

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, 2015"), the Company submits the Corporate Governance Report for the year ended 31st March, 2016.

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 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.

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)	-
Non -Executive Independent Directors	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, 2016 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 31st March, 2016 are as follows:

29th May, 2015, 11th August, 2015, 31st October, 2015, 7th November, 2015 and 12th February, 2016.

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, 2016		*No. of other Directorships and Committee Memberships / Chairmanships as of 31st March, 2016		
	Board Meetings	Last AGM held on 31st October, 2015	Other Directorships	Committee Memberships**	Committee Chairmanships**
Mr. Israel Makov	5	Yes	-	-	-
Mr. Dilip S. Shanghvi	5	Yes	1	-	-
Mr. Sudhir V. Valia	4	Yes	2	2	-
Mr. Sailesh T. Desai	5	Yes	1	-	-
Mr. S. Mohanchand Dadha	5	Yes	3	1	1
Mr. Hasmukh S. Shah	5	Yes	1	-	1
Mr. Keki M. Mistry	4	Yes	9	5	2
Mr. Ashwin S. Dani	4	Yes	6	2	1
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 has laid down a 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 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 to the Corporate Governance Report. The code of conduct has been posted on the website of the Company 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 meets with the requirements as laid down under Section 177 of the Companies Act, 2013 and also of Regulation 18 of the Listing Regulations, 2015. 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/ 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 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.

Four Audit Committee Meetings were held during the year ended 31st March, 2016. The dates on which the Meetings were held are as follows:

29th May, 2015, 11th August, 2015, 7th November, 2015 and 12th February, 2016. 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	3
Mr. S. Mohanchand Dadha	Member	4
Mr. Has Mukh S. Shah	Member	4
Mr. Ashwin S. Dani	Member	3

5. NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee presently 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 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, 2015. 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.

Further details on evaluation of performance of the Board, its Committees and Individual Directors, is provided in the Board's Report.

Four Nomination and Remuneration Committee Meetings were held during the year ended 31st March 2016. The dates on which the meetings were held are as follows:

29th May, 2015, 11th August, 2015, 7th November, 2015 and 12th February, 2016. 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	3
Mr. Israel Makov	Member	4
Ms. Rekha Sethi	Member	4

The key highlights of the Remuneration Policy for Directors, Key Managerial Personnel and other employees of the Company which has been approved by the Nomination and Remuneration Committee and the Board of Directors 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 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 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

6. REMUNERATION OF DIRECTORS

The Managing Director and Whole-time Director(s) 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, if and to the extent approved by the Board, of 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. During the year, the sitting fees was increased from ₹ 50,000 to ₹ 1,00,000 with effect from 1st April, 2015. No commission was paid to Non-Executive Directors for the year 2015-16.

The details of Remuneration paid/payable to the Directors of the Company for the year ended 31st March, 2016 are given below:-

Directors	Actual Remuneration/Sitting Fees Paid/Provided for 2015-16				
	Salary *	Bonus	Perquisites** / Benefits	Sitting Fees	Total Paid
Mr. Dilip Shanghvi	17,661,440	NIL	2,717,373	-	20,378,813
Mr. Sudhir Valia	17,988,504	NIL	2,454,379	-	20,442,883
Mr. Sailesh Desai	8,576,964	1,715,393	1,791,097	-	12,083,454
Mr. Israel Makov	-	-	-	900,000	900,000
Mr. S. Mohanchand Dadha	-	-	-	1,600,000	1,600,000
Mr. Hasmukh S. Shah	-	-	-	1,900,000	1,900,000
Mr. Keki M. Mistry	-	-	-	1,100,000	1,100,000
Mr. Ashwin S. Dani	-	-	-	800,000	800,000
Ms. Rekha Sethi	-	-	-	1,100,000	1,100,000

* 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 as per Company policy, and gratuity at the end of tenure, as per the rules of the Company.

