MANAGING DIRECTOR'S LETTER

THE GLOBAL PHARMACEUTICAL LANDSCAPE IS RAPIDLY CHANGING. HENCE, BUSINESSES OF FUTURE WILL NEED TO DEVELOP AN ABILITY TO CONSTANTLY MOVE UP IN THE PHARMACEUTICAL VALUE CHAIN. THIS WILL MANDATE IDENTIFYING NEW AND PROFITABLE GROWTH DRIVERS IN ORDER TO GENERATE CONSISTENT SHAREHOLDER VALUE.

Dear Shareholders,

The global pharmaceutical landscape is rapidly changing. There are both, opportunities and challenges. Opportunities include an ageing population, leading to growing needs of modern medicines at affordable cost and evolution of new chemical and biological approaches towards targeted drug delivery. At the same time, rising healthcare costs (which force governments to intervene on pricing), increasing competitive intensity, customer consolidation and increased focus on value delivered; imply that businesses of future will need to develop an ability to constantly move up in the pharmaceutical value chain. This will mandate identifying new and profitable growth drivers in order to generate consistent shareholder value.

HIGHLIGHTS OF FY17

Our FY17 topline grew by 9% to ₹ 302 Billion which, was in line with our annual guidance. In the US, which is a large contributor to our revenues, we faced increased pricing pressure driven mainly by customer consolidation and higher competitive intensity. We also faced anticipated delays in product approvals at the Halol facility, driven by the cGMP compliance remediation efforts at the facility. However, the US performance was partly boosted by the 180-day exclusivity on generic Imatinib, which expired in July 2016. Overall, we recorded 2% growth in the US for the year.

Our subsidiary Taro recorded 8% decline in overall revenues for the year. This decline was mainly driven by a difficult pricing environment in the US, resulting from increased competitive intensity and buying consortium pressures.

We recorded a steady 8% growth in our India formulations business, while our performance in emerging markets improved, resulting in 26% growth in revenues. This growth was broad-based across emerging markets and was driven by improvement in underlying business supported by stable currencies.

Our R&D investments for the year were ₹ 23 Billion, targeted mainly at developing complex generics and specialty products. R&D is the engine, which will drive our journey of moving up the pharmaceutical value chain. We are also investing in enhancing our product pipeline for emerging markets and other non-US developed markets.
We continued to build our specialty pipeline during the year and simultaneously investing in developing the requisite front-end for this business in the US. We expect this trend to continue in future as well.

BUILDING THE SPECIALTY BUSINESS

Over the past few years, we have allocated significant resources in building the specialty business. Since this business is in an evolutionary stage, it currently does not generate revenues commensurate to our investments. Our current profitability is after taking into account these investments.

Our specialty initiatives target the global market with the US being one of the important markets. Our strategy entails building a pipeline of patented products for global markets with a focus on improving patient outcomes either by targeting unmet medical needs or by enhancing patient convenience through differentiated dosage forms.

Specialty projects have long-gestation timelines and we have to cover a long distance in this journey. Our initiatives in this segment cover the entire value chain, from in-licensing early-to-late stage clinical candidates, as well as getting access to on-market patented products. Dermatology, Ophthalmic, Oncology and CNS are the key segments targeted through these initiatives.

Over the past two years, we have also focused on establishing the requisite front-end capabilities for our specialty business. This involves setting up relevant sales force (for promoting these products to doctors), establishing the required regulatory and reimbursement teams along with support staff.

SIGNIFICANT RAMP-UP IN SPECIALTY PIPELINE

During the year, we significantly ramped-up our specialty portfolio. We enhanced both, our specialty pipeline as well as our on-market portfolio. Some of the key highlights are:

1. We received approval from USFDA for the New Drug Application (NDA) related to BromSite™ (bromfenac ophthalmic solution) 0.075%. This product was subsequently commercialised in November 2016.

2 We also continued our investment in the development and commercialisation of tildrakizumab, which we had in-licensed from Merck in 2014. In May 2016, we announced positive results from the Phase-3 trials of tildrakizumab to treat chronic plaque psoriasis. Subsequently, in July 2016, we announced a licensing agreement with Almirall S.A. (Spain) for the development and commercialisation of tildrakizumab for psoriasis in Europe. In March 2017, Sun Pharma and Almirall announced the validation of the regulatory filing of tildrakizumab with the European Medicines Agency (EMA). Post the close of the year, we announced the acceptance of the regulatory filing of tildrakizumab by the USFDA. Hence, tildrakizumab is now awaiting regulatory approval from both the US and Europe.

WE CONTINUE TO ALLOCATE SIGNIFICANT RESOURCES IN BUILDING OUR GLOBAL SPECIALTY BUSINESS. CURRENTLY, THIS BUSINESS IS IN AN INVESTMENT PHASE AND DOES NOT GENERATE REVENUES COMMENSURATE TO OUR INVESTMENTS. OUR SPECIALTY STRATEGY ENTAILS BUILDING A PIPELINE OF PATENTED PRODUCTS FOR GLOBAL MARKETS WITH A FOCUS ON IMPROVING PATIENT OUTCOMES.

3. During the year, Sun Pharma announced the launch of Gemcitabine InfuSMART in Europe. InfuSMART is a technology in which oncology products are developed in a ready-to-administer (RTA) bag. With the roll-out of Gemcitabine InfuSMART, Sun Pharma becomes world's first pharmaceutical company to manufacture and launch a licensed RTA oncology product.

4. We also in-licensed ELEPSIA XR™ (Levetiracetam Extended Release tablets) from Sun Pharma Advanced Research Company Ltd. (SPARC). ELEPSIA XR™ was approved by the USFDA in March 2015. However, in September 2015, SPARC received a complete response letter (CRL) from the USFDA rescinding its earlier approval, citing that the compliance status of the manufacturing facility of the Company at Halol was not acceptable on the date of approval. We are currently in the process of de-risking these filings by transferring them to alternate facilities.

5. In October 2016, Sun Pharma announced the acquisition of Ocular Technologies (Ocular), which gives us exclusive worldwide rights to Seciera™ (cyclosporine A, 0.09% ophthalmic solution) targeted at Dry Eye Disease. Subsequently, we announced successful Phase-3 confirmatory clinical trial results for Seciera™. Coupled with Sun Pharma's existing ophthalmic portfolio consisting of BromSite™,

Xelpros™ and DexaSite™ this acquisition will enable Sun Pharma to significantly expand its ophthalmic presence and reach to millions of patients - globally. We expect to file this product with the USFDA by Q3FY18.

6. During the year, we also enhanced our specialty oncology portfolio through the acquisition of a branded oncology product, Odomzo®, from Novartis. Odomzo® (Sonidegib) was approved by the USFDA in July 2015. It is a hedgehog pathway inhibitor indicated for the treatment of adult patients with locally advanced basal cell carcinoma (laBCC) that has recurred following surgery or radiation therapy, or those who are not candidates for surgery or radiation therapy. Odomzo® gives Sun Pharma an opportunity to meaningfully expand its already established branded dermatology business and support its expansion into branded oncology with a launched brand. This acquisition has the potential to leverage and expand the relationships that the Dusa sales team has with dermatologists that treat common pre-cancerous skin conditions.

7. During the year, we also entered into an exclusive worldwide licensing deal to further develop MM-II, a novel pharmaceutical candidate for the treatment of pain in osteoarthritis. MM-II is a novel non-opioid product that leverages the physical properties of proprietary liposomes to lubricate arthritic knee joints, thereby reducing friction and wear, consequently leading to joint pain reduction. The product is based on patent-protected technology licensed by Moebius Medical from the Hebrew University of Jerusalem, Technion Israel Institute of Technology and Hadassah Medical Centre.

RANBAXY INTEGRATION

We are entering the third and the most important year of integration of Ranbaxy into Sun Pharma. The synergy benefits from this integration are reflected in our financials in FY17 and we expect to build further on these synergy benefits in FY18. We continue to target US$ 300 Million in synergy benefits from this acquisition by FY18 and are on track to achieve this significant milestone. The synergy benefits will arise from both revenue and cost synergies and will be driven by the combined technology capabilities, combined R&D pipeline and the global product portfolio.

GLOBAL cGMP COMPLIANCE

Given the stringent cGMP requirements of global regulators, pharmaceutical companies need to focus on 24x7 compliance status. Ability to successfully adhere to these cGMP standards has become a key determinant of future for the pharmaceutical industry.

During the year, Sun Pharma made significant progress towards 24x7 cGMP compliance. Many of our facilities underwent successful audits by multiple regulatory agencies, including the USFDA. At the same time, remediation work continued at some of the facilities, which have been impacted by cGMP deviations.

WE ARE ENTERING THE THIRD AND THE MOST IMPORTANT YEAR OF INTEGRATION OF RANBAXY INTO SUN PHARMA. THE SYNERGY BENEFITS FROM THIS INTEGRATION ARE REFLECTED IN OUR FINANCIALS IN FY17 AND WE EXPECT TO BUILD FURTHER ON THESE SYNERGY BENEFITS IN FY18. WE CONTINUE TO TARGET US$ 300 MILLION IN SYNERGY BENEFITS FROM THIS ACQUISITION BY FY18.

Our Halol facility, which was impacted by cGMP deviations in FY15, underwent a re-inspection by the USFDA in November 2016. On completion of the re-inspection, the USFDA issued nine observations for the facility. While none of these are repeat observations, compared to those issued for the September 2014 inspection, we will need to remediate these nine observations also. We are currently in the process of implementing the requisite remediation steps. New approvals from this facility will continue to be on hold till we have a successful re-inspection.

During the year, we also had a re-inspection of the Mohali facility by the USFDA. Post the completion of the re-inspection, the USFDA informed Sun Pharma that it will be lifting the import alert imposed on Sun Pharma's Mohali manufacturing facility and remove the facility from the Official Action Initiated (OAI) status. This has cleared the path for Sun Pharma to supply approved products from the Mohali facility to the US market, as well as make this facility available for future filings. The Mohali facility was inherited by Sun Pharma as part of its acquisition of Ranbaxy Laboratories Ltd. in 2015. The USFDA had acted against the Mohali facility in 2013, when it ordered the facility to be fully subject to Ranbaxy's Consent Decree of permanent injunction. Certain conditions of the Consent Decree will continue to be applicable to the Mohali facility even after the lifting of the import alert. This development illustrates Sun Pharma's commitment to work closely with the USFDA and strive for 100% cGMP compliance at its manufacturing facilities.

JAPAN ENTRY

During the year, Sun Pharma initiated the process of transferring marketing authorisations of the 14 brands (acquired from Novartis in March 2016). The transfer of these brands has commenced in a phased manner beginning October 2016 onwards. Simultaneously, Sun Pharma entered into a distribution alliance with Mitsubishi Tanabe Pharma Corporation (MTPC) for these brands. Under this alliance, following the transfer of manufacturing and marketing rights to Sun Pharma, MTPC will market and distribute all 14 brands as well as provide information on their proper use to healthcare professionals in Japan. Through this alliance, Sun Pharma can leverage MTPC's specialised expertise to create a strong business foundation in Japan.

