

# Corporate Governance

In compliance with Regulation 34(3) read with Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations"), the Company submits the Corporate Governance Report for the year ended 31st March, 2018.

## 1. COMPANY'S PHILOSOPHY ON CODE OF CORPORATE GOVERNANCE

Sun Pharmaceutical Industries Limited's philosophy envisages reaching people touching lives globally by following the core values of the Company viz Quality, Reliability, Consistency, Trust, Humility, Integrity, Passion and Innovation which are

also a way of life at the Company. These values form a base of the Corporate Governance practices of the Company. The Company ensures to work by these principles in all its interactions with stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

Sun Pharmaceutical Industries Limited is committed to learn and adopt the best practices of Corporate Governance.

## 2. BOARD OF DIRECTORS

The present strength of the Board of Directors of your Company is eleven Directors.

### Composition and category of Directors is as follows:

Category of Directors	Name of the Directors	Inter-se Relationship between Directors
Non-Promoter Non - Executive and Non - Independent Director	Mr. Israel Makov (Chairman)	-
Promoter Executive Director	Mr. Dilip S. Shanghvi (Managing Director)	Brother-in-law of Mr. Sudhir V. Valia
Non-Promoter Executive Directors	Mr. Sudhir V. Valia (Whole-time Director)	Brother-in-law of Mr. Dilip S. Shanghvi
	Mr. Sailesh T. Desai (Whole-time Director)	-
	Mr. Kalyanasundaram Subramanian (Whole-time Director)	-
Non -Executive Independent Directors	Mr. S. Mohanchand Dadha	-
	Mr. Keki M. Mistry	-
	Mr. Ashwin S. Dani	-
	Ms. Rekha Sethi	-
	Mr. Vivek Chaand Sehgal*	-
	Mr. Gautam Doshi**	-

\*Mr. Vivek Chaand Sehgal was appointed as an Additional Independent Director of the Company with effect from November 14, 2017.

\*\* Mr. Gautam Doshi was appointed as an Additional Independent Director of the Company with effect from May 25, 2018.

Mr. Hasmukh S. Shah who was a Non-Executive and Independent Director of the Company resigned as Director with effect from November 15, 2017

### Number of Board Meetings held during the year ended March 31, 2018 and the dates on which held:

Five Board meetings were held during the year. The dates on which the meetings were held during the year ended March 31, 2018 are as follows:

May 26, 2017; August 11, 2017; September 26, 2017; November 14, 2017 and February 14, 2018.

Number of Board meetings the Director was entitled to attend, attendance of each Director at the Board meetings and at the last Annual General Meeting (AGM), and number of other Directorships and Chairmanships/Memberships of Committee of each Director for the year under review, is given below:

Name of the Director	Attendance Particulars for the year ended March 31, 2018			*No. of other Directorships and Committee Memberships / Chairmanships as of March 31, 2018		
	Number of Board Meetings Entitled to attend	Number of Board Meetings attended	Last AGM held on September 26, 2017	Other Directorships	Committee Memberships**	Committee Chairmanships**
Mr. Israel Makov	5	5	Yes	-	-	-
Mr. Dilip S. Shanghvi	5	5	Yes	1	-	-
Mr. Sudhir V. Valia	5	5	Yes	4	3	-
Mr. Sailesh T. Desai	5	5	Yes	2	-	-
Mr. Kalyanasundaram Subramanian	5	4	Yes	1	-	-
Mr. S. Mohanchand Dadha	5	4	Yes	2	-	1
Mr. Keki M. Mistry	5	2	No <sup>#</sup>	9	4	4
Mr. Ashwin S. Dani	5	3	No	5	2	1
Ms. Rekha Sethi	5	5	Yes	4	1	1
Mr. Vivek Chaand Sehgal	2	2	Not Applicable	5	-	-
Mr. Hasmukh S. Shah	4	4	Yes	Not Applicable***		

\* The above number of other directorships does not include Directorships, Committee Memberships and Committee Chairmanships in Private Limited, Foreign and Section 8 Companies.

\*\* The Committee Memberships and Chairmanships in other Companies include Memberships and Chairmanships of Audit and Stakeholders' Relationship Committee only.

\*\*\* He was not a Director on 31st March, 2018

# Mr. Keki M. Mistry, Chairman of the Audit Committee and Nomination and Remuneration Committee could not attend the last Annual General Meeting of the Company due to his prior commitments. However, he appointed Mr. Hasmukh S. Shah, member of the Audit Committee and Nomination & Remuneration Committee to answer to the shareholders' queries on his behalf at the Annual General Meeting.

### 3. CODE OF CONDUCT

The Board of Directors has laid down a Global Code of Conduct for all Board members, and all employees, including the senior management of the Company. All the Directors and senior management have affirmed compliance with the Global Code of Conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Managing Director has been annexed as Annexure 'A' to the Corporate Governance Report. The code of conduct has been posted on the website of the Company [www.sunpharma.com](http://www.sunpharma.com).

### 4. AUDIT COMMITTEE

The Audit Committee of the Company presently comprises of six Directors which include five independent non-executive Directors viz. Mr. Keki M. Mistry, Mr. S. Mohanchand Dadha, Mr. Ashwin S. Dani, Ms. Rekha Sethi, Mr. Gautam Doshi and one Whole-time Director viz. Mr. Sailesh T. Desai. Mr. Keki M. Mistry is the Chairman of the Committee. Ms. Rekha Sethi was appointed as the member of the Audit Committee with effect from November 14, 2017. Mr. Sailesh T. Desai and Mr. Gautam Doshi have been appointed as members of the Audit Committee with effect from May 25, 2018. During the year, Mr. Hasmukh S. Shah, Independent Director, who was a member of the Audit Committee, ceased to be member of the committee with effect from November 15, 2017 due to he ceasing to be the Director of the Company with effect from November 15, 2017. The constitution of Audit Committee meets with the requirements as laid down under Section 177 of the Companies Act, 2013 and also of Regulation 18 of the Listing Regulations. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Audit Committee.

The terms of reference of the Audit Committee inter alia include: overseeing the Company's financial reporting process, reviewing the quarterly/half-yearly/annual financial statements, reviewing with the management the financial statements and adequacy of internal audit function, recommending the appointment/re-appointment of statutory auditors and fixation of audit fees, reviewing the significant internal audit findings/related party transactions, reviewing the Management Discussion and Analysis of financial condition, and result of operations, scrutiny of inter-corporate loans and investments, review of internal financial control and risk management, review functioning of Whistle Blower/Vigil Mechanism, approval of appointment of Chief Financial Officer, and also statutory compliance relating to financial statements, review and monitor the auditor's independence and performance and effectiveness of audit process etc.

The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

Executives from the Finance Department, representatives of the Statutory Auditors and Internal Auditors are also invited to attend the Audit Committee Meetings, whenever necessary.

The Committee has discussed with the Statutory and Internal auditors about their audit methodology, audit planning and significant observations/ suggestions made by them.

In addition, the Committee has discharged such other role/function as envisaged under Regulation 18 of the Listing

Regulations, 2015 and the provisions of Section 177 of the Companies Act, 2013.

