

Corporate Governance Report

Company's Philosophy on Corporate Governance Code:

Cadila Healthcare Limited believes in continuous good corporate governance and always strives to improve performance at all levels by adhering to corporate governance practices, such as managing its affairs with diligence, transparency, responsibility and accountability. We have, therefore, designed our systems and action plans to enhance performance and stakeholders' value in the long run. To create a culture of good governance, your Company has adopted practices that comprise of performance accountability, effective management control, constitution of Board Committees as a part of the internal control system, fair representation of professionally qualified, non-executive and independent Directors on the Board, adequate and timely compliance, disclosure of information on performance, ownership and governance of the Company and payment of statutory dues. The Compliance Report on Corporate Governance herein signifies compliance of all mandatory requirements of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations).

1. Governance Structure:

Governance structure of the Company comprises of the Board of Directors (the Board) and the Committees of the Board at the top level and the internal governance structure at the operational level. The responsibility of the Board is to determine the overall corporate objectives and give direction and freedom to the management to achieve those objectives within a given framework. The organisational and governance structure enables an environment for value creation through sustainable and profitable growth.

The governance structure is based on the principles of freedom to the executive management within a given framework to ensure that the powers vested in the executive management are exercised with due care and responsibilities.

The primary role of the Board is to protect the interest and enhance the value for all the stakeholders. It conducts the overall strategic supervision and control by setting policies, reporting mechanism and accountability and decision making process to be followed.

The Chairman and the Managing Director are in overall control and responsible for the overall working of the Company. They give strategic directions, lays down the policy guidelines and ensure the implementation of the decisions of the Board and its committees.

The governance system encourages the entrepreneurship, risk taking and growth orientation with an objective to lead full accountability enabled by appropriate empowerment.

2. Board of Directors:

The Managing Director and the Executive Director look after the day-to-day business affairs of the Company. The Board of Directors reviews the overall business operations at least once in a quarter based on updates on the Company's performance provided by the Chairman / Managing Director.

A) Composition of the Board:

The Composition of the Board of Directors, with reference to the number of Executive and Non-Executive Directors, meets with the requirements of the Code of Corporate Governance. The Board is headed by Non-Executive Chairman, Mr. Pankaj R. Patel, who is also the promoter Director. As on March 31, 2018, your Company's Board comprised of eight Directors; which include two Executive Directors and six Non-Executive Directors, including four Independent Directors, who have considerable experience in their respective fields. As required under the provisions of section 149(1) of the Companies Act, 2013 and Rules made thereunder and regulation 17 of the Listing Regulations, the constitution of Board meets with the requirements stated therein. Non-Executive and Independent Directors have expert knowledge in the fields of finance, taxation, legal and industry. Thus, the Board represents a balanced mix of entrepreneurs and professionals, who bring the benefits of their knowledge and expertise.

B) Board Meetings / Directors' Particulars:

In compliance with regulation 17 of the Listing Regulations and as required under the Companies Act, 2013, the Board meets at least once in each quarter and the gap between any two Board meetings was not more than 120 days. During the year under review, six board meetings were held on May 27, 2017, June 26, 2017, July 12, 2017, August 11, 2017, November 14, 2017 and February 8, 2018.

The Board periodically reviews the items required to be placed before it and in particular reviews and approves quarterly / half yearly unaudited financial statements and the audited annual financial statements, corporate strategies, business plans, annual budgets, projects and capital expenditure, compliance with applicable laws and regulations. It monitors overall performance of the Company and reviews performance of its subsidiaries and joint ventures. The Agenda for the board meeting covers items set out as guidelines in regulation 17 of Listing Regulations to the extent the same are applicable and relevant. All agenda items are supported by relevant information, documents and presentations to enable the Board to take informed decisions.

The meetings of the Board of Directors are scheduled well in advance and usually held in Ahmedabad, where the

Registered Office of the Company is situated. The Chief Financial Officer and the Company Secretary, in consultation with the Chairman and the Managing Director, prepare detailed agenda for the meetings. Directors are also free to bring up any other matter for discussion at the Board Meetings with the permission of the Chairman.

The draft minutes of the meeting approved by the Chairman is circulated to all the Directors within fifteen days after the conclusion of the meetings. Decisions taken at Board / Committee meetings are communicated to the concerned departments promptly for actions and an Action Taken Report on the status of the decisions taken at the Board / Committee meetings is placed, for the information, to the Board / Committee members.

The Board of Directors has complete access to the information within the Company, which interalia includes –

1. Annual revenue and capital expenditure plans / budgets,
2. Quarterly results and results of operations of Company, its subsidiaries and joint ventures,
3. All borrowings, investments, loans and guarantees,
4. Minutes of the meetings of the Board of Directors, Committees of the Board and the summary of minutes of the subsidiary Companies,
5. Details of any joint ventures, acquisitions of brands, trademarks or companies or any collaboration agreements,

6. Quarterly report on any fatal or serious accidents or dangerous occurrences and material effluent or pollution problems,
7. Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any,
8. Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company,
9. Compliance or non-compliance of any regulatory, statutory nature or listing requirements and matters related to investors' service such as non-payment of dividend, delay in transfer of shares, etc.

The Independent Directors play an important role in the deliberations in Board Meetings and bring with them rich expertise in the field of pharmaceuticals, industry, marketing, accountancy, finance, taxation and other areas.

