

Board's Report

Your Directors take pleasure in presenting the Twenty-Sixth Annual Report and Company's Audited Financial Statements for the financial year ended March 31, 2018.

FINANCIAL RESULTS

(₹ in Million)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2018	Year ended March 31, 2017*	Year ended March 31, 2018	Year ended March 31, 2017
Revenue from operations	79,476.0	77,932.0	264,894.6	315,784.4
Profit / (Loss) before tax but after exceptional item	(5199.8)	(168.0)	34,789.8	90,478.7
Tax Expense:				
-Current Tax	20.2	57.7	6,628.0	4,046.4
-Deferred Tax Charge / (Credit)	(274.1)	2.7	(720.6)	8,069.3
-Deferred tax charge / (Credit) - exceptional	-	-	2,544.5	-
Profit / (Loss) after tax	(4,945.9)	(228.4)	26,337.9	78,363.0
Profit / (Loss) after Tax but before Share in profit / (loss) of associates / joint ventures	-	-	26,337.9	78,363.0
Share of Profit/ (loss) of associates / joint ventures (Net)	-	-	(254.4)	99.3
Profit for the year before non-controlling interests	-	-	26,083.5	78,462.3
Non-controlling interests	-	-	4,468.0	8,818.6
Profit for the year attributable to owners of the Company	-	-	21,615.5	69,643.7
Total other Comprehensive Income	494.9	(634.5)	5,232.5	(14,871.9)
Total Comprehensive Income / (Loss) for the year attributable to:	(4,451.0)	(862.9)	31,316.0	63,590.4
-Owners of the Company	(4,451.0)	(862.9)	26,370.3	56,306.1
-Non-Controlling Interest	-	-	4,945.7	7,284.3
Opening balance in Retained Earnings	124,860.0	126,353.4	306,456.9	2,51,630.4
Additions:				
Transfer on Merger*	-	1,824.8	-	-
Amount available for appropriation	(4,511.5)	(829.2)	22,123.2	68,933.4
Less: Appropriations				
Dividend on Equity Shares	7,977.4	2,406.8	7,977.4	2,406.8
Dividend Distribution Tax	3.4	74.7	1,624.0	490.0
Transfer to various Reserves:				
-Capital redemption Reserve	-	7.5	-	7.5
-Debenture redemption Reserve	-	-	(833.4)	1,041.7
-Capital reserve	-	-	-	50.6
-Buy-back of equity shares by overseas subsidiary company	-	-	2,168.1	10,110.3
-Legal reserve	-	-	2.5	-
-General reserve	-	-	-	-
Closing balance in Retained Earnings	112,367.7	124,860.0	317,641.5	306,456.9

*Refer Note 56(13) of Standalone Financial Statements (Note 18 of Abridged Standalone Financial Statements)

DIVIDEND

Your Directors have recommended a dividend of ₹ 2.00 (Rupees Two only) per equity share of ₹ 1/- each [previous year ₹ 3.50/- per equity share of ₹ 1/- each] for the year ended March 31, 2018, subject to the approval of the equity shareholders at the ensuing 26th Annual General Meeting of the Company.

The dividend payout is in accordance with the Company's Dividend Distribution Policy. The Dividend Distribution Policy of the Company is provided as 'Annexure - A' to this Report. The policy is also

available on the website of the Company and can be accessed through the web link: <http://www.sunpharma.com/policies>.

CHANGES IN CAPITAL STRUCTURE

During the year under review, the Company has allotted 18893 equity shares of ₹ 1/- each under Sun Employee Stock Option Scheme - 2015 and 13106 equity shares of ₹ 1/- each under Sun Employee Stock Option Plan - 2015 thereby the paid up share capital of the Company increased to ₹ 2,399,323,180/- (Rupees Two Billion Three Hundred Ninety-Nine Million Three Hundred Twenty-Three Thousand One Hundred Eighty only) as on March 31, 2018.

Further, on May 24, 2018, the Company has allotted 1314 equity shares of ₹ 1/- each under Sun Employee Stock Option Scheme – 2015.