Five Audit Committee Meetings were held during the year ended March 31, 2018. The dates on which the Meetings were held are as follows:

May 26, 2017; August 4, 2017; August 11, 2017; November 14, 2017; and February 14, 2018. The attendance of each Member of the Committee is given below:

Name of the Director	Number of Audit Committee Meetings entitled to attend	Number of Audit Committee Meetings attended
Mr. Keki M. Mistry	5	3
Mr. S. Mohanchand Dadha	5	4
Mr. Hasmukh S. Shah	4	4
Mr. Ashwin S. Dani	5	3
Ms. Rekha Sethi	1	1

## 5. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee presently comprises of four Non-executive Directors viz. Mr. Keki M. Mistry, Mr. Israel Makov, Ms. Rekha Sethi and Mr. S. Mohanchand Dadha. Mr. Keki M. Mistry is the Chairman of the Committee. Mr. S. Mohanchand Dadha has been appointed as the member of the Committee with effect from May 25, 2018. During the year Mr. Hasmukh S. Shah was appointed as the member of the Committee with effect from June 13, 2017, however he ceased to be the member of the Committee with effect from November 15, 2017 due to he ceasing to be the Director of the Company with effect from November 15, 2017. The constitution of the Nomination and Remuneration Committee meets with the requirements of Section 178 of the Companies Act, 2013 as also the requirements laid down in Regulation 19 of the Listing Regulations. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee.

The terms of reference of the Nomination and Remuneration Committee inter alia include; to determine the Company's policy on specific remuneration packages for executive directors, to review, recommend and/or approve remuneration to Whole-time Directors, to review and approve the Remuneration Policy of the Company, to formulate criteria for evaluation of Independent Directors and the Board, to devise a policy on Board Diversity, to identify persons who are qualified to become directors and who may be appointed in senior

management in accordance with the criteria laid down and recommend to the Board the appointment or removal of such persons and to discharge such other functions and exercise such other powers as may be delegated/ directed by the Board of Directors from time to time.

The Nomination and Remuneration Committee has adopted the criteria as provided in the Guidance Note on Board Evaluation by Securities and Exchange Board of India vide its notification no. SEBI/HO/CFD/CMD/CIR/P2017/004 dated January 5, 2017 for evaluation of the Individual Directors including Independent Directors. The said criteria provides certain parameters like knowledge, competency, fulfillment of functions, availability and attendance, initiative, integrity, contribution, independence and independent views and judgment.

Four meetings of Nomination and Remuneration Committee were held during the year ended March 31, 2018. The dates on which the meetings were held are as follows:

May 26, 2017; August 11, 2017; November 14, 2017 and February 14, 2018. The attendance of each Member of the Committee is given below:

Name of the Director	Number of Nomination and Remuneration Committee Meetings entitled to attend	Number of Nomination and Remuneration Committee Meetings attended
Mr. Keki M. Mistry	4	2
Mr. Israel Makov	4	4
Ms. Rekha Sethi	4	4
Mr. Hasmukh S. Shah	2	2

The Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company has been annexed as Annexure 'B' to the Corporate Governance Report.

## 6. REMUNERATION OF DIRECTORS

The remuneration of the Managing Director and Whole-time Director(s) is approved by the Board, as per recommendation of the Nomination and Remuneration Committee within the overall limit fixed by the shareholders at their meetings.

The Non-Executive Directors of the Company are entitled to commission, if and to the extent approved by the Board, of upto 1% as approved by the members, in addition to the sitting fees of ₹ 100,000/- payable to the Non-Executive Directors for attending each meeting of the Board and/or of Committee thereof. No commission was paid to Non-Executive Directors for the year 2017-18.

The details of Remuneration paid/payable to the Directors of the Company for the year ended March 31, 2018 are given below:-

Directors	Actual Remuneration/Sitting Fees Paid for 2017-18				(Amount in ₹)
	Salary *	Bonus**	Perquisites*** / Benefits	Sitting Fees	Total Paid
Mr. Dilip S. Shanghvi	2,79,90,000	-	56,18,800	-	3,36,08,800
Mr. Sudhir V. Valia	2,79,90,000	-	56,18,800	-	3,36,08,800
Mr. Sailesh T. Desai	98,67,000	19,73,400	24,48,615	-	1,42,89,015
Mr. Kalsundaram Subramanian <sup>#</sup>	-	-	-	-	-
Mr. Israel Makov	-	-	-	9,00,000	9,00,000
Mr. S. Mohanchand Dadha	-	-	-	16,00,000	16,00,000
Mr. Hasmukh S. Shah (upto November 15, 2017)	-	-	-	17,00,000	17,00,000
Mr. Keki M. Mistry	-	-	-	8,00,000	8,00,000
Mr. Ashwin S. Dani	-	-	-	7,00,000	7,00,000
Ms. Rekha Sethi	-	-	-	13,00,000	13,00,000
Mr. Vivek Chaand Sehgal (appointed with effect from November 14, 2017)	-	-	-	3,00,000	3,00,000

\* Salary includes Special Allowance.

\*\* Bonus has not been paid to Mr. Dilip S. Shanghvi and Mr. Sudhir V. Valia due to loss incurred by the Company on standalone basis.

\*\*\* Perquisites include House Rent Allowance, Leave Travel Assistance, Medical Reimbursement, contribution to Provident Fund and such other perquisites, payable to Directors, as per Company Policy.

<sup>#</sup> Mr. Kalyansundaram Subramanian does not receive any remuneration as a Whole-time Director of the Company. However, Mr. Kalayanasundaram Subramanian is also the Whole-Time Director & Chief Executive Officer of Sun Pharma Laboratories Limited, Wholly-Owned Subsidiary of the Company, and he receives remuneration from Sun Pharma Laboratories Limited.

Besides this, all the Whole-time Directors to whom remuneration is paid are also entitled to encashment of leave as per Company policy, and gratuity at the end of tenure, as per the rules of the Company.

Due to inadequacy of profits, the Company paid remuneration for the financial year 2017-18 to Mr. Dilip S. Shanghvi, Managing Director and Mr. Sudhir V. Valia, Whole-time Director upto the ceiling limit calculated as per Schedule V of the Companies Act, 2013, which is less than the remuneration approved by the Board of Directors. During the year, the Company has applied to Ministry of Corporate Affairs (MCA) during the year for approval of remuneration for the year 2017-18 for Mr. Dilip S. Shanghvi, Managing Director and Mr. Sudhir V. Valia, Whole-time Director, as approved by the Board of Directors within the limit approved by the members, the approval for which is awaited. In view of the approval for application of remuneration being awaited, for the year 2017-2018, the Company has paid remuneration within the ceiling limit of ₹ 3.04 crores, as calculated as per Schedule V of the Companies Act, 2013 as mentioned below, to Mr. Dilip S. Shanghvi, Managing Director and Mr. Sudhir V. Valia, Whole-time Director. On receipt of the approval from the Central Government of India, the balance amount of remuneration of Mr. Dilip S. Shanghvi, Managing Director and Mr. Sudhir V. Valia, Whole-time Director for the year 2017-18, if any, as per their entitlement, shall be paid to them and the same shall be given effect to in the year in which the approval is received.

