

# CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreements with Stock Exchanges, the Company submits the report for the year ended 31st March, 2015 on the matters mentioned in the said Clause and lists the practices followed by the Company.

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

Sun Pharmaceutical Industries Limited's philosophy on Corporate Governance envisages working towards high levels of transparency, accountability, consistent value systems, delegation across all facets of its operations leading

Composition and category of Directors is as follows:

Category	Name of the Directors	Inter-se Relationship between Directors
<b>Non-Executive and Non-Independent Director</b>	Mr. Israel Makov (Chairman)	-
<b>Promoter Executive Director</b>	Mr. Dilip S. Shanghvi (Managing Director)	Brother-in-law of Mr. Sudhir V. Valia
<b>Non-Promoter Executive Directors</b>	Mr. Sudhir V. Valia (Whole-time Director)	Brother-in-law of Mr. Dilip S. Shanghvi
	Mr. Sailesh T. Desai (Whole-time Director)	-
<b>Non-Executive Independent Directors</b>	Mr. S. Mohanchand Dadha	-
	Mr. Hasmukh S. Shah	-
	Mr. Keki M. Mistry	-
	Mr. Ashwin S. Dani	-
	Ms. Rekha Sethi	-

Number of Board Meetings held during the year ended 31st March, 2015 and the dates on which held:

Six Board meetings were held during the year. The dates on which the meetings were held during the year ended 31st March, 2015 are as follows: 6th April, 2014, 29th May, 2014, 12th August, 2014, 27th September, 2014, 13th November, 2014 and 14th February, 2015.

to sharply focused and operationally efficient growth. The Company tries 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 nine Directors.

Attendance of each Director at the Board meetings, last Annual General Meeting (AGM), and number of other Directorships and Chairmanships/Memberships of Committee of each Director, is given below:

Name of the Director	Attendance Particulars for the year ended 31st March, 2015		*No. of other Directorships and Committee Memberships / Chairmanships as of 31st March, 2015		
	Board Meetings	Last AGM held on 27th September, 2014	Other Directorships	Committee Memberships**	Committee Chairmanships**
Mr. Israel Makov	6	Yes	--	--	--
Mr. Dilip S. Shanghvi	6	Yes	2	--	--
Mr. Sudhir V. Valia	6	Yes	3	--	--
Mr. Sailesh T. Desai	6	Yes	2	--	--
Mr. S. Mohanchand Dadha	6	Yes	3	1	1
Mr. Hasmukh S. Shah	6	Yes	2	--	--
Mr. Keki M. Mistry	4	No	9	5	2
Mr. Ashwin S. Dani	5	Yes	6	2	2
Ms. Rekha Sethi	5	Yes	2	1	--

\* The above list 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.

### 3. CODE OF CONDUCT

The Board of Directors have laid down a Code of Conduct for all Board members and senior management of the Company. During the year under review, the Code was made applicable to all the employees of the Company. All the Directors and senior management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to the effect signed by the Managing Director has been annexed 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 four independent non-executive Directors viz. Mr. Keki M. Mistry, Mr. S. Mohanchand Dadha, Mr. Ashwin S. Dani and Mr. Hasmukh S. Shah. Mr. Keki M. Mistry is the Chairman of the Committee. The constitution of Audit Committee also meets with the requirements under Section 177 of the Companies Act, 2013. 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, management letters issued by the statutory auditor, recommending the appointment/ re-appointment of statutory auditors and fixation of audit fees, reviewing the significant internal audit findings, approval of related party transactions, reviewing the Management Discussion and Analysis of financial condition and result of operations, scrutiny of inter-corporate loans, review of internal financial control and risk management review functioning of Whistle Blower/ Vigil Mechanism, approval of appointment of CFO, and also statutory compliance issues 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 external auditors 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 Clause 49 of the Listing Agreement of the Stock Exchange and the provisions of Section 177 of the Companies Act, 2013.

Seven Audit Committee Meetings were held during the year ended 31st March, 2015. The dates on which Meetings were held are as follows: 6th April, 2014, 29th May, 2014, 12th August, 2014, 27th September, 2014, 13th November, 2014, 7th February, 2015 and 14th February, 2015. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman / Member of the Committee	No. of Audit Committee Meetings attended
Mr. Keki M. Mistry	Chairman	5
Mr. S. Mohanchand Dadha	Member	6
Mr. Hasmukh S. Shah	Member	7
Mr. Ashwin S. Dani	Member	6

## 5. NOMINATION & REMUNERATION COMMITTEE

The Company formed the Nomination & Remuneration Committee on 29th May, 2014 as per applicable requirements. The Committee comprises of three Directors viz. Mr. Keki Mistry, Mr. Israel Makov and Ms. Rekha Sethi. Mr. Keki M. Mistry is the Chairman of the Committee. The constitution of the Nomination & Remuneration Committee also meets with the requirements under Section 178 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 Nomination & 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.