The Company had made an application to the Central Government for approval of remuneration of Managing Director and Whole-time Directors, as approved by the

Board and the Members. The Company has received letter dated 3rd November, 2015 from the Central Government approving only ₹ 60 lakhs per annum each for Managing Director and Whole-time Directors for three years from 1st April, 2014 to 31st March, 2017. However, pursuant to Schedule V of the Companies Act 2013, in case of inadequate profits, based on the calculation of effective capital of our Company,

the Managing Director and Whole-time Directors are eligible for remuneration upto ₹ 1.84 crores per annum, each without approval of the Central Government. The details of remuneration that the Managing Director and

the Wholetime Directors are entitled, the remuneration actually paid to them and the maximum limit of the remuneration as approved by the members are explained below:

₹ in Crores				
Directors	Amount of remuneration (including contribution to PF) entitled for the year 2015-2016, as approved by the Board within the limit as approved by the members	Actual Amount paid/provided, out of the amount entitled for the year 2015-2016 (including contribution to PF)	Amount of Remuneration paid for 2015-2016, after excluding Contribution to PF which is excluded for calculation of limit as per Schedule V of the Companies Act 2013	Maximum Remuneration p.a. as approved by Board and Members, subject to approval of the Central Govt., for the current tenure of appointment*
Mr. Dilip Shanghvi**	3.42	2.04	1.83	4.62
Mr. Sudhir Valia	3.42	2.04	1.83	4.62
Mr. Sailesh Desai	1.21	1.21	1.11	1.18

* Company's contribution to provident fund, and superannuation fund or annuity fund, gratuity payment as per Company's rules and encashment of leave at the end of his tenure, are not included in the computation of, ceiling on remuneration and perquisites as aforesaid.

**Commission to Managing Director : 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 is paid to the Managing Director.

The Company is permitted to pay upto ₹ 1.84 crores to each Whole-time Director, even without the approval of the Central Government based on the calculation of limit as per Schedule V of the Act. The Company has accordingly, paid remuneration to its Managing Director and Whole time Directors for 2015-16, within the limits of Schedule V of the Act, as applicable.

The Company has made further representation vide letter dated 24th December, 2015 to the Central Government in response to their letter, for approval of the remuneration upto the limit as approved by the members, the response in respect of which is awaited. In case the requisite approval is not received from the Central Government, the excess remuneration would be refunded by the Managing Director and the Whole-time Director.

During the year, payment of remuneration as per their entitlement for the year 2015-16 has been made to them only for part of the year upto the permissible limits. On receipt of the approval from the Central Government, the balance amount of remuneration for the year 2015-16 as per their entitlement shall be paid to the Managing Director and Whole time Director, as applicable, and the same will be given effect to in the year in which the approval is received.

Notes: -

- The Agreement with Mr. Dilip S. 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 is entitled to terminate the Agreement by giving to the other party 30 days' notice in writing.
- The Company has 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.

- There is no separate provision for payment of severance fees to Whole-time Director(s).
- The remuneration of Whole-time Directors consists only of fixed components.
- The details of Equity Shares held by Non-Executive Directors as on 31st March, 2016:

Name of the Director	No. of Equity Shares held (held singly or jointly as first holder)
Mr. Israel Makov	Nil
Mr. S. Mohanchand Dadha	16
Mr. Hasmukh S. Shah	Nil
Mr. Keki M. Mistry	43,270
Mr. Ashwin S. Dani	Nil
Ms. Rekha Sethi	Nil

7. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee presently 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 with the requirements of Section 178 of the Companies Act 2013 and also of Regulation 20 of the Listing Regulations, 2015. 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, 2016. The dates on which Meetings were held are as follows: 29th May, 2015, 11th August, 2015, 31st October, 2015 and 12th February, 2016. 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 numbers of complaints received and resolved to the satisfaction of shareholders during the year under review, were 11.

8. COMMITTEE OF DIRECTORS (ALLOTMENT)

The Committee of Directors (Allotment) presently comprises 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.