The details of remuneration that Mr. Dilip S. Shanghvi, Managing Director and Mr. Sudhir V. Valia, Whole-time Director are entitled and the remuneration actually paid to them are explained below:

Directors	Amount of remuneration entitled (including contribution to PF) for the year 2017-2018, as approved by the Board within the limit as approved by the members, subject to approval of the Central Govt. (excluding Perquisites such as reimbursement of electricity charges, motor vehicle charges, etc. which shall be taken at actuals)	Actual Amount Paid out of the amount entitled for the year 2017-2018 (including contribution to P.F. and Perquisites such as reimbursement of electricity charges, motor vehicle charges, etc. at actuals)	Amount of Remuneration paid for 2017-2018, after excluding Contribution to PF which is excluded for calculation of limit as per Schedule V of the Companies Act 2013
Mr. Dilip S. Shanghvi*	3,92,93,367	3,36,08,800	3,02,50,000
Mr. Sudhir V. Valia	3,92,93,367	3,36,08,800	3,02,50,000

\* Commission to Managing Director: Managing Director is also entitled to commission subject to availability of profit and at the rate of not more than 1% of the net profit for the year, the Board of Directors will determine the commission payable within the overall ceiling laid as per the Act, as may be applicable from time to time. However no commission has been paid to the Managing Director for the year 2017-18.

**Notes:-**

- a) The Agreement with Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia and Mr. Sailesh T. Desai, the Executive Directors for their present term are for a period of 5 years as follows; i) from April 1, 2018 to March 31, 2023 for Mr. Dilip S. Shanghvi and ii) from April 1, 2014 to March 31, 2019 for Mr. Sudhir V. Valia and Mr. Sailesh T. Desai. The agreement with Mr. Kalyansundaram Subramanian, Whole-time Director, is for a period of 2 years with effect from February 14, 2017 to February 13, 2019. Either party to the agreement is entitled to terminate the Agreement by giving to the other party 30 days' notice in writing.
- b) The Company had formulated two Schemes for grant of stock options to the eligible employees of erstwhile Ranbaxy Laboratories Ltd., pursuant to the Scheme of Arrangement for merger of Ranbaxy Laboratories Ltd., into the Company. None of the Directors are entitled to stock options.
- c) There is no separate provision for payment of severance fees to Whole-time Director(s).
- d) The remuneration of Whole-time Directors consists only of fixed components.
- e) The details of Equity Shares held by Non-Executive Directors as on March 31, 2018:

Director	No. of Equity Shares held (held singly or jointly as first holder)
Mr. Israel Makov	Nil
Mr. S. Mohanchand Dadha	Nil
Mr. Keki M. Mistry	43,270
Mr. Ashwin S. Dani	Nil
Ms. Rekha Sethi	Nil
Mr. Vivek Chaand Sehgal	Nil

Mr. Gautam Doshi who has been appointed as Additional Independent Director of the Company on May 25, 2018 holds 8000 shares of the Company as on the date of his appointment.

**7. STAKEHOLDERS' RELATIONSHIP COMMITTEE**

The Stakeholders' Relationship Committee presently comprises of three Directors viz. Mr. S. Mohanchand Dadha, Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia with Mr. S. Mohanchand Dadha as the Chairman. During the year Mr. S. Mohanchand Dadha, member of committee was appointed as the Chairman with effect from November 15, 2017. Mr. Hasmukh S. Shah ceased to be member and Chairman of the Committee with effect from November 15, 2017 due to he ceasing to be a Director of the Company with effect from November 15, 2017. The constitution of the Stakeholders' Relationship Committee meets with the requirements of Section 178 of the Companies Act, 2013 and also of Regulation 20 of the Listing Regulations. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee. The Board of Directors has delegated the power of approving transfer of securities to M/s. Link Intime India Pvt. Ltd, and/or the Company Secretary of the Company.

The terms of reference of the Committee inter alia includes the following: To look into redressal of grievances of shareholders,

debenture holders and other security holders of the Company, to consider and resolve grievances of the security holders of the Company including complaints related to transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc, to approve issue of duplicate share certificates and to oversee and review all matters connected with the transfer, transmission and issue of securities, to oversee the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor services, to investigate any activity within its terms of reference, to seek information from share transfer agents, to obtain outside legal or other professional advice and to secure attendance of outsiders with relevant expertise, if it considers necessary and have full access to the information contained in the records of the Company.

The Board has designated severally, Mr. Sunil R. Ajmera, Company Secretary and Mr. Ashok I. Bhuta, Sr. G.M - Secretarial as Compliance Officers for the purposes of/under rules, regulations etc. issued by the Securities Exchange Board of India, Stock Exchanges, and Companies Act, 2013.

Four meetings of the Stakeholders' Relationship Committee were held during the year ended March 31, 2018. The dates on which Meetings were held are as follows:

May 26, 2017; August 11, 2017; November 14, 2017 and February 14, 2018. The attendance of each Member of the Committee is given below:

Name of the Director	Number of Stakeholders' Relationship Committee Meetings entitled to attend	Number of Stakeholders' Relationship Committee Meetings attended
Mr. Hasmukh S. Shah	3	3
Mr. S. Mohanchand Dadha	4	3
Mr. Sudhir V. Valia	4	4
Mr. Dilip S. Shanghvi	4	4

**Investor Complaints:**

The total numbers of complaints received and resolved to the satisfaction of shareholders, during the year under review were 3. There were no complaints pending at the beginning or at the end of the year.

**8. COMMITTEE OF DIRECTORS (ALLOTMENT)**

The Committee of Directors (Allotment) presently comprises of four Directors viz. Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia, Mr. Sailesh T. Desai and Mr. S. Mohanchand Dadha. Mr. Sudhir V. Valia is the Chairman of the Committee and Mr. Sunil R. Ajmera, Company Secretary is the Secretary of the Committee. Mr. Hasmukh S. Shah ceased to be member of the Committee with effect from November 15, 2017 due to he ceasing to be a Director of the Company with effect from November 15, 2017.

Five meetings of the Committee of Directors (Allotment) were held during the year ended March 31, 2018. The dates on which Meetings were held are as follows:

May 26, 2017; August 11, 2017; September 26, 2017; November 14, 2017 and February 14, 2018. The attendance of each Member of the Committee is given below.

Name of the Director	Number of Committee of Directors (Allotment) Meetings entitled to attend	Number of Committee of Directors (Allotment) Meetings attended
Mr. Sudhir V. Valia	5	5
Mr. Hasmukh S. Shah	4	4
Mr. Sailesh T. Desai	5	5
Mr. S. Mohanchand Dadha	5	4
Mr. Dilip S. Shanghvi	5	5

The Committee of Directors (Allotment) inter-alia has the following powers: To allot shares pursuant to ESOP Schemes and to issue the equity share certificates to the shareholders holding the shares in physical form, to perform any or all of the acts, deeds, things and matters as may be required in connection with such issue, allotment and Listing of Equity Shares.

## 9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee presently comprises of three Directors viz. Mr. Sudhir V. Valia, Ms. Rekha Sethi and Mr. Dilip S. Shanghvi with Mr. Dilip S. Shanghvi as the Chairman. The constitution of the Corporate Social Responsibility Committee meets the requirements of section 135 of the Companies Act, 2013. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee. The terms of reference of the Corporate Social Responsibility Committee include to formulate and recommend to the Board, a Corporate Social Responsibility Policy, to monitor the Corporate Social Responsibility Policy of the Company from time to time, to recommend the amount of expenditure to be incurred on the activities, to monitor amount spent on the CSR initiatives of the Company as per the CSR policy, to discharge such other functions and exercise such other powers as may be delegated/ directed by the Board of Directors from time to time. The contents of the CSR Policy of the Company can be accessed through the web link: <http://www.sunpharma.com/policies>.