Four Nomination & Remuneration Committee Meetings were held during the year ended 31st March, 2015. The dates on which the meetings were held are as follows: 12th August, 2014, 27th September, 2014, 13th November, 2014 and 14th February, 2015. The attendance of each Member of the

Committee is given below:

Name of the Director	Chairman / Member of the Committee	No. of Nomination and Remuneration Committee Meetings attended
Mr. Keki M. Mistry	Chairman	2
Mr. Israel Makov	Member	4
Ms. Rekha Sethi	Member	4

The Nomination and Remuneration Committee, have approved and recommended the Remuneration Policy for the Directors, Key Managerial Personnel and other employees of the Company which has also been approved by the Board of Directors. The Key highlights of the said Policy are as follows:

- 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 and skill required including complexity of the 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 Nomination and Remuneration Committee, 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 chauffeur's, share and share price related incentive, reimbursement of electricity 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 authorize 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 Nomination and Remuneration Committee and the Board of Directors.
Key Managerial Personnel	Board of Directors on recommendation of the Nomination and Remuneration Committee
Other employees	Human Resources Head

**The details of the remuneration paid/payable to the Directors for the year 2014-2015 are given below:**

Directors	Salary *	Bonus	Perquisites** / Benefits	Commission	Sitting Fees	(Amount in ₹)
						Total
Mr. Israel Makov	-	-	-	-	499,835	499,835
Mr. Dilip S. Shanghvi	22,121,400	4,424,280	4,980,670	-	-	31,526,350
Mr. Sudhir V. Valia	22,121,400	4,424,280	4,794,437	-	-	31,340,117
Mr. Sailesh T. Desai	7,797,240	1,559,448	1,632,579	-	-	10,989,267
Mr. S. Mohanchand Dadha	-	-	-	-	850,000	850,000
Mr. Hasmukh S. Shah	-	-	-	-	900,000	900,000
Mr. Keki M. Mistry	-	-	-	-	550,000	550,000
Mr. Ashwin S. Dani	-	-	-	-	600,000	600,000
Ms. Rekha Sethi	-	-	-	-	550,000	550,000

\* Salary includes Special Allowance.

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

Besides this, all the Whole-time Directors are also entitled to encashment of leave and Gratuity at the end of tenure, as per the rules of the Company.

**Notes:-**

- a) The Agreement with Mr. Dilip Shanghvi, Mr. Sudhir V. Valia and Mr. Sailesh T. Desai, the Executive Directors are for a period of 5 years. Either party to the agreement

**6. DIRECTORS' REMUNERATION**

The Whole-time Directors' remuneration 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 of 1% as approved by the members, in addition to the sitting fees of ₹ 50,000/- payable to the Non Executive Directors for attending each meeting of the Board and/or of Committee thereof. During the year the sitting fees were increased from ₹ 5,000 to ₹ 50,000 with effect from 1st April, 2014. No commission was paid to Non Executive Directors for the year 2014-15.

The remuneration to Whole-time Directors was paid for the financial year 2014-15 in accordance with the limits approved by the Members. However, in view of loss during the year the remuneration to the Managing Director and the Whole-time Director of the Company, for the year ended 31st March, 2015 has exceeded the limits specified under Schedule V of the Companies Act, 2013 by ₹ 20.7 million. The approval from Central Government in respect of the aforesaid amount is awaited.

is entitled to terminate the Agreement by giving to the other party 30 days notice in writing.

- b) The Company has formulated two Schemes for grant of stock options to the 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 31st March, 2015

Director	No. of Shares held (held singly or jointly as first holder)
Mr. Israel Makov	Nil
Mr. S. Mohanchand Dadha	Nil
Mr. Hasmukh S. Shah	Nil
Mr. Keki M. Mistry	41,350
Mr. Ashwin S. Dani	Nil
Ms. Rekha Sethi	Nil

#### 7. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board of the Company has constituted a Stakeholders' Relationship Committee. The name of the Committee was changed to Stakeholders' Relationship Committee w.e.f 12th August, 2014. The Committee, comprises of Mr. S. Mohanchand Dadha, Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia with Mr. Hasmukh S. Shah as the Chairman. The constitution of the Stakeholders' Relationship Committee meets the requirements of Section 178 of the Companies Act, 2013. 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, G.M (Legal & Secretarial) as Compliance Officers.

Four Meetings of the Stakeholders' Relationship Committee were held during the year ended 31st March, 2015. The dates on which Meetings were held are as follows: 29th May, 2014, 12th August, 2014, 13th November, 2014 and 14th February, 2015. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman / Member of the Committee	No. of Stakeholders' Relationship Committee Meetings attended
Mr. Hasmukh S. Shah	Chairman	4
Mr. Sudhir V. Valia	Member	4
Mr. Dilip S. Shanghvi	Member	4
Mr. S. Mohanchand Dadha	Member	4

#### Investor Complaints :

The total number of complaints received and resolved to the satisfaction of shareholders during the year under review, were 18.

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

The Board of Directors of the Company, at their Board Meeting held on 14th February, 2015 constituted a Committee of Directors (Allotment) comprising of Mr. Dilip Shanghvi, Mr. Sudhir V. Valia, Mr. Sailesh T. Desai, Mr. S. Mohanchand Dadha and Mr. Hasmukh Shah. Mr. Sudhir Valia is the Chairman of the Committee and Mr. Sunil R. Ajmera, Company Secretary is the Secretary of the Committee.

