

# CORPORATE GOVERNANCE

In compliance with Clause 49 of the Listing Agreements with Stock Exchanges, the Company submits the report for the year ended 31st March, 2014 on the matters mentioned in the said Clause and lists the practices followed by the Company.

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

Sun Pharmaceutical Industries Limited's philosophy on Corporate Governance envisages working towards high levels of transparency, accountability, consistent value systems, delegation across all facets of its operations leading 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	Name of the Directors	Inter-se Relationship between Directors
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 #	-

# Ms. Rekha Sethi was appointed as Additional Independent Director w.e.f 13th February, 2014.

Number of Board Meetings held during the year ended 31st March, 2014, 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, 2014 are as follows: 28th May, 2013, 9th August, 2013, 30th September, 2013, 13th November, 2013 and 13th February, 2014.

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, 2014		*No. of other Directorships and Committee Memberships / Chairmanships as of 31st March, 2014		
	Board Meetings	Last AGM held on 30th September, 2013	Other Directorships	Committee Memberships**	Committee Chairmanships**
Mr. Israel Makov	4	Yes	--	--	--
Mr. Dilip S. Shanghvi	5	Yes	2	--	--
Mr. Sudhir V. Valia	5	Yes	3	1	1
Mr. Sailesh T. Desai	5	Yes	2	1	--
Mr. S. Mohanchand Dadha	5	Yes	3	--	2
Mr. Hasmukh S. Shah	5	Yes	3	--	--
Mr. Keki M. Mistry	4	Yes	13	6	3
Mr. Ashwin S. Dani	5	Yes	6	2	1
Ms. Rekha Sethi <sup>#</sup>	1	N.A	--	--	--

<sup>#</sup> Ms. Rekha Sethi was appointed as Additional Independent Director w.e.f 13th February, 2014.

\* The above list of other directorships does not include Directorships, Committee Memberships and Committee Chairmanships in Private Limited, Foreign and Section 25 Companies.

\*\* The Committee Memberships and Chairmanships in other Companies include Memberships and Chairmanships of Audit and Shareholders'/ Investors' Grievance Committee only.

### 3. CODE OF CONDUCT

The Board of Directors have laid down a Code of Conduct for all Board members and senior management of the Company. During the year under review, the Code was made applicable to all the employees of the Company. All the Directors and senior management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to 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](http://www.sunpharma.com).

### 4. AUDIT COMMITTEE

The Audit Committee of the Company presently comprises of four independent non-executive Directors viz. Mr. Keki M. Mistry, Mr. S. Mohanchand Dadha, Mr. Ashwin S. Dani and Mr. Hasmukh S. Shah.

Mr. Keki M. Mistry is the Chairman of the Committee. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956. 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 and also statutory compliance issues. 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.

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

In addition, the Committee has discharged such other role/ function as envisaged under Clause 49 of the Listing Agreement of the Stock Exchange and the provisions of Section 292A of the Companies Act, 1956.

Four Audit Committee Meetings were held during the year ended 31st March, 2014. The dates on which Meetings were held are as follows: 28th May, 2013, 9th August, 2013, 13th November, 2013 and 13th February, 2014. 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	4
Mr. S. Mohanchand Dadha	Member	5
Hasmukh S. Shah	Member	5
Mr. Ashwin S. Dani	Member	5

## 5. REMUNERATION OF DIRECTORS

The Company had not formed Remuneration Committee of Directors till 31st March, 2014. The Whole - time Directors' remuneration is approved by the Board within the overall limit fixed by the shareholders at their meetings.

The commission payable to the Non- Executive Directors of our Company severally and collectively as below mentioned has been decided by the Board of Directors of the Company at their Meeting held on 29th May, 2014, which was within the overall limit maximum limit of 0.10 percent of net profits fixed as above by the Members of the Company as worked under the provisions of Sections 349 & 350 of the Companies Act, 1956 as approved by the Shareholders of the Company.

The payment of remuneration by way of commission to the Non- Executive Directors of the Company is in addition to the sitting fees of ₹ 5,000/- payable to the Non Executive Directors for attending each meeting of the Board and/or of Committee thereof.