While constituting the Committee of Directors, the requirements that a Director shall not be a member of more than 10 committees and Chairman of not more than 5 committees have been ensured and complied with. None of the Independent Directors serves as an Independent Director in more than seven listed companies.

The following table gives the attendance of the Directors at the Board meetings of the Company and also the number of other Directorships held in Indian Public Limited Companies (other than the Company) and Chairmanship / Membership in Board Committees of Public Limited Companies as at March 31, 2018.

Name of the Director	Category and Position	No. of Board Meetings held during the year	No. of Board Meetings attended	Whether attended last AGM	Member (Chairman) ¹ of other Board Committees ²	No. of other Directorships held
Mr. Pankaj R. Patel ³	Non-executive Chairman	6	6	Yes	2(1)	4
Mr. Humayun R. Dhanrajgir	Non-executive and Independent Director	6	4	Yes	9(2)	7
Mr. Nitin R. Desai	Non-executive and Independent Director	6	4	Yes	2(1)	3
Mr. Apurva S. Diwanji	Non-executive and Independent Director	6	5	No	3	3
Ms. Dharmishta N. Raval	Non-Executive and Independent Woman Director	6	6	Yes	4	5

Name of the Director	Category and Position	No. of Board Meetings held during the year	No. of Board Meetings attended	Whether attended last AGM	Member (Chairman) ¹ of other Board Committees ²	No. of other Directorships held
Mr. Mukesh M. Patel	Non-executive Director	6	4	Yes	7(4)	4
Dr. Sharvil P. Patel ⁴	Managing Director	6	6	Yes	3(2)	4
Mr. Ganesh N. Nayak ⁵	Executive Director	6	4	Yes	2(1)	3

¹ Figures in () indicate the number of Board Committees of which a Director is a Chairman.

² Other committee means Audit Committee and Investors' / Stakeholders' Relationship Committee.

³ Promoter Director and father of Dr. Sharvil P. Patel.

⁴ Son of Mr. Pankaj R. Patel.

⁵ Appointed w.e.f. July 12, 2017.

C) Familiarisation Programme:

At the time of appointment of an Independent Director, a formal letter of appointment is given to him / her, which inter alia explains the role, functions, duties and responsibilities expected from him / her as a Director of the Company. All our Directors are aware and also updated, whenever required, of their role, responsibilities, liabilities and obligations under the provisions of the Companies Act, 2013 and Rules made thereunder and regulation 25 of the Listing Regulations.

Familiarisation programme is posted on the website of the Company and any member can visit the Company's website by clicking the link-<http://www.zyduscadila.com/wp-content/uploads/2015/05/Familiarization-programmeMar15.pdf>.

D) Evaluation:

During the year, the Nomination and Remuneration Committee / Board have carried out evaluation of its own performance and the performance of the committees of the Board of Directors, individual Directors and the Chairman of the Board. The Board has evaluated the composition of Board, its committees, experience and expertise, performance of specific duties and obligations, governance matters, etc. Performance evaluation of individual Directors and the Board Chairman was also carried out in terms of their respective attendance at Board / Committee meetings, contributions at the meetings, circulation of sufficient documents and information to the Directors, timely availability of the agenda, etc. Directors were satisfied with the evaluation on different criteria.

3. Committees of the Board:

The Board currently has the following committees:

- A) Audit Committee;
- B) Share Transfer Committee;
- C) Investors' / Stakeholders' Relationship Committee;
- D) Nomination and Remuneration Committee;
- E) Risk Management Committee;

- F) Corporate Social Responsibility (CSR) Committee;
- G) QIP Committee; and
- H) Committee of Directors.

The terms of reference of the Board Committees are determined by the Board from time to time. The Board is responsible for constituting, assigning and co-opting the members of the Committees. The meetings of the Board Committees are convened by the Chairman of the respective Committee.

A) Audit Committee:

I. Terms of Reference:

The role of the Audit Committee includes the following:

1. Oversight of the Company's financial reporting process and disclosure of financial information to ensure that the financial statements are correct, sufficient and credible,
2. Reviewing with the management the quarterly / annual, unaudited / audited financial statements and Limited Review Report / Audit Reports of the Statutory Auditors before recommending for approval by the Board of Directors,
3. Reviewing changes in the accounting policies, major accounting estimates based on exercise of judgment by the management, significant adjustments made in the financial statements, etc,
4. Review of Management Discussion and Analysis of financial and operational performance,
5. Review of inter-corporate loans and investments,
6. Review the adequacy and effectiveness of internal financial controls and systems,
7. Review and discuss with the management major financial risk exposures and steps taken to monitor and control them,

8. Overseeing and review the functioning of vigil mechanism (implemented by the Company as a Whistle Blower Policy),
 9. Review the scope of the Internal Auditors and Audit Plan to ensure reasonable coverage of different areas of operations,
 10. Review, discuss and monitor the observations reported by Statutory / Internal Auditors and their compliance,
 11. Review and recommend to the Board the appointment / re-appointment of the Statutory and Cost Auditors after due consideration of their independence and effectiveness,
 12. Approving the payment towards additional services rendered by the Statutory Auditors except those enumerated in section 144 of the Companies Act, 2013,
 13. Recommending to the Board the remuneration of the Statutory and Cost Auditors,
 14. Review of Cost Audit Report submitted by the Cost Auditors,
 15. Approval of the appointment, removal and terms of remuneration of Internal Auditors,
 16. Approval of the Related Party Transactions and granting omnibus approvals for certain related party transactions, which are in the ordinary course of business and on an arm's length basis.
- II. Composition, meetings held and attendance at the meetings during the year:**
The Audit Committee held four meetings during Financial Year 2017–2018 on May 27, 2017, August 11, 2017, November 13, 2017 and February 7, 2018. The time gap between any two meetings was less than 120 days. The composition of the Audit Committee as at March 31, 2018 and details of the attendance of the members of the committee at the meetings of the Committee are as under:

