

Managing Director's Message



Dilip Shanghvi, Managing Director

Dear Shareholders,

The global pharmaceutical industry is at crossroads. The type of drugs being developed by the industry and the role played by technology are being juxtaposed against the value that healthcare delivers to patients. On one hand, the industry is developing new generation specialty drugs in gene therapy, monoclonal anti-bodies and immunotherapy categories, which have improved medical outcomes for patients; but on the other hand, the industry is facing increasing resistance from governments and payors over escalating drug prices, which impacts healthcare budgets. The need of the hour is for innovation and affordability to co-exist for the long-term benefit of all stakeholders.

The scenario for the generics industry is markedly different from its much larger branded counterpart. Generics pricing in the US, the largest and most important of all generics markets, has been under severe pressure over the last three years. The business profitability in the US generics market has suffered significantly over this period. Although there are early signs of price stabilisation for some products, the overall US generics pricing continues to be competitive.

The industry has started responding to these changes through a combination of multiple initiatives. These include a focus on developing innovative and differentiated products, withdrawal of non-remunerative products and persistent emphasis on cost control.

With business becoming more challenging, it has become imperative for companies to be more innovative and identify new engines of growth. Sun Pharma's significant investments in building a global specialty business is an important step in this direction. This initiative will enable us to build an additional engine of growth as well as move up the pharmaceutical value chain over the long term.

Our unwavering focus on cost control continues, with these efforts spread across generic R&D projects, rationalisation of manufacturing footprint and other areas. These steps will release resources which can be deployed in the specialty business.

FY19 highlights

We are back on the growth path with our FY19 revenues growing by 10% to ₹287 Billion. We have recorded steady growth in all the markets where we operate.

Operational performance

Revenues in the US increased 22% to ₹107 Billion and accounted for 37% of our consolidated revenues for FY19. The key growth drivers include increase in generics sales, incremental contribution from specialty product launches and a favourable foreign exchange rate. Our subsidiary, Taro recorded a marginal growth in overall revenues to US\$ 670 Million for the year. This was mainly the result of more intense competition among manufacturers, new entrants to the market, buying consortium pressures and a higher abbreviated new drug application (ANDA) approval rate from the United States Food and Drug Administration (USFDA).

We recorded 8% decline in our India formulations business, however, our adjusted growth, excluding one-offs, was 5%.

We grew by 11% in emerging markets for the year. This growth was broad based across various markets. Our sales in the rest of world (RoW) markets grew by 16% for the year, driven by increased sales in some Western European markets and partly driven by the Pola Pharma Inc. (Pola Pharma) acquisition in Japan.

R&D

R&D is the lifeline of our business as it enables us to develop and launch differentiated generics as well as innovative specialty products. It is a key determinant of our future growth and profitability. Our efforts to build a global specialty pipeline mandates that we keep investing in R&D.

Our R&D investments for the year were ~₹20 Billion, targeted mainly at developing complex generics and specialty products. Given the intensely competitive nature of the US generics market, we continue to be disciplined in identifying future R&D projects for the generics market. Investments for

developing the long-term specialty pipeline are expected to continue. We are also investing in developing specific products for emerging markets and other non-US developed markets.

Progress on specialty initiatives

We have further progressed in our global specialty initiatives, which commenced a few years ago. We view the specialty business as an additional engine of sustainable growth and cash flows over the long term. It is also an initiative to move up the pharmaceutical value chain and bring in more innovation to our business. We have allocated significant resources over the past few years in building this business for acquiring specialty products, funding their clinical trials and establishing the requisite front-end capabilities. We have now entered the commercialisation phase for most of our specialty products.

The focus areas for our specialty portfolio include segments like dermatology, ophthalmology and oncology.

Specialty products – Approvals and launches in FY19

We crossed many important milestones for our specialty business in FY19 with USFDA approvals for four specialty products and commercialisation of three specialty products. Some of the key highlights for the year were:

- We launched ILUMYA™ (tildrakizumab-asmn) 100 mg/mL in the US for treating moderate-to-severe psoriasis in October 2018. We have received a good initial response for the product and we expect ramp-up in ILUMYA™ sales in the US over the next few years. We have also commenced a direct-to-consumer advertising initiative for ILUMYA™ in the US.
- Our European partner, Ammirall, received approval for tildrakizumab from the European Commission (EC) under the ILUMETRI™ brand name. Ammirall has commenced commercialisation of ILUMETRI™ in Europe in a phased manner across different markets.
- Sun Pharma also received approval from the Australian Therapeutic Goods Administration (TGA) for ILUMYA™ during the year. The product has already been commercialised in Australia.
- During the year we received USFDA approvals for CEQUA™ (cyclosporine ophthalmic solution 0.09%). CEQUA™ increases tear production in patients with dry eyes. It is the first and only approved dry eye treatment to combine cyclosporine A with nanomicellar technology. CEQUA™ will be commercialised in the US in FY20.
- In May 2018, Sun Pharma received USFDA approval for YONSA® (abiraterone acetate), a novel formulation in

combination with methylprednisolone to treat patients with metastatic castration-resistant prostate cancer (mCRPC). This approval has further strengthened Sun Pharma's oncology portfolio in the US. The product was commercialised in the US in the first quarter of FY19.

- During the year, Sun Pharma also received USFDA approval for its New Drug Application (NDA) of XELPROS™ (latanoprost ophthalmic emulsion 0.005%) used for the reduction of elevated intraocular pressure in patients with open-angle glaucoma or ocular hypertension. XELPROS™ is the first and only form of latanoprost that is not formulated with benzalkonium chloride (BAK), a commonly used preservative in topical ocular preparations. XELPROS™ was launched in the US in January 2019.
- In July 2018, Sun Pharma announced the USFDA approval for INFUGEM™ (gemcitabine in 0.9% sodium chloride injection), for intravenous use in a ready-to-administer (RTA) bag. INFUGEM™ uses a proprietary technology, which allows cytotoxic oncology products to be pre-mixed in a sterile environment and supplied to the prescribers in RTA infusion bags. These RTA bags will provide greater safety, by preventing problems of over-dosing or under-dosing and eliminating contamination risk. INFUGEM™ was commercialised in the US in April 2019.
- In August 2018, Sun Pharma launched KAPSPARGO SPRINKLE™ (metoprolol succinate) extended-release sprinkle formulation in the US. The product will help treat hypertension, angina pectoris (chest pain) and heart failure. These extended-release coated pellets can be sprinkled over soft food or administered via a nasogastric tube to facilitate long-term, once-daily administration for patients who experience difficulty while swallowing.
- We have also initiated investments in the development of new indications for ILUMYA™. Although the clinical trials for these new indications will require upfront investments, a successful outcome of the trials will significantly expand the addressable market for ILUMYA™ globally.

Enhancing presence in Japan

In January 2019, we announced the closure of the acquisition of Pola Pharma, a Japanese pharmaceutical company. Pola Pharma's portfolio primarily comprises dermatology products and it also has two manufacturing facilities in Japan with capabilities to manufacture topical products and injectables. This acquisition strengthens Sun Pharma's presence in Japan and accelerates its access to the Japanese dermatology market.

Regulatory compliance in pharmaceutical manufacturing

Regulatory standards for pharmaceutical facilities have been undergoing constant upgradation over the past many years, with regulatory agencies demanding the highest quality products. To adhere to these stringent standards, pharmaceutical companies need to have an unwavering focus on 24x7 compliance, which, in turn, raises compliance costs. Ensuring that each manufacturing facility remains compliant has become a key priority for pharmaceutical companies worldwide.

During the year, many of our facilities underwent successful audits by multiple regulatory agencies, including the USFDA.

Our Halol facility, which was impacted by cGMP deviations in FY15, was cleared by the USFDA in June 2018. With this clearance, new approvals from this facility for the US market have started coming through gradually.

Restructuring and rationalisation

We also continue to focus on optimising our costs, given the tough phase that the global generics industry is passing through. We strive to optimally utilise our resources with greater involvement of people, to make the Company more efficient.

We continue to emphasise on optimising our manufacturing footprint, to strike a pragmatic balance between current costs and future capacity requirements. We are constantly evaluating our generics R&D investments, to ensure a reasonable return on investment.

Overall outlook

Our consistent focus is on growing each of our businesses faster than the market in which they operate. Our global specialty initiatives will supplement this objective as an additional growth engine.

Although the US generics industry continues to face pricing pressure, the industry has started responding to these challenges by rationalising product portfolios and discontinuing non-remunerative products. These steps have been taken to ensure that generics products are able to generate reasonable returns to manufacturers.

In US, generics account for more than 80% of overall pharmaceutical volumes. In Western Europe, generics account for a significant portion of volumes as well. In Japan, the government has been encouraging higher generics penetration to bring down healthcare costs. All emerging markets rely on branded generics and/or pure generics to service their healthcare needs, given the lower purchasing power of their population. Hence, generics will continue to be an integral part of the solution to control global healthcare costs and has an important role to play in overall healthcare management.

Sun Pharma continues to invest in the generics business, with a focus on developing differentiated complex generics and building a product pipeline across markets. Our strong

positioning in the global generics space will ensure that we remain an important player in the generics industry.

We are gradually ramping up our global specialty business. One of key ailments that we are targeting is psoriasis. As per a EvaluatePharma report, the size of the US psoriasis market was estimated at ~US\$ 10 Billion in 2018 and is expected to grow at 9% CAGR till 2024. The report also estimates the global market for psoriasis at ~US\$ 15 Billion in 2018, which is likely to grow at 9% CAGR to US\$ 24.6 Billion by 2024.

We have started commercialising ILUMYA™, useful for treating moderate-to-severe plaque psoriasis in various markets globally. It was launched in the US in October 2018 and in Australia in December 2018. Our partner in Europe has commenced a phased launch of the product, starting with Germany, under the ILUMETRI™ brand name. The product has received a good response from doctors in these markets. We continue to evaluate other potential markets for commercialising ILUMYA™.

We recently announced long-term clinical insights for ILUMYA™ at the 2019 American Academy of Dermatology conference. The data presented showed sustained skin clearance in some patients living with moderate-to-severe plaque psoriasis after three years of ongoing treatment with ILUMYA™. The product was also well tolerated with low rates of adverse events. We believe that these positive data points will enable the product to do well in the large US\$ 15 Billion global psoriasis market.

Our initiatives in the specialty ophthalmology segment are also gaining momentum. Our dry eye specialty product, CEQUA™, is expected to be commercialised in the US in FY20. We have recently launched XELPROS™ (latanoprost ophthalmic emulsion) 0.005% in the US for the reduction of elevated intraocular pressure in patients with open-angle glaucoma or ocular hypertension.

Sun Pharma will continue to invest in branding and promotion of its various specialty products. R&D investments for funding clinical trials of some of the specialty products are also likely to continue in future.

For FY20, we expect our consolidated revenues to grow by low-to-mid teens, while R&D investments are estimated at ~8-9% of sales.

Our talented team of employees will be the key driver of all the above initiatives. We are grateful to our Board of Directors for their guidance and support.

We are thankful for your support as a shareholder and we hope that you will continue to repose your confidence in us in future as well.

Warm regards,

Dilip Shanghvi

Managing Director

Sun Pharmaceutical Industries Ltd.

Board of Directors

Israel Makov

Chairman

**Dilip S. Shanghvi**

Managing Director

**Sudhir V. Valia**

Whole-time Director*

**Sailesh T. Desai**

Whole-time Director

**Kalyanasundaram Subramanian**

Whole-time Director

**Vivek Chaand Sehgal**Non-executive and
Independent Director**Rekha Sethi**Non-executive and
Independent Director**Gautam Doshi**Non-executive and
Independent Director

*Designation changed from Whole-time Director to Non-executive and Non-Independent Director w.e.f. May 29, 2019

Leadership Team

Abhay Gandhi

CEO, North America

**Dr. Pradeep Sanghvi**Executive Vice-President,
Global Head - Oral Solids**Dr. Sapna Purohit**Senior Vice-President,
Head of Human Resources**Dr. Azadar H. Khan**Senior Vice-President - Corporate
Relations and CSR, India Regulatory Affairs**Aalok Shanghvi**Senior Vice-President -
Emerging Markets and Global R&D**C. S. Muralidharan**

Chief Financial Officer

**Anilkumar Jain**

CEO, API Business

**Davinder Singh**Senior Vice-President,
Sun Pharmaceutical Global Operations**S. Kalyanasundaram**Whole-time Director
Head - India and Emerging Markets

Kirti Ganorkar

Executive Vice-President, Head - Global Business Development Team

**Hellen de Kloet**

Business Head, Western Europe, Australia and New Zealand

**Jila Breeze**

Senior Vice-President, Head - Global Quality and Compliance

**Uday Baldota**

CEO, Taro Pharmaceuticals Industries Ltd.

**Sreenivas Rao**

Senior Vice-President, Head - Global Supply Chain

**Atanu Roy**

Senior Vice-President, Chief Information Officer



Management Discussion and Analysis



Global pharmaceutical industry¹

Global spending on medicines crossed US\$ 1.2 Trillion in 2018; and is projected to grow at a compound annual growth rate (CAGR) of 3-6% in the next five years, reaching over US\$ 1.5 Trillion by 2023. Growth in the global pharmaceutical market will continue to be led by the US and pharmerging markets.

While new product launches, especially specialty products, will be the key growth catalyst in developed markets, pharmerging market expansion will be driven by multiple factors. These factors comprise improving per capita income, increasing healthcare awareness, ageing population and rising incidence of chronic ailments. The product mix in the developed world will continue to shift towards specialty and orphan products. Emerging technologies are enabling healthcare providers to innovate and engage better with key stakeholders.

Chart 1 Global medicine spending and growth, 2016-23¹

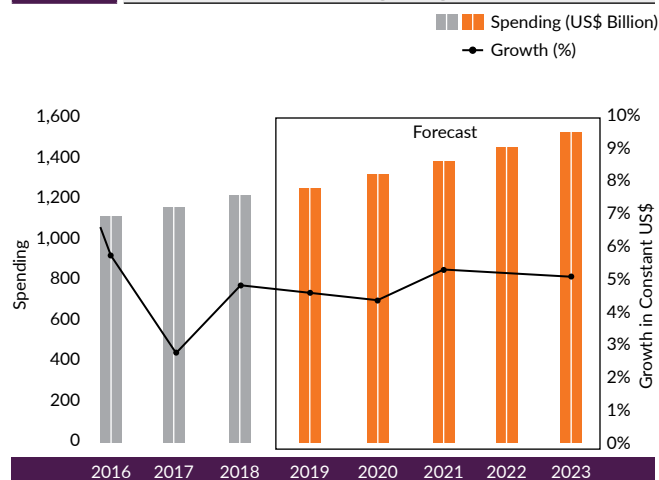


Table 1 Global pharmaceutical spending and growth¹

Regions	2018 (US\$ Billion)	2014-2018 CAGR (%)	2023 (US\$ Billion)	2019-2023 CAGR (%)
Developed markets	800	5.7	990-1,020	3-6
Pharmerging markets	286	9.3	355-385	5-8
Rest of the world	119	3.2	130-160	2-5
Global pharmaceutical market	1,205	6.3	1,505-1,535	3-6

Table 2 Global medicine spending by region and product types in 2023¹

Spending	Original brands	Non-original brands	Unbranded	Over-the-counter (OTC) and other products	Total (US\$ Billion)
Developed markets	76%	10%	8%	5%	990-1,020
Pharmerging markets	27%	40%	13%	20%	355-385
Rest of world	56%	26%	8%	10%	130-160
Global markets	61%	20%	9%	10%	1,505-1,535

Outlook and emerging trends^{1,2}

- US spending was at US\$ 486 Billion in 2018, while pharmerging markets spending was US\$ 286 Billion. These two regions will be key contributors to global pharmaceutical growth.
- Pharmaceutical spending in the top five western European markets (EU5) touched US\$ 178 Billion in 2018; and is likely to grow at a sluggish pace in the 2018-2023 period, as compared to that of the previous five years. Government-mandated price reductions and slower uptake of new specialty products will be key reasons of this sluggish growth.
- China's US\$ 137 Billion pharmaceutical market is expected to grow at 3-6% by 2023, driven by improving insurance access, modernisation of hospital systems and expansion of primary care services.
- Japan's medicine spending was at US\$ 86 Billion in 2018; and is expected to slow through 2023, on account of continued uptake of generics and government-mandated price reductions.
- Uptake of specialty medicines will continue to rise in developed markets, driven by advancement of new and innovative targeted medicines, using immunology, gene therapy, monoclonal anti-bodies and other contemporary technologies. Share of specialty medicines in overall pharmaceutical spending will cross 50% by 2023 in most developed markets.
- Healthcare providers are exploring technology investments in cloud computing, artificial intelligence and machine learning to ramp up productivity. This trend is expected to gain further momentum in the coming years.

Growth enablers for the global pharmaceutical market^{1,3,4,5}

Growing and ageing population: Global population is projected to exceed 9.3 Billion by 2050, of which 21% will be accounted for by those aged 60 and above.

Longer life expectancy: As individuals become increasingly health conscious and medical science continues to advance, life expectancy will increase. By 2040, Japan, Singapore, Spain and Switzerland are projected to have a life expectancy rate in excess of 85 years, while 59 countries, including China, are expected to surpass a life expectancy of 80 years during that period.

Improving purchasing power: The middle-class population as well as per capita income continues to expand, driving demand for pharmaceutical products. This expansion is likely to be broad based, but more pronounced in Asia, particularly in China and India.

Greater prevalence of chronic diseases: Chronic disease prevalence is expected to rise to 57% by 2020 – increasing the demand for healthcare products and services. Emerging markets will account for a majority share, as population growth is expected to be most significant in developing nations.

Research focus on orphan drugs: Growing research focus on rare disease therapies has resulted in a significant increase in new orphan drugs. The United States Food and Drug Administration (USFDA) approved 80 orphan indications in 2017 and 90 in 2018.

Developed markets¹

Growth in global pharmaceutical spending through 2023 will primarily be driven by developed markets and the accelerated adoption of new innovative products. Spending on medicines in developed markets is estimated to grow at 3-6% CAGR from US\$ 800 Billion in 2018 to US\$ 990-1,020 Billion in 2023. The US will continue to be an important contributor, with its medicine spending expected to remain higher than that of the top five European economies.

All developed countries will show moderation in growth through 2023, as compared to the 2014-18 period. Specifically in the US, the positive impact of new specialty launches will be partly moderated by loss of patent protection on older products.