ENHANCING PRESENCE IN RUSSIA

During the year, we also enhanced our presence in Russia through the acquisition of JSC Biosintez, a Russian pharmaceutical company engaged in manufacture and marketing of pharmaceutical products in Russia and CIS region for US$ 24 Million. Sun Pharma also assumed a debt of approximately US$ 36 Million as part of this transaction. Biosintez focuses on the hospital segment and had annual revenue of approximately US$ 52 Million for 2015. It has a manufacturing facility in Penza region with capabilities to manufacture a wide variety of dosage forms, including pharmaceuticals for injections, blood substitutes, blood preservatives, ampoules, tablets, ointment, creams, gels, suppositories, APIs, and so on. This acquisition is consistent with Sun Pharma's philosophy to invest in strategic emerging markets. It provides the Company access to local manufacturing capability across multiple dosage forms in Russia, enabling it to serve the Russian pharmaceutical market effectively.

OVERALL OUTLOOK

As we target moving up the pharmaceutical value chain, Sun Pharma is undergoing a gradual transformation. We need to cross many milestones in this transformation. Our capable and committed employees will be key drivers of this transformation.

The short-term outlook continues to be challenging. The US generics industry is facing rapidly changing market dynamics. Increased competitive intensity and customer consolidation is leading to pressure on pricing; while continued delay in approvals from the Halol facility is also impacting us. Also, we had the benefit of Imatinib exclusivity in the US in FY17, which has ended in July 2016. In the Indian market, there is uncertainty amongst the trade channels due to the GST implementation, although it may be temporary. Given these factors, growth could be a challenge in FY18 and we expect a single-digit decline in consolidated revenues for FY18 over FY17. Our consolidated R&D investments for FY18 will be about 9-10% of revenues.

Despite these challenges, we continue to invest in enhancing our global specialty and complex generics pipeline. Investments will also continue for setting up the requisite front-end capabilities for our specialty business in the US. These investments may not have commensurate revenues in FY18, but in the long term, the revenue from specialty products will justify these investments.

As a shareholder, you have continuously supported our endeavours over the past many years. As always, we are grateful to you for this confidence.

Warm regards,

Dilip Shanghvi
Managing Director
Sun Pharmaceutical Industries Ltd.

MANAGEMENT DISCUSSION AND ANALYSIS

GLOBAL PHARMACEUTICAL INDUSTRY[1]

The global spending on medicines is expected to reach nearly US$ 1.5 Trillion by 2021. This is an increase of nearly US$ 370 Billion from the 2016 estimated spending level, representing a CAGR of 4-7%. The two main drivers of this growth will be introduction of new innovative products in the developed markets and increased volumes of branded generics in the emerging markets.

The growth of a country's pharmaceutical industry closely mirrors its general economic progress. As economies of the world demonstrate widely divergent growth patterns, industry growth is also different. However, taking a macro perspective, global pharmaceutical growth depends on worldwide economic momentum, government healthcare programmes and spending patterns. While R&D efforts will drive the introduction of new products in the market, challenges remain. For countries grappling with sluggish economies and limited resources, funding access to these medicines remains an uphill task.

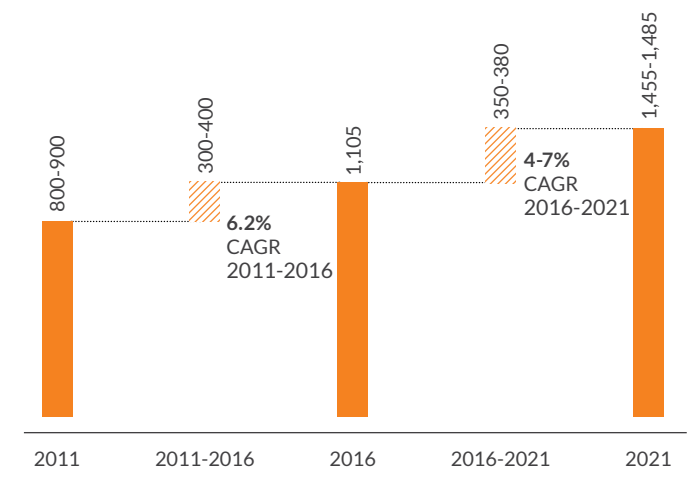
Each country in the world is facing these challenges and addressing them in its own way. Overall, generic products will continue to be an integral part of these efforts, targeted at striking a balance between access to healthcare and ability to fund it.

THE TWO MAIN DRIVERS OF OVERALL GROWTH FOR THE PHARMACEUTICAL INDUSTRY WILL BE INTRODUCTION OF NEW INNOVATIVE PRODUCTS IN THE DEVELOPED MARKETS AND INCREASED VOLUMES OF BRANDED GENERICS IN THE EMERGING MARKETS

Chart 1

GLOBAL PHARMACEUTICAL SPENDING AND GROWTH 2011-2021[1]

(US$ Bn)

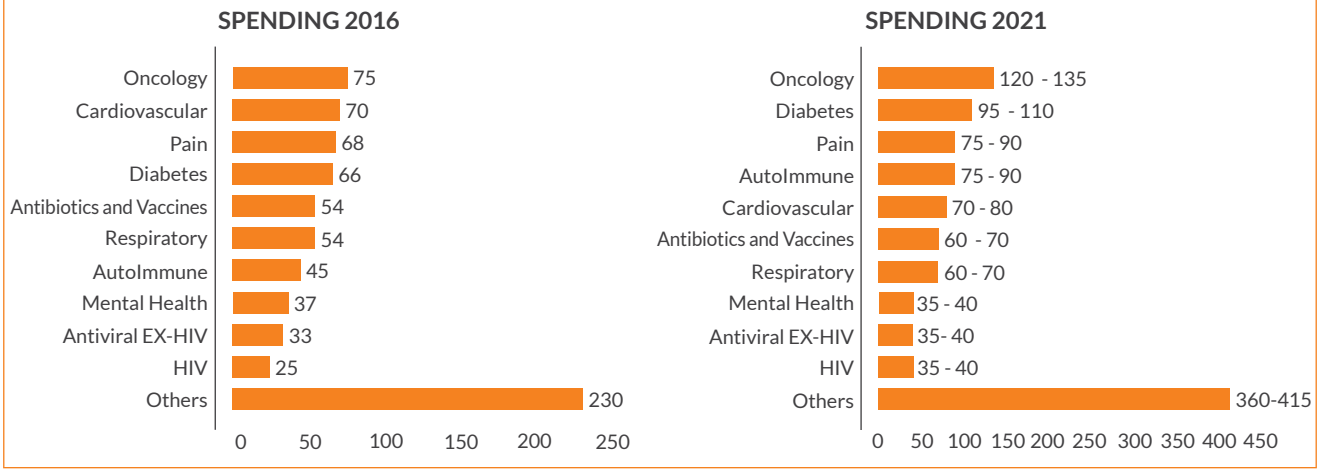


Constant US$

Chart 2

GLOBAL SPENDING ON MEDICINES[1]

(US$ Bn)



Note: Includes 8 developed and 6 pharmerging countries: U.S., EU5, Japan, Canada, China, Brazil Russia, India, Turkey, Mexico

The key trends for the next five years:

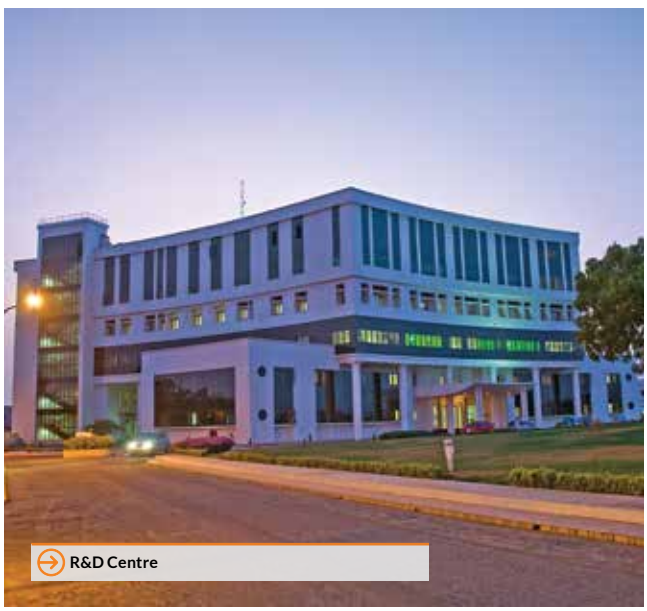
- The US will continue as the world's largest pharmaceutical market.
- New innovative products will drive the growth in pharmaceutical spending in developed markets, but will be partly offset by patent expiries. Growth will be driven primarily by oncology, autoimmune and diabetes treatments.
- Pharmerging markets will grow faster than developed markets, driven mainly by rising income levels, increased healthcare awareness, government policies directed at achieving universal healthcare and increasing incidence of chronic ailments.
- Innovation in specialty medicines will drive the share of global specialty spending from 30% in 2016 to 35% in 2021. This increase will be driven by the acceptance of new breakthrough medicines.
- The specialty segment will be a key focus area for payers and they are likely to focus on lowering healthcare costs and the therapeutic value offered by such specialty medicines. The US and Western Europe will be the key drivers of specialty medicines.

Table 1

GLOBAL PHARMACEUTICAL SPENDING[1]

(US$ Bn)

Regions	2016	2011-16 CAGR	2021	2016 -2021 CAGR
Developed	749	5%	975-1,005	4-7%
Pharmerging	243	10%	315-345	6-9 %
Other markets	112	4%	130-160	3-6%
Global pharmaceutical market	**1,105**	**6%**	**1,455-1,485**	**4-7%**

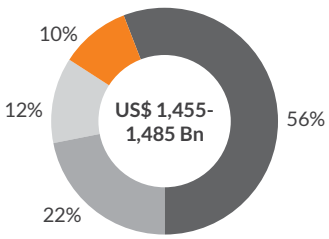


R&D Centre

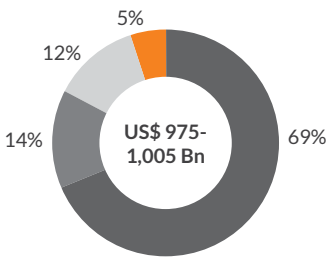
Chart 3

ESTIMATED GLOBAL MEDICINE SPENDING BY PRODUCT TYPE IN 2021[1]

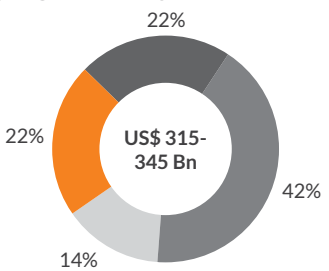
GLOBAL SPENDING



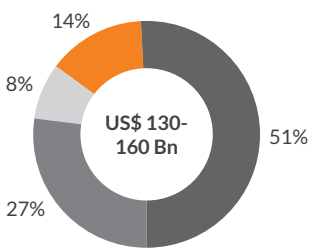
DEVELOPED MARKETS



PHARMERGING MARKETS



REST OF WORLD



Original brands · Generics · Branded Generics · Other products

GLOBAL GENERICS[1]

The global generics market consists of both non-branded and branded generics. Branded generics in emerging markets will be the key drivers of growth for the overall generics market. This growth will be driven by many macroeconomic factors like rising per capita incomes, growing healthcare awareness, increasing medical insurance penetration and higher incidence of chronic ailments. The efforts of governments in emerging markets to achieve universal healthcare are also expected to drive the growth of branded generics.