Name of the Member	Category	No. of Meetings held	No. of Meetings Attended
Mr. Nitin R. Desai, Chairman	Non-Executive / Independent	4	3
Mr. Humayun Dhanrajgir	Non-Executive / Independent	4	3
Ms. Dharmishta N. Raval	Non-Executive / Independent	4	4
Mr. Mukesh M. Patel	Non-Executive	4	3
Mr. Apurva S. Diwanji	Non-Executive / Independent	4	4

All the members of the Audit Committee have the requisite qualifications for appointment on the Committee and possess sound knowledge of accounting practices, financial and internal controls.

The Chairman of the Audit Committee attended the Annual General Meeting of the Company held on August 11, 2017 to respond to shareholders' queries.

III. Invitees at the Audit Committee Meetings:

The representative of the Statutory Auditors is regularly invited and he has attended all the Audit Committee meetings held during the year where the financial results are considered. The representative of the Cost Auditors attends the Audit Committee meeting, where the Cost Audit Report is tabled for discussion. The Managing Director, Chief Financial Officer and Management Auditor are invited to attend and participate in these meetings. The Company Secretary acts as the Secretary to the Committee.

The Company continues to derive benefits from the deliberations of the Audit committee meetings as the members are experienced in the areas of finance, accounts, taxation, corporate laws and industry. It ensures accurate

and timely disclosures that maintain the transparency, integrity and quality of financial control and reporting.

B) Share Transfer Committee:

I. Terms of reference:

The Committee is empowered to perform all the functions of the Board in relation to approval and monitoring of transfer, transmission, dematerialisation, rematerialisation, issue of duplicate share certificate, splitting and consolidation of shares issued by the Company. The Committee also oversees the functions of the Registrar and Share Transfer Agent. The Board has delegated the powers to approve the transfer of shares to the Committee.

II. Composition:

As at March 31, 2018, the Share Transfer Committee comprises of the following members:

1. Mr. Pankaj R. Patel–Chairman,
2. Mr. Mukesh M. Patel, and
3. Dr. Sharvil P. Patel.

The Company Secretary acts as the Secretary to the Committee.

III. Meetings held and the attendance of members at the meetings:
 The Committee meets on a need basis to ensure the regular process of transfers / transmission of shares, split, consolidation, demat / remat and issuance of duplicate Share Certificates.

C) Investors' / Stakeholders' Relationship Committee:
 In compliance with the provisions of section 178 of the Companies Act, 2013 and regulation 20 of the Listing Regulations, the Board has formed an Investors' / Stakeholders' Relationship Committee.

I. Terms of reference:
 The Investors' / Stakeholders' Relationship Committee reviews the redressal of grievances of stakeholders pertaining to the requests / complaints of the shareholders related to transfer of shares, dematerialisation of shares, non-receipt of annual accounts, non-receipt of dividend or revalidation of expired dividend warrants, recording the change of address, nomination, etc.

The role of the Investors' / Stakeholders' Relationship Committee has been specified in Part D of the Schedule II of the Listing Regulations.

II. Composition:
 The composition of the Committee as at March 31, 2018 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met four times during the year.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Mukesh M. Patel, Chairman	4	3
Mr. Pankaj R. Patel	4	4
Dr. Sharvil P. Patel	4	4

The Company Secretary acts as the Secretary to the Committee, who is designated as Compliance Officer pursuant to regulation 6 of the Listing Regulations.

The Committee ensures that the shareholders' / investors' grievances and correspondence are attended and resolved expeditiously. During the year under review, 23 investor grievances were received and all of them have been resolved. There was no investor grievance remaining unattended and pending as on March 31, 2018.

634234 equity shares remained in the in-transit account with National Securities Depository Limited and Central Depository Services (India) Limited as at March 31, 2018.

III. Number of requests / complaints:
 During the year, the Company has resolved investor grievances expeditiously. The Company and / or its Registrar and Transfer Agents have received the following requests / complaints from SEBI / Stock Exchanges and also directly

from the shareholders, which were resolved within the time frames laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending
Complaints:				
SEBI / Stock Exchange	0	4	4	0
From Shareholders	0	19	19	0
Shareholder queries / requests:				
Dividend Related	0	169	169	0
Transfer / Transmission	0	36	36	0
Demat / Remat	0	219	219	0
Changes (address / bank mandates)	0	221	221	0

D) Nomination and Remuneration Committee:
 In compliance with the provisions of section 178 of the Companies Act, 2013 and regulation 19 of the Listing Regulations, the Board has constituted a Nomination and Remuneration Committee (NRC). The Terms of reference of the NRC are specified in clause A of Part D of Schedule II of the Listing Regulations which are mentioned hereunder:

I. Terms of reference:
 The functions of Nomination and Remuneration Committee, inter alia, include the following:

- To identify the persons, who are qualified to become Directors of the Company or who may be appointed in Senior Management,
- To recommend to the Board, appointment and removal of the Director(s) and evaluation of each Director's performance,
- To formulate criteria for determining qualifications, positive attributes and independence of a Director,
- To review on annual basis the compensation to the Non-Executive Directors, Key Managerial Personnel and Senior Management Personnel and recommend to the Board the remuneration and incentive payable to each of them,
- Ensure that level and composition of remuneration is reasonable and sufficient, its relationship with performance is clear and meets appropriate performance benchmarks and
- To develop and review the succession plan for the Board.