SCHEME OF ARRANGEMENTS

1. During the year, the Hon'ble National Company Law Tribunal of Gujarat at Ahmedabad had vide its order dated August 11, 2017 sanctioned the Scheme of Arrangement among Sun Pharma Medisales Private Limited, Ranbaxy Drugs Limited, Gufic Pharma Limited, Vidyut Investments Limited (collectively "Transferor Companies") wholly owned subsidiaries of the Company and the Company ("Transferee Company") and their respective members and creditors ("Scheme") whereby the Transferor Companies stand amalgamated with the Company w.e.f. September 08, 2017 with appointed date being April 01, 2017. Pursuant to the Scheme no consideration was paid.
2. During the year, the Board of Directors at its meeting held on November 14, 2017 has approved another Scheme of Arrangement among Sun Pharma Global FZE ("Transferor Company"), a wholly owned subsidiary of the Company and the Company and their respective members and creditors ("Scheme") for demerger of the Specified Undertaking (as defined in the Scheme) of Transferor Company into the Company. The Hon'ble National Company Law Tribunal of Gujarat, at Ahmedabad ("NCLT") had dispensed with convening of meeting of secured creditors of the Company and ordered to convene the meeting of equity shareholders and unsecured creditors of the Company on June 01, 2018 to approve the Scheme with appointed date as April 01, 2017 or such other date as may be agreed between the Transferor Company and the Company and approved by the NCLT. Pursuant to said Scheme, no consideration shall be paid and no shares of the Company shall be issued and allotted to the Transferor Company. The Scheme will result in strengthening of the business, synergistic benefits, economies of scale, faster decision making, integration of supply chain, reduction in operating costs, strengthening the focus, increased ability to face the competitive regulatory environment, increasing profitability, higher market share etc.
3. Further the Board of Directors at its meeting held on May 25, 2018 has also approved a Composite Scheme of Arrangement among the Company and Sun Pharma (Netherlands) B.V. and Sun Pharmaceutical Holdings USA Inc, wholly owned subsidiaries of the Company and their respective members and creditors ("Scheme"), for demerger of Specified Investment Undertaking -1 (as defined in the Scheme) of the Company into Sun Pharma (Netherlands) B.V. and Specified Investment Undertaking -2 (as defined in the Scheme) of the Company into Sun Pharmaceutical Holdings USA Inc. This demerger shall enable the Company to address the risks and policies, ability to strategize the remaining business for long term growth, strengthening of the investment portfolio, consolidation and creation of shareholder value. The Company shall be making the necessary application to the Hon'ble National Company Law Tribunal of Gujarat, at Ahmedabad and such other authorities as may be required for obtaining necessary approvals for the aforesaid Scheme.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return as required under sub-section (3) of Section 92 of the Companies Act, 2013 ('the Act') in form MGT-9 is provided as 'Annexure - B' to this Report.

SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATE COMPANIES

The statement containing the salient features of the Financial Statements of the Company's subsidiaries/ joint ventures/ associate companies is given in Form AOC - 1, provided in notes to the Consolidated Financial Statements, forming part of the Annual Report.

The highlights of performance of subsidiaries, joint ventures and associate companies and their contribution to the overall performance of the Company during the financial year is given under 'Annexure A of the Consolidated Financial Statements' forming part of the Annual Report.

Details pertaining to companies that became subsidiaries/ joint ventures/associates and those that ceased to be the subsidiaries/ joint ventures/associates of the Company during the year are provided in Note no. 39 of the notes to the Consolidated Financial Statements, forming part of the Annual Report.

DIRECTORS AND KEY MANAGERIAL PERSONNEL

Mr. Dilip S. Shanghvi, Managing Director and Mr. Sudhir V. Valia, Whole-time Director of the Company retire by rotation and being eligible offer themselves for reappointment at the ensuing 26th Annual General Meeting of the Company.

The present term of appointment of Mr. Sudhir V. Valia and Mr. Sailesh T. Desai as Whole-time Directors will expire on March 31, 2019. They have made significant contributions to the overall growth of the Company's business. Your Directors recommend the re-appointment of Mr. Sudhir V. Valia and Mr. Sailesh T. Desai for a further period of 5 (Five) years from April 01, 2019 to March 31, 2024, and remuneration for a period of 3 (Three) years from April 01, 2019 to March 31, 2022 due to inadequacy of profits, for approval of the members at the ensuing 26th Annual General Meeting of the Company.

