and recommendations on key policy matters. Some of the key subjects on which your Company has actively advocated include:

- Recommendations towards amendments to the Drugs (Prices Control) Order
- Strengthening of IP regulations
- Implementation of GST in the pharmaceuticals sector
- Recommendations for the new National Pharmaceuticals Policy

Showcasing flagship Pfizer initiatives to key stakeholders:

During the year, a number of stakeholders were hosted by Pfizer at IIT Delhi to showcase the Pfizer IIT Delhi Innovation and IP Program. The program was also showcased through presentations and video films as part of the Start Up India initiative of the Department of Industrial Policy and Promotion (DIPP);

Global Entrepreneurship Summit:

Your Company was invited by NITI Aayog to participate in the landmark 8th Global Entrepreneurship Summit (GES) held in November 2017 in Hyderabad and showcase the Pfizer IIT Delhi innovation and IP Program. The summit was inaugurated by Honorable Prime Minister Shri Narendra Modi and Ms. Ivanka Trump, Advisor to President of the USA. Senior members of Pfizer Inc. and Pfizer Limited India participated in the meetings with the Honorable Prime Minister and Ministers of his Cabinet and Ms. Kirsten Lund-Jurgensen, Executive Vice President, Pfizer Inc. shared her views in the Plenary Session of the Summit which was themed 'Women First, Prosperity For All'.

Tiered pricing through Jan Aushadhi:

Your Company continued its dialogue with key Government stakeholders on fine tuning the Jan Aushadhi model to enhance reliability of supplies, viability of stores and increase adoption among patient segments targeted by this scheme.

Exemption of Customs duty on products imported for patient assistance programs:

Your Company successfully partnered with OPPI and engaged with the Ministry of Health and the Ministry of Finance, to provide due relaxations on drugs imported for various patient assistance programs.

- (ii) Internal and External Communications:** Your Company's Communications team plays the role of a key enabler in communicating the organization's growth plans, important decisions and milestones to stakeholders both internally and externally.



During the year, the Internal Communications team launched a number of new platforms and refocused existing internal communications assets:

- **Newsletters:** Two bi-monthly newsletters, The Pulse and Breaking Paradigm were launched. Both these platforms cater to the businesses and capture stories on performance, strategic updates, business stories, leadership messages, and profiles of field colleagues.
- **Crucible:** The Pfizer Internal e-magazine was relaunched as a ‘for and by the field force’ publication. The magazine profiles real achievers; field colleagues who have gone out of the way and delivered on all counts. It exhibits achievements of such brave hearts and their families.

Externally, your Company partnered the flagship Government of India events such as the FICCI ‘India Pharma 2017’ showcasing its leadership in the Anti-Infectives portfolio and its partnerships to combat anti-microbial resistance.

Recognition by Department of Pharmaceuticals:

Your Company was pleased to be recognized and presented the Swachhta Pharma Award from the Department of Pharmaceuticals during the year under review. This award was presented to Mr. S. Sridhar, Managing Director for your Company’s work in the area of promoting sanitation through its School Sanitation Program.

- (iii) **Colleague Engagement initiatives:** Your Company maintained a high-performance culture by engaging employees and aligning them with our values, purpose and strategy. Through an active calendar of activities that focused on the wellness of our colleagues, as well as celebrations of achievements and festivals, Your Company worked towards bringing its colleagues together regularly. The result is Your Company’s ‘Be Happy’ culture that emphasizes that the journey is as important as the destination.

Highlights of the year under review include:

- **Pfizer India is All In!** – Your Company’s global celebration of ownership culture was held on April 11, 2018. This year, the OWNIT! Theme ‘All in through energy management’ asked colleagues to go beyond time management to focus more on bringing their best selves to the hours they work. With themed sessions on prioritization, exercise and finding purpose in their work,

colleagues felt equipped to give their best to the big goals set for the year ahead. A year-long calendar of engagement activities will leverage this OWNIT! Theme to energize our colleagues throughout the year.

- **Providing the best possible workplace environment:** In recent years, our move to the open office environment in Mumbai, Kolkata and New Delhi has shown tremendous benefits. As we hoped, colleagues have reported that their workplace encourages collaboration and ideation, thus driving innovative thinking at every level. This year, we completed a shift to an open office workplace in Hyderabad. In addition, we have seen greater use of our recreational facilities in the Head Office, with colleagues using these spaces in diverse ways, ranging from video-shooting to conducting brainstorming sessions.

CORPORATE SOCIAL RESPONSIBILITY:

Our CSR Purpose

Your Company continued to focus on its two Flagship Projects that align with its core commitment towards community. Your Company was invested in fast tracking the implementation of the achievable milestones while identifying opportunities to showcase these innovative projects to a wider audience and stakeholders.