Five meetings of the Committee of Directors' (Allotment) were held during the year ended

31st March, 2016. The dates on which Meetings were held are as follows: 10th April, 2015, 29th April, 2015, 23rd July, 2015, 31st October, 2015 and 12th February 2016. 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. Sudhir V. Valia	Chairman	2
Mr. Hasmukh Shah	Member	5
Mr. Sailesh Desai	Member	5
Mr. S. Mohanchand Dadha	Member	2
Mr. Dilip S. Shanghvi	Member	2

The Committee of Directors (Allotment) interalia has the following powers: To fix / take note of the record date for determining the names of the eligible shareholders of the Ranbaxy who were 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, 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 Schemes, etc.

9. CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Corporate Social Responsibility Committee presently comprises 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 29th May, 2015, during the year ended 31st March, 2016. 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 S. Shanghvi	Chairman	1
Mr. Sudhir V. Valia	Member	1
Ms. Rekha Sethi	Member	1

10. RISK MANAGEMENT COMMITTEE

The Risk Management Committee comprises of Mr. Dilip S. Shanghvi, Managing Director of the Company, Mr. Sudhir V. Valia, Whole time Director of the Company and Mr. Uday Baldota, CFO of the Company. The Chairman of the Committee is Mr. Dilip Shanghvi. The constitution of the Committee meets the requirements of Regulation 21 of the Listing Regulations, 2015. 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, 2016. The dates on which the meetings were held are as follows: 11th August, 2015 and 12th February, 2016.

12. GENERAL BODY MEETINGS

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

Year	Meeting	Location	Date	Time
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
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	31st October, 2015	9.45 a.m.

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 Regulation 16 of the Listing Regulations, 2015, Sun Pharma Laboratories Limited is a material Indian subsidiary Company (whose Debt Securities were listed during the year 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, as per the requirements specified in Regulation 24 of the Listing Regulations, 2015.

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>.

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

b) 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 31.03.2015 up to and including financial year of the Company ending on 31.03.2019 to be calculated in accordance with the provisions of Section 198 of the Companies Act, 2013.

- 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.

c) 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).

The details of the voting pattern in respect of Special Resolution passed through postal ballot are as under:

Promoter/ Public	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
	(1)	(2)	(3)=[(2)/(1)] *100	(4)	(5)	(6)=[(4) (2)]*100	(7)=[(5)/ (2)]* 100
Promoters and Promoter Group	1316496400	1303517680	99.014	1303517680	0	100.000	0
Public - Institutional holders	856876805	509014267	59.403	192133584	316880683	37.746	62.254
Public - Others	233122932	48741958	20.908	43672775	5069183	89.600	10.400
Total	2406496137	1861273905	77.344	1539324039	321949866	82.703	17.297

There is no proposal as on the date of this report, for passing any resolution through Postal Ballot.

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. Register of contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. The transaction with the related parties as per AS-18, are disclosed in the Annexure "A" attached to the Notes forming part of the Standalone Financial Statements for the year ended 31st March, 2016.

(iii) Postal Ballot and Procedure for Postal Ballot

The following special resolution was passed by postal ballot during the year 2015-16.

- Approval to make loan (s) and/or give any guarantee (s)/provide any security(ies)in connection with loan(s) made and to make investments in shares, debentures and/or any other securities of any other body corporate under section 186 of the Companies Act, 2013 upto a maximum of ₹ 500 Billion only.

The Board had appointed Practicing Company Secretary, C. J. Goswami & Associates, Mumbai as a Scrutinizer to conduct the postal ballot voting process in a fair and transparent manner. The result of the Postal Ballot was declared on November 6, 2015.