Further the present term of appointment of Mr. Kalyanasundaram Subramanian as Whole-time Director will expire on February 13, 2019. He has made significant contribution to the overall growth of the Company's business. Your Directors recommend the re-appointment of Mr. Kalyanasundaram Subramanian for a further period of 2 (Two) years from February 14, 2019 to February 13, 2021, without any remuneration, for approval of the members at the ensuing 26th Annual General Meeting of the Company.

Mr. Vivek Chaand Sehgal and Mr. Gautam Doshi were appointed as Additional Independent Directors of the Company w.e.f. November 14, 2017 and May 25, 2018 respectively in accordance with the provisions of Section 149 and 161(1) of the Act and they both hold office upto the date of ensuing 26th Annual General Meeting. The Board recommends appointment of Mr. Vivek Chaand Sehgal and Mr. Gautam Doshi as Independent Directors of the Company for a term of 5(Five) years effective from November 14, 2017 and May 25, 2018 respectively for approval of the members at the ensuing 26th Annual General Meeting of the Company.

Pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") to be effective from April 01, 2019, the consent of the members by way of Special Resolution is required for continuation of a Non-Executive Director of a company beyond the age of seventy five years. Mr. Israel Makov, Non-Executive Director and the Chairman of the Company, having attained an age of 79 years, the Board has recommended his continuation as a Director of the Company for approval of the members at the ensuing 26th Annual General Meeting of the Company.

Mr. Hasmukh Shah had resigned as an Independent Director of the Company effective from November 15, 2017. The Board of Directors places on record their appreciation for contributions made by Mr. Hasmukh Shah during his tenure as an Independent Director of the Company.

Appropriate resolutions for the appointment / re-appointment of the Directors are being placed for your approval at the ensuing 26th Annual General Meeting. Your Directors recommend the appointment/reappointment of the aforesaid Directors by the members at the ensuing 26th Annual General Meeting of the Company.

As informed in the previous year's Board's Report, Mr. C.S. Muralidharan has been appointed as Chief Financial Officer of the Company w.e.f June 19, 2017 and Mr. Uday Baldota had resigned as Chief Financial Officer w.e.f. June 19, 2017 to assume office as the Director and Chief Executive Officer of Taro Pharmaceutical Industries Limited, a subsidiary of the Company.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and under Listing Regulations.

REMUNERATION POLICY FOR DIRECTORS, KEY MANAGERIAL PERSONNEL AND OTHER EMPLOYEES AND CRITERIA FOR APPOINTMENT OF DIRECTORS

For the purpose of selection of any Director, the Nomination and Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee also ensures that the incumbent fulfills such criteria with regard to qualifications, positive attributes, independence, age and other criteria as laid down under the Act, Listing Regulations or other applicable laws. The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy on remuneration of Directors, Key Managerial Personnel and other Employees. The Remuneration Policy of the Company is enclosed as 'Annexure B to Corporate Governance Report', which forms part of this Report

FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

In compliance with the requirements of Regulation 25(7) of the Listing Regulations, the Company has put in place a Familiarisation Programme for the Independent Directors to familiarise them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The details of the Familiarisation Programme conducted

are available on the website of the Company www.sunpharma.com and may be accessed through the web link: <http://www.sunpharma.com/policies>.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors of the Company met 5 (Five) times during the year under review on May 26, 2017; August 11, 2017; September 26, 2017; November 14, 2017; and February 14, 2018. The particulars of attendance of the Directors at the said meetings are detailed in the Corporate Governance Report, which forms a part of this Report. The intervening gap between the meetings was within the period prescribed under the Act and Listing Regulations.

EVALUATION OF PERFORMANCE OF THE BOARD, ITS COMMITTEES AND INDIVIDUAL DIRECTORS

During the year, the evaluation of the annual performance of individual Directors including the Chairman of the Company and Independent Directors, Board and Committees of the Board was carried out under the provisions of the Act, relevant Rules, and the Corporate Governance requirements as prescribed under Regulation 17 of Listing Regulations and based on the circular issued by SEBI dated January 5, 2017 with respect to Guidance Note on Board Evaluation. The Nomination and Remuneration Committee had approved the criteria for the performance evaluation of the Board, its Committees and individual Directors as per the SEBI Guidance Note on Board Evaluation.