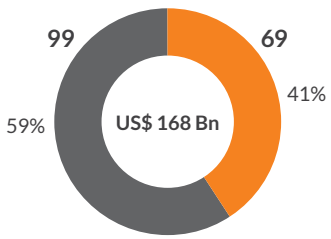
The global demand for non-branded generic drugs will continue to grow as governments, payors and consumers pursue avenues to reduce healthcare costs, mainly in the developed economies.

Chart 4

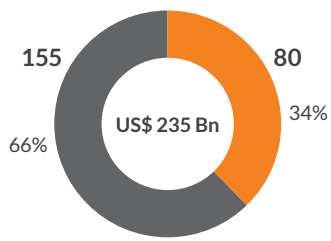
GLOBAL GENERIC MARKET SIZE[2]

(US$ Bn)

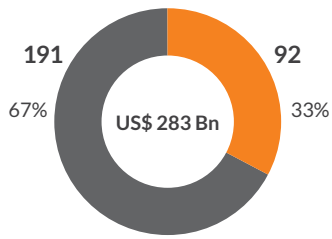
2013



2016



2018



Branded Generics · Non-Branded Generics

Growth drivers of global pharmaceutical industry[2, 3]

Changing demographic pattern

Ageing population and growing life expectancy will remain a long-term growth driver for global pharmaceutical consumption. The combination of population ageing and increased life expectancy — up from an estimated 72.3 years in 2014 to 73.3 years in 2019 — will take the number of people aged 65-plus to over 604 Million, or 10.8% of the total global population. This number is anticipated to be even higher in Western Europe (nearly 21%) and Japan (28%).

Factors that have contributed to enhanced life expectancy are declining infant mortality, enhanced living conditions, improved sanitation, better prevention of communicable diseases, and growing access to healthcare. Increased life expectancy, coupled with other macroeconomic factors (rising per capita incomes, growing healthcare awareness, enhanced medical insurance penetration) will remain key growth drivers for the pharmaceutical industry.

Prevalence of chronic diseases

The spread of chronic diseases is having serious health repercussions in both developed and emerging countries. Sedentary lifestyles, urbanisation and changing food habits are leading to higher incidence of chronic diseases - globally. Obesity, cardiovascular diseases, hypertension, and diabetes are now causing widespread health problems. These trends will continue to challenge public health systems to meet increasing demand for drugs and treatments.

Accessibility and affordability

Access to modern healthcare continues to be a challenge in many parts of the developing and underdeveloped economies. Given the low per capita income in many developing countries, affordability also remains a challenge. Many governments, as response to these challenges are expanding their public or private healthcare coverage. At the same time, they are deepening it to reduce out-of-pocket spending. The trend towards the adoption of universal healthcare continues. The vision of achieving universal healthcare in the developing world will only be fulfilled if governments focus on higher spending on healthcare, while ensuring that drugs remain affordable to the population at large.

Outlook

The global spending on medicines is estimated to grow at 4-7% CAGR between 2016 and 2021, to reach approximately US$ 1.5 Trillion. Pharmaceutical spending growth in developed markets, will be driven by oncology, autoimmune and diabetes treatments. Developed market spending growth will be driven by original brands but will be partly constrained by patent expiries and the cost and access controls instituted by payors. Growth in pharmerging markets will continue to be fuelled by branded-generic and pure generic products.

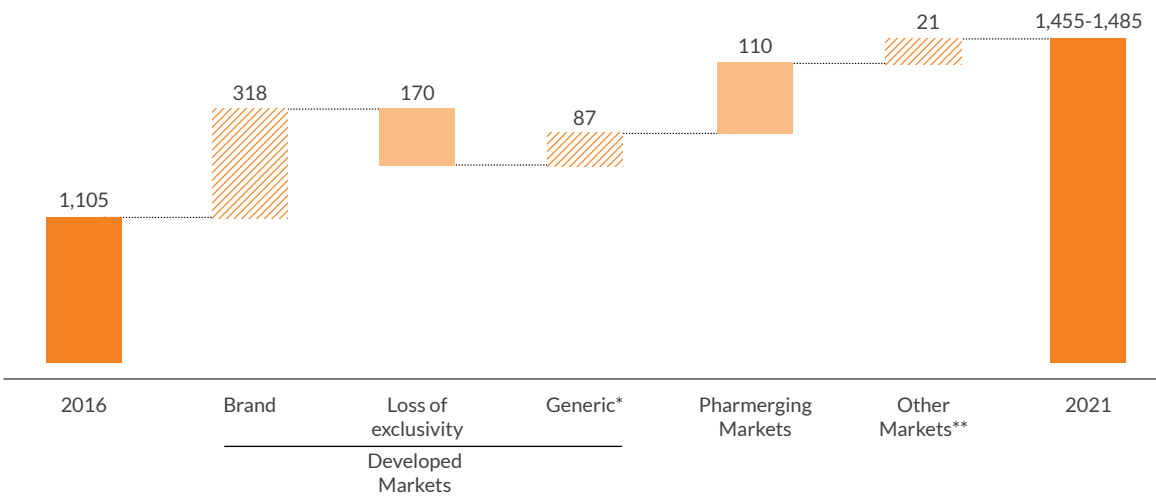
Spending on specialty medicines set to rise

The development of specialty medicines is consistently increasing. The share of global spending on specialty drugs will continue to rise from about 30% in 2016 to about 35% by 2021. This spending on specialty medicines will be mainly driven by the US and Western European markets.

Chart 5

DRIVERS OF PHARMACEUTICAL SPENDING - 2016-2021[1]

(US$ Bn)



Developed markets

Pharmaceutical spending in developed markets is estimated to grow at 4-7% CAGR from US$ 749 Billion in 2016 to US$ 975-1,005 Billion by 2021. The US will remain the most important market and a key driver of this growth among developed markets.

Table 2

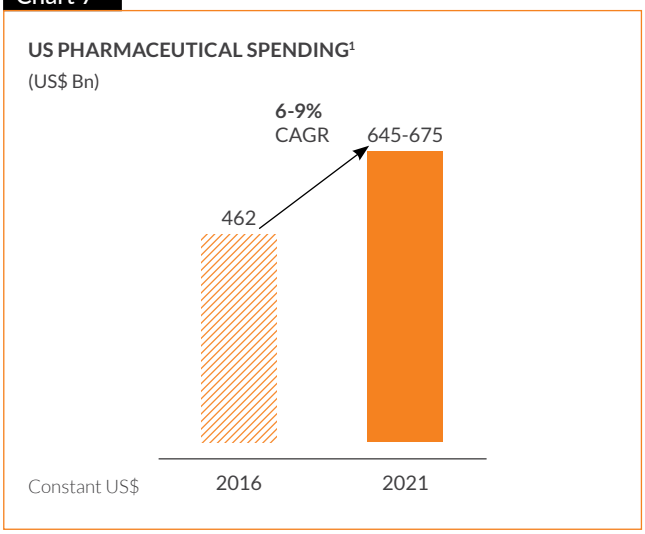
DEVELOPED MARKETS - PHARMACEUTICAL SPENDING[1] (US$ Bn)

Country	2016	2011-16 CAGR	2021	2016-2021 CAGR
U.S.	462	6.9%	645-675	6-9%
EU5	152	3.9%	170-200	1-4%
Germany	43	4.4%	49-59	2-5%
France	32	0.7%	33-37	(-1)-2%
Italy	29	5.2%	34-38	1-4%
U.K.	27	6.7%	34-38	4-7%
Spain	21	3.2%	23-27	1-4%
Japan	90	2.0%	90-94	(-1)-2%
Canada	19	3.0%	27-31	2-5%
South Korea	13	2.9%	14-18	3-6%
Australia	13	6.3%	13-16	0-3%
Developed Markets	**749**	**5.4%**	**975-1,005**	**4-7%**

USA

The US pharmaceutical market growth is estimated to grow by 6-9% CAGR from US$ 462 Billion in 2016 to US$ 645-675 Billion in 2021. Innovative specialty products will be the key driver of this growth. Overall, the increase in branded product sales is likely to be partly constrained by patent expiries and low-cost generics. Cumulative patent expires in the US is estimated at US$ 144 Billion over the 2017-2021 period, including expiration of patents on biologics.

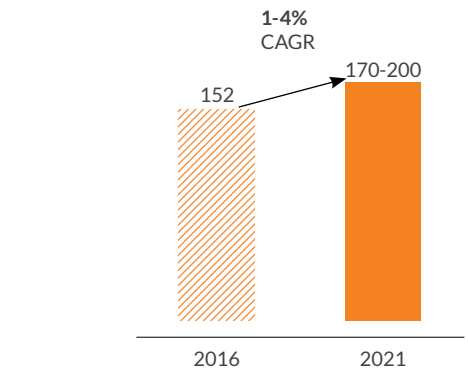
Chart 7



Western Europe

Pharmaceutical spending in the top five European markets (Germany, France, Italy, Spain and the UK) is expected to grow at around 1-4% CAGR. Overall spending in these markets is estimated to increase from US$ 152 Billion in 2016 to US$ 170-200 Billion in 2021. This sluggish progress reflects efforts made by governments to control healthcare spending, owing to budget constraints and muted economic growth in the region. Besides, there is uncertainty on the impact of Brexit and its influence on the pharmaceutical market.

Chart 6



Japan

Japan's pharmaceutical spending stood at approximately US$ 90 Billion in 2016. It is estimated to grow at a sluggish pace during 2016-2021 to reach US$ 90-94 Billion by 2021. The government's focus on pricing has resulted in the low growth trajectory of the market. Moreover, the Japanese government has been advocating the use of low-cost generics to control overall pharmaceutical spending in the country. Over the past few years, the country has implemented regulations to encourage the use of generics. This, coupled with the periodic price cuts announced by the government, is likely to limit the overall growth of the Japanese market. However, given the government's favourable stance towards generics, their volumes are likely to keep growing over the next few years.

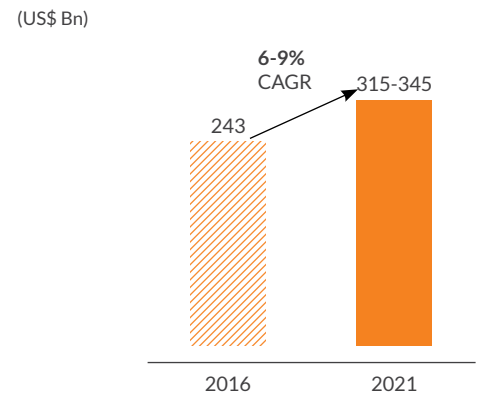
Analytical Laboratory

Pharmerging markets

Pharmerging markets' pharmaceutical spending stood at around US$ 243 Billion in 2016. It is estimated to grow at 6-9% CAGR during 2016-21 to reach US$ 315-345 Billion by 2021.