The details of the voting pattern in respect of Special Resolution passed through postal ballot are as under:

- 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 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.
- › 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>.
- › The Company avails professional consultancy services from Makov Associates Ltd, in which Mr. Israel Makov, Non-Executive and Non-Independent Director of the Company is interested. Other than this, there are no pecuniary relationships of the Non-Executive Directors with the Company.
- › Details of compliance and Adoption/Non Adoption of the non- mandatory requirements for the year ended 31st March, 2016:
 - (i) The Company complies with all the mandatory requirements specified under clause 49 of the erstwhile Listing Agreement applicable upto 30th November, 2015 and Listing Regulations, 2015 applicable w.e.f. 1st December, 2015.
 - (ii) The Chairman of the Company is a Non-Executive Director.
 - (iii) 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.
 - (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 contains a separate dedicated section 'INVESTORS' 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. These are also submitted to the Stock Exchanges in accordance with the listing requirements and published in all English Editions of 'Mint'/'Financial Express'.
- › **Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Board's Report, Auditors' 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 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, National Stock Exchange of India Ltd. - www.nseindia.com.

15. GENERAL SHAREHOLDER INFORMATION

15.1 Annual General Meeting:

Date and Time	Saturday, 17th September, 2016, at 11.15 a.m.
Venue	Sir Sayajirao Nagargruh, Akota, Vadodara - 390 020, Gujarat

15.2 Financial Calendar (tentative):

Results for quarter ending 30th June, 2016 - Second week of August 2016.
Results for quarter ending 30th September, 2016 - Second week of November 2016.
Results for quarter ending 31st December, 2016 - Second week of February 2017.
Audited Results for year ended 31st March, 2017 - Third or Fourth week of May 2017.

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, 2015	1200.70	913.00	1,200.80	912.25
May, 2015	1010.10	920.00	1,010.00	920.05
June, 2015	918.00	808.00	917.80	807.25
July, 2015	957.00	799.05	957.00	795.25
August, 2015	965.15	820.15	966.00	820.00
September, 2015	918.00	815.30	920.80	815.00
October, 2015	933.70	875.00	933.95	873.25
November, 2015	877.50	706.40	878.15	704.00
December, 2015	824.50	722.00	826.00	721.50
January, 2016	880.00	762.45	878.00	764.00
February, 2016	898.00	803.55	898.45	802.45
March, 2016	876.00	770.80	877.10	770.00

(Source: BSE and NSE website)

15.3 Details of Book-closure for Equity Shareholders:

From Saturday, 10th September, 2016 to Saturday, 17th September, 2016 (both days inclusive)

