



Sun Pharma Advanced Research Company Limited

REMUNERATION POLICY

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The remuneration policy (“Policy”) has been approved by the Board of Directors of Sun Pharma Advanced Research Company Limited (“Company”) on 31st July 2014 (“Effective Date”). The following table tracks the changes (if any) to the Policy from time to time.

Details of Amendments to the Policy				
Policy Change effective Date	Clause No.	Particulars of the Change	NRC and Board Approval Date	Version of Policy

I. NEED FOR THE POLICY

- A. Business Need: Retaining, attracting and managing quality talent is of critical importance to the Company's intellectual property in the knowledge driven global business. This requires a communication by the Company that the organisation cares for its team and values the growth of its team members. This Policy intends to provide clarity & guidance on the remuneration payable to the employees of the Company including Directors & Key managerial Personnel members of senior management and manner or the mechanism in which the Company rewards its team.
- B. Legal requirements: Section 178 of the Companies Act, 2013 and the Listing Agreement entered into by the Company with the Stock Exchanges require the Board of Directors ("Board") of the Company, on recommendation of the Nomination and Remuneration Committee ("NRC"), to formulate a policy, relating to the remuneration for the directors, key management personnel and other employees.

II. OBJECTIVES OF THE POLICY

- A. Retaining, attracting and managing quality talent.
- B. Ensuring that the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate the all the employees of the Company at different levels of the organisation to put in their best efforts run and grow the Company successfully.
- C. Ensuring that the relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
- D. Ensuring the remuneration to directors, key managerial personnel and senior management is proportionate to the job role & responsibilities and comparable to the industrial standards. Variable Incentive pay, if paid to any employee, should be linked to the performance of such employee and also the Company during such period.
- E. Improving the overall performance and value of the Company by optimum use of its human resources.

III. APPLICABILITY

This Policy lays down the guiding principle for employment agreements entered into/ to be entered into after the approval of the Policy and for changes made to existing employment agreements hereafter.

IV. POLICY STATEMENT

- A. Guiding Principles for remuneration: The Company shall remunerate all its personnel reasonably and sufficiently as per industry benchmarks and standards. The remuneration shall be commensurate to retain and motivate the human resources of the Company. The compensation package will, inter alia, take into account the experience of the personnel, the knowledge & skill required including complexity of his job, work duration and risks associated with the work, and attitude of the worker like, positive outlook, team work, loyalty etc.
- B. Components of Remuneration: The following will be the various remuneration components which may be paid to the personnel of the Company based on the designation and class of the personnel.
- a. Fixed compensation: The fixed salaries of the Company's personnel shall be competitive and based on the individual personnel's responsibilities and performance.
 - b. Variable compensation: The personnel of the Company may be paid remuneration by way of variable salaries based on their performance evaluation. Such variable salaries should be based on the performance of the individual against his short and long term performance objectives and the performance of the Company.
 - c. Share based payments: The Board may, on the recommendation of the NRC, issue to certain class of personnel a share and share price related incentive program.
 - d. Non-monetary benefits: Senior management personnel of the Company may, on a case to case basis, be awarded customary non-monetary benefits such as discounted salary advance / credit facility, rent free accommodation, Company cars with or without chauffer's, share and share price related incentive, reimbursement of electrify and telephone bills etc.
 - e. Gratuity/group insurance: Personnel may also be awarded to group insurance and other key man insurance protection. Further as required by the law necessary gratuity shall be paid to the personnel.
 - f. Commission: The directors may be paid commission if approved by the shareholders. The shareholders may authorise the Board to declare commission to be paid to any director of the Board.

- C. Entitlement: The authority to determine the entitlement to various components as aforesaid for each class and designation of personnel shall be as follows:

Designation/Class	To be determined by
Director	Members on recommendation of NRC and the Board.
Key Managerial Personnel	Board on recommendation of the NRC
Other employees	Human Resources Head

V. POLICY DEVIATION

The Board/ NRC/ HR Head may deviate from this Policy if there are specific reasons to do so in an individual case.

VI. CHANGE MANAGEMENT

The Board may in consultation with the Nomination and Remuneration Committee amend or modify this Policy in whole or in part, at any time.