Chart 8

PHARMERGING MARKETS PHARMACEUTICAL SPENDING[1]



Constant US$

Overall growth in pharmerging markets will be mainly driven by the Tier II and Tier III markets. India and Brazil are expected to be key contributors to this growth, with the Chinese growth slowing down. The main drivers of growth in pharmerging markets include:

1. Rising per capita incomes enable higher spending on healthcare.
2. Increasing insurance coverage.
3. Growing initiatives by various governments towards achieving universal healthcare, resulting in higher allocation of government spending on healthcare.
4. Growing health awareness.
5. Rising incidences of chronic ailments and lifestyle diseases.

Table 3

PHARMERGING MARKETS PHARMACEUTICAL SPENDING[1]

(US$ Bn)

Region/ Country	2016	2011-16 CAGR	2021	2016-2021 CAGR
China	117	12%	140-170	5-8%
Tier 2 Markets	56	11%	75-85	8-11%
Brazil	27	11%	32-36	7-10%
Russia	12	11%	14-18	5-8%
India	17	13%	26-30	10-13%
Tier 3 Markets	62	7%	82-86	6-9%
Pharmerging Markets	**243**	**10%**	**315-345**	**6-9%**

(Pharmerging markets: China, Brazil, Russia, India, Venezuela, Poland, Argentina, Turkey, Mexico, Vietnam, South Africa, Thailand, Indonesia, Romania, Egypt, Pakistan, Ukraine, Algeria, Colombia, Nigeria, Saudi Arabia and Russia)

Global consumer healthcare industry[6,7]

The global consumer healthcare (GCH) market grew by 4.3% in 2016 to reach US$ 122 Billion. The US and China continue to be the largest GCH markets and together account for 44% of the global share. Among emerging markets, Brazil, Russia and India account for almost 9% of the global market. In 2016, these markets grew faster than the global average with Brazil growing at 8.8%, Russia at 11.3% and India at 8.2%.

Growing healthcare awareness is driving the demand in the GCH market. Vitamins, cough and cold, and allergy account for over 50% of spending in the market. The increasing use of online resources to access healthcare information has empowered people to seek various available treatments. This is leading to self-medication and driving market momentum.

Active Pharmaceutical Ingredients (API)[4]

The global active pharmaceutical ingredients (API) market is estimated to reach US$ 214 Billion by 2021, compared to US$ 158 Billion in 2016, representing a CAGR of 6.3%. Rising prevalence of oncology ailments and chronic diseases are steering the growth of the API market. At the same time, technological advancements in API manufacturing is also contributing to market momentum. Besides, the growing importance of generics and rapidly increasing geriatric healthcare are propelling the market forward.

In addition, an increase in abbreviated new drug applications (ANDA) and rising uptake of biopharmaceuticals will bolster this growth. However, factors such as stringent regulatory requirements and unfavourable drug price control policies across various countries may restrain the market progress. Growing demand for innovative therapeutics for autoimmune diseases treatment and increase in USFDA approvals for new molecular entities are further expanding the demand for APIs.

INDIAN PHARMACEUTICAL MARKET[8]

India's pharmaceutical market ranks third in the world in terms of volume and 11th in terms of value. At US$ 17.4 Billion, the market in India accounted for 1.6% share of the global market in 2016. It is expected to grow at a CAGR of 10-13% to US$ 26-30 Billion by 2021.

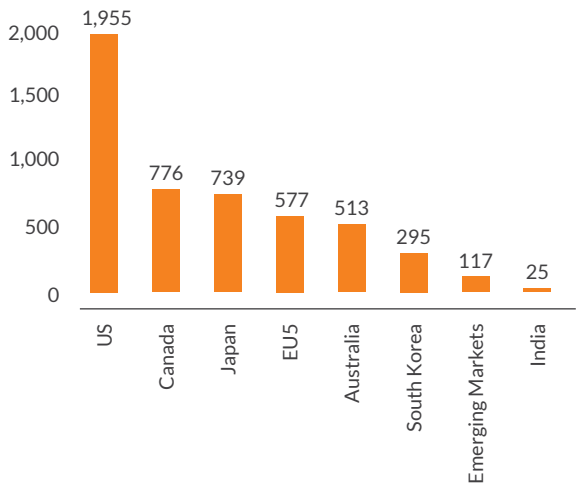
The overall penetration of modern medicines is quite low in India. The per capita spending on pharmaceuticals in India is one of the lowest among emerging markets. Compared to the emerging market average per capita spend of about US$ 117 per year, the spending in India is approximately US$ 15-25 per year. Affordability, access and awareness are the prime factors, which determine demand for pharmaceutical products in the Indian market.

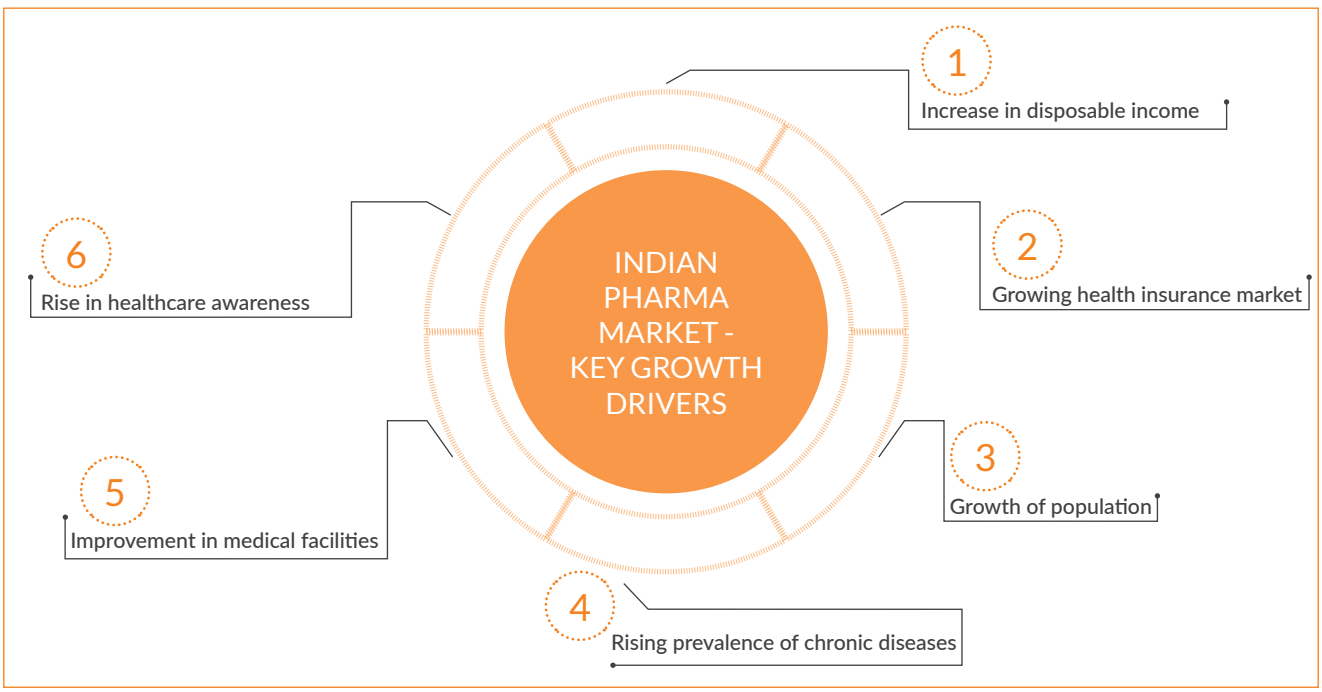
Other factors like rising per capita income, improving access to healthcare facilities, and higher government spending on healthcare drive market demand. Moreover, increasing insurance penetration, more healthcare awareness and enhanced investments for treating chronic ailments serve as key growth drivers.

Chart 9

GLOBAL PER CAPITA PHARMACEUTICAL SPENDING IN 2021[1]

(US$)





SUN PHARMACEUTICAL INDUSTRIES LIMITED (SUN PHARMA)

Sun Pharma is the world's fourth largest specialty generic pharmaceutical company. It is India's top pharmaceutical company. A vertically integrated business, economies of scale and an extremely skilled team enable it to deliver well-timed quality products at affordable prices. Sun Pharma provides high-quality medicines trusted by customers and patients in over 150 countries. Its global presence is supported by 42 manufacturing facilities spread across six continents, research and development (R&D) centres across the world and a multi-cultural workforce comprising over 50 nationalities. Sun Pharma fosters excellence through innovation supported by strong R&D capabilities of about 2,000 scientists and R&D investments of over 8% of annual revenues.

In India, the Company enjoys leadership across 11 different classes of doctors with 30 brands featuring among top 300 pharmaceutical brands. Sun Pharma's global footprint covers the U.S., emerging markets, Western Europe, Japan, Canada, Israel, Australia and New Zealand. Its Global Consumer Healthcare (GCH) business is ranked among the Top 10 across four global markets. Its API business footprint is strengthened through 14 world-class API manufacturing facilities around the world.

OUR BUSINESS MODEL

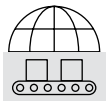
Growing and sustaining our prominence across markets, therapeutic segments and products.

US$ 4.5 Bn

Global revenue as on March 31, 2017

>150

Markets served globally



42

Manufacturing facilities across six continents

>30,000

Employee worldwide

>2,000

Products marketed

GROWTH STREAMS

US Formulations

- 4th largest generics company in the US with a strong ANDA pipeline (157 ANDAs awaiting approval).
- Largest Indian pharma company in the US.
- Presence in generics and specialty segments with more than 420 approved products.

Emerging Markets

- Among the largest Indian pharma company in emerging markets.
- Presence in over 100 countries across Africa, Americas, Asia and Eastern & Central Europe.
- Key focus markets – Brazil, Mexico, Russia, Romania, South Africa, and complementary and affiliated markets.

India Branded Generics

- No. 1 pharma company in India with 8.6% market share and 30 brands in the country's top 300 brands.
- No.1 ranked with 11 classes of doctor categories.
- Leading position in high growth chronic therapies.

Western Europe, Canada, Japan, A&NZ & Others

- Expanding presence in Europe.
- Presence across majority of markets in Western Europe, Canada, Japan and A&NZ.
- Product portfolio includes differentiated offerings for hospitals, injectables and generics for retail market.

GROWTH STRATEGIES

Create Sustainable Revenue Streams

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

Balance Profitability & Investments for Future

- Increasing contribution of specialty and complex products.
- Future investments directed towards differentiated products.

Business Development

- Use acquisitions to bridge critical capability gaps.
- Focus on access to products, technology, market presence.
- Ensure acquisitions yield high return on investment.
- Focus on payback timelines

Cost Leadership

- Vertically integrated operations.
- Optimise operational costs.