Two meetings of the Committee of Directors' (Allotment) were held on 24th March, 2015 at 2 pm and on 24th March, 2015 at 6 pm, during the year ended 31st March, 2015. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman / Member of the Committee	No. of Committee of Directors (Allotment) Committee Meetings attended
Mr. Hasmukh S. Shah	Member	-
Mr. Sudhir V. Valia	Chairman	2
Mr. Sailesh Desai	Member	-
Mr. S. Mohanchand Dadha	Member	-
Mr. Dilip Shanghvi	Member	2

The Committee of Directors (Allotment) inter alia has the following powers: To fix / take note of the record date for determining the names of the eligible shareholders of the

Ranbaxy who shall be entitled to receive Equity shares of the Company pursuant to the Scheme of Arrangement for merger of Ranbaxy Laboratories Ltd. into the Company, in the ratio of 4 Equity Share of ₹ 1/- each of the Company for every 5 Equity Shares of ₹ 1/- each held in Ranbaxy as on such record date which may be fixed for the purpose, and for issue of Non Convertible Debentures, if any, to decide all matters relating to the issue and allotment of equity shares of ₹ 1/- each and Non Convertible Debentures, to credit the equity shares/ debenture holders so allotted through NSDL/ CDSL/ Other depository to the concerned beneficiary account 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 of ₹ 1/- each and of debentures and to allot shares pursuant to ESOP Scheme etc.

#### 9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Board of the Company constituted a Corporate Social Responsibility Committee on 29th May, 2014 comprising of Mr. Sudhir V. Valia, Ms. Rekha Sethi with Mr. Dilip 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>.

One Corporate Social Responsibility Committee Meeting was held on 12th August, 2014, during the year ended 31st March, 2015. The attendance of each Member of Committee is as follows:

Name of the Director	Chairman / Member of the Committee	No. of Corporate Social Responsibility Committee Meetings attended
Mr. Dilip Shanghvi	Chairman	1
Mr. Sudhir V. Valia	Member	1
Ms. Rekha Sethi	Member	1

#### 10. RISK MANAGEMENT COMMITTEE

The Board constituted the Risk Management Committee on 27th September, 2014 comprising of Mr. Dilip Shanghvi, Mr. Sudhir V. Valia and Mr. Uday Baldota, CFO. The Chairman of the Committee is Mr. Dilip Shanghvi. The constitution of the Committee also meets the requirements of Clause 49 (VI) of the Listing Agreement. 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.

Two Risk Management Committee Meetings were held during the year ended 31st March, 2015. The dates on which the meetings were held are as follows: 13th November, 2014 and 14th February, 2015. The attendance of each member of Committee is as follows:

Name of the Director	Chairman / Member of the Committee	No. of Risk Management Committee Meetings attended
Mr. Dilip S. Shanghvi	Chairman	2
Mr. Sudhir V. Valia	Member	2
Mr. Uday Baldota	Member	2

#### 11. SUBSIDIARY COMPANIES

In accordance with Clause 49(V) of the Listing Agreement with Stock Exchanges, Sun Pharma Laboratories Limited is a material non-listed Indian subsidiary company 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.

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 held are as follows:

Year	Meeting	Location	Date	Time
2011-2012	Twentieth AGM*	Sir Sayajirao Nagargruh, Akota, Vadodara – 390 020, Gujarat	8th November, 2012	2.30 p.m.
2011-2012	Adjourned Twentieth AGM	Sir Sayajirao Nagargruh, Akota, Vadodara – 390 020, Gujarat	30th September, 2013	10.45 a.m.
2012-2013	Twenty First AGM	Sir Sayajirao Nagargruh, Akota, Vadodara – 390 020, Gujarat	30th September, 2013	11.30 a.m.
2013-2014	Twenty Second AGM	Sir Sayajirao Nagargruh, Akota, Vadodara- 390 020, Gujarat	27th September, 2014	12.00 noon

\* Twentieth AGM which was adjourned sine die for consideration of revised accounts.

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

#### a) At the Twentieth Annual General Meeting which was adjourned sine die for consideration of Revised Accounts:

1. Re-appointment of Mr. Dilip S. Shanghvi, Managing Director and approval of terms and conditions of appointment including remuneration.
2. Approval for payment of commission to Non-Executive Directors of the Company.
3. Approval for issue of FCCBs/GDRs/ADRs or any other securities upto an amount as specified in the resolution and authority for creation of mortgage and/or charge in respect of the securities on the whole or in part of the undertaking of the Company under Section 293 (1) (a) of the Companies Act, 1956.
4. Approval for investment in shares and securities of other body corporate under Section 372A of the Companies Act, 1956 upto the limits specified in the resolution.
5. Approval for insertion of Articles 163A under the head "Meeting of Directors" of the Articles of Association of the Company giving effect to a Director participating in the Board/Committee Meeting through Video conferencing or such other mode as may be permitted by the Govt. of India or concerned authorities.