CSR Priorities

This year your Company continued to identify, choose and work on projects that are aligned to your Company’s CSR priorities listed below:

- Encourage and support Indian innovation and Indian Intellectual Property with a focus on Healthcare;
- Undertake awareness and access programs ourselves or in partnership with NGO’s, Government and Healthcare Providers in areas such as Women and Child health, among others;
- Support Government’s national and/or state programs and priorities with linkages to healthcare;
- Enlist employees as volunteers to support activities around health, sanitation and disease awareness; and
- Participate in disaster relief activities.

Some key initiatives undertaken during the year and details of CSR Projects undertaken by the Company during the financial year under review are provided in the Corporate Social Responsibility Report (Annexure A) - on page 75 of the report.

CSR Spend:

Your Company selects CSR programs that are novel, scalable, and sustainable & align with national priorities to positively impact communities. In order to maximize the impact of our CSR spending, we have deliberately decided to focus on large scale flagship initiatives that will be our CSR focus and will be provided with priority attention, resources and continued scale to succeed.

The Pfizer IIT Delhi Innovation and IP Program-one of our key flagship projects started with four phases to be completed within two years of its commencement, to be followed by an opportunity to expand the program through additional funds. The program itself has proven to be a tremendous success with four full time resident incubation projects and six IP filing projects already underway. Each of these innovations is expected to have a significant healthcare impact in the society. The program has also generated positive reputation returns for Pfizer among all the company's external stakeholders. The outcome of these projects is based on milestones, and there is a long gestation period for each stage to advance to the next, which extended the project timelines for the first two phases. Subsequently, the third phase of the program was launched in April 2018 with over 90 entries (highest till now) received and the winners being announced in July 2018. Consequently, infusing additional funds into this program for program continuation and possible expansion in 2017-2018 has not been possible and has been delayed by a year. These funds will be infused into the project for the fourth phase shortly.

The second major CSR initiative is the Pfizer ICMR program to combat Antimicrobial resistance. This partnership will be the first of its kind public-private collaboration on anti-microbial resistance in India. Further to signing of this MoU and transfer of funds from your Company in March 2017, the program was expected to be in implementation phase by May 2017. However, the program encountered delays on account of approvals from the governing council and leadership changes at ICMR. Consequently, fund utilization by the program implementation partner did not take place during the year. A significant component of activities under this program – on communication and advocacy – to be carried out directly by your Company too could not be initiated because of this delay in the start of the program.

Overall, the delay in both the flagship programs has impacted your Company's ability to infuse the planned additional investments in each of these flagship programs and has delayed these investments by a year.

For the year under review, while your company was required to spend ₹822 lakhs, there is a short spend of ₹728 lakhs. However, your Company will look towards meeting its CSR spend in the year 2018-19.

A brief outline of the Corporate Social Responsibility (CSR) Policy of the Company is available on the website of the Company - 'www.pfizerindia.com'.

WHISTLE BLOWER / VIGIL MECHANISM:

Your Company has established a Whistle Blower / Vigil Mechanism through which its Directors, Employees and Stakeholders can report their genuine concerns about unethical behaviour, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The said Policy provides for adequate safeguards against victimization and also direct access to the higher levels of supervisors. The e-mail ID for reporting genuine concerns is: 'corporate.compliance@pfizer.com'. In appropriate and exceptional cases, concerns may be raised directly to the Chairman of the Audit Committee at 'Chairman.IndiaAuditcom@pfizer.com'. A quarterly report on the whistle blower complaints received and action taken thereon is placed before the Audit Committee for its review.

DIRECTORS:

In accordance with the provisions of the Companies Act, 2013, Dr. Anurita Majumdar (DIN: 05291758) retires by rotation at the ensuing Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. Ravi Prakash Bhagavathula (DIN: 07282100), ceased to be the Executive Director - Finance and Chief Financial Officer of the Company with effect from close of business on February 28, 2018 and March 31, 2018 respectively Your Directors wish to place on record their appreciation for the valuable contributions made by Mr. Ravi Prakash Bhagavathula.

The Board of Directors of the Company at their meeting held on July 2, 2018 pursuant to the recommendation of Nomination and Remuneration Committee, accorded its approval for continuation of the remaining term of Mr. R. A. Shah (DIN: 00009851) aged 86 years as an Independent Director of the Company, i.e., up to November 9, 2019, subject to the approval of members at the ensuing Annual General Meeting by Special Resolution.

All Independent Directors have given the declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Board Performance Evaluation

The Company has devised a Performance Evaluation Framework and Policy, which sets a mechanism for the evaluation of the Board, Board Committees and Directors.