Table 6

Key acquisitions and joint ventures (JV)

Year	Deals	Country	Rationale
2016	Acquired global rights for Seciera and Odomzo	Global Markets	Enhances specialty pipeline
2016	Acquired Biosintez	Russia	Local manufacturing capability to enhance presence in Russian market
2016	Licensing agreement with Almirall for tildrakizumab for Psoriasis	Europe	Strengthening the distribution of tildrakizumab in Europe
2016	Acquired 14 brands from Novartis	Japan	Entry into Japan
2016	Distribution agreement with AstraZeneca	India	Distribution services agreement in India for brand 'Oxra' & 'Oxramet'® (brands of dipagliflozin, used for diabetes treatment)
2015	Acquisition of InSite Vision	USA	Strengthens branded ophthalmic portfolio in U.S.
2015	Acquisition of GSK's Opiates Business	Global Markets	Vertical integration for controlled substances business
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	Sun Pharma – Ranbaxy Merger	Global Markets	Strengthens the position as the 5th largest Global Specialty Generic pharma company and No.1 pharma company in India with strong positioning in emerging markets
2014	In-licensing agreement with Merck for tildrakizumab - a biologic for psoriasis	Global Markets	Strengthened the specialty product pipeline
2014	Acquired Pharmalucence	USA	Sterile injectable capacity in the US, supported by strong R&D capabilities
2013	Formation of Sun-Intrexon JV	Global Markets	Strengthen ocular specialty pipeline
2013	Acquired URL's generic business	USA	Added 107 products to the US portfolio
2012	Acquired DUSA Pharma, Inc.	USA	Access to branded derma product
2010	Acquired Taro Pharmaceutical Industries Ltd.	Israel	Dermatology and topical product manufacturing plant at Israel and Canada
2008	Acquired Chattem Chemicals, Inc.	Tennessee, USA	Import registration with DEA, API Plant approved by DEA in Tennessee, USA
2005	Assets of Able Labs Formulation plant in Bryan	New Jersey, USA Ohio, USA	Dosage form plant (NJ, USA) and IP Dosage form plant (Ohio, USA)
1997	Acquired Caraco	Detroit, USA	Entry into the US market

API Plant

Key performance indicators

GROSS SALES
(₹ Billion)

EBITDA*
(₹ Billion)

NET PROFIT AFTER MINORITY INTEREST
(₹ Billion)

ADJUSTED EARNING PER SHARE (Post exceptional items)
(₹ Per Share)

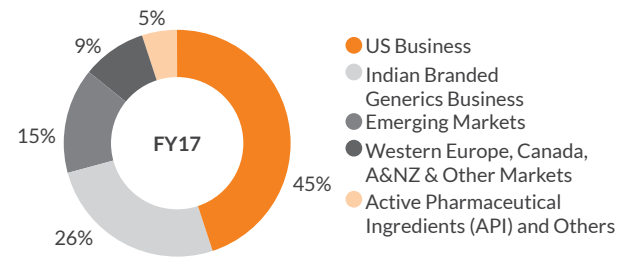
BOOK VALUE PER SHARE
(₹ Per Share)

MARKET CAPITALISATION
(US$ Billion)

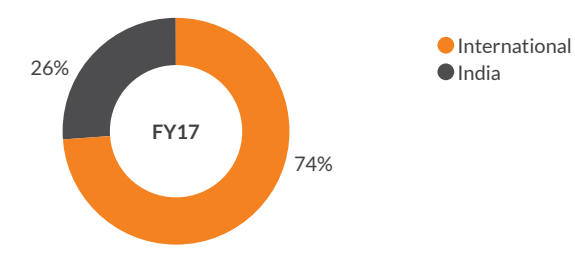
NET WORTH
(₹ Billion)

PROPERTY, PLANT & EQUIPMENT AND OTHER INTANGIBLE ASSETS (AT COST/ DEEMED COST)
(₹ Billion)

BUSINESS-WISE REVENUE SHARE



BUSINESS MIX



*EBITDA = Gross Sales - (Cost of Material Consumed + Purchase of stock-in-trade + Change in inventories of Finished Goods, Work-in Progress and Stock-in-Trade + Employee Benefits Expense + Other Expenses)

Operational highlights, FY17

Significant ramp-up in specialty pipeline

The year under review was eventful for Sun Pharma's specialty initiatives. The Company significantly enhanced its global specialty pipeline through acquisitions and partnerships as well as made substantial progress in successfully completing clinical trials for key products. Some of the key highlights of the specialty initiatives for the year were:

Global speciality portfolio

4 **Products commercialised**	1 **BLA awaiting approval**
3 **Products at filing stage**	2 **Products under development**

- In April 2016, the Company received approval from USFDA for its New Drug Application (NDA) related to BromSite™ (bromfenac ophthalmic solution) 0.075%. BromSite™ is the first non-steroidal anti-inflammatory drug (NSAID) approved by the USFDA to prevent pain and treat inflammation in the eye for patients undergoing cataract surgery; other NSAIDs in this class are currently indicated for the treatment of inflammation and reduction of pain. BromSite™ is the first bromfenac ophthalmic solution formulated in DuraSite™, a polymer-based formulation that can be used to improve solubility, absorption, bioavailability, and residence time, compared to conventional topical therapies. Sun Pharma, subsequently commercialised BromSite™ in the US market in November 2016. This was the Company's first branded specialty ophthalmic product launch in the US.

- In May 2016, Sun Pharma announced positive results of two pivotal Phase-3 clinical trials of tildrakizumab in patients with moderate-to-severe plaque psoriasis. The co-primary efficacy endpoints of the placebo controlled studies were: the proportion of participants with Psoriasis Area Sensitivity Index 75 (PASI 75) response at week 12, compared to placebo and the proportion of participants with a Physician's Global Assessment (PGA) score of clear or minimal with at least a 2-grade reduction from baseline at week 12, compared to placebo. The overall safety profile of tildrakizumab in both Phase-3 clinical trials was consistent with the safety data observed in previously reported studies. The second study also included an etanercept comparator arm, with a key secondary endpoint comparing tildrakizumab and etanercept on PASI 75 and PGA. tildrakizumab 200mg was superior to etanercept on both PASI 75 and PGA endpoints at week 12, while the 100 mg dose showed superiority to etanercept on PASI 75 only.

- Subsequently, in July 2016, Sun Pharma announced a licensing agreement with Almirall S.A. (Spain) for the development and commercialisation of tildrakizumab for psoriasis in Europe. Under terms of this licence agreement, Almirall paid Sun Pharma an initial upfront payment of US$ 50 Million. Moreover, Sun Pharma will also be eligible to receive development and regulatory milestone payments and, additionally, sales milestone payments and royalties on net sales. Almirall will be able to lead European studies, and participate in larger global clinical studies for psoriasis indication subject to the terms of Sun Pharma – Merck agreements, as well as certain cost sharing agreements. Sun Pharma will continue to lead development of tildrakizumab for other indications, where Almirall will have the right of first negotiation for certain indications in Europe.

- Post this licensing agreement, in March 2017, Sun Pharma and Almirall announced the validation of the regulatory filing of tildrakizumab with the European Medicines Agency (EMA). This filing was done by Almirall with EMA. Post the close of the financial year, in May 2017, Sun Pharma announced the acceptance of the Biologics License Application (BLA) by the USFDA. Hence, tildrakizumab has been filed in both, the US and Europe and is awaiting regulatory approval.

- In July 2016, Sun Pharma announced the launch of Gemcitabine InfuSMART in Europe. InfuSMART is a technology in which oncology products are developed in a ready-to-administer (RTA) bag. Until now, compounding of oncology products was done at compounding centres or in hospital pharmacies, an extra step before the medicine could be administered to patients. With the roll-out of Gemcitabine InfuSMART, Sun Pharma becomes world's first pharmaceutical company to manufacture and launch a licensed RTA oncology product. The InfuSMART concept involves dose banding practice. This means, through agreement between prescribers and pharmacists, standardised doses of intravenous cytotoxic drugs are used for ranges (or "bands") of doses calculated for individual patients. More InfuSMART oncology products are currently in Sun Pharma's pipeline to be rolled out in future.

- In July 2016, Sun Pharma in-licensed ELEPSIA XRTM (Levetiracetam Extended Release tablets) from Sun Pharma Advanced Research Company Ltd. (SPARC). As per the licensing agreement, SPARC licensed ELEPSIA XRTM to Sun Pharma for the US market for an up-front payment of US$10 Million plus milestones and royalties on sales. ELEPSIA XRTM was approved by the USFDA in March 2015. However, in September 2015, SPARC received a complete response letter (CRL) from the USFDA rescinding its earlier approval, citing that the compliance status of the Halol manufacturing facility of Sun Pharma was not acceptable on the date of approval. Sun Pharma has undertaken a detailed remediation at Halol for restoring cGMP compliance status for the site.

▸ In October 2016, Sun Pharma announced the acquisition of Ocular Technologies (Ocular), a portfolio company of Auven Therapeutics (Auven). Ocular owns exclusive, worldwide rights to Seciera™ (cyclosporine A, 0.09% ophthalmic solution). Sun Pharma paid Auven US$ 40 Million upfront, plus Auven will be eligible for contingent development milestones and sales milestones, as well as tiered royalty on sales of Seciera™ as consideration for this acquisition. At the time of the acquisition, Seciera™ was undergoing a Phase-3 confirmatory clinical trial for the treatment of Dry Eye Disease. The Dry Eye Disease is an inflammatory ocular disease affecting approximately 16 million people in the United States alone. Seciera™ is a patented, novel, proprietary formulation of cyclosporine A 0.09%. It is a clear, preservative-free, aqueous solution. Coupled with Sun Pharma's existing ophthalmic portfolio consisting of BromSite™, DexaSite™ and Xelpros™, this acquisition will enable Sun Pharma to significantly expand its ophthalmic presence and reach to millions of patients - globally.

▸ Subsequently, in January 2017, Sun Pharma announced successful Phase-3 confirmatory clinical trial results for Seciera™. In this 12 week, multicentre, randomised, double-masked, vehicle controlled Phase-3 confirmatory study, 744 dry eye patients were treated, either with Seciera™ or its vehicle. After 12 weeks of treatment, as compared to vehicle, Seciera™ showed statistically significant improvement in the primary end point, Schirmer's score (a measurement of tear production) ($p<0.0001$). The demonstration of efficacy by Seciera™ at 12 weeks is earlier than other drugs approved for dry eye in the same class. Additionally, several key secondary endpoints showed statistically significant improvements compared to vehicle with some showing an even earlier onset of action. Adverse events reported in the trial were mild to moderate in nature and similar to other approved drugs in the category. Subsequently, Sun Pharma had a pre-NDA meeting with the USFDA and the filing of this NDA is targeted for Q3FY18.

