Business Responsibility Report

Section A: General Information about the Company

1. **Corporate Identity Number (CIN)** : L73100GJ2006PLC047837
2. **Name of the Company** : Sun Pharma Advanced Research Company Limited
3. **Registered Address** : Akota Road, Akota Vadodara - 390020, Gujarat.
4. **Website** : www.sparc.life
5. **E-mail id** : secretarial@sparcmail.com
6. **Financial Year reported** : April 01, 2016 to March 31, 2017
7. **Sector(s) that the Company is engaged in (industrial activity code wise):**

Group	Class	Sub class	Description
721	7210	72100	Research and experimental development on natural sciences and engineering

8. **List three key product / services that the Company manufactures / provides (as in balance sheet):**

   The Company does not manufacture any products

9. **Total number of locations where business activity is undertaken by the Company:**
   a. Number of international locations : Nil
   b. Number of national locations : 3
10. **Markets served by the Company** : N.A.

Section B: Financial Details of the Company

1. **Paid up capital (₹ in lakhs)** : 2,468.96
2. **Total turnover (₹ in lakhs)** : 19,465.05
3. **Total profit/ (loss) after taxes (₹ in lakhs)** : (12,026.73)
4. **Total spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%):** N.A.*
5. **List of activities in which expenditure as mentioned in point 4 has been incurred:** N.A.

* Note : In view of the negative average net profit of the company during the three immediately preceding financial years, the Company was unable to spend on CSR activities.

Section C: Other Details

1. **Does the Company have any Subsidiary Company / Companies?**

   No

2. **Do the Subsidiary Company / Companies participate in the BR initiatives of the parent Company? If yes, then indicate the number of such subsidiary company(s)?**

   N.A.

3. **Do any other entity / entities (e.g. suppliers, distributors etc) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity / entities? [Less than 30%, 30-60%, More than 60%]**

   N.A.

Section D: BR Information

1. **Details of Director / Directors responsible for BR:**

   a. Details of the Director / Directors responsible for implementation of the BR Policy / Policies:

   Director Identification Number (DIN) : 00005561

   Name : Sudhir V. Valia

   Designation : Non- Executive Director (Also CFO upto 31st January, 2017)

   b. Details of the BR Head:

Sr. No.	Particulars	Details
1	DIN Number	N.A.
2	Name	Mr. Anil Raghavan
3	Designation	CEO
4	Telephone Number	+91 22 6645 5645
5	E-mail Id	anil.raghavan@sparcmail.com

2. **Principle-wise (as per NVGs) BR Policy / policies (Reply in Y / N):**

The National Voluntary Guidelines (NVGs) on Social, Environmental and Economic Responsibilities of Business released by the Ministry of Corporate Affairs has adopted nine areas of Business Responsibility.

These briefly are as under:

P1 - Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

P2 - Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

P3 - Businesses should promote the well being of all employees.

P4 - Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

P5 - Businesses should respect and promote human rights.

P6 - Businesses should respect, protect and make efforts to restore the environment.

P7 - Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner.

P8 - Businesses should support inclusive growth and equitable development.

P9 - Businesses should engage with and provide value to their customers and consumers in a responsible manner.

Sr. No.	Questions	Business Ethics	Product Responsibility	Wellbeing of Employees	Stakeholder Engagement & CSR	Human Rights	Environment	Public Policy	CSR	Customer Relations
		P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy / policies for....	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Has the policy been formulated in consultation with the relevant stakeholders?	BR Policies and other related policies are formulated after due consultation with the Management. The final policy/policies are approved by the Board of Directors.								
3	Does the policy conform to any national /international standards? If yes, specify?	The policies comply with respective principles under the NVG guidelines.								
4	Has the policy been approved by the Board? If yes, has it been signed by MD/Owner/CEO/appropriate Board Director?	The policies are approved by the Board of Directors of the company and are duly signed by the Chief Executive Officer of the company.								
5	Does the Company have a specified committee of the Board / Director / Official to oversee the implementation of the policy?	The Board has appointed Mr. Sudhir V. Valia, Director, to oversee policy implementation								
6	Indicate the link for the policy to be viewed online?	The copies are made available to shareholders on request.								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been communicated to all internal stakeholders, while to the external stakeholder, this will be communicated in due course.								
8	Does the Company have inhouse structure to implement the policy/ policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/ policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Independent audit/evaluation is under consideration.								