The remuneration to Whole-time Directors by way of salary, and to the Non-Executive Directors by way of commission, was paid for the financial year 2013-14 in accordance with the limits approved by the Members. However, consequent to giving effect to the Scheme of Arrangement, for merger of Specified Undertaking of Sun Pharma Global FZE, into the Company effective from 1st May, 2013, resulting in the absence of net profits in the Company for the year: (i) remuneration to the Managing Director and the Whole-time Directors of the Company, for the year ended 31st March, 2014 has exceeded the limits specified under Schedule XIII of the Companies Act, 1956 by ₹ 44.7 million; and (ii) Commission of ₹ 6.4 million for the year ended 31st March, 2014, to the Non Executive Directors of the Company has exceeded in terms of Section 309(4) read with Section 309(5) of the Companies Act, 1956. The Company is in the process of seeking approval from the shareholders and the Central Government in respect of the aforesaid amounts.

The details of the remuneration paid/payable to the Directors for the year 2013 -2014 are given below:

Directors	Amount in ₹					
	Salary *	Bonus	Perquisites** / Benefits	Commission	Sitting Fees	Total
Mr. Israel Makov	-	-	-	-	14,910.54	14,910.54
Mr. Dilip S. Shanghvi	19,236,000	3,847,200	4,270,169	-	-	27,353,369
Mr. Sudhir V. Valia	19,236,000	3,847,200	4,118,070	-	-	27,201,270
Mr. Sailesh T. Desai	7,088,400	1,417,680	1,477,672	-	-	9,983,752
Mr. S. M. Dadha	-	-	-	1,500,000	70,000	1,570,000
Mr. Hasmukh S. Shah	-	-	-	1,500,000	70,000	1,570,000
Mr. Keki M. Mistry	-	-	-	1,500,000	35,000	1,535,000
Mr. Ashwin S. Dani	-	-	-	1,500,000	45,000	1,545,000
Ms. Rekha Sethi	-	-	-	375,000	5,000	380,000

\* Salary includes Special Allowance.

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

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

Notes: -

- 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 presently does not have a scheme for grant of stock options either to the Executive Directors or employees.
- There is no separate provision for payment of severance fees to Whole-time Director(s).
- The remuneration of Whole-time Director(s) consists only of fixed components
- The details of Equity Shares held by Non-Executive Directors as on 31st March, 2014

Director	No. of Shares held (held singly or jointly as first holder)
Mr. Israel Makov	Nil
Mr. S. Mohanchand Dadha	74,280
Mr. Hasmukh S. Shah	Nil
Mr. Keki M. Mistry	41,350
Mr. Ashwin S. Dani	Nil
Ms. Rekha Sethi	Nil

## 6. SHAREHOLDERS' /INVESTORS' GRIEVANCE COMMITTEE

The Board of the Company had constituted a Shareholders'/Investors' Grievance Committee, comprising of Mr. S. Mohanchand Dadha, Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia with Mr. Hasmukh S. Shah as the Chairman. The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The Committee looks into shareholders' complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends, etc. The Committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services. 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 Board has designated severally, Mr. Sunil R. Ajmera, Company Secretary and Mr. Ashok I. Bhuta, G.M (Legal & Secretarial) as Compliance Officers.

Five Meetings of the Shareholders'/Investors' Grievance Committee were held during the year ended 31st March, 2014. The dates on which Meetings were held are as follows: 28th May, 2013, 9th August, 2013, 30th September, 2013, 13th November, 2013 and 13th February, 2014. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman/ Member of the Committee	No. of Shareholders'/ Investors' Grievance Committee Meetings attended
Mr. Hasmukh S. Shah	Chairman	5
Mr. Sudhir V. Valia	Member	5
Mr. Dilip S. Shanghvi	Member	5
Mr. S. Mohanchand Dadha	Member	5

#### Investor Complaints:

The total number of complaints received and resolved to the satisfaction of shareholders during the year under review, were 8.