Table 3 Pharmaceutical spending of developed markets (US\$ Billion)¹

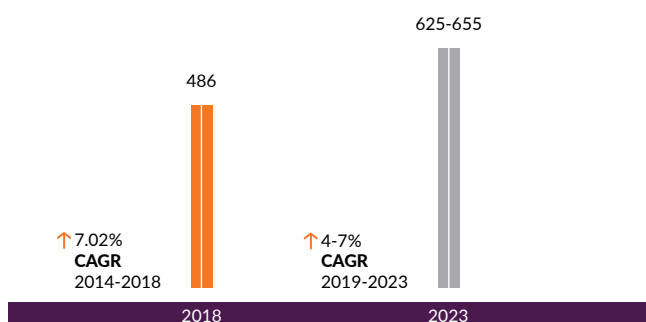
Region/Country	2018	2014-2018 CAGR	2023	2019-2023 CAGR
USA	486	7.2%	625-655	4-7%
EU5	177	4.7%	200-230	1-4%
Germany	53	5.0%	65-69	3-6%
France	37	1.5%	37-41	(-1)-2%
Italy	34	6.3%	40-44	2-5%
UK	28	6.2%	33-37	2-5%
Spain	25	5.4%	27-31	1-4%
Japan	86	1.0%	89-93	(-3)-0%
Canada	22	5.0%	27-31	2-5%
South Korea	16	4.7%	19-23	4-7%
Australia	13	4.3%	13-17	0-3%
Developed markets	800	5.7%	990-1,020	3-6%

USA

The US pharmaceutical market is set to exceed US\$ 600 Billion by 2023. The key driver of this trend will be launch of new specialty products which will be partly offset by patent expiries, growth of biosimilars and slower rate of rise in new launch prices. There has been significant attention given to the launch prices of recently introduced drugs, especially given the shift in innovation towards specialty, orphan and oncology areas (that are often costlier).

Chart 2 US pharmaceutical spending growth¹

(US\$ Billion)

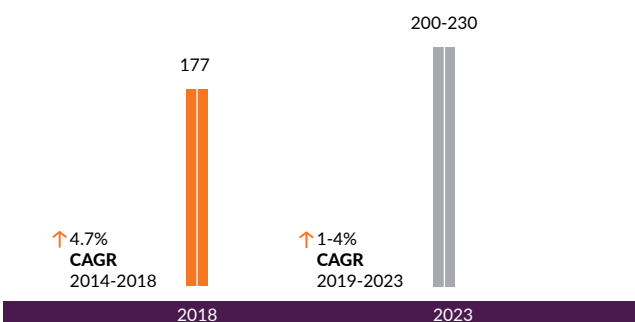


Western Europe

The CAGR for the top five developed markets in Western Europe is likely to reduce to 1-4%, with overall spending expected to cross US\$ 200 Billion in 2023. Government-led cost controls and decelerated growth in spend on new products will contribute to the slowing in pace vis-à-vis the 4.7% CAGR between 2014 and 2018, that was helped by spending on new products (especially oncology and viral hepatitis treatments).

Chart 3 Western Europe pharmaceutical spending growth¹

(US\$ Billion)



Japan

Spending in Japan amounted to US\$ 86 Billion in 2018, but over the next five years, spending on medicines is expected to continue to decline. This is largely due to the continued uptake of generics, despite higher spending on specialty products and an ageing population.

The government of Japan in 2014 set out a policy to achieve a rate of 80% of prescription volume of unbranded generics in the non-patented market by 2021. The resulting savings from generics is enabling a greater shift to specialty medicines without an overall increase in the country's healthcare budget. Share of specialty spending in Japan is expected to rise from approximately 30% in 2018 to 41% in 2023.

Growth in global pharmaceutical spending through 2023 will primarily be driven by developed markets and the accelerated adoption of new innovative products. Spending on medicines in developed markets is estimated to grow at 3-6% CAGR from US\$ 800 Billion in 2018 to US\$ 990-1,020 Billion in 2023.

Pharmerging markets¹

Spending on medicines in pharmerging markets was recorded at US\$ 286 Billion in 2018 and is projected to grow at 5-8% CAGR through 2023 to reach US\$ 355-385 Billion. A key driver to that end is increasing per capita uptake of medicines with a rise in patients' affordability.

Region/Country	2018	2014-2018 CAGR	2023	2019-2023 CAGR
China	132	7.6%	140-170	3-6%
Tier 2 markets	68	10.7%	91-95	7-10%
Brazil	32	10.8%	39-43	5-8%
India	20	11.2%	28-32	8-11%
Russia	16	9.9%	21-25	7-10%
Tier 3 markets	86	11.3%	105-135	7-10%
Pharmerging markets	286	9.3%	355-385	5-8%

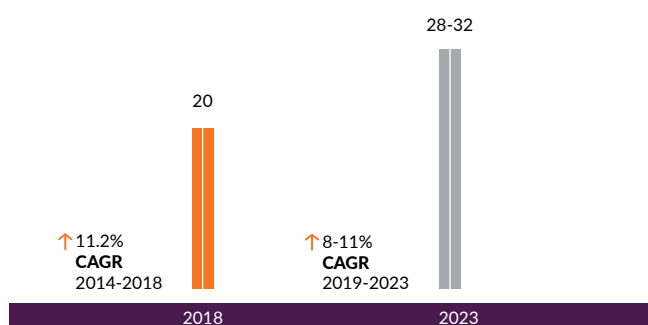
China is the largest pharmerging market registering pharmaceutical spending of US\$ 132 Billion in 2018; and is likely to reach US\$ 140-170 Billion by 2023. Spending is driven, in part, by reforms initiated by the Chinese central government to accelerate insurance access to rural and urban residents, as well as the expansion and modernisation of the hospital network and primary care services.

Indian pharmaceutical market^{1,2}

India enjoys a key position in the global pharmaceutical industry. The country is the world's largest supplier of generics, accounting for 20% of global exports. It supplies over 50% of global demand for various vaccines and 40% of the demand for generic products in the US. The domestic pharmaceutical market contributes to ~2% of the global industry in value and ~10% in volume terms. The domestic pharmaceutical industry has received foreign direct investment (FDI) worth ~US\$ 16 Billion on a cumulative basis, between April 2000 and June 2018.

India's pharmaceutical spending is predicted to grow at 8-11% CAGR in the 2019-23 period to reach a size of US\$ 28-32 Billion. A part of this growth will depend on the ability of companies to align their product portfolio towards therapies for chronic diseases that are on the rise.

Chart 4 India's pharmaceutical spending and growth¹
(US\$ Billion)



Growth enablers

- Increasing per capita income.
- Growing penetration of health insurance.
- Government thrust on improving penetration of modern medicines into rural areas and accelerating access of pharmaceutical products to the poor and low-income sections of the population.
- Increased incidence of chronic ailments.
- Changing lifestyle and consumption patterns.
- Improving healthcare awareness.

Specialty medicines¹

Specialty medicines refer to those used in the treatment of chronic, complex or rare diseases and that require advanced scientific research and innovation. Given their significantly higher purchasing power and strong healthcare insurance coverage, developed markets account for a significant share of global spending on specialty products. Specialty represents a small share in pharmerging markets, given the relatively lower purchasing power, and is expected to rise marginally from 13% in 2018 to 14% by 2023. Specialty is expected to represent more than half of newly launched medicines globally over the next five years. A larger use of biomarkers to segment and treat appropriate patients will characterise these launches.

Spending on medicines in pharmerging markets was recorded at US\$ 286 Billion in 2018 and is projected to grow at 5-8% CAGR through 2023 to reach US\$ 355-385 Billion. A key driver to that end is increasing per capita uptake of medicines with a rise in patients' affordability.

Spending on specialty medicines in developed markets accounted for US\$ 336 Billion in 2018 and is estimated to rise to US\$ 475-505 Billion in 2023. Specialty share of total spending across top 10 developed countries is likely to rise from 42% in 2018 to 50% in 2023. Almost 74% of this is expected to be led by the five largest specialty therapeutic classes: oncology, autoimmune, immunology, anti-virals and multiple sclerosis. In most developed markets, specialty spend continues to outpace that on other medicines.

Active Pharmaceutical Ingredients (API)⁷

APIs are chemicals and biologically active elements of drugs with a direct impact on cure, mitigation, treatment and prevention of diseases. The worldwide API market is likely to exceed US\$ 225 Billion by 2024 – a 6% CAGR for the forecast period.

The market has witnessed growth through the decades, due to an ever-increasing use of medication and biologics for disease management. Other drivers include increasing incidence of chronic ailments, growing volumes of generic drugs worldwide and rising technological advancements in API manufacturing.

Consumer healthcare⁸

Consumer healthcare providers deal with products in wellness, oral health, nutrition, skin health. These include over-the-counter (OTC) drugs. Globally, a large number of acquisitions, mergers and shutdowns has resulted in industry consolidation, with market share being concentrated within the top 10 firms. The Global OTC market was valued at \$135 Billion in 2018. Two top markets, the US (US\$34 Billion) and China (US\$25 Billion) accounted for ~44% of the global market. Vitamins, minerals & supplements and the cough, cold & allergy segments account for more than 50% sales of OTC products globally.

There is a global trend towards self-care, self-medication, awareness for wellness and preventive medicine, along with a rise in disposable income, demand for personalised products, acceptance of e-commerce retail and shift to OTC products. This trend is expected to drive the growth of the industry in future.

WORLD OF SUN PHARMA

Sun Pharmaceutical Industries Limited including its subsidiaries and associates (Sun Pharma) is the fourth largest global specialty generic company that is ranked No. 1 in India and No. 8 in the US. It is the largest Indian pharmaceutical company in the US and among the leading Indian pharmaceutical companies in emerging markets.

Sun Pharma enjoys a vertically integrated business, economies of scale and good talent management practices that enable it to deliver quality products at affordable prices. The Company is deepening its global footprint as a highly trusted manufacturer of specialty products, branded generics, complex and pure generics, OTC products, anti-retrovirals (ARVs) and APIs.

It is expanding its footprint among consumers and healthcare professionals in 100+ countries, and offers a portfolio of 2,000+ products, globally, in a full range of dosage forms. This includes tablets, capsules, injectables, ointments, creams and liquids, nasal sprays and hormones, among others.

Sun Pharma has 44 manufacturing sites approved by global health regulatory agencies—supported by a worldwide supply chain—and multiple research and development (R&D) facilities across the world, investing 6.9% of its sales in R&D. It has a diverse employee base of 32,000+ individuals across 50 nationalities worldwide.



Table 5 Major acquisitions and joint ventures (JVs)

Years	Acquisition/JV	Markets	Rationale
1997	Acquired Caraco	USA	Entry into the US generics market
2010	Acquired Taro Pharmaceutical Industries Ltd.	Israel	Enhance presence in the US generics market, especially in the dermatology segment
2012	Acquired DUSA Pharma, Inc.	USA	Access to branded dermatology product
2013	Acquired URL's generics business	USA	Addition to the US generics portfolio
2014	Acquired Pharmeducence	USA	Access to sterile injectable capacity in the US, supported by R&D capabilities
2014	In-licensing agreement with Merck for ILUMYA™, a biologic for psoriasis	Global	Strengthen the specialty product pipeline
2015	Sun Pharma–Ranbaxy merger	Global	Further strengthen position as the fifth largest global specialty generics pharmaceutical company and the No. 1 pharmaceutical company in India, with strong positioning in emerging markets
2015	Distribution agreement with AstraZeneca	India	Distribution services agreement in India for brand Axcer® (brand of ticagrelor; used for the treatment of acute coronary syndrome)
2015	Acquisition of InSite Vision	USA	Strengthen branded ophthalmic portfolio in the US
2016	Distribution agreement with AstraZeneca	India	Distribution services agreement in India for brands Oxra and Oxramet® (brands of dapagliflozin; used for diabetes treatment)
2016	Acquired 14 brands from Novartis	Japan	Entry into Japan
2016	Licensing agreement with Almirall for ILUMYA™ for psoriasis	Europe	Strengthen the distribution of ILUMYA™ in Europe
2016	Acquired Biosintez	Russia	Access to local manufacturing capability to enhance presence in the Russian market
2016	Acquired global rights for Cequa and Odomzo	Global	Strengthen specialty pipeline in the ophthalmology and oncology space
2018	Acquired Pola Pharma in Japan	Japan	Access to the Japanese dermatology market



Sun Pharma enjoys a good track record of value-accretive M&A transactions.

Sustainable value-creation model



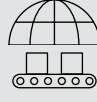
US\$ 4.1 Bn

Global revenue as on March 31, 2019



100+

Global markets served



44

World-class manufacturing sites



2,000+

Products offered worldwide



32,000+

Global employee base

US business

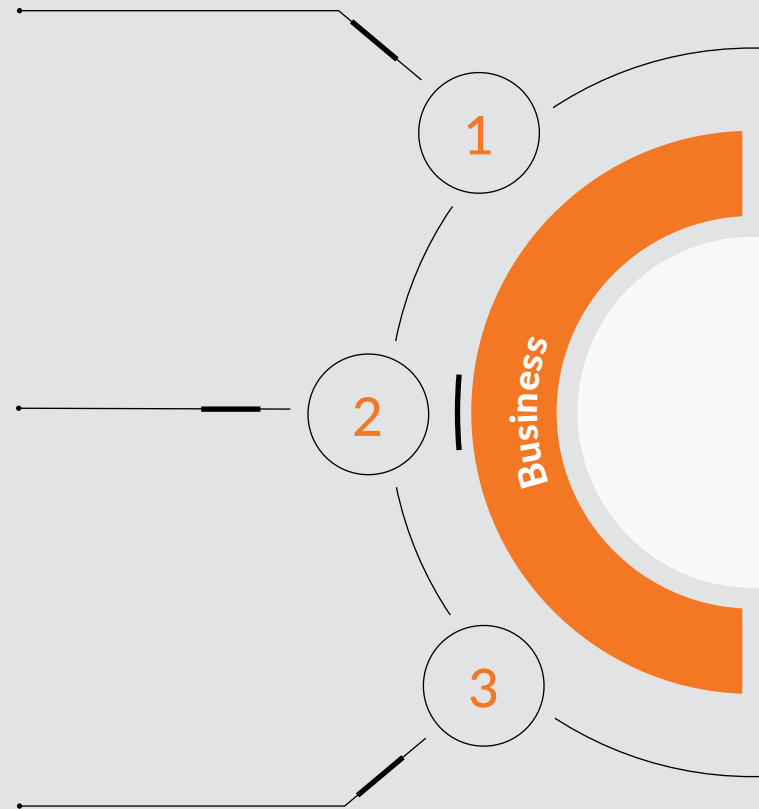
- 8th largest generics company in the US with a strong pipeline (118 ANDAs and 8 NDAs awaiting approval).
- Presence in generics, specialty and branded segments with 450+ approved products.
- FY19 sales: ₹106,713 Million.

Indian branded generics business

- Ranked No. 1 across 11 classes of doctors.
- Leading position in high growth chronic therapies.
- Specialises in technically complex products.
- FY19 sales: ₹73,483 Million.

Emerging markets

- Presence in ~100 countries across Africa, Americas, Asia and Eastern and Central Europe.
- Key focus geographies include Brazil, Mexico, Russia, Romania, South Africa and complementary and affiliated markets.
- FY19 sales: ₹53,624 Million.



Business features

Create sustainable revenue streams

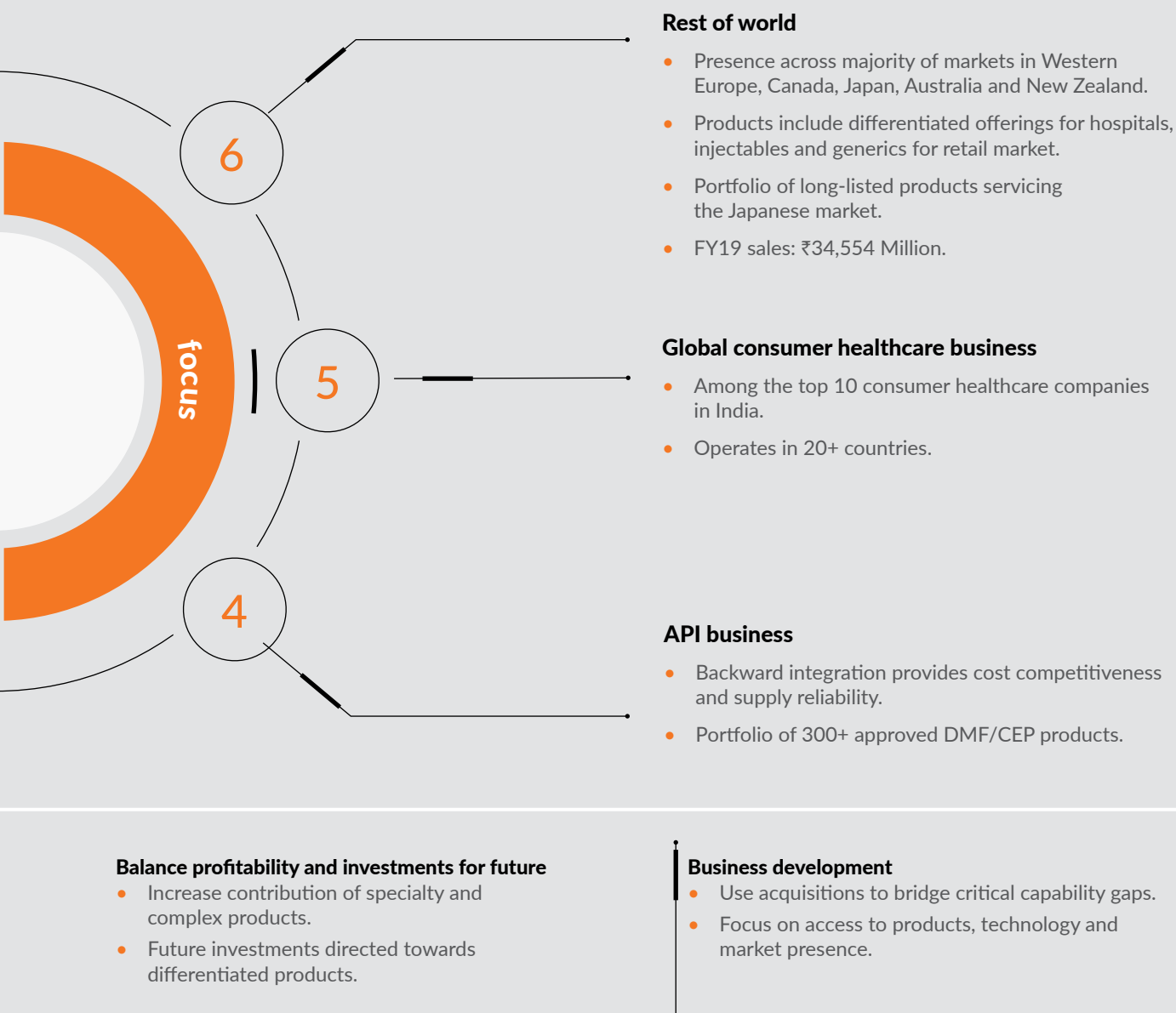
- Enhance share of specialty business globally.
- Achieve differentiation by focusing on technically complex products.
- Focus on key markets; achieve critical mass.
- Ensure sustained compliance with global regulatory standards.