The Chairman of the Company interacted with each Director individually, for evaluation of performance of the individual Directors. The evaluation for the performance of the Board as a whole and of the Committees were conducted by way of questionnaires.

In a separate meeting of Independent Directors, performance of Non Independent Directors and performance of the Board as a whole was evaluated. Further, they also evaluated the performance of the Chairman of the Company, taking into account the views of the Executive Directors and Non-executive Directors.

The performance of the Board was evaluated by the Board after seeking inputs from all the Directors on the basis of various criteria such as structure and diversity of the Board, competency of Directors, experience of Director, strategy and performance evaluation, secretarial support, evaluation of risk, evaluation of performance of the management and feedback, independence of the management from the Board etc. The performance of the Committees was evaluated by the Board after seeking inputs from the Committee members on the basis of criteria such as mandate and composition, effectiveness of the committee, structure of the committee and meetings, independence of the committee from the Board and contribution to decisions of the Board. The Nomination and Remuneration Committee reviewed the performance of the individual Directors on the basis of the criteria such as qualification, experience, knowledge and competency, fulfillment of functions, availability and attendance, initiative, integrity, contribution and commitment etc, and the Independent Directors were additionally evaluated on the basis of independence, independent views and judgement etc. Further the evaluation of Chairman of the Board, in addition to the above criteria for individual Directors, also included evaluation based on effectiveness of leadership and ability to steer the meetings, impartiality, etc.

HUMAN RESOURCES

We continue to believe that our organizational plans are fuelled by our employees and in an ever-changing business environment, it is critical to have credible and transparent people management practices and policies. The Human Resources agenda focuses on employee welfare, productivity and performance as a priority. We believe nurturing a high performance culture is imperative. Your company is proud to have talent which is varied and deep in its experiences and expertise across manufacturing, R & D, sales and other functions. Globally, the Company (including subsidiary and associate companies) has a dedicated human capital of over 30,000 employees at various locations across our various offices, R & D Centers & more than 40+ active manufacturing locations and dedicated sales professionals across various geographies. Your Directors would also like to take this opportunity to express their appreciation for the hard work and commitment of the employees of the Company and look forward to their continued contribution.

Information as per Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in 'Annexure - C' to this Report. Further, the information pertaining to Rule 5(2) & 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, pertaining to the names and other particulars of employees is available for inspection at the Registered office of the Company during business hours and pursuant to the second proviso to Section 136(1) of the Act, the Report and the accounts are being sent to the members excluding this. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary/Compliance Officer at Corporate office or Registered office address of the Company.

DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

Your Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company through various interventions and practices. It is the continuous endeavor of the Management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment. The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules made thereunder. The Company has arranged various interactive awareness workshops in this regard for the employees at the manufacturing sites, R & D set ups & corporate office during the year under review. The Company has submitted the Annual Returns to the local authorities under the above mentioned Act. During the financial year ended March 31, 2018, 1 complaint pertaining to sexual harassment was received and the same was resolved by the Company. There are no complaints pending as at the end of the financial year.

AUDITORS

Statutory Auditors

S R B C & Co LLP, Chartered Accountants, (Firm's Regn. No. 324982E/E300003), were appointed as the Statutory Auditors of the Company

for a period of 5 (five) years at the 25th Annual General Meeting of the Company to hold office till 30th Annual General Meeting of the Company.

The Auditor's Report for the financial year ended March 31, 2018, has been issued with an unmodified opinion, by the Statutory Auditors.

Secretarial Auditor

The Company had appointed Messrs C. J. Goswami & Associates, Practicing Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2018. The Secretarial Audit Report in the Form No. MR - 3 for the year is provided as 'Annexure - D' to this Report. The Secretarial Audit Report for the year does not contain any qualification, reservation or adverse remark.

Cost Auditor

The Company has appointed Messrs Kailash Sankhlecha & Associates, Cost Accountants, Vadodara as Cost Auditor of the Company for conducting Cost Audit in respect of Bulk Drugs & Formulations of your Company for the financial year 2018-19.

SECRETARIAL STANDARDS

The Company has complied with the applicable Secretarial Standards as amended from time to time.