#### b) At the Adjourned Twentieth Annual General Meeting: No Special Resolutions were passed.

#### c) At Twenty-First Annual General Meeting:

1. Approval for increase in upper limit of remuneration payable to Mr. Sudhir V. Valia, Whole-Time Director of the Company, with effect from 1st April, 2013 up to the remaining period of his tenure, i.e 31st March, 2014.
2. Approval for reappointment of Mr. Sudhir V. Valia as Whole-Time Director of the Company for further period of five years on such terms and conditions including remuneration with effect from 1st April, 2014 up to 31st March, 2019.
3. Approval for reappointment of Mr. Sailesh T. Desai as Whole-Time Director of the Company for further period of five years on such terms and conditions including remuneration with effect from 1st April, 2014 up to 31st March, 2019.
4. Approval for appointment and remuneration payable to Mr. Aalok Shanghvi, being a relative of a Director, to hold office/ place of profit for the period from 1st April, 2014 up to 31st March, 2019.
5. Approval for raising funds by the Company by issue of Convertible bonds, debentures, equity shares, Global Depository Receipts, American Depository Receipts, etc not exceeding ₹ 120 Billion (Rupees One Hundred Twenty Billion only).



6. Approval for increase in the borrowing limit of the Company not exceeding ₹ 500 Billion (Rupees Five Hundred Billion only)
7. Approval for increase in the limit of inter-corporate loans, guarantees and investments to be made by the Company not exceeding ₹ 500 Billion (Rupees Five Hundred Billion only)
- d) At Twenty-Second Annual General Meeting:**
1. Approval under Section 186 of the Companies Act, 2013 upto a maximum limit of ₹ 500 Billion (Rupees Five Hundred Billion only).
  2. Approval under Section 180 (1)(c) of the Companies Act, 2013 to borrow money on behalf of the Company upto a maximum limit of ₹ 500 Billion (Rupees Five Hundred Billion only).
  3. 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)
  4. Approval by members of the Company accorded for remuneration paid to Mr. Dilip S. Shanghvi, Managing Director, (DIN:00005588), of the Company for the financial year 2013-14 which is in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 in view of the absence of profits for the financial year 2013-14.
  5. Approval by members of the Company accorded for remuneration paid to Mr. Sudhir V. Valia, Whole-time Director (DIN: 00005561) of the Company for the financial year 2013-14 which is in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 in view of the absence of profits for financial year 2013-14.
  6. Approval by members of the Company accorded for remuneration paid to Mr. Sailesh T. Desai, Whole-time Director, (DIN:00005543), of the Company for the financial year 2013-14 which is in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 in view of the absence of profits for financial year 2013-14.
  7. Approval by members of the Company accorded for Commission paid to the Non-Executive Directors of the Company (other than the Managing Director and/or Whole-time Directors) for the financial year 2013-14 which is in excess of the limits prescribed under Companies Act, 1956 in view of the absence of profits for financial year 2013-14.
  8. Approval for the payment of Commission to Non-Executive Directors of the Company for each financial year over a period of five years from the current financial year ending on 31st March, 2015 up to and including financial year of the Company ending on 31st March, 2019 to be calculated in accordance with the provisions of Section 198 of the Act.
  9. Approval to Mr. Aalok D. Shanghvi, who is relative of Director to hold office or place of profit under the Company for a period of five years from 1st April, 2014, and remuneration (excluding reimbursement of expenses, if any) of ₹ 15,000,000/- (Rupees One Crore Fifty Lakhs Only) per annum.
- (iii) Postal Ballot**
- There were no resolutions passed through Postal Ballot during the year ended 31st March, 2015.
- 13. DISCLOSURES**
- No transaction of a material nature has been entered into by the Company with Directors or Management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. The transaction with the related parties are disclosed in the Annexure 'A' attached to the Standalone Financial Statements.
  - 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 during the last 3 financial years.
  - The Company has laid down procedures to inform Board members about the risk assessment and its minimization, which are periodically reviewed to ensure that risk control is exercised by the management effectively.
  - The Board of Directors of the Company have 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 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 organization or for those affected by its functions. The details of establishment of vigil mechanism are available on the website of the Company. No personnel has 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 inter-alia to review the performance of non-independent directors and the board as a whole.
- Adoption/ Non Adoption of the Non- mandatory requirements for the year ended 31st March, 2015 :
  - (i) The Chairman of the Company is a Non-Executive Director
  - (ii) The Company does not send half-yearly financial results including summary of the significant events in the last six months to the household of each shareholder as the financial results are published in the newspapers and also posted on the website of the Company and the websites of BSE and NSE.
  - (iii) The Financial statements of the Company have not been qualified by the Auditors.
  - (iv) The Company has separate position for Chairman & Managing Director

(v) 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 'INVESTOR' where shareholders information is available. The full Annual Report is 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). These are also submitted to the Stock Exchanges in accordance with the Listing Agreement and published in leading newspapers like 'The Economic Times', 'Business Standard' and Gujarati Edition of 'Financial Express'.

**Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis (MD&A) 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 or redemption amount on preference shares are sent to shareholders as per records 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), 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	Saturday, 31st October, 2015 at 9.45 a.m.
Venue	Prof. Chandravadan C. Mehta Auditorium - General Education Center, Maharaja Sayajirao University of Baroda, Near D. N. Hall, PratapGunj, Vadodara-390002, Gujarat

**15.2 Financial Calendar (tentative):**

Results for quarter ending 30th September,  
2015 – Second week of November 2015.

Results for quarter ending 31st December,  
2015– Second week of February 2016.

Audited Results for year ended 31st March, 2016– 3rd  
or 4th week of May 2016.

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

From Saturday, 24th October, 2015 to Saturday, 31st  
October, 2015 (both days inclusive)

**15.4 Dividend Payment Date:**

On or before 4th November, 2015

**15.5 (i) Listing of Equity Shares on Stock Exchanges**

At BSE Limited (BSE) and National Stock Exchange of  
India Limited (NSE)

**15.5 (ii) Payment of Listing Fee**

Listing Fees for the financial year 2015-16 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 BSE Ltd. (Demat Segment)	SUNPHARMA 524715
Trading Symbol National Stock Exchange (Demat Segment)	SUNPHARMA
(b) Demat ISIN Number in NSDL and CDSL for Equity Shares of ₹ 1/- each	ISIN No.INE044A01036

**NON CONVERTIBLE DEBENTURES**

**(issued consequent to the merger of Ranbaxy into the  
Company)**

(b) Demat ISIN Number in NSDL and CDSL for Secured Rated Redeemable 9.20% Non- Convertible Debentures of face value of ₹ 10 lakhs each, listed on NSE	ISIN No.: INE044A01036
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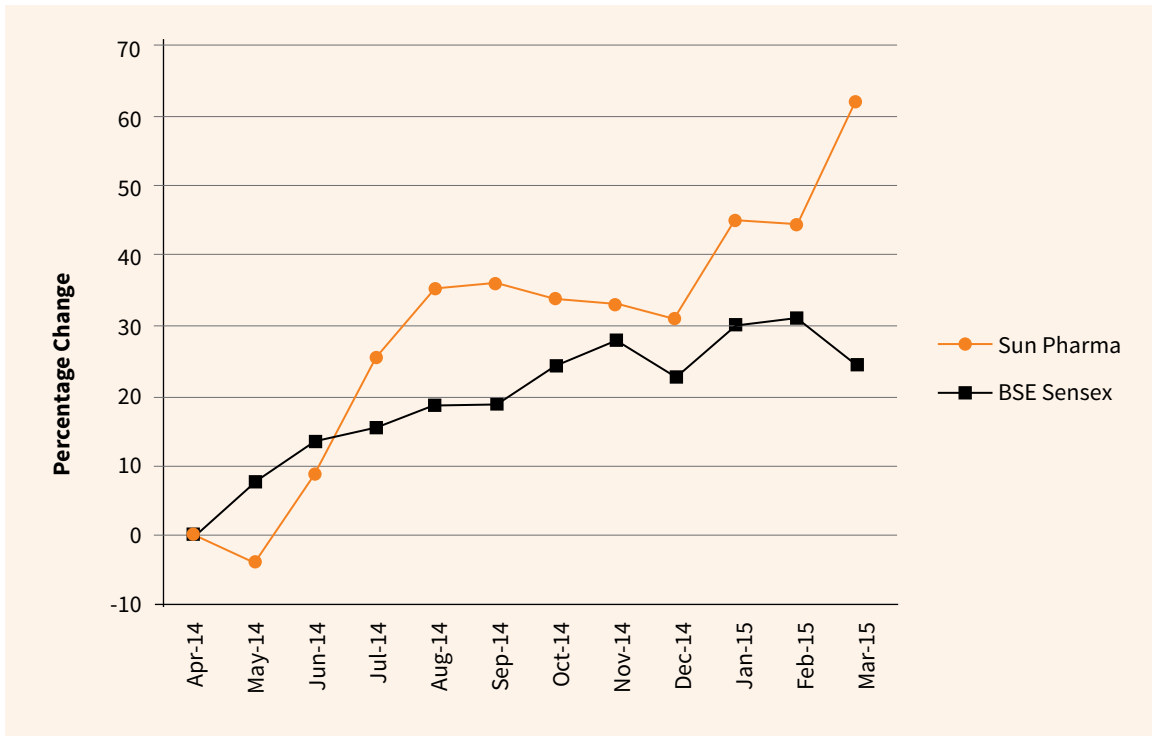
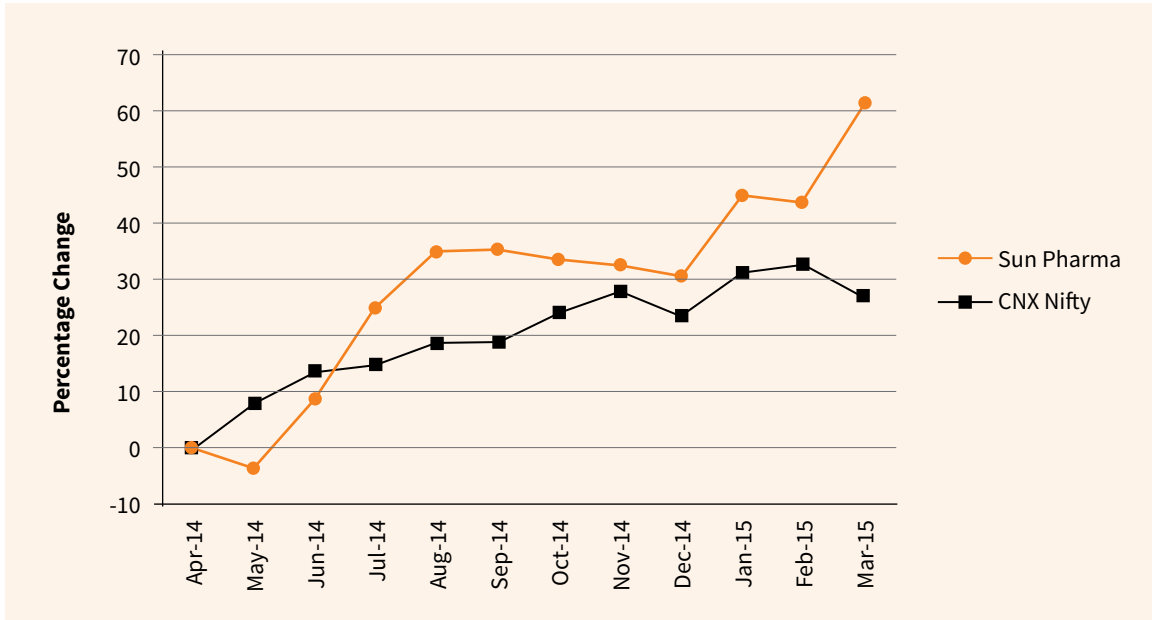
**15.7 Stock Market Data**