15.4 Dividend Payment Date:

On or before 21st September, 2016

15.5 (i) Listing of Equity Shares on Stock Exchanges

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

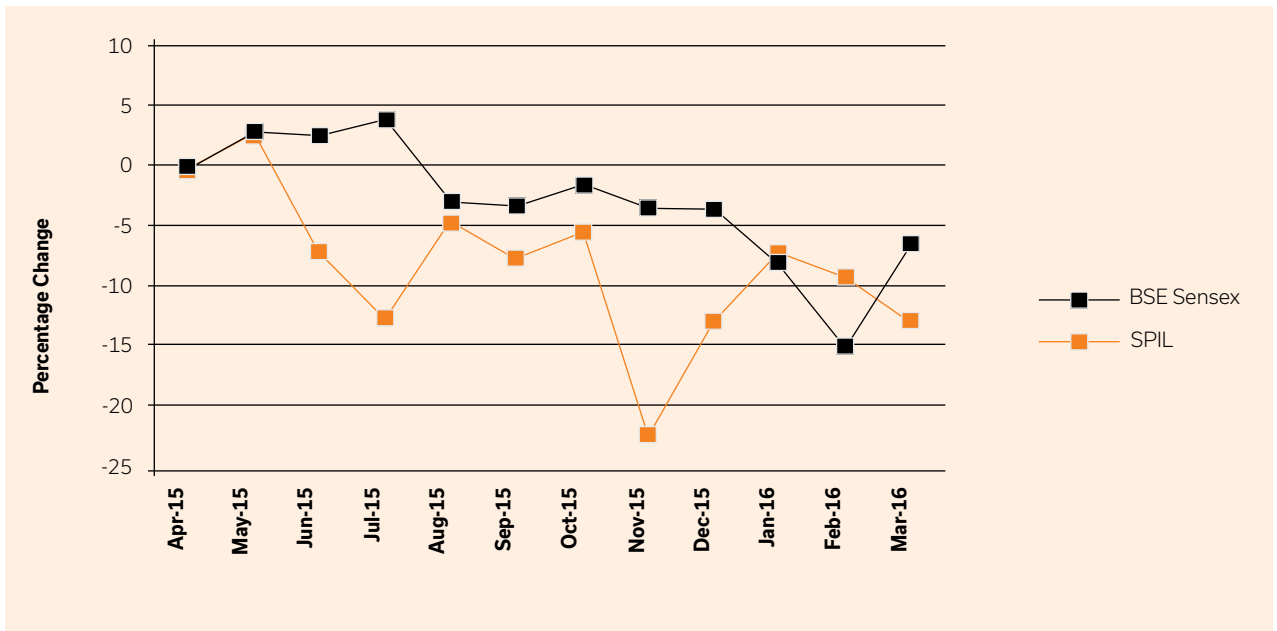
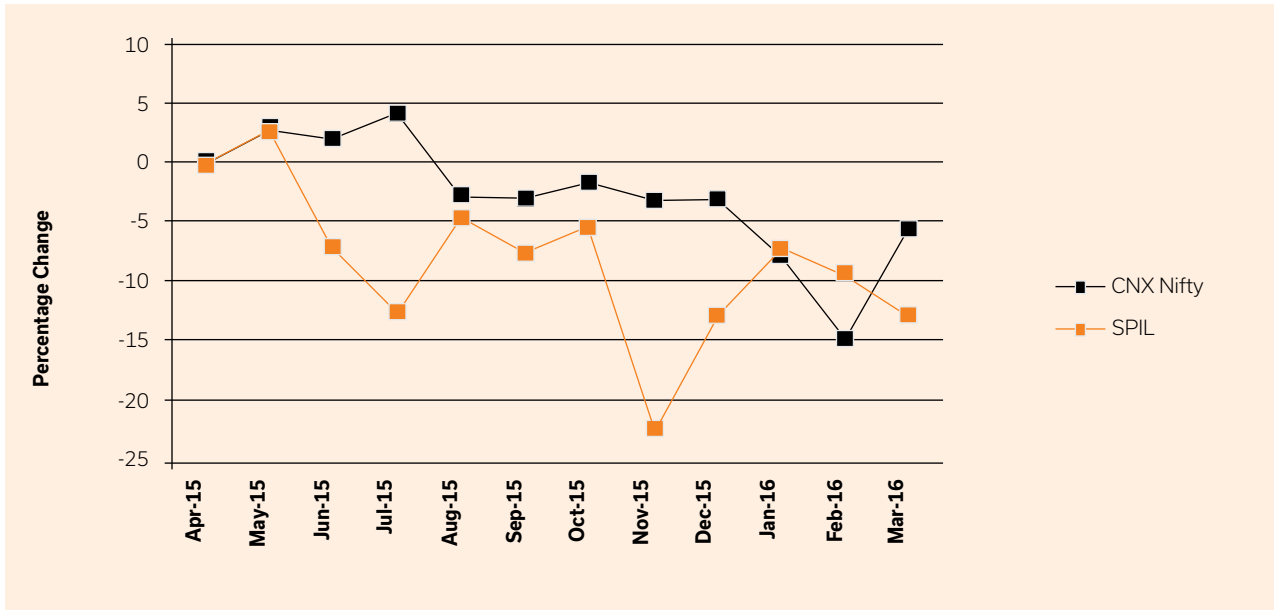
15.5 (ii) Payment of Listing Fee

Listing Fees for the financial year 2016 -17 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 Numbers in NSDL and CDSL for Equity Shares of ₹1/- each	ISIN No.INE044A01036

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



Share price performance relative to BSE Sensex based on share price on 31st March, 2016.