2a. If answer to Sr. No. 1 against any principle, is No, please explain why: (Tick up to 2 options): N.A.

Sr. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the principles	Not Applicalbe								
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles									
3	The Company does not have financial or manpower resources available for the task									
4	It is planned to be done within next six months									
5	It is planned to be done within next one year									
6	Any other reason (please specify)									

3. Governance related to BR:

a. Indicate the frequency with which the Board of Directors, Committee of the Board or CEO meet to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year.

Annually

b. Does the Company publish a BR or a Sustainability Report? What is the hyper-link for viewing this report? How frequently it is published?:

The company publishes BR Report Annually which also forms a part of the Annual Report of the Company. The Business Responsibility Report of the company is available on its website www.sparc.life and can be accessed at http://www.sunpharma.in/regulatory-compliance.htm

Section E: Principle-wise Performance

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability.

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes / No. Does it extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

Value and Responsibility are deeply embedded at the core of the company. The company lays equal emphasis on growth as well as being responsible, and therefore, follows a holistic approach of 'responsible growth'.

Transparency, Integrity, Governance and Accountability are central to the company's day to day functions and decisions. The Company inculcates and instills strong values and ethics which are framed in its Code of Conduct. All statutory regulations and laws of land are strictly adhered to underpinning the Company's 'research with responsibility' approach and philosophy. Maintaining the highest levels of stakeholder trust and creating sustained long-term value of all stakeholder both defines and drives the Company's good governance practices. Some of these include :

a. Leading by Example

The Board of Directors of the company lead the Responsibility drive by following, encouraging and steering fair business practices, adhering to compliance norms and ensuring a mechanism that regularly monitors and reviews BR across the organisation.

b. Well defined Code of Conduct

The Code of Conduct puts a clear frame and structure to clearly define and detail the legal and ethical code for its Directors and employees. The Code of Conduct lays a particular emphasis on deterring wrong-doings by explicitly listing practices like :

- Managing, resolving and ethically handling conflicts of interest over personal and professional relationships
- Safe-guarding and safe-keeping of confidential information including client-side and Company-side information
- Proper use and appropriate safe-keeping of the Company's assets
- Statutory and legal laws, rules and regulations – adherence and compliance

- Reporting process and procedure in case of any violation or non-compliance for internal purpose

Whistle-Blower Policy to safeguard Governance

The detailed whistle-blower policy of the company outlines the process to report and escalate any violation, breach, non-compliance, infringement or infraction of the Code of Conduct, including the provision for protection.

During the year, there were no violations to the Code of Conduct.

2. **How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.**

   The Company had received six complaints from its equity shareholders during the previous financial year, all of which had been resolved during the year.

Principle 2: Business should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

The Company's focus and long-term aim is to leverage the power of science to enhance and enrich human life empowering people attain more health and more happiness.

With its scientific research, the Company strives to deploy and leverage the latest developments to bridge the gap, as it were, between the requirements and needs of patients in various therapeutic areas. The Company's wide ranging research spans a large spectrum of treatment, cure and healthcare needs – from the complicated medication that targets rouge tumor cancer cells to a once-a-day glaucoma dose. And yet, the Company never loses sight of the fact that its processes and practices conform to highest benchmarks of sustainability.

Some examples :

- Novel self-dispersing Nanoparticle Technology – this overcomes the existing challenges in the water insoluble anti-cancer medication with higher drug localization into cancer cells, thus avoiding the use of toxic surfactant with the added advantage of delivering higher doses.

- Swollen Micelle Microemulsion (SMM) Technology – overcomes the problem of solubilising ophthalmic drugs with Benzalkonium Chloride (BAK)-free solubilising technology, eliminating the use of toxic BAK which is known to damage ocular surface on chronic use.

- Wrap Matrix™ Technology – is an innovative oral controlled drug delivery system with a high drug to excipient ratio that reduces the pill size, helping patients to easily swallow tablets and pills.

The Company is currently developing several products based on New Drug Delivery Platforms like GRID, Wrap Matrix™ Technology, etc. and is also working on New Drug discovery.

Note - The Company is focused on R & D and does not manufacture any product. Hence, the following queries are not applicable.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and / or opportunities.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc) per unit of product (optional):

   a. Reduction during sourcing / production / distribution achieved since the previous year throughout the value chain.