II. Composition and Meetings:
 The composition of the Committee as on March 31, 2018 and details of attendance of the Committee members at the meetings are given in the following table. The Committee met twice during the year. All members of the Committee are Non-Executive Directors and except Mr. Mukesh M. Patel, other members are Independent Directors.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Nitin R. Desai, Chairman	2	2
Mr. Humayun Dhanrajgir	2	1
Ms. Dharmishta N. Raval	2	2
Mr. Mukesh M. Patel	2	1
Mr. Apurva S. Diwanji	2	1

The Company Secretary acts as the Secretary to the Committee.

III. Nomination and Remuneration Policy and details of remuneration paid / payable to the Directors for the year ended March 31, 2018:

The Board of Directors approved the Nomination and Remuneration Policy on the recommendation of Nomination and Remuneration Committee. The salient aspects of the Policy are outlined below:

a) Objectives:

- To guide the Board in relation to appointment and removal of Directors, Key Managerial Personnel and Senior Management Personnel,
- To evaluate the performance of the members of the Board and provide necessary report to the Board for further evaluation of the Board, and
- To recommend to the Board on remuneration payable to the Directors, Key Managerial Personnel and Senior Management Personnel.

The Company follows a policy on remuneration of Directors and Senior Management Employees.

b) Remuneration to Non-Executive Directors:

- Non-Executive Director is paid sitting fees for each meeting of the Board or Committee of the Board attended by him, of such sum as may be approved by the Board of Directors within the overall limits prescribed under the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The Board of Directors has approved the payment of sitting fees at ₹1 lakh to each Non-Executive Director towards each of the Board / Committee meetings attended by them.
- A Non-Executive Director except the Chairman is also paid commission on an annual basis, of such sum as may be approved by the Board. The total commission payable to the Non-Executive Directors shall not exceed 1% of the net profit of the Company and subject to the limits approved by the members.
- In determining the quantum of commission payable to Non-Executive Directors, the Nomination and

Remuneration Committee considers the overall performance of the Company and the onerous responsibilities required to be shouldered by the Non-Executive Directors. The commission is being paid on uniform basis to reinforce the principles of collective responsibility of the Board.

- A Non-Executive Director is also reimbursed the expenses incurred by him / her for attending the Board and / or Committee of Board meetings and shareholders meetings.
- Apart from the above, there are no materially significant related party transactions, pecuniary transactions or relationships between the Company and its Directors except those disclosed in the financial statements for the year ended on March 31, 2018.

c) Remuneration to the Managing Director and the Executive Director:

Mr. Pankaj R. Patel ceased to be the Managing Director of the Company w.e.f. July 12, 2017. Dr. Sharvil P. Patel is the Managing Director of the Company. Mr. Ganesh N. Nayak was appointed as the Executive Director of the Company w.e.f. July 12, 2017. On the recommendation of the Nomination and Remuneration Committee, the Board decides and approves the remuneration payable to the Managing Director and Executive Director within the ceiling fixed by shareholders.

As per the recommendation of the Nomination and Remuneration Committee, Mr. Pankaj R. Patel, Chairman, Dr. Sharvil P. Patel, Managing Director and Mr. Ganesh N. Nayak, Executive Director were paid / will be paid remuneration of ₹ 45 million (from April 1, 2017 to July 11, 2017), ₹ 250 million (from April 1, 2017 to March 31, 2018) and ₹ 232.17 million (from July 12, 2017 to March 31, 2018) respectively by way of salary and allowances for the financial year ended on March 31, 2018.

The Company has entered into agreements with Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak for their respective employment for a period of five years and three years respectively. Either party to an agreement is entitled to terminate the agreement by giving not less than 3 months' or 6 months' notice in writing to the other party in case of Dr. Sharvil P. Patel and Mr. Ganesh N. Nayak respectively.

d) Remuneration to Senior Management Employees:

The Managing Director and the Executive Director with the help of the Group President (Human Resources and Corporate Communication), carry out the individual performance review based on the standard appraisal matrix and after taking into account the appraisal score card and other factors like-Key Performance Area v/s

initiatives, balance between fixed and variable pay, fixed components and perquisites and retirement benefits, criticality of roles and responsibilities, industry benchmarks and current compensation trends in the market. Further, any promotion at a senior level management is approved by the Management based on a predetermined process and after assessing the candidate's capability to shoulder higher responsibility.

iv Details of the commission / sitting fees paid to the Non-Executive Directors for the year 2017-2018 are given below:

Name of the Non-Executive Directors	Commission@	Board Meetings	Audit Committee Meetings	CSR Committee Meetings	NRC Meetings	Investors'/ Stakeholders' Relationship Committee Meetings	Other Meetings*	Total
Mr. Pankaj R. Patel	--	3.00	0	2.00	0	3.00	2.00	10.00
Mr. Nitin R. Desai	25.00	4.00	3.00	0	2.00	0	0	34.00
Mr. Humayun R. Dhanrajgir	25.00	4.00	3.00	0	1.00	0	1.00	34.00
Ms. Dharmishta N. Raval	25.00	6.00	4.00	3.00	2.00	0	1.00	41.00
Mr. Mukesh M. Patel	25.00	4.00	3.00	0	1.00	3.00	2.00	38.00
Mr. Apurva S. Diwanji	25.00	5.00	4.00	0	2.00	0	1.00	37.00

@ The Board of Directors, based on the performance of the Company, has decided the payment of Commission to the Non-Executive Directors.