Cost leadership

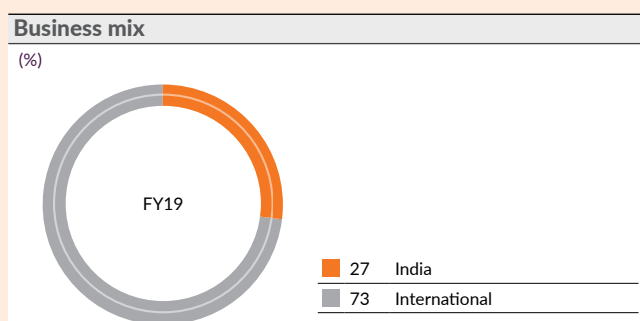
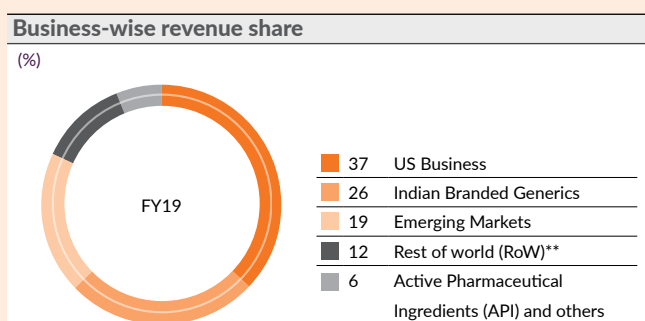
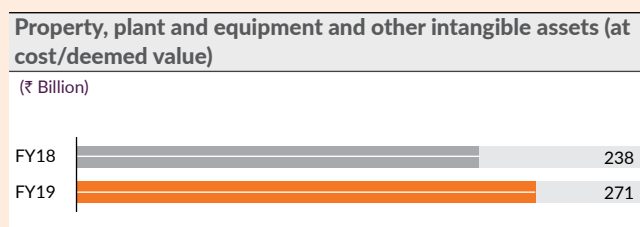
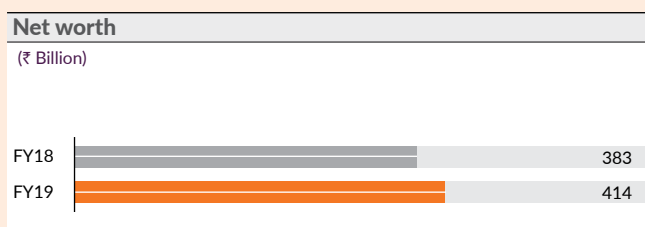
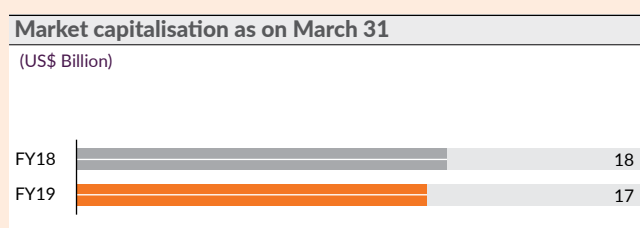
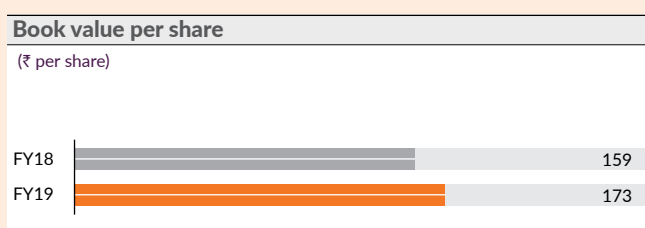
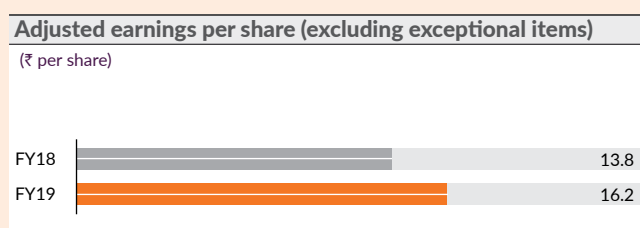
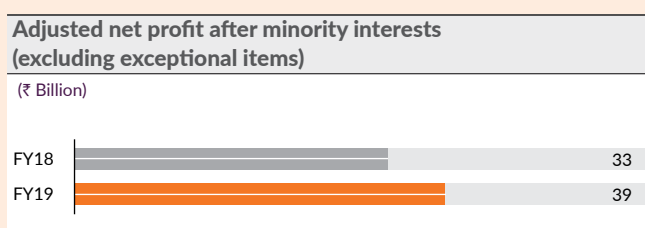
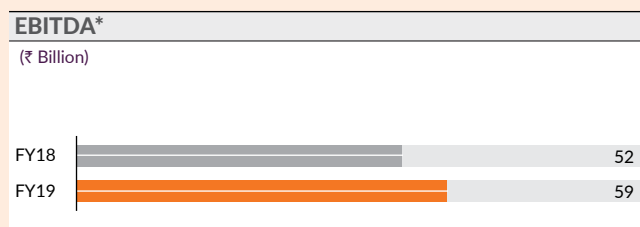
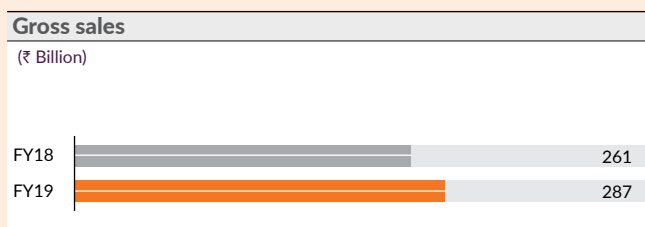
- Optimise operational costs.
- Rationalise vertically integrated operations.

ANDA: Abbreviated new drug application | NDA: New drug application | DMF: Drug master file | CEP: Certification of Suitability

Sun Pharma's business model comprises four crucial business features to help achieve higher efficiencies and drive sustainable growth. The Company is strategically poised to capitalise on the emerging opportunities in the global pharmaceutical sector, to deliver consistent long-term stakeholder value.



Key performance indicators



**RoW includes Western Europe, Canada, Japan, Australia, New Zealand and other markets

*EBITDA = (Revenue from contracts with customers) - (cost of material consumed + purchase of stock-in-trade + changes in inventories of finished goods, stock-in-trade and work-in-progress + employee benefits expense + other expenses)

Financial ratios

Table 6 Consolidated

Ratios	Unit	FY19	FY18	Variance (%)
Return on net worth	%	6.4	5.5	18
Debtors turnover		3.2	3.3	-3
Inventory turnover (on cost of goods sold)		1.0	1.1	-8
Interest coverage ratio	times	10.0	9.6	5
Current ratio	times	1.8	1.6	13
Debt/Equity ratio	times	0.2	0.2	-4
Operating profit margin	%	20.7	19.9	4
Net profit margin	%	9.3	8.0	16

Table 7 Standalone

Ratios	Unit	FY19	FY18	Variance (%)	Reasons if variance is more than 25%
Return on net worth	%	3.6	1.4	161	Return on net worth is higher for the year ended March 31, 2019 due to higher profit after tax
Debtors turnover	times	1.9	1.7	17	
Inventory turnover (on cost of goods sold)	times	1.3	1.7	-21	
Interest coverage ratio	times	4.6	4.2	10	
Current ratio	times	0.8	0.8	10	
Debt/Equity ratio	times	0.3	0.3	-9	
Operating profit margin	%	12.6	8.5	49	On account of better revenue from contracts with customers which grew by 11%, along with cost containment
Net profit margin	%	8.3	3.5	140	On account of increased total revenue from operations by 14%, along with cost containment

FY19 operational highlights

- In April 2018, Sun Pharma entered the anti-fungal powder OTC category in India with ABZORB. The brand was co-promoted across prescription and OTC channels through a 360° marketing campaign comprising TV, print and digital, to expand consumer outreach and drive growth. ABZORB has a unique combination of talc and starch that ensures superior sweat absorption. It also contains clotrimazole—one of the best-in-class anti-fungals—to help treat infection and prevent its recurrence. The new packaging with an angular dispensing nozzle enhances consumer experience through targeted application.
- In May 2018, Sun Pharma received USFDA approval for YONSA® (abiraterone acetate), a novel formulation in combination with methylprednisolone to treat patients with metastatic castration-resistant prostate cancer (mCRPC). This approval has further strengthened the Company's oncology portfolio in the US.
- In June 2018, Sun Pharma received the Establishment Inspection Report (EIR) from the USFDA for the inspection conducted at its Halol facility in Gujarat (India) during the previous financial year. The receipt of the EIR implies that the issues contained in the Warning Letter dated December 2015 have been addressed. New ANDA approvals have commenced from the facility post the receipt of EIR.
- In July 2018, Sun Pharma announced Bollywood actor Akshay Kumar as its brand ambassador for Revital H. He is known for his high energy levels and was a natural fit for the product, which is India's leading and most trusted health supplement for over two decades. The Company launched a 360° marketing campaign featuring the actor and the brand that helps keep one's energy and stamina high throughout the day.
- In July 2018, Sun Pharma announced the USFDA approval for INFUGEM™ (gemcitabine in 0.9% sodium chloride injection) 10 mg/mL, for intravenous use in a ready-to-administer (RTA) bag. INFUGEM™ uses a proprietary technology, which allows cytotoxic oncology products to be premixed in a sterile environment and supplied to the prescribers in RTA infusion bags. It involves dose banding practice, whereby standardised doses of intravenous cytotoxic drugs are used for ranges (or 'bands') of doses calculated for individual patients. The RTA bags will provide greater safety by preventing problems of over-dosing or under-dosing, by eliminating contamination risk that can lead to infections, and by taking care of problems associated with and precautions to be taken while, handling cytotoxic drugs by healthcare providers.

- In July 2018, DUSA Pharmaceuticals, Inc., (DUSA) a wholly owned subsidiary of Sun Pharma, announced that it filed trade secret misappropriation and tortious interference claims in an ongoing patent infringement lawsuit against Biofrontera Inc. The patents-in-suit concerned an apparatus and method for photodynamic therapy (PDT) as well as an equipment for it. Pioneered by DUSA, PDT combines a drug with a light source to treat disease conditions. In December 2018, DUSA was granted preliminary injunctive relief by a federal district court prohibiting defendant Biofrontera (including Biofrontera Inc., Biofrontera Bioscience GmbH Biofrontera Pharma GmbH, and Biofrontera AG) from using DUSA's confidential and proprietary trade secret information.
- In August 2018, Sun Pharma received approval for CEQUA (cyclosporine ophthalmic solution) 0.09%, from the USFDA. CEQUA increases tear production in patients with dry eyes. It is the first and only approved dry eye treatment to combine cyclosporine A with nanomicellar technology.
- In August 2018, Sun Pharma launched a Kapsargo Sprinkle (metoprolol succinate) extended-release sprinkle formulation in the US. The product will help treat hypertension (high blood pressure), angina pectoris (chest pain) and heart failure. These extended-release coated pellets can be sprinkled over soft food or administered via a nasogastric tube to facilitate long-term once-daily administration for patients who experience difficulty while swallowing.
- In August 2018, the Company announced the launch of Volini Maxx, India's strongest pain relief spray. It also signed Virat Kohli, captain of Indian cricket team as Volini's brand ambassador.
- In September 2018, Sun Pharma announced USFDA approval for the NDA of XELPROS™ (latanoprost ophthalmic emulsion) 0.005%. The medicine is used for the reduction of elevated intraocular pressure (IOP or pressure inside the eye) in patients with open-angle glaucoma or ocular hypertension. XELPROS™ is the first and only form of latanoprost that is not formulated with benzalkonium chloride (BAK), a commonly used preservative in topical ocular preparations. It was in-licensed by Sun Pharma from Sun Pharma Advanced Research Company Ltd. (SPARC) in June 2015; and is developed using SPARC's proprietary swollen micelle microemulsion (SMM) technology.
- In September 2018, Sun Pharma announced that its European partner, Almirall, received the European Commission (EC) approval for ILUMETRI® (tildrakizumab) to treat adults with moderate-to-severe chronic plaque psoriasis, who are candidates for systemic therapy.
- In September 2018, Sun Pharma received the Australian Therapeutic Goods Administration (TGA) approval for its specialty product, ILUMYA™ (tildrakizumab) to treat adults with moderate-to-severe plaque psoriasis and are candidates for systemic therapy.
- In October 2018, Sun Pharma launched ILUMYA™ (tildrakizumab-asmn) 100 mg/mL in the US for treating moderate-to-severe psoriasis.
- In November 2018, Sun Pharma entered into a definitive agreement to acquire Pola Pharma Inc. (Pola Pharma), a Japanese pharmaceutical company. Pola Pharma is engaged in R&D, manufacture, sale and distribution of branded and generic products in Japan. Its portfolio primarily comprises dermatology products and it has two manufacturing facilities in Japan with capabilities to manufacture topical products and injectables, along with R&D capabilities to develop new technologies and formulations.
- Pola Pharma had annual revenues of approximately US\$ 108 Million and net loss of US\$ 7 Million for 12 months ended December, 2017 on a consolidated basis. This acquisition strengthens Sun Pharma's presence in Japan and accelerates access to the Japanese dermatology market.

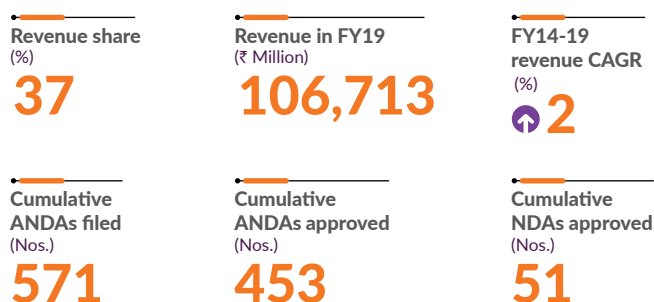
FY20 outlook

Sun Pharma's sustained focus is on growing each of its businesses faster than the market in which they operate. Its global specialty initiatives will supplement this objective as an additional growth engine. Although the US generics industry continues to face pricing pressure, the industry has started responding to these challenges by rationalising product portfolios and discontinuing non-remunerative products. Generics will continue to be an integral part of the solution to control global healthcare costs as well as play an important role in overall healthcare management.

Sun Pharma will continue to invest in the generic business with a focus on developing differentiated complex generics and building a product pipeline across markets. Its global specialty business is also expected to ramp up gradually. Investments in branding and promotion of specialty products and in funding clinical trials for specialty products will continue. For FY20, the Company expects its consolidated revenues to grow by low-to-mid teens, while R&D investments are estimated at ~8-9% of sales.

Business segment review

US BUSINESS



The Company's key focus areas encompass central nervous system (CNS), dermatology, cardiology, oncology and ophthalmic, among others. It has integrated USFDA-approved on-shore as well as off-shore manufacturing facilities that produce a variety of dosage forms, including liquids, creams, ointments, gels, sprays, injectables, tablets, capsules and drug-device combinations.

Strong product pipeline in the US

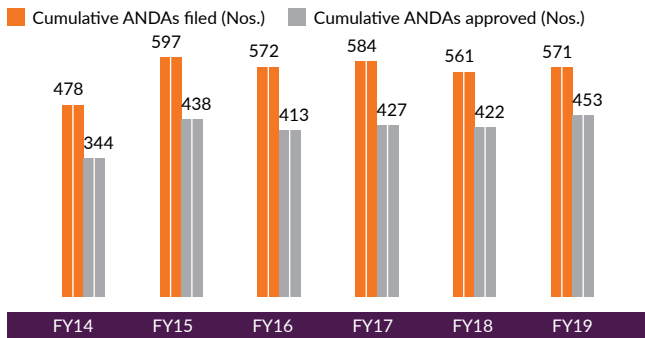
As on March 31, 2019, Sun Pharma had 118 ANDAs and 8 NDAs pending USFDA approval, including a combination of complex generics, patent challenge opportunities and pure generics.

Sun Pharma is the eighth largest generic pharmaceutical company in the US, with presence across generics, specialty, branded and OTC segments. It offers a comprehensive portfolio of 453 ANDAs and 51 NDAs approved across multiple therapies.

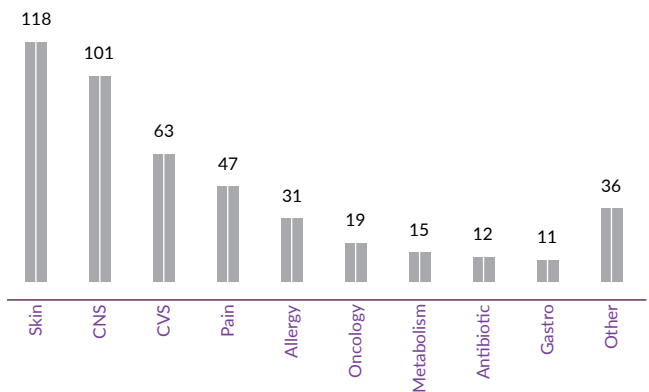
Table 8	Journey in the US - key milestones
Years	Events
FY98	Entered the US market through Caraco acquisition.
FY10	Acquired Taro Pharma to penetrate the US dermatology market.
FY13	Acquired DUSA to enter the branded specialty dermatology market.
FY15	In-licensed Ilumya (tildrakizumab)–strengthened specialty dermatology portfolio by gaining access to global rights including the US.
FY16	Strengthened specialty ophthalmic portfolio with the acquisition of InSite Vision.
FY17	Filed tildrakizumab in the US and Europe. Acquired Ocular Technologies–gaining access to Cequa—a product for treating dry eyes. Launched BromSite in the US ophthalmology segment. Acquired odomzo, a branded oncology product from Novartis.
FY18	Launched Odomzo in the US. Obtained USFDA approval for Ilumya.
FY19	Launched specialty products–Ilumya, Yonsa and Xelpros–in the US. Received USFDA approval for Cequa.