Performance Evaluation of the Board, Committees and Directors was carried out through an evaluation mechanism in terms of the aforesaid Performance Evaluation Framework and Policy.



The performance evaluation of each individual Director, the Board and Committees was carried out through deliberations. The said performance evaluation was done based on the parameters stated in the templates designed under the aforesaid Framework and after taking into consideration the guidance note issued by the Securities and Exchange Board of India.

Independent Directors' Meeting

One Meeting of the Independent Directors was held on May 6, 2017, without the presence of the Executive Directors and Management Personnel. At the Independent Directors Meeting held on May 6, 2017, the Independent Directors carried out performance evaluation of Non-Independent Directors and the Board of Directors as a whole, performance of Chairman of the Company, the quality, content and timeliness of flow of information between the Management and the Board, based on the Performance Evaluation framework of the Company. All the Independent Directors were present at the aforesaid Meeting.

FAMILIARIZATION PROGRAM FOR INDEPENDENT DIRECTORS:

Your Company has in place a Familiarization Program for Independent Directors to provide insights into the Company's business to enable them contribute significantly to its success. The Executive Directors and Senior Management make presentations periodically to familiarize the Independent Directors with the strategy operations and functions of the Company. Your Company also circulates news and articles related to the Industry and provide specific regulatory updates to the Independent Directors on a regular basis.

A brief summary of the major Familiarization Programs carried out during the year for the Independent Directors is given below:

Sr. No.	Particulars of the Programs / Presentations	Date	No. of Hours Duration (Hrs)
1.	Pharma Market, Industry Performance and Regulatory changes update. (Duration – one hour each)	Quarterly Board Meetings	4.0
2.	Business Strategy	November 10, 2017	1.0
3.	Vaccines Business	November 10, 2017	0.5
4.	Meeting with Senior Executives of Pfizer Inc.	December 19, 2017	1.0
Total Duration (Hrs)			6.5

NOMINATION AND REMUNERATION POLICY:

The Board has on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management, Key Managerial Personnel and their remuneration. The Nomination and Remuneration Policy is annexed herewith as "Annexure - B".

MEETINGS OF THE BOARD:

The details of the meetings of the Board and Committees are provided in the Corporate Governance Report (**Annexure H** to the Board's report).

DIRECTORS' RESPONSIBILITY STATEMENT:

Your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- that in the preparation of the annual financial statements for the year ended March 31, 2018, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
- that such accounting policies as mentioned in Notes 2 and 3 of the Notes to the Financial Statements have been selected and applied consistently and judgments and estimates have been made that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the profit of the Company for the year ended on that date;
- that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- that the annual financial statements have been prepared on a going concern basis;
- that proper internal financial controls were in place and that the financial controls were adequate and were operating effectively; and
- that systems to ensure compliance with the provisions of all applicable laws were in place and were adequate and operating effectively.

AUDIT COMMITTEE:

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report, which forms part of this Report.

RISK MANAGEMENT POLICY:

The details pertaining to the Risk Management Policy are included in the Corporate Governance Report, which forms part of this Report.

RELATED PARTY TRANSACTIONS:

All Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There are no materially significant related party

transactions made by the Company with Promoters, Directors, Key Managerial Personnel or other designated persons which may have a potential conflict with the interest of the Company at large. The Company had entered into materially significant related party transactions with Pfizer Innovative Supply Point Intl BVBA, Belgium and Pfizer Service Company BVBA, Belgium for purchase of raw materials, bulk drugs and finished goods. The same are within the limits duly approved by the members at the 65th Annual General Meeting.

All Related Party Transactions are placed on a quarterly basis before the Audit Committee for approval and before the Board for consideration and noting.

The Policy on Related Party Transactions as approved by the Board is uploaded on the Company's website 'www.pfizerindia.com'. The weblink for the Policy is <http://www.pfizerindia.com/eNewsWebsite/investor/pdf/Revised%20Related%20Party%20Transaction%20Policy%20-%20Pfizer%20website.pdf>

None of the Directors have any material pecuniary relationships or transactions *vis-à-vis* the Company.

Pursuant to Section 134 of the Companies Act, 2013 and Rules made thereunder, particulars of transactions with related parties as required under Section 188 (1) of the Companies Act, 2013, in the prescribed Form AOC-2 is annexed herewith as "**Annexure - C**".

PARTICULARS OF LOANS, GUARANTEES AND INVESTMENTS:

The Company has not granted any loans, guarantees and investments for the financial year ended March 31, 2018.

DEPOSITS FROM PUBLIC:

During the financial year under review, the Company has not accepted any deposits from public and as such, no amount on account of principal or interest on deposits from public was outstanding as on the date of the Balance Sheet.