* Other meetings include meeting of Committee of Directors, Meeting of Independent Directors and Risk Management Committee.

v) **Stock Option:**

The Company does not have any stock option scheme for its Directors or employees. Moreover, there is no separate provision for payment of severance fees to the Directors.

The composition of the CSR Committee as at March 31, 2018 and the details of members' participation at the meetings of the Committee are as under:

E) **Risk Management Committee:**

In compliance of regulation 21 of the Listing Regulations, the Company has constituted a Risk Management Committee and majority of the members of the Committee are Directors. The Company has a well-defined risk management framework to identify, recognise, monitor and mitigate risks and also identify business opportunities. Business risk evaluation and its management is a continuous process within the organisation.

Name of the Member	No. of Meetings held	No. of Meetings Attended
Mr. Pankaj R. Patel, Chairman	3	3
Dr. Sharvil P. Patel	3	3
Ms. Dharmishta N. Raval	3	3

The Committee reviewed the risks and extent of exposure and potential impact analysis was carried out by the Management. It was confirmed by the Managing Director and Chief Financial Officer that the mitigation actions are monitored.

The Committee is headed by Mr. Pankaj R. Patel, Chairman. Dr. Sharvil P. Patel, Mr. Mukesh M. Patel and Mr. Nitin D. Parekh are the members of the Committee. The Committee meets at least once during the year.

The Company Secretary acts as the secretary to the Committee.

F) **Corporate Social Responsibility Committee: (CSR Committee)**

The terms of reference of CSR Committee includes, to frame the CSR Policy and review it from time to time to make it more comprehensive so as to indicate the activities to be undertaken by the Company as specified in schedule VII of the Companies Act, 2013 and Rules made thereunder and to provide guidance on various CSR activities to be undertaken by the Company and to monitor its progress.

G) **Committee of Directors for QIP issue:**

The Board of Directors has constituted a QIP Committee on August 12, 2015 mainly to take various decisions for the private placement of shares under SEBI (ICDR) Regulations, 2009 and for stock split approved by the members. The Committee was lastly reconstituted on May 27, 2017, by inducting Ms. Dharmishta N. Raval as an additional member. The committee comprises of Mr. Pankaj R. Patel, as the Chairman, Dr. Sharvil P. Patel, Mr. Mukesh M. Patel and Ms. Dharmishta N. Raval as members. No meeting of QIP Committee was held during the financial year ended on March 31, 2018.

H) **Committee of Directors:**

Committee of Directors comprises of three members namely; Mr. Pankaj R. Patel, Chairman, Dr. Sharvil P. Patel and Mr. Mukesh M. Patel as members. The Committee looks after the businesses, which are administrative in nature and within the overall board approved directions and framework. One meeting of the Committee was held during the year. The Company Secretary acts as the Secretary to the Committee.

4. **Independent Directors' Meeting:**

During the year under review, a separate meeting of Independent Directors was held on February 7, 2018, inter alia, to discuss:

1. Evaluation of performance of Non-Independent Directors and the Board of Directors as a whole,

2. Evaluation of performance of the Chairman of the Company, taking into account the views of the Executive and Non-Executive Directors,
3. Evaluation of the quality, content and timelines of flow of information between the Management and the Board that is necessary to effectively and reasonably perform its duties.

All the Independent Directors were present at the meeting.

5. Subsidiary Companies:

Zydus Healthcare Limited is the only material non-listed Indian subsidiary company. The financial statements of subsidiaries, in particular, the investments made by subsidiaries, if any, during the quarter are reviewed by the Audit Committee of the Board of Directors. The policy relating to material subsidiaries as approved by the Board may be accessed on the Company's website at the link: <http://zyduscadila.com/wp/content/uploads/2015/05/Policy-on-Material-Subsidiary.pdf>.

The Board Minutes of Indian unlisted subsidiary companies are placed at the Board Meeting of the Company, for information of the Board of Directors.

6. Disclosures:

A) Related Party Transactions:

All transactions entered into with Related Parties as defined under the Companies Act, 2013 and regulation 23 of the Listing Regulations during the financial year were in the ordinary course of business and on an arm's length basis and do not attract the provisions of section 188 of the Companies Act, 2013. There were no materially significant transactions with related parties during the financial year which were in conflict of interest of the Company. Suitable disclosures, as required by the Ind AS 24, have been made in the notes to the Financial Statements.

The Board has approved a policy on related party transactions which has been uploaded on the website of the Company.

B) Code of Conduct:

The Company has laid down a Code of Conduct for all Board members and Senior Management Personnel. The Code of Conduct is available on the website of the Company www.zyduscadila.com. All the Board Members and the Senior Management Personnel have affirmed compliance with the Code of Conduct for the year under review. The declaration of Managing Director is given below:

To the shareholders of Cadila Healthcare Limited

Sub.: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Place: Ahmedabad
Date: May 25, 2018

Sharvil P. Patel
Managing Director

C) Prohibition of Insider Trading:

In Compliance with the SEBI Regulations on Prevention of Insider Trading, the Company has framed a Code of Conduct to avoid any insider trading and it is applicable to all the Directors, Officers and such employees of the Company who are expected to have access to the unpublished price sensitive information relating to the Company. The Code lays down guidelines, which advises them on procedure to be followed and disclosures to be made, while dealing in the shares of the Company.