During the year ended March 31, 2018, two meetings of Corporate Social Responsibility Committee were held on May 25, 2017 and August 10, 2017. The attendance of each member of Committee is as follows:

Name of the Director	Number of Corporate Social Responsibility Committee Meetings entitled to attend	Number of Corporate Social Responsibility Committee Meetings attended
Mr. Dilip S. Shanghvi	2	2
Mr. Sudhir V. Valia	2	1
Ms. Rekha Sethi	2	2

## 10. RISK MANAGEMENT COMMITTEE

The Risk Management Committee presently comprises of Mr. Dilip S. Shanghvi, Managing Director of the Company, Mr. Sudhir V. Valia, Whole-time Director of the Company

and Mr. C. S. Muralidharan, Chief Financial Officer of the Company. The Chairman of the Committee is Mr. Dilip S. Shanghvi. Mr. Uday Baldota, the earlier Chief Financial Officer of the Company, who was also a member of the Committee ceased to be a member of the Committee with effect from June 19, 2017 due to he ceasing to be the Chief Financial Officer of the Company with effect from June 19, 2017. Mr. C. S. Muralidharan, who was appointed as the Chief Financial Officer of the Company with effect from June 19, 2017, was appointed as a member of the Committee with effect from that date. The constitution of the Committee meets the requirements of Regulation 21 of the Listing Regulations. The terms of reference of the committee inter alia include: to formulate and recommend to the Board a Risk Management Plan/Policy, to implement, monitor and review the risk management plan for the Company, to recommend and implement procedures for risk assessment and minimization, to monitor the Risk Management Policy of the Company from time to time, to discharge such other functions and exercise such other powers as may be delegated/ directed by the Board of Directors from time to time. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Committee.

During the year ended March 31, 2018, two meetings of Risk Management Committee were held on May 25, 2017 and November 13, 2017. The attendance of each member of committee is as follows:

Name of the Director	Number of Risk Management Committee Meetings entitled to attend	Number of Risk Management Committee Meetings attended
Mr. Dilip S. Shanghvi	2	2
Mr. Sudhir V. Valia	2	2
Mr. Uday Baldota	1	1
Mr. CS Muralidharan	1	1

## 11. SUBSIDIARY COMPANIES

In accordance with Regulation 16 of the Listing Regulations, Sun Pharma Laboratories Limited is a material Indian subsidiary company (whose Debt Securities are listed on BSE) whose turnover or net worth (i.e., paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the Company and its subsidiaries in the immediately preceding accounting year.

Mr. S. Mohanchand Dadha, and Ms. Rekha Sethi, Independent Directors of the Company are also Directors on the Board of Sun Pharma Laboratories Limited.

The financial statements including investments made by the unlisted subsidiaries were placed before and reviewed by the Audit Committee of the Company.

The Board of Directors of the Company reviewed periodically, the statement of all significant transactions and arrangements entered into by the unlisted subsidiary companies.

Copies of the Minutes of the Board Meetings of the unlisted subsidiary Companies were placed at the Board Meetings of the Company held during the year.

The policy for determining material subsidiaries of the Company is available on the website of the Company and can be accessed at: <http://www.sunpharma.com/policies>.

## 12. GENERAL BODY MEETINGS

### (i) Location and time of the last three Annual General Meetings ("AGM") held are as follows:

Year	Meeting	Location	Date	Time
2014-2015	Twenty- Third AGM	Prof. Chandravadan C. Mehta Auditorium – General Education Center, Maharaja Sayajirao University of Baroda, Near D. N. Hall, Pratap Gunj, Vadodara-390002, Gujarat	October 31, 2015	9.45 a.m.
2015 –2016	Twenty- Fourth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara - 390 020, Gujarat	September 17, 2016	11.15 a.m.
2016 –2017	Twenty- Fifth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara - 390 020, Gujarat	September 26, 2017	10.45 a.m.

### (ii) Special Resolutions passed during the last three Annual General Meetings:

#### a) At the Twenty-Third Annual General Meeting.

- Approval for deletion of Clause 135 (bb) of the Articles of Association of the Company pursuant to Section 14 of the Companies Act, 2013.
- Approval for further issue of securities for an aggregate amount (inclusive of such premium as may be fixed on the securities) not exceeding ₹ 120 Billion (Rupees One Hundred Twenty Billion only).

#### b) At the Twenty-Fourth Annual General Meeting.

- Approval for re-appointment of Mr. Ashwin Dani (DIN 00009126), as Independent Director of the Company for a further term of 2 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.
- Approval for re-appointment of Mr. Keki M. Mistry (DIN 00008886), as Independent Director of the Company for a further term of 2 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.
- Approval for re-appointment of Mr. Hasmukh S. Shah (DIN 00152195), as Independent Director of the Company for a further term of 2 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.
- Approval for re-appointment of Ms. Rekha Sethi (DIN 06809515), as Independent Director of the Company for a further term of 5 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.
- Approval for re-appointment of Mr. S Mohanchand Dadha (DIN 00087414), as Independent Director of the Company for a further term of 2 years, who would not be liable to retire by rotation in terms of Section 152(6) of Companies Act, 2013.

- Approval for ratification of the remuneration payable to M/s. Kailash Sankhlecha & Associates, Cost Accountants, as the Cost Auditors of the Company for audit of cost records maintained by the Company for the financial year 2016-17.

- Approval for increase in maximum limit of remuneration payable to Mr. Dilip Shanghvi, Managing Director, with effect from April 1, 2016 for the remaining period of his present term of appointment upto March 31, 2018, and to consider approval for payment of the aforesaid remuneration as minimum remuneration. in case inadequacy or absence of profits

- Approval for increase in maximum limit of remuneration to Mr. Sudhir V. Valia, Whole-time Director, and to consider approval for payment of the aforesaid remuneration as minimum remuneration with effect from April 1, 2016 for the remaining period of his present term of appointment upto March 31, 2019, in case inadequacy or absence.

- Approval for increase in maximum limit of remuneration to Mr. Sailesh T. Desai, Whole-time Director, and to consider approval for payment of the aforesaid remuneration as minimum remuneration with effect from April 1, 2016 for the remaining period of his present term of appointment upto March 31, 2019, in case inadequacy or absence of profits.

- Approval for adoption of new set of Articles of Association of the Company containing regulations/ provisions in line with the Companies Act, 2013.

#### c) At the Twenty-Fifth Annual General Meeting.

- Approval for re-appointment of Mr. Dilip S. Shanghvi (DIN: 00005588) as Managing Director of the Company for a period of 5 (Five) years from the expiry of his present term of office i.e. with effect from April 01, 2018 to March 31, 2023 and approval of maximum limit of remuneration for the period from April 01, 2018 to March 31, 2021

### Resolution Passed Through Postal Ballot:

During the year, as directed by the National Company Law Tribunal (NCLT), the Company provided the facility for voting by way of Postal Ballot for the approval of the Scheme of Arrangement among Sun Pharma Medisales Pvt Ltd., Ranbaxy Drugs Ltd., Gufic Pharma Ltd., and Sun Pharmaceutical Industries Ltd., and their respective shareholders and creditors vide Notice dated April 26, 2017 for convening the meeting of the Equity Shareholders.