Consumption per unit of production	Current Year (April, 2016 – March, 2017)	Previous Year (April, 2015 – March, 2016)
N.A.	N.A.	N.A.

   b. Reduction during usage by consumers (energy, water) has been achieved since the previous year.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

4. Has the Company undertaken any steps to procure goods and services from local and small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve the capacity and capability of local and small vendors?

5. Does the Company have a mechanism to recycle products and waste? If yes, what is the percentage of

recycling of products and waste? (Separately as < 5%, 5-10%, >10%) Also, provide details thereof, in about 50 words or so.

Principle 3: Businesses should promote the well-being of all employees.

People are the most valuable assets of the Company. The Company's key focus is on alleviating and improving human lives by leveraging scientific research. Thus, highly skilled and knowledgeable workforce that is both committed and passionate to the larger cause of making a difference are at the heart of the Company.

The Company is sharply focussed on augmenting the skills and capabilities of its 330+ scientists by providing them with fertile grounds in the form of environment and opportunities where seeds of ingenuity can sprout into shoots of innovation. HR initiatives are constantly endeavouring to create safe, healthy and happy work environment for the employees of the company by :

- Developing and sustaining a culture of excellence and knowledge driven approach. During the year, the company invested ~5000 hours in upskilling and Learning and Development activities which included 52% permanent employees and 23% of women employees.
- Ensuring that all research laboratories conform to highest safety and healthy standards
- An egalitarian approach driving equal opportunity to all
- Inculcating a culture of freedom of communications
- Rewarding and motivating employees
- While we are a Company, we are also a strongly-bonded family with a deep sense of mutual trust and respect, which explains the absence of any employee union.

a. Please indicate total number of employees:

Sr. No.	Category of Employees	No. of Employees
1	Management Staff	398
2	Shop Floor Associates	None
	Total	**398**

b. Please indicate total number of employees hired on temporary / contractual / casual basis:

Sr. No.	Category of Employees	No. of Employees
1	Retainers / Advisors	4
2	Subcontracted Employees	None
3	Third Party Employees	97
4	Casual Employees	None
	Total	**101**

c. Please indicate the number of permanent women employees:

Number of permanent women employees: 97

d. Please indicate the number of permanent employees with disabilities:

Number of permanent employees with disabilities: None

e. Do you have an employee association that is recognized by the Management?

No

f. What percentage of permanent employees are members of this recognized employee association?

N.A.

g. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and those pending as on the end of the financial year.

Sr. No.	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour / forced labour / involuntary labour	None	None
2	Sexual Harassment	None	None
3	Discriminatory employment	None	None

h. What percentage of undermentioned employees were given safety and skill up-gradation training in the last year?

i. Permanent employees : 88%
ii. Permanent women employees : 94%
iii. Casual / Temporary / Contractual employee : None
iv. Employees with disabilities : None

Principle 4: Businesses should respect the interests of and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalized.

SPARC, has always been both committed and focussed on multi-stakeholder engagement and value-creation, both for the Company's internal as well as external stakeholders. The Company maps, measure and manages expectations of each stakeholder group that not only details specific deliverables, but also ensures that divergent and minority interest are also taken care of.

While customers and investors are direct stakeholder, the Company has mapped its entire stakeholder group, including internal and external stakeholders, as under :

1. Employees
2. Communities
3. Patients
4. Healthcare Professionals
5. Payers, Investors & Shareholders
6. Regulatory Authorities

The Company's Stakeholder Policy is implemented maintaining high benchmarks of transparency and accountability, ensuring the involvement of each every stakeholder in the decision-making process. The Company engages with all its stakeholder through multiple platforms including the Company website, Annual Report, investor presentation and the general meetings.

1. **Has the Company mapped its internal and external stakeholders? Yes / No.**

   Yes

2. **Out of the above, has the Company identified the disadvantaged, vulnerable and marginalized stakeholders?**

   No

3. **Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalized stakeholders? If so, provide details thereof, in about 50 words or so.**

   N.A.

Principle 5: Businesses should respect and promote human rights.

Respect and dignity of fellow human beings is non-negotiable at SPARC. The Company ensures the fundamental rights of all individuals not only within the organsiation, but also across every touch points the Company is in contact with.

The following imperatives are followed uncompromisingly :

- Ensuring fair wages, freedom of association and collective bargaining
- Maintaining an open redressal mechanism to address stakeholder concerns about human rights
- Providing a safe and secure work-place that is free from discrimination, harassment or indignity
- Strict condemnation of inhuman practices of child labour, forced labour or any such forms

During the year, the Company did not received complaint about human rights violation from any stakeholder group.