LOANS, GUARANTEES & INVESTMENTS

The particulars of loans, guarantees and investments have been disclosed in the Financial Statements.

RELATED PARTY TRANSACTIONS

The policy on Related Party Transactions as approved by the Board is available on the website of the Company and can be accessed through the web link <http://www.sunpharma.com/policies>. All contracts/arrangements/transactions entered by the Company during the year under review with the related parties were in the ordinary course of business and on an arm's length basis.

As required under Section 134(3)(h) of the Act, details of transactions entered with Related Parties under the Act exceeding ten percent of the annual consolidated turnover as per the last audited financial statements are given in Form AOC-2 provided as 'Annexure - E' to this Report.

AUDIT COMMITTEE COMPOSITION

The details pertaining to composition of Audit Committee are included in the Corporate Governance Report, which forms part of this Report.

RISK MANAGEMENT

The Company has developed & implemented an integrated Enterprise Risk Management Framework through which it identifies monitors, mitigates & reports key risks that impacts its ability to meet the strategic objectives. The Board of Directors have constituted a Risk Management Committee which is entrusted with the responsibility of overseeing various strategic, operational and financial risks that the organisation faces, along with the adequacy of mitigation plans to address such risks. There is an overarching Risk Management Policy in place that was reviewed and approved by the

Board. The Corporate Governance Report, which forms part of this Report, contains the details of Risk Management Committee of the Company.

INTERNAL FINANCIAL CONTROLS

The Company has in place well defined and adequate internal financial control framework. During the year under review, such controls were tested and no material weaknesses were observed both in their design or operations.

CORPORATE SOCIAL RESPONSIBILITY

In compliance with the requirements of Section 135 of the Act read with the Companies (Corporate Social Responsibility) Rules, 2014, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee of the Company. The details of membership of the Committee and the meetings held are detailed in the Corporate Governance Report, forming part of this Report. During the year under review, the Board of Directors have approved certain amendments in CSR policy pertaining to the projects and CSR activities to be undertaken by the Company. The contents of the CSR Policy of the Company as approved by the Board on the recommendation of the CSR Committee are available on the website of the Company and can be accessed through the web link: <http://www.sunpharma.com/policies>. The average net profit of the Company for last three financial years is negative, therefore the Company was not required to spend on CSR activities during the year, however, the Company has voluntarily spent on CSR activities. The annual report on CSR activities containing details of voluntary expenditure incurred by the Company and brief details on the CSR activities are provided in 'Annexure - F' to this Report.

PUBLIC DEPOSITS

The Company has not accepted any deposit from the Public during the year under review, under the provisions of the Act and the rules framed thereunder.

MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis as prescribed under Part B of Schedule V read with Regulation 34(3) of the Listing Regulations is provided in a separate section and forms part of this Report.

CORPORATE GOVERNANCE REPORT

Report on Corporate Governance and Certificate of the Auditors of the Company regarding compliance of the conditions of Corporate Governance as stipulated in Part C of Schedule V of the Listing Regulations, are provided in a separate section and forms part of this Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo as stipulated under Section 134(3)(m) of the Act read with Rule 8 of the Companies (Accounts) Rules, 2014, is provided as 'Annexure - G' to this Report.

EMPLOYEES' STOCK OPTION SCHEMES

The Company has two Employees' Stock Option Schemes, one through Trust Route and the other by Direct Route, both inherited from erstwhile Ranbaxy Laboratories Limited ("Ranbaxy"). The scheme through Direct Route has been named as Sun Pharma

Employee Stock Option Scheme - 2015, and the one through Trust Route as Sun Pharma Employee Stock Option Plan - 2015. Both the schemes were adopted by the Company with certain amendments consequent upon merger of erstwhile Ranbaxy into the Company. Both the Schemes are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014. The Scheme through Trust Route i.e. Sun Pharma Employee Stock Option Plan - 2015 has been completed in August 2017.

Disclosures with respect to the Employees' Stock Option Schemes in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 are available on the Company's website and can be accessed at: <http://www.sunpharma.com/pdflist/all-documents>.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

There are no significant and material orders passed by the regulators or courts or tribunals which impact the going concern status and Company's operations in future.