FY19 highlights

- Revenue from the US increased by 22% to ₹106,713 Million.
- Key growth drivers include increase in generic sales, incremental contribution from specialty product launches and a favourable foreign exchange rate.
- The US generic market continued to be highly competitive and witnessed price erosion, driven by higher bargaining power of customers and faster pace of generic approvals from the USFDA.

Chart 5 ANDAs filed and approved


(Cumulative numbers for FY16 are lower than FY15 due to Bryan facility divestment. Ranbaxy numbers added with effect from March 2015)

Chart 6 ANDA approvals by therapeutic area as of March 2019


Road ahead

Patent expiries and the US government's focus on reducing healthcare costs will continue to favour the growth of low-cost generics in the US market.

Going forward, the Company will focus on:

- Growing the share of specialty product revenues in its portfolio.

- Emphasising on complex generics and high-entry barrier segments.
- Ensuring a diversified offering to customers across multiple dosage forms.
- Sustaining and improving high service standards for customers.

INDIAN BRANDED GENERIC BUSINESS

Revenue share (%)

26

Revenue in FY19 (₹ Million)

73,483

FY14-19 revenue CAGR (%)

15

Market position with 8.2% market share⁹

No.1

Rank across prescriptions from 11 different classes of doctors¹⁰

No.1

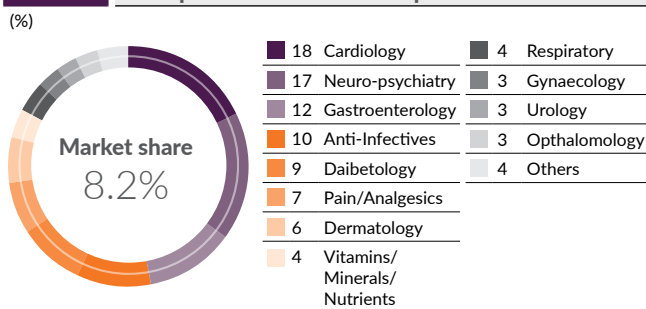
Sun Pharma continues to be the undisputed industry leader in India, enjoying 8.2% share of the market. The Company is also the market leader in the chronic segment. It specialises in technically complex products and offers a comprehensive therapy basket. It enjoys a strong brand positioning with 30 brands featuring in the country's top 300 pharmaceutical brands list.

Industry-leading productivity

The Company has a 9,500+ strong field force that ensures it reach to 4 lakh+ doctors across India. The Company's well-trained team of sales representatives, powered by scientific knowledge, has a strong performance track record with the highest productivity in the industry.

FY19 highlights

- Revenue from the Indian branded generic business declined by 8.5% to ₹73,483 Million.
- The Company has decided to transition its India formulations distribution business from a third-party distributor to the Company's wholly-owned subsidiary with effect from April 1, 2019. As a part of this strategy shift, the Company undertook a one-time adjustment relating to sales return from the distributor and lower invoicing to this distributor, totalling ~₹10,850 Million. This has led to the year-on-year decline in sales. Excluding this one-time impact, the India formulations revenues would have grown by about ~5% year on year.

Chart 7 Therapeutic revenue break-up⁹**Table 9** Leadership in prescription rankings¹⁰

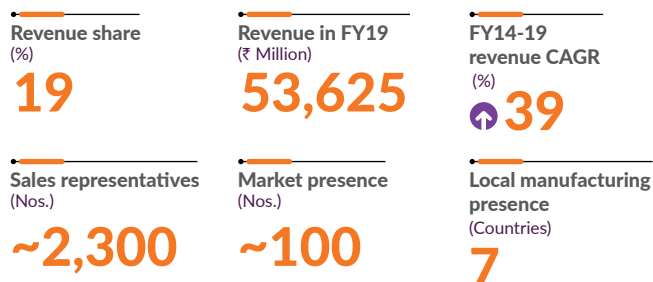
Specialist	February 2018	February 2019
Psychiatrists	1	1
Neurologists	1	1
Cardiologists	1	1
Orthopaedic	1	1
Gastroenterologists	1	1
Nephrologists	1	1
Diabetologists	1	1
Ophthalmologists	1	1
Dermatologists	1	1
Urologists	1	1
Oncologists	1	2
Consulting physicians	1	1
Chest physicians	1	2

Road ahead

India's pharmaceutical market growth is expected to be driven by increasing per capita income, rising healthcare awareness, higher incidence of chronic ailments and gradually widening insurance coverage. Despite these tailwinds, the pharmaceutical companies face key challenges, which include government-mandated price controls, regulatory changes and intense competitiveness.

Sun Pharma's key priorities comprise:

- Consistent innovation as a definite roadmap to ensure high brand equity with doctors.
- Product basket enhanced developed through own development and in-licensing.
- Focus on improving productivity to maintain industry leadership.

EMERGING MARKETS

The focus markets for this segment include Brazil, Mexico, Russia, Romania, South Africa and complementary and affiliated markets.

The Company offers an extensive array of branded products and leverages its strong marketing infrastructure through its ~2,300-member strong sales force. This enables enduring relationships with doctors and medical practitioners.

The Company enjoys local manufacturing facilities, enabling reduction in logistics cost, across 7 countries.

FY19 highlights

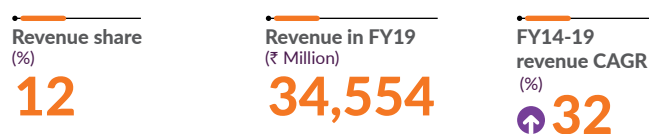
- Revenue from emerging markets increased by 11% to ₹53,625 Million.
- Key markets, which contributed to the growth were Romania, South Africa, Brazil, Malaysia and Bangladesh, coupled with a favourable foreign exchange rate.

Road ahead

The favourable macroeconomic parameters of emerging markets offer encouraging long-term potential, which is expected to be partly offset by the various government efforts to make pharmaceutical products more affordable for all.

Going forward, the Company will:

- Focus on developing and commercialising more products across therapeutic segments to exploit growth opportunities.
- Explore organic and inorganic options to widen and deepen footprint in key markets.
- Strengthen business profitability by launching complex products and reducing presence in low profitable, non-core product segments.

REST OF THE WORLD: WESTERN EUROPE, CANADA, JAPAN, AUSTRALIA, NEW ZEALAND AND OTHER MARKETS

Sun Pharma is among the leading Indian companies that has a presence across major markets of Western Europe, Canada, Australia, New Zealand and Japan, among others. Across these geographies, the Company offers a wide range of products, including injectable and hospital products, as well as products for retail market. It also has a portfolio of long-listed products in the Japanese market.

The Company primarily focuses on the development and commercialisation of complex generics and differentiated products for these markets. It has adopted a distribution-led business model to enhance its reach across these markets and caters to them through local manufacturing in Canada, Japan, Israel and Hungary, along with support from its India units.

Expanding presence in Japan

Sun Pharma had acquired 14 established prescription brands from Novartis in March 2016. During FY19, it acquired Pola Pharma in Japan, to strengthen its presence in the Japanese dermatology segment.

FY19 highlights

- Revenue from rest of the world increased by 16% to ₹34,554 Million.
- The growth was driven in part by contribution from the Pola Pharma acquisition in Japan, increase in sales in some of the western European markets and a favourable exchange rate.

Road ahead

With demographic changes across these markets, especially in Western Europe and Japan, enhanced drug demand for geriatric care and chronic diseases will drive pharmaceutical consumption. Additionally, the adoption of newer specialty products as well as government policies to promote low-cost generics will propel growth in these markets.

Sun Pharma will focus on:

- Ramping up its presence in Japan.
- Commercialising its specialty products, especially Ilumya, in key markets either on its own or through partnerships.

GLOBAL CONSUMER HEALTHCARE BUSINESS

Key brands (No.)	International presence (No. of markets)	Ranked amongst top 10 players (No. of markets)
20	20+	4

Sun Pharma ranks among India's top 10 consumer healthcare companies. Globally, it operates in 20+ countries, of which Romania, Russia, South Africa, Nigeria, Myanmar, Ukraine, Poland, Thailand, Belarus, Kazakhstan, Morocco and the UAE are the focus markets. The Company is also counted among the top 10 consumer healthcare companies in Romania, Nigeria and Myanmar.

Road ahead

India's consumer healthcare market will be driven by the emerging middle class and rising healthcare consumption. Emerging markets are expected to sustain growth steered by enhanced healthcare awareness.

Capitalising on these enablers, Sun Pharma will:

- Continue to invest in the accelerating OTC business across key markets through brand building.
- Focus on distribution expansion through brand extensions.
- Expand presence across OTC sub-categories in various markets.

Specialty in progress

- Sustain leadership in existing markets by offering innovative products and packaging.
- Evaluate new emerging markets for entry.

ACTIVE PHARMACEUTICAL INGREDIENTS (API) BUSINESS

Revenue share (%)	Revenue in FY19 (₹ Million)	FY14-19 revenue CAGR (%)
6	17,302	17
DMF/CEP filings* (Nos.)	DMF/CEP approvals* (Nos.)	Manufacturing units (Nos.)
413	305	14

*as on March 31, 2019

Sun Pharma started producing APIs in 1995 to strengthen backward integration to drive cost competitiveness and supply reliability.

The API business is of strategic importance for Sun Pharma, as a significant portion of the API production acts as inputs for its formulations business. Besides captive consumption, the Company also supplies APIs to external customers across many international markets.

FY19 highlights

- Revenue from Active Pharmaceutical Ingredients (API) business increased by 24% to ₹17,303 Million.
- Key growth drivers include new contracts, better realisations and a favourable foreign exchange rate.

Road ahead

Key focus areas for the future will be:

- Timely development and commercialisation of strategic APIs for captive consumption.
- Expansion in the scale and scope of API operations.
- Development and sustenance of enduring supply relationships with customers.

Research and development

R&D spend as % of FY19 sales (%)	Cumulative R&D spend till date (₹ in Billion)	Team of scientists worldwide (Nos.)
6.9	150+	~2,000

Sun Pharma has consistently invested in R&D for sustainable value creation. It services both regulated and emerging pharmaceutical markets with a diverse product range of branded and generics products. The Company's R&D capabilities enable it to develop technology-intensive products and deliver them at affordable prices across international markets.

Sun Pharma's R&D centres are equipped with cutting-edge technologies, where its scientists develop generics,

difficult-to-make technology-intensive products, APIs and novel drug delivery systems (NDDS). Additionally, the Company is focusing on the development of new chemical entities (NCEs) for global markets and has made significant investments in this domain. It also has a dedicated intellectual property rights (IPR) team, with internal and external lawyers, that supports its R&D efforts.

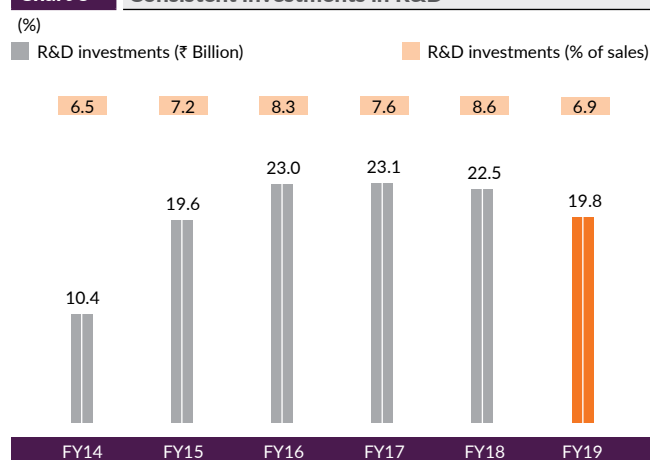
The Company has the capability to develop and commercialise a wide product range with successful offerings across different dosage forms such as gels, injectables, sprays, ointments, liquids and oral products, among others. Sun Pharma also manufactures liposomal products, auto-injectors, lyophilized injections, nasal sprays, and controlled release dosage forms.

Sun Pharma is focusing on the development of non-infringing formulations and expansion of the specialty/complex products portfolio. Its R&D spend is sustained by strong cashflows and large scale of the Company.

Going forward, the Company's R&D efforts will be focused at:

- Developing complex/differentiated generic products for global markets.
- Developing specialty products to enhance the specialty portfolio.

Chart 8 Consistent investments in R&D



Global manufacturing competence

Sun Pharma enjoys world-class production facilities spanning the five continents of Asia, Europe, Africa, North America and Australia. It owns 44 state-of-the-art manufacturing units that produce formulations and APIs. The Company enjoys vertically integrated operations that equip it to maintain a high-quality and low-cost value chain for timely market entry across geographies.

It has manufacturing units located in India, the US, Canada, Japan, Hungary, Israel, Russia, Egypt, Bangladesh, Nigeria, South Africa, Malaysia and Australia. These facilities are responsible for seamless production of oncology, hormones, peptides, controlled substances and steroidal drugs. They also manufacture generics, branded generics, specialty products, OTC products, ARVs and APIs, along with intermediates in the full range of dosage forms: tablets, capsules, injectables, ointments, creams and liquids.

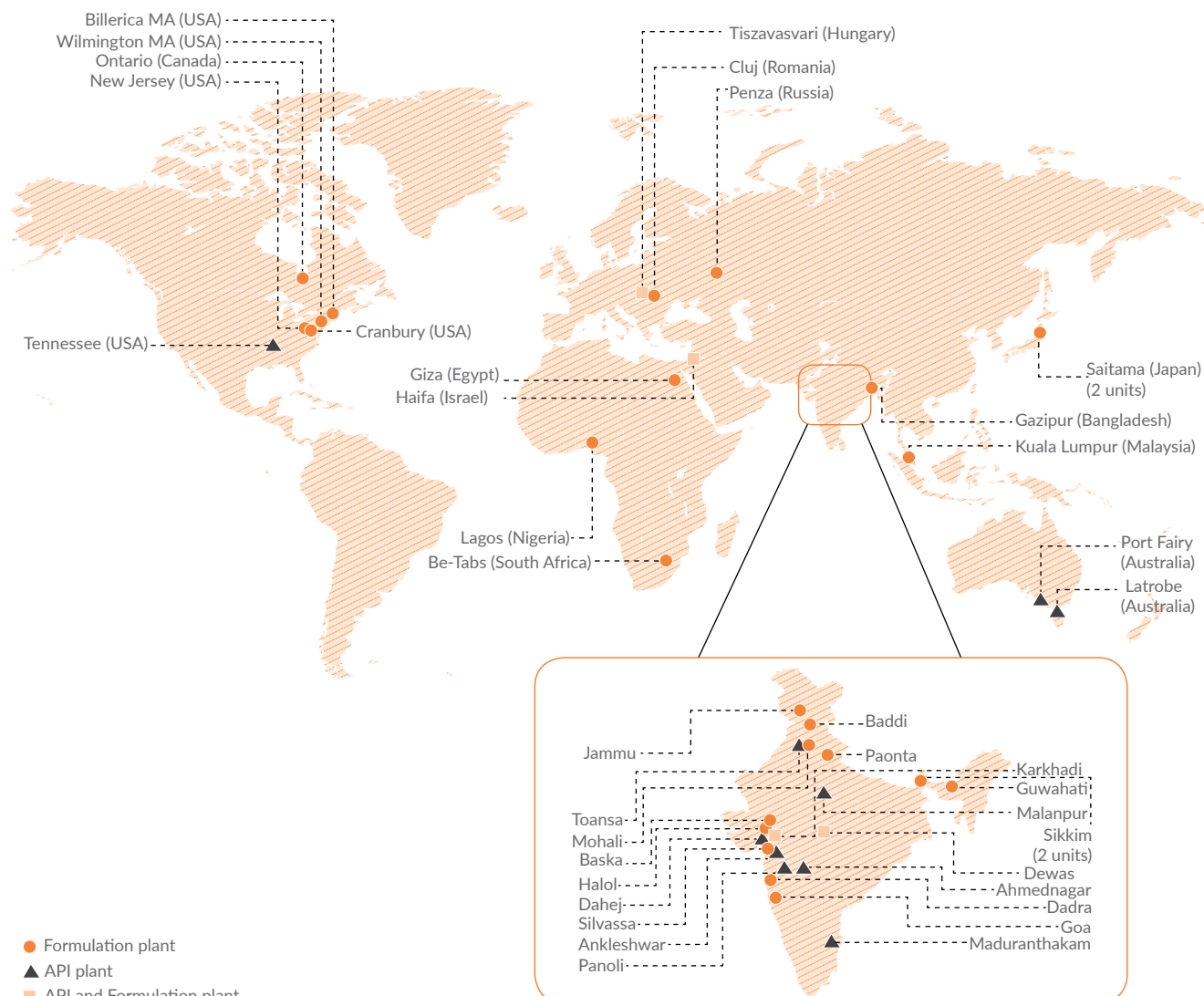
The Company has an expert team of regulatory affairs specialists, who are well-versed with the globally-relevant regulatory policies and procedures. They are experienced in timely filing of dossiers and concurrently managing the regulatory queries and timelines of regulatory authorities.

Sun Pharma meticulously follows global manufacturing standards and many of its manufacturing units are certified by regulatory authorities like the USFDA, the European Medicines Evaluation Agency (EMA), the UK Medicines and Healthcare Products Regulatory Agency (MHRA), Australia's Therapeutic Goods Administration (TGA), South Africa's Medicines Control Council (MCC) and Germany's Federal Institute for Drugs and Medical Devices (BfArM). The Company also enjoys certifications by the Brazilian Health Regulatory Agency (ANVISA), the World Health Organization (WHO), South Korea's Ministry of Food and Drug Safety, and Japan's Pharmaceuticals and Medical Devices Agency. It emphasises on 24x7 compliance to Current Good Manufacturing Practice (cGMP) regulations, which is vital for a global business.