The Notice of NCLT meeting dated April 26, 2017 along with the Postal Ballot Form was sent in electronic form to the members whose e-mail addresses were registered with the Company / respective Depository Participants. In case of physical shareholding, copies of the aforementioned Notice along with Postal Ballot Form were sent in physical, by permitted mode along with self-addressed postage pre-paid Business Reply Envelope. The Company had published a notice in the newspaper on May 18, 2017 in Financial

Express and Vadodara Samachar in compliance with the provisions of the Companies Act, 2013 and Secretarial Standard - 2. The voting period commenced from Sunday, May 21, 2017 at 9:00 a.m. (IST) and ended on Monday, June 19, 2017 at 5:00 p.m. (IST). The voting rights of members were reckoned on the paid-up value of shares registered in the name of member / beneficial owner (in case of electronic shareholding) as on Friday, March 31, 2017. The Board had appointed M/s C. J. Goswami & Associates, a Practising Company Secretaries, Mumbai as Scrutiniser to conduct the voting process in a fair and transparent manner and had engaged the services of Central Depository Services (India) Limited as the agency for the purpose of providing remote e-voting facility. Mr. Chintan Goswami, Scrutiniser, had submitted his report on voting to the Chairman on June 21, 2017. The resolution was passed on Tuesday, June 20, 2017 with requisite majority which was the date of NCLT convened meeting Combined voting results of Postal Ballot/E-voting/Poll for Equity Shareholders meeting are given below:

### Voting Results of Postal Ballot:

No of Shares held	No of Votes Polled	% of Votes polled on Outstanding shares	No of Votes in Favour	No of Votes Against	% of Votes in favour on Votes polled	% of Votes Against on Votes polled
2,399,291,181	2,002,217,960	83.4504	2,002,167,628	50,332	99.9975	0.0025

No other resolution was passed by way of postal ballot during the year, other than that stated above.

## 13. DISCLOSURES

- No transaction of a material nature has been entered into by the Company with its related parties that may have a potential conflict with the interests of the Company. Register of contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. The transactions with the related parties as per Ind AS-24, are disclosed in the Annexure "A" attached to the Notes forming part of the Standalone Financial Statements for the year ended March 31, 2018.
- There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties, strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority on any matter related to capital markets, during the last three years.
- The Company has laid down procedures to inform Board members about the risk assessment and its minimization, which is periodically reviewed to ensure that risk control is exercised by the management effectively.
- The Board of Directors of the Company has approved a Whistle Blower Policy/Vigil Mechanism to monitor the actions taken on complaints received under the said policy. This policy also outlines the reporting procedure and investigation mechanism to be followed in case an employee blows the whistle for any wrong-doing in the Company. Employees are given protection in two important areas - confidentiality and against retaliation. It is ensured that employees can raise concerns regarding any violation or potential violation easily and free of any fear of retaliation, provided they have raised the concern in good faith. An Ombudsperson/s has been appointed to receive the complaints through a portal or email or letters who would investigate the complaints with an investigating committee. The final decision would be taken by the Ombudsperson in consultation with the Management and the Audit Committee. The Policy is expected to help to draw the Company's attention to unethical, inappropriate or incompetent conduct which has or may have detrimental effects either for the organisation or for those affected by its functions. The details of establishment of vigil mechanism are available on the website of the Company. No personnel have been denied access to the Audit Committee.
- Details of the familiarization programme of the independent directors are available on the website of the Company at: <http://www.sunpharma.com/policies>
- During the year, a separate meeting of the independent directors was held on February 14, 2018 inter-alia to review the performance of non-independent directors and the board as a whole.
- The policy on dealing with the related party transactions is available on the website of the Company and can be accessed at: <http://www.sunpharma.com/policies>.
- During the year, there were transactions of receiving of services from Makov Associates Limited amounting to ₹ 136.96 Million in which Mr. Israel Makov, Non-Executive and Non-Independent Chairman is interested. Also there were transactions for sale of goods to Dadha Pharma Distribution Pvt Ltd, amounting to ₹ 2.61 Million in which Mr. S. Mohanchand Dadha, Non-Executive and Independent Director is interested and for purchase of intangible assets from MotherSumi Infotech & Designs Limited amounting to ₹ 17.43 Million in which Mr. Vivek Chaand Sehgal, Non-Executive and Independent Director is interested. All the transactions with entities in which the Independent



Directors are interested constitute less than one percent of the revenues of these entities and negligible percent of the revenue of the Company.

Apart from the above and sitting fees, there are no pecuniary transactions with Non Executive directors of the Company which had potential conflict of interest with the Company.

- Details of compliance and Adoption/Non Adoption of the non-mandatory requirements for the year ended March 31, 2018:
  - (i) The Company complies with all the mandatory requirements specified under Listing Regulations.
  - (ii) The Chairman of the Company is a Non-Executive Director. The Company has provided a separate office for the Chairman at the corporate office of the Company and the Chairman is also allowed reimbursement of expenses incurred in performance of his duties.
  - (iii) The Company sends quarterly results alongwith summary of significant events to the shareholders whose e-mail IDs are available with the Company.
  - (iv) The auditors have issued an unmodified opinion of the financial statements of the Company.
  - (v) The Company has separate position for Chairman and Managing Director
  - (vi) The Internal Auditor reports their findings to the Audit Committee of the Company.

#### 14. MEANS OF COMMUNICATION

- **Website:** The Company's website [www.sunpharma.com](http://www.sunpharma.com) contains a separate dedicated section 'INVESTORS' where shareholders' information is available. The full and Abridged Annual Report for the financial year 2017-18 and full Annual Report for the past years are also available on the website in a user friendly and downloadable form. Apart from this, official news releases, detailed presentations made to media, analysts etc., and the transcript of the conference calls are also displayed on the Company's website.
- **Financial Results:** The annual, half-yearly and quarterly results are regularly posted by the Company on its website [www.sunpharma.com](http://www.sunpharma.com) and are also sent to the shareholders whose e-mail IDs are registered with the Company. These are also submitted to the Stock Exchanges on which the securities of the Company are listed in accordance with the requirements of the Listing Regulations and published in all English Editions of "Financial Express" and Gujarati Edition of "Financial Express" which is published in Ahmedabad.
- **Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Board's Report, Auditor's Report, and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis Report forms part of the Annual Report.

- **Chairman's Communique:** The Chairman's Speech is placed on the website of the Company.
- **Reminder to Investors:** Reminders for unpaid dividend are sent to shareholders, regularly every year.
- **Corporate Filing:** Announcements, Quarterly Results, Shareholding Pattern etc. of the Company are regularly filed by the Company with the Stock Exchanges and are available on the website of BSE Ltd. - [www.bseindia.com](http://www.bseindia.com) and National Stock Exchange of India Ltd. - [www.nseindia.com](http://www.nseindia.com).

### 15. GENERAL SHAREHOLDER INFORMATION

#### 15.1 Annual General Meeting:

Date and Time	September 26, 2018 at 2:45 p.m.
Venue	Crystal Hall, Grand Mercure Vadodara Surya Palace, Opposite Parsi Agyari, Sayajigunj, Vadodara - 390 005, Gujarat.