1. **Does the policy of the Company on human rights cover only the Company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?**

   Yes

2. **How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the Management?**

   The Company did not receive any complaint from any stakeholder pertaining to human rights violation during the previous financial year

Principle 6: Businesses should respect, protect and make efforts to restore the environment.

The Company is not engaged in manufacturing, and therefore, has a minimal impact on potential environmental risks. Nevertheless the Company ensures that the fragile environment balance and precious natural resources are used judiciously and justly.

The Company complies with all environmental laws of the land and is constantly striving to reduce, re-use and recycle with greener processes and better technologies.

Under the 'Go Green' initiative of the Company, investors are requested to forgo printed copies and opt for digital copies of documents like Notice of General Meetings, copy of the Annual Report, etc. This has a direct impact of reducing the number of trees that are cut to produce paper. The Company also ensures emission and waste-generation is within permissible levels, and has not received any CPCB/SPCB notice during the year.

The Company has instituted its environment policy with a view to contribute positively to the environment.

1. **Does the policy pertaining to Principle 6 cover only the Company or extends to the Group / Joint Ventures / Suppliers / Contractors / NGOs / others?**

   Yes

2. **Does the Company have strategies / initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyper-link for webpage etc.**

   No

3. **Does the Company identify and assess potential environmental risks? Y / N**

   Yes

4. **Does the Company have any project related to Clean Development Mechanism (CDM)? If so, provide details thereof, in about 50 words or so. Also, if yes, whether any environmental compliance report is filed?**

   No

5. **Has the Company undertaken any other initiatives on - clean technology, energy efficiency, renewable energy etc? Y/N. If yes, provide hyper-link to web page etc.**

   No

6. **Are the Emissions / Waste generated by the Company within the permissible limits given by CPCB / SPCB for the financial year being reported?**

   Yes

7. **Number of show cause / legal notices received from CPCB / SPCB which are pending (i.e. not resolved to satisfaction) as of end of financial year.**

   None

Principle 7: Businesses when engaged in influencing public and regulatory policy, should do so in a responsible manner.

SPARC is a member of the Indian Merchants Chamber. The Company actively engages with trade and industry to further the cause of scientific research and innovation in India.

1. **Is your Company a member of any trade and chambers of association? If yes, name only those major ones that your business deals with.**

   Yes. We are member of Indian Merchants Chamber.

2. **Have you advocated / lobbied through above associations for the advancement or improvement of public good? Yes / No. If yes, specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Polices, Energy Security, Water, Food Security, Sustainable Business Principles, Others)**

   No

Principle 8: Businesses should support inclusive growth and equitable development.

The Company deeply believes in spreading the benefits of better healthcare to more people, thus ensuring inclusive growth reaches far and wide. The CSR Policy reflects the Company's focus and drive towards achieving inclusive growth.

Due to operational loss and negative cash flow during the three immediately preceding year, the Company could not invest in CSR activities. However, the Company has firm plans to implement welfare programmes aimed brining better healthcare to a wider reach of communities.

1. **Does the Company have specified programmes / initiatives / projects in pursuit of the policy related to Principle 8? If yes, details thereof.**

   No

2. **Are the programmes / projects undertaken through in-house team / own foundation / external NGO / Govt. structure / any other organization?**

   N.A.

3. **Have you done any impact assessment of your initiative?**

   N.A.

4. **What is the Company's direct contribution to community development projects - Amount in INR and details of the projects undertaken?**

   N.A.

5. **Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words.**

   N.A.

Principle 9: Businesses should engage with and provide value to their customers and consumers in a responsible manner.

While the Company does not directly engage or deal with end consumers, it voluntarily undertakes its responsibility and obligation to its patient as part of its larger purpose

and objective to improve and enrich lives. With this in mind, the Company has a customer-centric policy based on the following broad guidelines :

- Unwavering focus on health, safety and satisfaction
- Pursue a sustainable product development lifecycle that is as socially responsible as it is ethically firm
- Always provide highest priorit to customer feedback and concerns, and respond efficiently and effectively

1. **What percentage of customer complaints / consumer cases are pending as on the end of financial year 2017?**

   During the previous financial year, no customer complaints were received

2. **Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes / No / N.A. / Remarks (additional information)**

   N.A.

3. **Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year? If so, provide details thereof, in about 50 words or so.**

   No

4. **Did your Company carry out any consumer survey / consumer satisfaction trends?**

   No