Table 10

Global Manufacturing Capability		
	Finished dosage manufacturing	API manufacturing
Total number of sites	30	14
Locations	India (14)	India (9)
	USA (4)	Australia (2)
	Japan (2)	Israel, USA and Hungary (1 each)
	Canada, Hungary, Israel, Bangladesh, South Africa, Malaysia, Romania, Egypt, Nigeria and Russia (1 each)	
Capability	<ul style="list-style-type: none"> • Orals: Tablets/Capsules, semisolids, liquids and suppository. 	<ul style="list-style-type: none"> • Controlled substances manufactured in Australia.
	<ul style="list-style-type: none"> • Injectables/Sterile: Vials, ampoules, pre-filled syringes, gels, lyophilized units, dry powder, eye drops and aerosols. 	<ul style="list-style-type: none"> • Standalone units for peptides, anti-cancer, steroids and sex hormones.
	<ul style="list-style-type: none"> • Topicals: Creams and ointments. 	

Global manufacturing footprint



Building an empowered team

Sun Pharma has a global strength of 32,000+ permanent team members across 50 different nationalities. It considers its people vital to its success and thus, endeavours to provide them with a congenial work culture that promotes work-life balance, provides growth opportunities and rewards and recognises talent.

The Company undertakes significant measures to help its people develop various skills through different training programmes. Sun Pharma promotes a culture of inclusive growth in the organisation to enrich knowledge and make its people future ready.

Quality adherence

Quality is sacrosanct at all Sun Pharma R&D centres, manufacturing units and testing and distribution facilities. The Company is committed to implementing a robust quality management system and sustains a culture of operational excellence and meeting and exceeding stakeholder expectations.

Sun Pharma believes in the motto of 'putting patients first' and its global Quality Management Team ensures every product complies with internationally accepted good practices and standards of quality, purity, efficacy and safety.

The Company has put stringent checks in place to conform to global quality standards and ensures compliance with the requirements of various regulators. It has cGMP certifications from various global regulatory authorities like USFDA, EMA, WHO and TGA, among others.

Sun Pharma has well-trained personnel for quality control at each site, who, along with a regulatory affairs department, ensure strict adherence to quality systems and procedures. The teams are guided by a Corporate Quality Unit, which oversees the translation of the latest GMP updates to guidelines, standard operating procedures (SOPs) and protocols. The Company's manufacturing plants are audited by an autonomous Corporate Compliance Department to set up 24x7 compliance and conformance.

Going ahead, Sun Pharma will continue to ensure 24x7 compliance to cGMP as an imperative for a global business. It will continue to enhance systems, processes

and human capabilities to ensure compliance with global regulatory standards.

During the year, the USFDA granted an EIR to the

Company's Halol facility, thus lifting the warning letter issued to the facility in 2015. Post the receipt of the EIR, the Company has started receiving new approvals from USFDA for the US market.

Table 11 SWOT analysis

Strengths	Opportunities	Threats and weaknesses
<ul style="list-style-type: none"> Global presence – 4th largest global specialty generic company. 8th largest generics company in the US. Largest company in India by market share. Among the largest Indian pharmaceutical company in emerging markets. Among the largest Indian pharmaceutical company in Japan. Strong R&D skillsets to develop technologically complex products in the generic and specialty space. Ability to drive growth and profitability through a pragmatic mix of organic and inorganic initiatives. Ability to supply high-quality products at affordable prices. 	<ul style="list-style-type: none"> Global efforts to reduce healthcare costs augur well for companies like Sun Pharma. Favourable macroeconomic variable for India and emerging markets are likely to ensure reasonable volume growth for pharmaceutical products in these markets. Contribution of specialty products is expected to increase in developed markets over the medium to long term. Sun Pharma forayed into this segment some years back; and is in the process of gradually ramping up this business as an additional growth engine. Growing penetration of generics in Japan and opening of the China market, present a good long-term opportunity for Indian companies including Sun Pharma. 	<ul style="list-style-type: none"> Challenging US generic pricing environment driven by customer consolidation and faster pace of generic drug approvals by the USFDA. Continuous upgradation of cGMP manufacturing standards by global regulatory agencies requires constant upgradation of facilities, resulting in higher compliance costs for the industry. Government-mandated price controls on pharmaceutical products. The specialty initiative entails high upfront investments for long-term benefits, thus impacting the short-term profitability. Significant volatility in the forex market, especially for emerging market currencies, may adversely impact growth reported for a particular period.

Internal control

The Company believes that internal control is a necessary prerequisite of governance and that freedom should be exercised within a framework of checks and balances. Sun Pharma has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls. The management is committed to ensure an effective internal control environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations and protection of resources and assets.

Global Internal Audit (GIA)

An independent and empowered GIA at the corporate level carries out risk-focused audits across all businesses (both in India and overseas), to ensure that business process controls are adequate and are functioning effectively. These audits include reviewing finance, operations, safeguarding of assets and compliance related controls. Areas requiring specialised knowledge are reviewed in partnership with external subject matter experts.

GIA's functioning is governed by the Audit Charter, duly approved by the Audit Committee of the Board, which stipulates matters contributing to the proper and effective conduct of the audit. The audit processes are fully automated on a 'SunScience' tool which integrates audit, Internal Financial Controls (IFC) and Enterprise Risk Management (ERM) modules.

The Company's operating management closely monitors the internal control environment and ensures that the recommendations of GIA are effectively implemented. The Audit Committee of the Board monitors performance

of GIA, periodically reviews key findings and provides strategic guidance.

Disclaimer

Statements in this 'Management Discussion and Analysis' describing the Company's objectives, projections, estimates, expectations, plans or predictions or industry conditions or events are 'forward-looking statements' within the meaning of applicable securities laws and regulations. Actual results, performance or achievements could differ materially from those expressed or implied. Important factors that could make a difference to the Company's operations include global and Indian demand supply conditions, finished goods prices, feedstock availability and prices, competitors' pricing in the Company's principal markets, changes in Government regulations, tax regimes, economic conditions within India and the countries within which the Company conducts businesses and other factors, such as litigation and labour unrest or other difficulties. The Company assumes no responsibility to publicly update, amend, modify or revise any forward-looking statements, based on any subsequent development, new information or future events or otherwise except as required by applicable law. Unless the context otherwise requires, all references in this document to 'we', 'us' or 'our' refers to Sun Pharmaceutical Industries Limited and consolidated subsidiaries.

Bibliography

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2. 2019 Global health care outlook (Deloitte)
3. 2017 United Nations' World Population Prospects
4. The Lancet (Global Health Metrics, Volume 392, Issue 10159, P2052-2090, November 10, 2018)
5. World Health Organisation
6. India Brand Equity Foundation
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Board's Report

Your Directors take pleasure in presenting the Twenty-Seventh Annual Report and Company's Audited Financial Statements for the financial year ended March 31, 2019.

Financial Results

(₹ in Million)

	Standalone		Consolidated	
	Year ended March 31, 2019	Year ended March 31, 2018*	Year ended March 31, 2019	Year ended March 31, 2018#
Revenue from operations	103,032.1	90,062.5	290,659.1	264,894.6
Profit before exceptional item and tax	19,338.3	12,307.5	50,245.8	44,294.8
Exceptional Item	12,143.8	9,505.0	12,143.8	9,505.0
Profit before tax but after exceptional item	7,194.5	2,802.5	38,102.0	34,789.8
Tax expense:				
- Current Tax	15.5	20.2	8,039.6	6,628.0
- Deferred Tax Charge / (Credit)	(987.0)	(274.1)	(2,030.8)	(62.1)
- Deferred tax charge / (Credit) - exceptional	-	-	-	2,544.5
Profit after tax	8,166.0	3,056.4	32,093.2	25,679.4
Profit after Tax but before Share in profit / (loss) of associates / joint ventures	-	-	32,093.2	25,679.4
Share of (loss) of associates / joint ventures [Net]	-	-	(14.6)	(254.4)
Profit for the year before non-controlling interests	-	-	32,078.6	25,425.0
Non-controlling interests	-	-	5,424.4	4,468.0
Profit for the year attributable to owners of the Company	-	-	26,654.2	20,957.0
Total other Comprehensive Income	1,837.4	566.9	16,799.9	5,232.5
Total Comprehensive Income for the year attributable to:	10,003.4	3,623.3	48,878.5	30,657.5
- Owners of the Company	10,003.4	3,623.3	42,054.1	25,711.8
- Non-Controlling Interest	-	-	6,824.4	4,945.7
Opening balance in Retained Earnings	120,370.0	124,860.0	319,777.0	309,250.9
Additions:				
Amount available for appropriation	8,273.3	3,490.8	26,804.4	21,464.7
Less: Appropriations				
Dividend on Equity Shares	4,791.6	7,977.4	4,791.6	7,977.4
Dividend Distribution Tax	5.6	3.4	984.9	1,624.0
Transfer to various Reserves:				
- Capital redemption Reserve	-	-	-	-
- Debenture redemption Reserve	-	-	(1,250.0)	(833.4)
- Capital reserve	-	-	-	-
- Buy-back of equity shares by overseas subsidiaries	-	-	2,013.1	2,168.1
- Adjustment on account of Ind AS 115	-	-	6,493.0	-
- Legal reserve	-	-	203.9	2.5
- General reserve	-	-	43.0	-
Closing balance in Retained Earnings	123,846.1	120,370.0	333,301.9	319,777.0

*Refer Note 56(11) of Standalone Financial Statements

#Refer Note 66 of Consolidated Financial Statements

Dividend

Your Directors have recommended a dividend of ₹2.75 (Rupees two and paise seventy five only) per equity share of ₹1/- each [previous year ₹2.00/- per equity share of ₹1/- each] for the year ended March 31, 2019, subject to the approval of the equity shareholders at the ensuing 27th 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 11790 equity shares of ₹1/- each under Sun Employee Stock Option Scheme - 2015 thereby the paid up share capital of the Company increased to ₹2,399,334,970/- (Rupees Two Billion Three Hundred Ninety Nine Million Three Hundred Thirty Four Thousand Nine Hundred Seventy only) as on March 31, 2019.

Scheme of Arrangements

1. During the year, the Hon'ble National Company Law Tribunal of Gujarat at Ahmedabad had vide its Order dated October 31, 2018 sanctioned the Scheme of Arrangement among the Company and Sun Pharma Global FZE ("Transferor Company"), a wholly owned subsidiary of the Company and their respective members and creditors ("Scheme") whereby the Specified Undertaking (as defined in the Scheme) of Transferor Company stands demerged into the Company w.e.f. December 01, 2018 with appointed date being April 01, 2017. No consideration was paid pursuant to the Scheme.
2. During the year, the Board of Directors at its meeting held on May 25, 2018 had approved a Composite Scheme of Arrangement among the Company and Sun Pharma (Netherlands) B.V. (Transferee Company-1) and Sun Pharmaceutical Holdings USA Inc. (Transferee Company-2), wholly owned subsidiaries of the Company and their respective members and creditors ("Composite Scheme"), for demerger of Specified Investment Undertaking -1 (as defined in the Composite Scheme) of the Company into Sun Pharma (Netherlands) B.V. and Specified Investment Undertaking -2 (as defined in the Composite Scheme) of the Company into Sun Pharmaceutical Holdings USA Inc. The Hon'ble National Company Law Tribunal of Gujarat, at Ahmedabad ("NCLT") has vide its Order dated April 11, 2019 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 04, 2019 to approve the Composite Scheme with appointed date as April 01, 2017 or such other date as may be agreed between the Transferee Company-1, Transferee Company-2 and the Company and approved by the NCLT. Pursuant to said Composite Scheme, no consideration shall be paid. This demerger shall enable the Company to address the risks and policies, ability to strategise the remaining business for long term growth, consolidation and creation of shareholder value, etc.

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 and is also made available on the website of the Company at <https://www.sunpharma.com/investors/annualreports>.

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' to 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. Sailesh T. Desai and Mr. Kalyanasundaram Subramanian, Whole-time Directors of the Company retire by rotation at the ensuing 27th Annual General Meeting of the Company and being eligible offer themselves for reappointment.

During the year, Mr. Gautam Doshi was appointed as an Additional Independent Director of the Company with effect from May 25, 2018. Mr. Vivek Chaand Sehgal and Mr. Gautam Doshi have been appointed as Independent Directors of the Company for a term of 5 (five) years each effective from November 14, 2017 and May 25, 2018 upto November 13, 2022 and May 24, 2023 respectively by the members at the 26th Annual General Meeting of the Company held on September 26, 2018.

Pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") the consent of the members by way of Special Resolution, was obtained at the 26th Annual General Meeting of the Company for continuation as Director beyond the age of seventy five years, of Mr. Israel Makov, Non-Executive Director and the Chairman of the Company, as he had attained an age of 79 years.

Mr. S. Mohanchand Dadha, Mr. Keki Mistry and Mr. Ashwin Dani, Independent Directors having completed second term of 2 (two) years of their respective appointments on the conclusion of the 26th Annual General Meeting of the Company, all the three aforementioned Independent Directors retired and ceased to be Directors of the Company w.e.f. the conclusion of the 26th Annual General Meeting of the Company held on September 26, 2018. The Board of Directors places on record their appreciation for contribution made by Mr. S. Mohanchand Dadha, Mr. Keki Mistry and Mr. Ashwin Dani during their tenure as Independent Directors of the Company.

Mr. Sudhir V. Valia has stepped down from the position of Whole-time Director of the Company w.e.f. May 29, 2019. However, he shall continue as a Non-Executive and Non-Independent Director of the Company.

Appropriate resolutions for the re-appointment of the Directors are being placed for your approval at the ensuing 27th Annual General Meeting. Your Directors recommend the same for approval by the members at the ensuing 27th Annual General Meeting 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 Section 149(6) of the Act and under Listing Regulations.

In the opinion of the Board, the Independent Directors of the Company fulfil the conditions specified in the Act and Listing Regulations and are independent of the management.

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 fulfils 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 salient features of the Remuneration Policy of the Company are as under:

- (A) Guiding Principles for remuneration: The Company shall remunerate all its personnel reasonably and sufficiently as per industry benchmarks and standards. The remuneration shall be commensurate to retain and motivate the human resources of the Company. The compensation package will, inter alia, take into account the experience of the personnel, the knowledge & skill required including complexity of his job, work duration and risks associated with the work, and attitude of the employee 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.
- Fixed compensation: The fixed salaries of the Company's personnel shall be competitive and based on the individual personnel's responsibilities and performance.
 - 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.

- 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.
 - Non-monetary benefits: Senior management personnel of the Company may, on a case to case basis, be awarded customary non-monetary benefits such as discounted salary advance / credit facility, rent free accommodation, Company cars with or without chauffer, share and share price related incentive, reimbursement of electricity and telephone bills etc.
 - 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.
 - 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	Board of Directors on the recommendation of the Nomination and Remuneration Committee within the limits approved by the shareholders
Key Managerial Personnel and Senior Management	Board of Directors on recommendation of the Nomination and Remuneration Committee
Other employees	Human Resources Head

Note: For the purpose of this Policy, the term 'Senior Management' shall have the same meaning as defined under the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015

The complete Policy 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>.

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 can 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 25, 2018; August 14, 2018; September 26, 2018; November 13, 2018 and February 12, 2019. The particulars of attendance of the Directors at the said meetings are provided in detail 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, fulfilment 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.

The Chairman and other members of the Board discussed upon the performance evaluation of every Director of the Company and concluded that they were satisfied with the overall performance of the Directors individually and that the Directors generally met their expectations of performance.

The summary of the feedback from the members were thereafter discussed in detail by the members. The respective Director, who was being evaluated, did not participate in the discussion on his/her performance evaluation and had exited the meeting for the said discussion. During the discussion in respect of performance of Mr. Dilip Shanghvi and Mr. Sudhir Valia, both Mr. Dilip Shanghvi and Mr. Sudhir Valia had exited the meeting.

The Chairman additionally interacted with each Director individually, for evaluation of performance of all Individual Directors and Mr. Dilip Shanghvi, along with other Directors had evaluated the performance of Mr. Israel Makov as the Chairman and as an Individual Director. They were satisfied with the overall performance of the Directors individually and that the Directors generally met their expectations of performance.

Human Resources

We have more than 32,000 talented employee base spread across multiple geographies in various sales offices, R&D centers, 40 + manufacturing locations, Regional offices and Corporate office. We believe our employees are pivotal to all the initiatives that drive us to realise our future plans. Human Resource agenda encourages high performance culture with focus on Employee safety & welfare, Employee development & Productivity. Your Directors would also like to take this opportunity to express their appreciation for the dedication 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 endeavour 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, as required under the above mentioned Act.

During the financial year ended March 31, 2019, three complaints pertaining to sexual harassment were received and the same were resolved by the Company. There are no complaints pending as at the end of the financial year.

Your Company has complied with provisions relating to the constitution of Internal Complaints Committee under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

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 the conclusion of the 30th Annual General Meeting of the Company.

The Auditor's Report for the financial year ended March 31, 2019, has been issued with an unmodified opinion, by the Statutory Auditors.

Secretarial Auditor

The Board had appointed KJB & Co. LLP, Practicing Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company for the financial year ended March 31, 2019. 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 Board has appointed Messrs B M Sharma & Associates, Cost Accountants, Pune (Firm's Registration No. 100537) as Cost Auditor of the Company for conducting Cost Audit in respect of Bulk Drugs & Formulations of your Company for the financial year 2019-20.

The Company is required to maintain Cost Records as specified by the Central Government under Section 148(1) of the Act and accordingly, such accounts and records are made and maintained by the Company.

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 Board of Directors has 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. The Corporate Governance Report, which forms part of this report, contains the details of Risk Management Committee of the Company. There is an overarching Risk Management Policy in place has been reviewed and approved by the Board.

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 Company's ERM framework is based on the recommendations by the Committee of Sponsoring Organisations (COSO) to further the organisation's endeavor to strengthen ERM framework and processes using best practices. The ERM team engages with all Function heads to identify internal and external events that may have an adverse impact on the achievement of Company's objectives and periodically monitors changes in both internal and external environment leading to emergence of a new threat/risk. These risks are captured in the form of a risk register with all the relevant information such as risk description, root cause and any existing mitigation plans. The risk register is refreshed annually. Risks are categorised into Strategic, Financial, Operational, Compliance & Reputational. ERM risk assessments covering Company's various businesses and functions are a key input

for the annual internal audit program. During FY 2018-19, the ERM team focused on reviewing effectiveness of actions taken to mitigate certain business, cyber security and other operational risks.