#### 15.2 Financial Calendar (tentative):

Results for quarter ending 30th June, 2018	Second week of August 2018
Results for quarter ending 30th September, 2018	Second week of November 2018
Results for quarter ending 31st December, 2018	Second week of February 2019
Audited Results for year ended 31st March, 2019	Third or Fourth week of May 2019

#### 15.3 Details of Book-closure for Equity Shareholders:

From Wednesday, September 19, 2018 to Wednesday, September 26, 2018. (both days inclusive)
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#### 15.4 Dividend Payment Date:

On or before October 1, 2018
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#### 15.5 Listing Details

(i) Listing of Equity Shares on Stock Exchanges	At BSE Limited (BSE) and National Stock Exchange of India Limited (NSE)
(ii) Payment of Listing Fee	Listing Fees for the financial year 2018 -19 have been paid to BSE Limited and National Stock Exchange of India Limited, where the Company's Equity Shares continue to be listed.

#### 15.6 Stock Code: Equity Shares

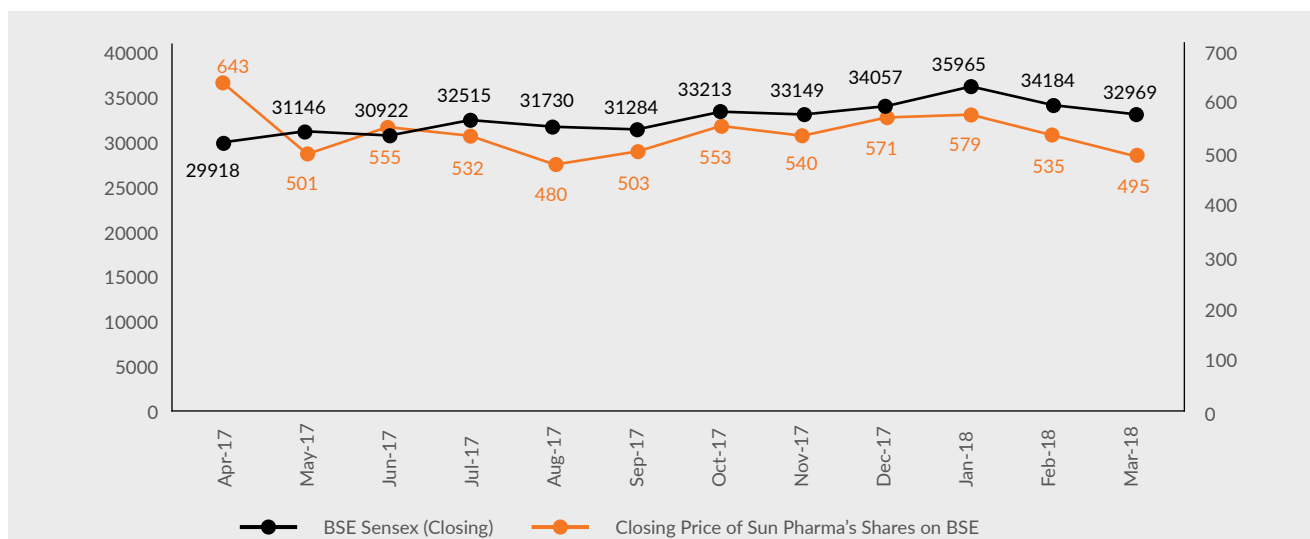
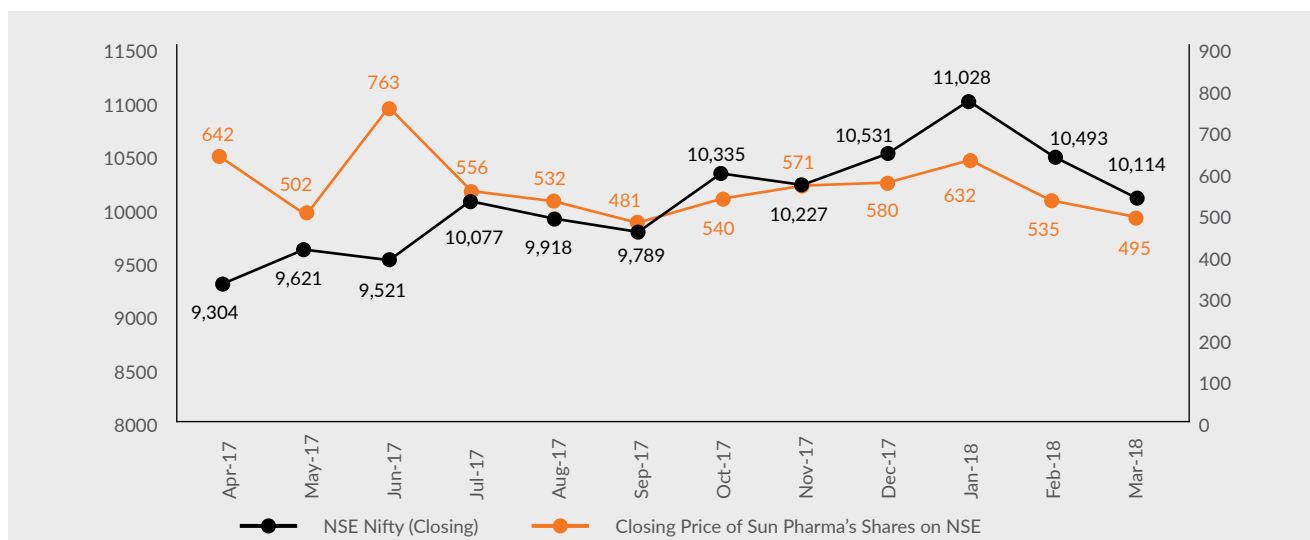
(a) Trading Symbol at BSE Ltd.	SUNPHARMA 524715
Trading Symbol at National Stock Exchange of India Limited	SUNPHARMA
(b) Demat ISIN Numbers in NSDL and CDSL for Equity Shares of ₹ 1/- each	ISIN No.INE044A01036

15.7 Stock Market Data - Equity Shares of ₹ 1/- paid-up value:

	BSE Ltd. (BSE) (in ₹)		National Stock Exchange of India Ltd. (NSE) (in ₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2017	700.50	632.15	699.85	632.05
May, 2017	657.95	493.00	656.95	492.65
June, 2017	559.90	503.00	560.95	502.10
July, 2017	590.75	530.00	591.50	528.90
August, 2017	542.00	433.15	541.90	432.70
September, 2017	529.70	466.85	529.40	466.20
October, 2017	558.75	500.20	558.70	500.15
November, 2017	572.40	498.60	572.30	498.20
December, 2017	590.00	500.35	585.60	499.50
January, 2018	604.50	560.80	604.60	560.10
February, 2018	608.55	511.45	608.95	511.30
March, 2018	562.00	493.00	563.00	492.00

(Source: BSE and NSE website)