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, 2014	644.05	570.35	643.95	570.10
May, 2014	641.30	572.15	641.40	572.00
June, 2014	688.00	593.95	689.90	593.00
July, 2014	799.45	678.00	800.00	677.90
August, 2014	875.00	743.25	875.45	743.30
September, 2014	877.40	748.15	878.40	748.00
October, 2014	868.00	792.00	868.80	790.00
November, 2014	932.00	831.95	932.50	832.30
December, 2014	856.15	798.80	856.50	798.35
January, 2015	939.05	800.30	939.95	800.00
February, 2015	965.90	861.10	965.95	860.20
March, 2015	1,074.05	910.00	1,075.00	909.40

(Source: BSE and NSE website)

**15.8 Share price performance in comparison to broad-based indices – BSE Sensex and NSE Nifty for the year 2014-15.**



(Source: BSE and NSE website)

**Share price performance relative to BSE Sensex based on share price on 31st March, 2015.**

Period	% Change in		
	Sun Pharma Share Price	BSE Sensex	Sun Pharma Relative to Sensex
Year-on-year	78.29%	24.89%	53.41%
2 years	149.83%	48.43%	101.40 %
3 years	259%	60.64%	198.36%
5 years	471.22%	59.50%	411.71%
10 years	2068.54%	330.59%	1737.95%

\* Note: Prices have been adjusted for Bonus Issue in 2013-14.

**Share price performance relative to Nifty based on share price on 31st March, 2015**

Period	% Change in		
	Sun Pharma Share Price	Nifty	Sunpharma Relative to Nifty
Year-on-Year	78.15%	26.65%	51.50%
2 Years	400.10%	49.42%	350.68%
3 Years	259.29%	60.34%	198.95%
5 Years	471.37%	61.76%	409.61%
10 Years	2094.86%	317.11%	1777.74%

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

\* Note: Prices have been adjusted for Bonus Issue in 2013-14.

**15.9 Registrars & Transfer Agent**

(Share transfer and communication regarding share certificates, dividends and change of address)	<b>Link Intime India Pvt. Ltd.</b> C-13, Kantilal Maganlal Estate Pannalal Silk Mills Compound L.B.S. Marg, Bhandup (West), Mumbai – 400 078. E-Mail: sunpharma@linkintime.co.in rnt.helpdesk@linkintime.co.in Tel: 022-25946970, Fax : 022- 25946969
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**15.10 Share Transfer System**

Presently, the share transfers which are received in physical form are processed and transferred by Registrar and Share 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.