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

The Board of Directors of the Company, at their Board Meeting held on 28th May, 2013, recommended the issue of Bonus Shares in the ratio of 1 (One) Equity Share of ₹ 1/- each for every 1 (One) Equity Share of ₹ 1/- each as on the Record Date 30th July, 2013, have constituted the Committee of Directors (Allotment) comprising of Mr. Sailesh T. Desai, Mr. Hasmukh S. Shah and Mr. S. Mohanchand Dadha with Mr. Sudhir V. Valia as the Chairman. Mr. Sunil R. Ajmera, Company Secretary & Compliance Officer acted as the Secretary and Compliance Officer of the Committee and Mr. Ashok I. Bhuta, DGM (Legal & Secretarial & Compliance Officer) acted as the Compliance Officer of the Committee.

The Committee inter alia had the powers to decide all matters relating to fixing of record date for determining the names of eligible shareholders of the Company who shall be entitled to receive the Bonus Shares and to issue and allot Equity Shares of ₹ 1/- each of the Company as bonus shares, to credit the equity shares so allotted through NSDL/CDSL/ other

depository to the concerned beneficiary account and to issue the share certificates to the shareholders holding the shares in physical form, to obtain approval of RBI for such issue and allotment under FEMA, as may be applicable, to file listing application with the listed stock exchanges in India and 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 bonus equity shares of ₹ 1/- each.

During the year, one meeting of the Committee of Directors (Allotment) was held on 18th July, 2013.

The said Committee of Directors (Allotment) was discontinued and dissolved at the Board Meeting held on 9th August, 2013.

#### 8. SUBSIDIARY COMPANIES

In accordance with Clause 49(III) of the Listing Agreement with Stock Exchanges, Sun Pharma Laboratories Limited is a material non-listed Indian subsidiary company whose turnover or net worth (i.e., paid-up capital and free reserves) exceeds 20% of the consolidated turnover or net worth respectively, of the listed holding Company and its subsidiaries in the immediately preceding accounting year.

Mr. S. Mohanchand Dadha, Independent Director of the Company has been appointed as a Director on the Board of Sun Pharma Laboratories Limited

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

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

## 9. GENERAL BODY MEETINGS

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

Year	Meeting	Location	Date	Time
2010-11	Nineteenth AGM	Prof. Chandravadan Mehta Auditorium, General Education Centre, The Maharaja Sayajirao University of Baroda, Pratapgunj, Vadodara – 390 002.	16th September, 2011	10.30 A.M.
2011-12	Twentieth AGM*	Sir Sayajirao Nagargruh Akota, Vadodara – 390 020	8th November, 2012	2.30 P.M.
2011-12	Adjourned Twentieth AGM	Sir Sayajirao Nagargruh Akota Vadodara – 390 020	30th September, 2013	10.45A.M.
2012-2013	Twenty First AGM	Sir Sayajirao Nagargruh Akota Vadodara – 390 020	30th September, 2013	11.30 A.M.

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

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

a) At the Nineteenth Annual General Meeting:

Increase in the upper limit of remuneration payable to Mr. Aalok D. Shanghvi, who is a relative of a Director under Section 314(1B) of the Companies Act, 1956 and remuneration in the form of annual fee, sitting fees per meeting of the Board of Directors and any committee thereof and an annual discretionary bonus by Taro Pharmaceutical Industries Ltd. (TARO), a subsidiary of our Company as Non-Executive Director of TARO upto USD 650,000/- per annum for a period of four years from 20th September, 2010.

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

1. Re-appointment of Mr. Dilip S. Shanghvi, Managing Director and approval of terms and conditions of appointment including remuneration;
2. Approval for payment of commission to Non-Executive Directors of the Company.
3. Approval for issue of FCCBs/GDRs/ADRs or any other securities upto an amount as specified in the resolution and authority for creation of mortgage and/or charge in

respect of the securities on the whole or in part of the undertaking of the Company under Section 293 (1) (a) of the Companies Act, 1956.

4. Approval for investment in shares and securities of other body corporate under Section 372A of the Companies Act, 1956 upto the limits specified in the resolution.
5. Approval for insertion of Articles 163A under the head 'Meeting of Directors' of the Articles of Association of the Company giving effect to a Director participating in the Board/Committee Meeting through Video conferencing or such mode as may be permitted by the Govt. of India or concerned authorities.

c) At the Adjourned Twentieth Annual General Meeting:

No Special Resolutions were passed.

d) 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)

(iii) Postal Ballot

During the year under reference, the Board of Directors of the Company at their meeting held on 28th May, 2013, had recommended the Bonus Issue of Equity Shares of the Company in the ratio of one new fully paid-up Equity Share of ₹ 1.00 each for every one fully paid-up Equity Share of

₹ 1.00 held by the members as on the Record date being 30th July, 2013, subject to the approval of the members. Accordingly, the Company had received approval of the members by Postal Ballot for increase of Authorized Share Capital of the Company & consequent alteration of the Memorandum and Articles of Association of the Company and issue of Bonus Equity Shares by way of capitalization of reserves.