Period	% Change in		
	Sun Pharma Share Price	Bse Sensex	Sun Pharma Relative to Sensex
Year-on-year	-19.84%	-9.36%	-10.48%
2 years	42.92%	13.20%	29.72%
3 years	100.27%	34.54%	65.73%
5 years	270.96%	30.32%	240.64%
10 years	845.81%	124.66%	721.15%

Share price performance relative to Nifty based on share price on 31st March, 2016

Period	% Change in		
	Sun Pharma Share Price	Nifty	Sun Pharma Relative to Nifty
Year-on-Year	-19.91%	-8.86%	-11.05%
2 Years	42.67%	15.43%	27.24%
3 Years	300.51%	36.18%	264.33%
5 Years	270.62%	32.65%	237.97%
10 Years	853.99%	127.43%	726.56%

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

15.9 Registrars & Transfer Agent

(Share transfer and communication regarding share certificates, dividends and change of address)	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
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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.

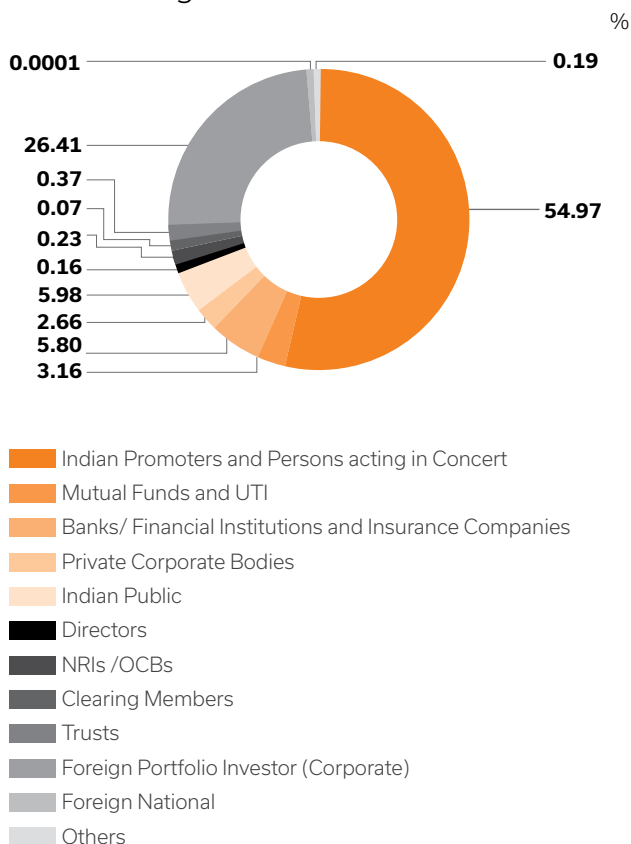
15.11 Distribution of Shareholding as on 31st March, 2016

No. of Equity Shares held	No. of Accounts		Shares of face value ₹1 each/-	
	Numbers	% to total accounts	Number	% to total shares
Upto 5000	432895	98.52	77182459	3.21
5001 - 10000	2769	0.63	19826809	0.82
10001 - 20000	2031	0.46	25923350	1.08
20001 - 30000	321	0.07	7902536	0.33
30001 - 40000	172	0.04	6101133	0.25
40001 - 50000	118	0.03	5368701	0.22
50001 - 100000	262	0.06	18814200	0.78
100001 and above	833	0.19	2245609311	93.31
Total	439401	100.00	2406728499	100.00

15.12 Shareholding Pattern as on 31st March, 2016 of Equity Shares as per Regulation 31 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015.