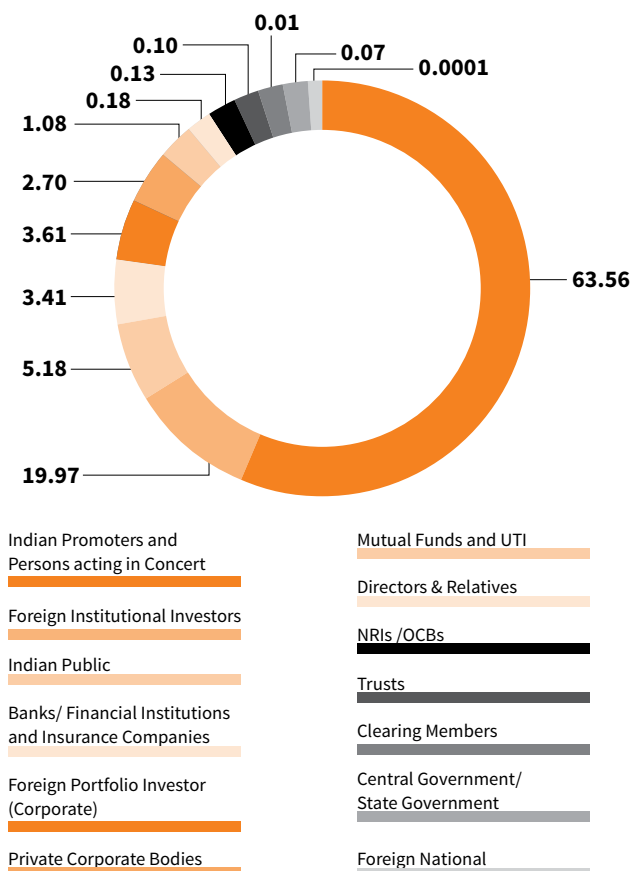
**15.11 Distribution of Shareholding as on 31st March, 2015**

No. of Equity Shares held	No. of Accounts		Shares of face value ₹ 1 each/-	
	Numbers	% to total accounts	Number	% to total shares
Upto 5,000	162,940	96.95	36,157,856	1.75
5,001 – 10,000	2,011	1.20	14,621,364	0.71
10,001 – 20,000	1,755	1.04	22,093,921	1.07
20,001 – 30,000	258	0.15	6,330,236	0.30
30,001 – 40,000	118	0.07	4,185,871	0.20
40,001 – 50,000	93	0.05	4,250,159	0.20
50,001 – 100,000	227	0.14	16,180,957	0.78
100,001 and above	666	0.40	1,967,343,546	94.99
<b>Total</b>	<b>168,068</b>	<b>100.00</b>	<b>2,071,163,910</b>	<b>100.00</b>

### 15.12 Shareholding Pattern as on 31st March, 2015 of Equity Shares as per Clause 35 of the Listing Agreement

Particulars	Percentage	No. of Shares
A. Indian Promoters and Persons acting in Concert	63.56%	1,316,496,400
B. Mutual Funds and UTI	1.08%	22,456,389
C. Banks/ Financial Institutions and Insurance Companies	3.41%	70,561,936
D. Foreign Institutional Investors	19.97%	413,526,367
E. Private Corporate Bodies	2.70%	55,862,424
F. Indian Public	5.18%	107,434,764
G. Directors & Relatives	0.18%	3,792,370
H. NRIs /OCBs	0.13%	2,602,665
I. Clearing Members	0.01%	207,850
J Trusts	0.10%	1,998,490
K. Central Government/ State Government	0.07%	1,382,146
L. Foreign Portfolio Investor(Corporate)	3.61%	74,841,129
M. Foreign National	0.00%	980
<b>Total</b>	<b>100%</b>	<b>2,071,163,910</b>

Shareholding Pattern as on 31st March 2015 (%)



Not to scale

### 15.13 Dematerialization of Shares

About 99.39% of the outstanding Equity shares have been de-materialized up to 31st March, 2015. Trading in Shares of the Company is permitted only in dematerialized form w.e.f. 29th November, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).

#### Liquidity:

Your Company's equity shares are fairly liquid and are actively traded on National Stock Exchange of India Ltd., (NSE) and BSE Ltd.(BSE), Relevant data for the **average daily turnover** for the financial year 2014-2015 is given below:

	BSE	NSE	BSE + NSE
In no. of share (in Thousands)	203.02	2,340.33	2,543.35
In value terms (₹ Millions)	161.60	1,837.19	1,998.79

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

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

The Company has not issued any Global Depository Receipts (GDRs)/American Depository Receipts(ADRs)/warrants or any other convertible instruments during the year ended 31st March, 2015.

Global Depository Shares ("GDS") of erstwhile Ranbaxy Laboratories Limited were delisted from the Luxembourg Stock Exchange (where GDS of the erstwhile Ranbaxy were listed) on 15th December,

2014, in view of the termination of the underlying GDR programme and Deposit Agreements dated 7th July, 1994 (under which the Rule 144A Global Depository Shares/Regulation S Global Depository Shares had been issued) on 15th December, 2014 through the Bank of New York Mellon.

### Outstanding Stock Options

The details of Number of Stock Options outstanding as on 31st March, 2015 are provided in the Board's Report.