The brief details of the Postal Ballot are as under:

1. The Board of Directors had at their meeting held on 28th May, 2013 appointed Mr. Umesh Lakhani, Partner, M/s. S. H. Bathiya & Associates, Mumbai as the Scrutinizer for conducting the postal ballot process.
2. The Postal Ballot process was carried out in a fair and transparent manner.
3. E-voting option: In compliance with Clause 35B of the Listing Agreement and section 192A of the Companies Act, 1956, the Company had provided an option to the members, to vote on the postal ballot by way of electronic voting (e-voting) to enable members to cast their vote electronically. In case the member had exercised the vote in physical as well as electronic mode, the vote by electronic mode only was considered.
4. All postal ballot forms received and electronic votes cast on 13th July, 2013 up to 6.00 pm, being the last date and time fixed by the Company for receipt of the forms, had been considered.
5. The results of the Postal Ballot were announced on 15th July, 2013 as per the Scrutinizer's Report as under.

**Resolution No. 1 :** Ordinary Resolution to increase the Authorized Share Capital of the Company from ₹ 1,500,000,000 (Rupees One Thousand Five Hundred Million Only) to ₹ 3,000,000,000 (Rupees Three Thousand Million Only)

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
		Physical	E-voting	Total					
	(1)		(2)		(3)=[(2)/(1)] *100	(4)	(5)	(6)=[(4)/(2)]* 100	(7)=[(5)/(2)]* 100
Promoters and Promoter Group	659,478,200	0	654,899,648	654,899,648	99.30573	654,899,648	0	100	0
Public – Institutional holders	269,278,594	156,905,559	175,878	157,081,437	58.33417	151,093,142	5,988,295	96.18778	3.812223
Public - Others	106,825,161	2,153,432	24,291,365	26,444,797	24.75521	26,437,134	7,663	99.97102	0.028977
<b>Total</b>	<b>1,035,581,955</b>								

**Resolution No. 2 :** Ordinary Resolution for alteration of Clause V of Memorandum of Association of the Company, consequent to increase in the Authorized Share Capital of the Company.

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
		Physical	E-voting	Total					
	(1)		(2)		(3)=[(2)/(1)] *100	(4)	(5)	(6)=[(4)/(2)]* 100	(7)=[(5)/(2)]* 100
Promoters and Promoter Group	65,9478,200	0	654,899,648	654,899,648	99.30573	654,899,648	0	100	0
Public – Institutional holders	269,278,594	156,824,495	175,878	157,000,373	58.30407	151,012,078	5,988,295	96.18581	3.814192
Public - Others	106,825,161	2,121,071	24,291,135	26,412,206	24.72471	26,401,653	10,553	99.96004	0.039955
<b>Total</b>	<b>1,035,581,955</b>								

**Resolution No. 3 :** Special Resolution for alteration of Clause 4 of the Articles of Association of the Company, consequent to increase in the Authorized Share Capital of the Company.

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
		Physical	E-voting	Total					
	(1)		(2)		(3)=[(2)/(1)] *100	(4)	(5)	(6)=[(4)/(2)]* 100	(7)=[(5)/(2)]* 100
Promoters and Promoter Group	659,478,200	0	654,899,648	654,899,648	99.30573	654,899,648	0	100	0
Public – Institutional holders	269,278,594	156,824,495	175,878	157,000,373	58.30407	151,012,078	5,988,295	96.18581	3.814192
Public - Others	106,825,161	2,116,716	24,291,121	26,407,837	24.72062	26,399,654	8,183	99.96901	0.030987
<b>Total</b>	<b>1,035,581,955</b>								



**Resolution No. 4 :** Ordinary Resolution for capitalization of reserves for the purpose of declaration and approval of issue of Bonus Equity Shares in the ratio of 1 (one) new fully-paid up Equity Share of ₹ 1/- each for every 1 (one) fully-paid up Equity Share of ₹ 1/- each of the Company.