15.8 Share price performance in comparison to broad-based indices - BSE Sensex and NSE Nifty.



## Share price performance relative to NIFTY and BSE Sensex based on share price on 31st March, 2018.

Period	NIFTY			BSE Sensex		
	% Change in			% Change in		
	Sun Pharma Share Price on NSE	NIFTY	Sun Pharma Relative to Nifty	Sun Pharma Share Price on BSE	BSE Sensex	Sun Pharma relative to BSE Sensex
Year-on-year	-28.05%	10.25%	-38.30%	-27.96%	11.30%	-39.27%
2 years	-39.62%	30.69%	-70.32%	-39.54%	30.10%	-69.64%
3 years	-51.65%	19.11%	-70.76%	-51.54%	17.92%	-69.46%
5 years	20.91%	77.98%	-57.07%	21.07%	75.03%	-53.96%
10 years	302.73%	113.62%	189.12%	302.31%	110.74%	191.57%

(Source: Compiled from data available on BSE and NSE website)

## 15.9 Registrars &amp; Transfer Agent

Registrars & Transfer Agent (Share transfer and communication regarding share certificates, dividends and change of address)

Link Intime India Pvt. Ltd.  
C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083  
E-Mail: [rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)  
Tel: 022- 49186000 Fax : 022- 49186060

## 15.10 Share Transfer System

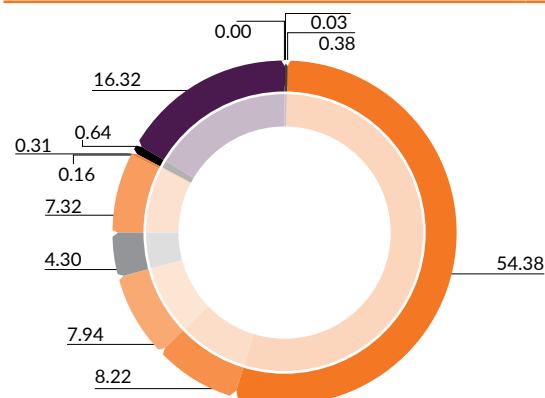
Presently, the share transfers which are received in physical form are processed and transferred by Registrar and Transfer Agents and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

## 15.11 Distribution of Shareholding as on March 31, 2018

No. of Equity Shares held	No. of Folios		Shares of face value ₹ 1 each/-	
	Numbers	% to total folios	Number	% to total shares
Upto 5000	609874	98.94	104680871	4.36
5001 - 10000	2951	0.48	21006995	0.88
10001 - 20000	2064	0.33	26542479	1.11
20001 - 30000	335	0.05	8304164	0.35
30001 - 40000	169	0.03	5993915	0.25
40001 - 50000	106	0.02	4892933	0.20
50001 - 100000	257	0.04	18104677	0.75
100001 and above	665	0.11	2209797146	92.10
<b>Total</b>	<b>616421</b>	<b>100.00</b>	<b>2399323180</b>	<b>100.00</b>

## 15.12 Category-wise Share Holding as on March 31, 2018 of Equity Shares

Particulars	No. of Shares	Percentage
A. Indian Promoters and Persons acting in Concert	1304855381	54.38
B. Mutual Funds and UTI	197247241	8.22
C. Banks/ Financial Institutions and Insurance Companies	190510753	7.94
D. Private Corporate Bodies	103072980	4.30
E. Indian Public	175546309	7.32
F. Directors	3783394	0.16
G. NRIs /OCBs	7488638	0.31
H. Trusts	15374984	0.64
I. Foreign Portfolio Investor (Corporate)	391589373	16.32
J. Foreign National	21040	0.00
K. Foreign Bank and Foreign Companies	697287	0.03
L. Others	9135800	0.38
<b>Total</b>	<b>2399323180</b>	<b>100.00</b>

**Shareholding Pattern as on 31st March 2018**


● Indian Promoters & Persons Acting in Concert	● NRIs/ OCBs
● Private Corporate Bodies	● Trusts
● Mutual Funds and UTI	● Foreign Portfolio Investor (Corporate)
● Banks/ Financial Institutions and Insurance Companies	● Foreign National
● Indian Public	● Foreign Banks and Foreign Companies
● Directors	● Others

**15.13 Dematerialisation of Shares**

About 99.45% of the outstanding Equity shares have been dematerialised up to March 31, 2018. Trading in Shares of the Company is permitted only in de-materialised form.

**Liquidity:**

Your Company's equity shares are fairly liquid and are actively traded on National Stock Exchange of India Ltd., (NSE) and The BSE Ltd. (BSE). Relevant data for the average daily turnover for the financial year 2017-18 is given below:

	BSE	NSE	BSE + NSE
In no. of share (in Thousands)	540.59	5265.55	5806.14
In value terms (₹ Millions)	294.75	2848.17	3142.92

(Source: Compiled from data available on NSE and BSE website)

**15.14 Outstanding GDRs/ADRs/Warrants or any Convertible instruments, conversion date and likely impact on equity:**

The Company does not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments as on March 31, 2018.

**Outstanding Stock Options**

The details of Number of Stock Options outstanding as on March 31, 2018 are provided as an Annexure to the Board's Report and is available on the website of the Company.

**Outstanding Unclaimed Shares**

The status of outstanding unclaimed shares in the Unclaimed Share Suspense Account of the Company is as under:-

Particulars	No. of Shareholders	No. of equity shares of ₹ 1/- each of Sun Pharma
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2017	1,107	389,739
Number of shareholders who approached the Company for transfer of shares from the said Unclaimed Suspense Account during the period from April 1, 2017 to March 31, 2018	6	5742
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the said period.	6	5742
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on March 31, 2018	1101	383997*

\*The voting rights in respect of these shares shall remain frozen till the claim of the rightful shareholders is approved by the Company.

**15.15 Disclosure of commodity price risk or foreign exchange risk and commodity hedging activities**

The Company is exposed to foreign exchange risks emanating from our business, assets and liabilities denominated in foreign currency. In order to hedge this risk, the Company proactively uses hedging instruments e.g. forward contracts, options and other simple derivatives from time to time. The Company does not have any significant exposure on commodities directly.

**15.16 Plant locations as on March 31, 2018:**

1. Survey No.214 and 20, Govt. Industrial Area, Phase-II, Piparia, Silvassa – 396 230, U.T. of D & NH.
2. Plot No.24/2 and No.25, GIDC, Phase- IV, Panoli – 395 116, Dist. Bharuch, Gujarat.
3. A-7 & A-8, MIDC Industrial Area, Ahmednagar – 414 111, Maharashtra.
4. Plot No. 4708, GIDC, Ankleshwar – 393 002, Gujarat.
5. Sathammai Village, Karunkuzhi Post, Maduranthakam T.K. Kanchipuram Dist. Tamil Nadu – 603 303.
6. Halol-Baroda Highway, Near Anand Kendra, Halol, Dist. Panchmahal- 389350 Gujarat.
7. Plot No. 817/A, Karkhadi – 391 450, Taluka: Padra, Distt. Vadodara, Gujarat.
8. Survey no. 259/15, Dadra – 396191, U.T. of D. & NH.
9. Plot No. Z/15, Sez-1, Po. Dahej, Taluko vagra, Dist. Bharuch, Gujarat.