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

To create enduring value for all stakeholders and ensure the highest level of honesty, integrity and ethical behaviour in all its operations, the Company has adopted a 'Global Whistle Blower Policy' for Sun Pharmaceutical Industries Limited and all its subsidiaries, in addition to the existing Global Code of Conduct that governs the actions of its employees. Further details on vigil mechanism of the Company are provided in the Corporate Governance Report, forming part of this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the requirements under Section 134(5) read with Section 134(3)(c) of the Act, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- a) in the preparation of the annual accounts for the financial year ended March 31, 2018, the applicable accounting standards have been followed and there are no material departures from the same;
- b) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2018 and of the loss of the Company for the year ended on that date;
- c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- d) the Directors have prepared the annual accounts on a going concern basis;
- e) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and

- f) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CONSOLIDATED ACCOUNTS

The consolidated financial statements for the year ended March 31, 2018 have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015.

CREDIT RATING

ICRA Ltd. has reaffirmed the highest credit rating of '[ICRA] A1+'/'[ICRA] AAA(Stable)' for the bank facilities, long term/short term borrowings and commercial paper programs of the Company.

Further, CRISIL Ltd. has also reaffirmed the highest credit rating of 'CRISIL A1+ and CRISIL AAA/Stable' for short term & long term bank facilities and commercial paper programs of the Company.

BUSINESS RESPONSIBILITY REPORTING

The Business Responsibility Report of the Company for the year ended March 31, 2018, is made available on the website of the Company at <http://www.sunpharma.com/pdflist/all-documents> and forms part of the Annual Report, and is also available at the Registered office / Corporate office of the Company for inspection. A copy of the aforesaid report shall be made available to such of those shareholders who are desirous and interested, upon receipt of a written request from them.

ABRIDGED ANNUAL REPORT

In terms of the provision of Section 136(1) of the Act, Rule 10 of Companies (Accounts) Rules, 2014 and Regulation 36 of the Listing

Regulations and to support Green Initiative, the Board of Directors has decided to circulate the physical copy of Abridged Annual Report containing salient features of Financial Statements and other documents for financial year 2017-18 to the members, who have not registered their e-mail ids. All the annexures to the Board's Report referred herein viz., Annexure - A to Annexure - G and the Corporate Governance Report (including its annexures) have been excluded from the Abridged Annual Report which is being circulated to the members who have not registered their e-mail id.

The members who are desirous of receiving the full version of the Annual Report may write to the Company's Registrar and Share Transfer Agent for a copy of the same. Full version of the Annual Report can also be accessed from the Company's website: www.sunpharma.com

ACKNOWLEDGEMENTS

Your Directors wish to thank all stakeholders, employees and business partners, Company's bankers, medical professionals and business associates for their continued support and valuable cooperation.

The Directors also wish to express their gratitude to investors for the faith that they continue to repose in the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 25, 2018

Israel Makov
Chairman

DIVIDEND DISTRIBUTION POLICY

1. OBJECTIVES AND SCOPE:

The Board of Directors (the "Board") of the Sun Pharmaceutical Industries Limited (the "Company") recognizes the need to lay down a broad framework for considering decisions by the Board of the Company, with regard to distribution of dividend (including any interim dividend) to its equity shareholders and/or retaining or plough back of its profits.

The Policy sets out the circumstances and different factors for consideration by the Board at the time of taking such decisions of distribution or of retention of profits, in the interest of providing transparency to the equity shareholders. The Policy is not an 'alternative' but a 'Guide' to the decision of the Board for recommending dividend, which may be made after taking into consideration all the relevant circumstances enumerated hereunder and such other factors as may be decided as relevant by the Board.

While recommendation of Dividend shall be guided by this Policy, in extraordinary circumstances, the Board shall have complete liberty to recommend dividend in deviation to this policy, if so deemed necessary in the best interests of the Company and its stakeholders.

The Policy reflects the intent of the Company to reward its equity shareholders by sharing a portion of its profits after adjusting for accumulated losses, if any, and also retaining sufficient funds for future growth of the Company. The Company intends to pay, subject to the circumstances and factors enlisted hereon, dividend, which shall be consistent with the performance of the Company over the years.

Subject to the considerations as provided in the Policy, the Board shall determine the dividend payout in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management including the CFO, and other relevant factors.

The Policy shall not apply to:

- Determination and declaring dividend on preference shares, if any.