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
		Physical	E-voting	Total					
	(1)		(2)		(3)=[(2)/(1)] *100	(4)	(5)	(6)=[(4)/ (2)]* 100	(7)=[(5)/(2)]* 100
Promoters and Promoter Group	659,478,200	0	654,899,648	654,899,648	99.30573	654,899,648	0	100	0
Public – Institutional holders	269,278,594	156,824,495	175,878	157,000,373	58.30407	151,012,078	5,988,295	96.18581	3.814192
Public - Others	106,825,161	2133,759	24,291,280	26,425,039	24.73672	26,417,948	7,091	99.97317	0.026834
<b>Total</b>	<b>1,035,581,955</b>								

## 10. DISCLOSURES

- No transaction of a material nature has been entered into by the Company with Directors or Management and their relatives, etc. that may have a potential conflict with the interests of the Company. The Register of contracts containing transactions, in which directors are interested, is placed before the Board of Directors regularly. The transaction with the related parties are disclosed in the Annexure A attached to the Annual Accounts.
- There were no instances of non-compliance by the Company on any matters related to the capital markets or penalties/ strictures imposed on the Company by the Stock Exchange or SEBI or any statutory authority during the last 3 financial years.
- In the preparation of the financial statements, the Company has followed the recounting standards, as notified under section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of general circular 15/2013 dated 13th September, 2013 of the MCA).
- The Company has laid down procedures to inform Board members about the risk assessment and its minimization, which are periodically reviewed to ensure that risk control is exercised by the management effectively.
- During the year under review, the Company has not raised funds through any public, rights or preferential issue.
- Adoption/ Non Adoption of the Non- mandatory requirements for the year 31st March, 2014:
  - (i) The Company has not fixed the tenure of Independent Directors on the Board of the Company.
  - (ii) The Company has not formed a remuneration committee of its Board of Directors.
  - (iii) The Company does not send half-yearly financial results to the household of each shareholder as the same are published in the newspapers and also posted on the website of the Company and the websites of the BSE and NSE.
  - (iv) The Company's Board comprise of perfect mix of Executive and Non Executive Independent Directors who are Company Executives and Professionals having in depth knowledge of pharmaceutical industry and/ or expertise in their area of specialization.
  - (v) The Company's Board of Directors endeavor to keep themselves updated with changes in global economy and legislation. They attend various workshops and seminars to

keep themselves abreast with the changes in business environment.

- (vi) At present the Company does not have a mechanism for evaluating its Non-Executive Directors by peer group.
- (vii) The Company has not adopted whistle blower policy. However the Company has not denied access to any employee to approach the management on any issue. The Company has adopted a Code of Conduct for its Board of Directors and senior management which contains the requirements of the Whistle Blower Policy.

## 11. MEANS OF COMMUNICATION

- Website:** The Company's website [www.sunpharma.com](http://www.sunpharma.com) contains a separate dedicated section 'INVESTOR' where shareholders information is available. Full Annual Report is also available on the website in a user friendly and downloadable form. Apart from this, official news releases, detailed presentations made to media, analysts etc., and the transcript of the conference calls are also displayed on the Company's website.
- Financial Results:** The annual, half-yearly and quarterly results are regularly posted by the Company on its website [www.sunpharma.com](http://www.sunpharma.com). These are also submitted to the Stock Exchanges in accordance with the Listing Agreement and published in leading newspapers like 'The Economic Times', 'Business Standard' and Gujarati Edition of 'Financial Express'.
- Annual Report:** Annual Report containing inter alia Audited Annual Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, and other important information is circulated to Members and others entitled thereto. The Management's Discussion and Analysis (MD&A) Report forms part of the Annual Report.
- Chairman's Communique:** The Chairman's Speech is placed on the website of the Company.
- Reminder to Investors:** Reminders for unpaid dividend or redemption amount on preference shares are sent to shareholders as per records every year.