▸ In December 2016, Sun Pharma announced the acquisition of a branded oncology product, Odomzo®, from Novartis, for an upfront payment of US$ 175 Million and additional milestone payments. Odomzo® (Sonidegib) was approved by the USFDA in July 2015. It is a hedgehog pathway inhibitor indicated for the treatment of adult patients with locally advanced basal cell carcinoma (laBCC) that has recurred following surgery or radiation therapy, or those who are not candidates for surgery or radiation therapy. For this class of drug, a significant number of prescribers are dermatologists and rests are oncologists. Clinical data from the BOLT trial for Odomzo® had shown continued anti-tumor activity for more than 26 months in patients treated with Odomzo® with no new safety concerns. At the 30-month follow-up, patients with locally advanced BCC had an overall response rate (ORR) as per central review of 56% with Odomzo® 200 mg. The most frequent grade 3 and 4 adverse reactions occurring in more than 2% of patients were fatigue, decreased weight and muscle spasms. Odomzo® gives Sun Pharma an opportunity to meaningfully expand its already established branded dermatology business and support its expansion into branded oncology with a launched brand. This acquisition has the potential to leverage and expand the relationships that the Dusa sales team has with dermatologists that treat common pre-cancerous skin conditions.

▸ In December 2016, Sun Pharma entered into an exclusive worldwide licensing deal to further develop MM-II, a novel pharmaceutical candidate for the treatment of pain in osteoarthritis. MM-II is a novel non-opioid product that leverages the physical properties of proprietary liposomes to lubricate arthritic knee joints, thereby reducing friction and wear, consequently leading to joint pain reduction. MM-II is an intra-articular bio-lubricant injection, which is being developed to provide symptomatic relief of mild-to-moderate osteoarthritis pain. The product is based on patent-protected technology licensed by Moebius Medical from the Hebrew University of Jerusalem, Technion Israel Institute of Technology and Hadassah Medical Centre.

Progress on cGMP compliance

During the year, Sun Pharma made significant progress towards 24x7 cGMP compliance. Many of its facilities underwent successful audits by multiple regulatory agencies, including the USFDA. At the same time, remediation work continued at some of the facilities, which have been impacted by cGMP deviations. Key highlights were:

▸ In November 2016, Sun Pharma's Halol facility underwent a re-inspection by the USFDA as a follow-up to the warning letter issued to the facility in December 2015. The USFDA pointed out nine deviations post the re-inspection, none of which were repeat deviation from the previous time. The Company has filed its response to these deviations within the stipulated timelines and is in the process of implementing remediation measures to address these deviations. Sun Pharma is unlikely to receive any new approvals from the Halol facility till it is re-certified by the USFDA.

▸ In March 2017, the USFDA informed Sun Pharma that it will be lifting the Import Alert imposed on Sun Pharma's Mohali (Punjab) manufacturing facility and remove the facility from the Official Action Initiated (OAI) status. This action has cleared the path for Sun Pharma to supply approved products from the Mohali facility to the US market, subject to normal USFDA regulatory requirements, as well as make this facility available for future filings. The Mohali facility was inherited by Sun Pharma as part of its acquisition of Ranbaxy Laboratories Ltd. in 2015. The USFDA had acted against the Mohali facility in 2013, when it ordered the facility to be fully subjected to Ranbaxy's Consent Decree of permanent injunction. Certain conditions of the Consent Decree will continue to be applicable to the Mohali facility. This development illustrates Sun Pharma's commitment to work closely with the USFDA and strive for 100% cGMP compliance at its manufacturing facilities.


API Plant

Japan entry

Towards the end of FY16, Sun Pharma had taken an important step towards establishing its presence in Japan through the acquisition of 14 established prescription brands from Novartis AG and Novartis Pharma AG for a consideration of US$ 293 Million. In FY17, Sun Pharma initiated the process of transferring the marketing authorisations of these brands from Novartis to itself. The transfer of these brands has commenced in a phased manner beginning October 2016 onwards. Simultaneously, Sun Pharma entered into a distribution alliance with Mitsubishi Tanabe Pharma Corporation (MTPC) for these brands. Under this alliance, following the transfer of manufacturing and marketing rights to Sun Pharma, MTPC will market and distribute all 14 brands as well as provide information on their proper use to healthcare professionals in Japan. Through this alliance, Sun Pharma can leverage MTPC's specialised expertise to create a strong business foundation in Japan.

Enhancing presence in Russia

In November 2016, Sun Pharma enhanced its presence in Russia through the acquisition of 85.1% of JSC Biosintez, a Russian pharmaceutical company engaged in manufacture and marketing of pharmaceutical products in Russia and CIS region for US$ 24 Million. Sun Pharma also assumed a debt of approximately US$ 36 Million as part of this transaction. Biosintez focuses on the hospital segment and had an annual revenue of approximately US$ 52 Million for 2015. It has a manufacturing facility in Penza region with capabilities to manufacture a wide variety of dosage forms, including pharmaceuticals for injections, blood substitutes, blood preservatives, ampoules, tablets, ointment, creams, gels, suppositories and APIs. This acquisition is consistent with Sun Pharma's philosophy to invest in strategic emerging markets. It provides the Company access to local manufacturing capability across multiple dosage forms in Russia, enabling it to serve the Russian pharmaceutical market effectively.

Buyback of shares

In June 2016, Sun Pharma's Board of Directors approved the buyback of 7.5 Million equity shares at a price of ₹ 900 per share. The buyback was undertaken by the Company to return surplus funds to the equity shareholders and thereby, enhancing the overall returns to shareholders. This buyback was completed in October 2016, resulting in return of ₹ 6.75 Billion to shareholders, including the promoters of the Company.

Outlook

Sun Pharma has embarked on various initiatives, globally, to drive sustainable growth and profitability, and to enhance long-term shareholder value.

Investing in specialty

Sun Pharma has invested significant resources in enhancing its global specialty pipeline. These investments currently do not generate commensurate revenue and cash flows, as a substantial portion of the specialty pipeline is yet to be commercialised. The Company is focusing on enhancing the share of specialty/branded business and targeting differentiated product offerings. Dedicated teams for the branded ophthalmic, dermatology, oncology and CNS are being strengthened. A dedicated team for tildrakizumab has also been formed. The Company simultaneously continues to explore opportunities to expand its global specialty pipeline.

cGMP compliance

Ensuring 24x7 cGMP compliance is a top priority for Sun Pharma and gets substantial attention from the top management. Over the past two years, significant investments have been made in enhancing systems, processes and talent to meet the stringent requirements of global regulators, including the USFDA. As a part of this process and to address the issues raised in the December 2015 warning

letter for the Halol facility, Sun Pharma has undertaken various remedial measures. These remedial measures have resulted in supply constraints for some of its products. New approvals for the US from this facility have also been delayed. The Company expects this situation to continue for some more time till the outstanding deviations are resolved.

Post the significant remedial efforts undertaken over the past few years, the USFDA re-inspected Sun Pharma's Mohali facility in FY17; indicating lifting of the import alert which was imposed on the facility some years back.

During FY17, many of the Company facilities underwent audits by various global regulatory authorities, including the USFDA. These inspections have been successful, while there are outstanding deviations at some facilities, which the Company is in the process of resolving.

Ranbaxy integration

Sun Pharma is on track to achieve the US$ 300 Million synergy benefits in FY18 from the Ranbaxy integration. These synergies will be driven by a combination of revenue synergies, procurement synergies, manufacturing rationalisation, productivity improvements and other cost-management measures. These synergy benefits will help the Company fund its evolving specialty business. As a part of the integration process, the Company has been taking steps to rationalise product portfolios and its global manufacturing presence.

R&D investments

Significant resources are being allocated to R&D to strengthen the specialty and generic pipeline, including complex generics. Efforts are being made to develop, file and commercialise niche, low-competition products to help counter the significant price erosion in the US generics market. This will mandate increased R&D investments, including that for the development of the specialty pipeline.

FY18 guidance

FY18 is likely to be a challenging year for Sun Pharma. The US generics industry is facing rapidly changing market dynamics. Increased competitive intensity and customer consolidation is leading to pressure on pricing. Continued delay in approvals from the Halol facility is also impacting Sun Pharma. Also, the Company had the benefit of Imatinib exclusivity in US in FY17 which has ended in July 2016. In the Indian market also, there is uncertainty amongst the trade channels due to GST implementation, although it may be temporary. Given these factors, growth could be a challenge in FY18 and the Company expects a single-digit decline in consolidated revenues for FY18 over FY17.

Despite these challenges, Sun Pharma continues to invest in enhancing its global specialty and complex generics pipeline. Investments will also continue for setting up the requisite front-end capabilities for the specialty business in the US. These investments may not have commensurate revenues in FY18. The consolidated R&D investments for FY18 will be about 9-10% of revenues. The Company expects a gradually increasing tax rate over the next few years while capex for FY18 is estimated at US$ 350 Million.

Business segment review

US BUSINESS

45% **Revenue contribution**	₹ 137 Bn **Revenue from division**
32% **FY12-17 Revenue CAGR**	584 **Cumulative ANDAs filed**
427 **Cumulative ANDAs approved**	

(As on March 31, 2017)

Overview

- Sun Pharma is the 4th largest specialty generic pharmaceutical company in the US market with presence across generics, branded and OTC segments.
- Key focus areas include CNS, dermatology, cardiology, oncology and ophthalmics, among others.
- One of the very few companies to have farm-to-market capabilities for controlled substances.
- Sun Pharma's integrated manufacturing facilities have capability to manufacture products, both onshore and offshore across a variety of dosage forms including liquids, creams, gels, sprays, injectables, tablets, capsules and drug-device combinations.
- The Company has a comprehensive basket of 584 ANDAs, 41 NDAs and 1 BLA filed and 427 ANDAs and 36 NDAs approved across multiple therapies.
- As of March 31, 2017, Sun Pharma had 157 ANDAs, 5 NDAs and 1 BLA pending USFDA approval. This pipeline includes a combination of complex generics, First-to-File opportunities and normal generics, as well as specialty products.

Table 7

US business milestones

FY17	▸ Acceptance of tildrakizumab filing by the USFDA for the US market (in May 2017) ▸ Acquired Ocular Technologies - gives access to Seciera, a product for treating dry eyes ▸ Launched BromSite in US ▸ Acquired Odomzo - branded oncology product from Novartis
FY16	Acquired InSite vision to strengthen the ophthalmic portfolio
FY15	Expanded presence in the US with the addition of Ranbaxy's US business
FY14	Acquired Pharmalucence to get access to sterile injectables capability
FY13	▸ Acquired DUSA and entered the branded specialty market ▸ Acquired URL's generic business
FY10	Acquired Taro Pharma and forayed into the dermatology market
FY08 onwards	Launched many complex generics and few FTFs
FY98-FY10	Enhanced and strengthened the US business
FY98	Entered into the US market by acquiring Caraco

Performance highlights, FY17

▸ Overall US revenues grew by 2% to ₹ 137,588 Million in FY17. The generics market in the US continues to face a challenging pricing environment driven by customer consolidation and increased competitive intensity. Besides these challenges, the cGMP issues at Halol facility has resulted in delaying new product approvals, which has impacted overall revenues from the US.