Particulars	Percentage	No. of Shares
A. Indian Promoters and Persons acting in Concert	54.97	1323022812
B. Mutual Funds and UTI	3.16	75942148
C. Banks/ Financial Institutions and Insurance Companies	5.80	139689410
D. Private Corporate Bodies	2.66	64059267
E. Indian Public	5.98	143945529
F. Directors	0.16	3794306
G. NRIs /OCBs	0.23	5596569
H. Clearing Members	0.07	1653586
I. Trusts	0.37	8902546
J. Foreign Portfolio Investor(Corporate)	26.41	635560783
L. Foreign National	0.00	31042
M. Others	0.19	4530501
Total	100.00	2406728499

Shareholding Pattern as on 31st March 2016

**15.13 Dematerialisation of Shares**

About 99.37% of the outstanding Equity shares have been de-materialised up to 31st March, 2016. Trading in Shares of the Company is

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 1st April, 2015.	1,125	400,820
Number of shareholders who approached the Company for transfer of shares from the said Unclaimed Suspense Account during the period from 1st April, 2015 up to 31st March, 2016.	7	2,263
Number of shareholders to whom shares were transferred from the Unclaimed Suspense Account during the said period.	7	2,263
Aggregate number of shareholders and the outstanding shares lying in the Unclaimed Suspense Account as on 31st March, 2016	1,118	398,557*

*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 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.

permitted only in de-materialised form w.e.f. November 29, 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 The BSE Ltd.(BSE). Relevant data for the average daily turnover for the financial year 2015-16 is given below:

	BSE	NSE	BSE + NSE
In no. of share (in Thousands)	436.36	4945.90	5382.26
In value terms (₹ Millions)	380.19	4337.19	4717.38

(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 does not have any outstanding GDRs/ADRs/Warrants/Convertible Instruments as on 31st March, 2016.

Outstanding Stock Options

The details of Number of Stock Options outstanding as on 31st March, 2016 are provided in the Board's Report.

Outstanding Unclaimed Shares

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

15.16 Plant locations as on 31st March, 2016 :

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

15.17 Investor Correspondence

- (a) For transfer/dematerialisation 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.

- (b) E-mail id designated by the Company for Investor Complaints
- (c) Any query on Annual Report

secretarial@sunpharma.com

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

Place: New York
Date: 30th May, 2016

Place: Mumbai
Date: 30th May, 2016

Place: Mumbai
Date: 30th May, 2016

ANNEXURE TO CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH, 2016

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: 30th May, 2016.

AUDITORS' CERTIFICATE ON COMPLIANCE OF THE CONDITIONS OF CORPORATE GOVERNANCE UNDER CHAPTER IV OF THE LISTING REGULATIONS, 2015

To The Members of Sun Pharmaceutical Industries Limited

1. We have examined the compliance of the conditions of Corporate Governance by **SUN PHARMACEUTICAL INDUSTRIES LIMITED** ("the Company"), for the year ended March 31, 2016, as stipulated in:
 - ▶ Clause 49 [excluding clause 49(VII)(E)] of the Listing Agreements of the Company with stock exchange(s) for the period from April 01, 2015 to November 30, 2015.
 - ▶ Clause 49(VII)(E) of the Listing Agreements of the Company with the stock exchange(s) for the period from April 01, 2015 to September 01, 2015.
 - ▶ Regulation 23(4) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the Listing Regulations) for the period from September 02, 2015 to March 31, 2016 and
 - ▶ Regulations 17 to 27 [excluding Regulation 23(4)] and clauses (b) to (i) of Regulation 46(2) and paras C, D and E of Schedule V of the Listing Regulations for the period from December 01, 2015 to March 31, 2016.
2. The compliance of the conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
3. We have examined the relevant records of the Company in accordance with the Generally Accepted Auditing Standards in India, to the extent relevant, and as per the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India.
4. In our opinion and to the best of our information and according to our examination of the relevant records and the explanations given to us and the representations made by the Directors and the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreements and Regulation 17 to 27 and clauses (b) to (i) of Regulation 46(2) and paras C, D and E of Schedule V of the Listing Regulations for the respective periods of applicability as specified under paragraph 1 above, during the year ended March 31, 2016.
5. 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)

Place: Mumbai
Date: May 30, 2016