DISCLOSURES OF ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNAL:

No orders have been passed by any Regulator or Court or Tribunal which can have impact on the going concern status and the Company's operations in future.

OTHER INFORMATION:

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of The Companies (Accounts) Rules, 2014, is annexed herewith as "**Annexure - D**".

A table containing particulars of employees in accordance with the provisions of Section 197(12) of the Companies Act, 2013, ("the Act") read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, is annexed herewith as "**Annexure - E**".

The information required pursuant to Section 197(12) of the Act read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, forms part of this Report. However, as per the provision of Sections 134 and 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any member interested in obtaining a copy of such statement may write to the Company Secretary at the Company's Registered Office.

The Company does not have any subsidiary company or associate company or joint venture company.

AUDITORS:

The Auditors, Messrs. Walker Chandiok & Co LLP, Chartered Accountants (Firm Registration No. 001076N/N500013), were appointed as Statutory Auditors to hold office for a term of 5 (five) years from conclusion of 66th Annual General Meeting till the conclusion of the 71st Annual General Meeting subject to ratification by members at every subsequent Annual General Meeting. The appointment of Messrs. Walker Chandiok & Co LLP till the Conclusion of the 71st Annual General Meeting will be placed before the Members at this Annual General Meeting for ratification.

The Auditor's Report for the financial year ended March 31, 2018 do not contain any qualification, reservation or adverse remark.

COST AUDITORS:

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules, 2014, as amended from time to time, the cost audit records maintained by the Company is required to be audited. Your Directors had, on the recommendation of the Audit Committee, appointed Messrs. RA & Co., to audit the cost accounts of the Company for the financial year 2018-19 on a remuneration of ₹12,00,000/- (Rupees Twelve Lakhs only). As required under the Companies Act, 2013, the remuneration payable to the Cost Auditor is required to be placed before the Members in a general meeting for their ratification. Accordingly, a Resolution seeking Member's ratification for the remuneration payable to Messrs. RA & Co., Cost Auditors is included at Item No. 5 of the Notice convening the Annual General Meeting.



Your Company is required to maintain the cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013. Your Company has accordingly maintained the same and has filed the Cost Audit Report for Formulations and Compliance Report for the financial year ended March 31, 2017 on October 9, 2017, which is within the stipulated timeline prescribed under the applicable regulations. The Cost Audit Report for Formulations for the financial year ended March 31, 2018 is due to be filed by October 26, 2018.

Messrs. R. A. & Co., have confirmed their eligibility to be the Cost Auditors and have been appointed to conduct Cost Audit of the Company's records for the financial year ending March 31, 2019. The remuneration is subject to ratification by the shareholders.

SECRETARIAL AUDIT:

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs. Saraf & Associates, a firm of Company Secretaries in Practice to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as "**Annexure - F**". The Secretarial Audit Report for the financial year ended March 31, 2018 does not contain any qualification, reservation or adverse remark.

COMPLIANCE WITH SECRETARIAL STANDARDS:

Your Directors confirm that the Secretarial Standards issued by the Institute of Companies Secretaries of India, as applicable to the Company and which are mandatory in nature, have been duly complied with.

EXTRACT OF ANNUAL RETURN:

The details forming part of the extract of the Annual Return in Form MGT 9 is annexed herewith as "**Annexure - G**".

CORPORATE GOVERNANCE & BUSINESS RESPONSIBILITY REPORTING:

A Report on Corporate Governance along with a Certificate from Messrs. Walker Chandiook & Co LLP, regarding compliance with the conditions of Corporate Governance as stipulated under Regulation 34(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of this Report and annexed herewith as "**Annexure - H**".

A Business Responsibility Report as stipulated under Regulation 34(2) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, describing the initiatives taken by your Company from an environmental, social and governance perspective, forms part of this Report and annexed herewith as "**Annexure-I**".

CAUTIONARY NOTE

Certain statements in respect to Management Discussion and Analysis may be forward looking and are stated as required by the applicable laws and regulations. The future results of the Company may be affected by many factors, which could be different from what the Directors envisage in terms of future performance and outlook.

ACKNOWLEDGMENTS

Your Directors would like to place on record their sincere appreciation for the support and assistance extended by the Company's suppliers and business associates. Your Directors are thankful to the esteemed shareholders for their continued support and the confidence reposed in the Company and its Management.

Your Directors wish to place on record their appreciation for the support and guidance provided by its Parent Company, Pfizer Inc. USA.

For and on behalf of the Board of Directors

Mumbai, July 2, 2018

**R.A. Shah
Chairman
DIN : 00009851**