2. RELEVANT REGULATIONS

The Securities and Exchange Board of India ("SEBI") vide its Notification dated July 08, 2016 has amended the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (the "Listing Regulations") by inserting Regulation 43A in order to make it mandatory to have a Dividend Distribution Policy in place by the top five hundred listed companies based on their market capitalisation calculated as on the 31st day of March of every year. The Company, being one of the top five hundred listed Companies in India on the basis of market capitalisation, requires to comply with the requirements of Regulation 43A.

3. EFFECTIVE DATE

The Policy shall become effective from the date of its adoption by the Board i.e. 10th November, 2016.

4. CATEGORY OF DIVIDENDS

The Board of Directors shall have the power to recommend final dividend to the equity shareholders for their approval in the Annual General Meeting of the Company. Subject to compliance with the provisions of Companies Act, 2013 including the Rules made thereunder and other relevant regulations, if any, the Board of Directors shall also have the absolute power to declare interim dividend during any financial year out of the surplus in the profit and loss account and out of profits of the financial year in which such interim dividend is sought to be declared, as and when they consider it fit in compliance with Companies Act, 2013 and other relevant regulations. Interim Dividend may be paid in order to supplement the annual dividend or in exceptional circumstances.

5. PAYMENT OF DIVIDEND FROM RESERVES

Dividend shall normally be declared from the profit earned by the Company during the relevant financial year after adjusting for accumulated losses & unabsorbed depreciation, if any and out of the carried forward profits not transferred to any reserves. However, under special circumstances, Dividend may be declared out of the accumulated profits earned by it in previous years and transferred by it to the free reserves, subject to compliance with the requirements of the relevant provisions of the Companies Act, 2013 including the Rules made thereunder.

6. CIRCUMSTANCES TO BE CONSIDERED WHILE DETERMINING DIVIDEND PAY-OUT

The Board shall consider the circumstances provided below before determination of any dividend payout after analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the stakeholders and the business requirements of the Company.

- Accumulated Losses, if any

The profits earned by the Company during any financial year shall be first utilized to set off the accumulated losses/ unabsorbed depreciation, if any of the Company from the previous financial years.

- Operating cash flow of the Company

The Board will consider the impact of proposed dividend on the operating cash flow of the Company and shall satisfy itself of its adequacy before taking a decision on whether to declare dividend or retain its profits.

- **Transfer to Reserves and other Statutory Requirements**
The Board shall examine the implication of relevant statutory requirements including payment of Dividend Distribution Tax, transfer of a certain portion of profits to Reserves etc., if applicable, on the financials of the Company at the time of taking decision with regard to dividend declaration or retention of profit.

- **Covenants with lenders/ Debenture Trustees, if any**
The decision of dividend pay-out shall also be subject to compliance with covenants contained in any agreement entered into by the Company with the Lenders/ Debenture Trustee's, from time to time, if any.

- **Prudential & Strategic requirements**
The Board shall analyse the ongoing and prospective projects and strategic decisions including need for replacement of capital assets, expansion and modernization etc., before recommending Dividend Pay-out for any financial year with an object to build a healthy reserve of retained earnings to augment long term strength and to build a pool of internally generated funds to provide long-term resources as well as resource-raising potential for the Company.

- **Expectations of major stakeholders, including small shareholders**
The Board, while considering the decision of dividend pay-out or retention of a certain amount or entire profits and/or out of the accumulated profits of the Company, shall, as far as possible, consider the expectations of the major stakeholders including the small shareholders of the Company who generally expect a regular dividend payout.

7. THE FINANCIAL PARAMETERS THAT SHALL BE CONSIDERED WHILE DECLARING/ RECOMMENDING DIVIDEND

In addition to the circumstances covered under point 6 above, the Board shall, inter alia, consider the following financial parameters, while taking decisions of a dividend payout during a particular year-

- **Return on invested capital**
The efficiency with which the Company uses its capital will impact the decision of dividend declaration.

- **Magnitude of earnings of the Company**
Since dividend is directly linked with the availability of earning over the long haul, the magnitude of earnings will significantly impact the dividend declaration decisions of the Company.