- |  |  |
|--|--|
| <p>10. Village Toansa, P.O. Railmajra Distt. Nawansahar-144533 (Punjab)</p> <p>11. A-41, Industrial Area, Phase VIII-A, Sahibzada Ajit Singh Nagar, Mohali-160071 (Punjab)</p> <p>12. Plot No. K - 5,6,7, Ghirongi Industrial Area, Malanpur, Dist. Bhind, M P.</p> <p>13. Pharma Manufacturing Industrial Area 3 A.B. Road, Dewas-455001 Madhya Pradesh</p> | <p>14. Sy. No. 16, Ekarajapura, Hoskote, Bengaluru (Karnataka)</p> <p>15. Plot No. B-2 Madkaim Industrial Estate, Ponda, Goa</p> <p>16. Plot No. 1341 &amp; 1342 EPIP-1, Hill Top Industrial Area, Village Bhatolikalan (Barotiwala), Baddi - 174103 (H.P.)</p> <p>17. Village &amp; PO Ganguwala, Tehsil Paonta Sahib-173025, Distt. Sirmour (H.P.)</p> <p>18. Village Batamandi, Tehsil Paonta Sahib-173025, Distt. Sirmour (H.P.)</p> |
|--|--|

### 15.17 Investor Correspondence

<p>(a) For transfer/dematerialisation of shares, payment of dividend on Shares, and any other query relating to the shares of the Company</p>	<p><b>For Shares held in Physical Form</b> Link Intime India Pvt. Ltd. C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 E-Mail: <a href="mailto:rnt.helpdesk@linkintime.co.in">rnt.helpdesk@linkintime.co.in</a> Tel: 022- 49186000 Fax : 022- 49186060</p> <p><b>For Shares held in Demat Form</b> To the Depository Participant.</p>
<p>(b) E-mail id designated by the Company for Investor Complaints</p>	<p><a href="mailto:secretarial@sunpharma.com">secretarial@sunpharma.com</a></p>
<p>(c) Any query on Annual Report</p>	<p><b>Mr. Sunil R. Ajmera/ Mr. Ashok I. Bhuta/ Mr. Nimish Desai,</b> Sun House, Plot No. 201 B/1, Western Express Highway, Goregaon-East, Mumbai - 400 063, <a href="mailto:sunil.ajmera@sunpharma.com">sunil.ajmera@sunpharma.com</a> <a href="mailto:ashok.bhuta@sunpharma.com">ashok.bhuta@sunpharma.com</a> <a href="mailto:nimish.desai@sunpharma.com">nimish.desai@sunpharma.com</a> <a href="mailto:secretarial@sunpharma.com">secretarial@sunpharma.com</a></p>

For and on behalf of the Board

Place : Mumbai  
Date : May 25, 2018

**DILIP S. SHANGHVI**  
Managing Director

**SUDHIR V. VALIA**  
Whole-time Director

**SAILESH T. DESAI**  
Whole-time Director

## ANNEXURE 'A' TO CORPORATE GOVERNANCE REPORT

### DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT FOR THE YEAR ENDED 31ST MARCH, 2018

I, Dilip S. Shanghvi, Managing Director of Sun Pharmaceutical Industries Limited ("the Company") hereby declare that, to the best of my information, all the Board Members and Senior Management Personnel of the Company have affirmed their compliance and undertaken to continue to comply with the Code of Conduct laid down by the Board of Directors of the Company.

For Sun Pharmaceutical Industries Ltd.,

Date: May 25, 2018

**Dilip S. Shanghvi**  
Managing Director

## ANNEXURE 'B' TO CORPORATE GOVERNANCE REPORT

### REMUNERATION 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.

## Independent Auditor's Report on compliance with the conditions of Corporate Governance as per provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Members of  
Sun Pharmaceutical Industries Limited

1. The Corporate Governance Report prepared by Sun Pharmaceutical Industries Limited (hereinafter the "Company"), contains details as required by the provisions of Chapter IV of Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended ("the Listing Regulations") ('Applicable criteria') with respect to Corporate Governance for the year ended March 31, 2018. This report is required by the Company for annual submission to the Stock exchange and to be sent to the Shareholders of the Company.

### MANAGEMENT'S RESPONSIBILITY

2. The preparation of the Corporate Governance Report is the responsibility of the Management of the Company including the preparation and maintenance of all relevant supporting records and documents. This responsibility also includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the Corporate Governance Report.
3. The Management along with the Board of Directors are also responsible for ensuring that the Company complies with the conditions of Corporate Governance as stipulated in the Listing Regulations, issued by the Securities and Exchange Board of India.

### AUDITOR'S RESPONSIBILITY

4. Pursuant to the requirements of the Listing Regulations, our responsibility is to express a reasonable assurance in the form of an opinion whether the Company has complied with the specific requirements of the Listing Regulations referred to in paragraph 3 above.
5. We conducted our examination of the Corporate Governance Report in accordance with the Guidance Note on Reports or Certificates for Special Purposes and the Guidance Note on Certification of Corporate Governance, both issued by the Institute of Chartered Accountants of India ("ICAI"). The Guidance Note on Reports or Certificates for Special Purposes requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.
6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial

Information, and Other Assurance and Related Services Engagements.

7. The procedures selected depend on the auditor's judgement, including the assessment of the risks associated in compliance of the Corporate Governance Report with the applicable criteria. Summary of key procedures performed include:
  - i. Read and understood the information prepared by the Company and included in its Corporate Governance Report;
  - ii. Obtained and verified that the composition of the Board of Directors w.r.t executive and non-executive directors has been met throughout the reporting period;
  - iii. Obtained and read the Register of Directors as on March 31, 2018 and verified that atleast one woman director was on the Board during the year;
  - iv. Obtained and read the minutes of the following meetings held April 1, 2017 to March 31, 2018:
    - (a) Board of Directors meeting;
    - (b) Audit Committee meeting;
    - (c) Annual General Meeting;
    - (d) Nomination and Remuneration Committee meeting;
    - (e) Stakeholders Relationship Committee;
    - (f) Committee of Directors (Allotment) meeting;
    - (g) Corporate Social Responsibility Committee meeting;
    - (h) Independent Directors meeting; and
    - (i) Risk Management Committee meeting;
  - v. Obtained necessary representations and declarations from directors of the Company including the independent directors; and
  - vi. Performed necessary inquiries with the management and also obtained necessary specific representations from management.

The above-mentioned procedures include examining evidence supporting the particulars in the Corporate Governance Report on a test basis. Further, our scope of work under this report

did not involve us performing audit tests for the purposes of expressing an opinion on the fairness or accuracy of any of the financial information or the financial statements of the Company taken as a whole.

### OPINION

8. Based on the procedures performed by us as referred in paragraph 7 above, and according to the information and explanations given to us, we are of the opinion that the Company has complied with the conditions of Corporate Governance as stipulated in the Listing Regulations, as applicable for the year ended March 31, 2018, referred to in paragraph 1 above.

### OTHER MATTERS AND RESTRICTION ON USE

9. This report is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.
10. This report is addressed to and provided to the members of the Company solely for the purpose of enabling it to comply with

its obligations under the Listing Regulations with reference to compliance with the relevant regulations of Corporate Governance and should not be used by any other person or for any other purpose. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing. We have no responsibility to update this report for events and circumstances occurring after the date of this report.

For **S R B C & CO LLP**  
Chartered Accountants  
ICAI Firm Registration Number: 324982E/E300003

per **Paul Alvares**  
Partner  
Membership Number: 105754

Place of Signature: Mumbai  
Date: May 25, 2018