- Corporate Filing and Dissemination System (CFDS):** The CFDS portal jointly owned, managed and maintained by BSE and NSE is a single source to view information filed by the listed companies. All disclosures and communications to BSE & NSE are filed electronically through the CFDS portal. Hard copies of the said disclosures and correspondence are also filed with the Exchanges. Announcements, Quarterly Results, Shareholding Pattern etc. of the Company regularly filed by the Company, are also available on the website of BSE Ltd. - [www.bseindia.com](http://www.bseindia.com), National Stock Exchange of India Ltd. - [www.nseindia.com](http://www.nseindia.com), and Corporate Filing & Dissemination System website - [www.corpfiling.co.in](http://www.corpfiling.co.in).

## 12. GENERAL SHAREHOLDER INFORMATION

### 12.1 Annual General Meeting:

Date and Time	Saturday, 27th September, 2014 at 12.00 noon
Venue	Sir Sayajirao Natyagriha Akota, Vadodara – 390020, Gujarat

### 12.2 Financial Calendar (tentative):

Results for quarter ending 30th September, 2014 – Second week of November 2014.

Results for quarter ending 31st December, 2014 – Second week of February 2015.

Audited Results for year ended 31st March, 2015 – 3rd or 4th week of May 2015.

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

From Saturday, 13th September, 2014 to Saturday, 27th September, 2014 (both days inclusive)

### 12.4 Dividend Payment Date:

On or before 30th September, 2014

### 12.5 (i) Listing of Equity Shares on Stock Exchanges

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

### (ii) Payment of Listing Fees

Listing Fees for the financial year 2014-15 have been paid to BSE Limited and National Stock Exchange of India Limited, where the Company's Equity Shares continue to be listed.

### 12.6 Stock Code:

#### Equity Shares

(a) Trading Symbol BSE Ltd. (Demat Segment)	SUN PHARMA 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

### 12.7 Stock Market Data

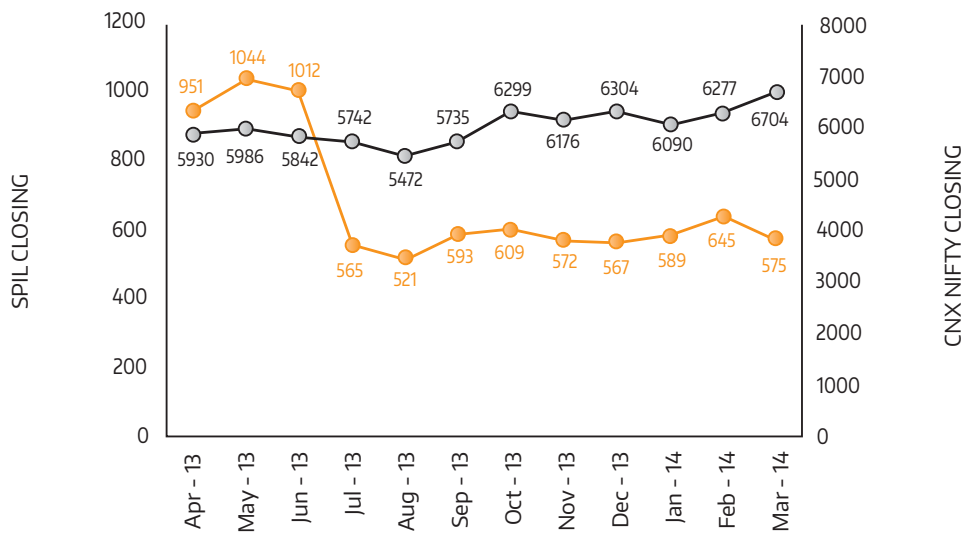
#### Equity Shares of ₹ 1/- paid-up value:

	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, 2013	980.30	811.00	985.70	810.00
May, 2013	1085.40	928.00	1084.80	928.15
June, 2013	1048.00	916.00	1046.85	915.70
July, 2013	1132.70	560.00	1132.50	560.00
August, 2013	576.20	475.60	576.90	475.35
September, 2013	601.25	500.40	601.90	500.00
October, 2013	650.00	587.50	651.90	588.15
November, 2013	623.00	562.85	623.40	562.60
December, 2013	602.00	555.00	601.90	553.55
January, 2014	617.35	567.90	617.70	568.10
February, 2014	644.90	581.30	647.90	581.50
March, 2014	653.10	552.50	653.35	552.55