### Outstanding Unclaimed Shares

The status of outstanding unclaimed shares in the Unclaimed Share Suspense Account of Erstwhile Ranbaxy Laboratories Limited (Ranbaxy) is as under:-

Particulars	No. of Shareholders	No. of equity shares of ₹ 5/- each of Erstwhile Ranbaxy
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 1st April, 2014.	1,148	511,448
Number of shareholders who approached the Company for transfer of shares from the said Unclaimed Suspense Account during the period from 1st April, 2014 up to 31st March, 2015.	23	10,422
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the said period.	23	10,422
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 24th March, 2015	1,125	501,026 *

\*501,026 outstanding Equity shares were converted in the ratio of 8 (eight) equity shares of ₹ 1 each of the Company for every 10 (ten) equity shares of ₹ 5 each of erstwhile Ranbaxy on 10th April, 2015 pursuant to the merger of erstwhile Ranbaxy into the Company. Thereafter, status of outstanding unclaimed shares in the Suspense Account of Sun Pharma 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 post merger of erstwhile Ranbaxy into the Company	1,125	400,820

### 15.15 Plant locations as on 31st March, 2015:

- Survey No.214 and 20, Govt. Industrial Area, Phase-II, Piparia, Silvassa – 396 230, U.T. of D & NH.
- Plot No.24/2 and No.25, GIDC, Phase- IV, Panoli – 395 116, Dist. Bharuch, Gujarat.
- A-7 & A-8, MIDC Industrial Area, Ahmednagar – 414 111, Maharashtra.
- Plot No. 4708, GIDC, Ankleshwar – 393 002, Gujarat.
- Sathammai Village, Karunkuzhi Post, Maduranthakam T.K. Kanchipuram Dist. Tamil Nadu – 603 303.
- Halol-Baroda Highway, Near Anand Kendra, Halol, Dist. Panchmahal- 389350 Gujarat.
- Plot No. 817/A, Karkhadi – 391 450, Taluka: Padra, Dist. Vadodara, Gujarat.
- Survey No. 259/15, Dadra - 396 191, U.T. of D. & NH.
- Plot No.Z/15, Sez-1, Po.Dahej, Taluko Vagra, Dist. Bharuch, Gujarat
- Village Toansa, P.O. Railmajra Dist. Nawansahar-144533 (Punjab)
- A-41, Industrial Area, Phase VIII-A, Sahibzada Ajit Singh Nagar, Mohali-160071 (Punjab)
- Plot No. K - 5,6,7, Ghirongi Industrial Area, Malanpur, Dist. Bhind, M P.
- Pharma Manufacturing Industrial Area 3 A.B. Road, Dewas-455001, Madhya Pradesh
- Plot No. B-2 Madkaim Industrial Estate, Ponda, Goa
- Plot No. 1341 & 1342 EPIP-1, Hill Top Industrial Area, Village Bhatolikalan (Barotiwala), Baddi – 174103 (H.P.)
- Village & PO Ganguwala, Tehsil Paonta Sahib-173025, Dist. Sirmour (H.P.)
- Village Batamandi, Tehsil Paonta Sahib-173025, Dist. Sirmour (H.P.).

### 15.16 Investor Correspondence

(a) For transfer/dematerialization of Shares, payment of dividend on Shares, and any other query relating to the shares of the Company

**For Shares held in Physical Form:**

Link Intime India Pvt. Ltd.  
C-13, Kantilal Maganlal Estate  
Pannalal Silk Mills Compound  
L.B.S. Marg, Bhandup (West)  
Mumbai – 400 078.  
E-Mail: sunpharma@linkintime.co.in  
rnt.helpdesk@linkintime.co.in  
Tel: 022-25946970, Fax : 022- 25946969

**For Shares held in Demat Form:**

To the Depository Participant.

secretarial@sunpharma.com

(b) E-mail id designated by the Company for Investor Complaints

(c) Any query on Annual Report

**Mr. Sunil R. Ajmera/Mr. Ashok I. Bhuta/  
Mr. Nimish Desai,**

Sun House, Plot No. 201 B/1,  
Western Express Highway,  
Goregaon-East, Mumbai - 400 063

sunil.ajmera@sunpharma.com

ashok.bhuta@sunpharma.com

nimish.desai@sunpharma.com

secretarial@sunpharma.com

For and on behalf of the Board

DILIP S. SHANGHVI  
*Managing Director*

SUDHIR V. VALIA  
*Whole-Time Director*

SAILESH T. DESAI  
*Whole-Time Director*

11th August, 2015  
Mumbai

# ANNEXURE TO CORPORATE GOVERNANCE FOR THE YEAR ENDED 31st MARCH, 2015

## DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

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.,

DILIP S. SHANGHVI  
*Managing Director*

Date: 11th August, 2015



# AUDITORS' CERTIFICATE ON COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CLAUSE 49 OF THE LISTING AGREEMENT

## To The Members of Sun Pharmaceutical Industries Ltd

We have examined the compliance of the conditions of Corporate Governance by SUN PHARMACEUTICAL INDUSTRIES LTD (“the Company”) for the year ended on 31st March, 2015, as stipulated in Clause 49 of the Listing agreements of the said company with relevant stock exchanges (hereinafter referred to as Clause 49).

The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination has been limited to a review of the procedures and implementation thereof, adopted by the Company for ensuring compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied, in all material respects, with the conditions of Corporate Governance as stipulated in Clause 49.

We state that such compliance 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.

For DELOITTE HASKINS & SELLS LLP  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)

RAJESH K. HIRANANDANI  
*Partner*  
(Membership No. 36920)

Mumbai, 11th August, 2015