Internal Financial Controls

The Company believes that internal control is a necessary prerequisite of Governance and that freedom should be exercised within a framework of checks and balances. The Company has a well-established internal control framework, which is designed to continuously assess the adequacy, effectiveness and efficiency of financial and operational controls. The management is committed to ensure an effective internal control environment, commensurate with the size and complexity of the business, which provides an assurance on compliance with internal policies, applicable laws, regulations and protection of resources and assets.

Global Internal Audit

An independent and empowered Global Internal Audit Function (GIA) at the corporate level carries out risk-focused audits across all businesses (both in India and overseas), to ensure that business process controls are adequate and are functioning effectively. These audits include reviewing finance, operations, safeguarding of assets and compliance related controls. Areas requiring specialised knowledge are reviewed in partnership with external subject matter experts.

GIA's functioning is governed by the Audit Charter, duly approved by the Audit Committee of the Board, which stipulates matters contributing to the proper and effective conduct of audit. The audit processes are fully automated on a 'SunScience' tool which integrates audit, Internal Financial Controls (IFC) and Enterprise Risk Management (ERM) modules.

The Company's operating management closely monitors the internal control environment and ensures that the recommendations of GIA are effectively implemented. The Audit Committee of the Board monitors performance of GIA, periodically reviews key findings and provides strategic guidance.

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. The details of membership of the Committee and the meetings held are detailed in the Corporate Governance Report, forming part of this Report. 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 in the three immediately preceding 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 presently has only one Employees' Stock Option Scheme, which is inherited from erstwhile Ranbaxy Laboratories Limited ("Ranbaxy"). The scheme is through Direct Route and has been named as Sun Pharma Employee Stock Option Scheme - 2015. The scheme was adopted by the Company with certain amendments consequent upon merger of erstwhile Ranbaxy into the Company. The Scheme is in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

Disclosure with respect to the Employees' Stock Option Scheme in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 is 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, 2019, 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, 2019 and of the profit 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, 2019 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, 2019, forms part of the Annual Report and is also made available on the website of the Company at <http://www.sunpharma.com/pdflist/all-documents>.

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 28, 2019

Israel Makov
Chairman

Annexure - A

DIVIDEND DISTRIBUTION POLICY

1. Objectives and Scope:

The Board of Directors (the "Board") of the Sun Pharmaceutical Industries Limited (the "Company") recognises 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. November 10, 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 analysing 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 utilised 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 modernisation 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 analyse 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-today 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 favourable, 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 utilised 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 /modernisation 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.

Annexure - B**Form No. MGT-9****EXTRACT OF ANNUAL RETURN**

as on the financial year ended on March 31, 2019

[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, if any	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 Activities 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

III. Particulars of Holding, Subsidiary and Associate Companies as on March 31, 2019

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
1.	2 Independence Way LLC	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
2.	3 Skyline LLC	USA	Not Applicable	Subsidiary	76.54	2(87)(ii)
3.	Aditya Acquisition Company Ltd.	Israel	Not Applicable	Subsidiary	100.00	2(87)(ii)
4.	Alkaloida Chemical Company Zrt.	Hungary	Not Applicable	Subsidiary	99.99	2(87)(ii)
5.	AO Ranbaxy	Russia	Not Applicable	Subsidiary	100.00	2(87)(ii)
6.	Basics GmbH	Germany	Not Applicable	Subsidiary	100.00	2(87)(ii)
7.	Caraco Pharmaceuticals Private Limited	India	U24100MH2012FTC225970	Subsidiary	100.00	2(87)(ii)
8.	Chattem Chemicals Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
9.	Dungan Mutual Associates, LLC	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
10.	Dusa Pharmaceuticals, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
11.	Faststone Mercantile Company Private Limited	India	U51900MH2006PTC159266	Subsidiary	100.00	2(87)(ii)
12.	Foundation for Disease Elimination and Control of India	India	U85190MH2016NPL286097	Subsidiary	100.00	2(87)(ii)
13.	Green Eco Development Centre Limited	India	U90009GJ2010PLC062892	Subsidiary	100.00	2(87)(ii)
14.	Insite Vision Incorporated	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
15.	JSC Biosintez	Russia	Not Applicable	Subsidiary	96.96	2(87)(ii)
16.	Kakayu Co., Ltd.	Japan	Not Applicable	Subsidiary	100.00	2(87)(ii)
17.	Laboratorios Ranbaxy S.L.U.	Spain	Not Applicable	Subsidiary	100.00	2(87)(ii)
18.	Morley & Company, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
19.	Mutual Pharmaceutical Company Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
20.	Neethav Real Estate Private Limited	India	U45200MH2010PTC201611	Subsidiary	100.00	2(87)(ii)
21.	Office Pharmaceutique Industriel Et Hospitalier	France	Not Applicable	Subsidiary	100.00	2(87)(ii)
22.	Ohm Laboratories Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
23.	One Commerce Drive LLC	USA	Not Applicable	Subsidiary	76.54	2(87)(ii)
24.	OOO "Sun Pharmaceutical Industries" Limited	Russia	Not Applicable	Subsidiary	100.00	2(87)(ii)
25.	Pharmalucence, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
26.	PI Real Estate Ventures, LLC	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
27.	Pola Pharma Inc.	Japan	Not Applicable	Subsidiary	100.00	2(87)(ii)
28.	Ranbaxy South Africa (Pty) Ltd.	South Africa	Not Applicable	Subsidiary	100.00	2(87)(ii)
29.	Ranbaxy (Malaysia) SDN. BHD.	Malaysia	Not Applicable	Subsidiary	95.67	2(87)(ii)
30.	Ranbaxy (Poland) SP. Z.O.O.	Poland	Not Applicable	Subsidiary	100.00	2(87)(ii)
31.	Ranbaxy (Thailand) Co., Ltd.	Thailand	Not Applicable	Subsidiary	100.00	2(87)(ii)
32.	Ranbaxy (U.K.) Limited	UK	Not Applicable	Subsidiary	100.00	2(87)(ii)
33.	Ranbaxy Farmaceutica Ltda.	Brazil	Not Applicable	Subsidiary	100.00	2(87)(ii)
34.	Ranbaxy Holdings (U.K.) Limited	UK	Not Applicable	Subsidiary	100.00	2(87)(ii)
35.	Ranbaxy Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
36.	Ranbaxy Ireland Limited	Ireland	Not Applicable	Subsidiary	100.00	2(87)(ii)
37.	Ranbaxy Italia S.P.A.	Italy	Not Applicable	Subsidiary	100.00	2(87)(ii)
38.	Ranbaxy Nigeria Limited	Nigeria	Not Applicable	Subsidiary	86.16	2(87)(ii)
39.	Ranbaxy Pharmaceuticals (Pty) Ltd.	South Africa	Not Applicable	Subsidiary	100.00	2(87)(ii)
40.	"Ranbaxy Pharmaceuticals Ukraine" LLC	Ukraine	Not Applicable	Subsidiary	100.00	2(87)(ii)
41.	Ranbaxy Pharmacie Generiques	France	Not Applicable	Subsidiary	100.00	2(87)(ii)
42.	Ranbaxy Signature LLC	USA	Not Applicable	Subsidiary	67.50	2(87)(ii)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
43.	Realstone Multitrade Private Limited	India	U51900MH2006PTC158889	Subsidiary	100.00	2(87)(ii)
44.	Rexcel Egypt LLC	Egypt	Not Applicable	Subsidiary	100.00	2(87)(ii)
45.	Terapia SA	Romania	Not Applicable	Subsidiary	96.81	2(87)(ii)
46.	Skisen Labs Private Limited	India	U73100MH2005PTC150606	Subsidiary	100.00	2(87)(ii)
47.	Softdeal Trading Company Private Limited	India	U51900MH2006PTC159237	Subsidiary	100.00	2(87)(ii)
48.	Sonke Pharmaceuticals Proprietary Limited	South Africa	Not Applicable	Subsidiary	70.00	2(87)(ii)
49.	SPIL De Mexico S.A. DE C.V.	Mexico	Not Applicable	Subsidiary	100.00	2(87)(ii)
50.	Sun Farmaceutica do Brasil Ltda.	Brazil	Not Applicable	Subsidiary	100.00	2(87)(ii)
51.	Sun Global Canada Pty. Ltd.	Canada	Not Applicable	Subsidiary	100.00	2(87)(ii)
52.	Sun Global Development FZE	UAE	Not Applicable	Subsidiary	100.00	2(87)(ii)
53.	Sun Laboratories FZE	UAE	Not Applicable	Subsidiary	100.00	2(87)(ii)
54.	Sun Pharma Laboratories Limited	India	U25200MH1997PLC240268	Subsidiary	100.00	2(87)(ii)
55.	Sun Pharma (Netherlands) B.V. [Formerly known as Ranbaxy (Netherlands) B.V.]	Netherlands	Not Applicable	Subsidiary	100.00	2(87)(ii)
56.	Sun Pharma ANZ Pty Ltd	Australia	Not Applicable	Subsidiary	100.00	2(87)(ii)
57.	Sun Pharma Canada Inc. (Formerly known as Ranbaxy Pharmaceuticals Canada Inc.)	Canada	Not Applicable	Subsidiary	100.00	2(87)(ii)
58.	Sun Pharma DE Mexico S.A. DE C.V.	Mexico	Not Applicable	Subsidiary	75.00	2(87)(ii)
59.	Sun Pharma DE Venezuela, C.A.	Venezuela	Not Applicable	Subsidiary	100.00	2(87)(ii)
60.	Sun Pharma Distributors Limited	India	U51909MH2019PLC322778	Subsidiary	100.00	2(87)(ii)
61.	Sun Pharma East Africa Limited	Kenya	Not Applicable	Subsidiary	100.00	2(87)(ii)
62.	Sun Pharma Egypt Limited LLC (Formerly known as Ranbaxy Egypt Ltd)	Egypt	Not Applicable	Subsidiary	100.00	2(87)(ii)
63.	Sun Pharma Global FZE	UAE	Not Applicable	Subsidiary	100.00	2(87)(ii)
64.	Sun Pharma Healthcare FZE	UAE	Not Applicable	Subsidiary	100.00	2(87)(ii)
65.	Sun Pharma Holdings	Mauritius	Not Applicable	Subsidiary	100.00	2(87)(ii)
66.	Sun Pharma Japan Ltd.	Japan	Not Applicable	Subsidiary	100.00	2(87)(ii)
67.	Sun Pharma Philippines, Inc.	Philippines	Not Applicable	Subsidiary	100.00	2(87)(ii)
68.	Sun Pharma Switzerland Ltd.	Switzerland	Not Applicable	Subsidiary	100.00	2(87)(ii)
69.	Sun Pharmaceutical Industries, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
70.	Sun Pharmaceutical (Bangladesh) Limited	Bangladesh	Not Applicable	Subsidiary	72.50	2(87)(ii)
71.	Sun Pharmaceutical Industries (Australia) Pty Limited	Australia	Not Applicable	Subsidiary	100.00	2(87)(ii)
72.	Sun Pharmaceutical Industries (Europe) B.V.	Netherlands	Not Applicable	Subsidiary	100.00	2(87)(ii)
73.	Sun Pharmaceutical Industries S.A.C.	Peru	Not Applicable	Subsidiary	100.00	2(87)(ii)
74.	Sun Pharmaceutical Medicare Limited	India	U36900GJ2017PLC095132	Subsidiary	100.00	2(87)(ii)
75.	Sun Pharmaceutical Peru S.A.C.	Peru	Not Applicable	Subsidiary	99.33	2(87)(ii)
76.	Sun Pharmaceuticals Holdings USA, Inc.	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
77.	Sun Pharmaceuticals SA (Pty) Ltd.	South Africa	Not Applicable	Subsidiary	100.00	2(87)(ii)
78.	Sun Pharmaceuticals France	France	Not Applicable	Subsidiary	100.00	2(87)(ii)
79.	Sun Pharmaceuticals Germany GmbH	Germany	Not Applicable	Subsidiary	100.00	2(87)(ii)
80.	Sun Pharmaceuticals Korea Ltd.	South Korea	Not Applicable	Subsidiary	100.00	2(87)(ii)
81.	Sun Pharmaceuticals Morocco LLC	Morocco	Not Applicable	Subsidiary	100.00	2(87)(ii)
82.	Taro International Ltd.	Israel	Not Applicable	Subsidiary	76.54	2(87)(ii)
83.	Taro Pharmaceutical Industries Ltd.	Israel	Not Applicable	Subsidiary	76.54	2(87)(ii)
84.	Taro Pharmaceutical Laboratories Inc.	USA	Not Applicable	Subsidiary	76.54	2(87)(ii)
85.	Taro Pharmaceuticals Europe B.V.	Netherlands	Not Applicable	Subsidiary	76.54	2(87)(ii)
86.	Taro Pharmaceuticals Inc.	Canada	Not Applicable	Subsidiary	76.54	2(87)(ii)

Sr. No.	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of shares held	Applicable Section
87.	Taro Pharmaceuticals North America, Inc.	Cayman Islands, British West Indies	Not Applicable	Subsidiary	76.54	2(87)(ii)
88.	Taro Pharmaceuticals U.S.A., Inc.	USA	Not Applicable	Subsidiary	76.54	2(87)(ii)
89.	The Taro Development Corporation	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
90.	Universal Enterprises Private Limited	India	Not Applicable	Subsidiary	100.00	2(87)(ii)
91.	URL PharmPro, LLC	USA	Not Applicable	Subsidiary	100.00	2(87)(ii)
92.	Zenotech Farmaceutica Do Brasil Ltda	Brazil	Not Applicable	Subsidiary	38.21	2(87)(ii)
93.	Zenotech Inc	USA	Not Applicable	Subsidiary	57.56	2(87)(ii)
94.	Zenotech Laboratories Limited	India	L27100AP1989PLC010122	Subsidiary	57.56	2(87)(ii)
95.	Zenotech Laboratories Nigeria Limited	Nigeria	Not Applicable	Subsidiary	57.50	2(87)(ii)
96.	ALPS LLC	USA	Not Applicable	Associate	19.99	2(6)
97.	Artes Biotechnology GmbH	Germany	Not Applicable	Associate	45.00	2(6)
98.	Composite Power Generation LLP	India	Not Applicable	Associate	36.90	2(6)
99.	Dr. Py Institute LLC	USA	Not Applicable	Associate	19.99	2(6)
100.	Generic Solar Power LLP	India	Not Applicable	Associate	28.76	2(6)
101.	HRE II LLC	USA	Not Applicable	Associate	19.99	2(6)
102.	HRE III LLC	USA	Not Applicable	Associate	19.99	2(6)
103.	HRE LLC	USA	Not Applicable	Associate	19.99	2(6)
104.	Intact Pharmaceuticals LLC	USA	Not Applicable	Associate	19.99	2(6)
105.	Intact Media LLC (Formerly Intact Skin Care LLC)	USA	Not Applicable	Associate	19.99	2(6)
106.	Medinstill Development LLC	USA	Not Applicable	Associate	19.99	2(6)
107.	Medinstill LLC	USA	Not Applicable	Associate	19.99	2(6)
108.	Trumpcard Advisors and Finvest LLP	India	Not Applicable	Associate	40.61	2(6)
109.	Vento Power Generation LLP	India	Not Applicable	Associate	40.55	2(6)
110.	Vintage Power Generation LLP	India	Not Applicable	Associate	39.41	2(6)
111.	Tarsius Pharma Ltd.	Israel	Not Applicable	Associate	18.33	2(6)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity as on March 31, 2019)

(i) Category-wise Share Holding

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. PROMOTERS*									
1) Indian									
a) Individual / HUF	293200513	0	293200513	12.22	293200513	0	293200513	12.22	0.00
b) Central Government / State Government	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	1010366094	12000	1010378094	42.11	1010366094	12000	1010378094	42.11	0.00
d) Financial Institutions / Bank	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other (Trusts)	1276774	0	1276774	0.05	1276774	0	1276774	0.05	0.00
Sub-total (A) (1):-	1304843381	12000	1304855381	54.38	1304843381	12000	1304855381	54.38	0.00
2) Foreign									
a) Individuals (NRIs)	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corporate	0	0	0	0.00	0	0	0	0.00	0.00
d) Financial Institutions / Bank	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A)(2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter* (A)=(A)(1)+(A)(2)	1304843381	12000	1304855381	54.38	1304843381	12000	1304855381	54.38	0.00

Category of shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. PUBLIC SHAREHOLDING									
1. Institutions									
a) Mutual Funds	192509489	2500782	195010271	8.13	223325669	9342	223335011	9.31	1.18
b) Financial Institutions /Bank	22412015	3798	22415813	0.93	21068879	2293	21071172	0.88	-0.06
c) Central Government / State Government	0	0	0	0.00	2820	0	2820	0.00	0.00
d) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e) Insurance Companies	168094940	0	168094940	7.01	166138398	0	166138398	6.92	-0.08
f) FIs	3788557	17943	3806500	0.16	677802	15248	693050	0.03	-0.13
g) Foreign Venture Capital	0	0	0	0.00	0	0	0	0.00	0.00
h) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
(i) Any Other (specify) Foreign Portfolio Investor (Corporate)	387782873	0	387782873	16.16	372261678	0.00	372261678	15.52	-0.65
Foreign Bank	1504	23918	25422	0.00	8928	23789	32717	0.00	0.00
UTI	2235590	1380	2236970	0.09	3626731	1380	3628111	0.15	0.06
Alternate Investment Funds	1546565	0	1546565	0.06	1212911	0	1212911	0.05	-0.01
Sub-total (B)(1):-	778371533	2547821	780919354	32.55	788323816	52052	788375868	32.86	0.31
2. Non-Institutions									
a) Bodies Corporate									
i) Indian	102919063	153917	103072980	4.30	89415662	151840	89567502	3.73	-0.57
ii) Overseas	46000	0	46000	0.00	46000	0	46000	0.00	0.00
b) Individuals									
i) Individual Shareholders holding nominal share capital upto ₹1 Lakh	138287020	9952424	148239444	6.18	139147990	8528636	147676626	6.15	-0.02
ii) Individual Shareholders holding nominal share capital in excess of ₹1 Lakh	27181865	125000	27306865	1.14	28686116	288000	28974116	1.21	0.07
c) Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
d) Others (specify)									
i) Non Resident Indians(Repat)	4545204	331885	4877089	0.20	5427442	279740	5707182	0.24	0.03
ii) Non Resident Indians(Non Repat)	2565549	0	2565549	0.11	3161429	0	3161429	0.13	0.02
iii) Foreign Companies	671865	0	671865	0.03	276965	0	276965	0.01	-0.02
iv) Clearing Member	2695586	0	2695586	0.11	2938110	0	2938110	0.12	0.01
v) Other Directors	3783394	0	3783394	0.16	3746747	0	3746747	0.16	0.00
vi) Trusts	15374984	0	15374984	0.64	17502708	0	17502708	0.73	0.09
vii) Foreign Nationals	21040	0	21040	0.00	24636	0	24636	0.00	0.00
viii) Hindu Undivided Family	4424397	0	4424397	0.18	5263150	0	5263150	0.22	0.03
ix) IEPF	469252	0	469252	0.02	1218550	0	1218550	0.05	0.03
Sub-total (B)(2):-	302985219	10563226	313548445	13.07	296855505	9248216	306103721	12.76	-0.31
Total Public Shareholding (B)=(B)(1)+(B)(2)	1081356752	13111047	1094467799	45.62	1085179321	9300268	1094479589	45.62	0.00
C. SHARES HELD BY CUSTODIAN FOR GDRs & ADRs									
Employee Benefit Trust under SEBI (Share based employee benefit) Regulations, 2014	0	0	0	0.00	0	0	0	0.00	0.00
GRAND TOTAL (A+B+C)	2386200133	13123047	2399323180	100.00	2390022702	9312268	2399334970	100.00	0.00