(Source: BSE and NSE website)

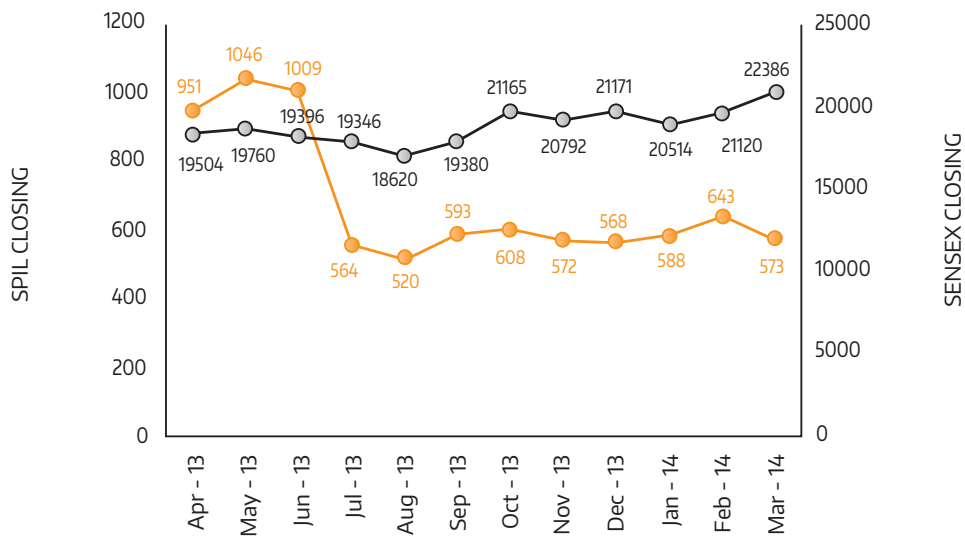
Note: Company had made a Bonus issue of 1,035,581,955 Equity shares on 3rd August, 2013 in the Ratio of 1:1.

### SPII Equity Share price versus NSE NIFTY



Note: Company had made a Bonus issue of 1,035,581,955 Equity shares on 3rd August, 2013 in the Ratio of 1:1.

### SPII Equity share price versus BSE SENSEX



Note: Company had made a Bonus issue of 1,035,581,955 Equity shares on 3rd August, 2013 in the Ratio of 1:1.

## 12.8 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, 2014.

Period	% Change in		
	Sun Pharma Share Price	BSE SENSEX	Sun Pharma Relative to Sensex
Year-on-year	40.12%	18.85%	21.27%
2 years	101.35%	28.63%	72.73%
3 years	159.55%	15.12%	144.43%
5 years	3.09%	130.58%	-127.50%
10 years	252.89%	300.43%	-4.54%

Note: Prices have been adjusted for Bonus Issue.

Share price performance relative to Nifty based on share price on 31st March, 2014

Period	% Change in		
	Sun Pharma Share Price	Nifty	Sun Pharma Relative to Nifty
Year-on-year	180.73%	17.98%	162.75%
2 years	101.68%	26.60%	75.08%
3 years	159.77%	14.92%	144.85%
5 years	3.42%	121.92%	-118.50%
10 years	252.88%	278.36%	-25.48%

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

Note: Prices have been adjusted for Bonus Issue.

## 12.9 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

## 12.10 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.

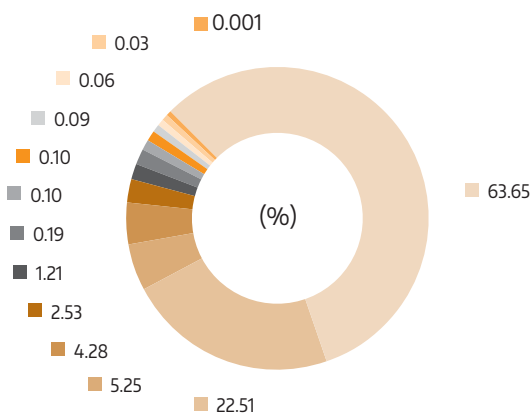
## 12.11 Distribution of Shareholding as on 31st March, 2014