Shares held by the Directors as at March 31, 2018:

Name of the Directors	No. of shares held as at March 31, 2018	Details of shares bought (+) / sold (-) during 2017-2018
Mr. Pankaj R. Patel ¹	76,56,27,230	15,000
Mr. Mukesh M. Patel	12,000	Nil
Mr. Humayun R. Dhanrajgir	Nil	Nil
Mr. Nitin R. Desai ²	4,42,000	Nil
Ms. Dharmishta N. Raval	Nil	Nil
Dr. Sharvil P. Patel	15,000	Nil
Mr. Apurva S. Diwanji	Nil	Nil
Mr. Ganesh N. Nayak ³	1,51,120	Nil

1 Held also as a Karta of HUF and Trustee of the Family Trusts.

2 Held also as a Karta of HUF.

3 Appointed as an Executive Director w.e.f. July 12, 2017.

D) Whistle Blower Policy:

The Company has a whistle blower policy to deal with any instance of fraud and mismanagement. The employees of the Company are free to report violations of any laws, rules, regulations and concerns about unethical conduct to the Audit Committee under this policy. The policy ensures that strict confidentiality is maintained whilst dealing with concerns and also that no discrimination is done with any person for a genuinely raised concern.

E) Management:**i) Management Discussion and Analysis Report:**

Management Discussion and Analysis Report is set out in a separate section included in this Annual Report and forms a part of this Report.

ii) Disclosure of material financial and commercial transactions:

As per the disclosures received from senior management, no material financial and commercial transactions that may have a potential conflict with the interest of the Company at large were reported to the Company during the year under report.

F) Disclosure regarding re-appointment of Director:

The particulars about the brief resume and other information for the Director seeking re-appointment as required to be disclosed under this section are provided as an annexure to the notice convening the Twenty Third Annual General Meeting.

G) Compliance by the Company:

The Company has complied with all the mandatory requirements of the Listing Regulations with the Stock Exchanges, regulations and guidelines of SEBI. Further, during last three years, no penalties or strictures are imposed on the Company by any Stock Exchange or SEBI or any statutory authority, on any matter related to capital markets.

H) CEO/CFO Certification:

The requisite certification from the Managing Director and Chief Financial Officer required to be given under regulation 17(8) read with Part B of Schedule II was placed before the Board of Directors of the Company.

I) Unclaimed Shares:

As per the notification issued by Ministry of Corporate Affairs, 882646 equity shares held by 870 equity shareholders were transferred to IEPF Suspense Account for which the Company has complied with the necessary requirements.

7. Means of Communication:

i) The Company has 1,00,392 shareholders as on March 31, 2018. The main channel of communication to the shareholders is through Annual Report, which includes inter-alia, the Directors' Report, Management Discussion and Analysis Report, Corporate Governance Report and Audited Financial Results.

ii) The Annual General Meeting is a platform for face-to-face communication with the shareholders, where the Chairman makes presentation on the performance, operating and financial results of the Company. The Chairman and other key managerial personnel also respond to the specific queries of the shareholders.

iii) The Company intimates to the Stock Exchanges all price sensitive matters which in its opinion are material and of relevance to the shareholders and subsequently issues a Press Release on such matters, wherever necessary.

iv) The quarterly and half yearly results are published in widely circulating national and local daily 'Financial Express', in English and Gujarati. The results are also posted on the website of the Company www.zyduscadila.com, and the same are not sent individually to the shareholders.

v) The Company's results and official news releases are displayed on the Company's website www.zyduscadila.com. The Company holds meetings and makes presentations to the institutional investors and analysts. The copies of such presentations and the transcripts of the phone calls are also made available on the Company's web-site. Information to the Stock Exchanges is now being filed online on NEAPS for NSE and online listing portal of BSE.

8. General Body Meetings:**i) Details of last three Annual General Meetings held are provided hereunder.**

Year	Date and Time	Venue
2016-2017	22nd AGM on August 11, 2017 at 1:00 p.m.	J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015
2015-2016	21st AGM on August 3, 2016 at 11:00 a.m.	J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015
2014-2015	20th AGM on August 12, 2015 at 10.00 a.m.	H.T. Parekh Hall, Ahmedabad Management Association ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015

ii) Special Resolutions passed in the previous three Annual General Meetings:

The shareholders of the Company have passed the following special resolutions in the previous three Annual General Meetings.

Sr. No.	Nature of Special Resolutions Passed	Relevant provisions of the Companies Act	AGM details
1.	Payment of commission to Directors other than Managing Director, Deputy Managing Director or Whole-time Director.	section 197 of the Companies Act, 2013	
2.	Issue of securities through Qualified Institutional Placement/ Foreign Currency Convertible bonds etc.	sections 23, 41, 42, 62 and 71 of the Companies Act, 2013	21st AGM held on August 3, 2016
3.	Issue of Secured / Unsecured Redeemable Non-convertible Debentures / Bonds.	section 42 of the Companies Act, 2013	
4.	Issue of securities through Qualified Institutional Placement/ Foreign Currency Convertible bonds etc.	sections 23, 41, 42, 62 and 71 of the Companies Act, 2013	22nd AGM held on August 11, 2017
5.	Issue of Secured / Unsecured Redeemable Non-convertible Debentures / Bonds.	section 42 of the Companies Act, 2013	

iii) Approval of members through Postal Ballot:

During the year, no approval was sought from the members through Postal Ballot.