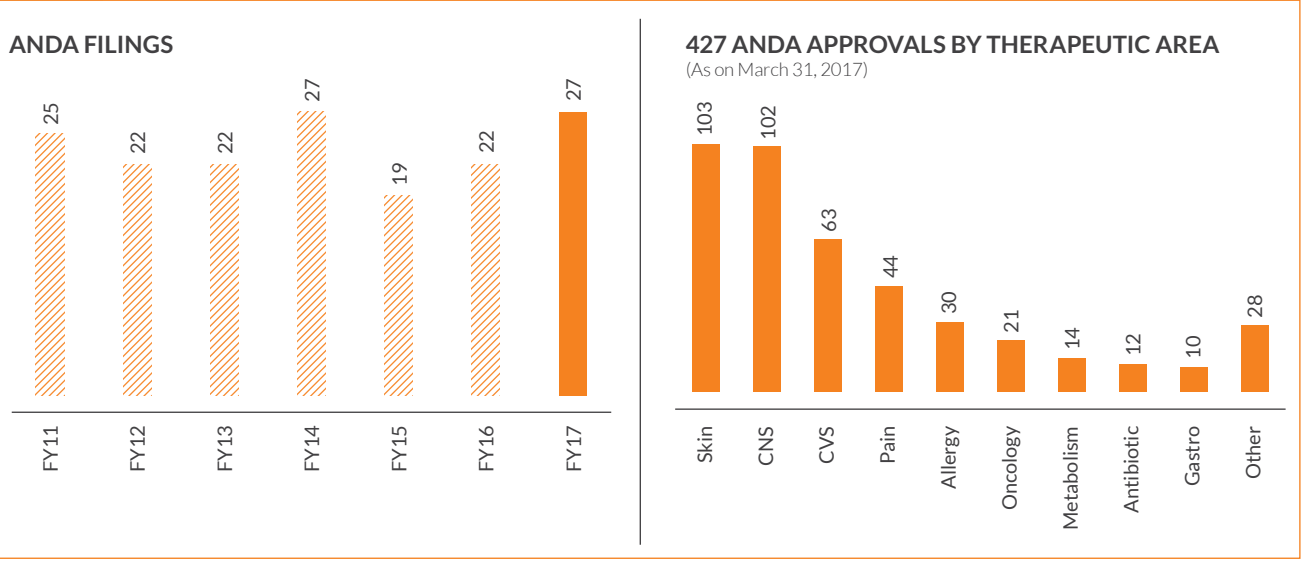
▸ Key contributors to revenues include Imatinib Mesylate Tablets (therapeutic equivalent to Gleevec® for indications approved by the USFDA). This product enjoyed the benefit of 180-day marketing exclusivity in the US, which commenced in February 2016 and expired in July 2016 post which, generic competition has intensified.

▸ Launch of authorised generic versions of Olmesartan and its combinations in October 2016 was another key revenue contributor. The launch was pursuant to a distribution and supply agreement between Sun Pharma and Daiichi Sankyo Inc., which granted Sun Pharma, exclusive rights to distribute these tablets in the US for a pre-determined period.

▸ The US revenues for Taro (a 73% subsidiary) declined by 8% for FY17 driven primarily by a difficult generic pricing environment, particularly in the US, resulting from more intense competition among manufacturers, new entrants to the market, buying consortium pressures, and a higher ANDA approval rate from the USFDA.

▸ Sun Pharma's key specialty products in the US, viz. Absorica and Kerastick also contributed to the top-line growth.

Chart 10



Outlook and future focus

- Enhance share of specialty business.
- Continue to focus on complex generics and high entry barrier segments.
- Ensure broad product offering to customers across multiple dosage forms.
- Gain critical mass in key therapeutic segments.
- Improve service levels for customers through 24x7 cGMP compliance, product robustness and supply chain consistency.

INDIAN BRANDED GENERIC BUSINESS

26%
Revenue contribution

₹ 77 Bn
Revenue from division

22%
FY12-17 Revenue CAGR

No. 1
Ranked in Indian pharmaceutical industry, with 8.6% market share

No. 1
Ranked by prescriptions with 11 different classes of doctors

(As on March 31, 2017)

Overview

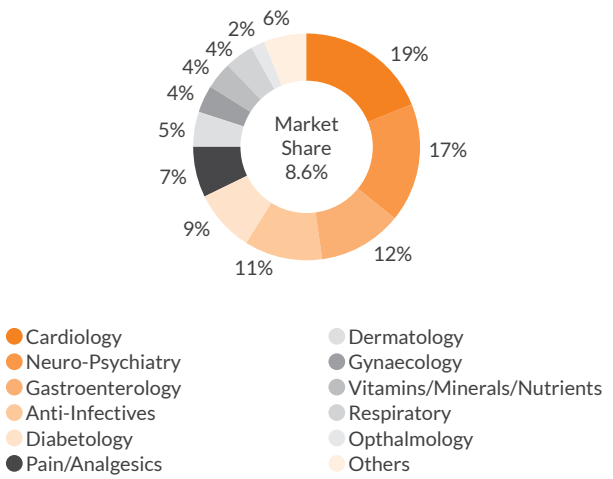
- Sun Pharma is India's largest pharmaceutical company with 8.6% market share. It is one of leaders in the chronic segment and enjoys strong positioning in acute segment. It specialises in technically complex products, offering a comprehensive therapy basket.
- The Company owns 30 brands of the top 300 pharmaceutical brands in India.
- It has a well-diversified portfolio with low brand concentration. The top 10 brands contribute over 18% of India revenues.
- Sun Pharma has one of the widest reach to the medical fraternity in India with a 9,200+ strong sales force reaching around 600,000 doctors.
- The sales force has one of the highest productivity among key players in India.

Performance highlights, FY17

- Revenue from Indian business increased by 8% to ₹ 77,491 Million in FY17.
- This growth was achieved, despite the temporary disruption caused by demonetisation and a negative price impact of wholesale price index on products under price control.

Chart 11

THERAPEUTIC REVENUE BREAK-UP[9]




Corporate Office

Table 8

Leadership in prescription rankings[10]

Specialist	February 2016	Specialist	February 2017
Psychiatrists	1	Psychiatrists	1
Neurologists	1	Neurologists	1
Cardiologists	1	Cardiologists	1
Orthopaedic	1	Orthopaedic	1
Gastroenterologists	1	Gastroenterologists	1
Nephrologists	1	Nephrologists	1
Diabetologists	1	Diabetologists	1
Consulting Physicians	1	Consulting Physicians	1
Dermatologists	1	Dermatologists	1
Urologists	1	Urologists	1
Oncologists	1	Oncologists	1
Ophthalmologits	1	Ophthalmologists	2
Chest Physicians	1	Chest Physicians	2

Outlook and future focus

- The Indian pharmaceutical market offers good long-term potential driven by increasing per capita income, rising healthcare awareness, higher incidence of chronic ailments and gradually increasing insurance coverage.
- Government-mandated price controls and other regulatory changes coupled with fierce competitive intensity will continue to be key challenges for the industry.
- Sun Pharma's future focus is on improving the productivity of India business and to maintain leadership position in a severely competitive market.
- The Company is consistently innovating to ensure high brand equity with doctors.
- Efforts are ongoing to enhance product basket through own development and in-licensing.

EMERGING MARKETS

15%
Revenue contribution

₹ 45 Bn
Revenue from division

100+ countries
Presence across emerging markets

(As on March 31, 2017)

Overview

- Sun Pharma is among the leading Indian companies in emerging markets with an extensive portfolio of branded products and presence across about 100 countries.
- The key focus markets include Brazil, Mexico, Russia, Romania, South Africa and complementary and affiliated markets.
- The Company has local manufacturing assets in eight countries; thus,facilitating a more meaningful participation in respective markets.
- A 2300+, sales force leverages the opportunities offered by these markets.

Performance highlights, FY17

- Revenue from emerging markets grew by 26% to ₹ 45,299 Million in FY17.
- The growth is broad-based among emerging markets.
- In November 2016, Sun Pharma acquired JSC Biosintez to enhanceits presence in Russian market. The acquisition gives access to a local manufacturing facility as well as expands the product offering for the Russian and CIS markets. Outlook and future focus
- Given the favourable macroeconomic parameters, emerging markets offer good long-term potential.
- Evaluate opportunities to enhance presence in key markets.
- Sun Pharma's key focus will be to gain critical mass in key emerging markets by leveraging its product portfolio and front-end presence in these markets.

- Efforts are on to develop, file and commercialise more products across therapeutic baskets to meaningfully participate in this growth opportunity.

- Simultaneously, the Company is focused on improving business profitability in emerging markets by launching complex products and reducing presence in low profitable non-core product segments.

REST OF THE WORLD

9%	₹ 26 Bn
Revenue contribution	Revenue from division

(As on March 31, 2017)

Overview

- Sun Pharma's presence in the Rest of the World (RoW) spans across Western Europe, Japan, Canada, Israel, Australia and New Zealand.

- The product basket consists of injectables, hospital products, as well as products for the retail market.

- The Company made an entry in Japan (in March 2016) through acquisition of 14 prescription brands from Novartis.

Performance highlights, FY17

- Revenues for RoW markets increased by 19% to ₹ 25,832 Million in FY17.

- During the year, the Company entered into a distribution alliance with Mitsubishi Tanabe Pharma Corporation (MTPC) for distribution of 14 brands acquired from Novartis in March 2016. Through this alliance, Sun Pharma can leverage MTPC's specialised expertise to create a strong business foundation in Japan.

Outlook and future focus

- Ramp up presence in Japan post transfer of Novartis brands to Sun Pharma.

- Improve profitability in developed European markets.

ACTIVE PHARMACEUTICAL INGREDIENTS (API) BUSINESS

5%	₹ 16 Bn
Revenue contribution	Revenue from division
21%	14
FY12-17 Revenue CAGR	API manufacturing units
291	428
DMF/CEP approvals	DMF/CEP filings

As on March 31, 2017

Overview

- API capability is of strategic importance as it provides cost competitiveness, speed to market and supply reliability through backward integration. A significant portion of API production acts as inputs for the Company's formulations business.

- The Company manufactures over 300 APIs across 14 locations adding over 20 APIs to the portfolio, annually.

- Besides captive consumption, Sun Pharma also supplies APIs to customers, comprising large generic and innovator companies.

- The API manufacturing facilities are in India, Australia, Israel, Hungary and the US. Performance highlights, FY17

- Revenue from APIs and other sources increased by 14% to ₹15,979 Million in FY17.

- The API revenues include the full benefit of consolidation of the opiates business (Australia) acquired from GSK last year in September 2015.

Outlook and future focus

- Expand API portfolio to enhance the scale and scope of API operations.

- Ensure long-term supply relationships with global customers.

GLOBAL CONSUMER HEALTHCARE BUSINESS

17
Key brands

2,500+
Sales and distribution representatives in India

20+
Country presence

300,000+
Outlets in India

67,000+
Retail pharmacies internationally

Top 10
OTC company in three markets

Overview

- Sun Pharma is among the top 10 consumer healthcare companies in India, Romania, Nigeria and Myanmar.

- Key focus markets comprise India, Russia, Romania, Nigeria, South Africa and Myanmar, while growth markets include Ukraine, Poland, Kazakhstan, Thailand and UAE.

- Sun Pharma has a dedicated sales force in each of these markets.