No. of Equity Shares held	No. of Accounts		Shares of face value ₹ 1 each/-	
	Numbers	% to total accounts	Number	% to total shares
Upto 5000	125,293	95.98	32,734,900	1.58
5001 - 10000	1,977	1.51	14,395,677	0.70
10001 - 20000	1,885	1.44	23,856,682	1.15
20001 - 30000	279	0.21	6,869,320	0.33
30001 - 40000	124	0.10	4,387,807	0.22
40001 - 50000	91	0.07	4,209,173	0.20
50001 - 100000	228	0.18	16,600,990	0.80
100001 and above	668	0.51	1,968,109,361	95.02
<b>Total</b>	<b>130,545</b>	<b>100.00</b>	<b>2,071,163,910</b>	<b>100.00</b>

### 12.12 Shareholding Pattern as on 31st March, 2014 of Equity Shares as per Clause 35 of the Listing Agreement

Particulars	Percentage	No. of Shares
A. Indian Promoters and Persons acting in Concert	63.65%	1,318,346,400
B. Mutual Funds and UTI	1.21%	24,943,604
C. Banks/Financial Institutions and Insurance Companies	4.28%	88,583,940
D. Foreign Institutional Investors	22.51%	466,237,186
E. Private Corporate Bodies	2.53%	52,421,989
F. Indian Public	5.25%	108,756,242
G. Directors & Relatives	0.19%	3,866,650
H. NRIs/OCBs	0.10%	2,028,954
I. Clearing Members	0.10%	2,172,188
J. Trusts	0.09%	1,861,577
K. Foreign Companies	0.03%	617,160
L. Central Government / State Government	0.06%	1,296,420
M. Qualified Foreign Investors	0.00%	31,600
<b>Total</b>	<b>100%</b>	<b>2,071,163,910</b>

### Shareholding Pattern as on 31st March 2014



Indian Promoters and Persons acting in Concert
Foreign Institutional Investors
Indian Public
Banks / Financial Institutions and Insurance Companies
Private Corporate Bodies
Mutual Funds and UTI
Directors & Relatives
Clearing Members
NRIs /OCBs
Trusts
Central Government / State Government
Foreign Companies
Qualified Foreign Investors

### 12.13 Dematerialization of Shares

About 99.55% of the outstanding Equity shares have been de-materialized up to 31st March, 2014. Trading in Shares of the Company is permitted only in de-materialized form w.e.f. 29th November, 1999 as per notification issued by the Securities and Exchange Board of India (SEBI).

#### Liquidity:

Your Company's equity shares are fairly liquid and are actively traded on National Stock Exchange of India Ltd., (NSE) and The BSE Ltd.(BSE). Relevant data for the average daily turnover for the financial year 2013-2014 is given below:

	BSE	NSE	BSE + NSE
In no. of share (in Thousands)	132.85	1679.59	1812.44
In value terms (₹ Millions)	91.70	1122.30	1214.00

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

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

The Company has not issued any GDRs/ ADRs / warrants or any other convertible instruments during the year and there are no FCCBs

outstanding as at 31st March, 2014.

#### 12.15 Plant locations as on 31st March, 2014:

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.

#### 12.16 Investor Correspondence

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

##### For Shares held in Physical Form

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

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

##### For Shares held in Demat Form

To the Depository Participant.

secretarial@sunpharma.com

Mr. Sunil R. Ajmera/ Mr. Ashok I. Bhuta/ Mr. Nimish Desai,  
 17-B, Mahal Industrial Estate  
 Mahakali Caves Road  
 Andheri (East),  
 Mumbai – 400 093.  
 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**  
*Wholetime Director*

**SAILESH T. DESAI**  
*Wholetime Director*

Mumbai, 12th August, 2014

# ANNEXURE TO CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH, 2014

## 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: 12th August, 2014



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

To the Members of Sun Pharmaceutical Industries Limited,

We have examined the compliance of the conditions of Corporate Governance by Sun Pharmaceutical Industries Limited ("the Company") for the year ended on 31st March, 2014, as stipulated in Clause 49 of the Listing agreements of the said Company with relevant stock exchanges (hereinafter referred to as Clause 49).

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

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

We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

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

**Rajesh K. Hiranandani**  
Partner  
(Membership No.36920)

Mumbai, 12th August, 2014