9. General Shareholder information
i) General Information:

Date and Time of 23rd AGM	August 13, 2018 at 10.00 a.m.
Venue of 23rd AGM	J. B. Auditorium, Ahmedabad Management Association, ATIRA Campus, Dr. Vikram Sarabhai Marg, Ahmedabad-380015
Financial Year	April 1, 2017 to March 31, 2018
Book Closure Date	August 2, 2018 to August 13, 2018
Registered Office Address	"Zydus Tower", Satellite Cross Roads, Sarkhej Gandhinagar Highway, Ahmedabad-380015
Dividend Payment Date	On or after August 18, 2018
Compliance Officer	Mr. Upen H. Shah, Company Secretary
Website Address	www.zyduscadila.com

ii) Tentative financial calendar:

First Quarter Results	On or before August 14, 2018
Half Yearly Results	On or before November 14, 2018
Third Quarter Results	On or before February 14, 2019
Audited Results for the year 2018-2019	On or before May 30, 2019

iii) Listing of shares:

The equity shares of the Company are listed on BSE Limited (BSE) and the National Stock Exchange of India Limited (NSE).

iv) Listing fees:

The Company has paid the annual listing fees for the Financial Year 2018-2019 to the above Stock Exchanges.

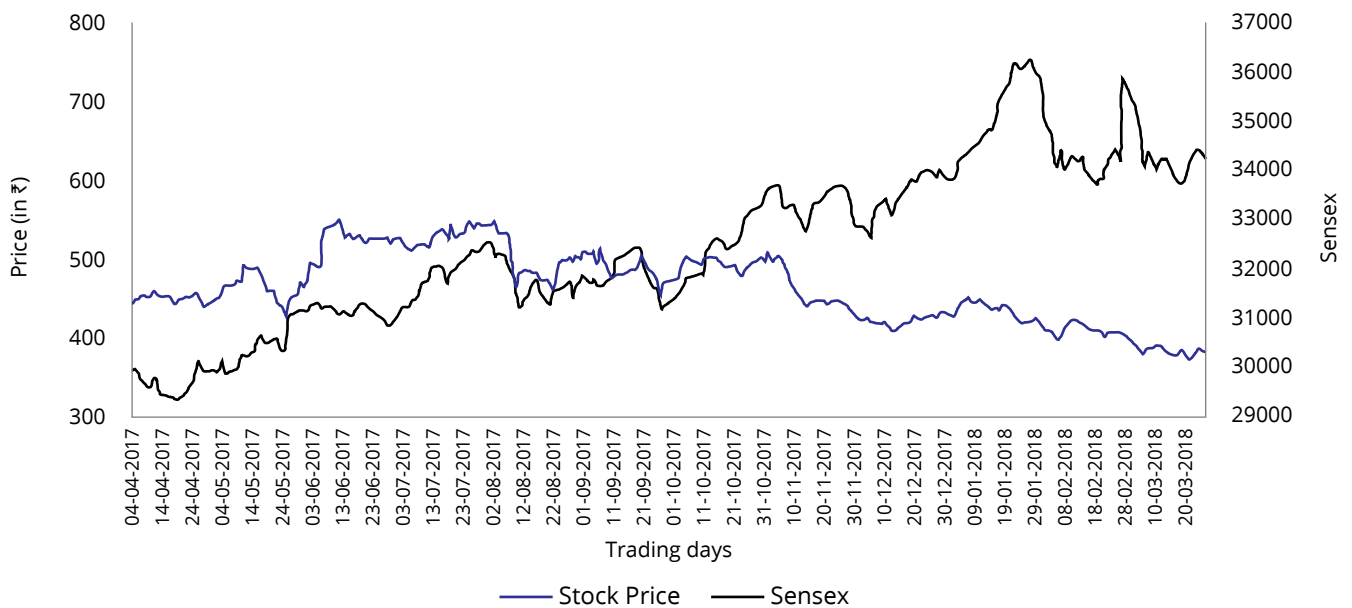
v) Stock Code and closing price:

Name of the Stock Exchange	Stock Code	Closing Price as on March 31, 2018 (₹)
The National Stock Exchange of India Limited	CADILAHC	377.85
BSE Limited	532321	378.65

vi) Stock price and BSE Sensex data:

Month	BSE Sensex	BSE Limited			The National Stock Exchange of India Limited		
		High (₹)	Low (₹)	Av. Volume (In Nos.)	High (₹)	Low (₹)	Av. Volume (In Nos.)
April, 17	29918.40	466.10	438.00	104564.00	466.85	438.45	707330.00
May, 17	31145.80	497.25	417.20	159630.00	497.00	417.05	1031397.00
June, 17	30921.61	558.00	464.30	195732.00	558.50	464.15	1849053.00
July, 17	32514.94	554.20	508.35	103554.00	560.00	508.10	999970.00
August, 17	31730.49	553.00	436.00	126914.00	553.00	435.10	1387076.00
September, 17	31283.72	519.90	450.00	99003.00	470.20	451.20	1264687.00
October, 17	33213.13	511.00	471.60	75082.00	507.70	471.25	680803.00
November, 17	33149.35	515.00	428.00	103504.00	515.00	427.55	1195222.00
December, 17	34056.83	437.40	401.75	141702.00	437.00	401.45	989710.00
January, 18	35965.02	456.10	414.35	125503.00	456.75	414.05	753350.00
February, 18	34184.04	433.05	373.05	82866.00	434.05	378.55	1223653.00
March, 18	32968.68	409.30	361.45	54011.00	409.50	362.00	903871.00

vii) Chart 'A' Stock Performance: Cadila Healthcare Limited (CHL):
 CHL Daily Share Price Vs Sensex



viii) Registrar and Share Transfer Agents (R&T):

Link Intime India Private Limited is the Registrar and Share Transfer Agents of the Company.