- **Cost of borrowings**
The Board will analyze the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company and the viability of the options in terms of cost of raising necessary funds from outsiders such as bankers, lending institutions or by issuance of debt securities or plough back its own funds.

- **Obligations to creditors**
The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time.

The decision of dividend declaration shall be taken after considering the volume of such obligations and time period of repayment.

- **Adequacy of profits**
If during any financial year, the Board determines that the profits of the Company are inadequate on standalone basis and/or consolidated basis, the Board may decide not to declare dividends for that financial year.

- **Post dividend Earning Per Share (EPS)**
The post dividend EPS can have strong impact on the funds of the Company, thus, impacting the overall operations on day-to-day basis and therefore, affects the profits and can impact the decision for dividend declaration during a particular year.

8. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

- **Internal Factors**
 - **Product/ Project expansion plan**
The Company's growth oriented decision to conserve cash in the Company for future expansion plan impacts shareholders expectation for the long run which shall have to be considered by the Board before taking dividend decision.

- **General Working capital requirement**
In addition to the above, the general working capital requirements within the Company will also impact the decision of dividend declaration.

- **Past performance/ reputation of the Company**
The trend of the performance/ reputation of the Company that has been during the past years determine the expectation of the shareholders.

- **External Factors**
 - **Macroeconomic conditions**
Considering the state of economy in the Country, the policy decisions that may be formulated by the Government and other similar conditions prevailing in the international market which may have a bearing on or affect the business of the Company, during uncertain or recessionary economic and business conditions, the Board may consider retaining a larger part of the profits to have sufficient reserves to absorb unforeseen circumstances.

- **Capital Market**
When the markets are favorable, dividend pay-out can be liberal. However, in case of unfavorable Capital market conditions, Board may resort to a conservative dividend pay-out in order to conserve cash outflows.

- **Statutory Restrictions**
The Board will keep in mind any restrictions on payment of dividends by virtue of any regulation or loan covenant, as may be applicable to the Company at the time of declaration of dividend.

- **Tax implications**
Dividend distribution tax or any tax deduction at source as required by applicable tax regulations in India, as may be

applicable at the time of declaration of dividend shall have bearing on the quantum of Dividend declared by the Company.

9. RANGE OF DIVIDEND PAY-OUT

The Company is committed to deliver sustainable value to all its stakeholders. The Company strives to distribute an optimal and appropriate level of the profits earned by it in its business and investing activity, with the equity shareholders, in the form of dividend. As explained in the earlier part of this Policy, determining the dividend pay-out is dependent upon several factors, both internal to a business and external to it. Taking into consideration the aforementioned factors, the Board shall have absolute discretion to determine & recommend appropriate Dividend pay-out for the relevant financial year.

10. MANNER OF UTILISATION OF RETAINED EARNINGS

The Board may retain its earnings in order to make better utilisation of the available funds and increase the value of the stakeholders in the long run. The retained earnings of the Company may, inter alia, be utilized for the following purposes:

- To meet the working capital/ business needs of the Company
- To fund the project expansion plans of the Company
- To fund the research expenditures of ongoing research projects specifically those in the advanced development stages
- Towards replacement/ up-gradation /modernization of equipment's & plants
- Towards investment in long term/ short term strategic joint ventures &/or partnerships and/or subsidiary companies
- To fund new acquisitions & investments
- Towards diversification of business
- Such other manner as the Board may deem fit from time to time

11. REVIEW AND AMENDMENT

The Board may review and amend or modify this policy in whole or in part, at any time.

MGT-9 EXTRACT OF ANNUAL RETURN

ANNEXURE - B

as on the financial year ended March 31, 2018
Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS:

i) CIN	: L24230GJ1993PLC019050
ii) Registration date	: March 01, 1993
iii) Name of the Company	: Sun Pharmaceutical Industries Limited
iv) Category/ Sub-category of the Company	: Company Limited By Shares
v) Address of the Registered Office and Contact details	: SPARC, Tandalja, Vadodara 390012, Gujarat Tel No: +91 0265 6615500
vi) Whether listed company	: Yes
vii) Name, Address, and Contact details of Registrar and Transfer Agent	: Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186270

II PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company:

Sr. No.	Name and Description of main products/services	NIC code of the Product/ Service	% to total turnover of the Company
1	Pharmaceuticals	210	100