*includes Promoter Group

(ii) Shareholding of Promoters

Sr. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share-holding during the year
		No. of shares	% of total Shares of the company	% of shares Pledged/ encumbered to total Shares	No. of shares	% of total Shares of the company	% of shares Pledged/ encumbered to total Shares	
1	Dilip S. Shanghvi	230285690	9.60	0	230285690	9.60	0	0.00

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sr. No.		Shareholding at the beginning of the year		Cumulative shareholding during the year		
		No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company	
1.	Dilip S. Shanghvi	At the beginning of the year	230285690	9.60	230285690	9.60
	Increase / Decrease in Shareholding during the year	No Change during the year			230285690	9.60
	At the end of the year	230285690	9.60		230285690	9.60

(iv) Shareholding Pattern of top ten shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sr. No.	For Each of the top 10 shareholders		Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
1.	Shanghvi Finance Private Limited	At the beginning of the year	282603	0.01	282603	0.01
	Increase / Decrease in Share holding [#]	October 23, 2018 [#] (Pursuant to merger)	959489975	39.99	959772578	40.00
		At the end of the year	959772578	40.00	959772578	40.00
2.	Life Insurance Corporation of India	At the beginning of the year	145302877	6.06	145302877	6.06
	Increase / Decrease in Share holding	Various dates during the year*	(4085319)	(0.17)	141217558	5.89
		At the end of the year	141217558	5.89	141217558	5.89
3.	ICICI Prudential Value Discovery Fund and various Fund Accounts	At the beginning of the year	72006776	3.00	72006776	3.00
	Increase / Decrease in Share holding	Various dates during the year*	10086458	0.42	82093234	3.42
		At the end of the year	82093234	3.42	82093234	3.42
4.	Aditya Medisales Limited	At the beginning of the year	40153960	1.67	40153960	1.67
		At the end of the year	40153960	1.67	40153960	1.67
5.	Raksha S. Valia	At the beginning of the year	33830352	1.41	33830352	1.41
		At the end of the year	33830352	1.41	33830352	1.41
6.	Government of Singapore	At the beginning of the year	31322421	1.31	31322421	1.31
	Increase / Decrease in Share holding	Various dates during the year*	1702560	0.07	33024981	1.38
		At the end of the year	33024981	1.38	33024981	1.38
7.	Lakshdeep Investments & Finance (P) Ltd.	At the beginning of the year	35124907	1.46	35124907	1.46
	Increase / Decrease in Share holding	Various dates during the year*	(3740000)	(0.15)	31384907	1.31
		At the end of the year	31384907	1.31	31384907	1.31
8.	Reliance Capital Trustee Co Ltd. A/C Reliance Large Cap Fund and various Fund Accounts	At the beginning of the year	16376928	0.68	16376928	0.68
	Increase / Decrease in Share holding	Various dates during the year*	14448920	0.60	30825848	1.28
		At the end of the year	30825848	1.28	30825848	1.28

Sr. No.	For Each of the top 10 shareholders		Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total Shares of the company	No. of shares	% of total Shares of the company
9.	Matthews Pacific Tiger Fund	At the beginning of the year	19254758	0.80	19254758	0.80
	Increase / Decrease in Share holding	Various dates during the year*	5032051	0.21	24286809	1.01
		At the end of the year	24286809	1.01	24286809	1.01
10.	UTI - Nifty Exchange Traded Fund	At the beginning of the year	16627671	0.69	16627671	0.69
	Increase / Decrease in Share holding	Various dates during the year*	3720108	0.16	20347779	0.85
		At the end of the year	20347779	0.85	20347779	0.85

Note: Shareholding has been consolidated on PAN basis.

Pursuant to Scheme of Amalgamation, Shanghvi Finance Private Limited ("SFPL"), which is a part of the Promoter Group of the Company, has w.e.f. 23.10.2018 acquired 95,94,89,975 Equity Shares of the Company representing 39.99% of the total paid-up equity share capital of the Company from 11 Transferor Companies namely 1) erstwhile Vidity Investment Private Limited; 2) erstwhile Tejskiran Pharmachem Industries Private Limited; 3) erstwhile Quality Investment Private Limited; 4) erstwhile Family Investment Private Limited; 5) erstwhile Virtuous Share Investments Private Limited; 6) erstwhile Virtuous Finance Private Limited; 7) erstwhile Sholapur Organics Private Limited; 8) erstwhile Jeevanrekha Investrade Private Limited; 9) erstwhile Package Investrade Private Limited; 10) erstwhile Asawari Investment and Finance Private Limited; and 11) erstwhile Nimit Exports Private Limited, which were forming part of the promoter group of the Company and were collectively holding the aforementioned equity shares of the Company.

*The trading has taken place on various dates, therefore the change has been shown on consolidated basis.

(v) Shareholding of Directors and Key Managerial Personnel: (Held singly or jointly as first holder)

Sr. No.	Name of Director / KMP		Shareholding at the beginning of the year		Cumulative shareholding during the year	
			No. of shares	% of total shares of the company	No. of shares	% of total Shares of the company
1.	Israel Makov	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0
2.	Dilip S. Shanghvi	At the beginning of the year	230285690	9.60	230285690	9.60
		At the end of the year	230285690	9.60	230285690	9.60
3.	Sudhir V. Valia	At the beginning of the year	14345019	0.60	14345019	0.60
		At the end of the year	14345019	0.60	14345019	0.60
4.	Sailesh T. Desai	At the beginning of the year®	3740747	0.16	3740747	0.16
	Increase / Decrease in Share holding	October 05, 2018	(2000)	(0.00)	3738747	0.16
		At the end of the year®	3738747	0.16	3738747	0.16
5.	Kalyanasundaram Subramanian	At the beginning of the year	0	0	0	0
	Increase / Decrease in Share holding	Various dates during the year\$	201	0.00	201	0.00
		At the end of the year	201	0.00	201	0.00
6.	S. Mohanchand Dadha*	At the beginning of the year	0	0	0	0
		As on September 26, 2018	0	0	0	0
7.	Keki M. Mistry*	At the beginning of the year	43270	0.00	43270	0.00
		As on September 26, 2018	43270	0.00	43270	0.00
8.	Ashwin S. Dani*	At the beginning of the year	0	0	0	0
		As on September 26, 2018	0	0	0	0
9.	Rekha Sethi	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0
10.	Vivek Chaand Sehgal	At the beginning of the year	0	0	0	0
		At the end of the year	0	0	0	0
11.	Gautam Doshi#	As on May 25, 2018	8000	0.00	8000	0.00
		At the end of the year	8000	0.00	8000	0.00

Sr. No.	Name of Director / KMP	Shareholding at the beginning of the year		Cumulative shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total Shares of the company
12.	CS Muralidharan	At the beginning of the year	0	0	0
		At the end of the year	0	0	0
13.	Sunil Ajmera	At the beginning of the year	0	0	0
		At the end of the year	0	0	0

*Was Director upto September 26, 2018,

appointed as Director w.e.f. May 25, 2018,

@ includes shares transferred as margin, if any

§ The trading has taken place on various dates, therefore the change has been shown on consolidated basis.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	(₹ in Million)			
	Secured Loans excluding deposits	Unsecured Loans	Deposits ⁽¹⁾	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	108.2	68,731.9	118.3	68,958.4
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due ⁽²⁾	9.1	40.0	-	49.1
Total (i+ii+iii)	117.3	68,771.9	118.3	69,007.5
Change in Indebtedness during the financial year				
Addition: Principal Amount ⁽³⁾	-	173,501.5	-	173,501.5
Reduction: Principal Amount ^{(3)/(4)}	-	177,975.2	20.9	177,996.1
Change: Addition / (Reduction) in Interest accrued but not Due	1.1	44.2	-	45.3
Net Change	1.1	(4,429.5)	(20.9)	(4,449.3)
Indebtedness at the end of the financial year				
i) Principal Amount	108.2	64,258.2	97.4	64,463.8
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due ⁽²⁾	10.2	84.2	-	94.4
Total (i+ii+iii)	118.4	64,342.4	97.40	64,558.2

Notes:

⁽¹⁾ Deposits are Security Deposits Received. The change during the year has been shown on net basis.

⁽²⁾ Interest accrued but not due on borrowings.

⁽³⁾ Change in the OD & WCDL limit under Working Capital Facility forming part of Unsecured loans, have been shown on net basis.

⁽⁴⁾ Ind AS adjustment in the outstanding as on March 31, 2019 of External Commercial Paper & Commercial papers are shown as reduction in principal amount.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

		(Amount in ₹)			
Sr. No.	Particulars of Remuneration	Mr. Dilip S. Shanghvi	Mr. Sudhir V. Valia	Mr. Sailesh T. Desai	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	1*	1*	11855400	11855402
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	262800	79200	371181	713181
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-	-
2.	Stock Option	-	-	-	-
3.	Sweat Equity	-	-	-	-
4.	Commission - as % of profit	-	-	-	-
5.	Others, please specify	-	-	-	-
	Total (A)	262801	79201	12226581	12568583

Ceiling as per the Act: ₹499.9 Million (10% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)

*Remuneration of Mr. Dilip Shanghvi and Mr. Sudhir V. Valia is ₹1/- each for the financial year 2018-19 and the remaining amount of ₹262800 and ₹79200 respectively pertain to notional value of perquisite as per Income Tax Act.

B. Remuneration to other directors for the year ended March 31, 2019:

(The remuneration to Non-Executive Directors consist only of sitting fees)

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of Directors							Total Amount (1) to (7)
		Mr. S Mohanchand Dadha*	Mr. Keki Mistry*	Mr. Ashwin Dani*	Ms. Rekha Sethi	Mr. Vivek Chaand Sehgal	Mr. Gautam Doshi	Mr. Israel Makov	
		(1)	(2)	(3)	(4)	(5)	(6)	(7)	
1. Independent									
	Fee for attending board / committee meetings	1000000	600000	200000	1500000	600000	1300000	-	5200000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (1)	1000000	600000	200000	1500000	600000	1300000	0	5200000
2. Other Non-Executive Directors									
	Fee for attending board / committee meetings	-	-	-	-	-	-	900000	900000
	Commission	-	-	-	-	-	-	-	-
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	0	0	0	0	0	0	900000	900000
	Total (B) = (1+2)	1000000	600000	200000	1500000	600000	1300000	900000	6100000
	Ceiling as per the Act:	Not applicable since no commission was paid during the year. Sitting Fee is ₹1,00,000 for each meeting of the Board /Committee attended by the Director.							
	Total Managerial Remuneration (A+B):								18668583

*For part of the year upto September 26, 2018

C. Remuneration to Key Managerial Personnel other than MD / Manager / WTD

(As per Form 16, on actual payment basis)

(₹ in Million)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel		Total
		Mr. Sunil Ajmera (Company Secretary)	Mr. CS Muralidharan (Chief Financial Officer)	
1. Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income- tax Act, 1961	13.39	32.02	45.41
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.32	0.79	1.11
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	-	-	-
2. Stock Option		-	-	-
3. Sweat Equity		-	-	-
4. Commission - as % of profit		-	-	-
5. Others, please specify		-	-	-
	Total	13.71	32.81	46.52

VII. Penalties / Punishment / Compounding of Offences Against Company, Directors and Other Officers in Default: NIL

For and on behalf of the Board of Directors

Place: Mumbai

Date: May 28, 2019

Israel Makov

Chairman

Annexure - C

Information required under Section 197 of the Act Read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

- (i) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2018-19 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2018-19:

Name of Director and Key Managerial Personnel	Designation	Ratio of remuneration ⁽¹⁾ of each Director to median remuneration of employees	increase/ (decrease) in Remuneration ⁽¹⁾ in the Financial Year 2018-19
Directors:			
Mr. Israel Makov	Non-executive Chairman	1.87	0.0%
Mr. Dilip S. Shanghvi ⁽²⁾	Managing Director	0.55	-99.13%
Mr. Sudhir V. Valia ⁽²⁾	Whole-time Director	0.16	-99.74%
Mr. Sailesh T. Desai	Whole-time Director	25.44	-0.46%
Mr. Kalyanasundaram Subramanian ⁽³⁾	Whole-time Director	N.A	N.A
Mr. S. Mohanchand Dadha*	Non-executive Independent Director	2.08	-37.50%
Mr. Keki M. Mistry*	Non-executive Independent Director	1.25	-25.00%
Mr. Ashwin S. Dani*	Non-executive Independent Director	0.42	-71.43%
Ms. Rekha Sethi	Non-executive Independent Director	3.12	15.38%
Mr. Vivek Chaand Sehgal	Non-executive Independent Director	1.25	100.00%
Mr. Gautam Doshi**	Non-executive Independent Director	2.70	N.A
Key Managerial Personnel:			
Mr. C.S.Muralidharan	Chief Financial Officer	Not Applicable	Refer Note 1
Mr. Sunil Ajmera	Company Secretary	Not Applicable	2.25%

*Retired and ceased to be Directors w.e.f. September 26, 2018

**Appointed w.e.f. May 25, 2018

⁽¹⁾ Remuneration to Non-Executive Directors consists only of sitting fees and is based on the number of meetings attended during the year. No commission was paid to Non-Executive Directors for the year 2018-19.

⁽²⁾ Remuneration of Mr. Dilip Shanghvi and Mr. Sudhir V. Valia is ₹1/- each for the financial year 2018-19 and the remaining amount of ₹262800 and ₹79200 respectively pertain to notional value of perquisite as per Income Tax Act.

⁽³⁾ Mr. Kalyanasundaram Subramanian, Whole-time Director of the Company, does not receive any remuneration from the Company, however he is receiving remuneration from Sun Pharma Laboratories Limited (SPLL), the wholly owned subsidiary of the Company, where he is also Whole-time Director and Chief Executive Officer.

Note 1 - There was no increase in the overall remuneration as approved by the Board of Directors for the FY 2018-19. However, based on calculation of amounts as per Form 16 for the year 2017-18 (annualised, as he was for the part of the year in 2017-18) and for the year 2018-19, the increase amounts to 12.64%

- (ii) The percentage increase in the median remuneration of employees in the financial year 2018-19 (Median -2019/ Median 2018): 5.12%
- (iii) The number of permanent employees on the rolls of the Company as on March 31, 2019: 17501
- (iv) Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:
- (v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

9.77% and the average increase/(decrease) in the managerial personnel remuneration was (66.44)%.

(All the details of remuneration given above are as per Form 16 as per Income Tax Act, and the ratios are calculated on that basis)

For and on behalf of the Board of Directors

Average percentage increase made in the salaries of employees other than the managerial personnel in the financial year ending March 31, 2019 was approximately

Place: Mumbai
Date: May 28, 2019

Israel Makov
Chairman

Annexure - D

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2019

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
Sun Pharmaceutical Industries Limited,
Vadodara, Gujarat.

We have conducted the Secretarial Audit of the compliances of applicable statutory provisions and the adherence to good corporate governance practice by **Sun Pharmaceutical Industries Limited** ("the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minutes books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorised representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March 2019**, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019, according to the provisions of:

- i. The Companies Act, 2013 (the Act) and the rules made thereunder;
- ii. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- iii. The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- iv. Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- v. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India ("SEBI") Act, 1992:
 - a. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;
 - b. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

- c. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;
- d. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- e. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 – **Not applicable to the Company for the year under review;**
- f. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 – **Not applicable to the Company for the year under review;**
- g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 – **Not applicable to the Company for the year under review;**
- h. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993, regarding the Companies Act and dealing with client – **Not applicable to the Company;**
- i. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not applicable to the Company for the year under review;**

We have also examined compliance with the applicable clauses of Secretarial Standards with respect to meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India under the provisions of Companies Act, 2013;

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines etc. mentioned above

We further report that:

1. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and Woman Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.
2. Adequate notice of at least seven days was given to all directors to schedule the Board Meetings and Meetings of Committees. Agenda and detailed notes on agenda were sent in advance in adequate time before the meetings and a system exists for Directors for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

3. On verification of minutes, we have not found any dissent/disagreement on any of the agenda items discussed in the Board and Committee meetings from any of the Directors and all the decisions are carried through.

Based on the information received and records maintained, we further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that, having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof, on the basis of the representations made by the respective plant heads of R&D centers, the Company has identified and complied with the following laws applicable to the Company:

- Drugs and Cosmetics Act, 1940 and rules made thereunder;
- Factories Act, 1948.

We further report that during the year under review:

- The Company had allotted 11,790 Equity Shares of ₹1/- each to eligible employees who have exercised their options under Sun Employees Stock Options Scheme – 2015;
- Undertaking of Sun Pharma Global FZE was demerged under Sections 230 to 232 and Section 234 of the Companies Act, 2013 read with the Companies (Compromises, Arrangements and Amalgamations) Rules, 2016 and other applicable provisions of the Companies Act, 2013 on 1st December 2018 (Effective date), the appointed date for the said demerger being 1st April 2017.