For lodgment of transfer deeds and other documents or any grievances / complaints, investors may contact the Company's Registrar and Share Transfer Agent at the following address:

Link Intime India Private Limited

506-508, Amarnath Business Centre-1,
 Beside Gala Business Centre,
 Near St. Xavier's College Corner,
 Off. CG Road, Navrangpura, Ahmedabad-380006.
 Telephone: 079-2646 5179 | Fax number: 079 - 2646 5179
 Email: ahmedabad@linkintime.co.in

ix) Share transfer system:

A Committee of Directors has been constituted to approve the transfers, transmission, issue of duplicate shares, etc. The Company's Registrar and Share Transfer Agents-Link Intime India Private Limited has adequate infrastructure to process the above matters.

A predetermined process cycle at regular interval ensures the transfer of shares (in physical form) within the stipulated time limit.

As per the requirements of regulation 40 (9) of the Listing Regulations, a Company Secretary in Practice has certified due compliance of share transfer formalities on half yearly basis.

x) Reconciliation of Share Capital Audit:

A practicing Chartered Accountant carried out audit in respect of each of the quarters in the financial year 2017–2018, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The audit reports confirm that the total issued / paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialised shares held with depositories.

xi) Distribution of shareholding of equity shares as at March 31, 2018:

No. of Equity Shares	No. of Folios	% to total folios	No. of Shares	% of Shareholding
1 to 500	81267	80.95	7844323	0.78
501 to 1000	9768	9.73	7413616	0.72
1001 to 2000	4370	4.35	6397651	0.62
2001 to 3000	1796	1.79	4526830	0.44
3001 to 4000	755	0.75	2656906	0.26
4001 to 5000	674	0.67	3100643	0.30
5001 to 10000	895	0.89	6144218	0.60
10001 to 20000	867	0.86	985658413	96.28
Grand Total	100392	100.00	1023742600	100.00
Shareholders in Physical Mode	3144	3.13	4150227	0.41
Shareholders in Electronic Mode	97248	96.87	1019592373	99.59
Grand Total	100392	100.00	1023742600	100.00

xii) Categories of shareholders as at March 31, 2018:

Category	No. of Shares Held		Total Shares	% of Shareholding
	Physical	Electronic		
Promoters' holding	0	765690230	765690230	74.79
Mutual Funds and UTI	13140	44912467	44925607	4.39
Banks, FIs and Insurance Companies	5415	36194110	36199525	3.54
Foreign Institutional Investors/ Foreign Venture Capital Investors	0	89048796	89048796	8.70
NRIs / OCBs / Foreign Portfolio Corporate	12255	2120914	2133169	0.21
Other Corporate Bodies	0	29409729	29409729	2.87
Central and State Government	0	1702409	1702409	0.17
Indian public	4119417	48290483	52409900	5.12
Others	0	2223235	2223235	0.21
Total	4150227	1019592373	1023742600	100.00

xiii) Dematerialisation of shares and liquidity:

The Company's equity shares are required to be compulsorily traded on the Stock Exchanges in dematerialised form. Approximately 99.59% of the equity shares have been dematerialised. ISIN number for dematerialisation of the equity shares of the Company is INE010B01027.

Mr. Upen H. Shah, Company Secretary and Compliance Officer
 Tele. Nos. 079-26868100-Extension-326
 e-mail id : investor.grievance@zyduscadila.com
 investor.grievance@zyduscadila.com, a special e-mail ID has been created.

xiv) Location of the Company's manufacturing plants:

The details of the locations of the plants of the Company are mentioned on the inside cover page of the Annual Report.

Shareholders holding shares in the electronic mode should address all their correspondence to their respective depository participants.

xv) Address for correspondence:

Shareholders' correspondence should be addressed to the Company's Registrar and Share Transfer Agent at the address mentioned above.

xvi) Outstanding GDRs / ADRs / Warrants, its conversion date and likely impact on equity:

The Company has not issued any GDRs / ADRs / warrants or any convertible instruments.

Shareholders may also contact the Company Secretary, at the Registered Office of the Company for any assistance.

xvii) Details of non-compliance:

There was no non-compliance during the year and no penalties were imposed or strictures passed on the Company by any Stock Exchange, SEBI or any other statutory authority. A practicing company secretary has certified the compliance of the conditions of Corporate Governance and annexed the certificate with the Directors' Report and sent the same to all the shareholders of the Company. The certificate shall also be sent to all the concerned Stock Exchanges along with the annual reports to be filed by the Company.

10. Non-Mandatory requirements of regulation 27 (1) & Part E of Schedule II of the Listing Regulations:

- i) The Company has a Non-Executive Chairman.
- ii) The quarterly / half yearly results are not sent to the shareholders. However, the same are published in the newspapers and are also posted on the Company's website.
- iii) The Company's financial statements for the financial year 2017-2018 do not contain any audit qualification.
- iv) The internal auditors report to the Audit Committee.