For KJB & CO LLP,

Practicing Company Secretaries

Alpeshkumar J. Panchal

Partner

Mem No. - 49008

C. P. No. - 20120

Date: May 28, 2019

Place: Mumbai.

This report is to be read with our letter of even date which is annexed as **Annexure 1** and forms an integral part of this report

ANNEXURE 1 TO SECRETARIAL AUDIT REPORT

To,
The Members,
Sun Pharmaceutical Industries Limited,
Vadodara, Gujarat.

Our report of even date is to be read along with this letter.

1. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.
2. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
3. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
4. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For KJB & CO LLP,

Practicing Company Secretaries

Alpeshkumar J. Panchal

Partner

Mem No. - 49008

C. P. No. - 20120

Date: May 28, 2019

Place: Mumbai.

Annexure - E

AOC - 2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Companies Act, 2013 ("the Act") and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis - NIL**2. Details of material contracts or arrangement or transactions (i.e. exceeding ten percent of the annual consolidated turnover as per the last audited financial statements) at arm's length basis**

Sr. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any:	Amount paid as advances, as on March 31, 2019 if any:
1.	Sun Pharma Laboratories Limited (Wholly owned subsidiary)	Purchase of goods, property, plant & equipment, Revenue from contracts with customers, Sale of property, plant & equipment and investments, Dividend Income, Receiving and Rendering of Service, Reimbursement of expenses paid and expenses received, Loan taken and repaid, Interest on Loans repaid, Interest expense and Rent income	On-going	The related party transactions entered during the year were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2018-19 was ₹46,141.8 Million	Since these transactions are in the ordinary course of business and are at arm's length basis, approval of the Board is not applicable.	Nil
2.	Aditya Medisales Limited (Direct Subsidiary of Shanghvi Finance Private Limited w.e.f. October 23, 2018 where Mr. Dilip S. Shanghvi, Promoter and Managing Director of the Company alongwith his spouse holds 100% shares)	Revenue from contracts with customers, Rent Income and Interest Income	On-going	The related party transactions entered during the year were in ordinary course of business and on an arm's length basis. The aggregate amount of transactions for the financial year 2018-19 was ₹31,418.1 Million	Since these transactions are in the ordinary course of business and are at arm's length basis, approval of the Board is not applicable. However, the shareholders' approval has been obtained at the 25th Annual General Meeting of the Company held on September 26, 2017.	Nil

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2019

Israel Makov
Chairman

Annexure - F

Annual Report on Corporate Social Responsibility (CSR) Activities for the Financial Year 2018-19

Details	Particulars
1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken	<p>The CSR policy of the Company encompasses its philosophy towards Corporate Social Responsibility and lays down the guidelines and mechanism for undertaking socially useful programs for welfare & sustainable development of the community at large.</p> <p>The Company has identified health, education & livelihood, environment protection, water management and disaster relief as the areas where assistance is provided on a need-based and case-to-case basis. Your Company persisted with participation in such activities at the local, grass root level during the year.</p>
2. Reference to the web-link to the CSR policy and projects or programmes	The contents of CSR policy can be accessed through the web link http://www.sunpharma.com/policies and details on projects and programmes are forming part of this Annual Report
3. Composition of the CSR Committee	Mr. Dilip S. Shanghvi, Chairman, Mr. Sudhir V. Valia, Member and Ms. Rekha Sethi, Member
4. Average net profit of the Company for last three financial years	The average net profits of the Company for the last three financial years was negative.
5. Prescribed CSR Expenditure (two percent of the amount as in item 4 above)	Since, the average net profit of the Company for the last three financial years was negative, the Company was not required to spend on CSR activities during the previous year. However, the Company has voluntarily spent on CSR activities.
6. Details of CSR spend for the financial year:	
a) Total amount spent for the financial year	₹39.36 Million
b) Amount unspent, if any	Nil
c) Manner in which the amount spent during the Financial year	Details given below

								(₹ in Million)
Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programs 1. Local Area or other 2. Specify the State and District where projects or programs were undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the projects or programs (Direct Expenditure)	Overhead Expenditure	Cumulative expenditure upto to the reporting period	Amount spent Directly or through implementing agency
1	Mobile Medical Unit Programme	Healthcare under Item No.(i)	Ahmednagar (Ahmednagar, Maharashtra), Halol (Panchmahal, Gujarat), Mohali (SAS Nagar, Punjab), Toansa(SBS Nagar, Punjab), Paonta Sahib (Sirmour, Himachal Pradesh), Dewas (Dewas, Madhya Pradesh), Panoli(Bharuch, Gujarat), Ankleshwar(Bharuch, Gujarat), Karkhadi(Vadodara, Gujarat), Malanpur (Bhind, Madhya Pradesh) and Madurantakam (Kanchipuram, Tamilnadu)	31.60	20.84	0.77	91.02	Implementing Agency: 1. Help Age India 2. Sun Pharma Community Healthcare Society

								(₹ in Million)
Sr. No.	CSR Project or Activity Identified	Sector in which the project is covered	Projects or Programs 1. Local Area or other 2. Specify the State and District where projects or programs were undertaken	Amount Outlay (Budget) Project or Program wise	Amount spent on the projects or programs (Direct Expenditure)	Overhead Expenditure	Cumulative expenditure upto to the reporting period	Amount spent Directly or through implementing agency
2.	Education Programme	Education under Item No.(ii)	Karkhadi (Vadodara, Gujarat), Malanpur (Bhind, Madhya Pradesh), Ahmednagar (Ahmednagar,Maharashtra), Panoli(Bharuch, Gujarat), Madurantakam (Kanchipuram, Tamilnadu), Dewas (Dewas, Madhya Pradesh), Halol (Panchmahal, Gujarat), Silvassa (UT of Dadra & Nagar Haveli) and Toansa(SBS Nagar, Punjab)	6.76	5.41	0.04	10.76	Directly and Implementing Agency: SVADES
3.	Sanitation Programme	Healthcare under Item No.(i)	Ahmednagar (Ahmednagar, Maharashtra), Silvassa, (UT of Dadra & Nagar Haveli), Halol (Panchmahal, Gujarat), Panoli (Bharuch, Gujarat), Toansa (SBS Nagar, Punjab) and Madurantakam (Kanchipuram, Tamilnadu)	5.29	5.17	0.25	13.82	Directly and Implementing Agency: GVT-Dahod
4.	Environment Conservation Programme	Environment under Item No.(iv)	Panoli (Bharuch, Gujarat), Ahmednagar (Ahmednagar, Maharashtra), Paonta (Sirmour, Himachal Pradesh), Madurantakam (Kanchipuram, Tamilnadu) and Toansa (SBS Nagar, Punjab)	2.18	1.86	0.00	2.95	Directly
5.	Water Conservation - Pond Deepening Project	Rural Development Project under Item No. (x)	Halol (Panchmahal, Gujarat), Panoli (Bharuch, Gujarat), Ankleshwar (Bharuch, Gujarat) and Karkhadi (Vadodara, Gujarat)	2.10	1.62	0.00	1.62	Directly
6.	Rural Development Project	Rural Development under Item No. (x)	Dahej (Bharuch, Gujarat), Halol (Panchmahal, Gujarat), Panoli (Bharuch, Gujarat), Ahmednagar (Ahmednagar, Maharashtra), and Madurantakam (Kanchipuram, Tamilnadu)	1.70	1.53	0.00	4.51	Directly and implementing Agency: GVT-Dahod
7.	Disaster Relief Programme	Disaster Relief under Item No. (i)	Paonta (Sirmour, Himachal Pradesh) and Madurantakam (Kanchipuram, Tamilnadu)	1.01	1.01	0.00	1.22	Directly
8.	Drinking Water Project	Drinking Water under Item No. (i)	Toansa (SBS Nagar, Punjab) and Panoli (Bharuch, Gujarat)	0.45	0.45	0.02	0.62	Directly
9.	Healthcare Programme	Healthcare under Item No.(i)	Halol (Panchmahal, Gujarat) and Toansa (SBS Nagar, Punjab)	0.47	0.37	0.00	1.05	Directly
Grand Total					38.27	1.10	127.57	

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2019

Dilip S. Shanghvi
Chairman - CSR Committee and
Managing Director

Sudhir V. Valia
Member - CSR Committee and
Whole-Time Director

CSR ACTIVITIES

Sun Pharmaceutical Industries Limited ("Sun Pharma") has taken-up diversified need-based CSR Projects in rural areas lying in the vicinity of its plant locations and also in remote, unprivileged areas for sustainable development of people as a part of its Social Responsibilities.

Our main objective is to emphasise on social process, quality and ensuring the sustainability, hence our implementation approach is strategic in nature, is more inclined towards the sustainability of the projects, addressing community needs, focussing poorest of the poor, disadvantaged, BPL and weaker sections of society.

All our CSR endeavours originate from our all-around enunciated Corporate Social Responsibility (CSR) Policy and our CSR program aims to address the immediate and long term needs of the community and focus on where we can have the biggest impact. We regularly listen to subject matter experts and gather feedback from all stakeholders.

At Sun Pharma, our CSR programmes mainly focussed upon Health, Education, Sanitation, Drinking water, Environment Conservation, Rural Development and Disaster Relief, which are designed to improve the quality of life of the people.

Mobile Medical Unit Programme

Mobile Medical Unit (MMU) Programme has been designed to meet the primary health needs of the communities residing in rural areas. The main objective of this programme is to provide a range of health care services focused upon maternal and child healthcare for populations living in remote, inaccessible, un-served and underserved areas at the doorsteps of these communities. This programme also emphasises on reduction in Maternal and Infant Mortality rate, improving health of adolescent girls, Prevention and Control of Communicable and Non-communicable diseases, Awareness regarding HIV/AIDS within the community.

The Company has invested ₹21.61 Million in this programme during the FY 2018-19. There were 11 locations covered under this project and has served around 147,611 patients with Clinical Treatment, whereas 78,255 beneficiaries were also benefitted under Preventive and Promotive healthcare services.

Education Programme

Education programme includes various different activities such as Infrastructure Upgradation in Schools, Computer literacy programme for students, Model School development Project, Provision of potable drinking water for the students, distribution of stationary/books, etc. These projects were implemented by Sun Pharma in various different locations with an objective to provide quality education to the underserved and under-privileged children of the rural remote areas. The project has covered different schools from Gujarat, Maharashtra, M.P., Punjab, UT of Dadra & Nagar

Haveli and Tamilnadu and the same has benefitted more than 11,821 students with an investment of ₹5.45 Million during FY 2018-19.

Sanitation Programme

Household toilets are one of the most important aspects of sanitation. Company has constructed 216 individual household toilets for unprivileged communities based at Halol, Silvassa, Ahmednagar and Madurantakam locations with an objective to encourage better health for communities and improved quality of life amongst people living in rural areas. Apart from construction of Individual Household Toilets, Sun Pharma has also emphasised upon IEC (Information, Education and Communication) activities in various locations considering that construction of toilets is not sufficient if there is no proper awareness within the community regarding the use of toilets. Therefore, Company has carried out a Sanitation and Cleanliness drive across all project locations, which has benefitted the communities at large. The project was undertaken with an investment of ₹5.42 Million during the FY 2018-19 for the construction of individual household's toilets and its Sanitation and Cleanliness drive programme.

Environment Conservation Programme

The Company has continued this programme implemented towards environment protection and to create awareness within the community regarding the importance of environment conservation.

Some of the activities that were undertaken by the company are:

1. Roadside tree plantation
2. Distribution of saplings
3. Awareness generation programme within the community for the importance of tree plantation
4. Celebration of Environment Day in Schools

The Company has made an investment of ₹1.86 Million during the FY 2018-19 in various locations like Ahmednagar, Panoli, Toansa, Maduranthakam and Paonta which has benefitted communities at large.

Water Conservation – Pond Deepening Project

Water Conservation – Pond Deepening Project is an initiative undertaken by Sun Pharma as an alignment with flagship Scheme of Gujarat Government, titled as "Sujalam Sufalam Yojana" which focuses on water conservation during rainy season to increase the availability of water in rural areas where local villagers & communities are directly dependent upon local water bodies like ponds and ground water for their survival. This project was implemented in Ankleshwar, Halol, Karkhadi and Panoli with an investment of ₹1.62 Million during the FY 2018-19.

Rural Development Project

Rural Development projects were implemented to improve the lives of rural population in terms of access to facilities such as healthcare and education. The Company has undertaken various activities such as Installation of Solar lights in Abhetwa Village, Halol Taluka, Gujarat, Installation of Traffic Signal lights in Ahmednagar Taluka, Maharashtra, Construction of Community Kitchen Area in Dahej, Gujarat, Provision of LPG connection and Utensils in Anganbari Centers of rural areas of Madurantakam Taluka, Tamilnadu and Playground development at Panoli, Gujarat.

The company has fulfilled its social responsibility after addressing the needs of rural neighbouring communities in the vicinity of its operational manufacturing sites with an investment of ₹1.53 Million during the FY 2018-19 and has benefitted 4,132 villagers and other communities through this project.

Disaster Relief Programme

Sun Pharma supported the cause of immediate disaster relief for communities during the flood affected disaster that took place in Himachal Pradesh and Tamilnadu. The programme was taken-up with an investment of ₹1.01 Million during the FY 2018-19.

Drinking Water Project

Drinking Water Project was implemented in Toansa and Panoli with an aim to provide safe drinking water for neighbouring communities residing in vicinity of our plant areas.

This project was implemented with an investment of ₹0.47 Million for Community water Project at Bhadi Village, District Bharuch, Gujarat and for running deep bore well at village Toansa in Punjab. 125 Households were provided with clean and potable drinking water in upper and lower Toansa village, whereas in Panoli, this project aimed at benefitting around 2,831 villagers of Bhadi village with the help of WASMO.

Healthcare Programme

Under Healthcare programme, basic health services such as distribution of medicines, mega medical camp and maintenance of Subsidiary health center were undertaken at Toansa, Punjab, whereas the Company has installed medical equipment for Blood Bank development which is benefitting the community of Halol area at large. The project has benefitted more than 2,240 patients in Toansa and under this programme the company has invested ₹0.37 Million during the FY 2018-19.

Annexure - G**Particulars of Energy Conservation, Technology Absorption and Foreign Exchange Earnings and Outgo required under the Companies (Accounts) Rules, 2014****A. Conservation of Energy****1. Steps taken or impact on Conservation of Energy**

- Hot water generation system for process is changed to plate heat exchangers from direct live steam heating.
- Conventional light fittings are replaced with LED lighting.
- Old natural cooling towers are replaced with forced draft cooling tower to improve the performance of utilities.
- Cooling tower centrifugal pumps are replaced with inline energy efficient pumps thereby the motor energy reduced by more than 50%.
- Usage of steam with long distribution piping for HVAC hot water demand is replaced by Heat pump.
- Steam condensate recovery is improved.
- Replaced reciprocating air compressor by energy efficient screw compressor.

- New motor procurement higher than 30 kW is done with energy efficient motor.
- Power factor is improved at various sites.
- Designed pump head is reviewed to meet the actual demand there by substantial saving on Power.
- Water Ring Vacuum pumps are replaced with Dry Vacuum Pumps.

2. Steps taken by the Company for utilising alternate sources of energy

In following factories biomass briquettes are used instead of conventional fuel (FO/HSD) - Ahmednagar, Panoli, Mohali, Silvassa, Dadra, Karkhadi, Dewas, MKM Chennai, Paonta Sahib. In MKM Chennai - Partially power is used from the wind mills. In Gurgaon Location - Partially power is used from rooftop solar.

3. Capital investment on energy conservation equipments

Capital investment of ₹91.1 Million is done on energy conservation equipments.

B. Technology Absorption

(A) Research and Development

Expenditure on R&D

	(₹ in Million)	
	Year ended March 31, 2019	Year ended March 31, 2018
Capital	590.9	1,591.0
Revenue	9,029.9	8,011.5
Total	9,620.8	9,602.5
Total R&D expenditure as % of Total Turnover	9.8%	10.9%

(B) Technology Absorption, Adaptation and Innovation

1. Efforts in brief, made towards technology absorption, adaptation and innovation

The Company continues to invest on R&D, both as revenue expenses as well as capital investments. Part of this spending is for developing complex products, specialty products, generic products, and API technologies that are complex and may require dedicated manufacturing blocks. Investments have been made in creating research sites, employing scientifically skilled and experienced manpower, adding equipment, sponsored research and in accessing world class consultants to continuously upgrade the research understanding of the scientific team in the technologies and therapy areas of our interest.

There has been thrust on the development of novel technologies like use of green reagents for chemical transformations in API synthesis and ultrasonic crystallisation for achieving required particle size, capillary flow reactors for continuous process and safety related studies using reaction calorimetry. Product Life Cycle management has been undertaken for key products. Backward integration is a key strategic objective and many of our products enjoy the benefit of this backward integration.

Process robustness has been implemented for wide range of products with the objective to reduce cost and increase in-process capability.

Novel compact dosage forms having differentiation with regards to improved stability and/or reduced pharmacokinetic variability have been developed for the Indian market. Stable liquid oral formulations of labile products are also being developed.

2. Benefits derived as a result of the above efforts e.g. product improvement, cost reduction, product development, import substitution

(a) Offers complete basket of products under chronic therapeutic classes. Many products are in the pipeline for future introduction in India, emerging markets, as well as US and European generic market. The company has developed an ability to challenge patents in the US market, and earn exclusivity.

(b) Not dependent on imported technology, can make high-end products available at competitive prices by using indigenously developed manufacturing processes and formulation technologies.

(c) Offers technologically advanced differentiated products which are convenient and safe for administration to patients.

(d) We are among the few selected companies that have set up completely integrated manufacturing capability for the production of anticancer, hormones, peptide, immunosuppressant and steroidal drugs.

(e) The Company has benefited from reduction in cost due to import substitution and increased revenue through higher exports.

(f) Clinical studies of some products (complex and difficult to formulate) have been carried out at our in-house clinical pharmacology units. This has helped to maintain R&D quality and regulatory compliance with significantly reduced cost.

3. Your company has not imported technology during the last 5 years reckoned from the beginning of the financial year.

C) Foreign Exchange Earnings and Outgo -

	(₹ in Million)	
	Year ended March 31, 2019	Year ended March 31, 2018
Earnings	66,025.4	51,402.9
Outgo	38,610.2	32,233.0

For and on behalf of the Board of Directors

Place: Mumbai
Date: May 28, 2019

Israel Makov
Chairman