- The Company has presence across OTC sub-categories like Vitamins and Minerals, Cold and Flu, Analgesics, Digestive and Dermatology.

Key highlights, FY17

- In October 2016, Sun Pharma launched Revital H Woman's 'Healthy Conversations' initiative in India. This unique initiative aims to initiate a conversation about women's health. It was launched with the objective to encourage women to understand their health requirements and impact of their health on their families and overall society. Revital-H Woman's, Healthy Conversations, will reach out to women across 20 cities in India. It has created a special digital platform www.revitalwoman.com to reach over two million women in three months. Through the, Healthy Conversations, initiative, the Company encourages women to interact with expert nutritionists to understand and address their nutritional needs. The product, Revital H Woman is a combination of 12 Vitamins, 10 Minerals and Ginseng, which help in keeping women physically active and mentally relaxed throughout the day. Among other benefits, vitamins and minerals in Revital H Woman help in maintaining healthy bones, reducing fatigue, and maintaining healthy hair, skin and nails.

Outlook and future focus[5, 6]

- The Indian Consumer Healthcare market has grown at about 11.8% CAGR for the past five years.

- Globally, emerging markets like Russia, Brazil and China have grown in higher single digits.

- Sun Pharma intends to continue investing in the accelerating OTC business across key markets through brand building and brand extensions.

- It intends to have a broader presence across OTC sub-categories in various markets.

- The Company is focusing on maintaining leadership in existing markets by offering innovative solutions to consumers.

R&D INNOVATION ORIENTED APPROACH

Sun Pharma has a strong presence in both regulated and emerging markets. This can be attributed to the Company's strong pipeline of generic and branded-generic products. Its research and development (R&D) capabilities have enabled Sun Pharma to produce key technology-intensive products, enhancing its presence in international markets. The Company has a portfolio of about 2,000 products across the world.

The Company employs about 2,000 research scientists working in multiple R&D centres equipped with cutting-edge technologies for research. With their expert knowledge in developing generic drugs and Active Pharmaceutical Ingredients (APIs), they form the backbone of the Company's R&D facility. Further, the team has the required skills and relevant experience in creating Novel Drug Delivery Systems (NDDS). Besides, Sun Pharma has been investing significant resources in developing completely new chemical and biological drugs for global markets. Currently, the Company has six such drugs in its pipeline, which are either being developed or are awaiting regulatory approvals.

Sun Pharma's generic R&D capabilities have enabled it to commercialise a diverse range of products, including liposomal products, auto-injectors, lyophilized injections, nasal sprays, and controlled release dosage forms. Apart from these, the Company manufactures orals, liquids, ointments, gels, sprays, and injectables, among others.

In addition, Sun Pharma has experience in formulation of taste masking, spray-drying, drug-layering, nano-milling, lyophilization and other pharmaceutical unit operations.

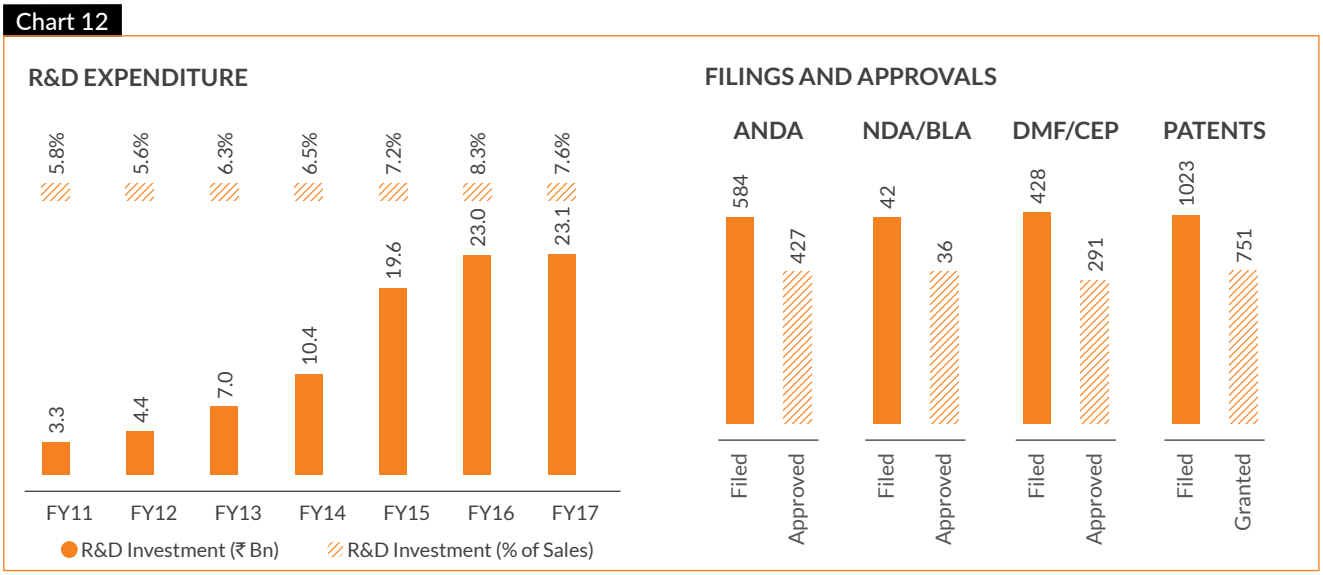
R&D investments are necessary for a company like Sun Pharma to maintain sustainable growth and enhance its market presence. Sun Pharma spent approximately 8% of sales, in FY17, on R&D. It believes that continuous investments in R&D will influence its overall performance positively. Going forward, it will help Sun Pharma differentiate itself by focusing on specialty products and technically complex products. In pursuit of differentiation, the Company is focusing on developing non-fringing formulations and development of specialty products. Additionally, Sun Pharma has a strong Intellectual Property Rights support team, which enables it to patent its innovations globally and in developing non-infringing products.

₹ 100 Bn

Cumulative R&D expenditure, over the years, amounts to ₹100 Billion till date.

Research and Development Investment

Chart 12



(As of March 31, 2017)


Formulation Plant

584
Cumulative ANDAs filed

427
Cumulative ANDAs approved

42
Cumulative NDA/BLA filed

36
Cumulative NDA/BLA approved

428
DMF/CEP cumulative applications filed

291
DMF/CEP cumulative applications approved

1,023
Total patent applications submitted

751
Total patents granted

27
ANDAs filed in FY17

18
ANDAs approved in FY17

29
DMFs filed in FY17

15
DMFs approved in FY17

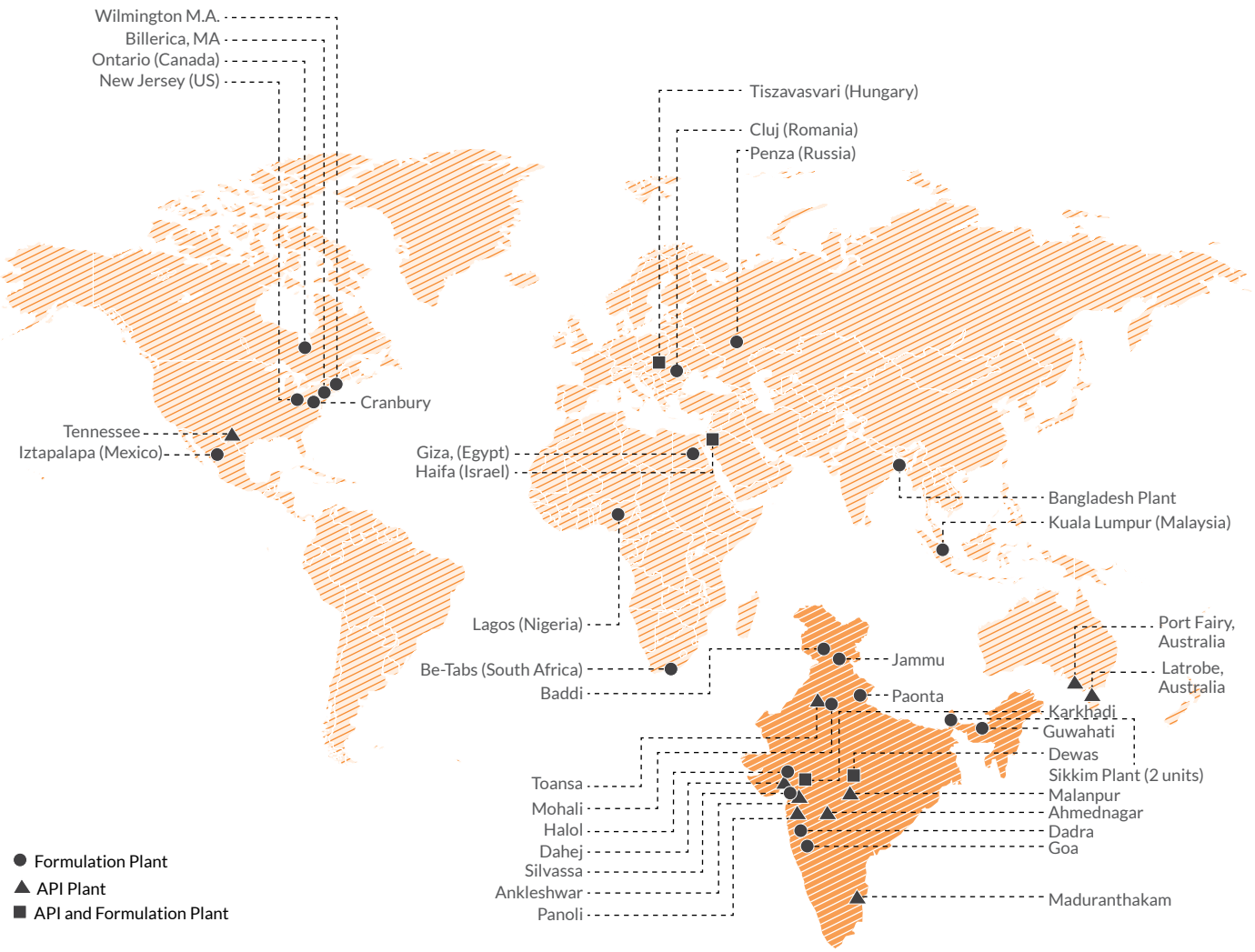
GLOBAL MANUFACTURING CAPABILITIES

Sun Pharma owns 42 active manufacturing assets spread across six continents. India, the US, Brazil, Russia, Canada, Hungary, Israel, Bangladesh, Mexico, Romania, Ireland, Morocco, Nigeria, South Africa, Malaysia and Australia host these production units. These facilities ensure that the Company provides best-in-class products to patients across 150 countries. The operations are vertically integrated, which enables maintenance of high quality, low cost and a quick market entry across geographies.

Sun Pharma's manufacturing operations are focused on producing generics, branded generics, speciality, over-the-counter (OTC) products, anti-retrovirals (ARVs) and Active Pharmaceutical Ingredients (APIs). The Company also produces intermediates in the full range of dosage forms, including tablets, capsules, injectables, ointments, creams and liquids. Besides, it manufactures APIs, for controlled substances, steroids, peptides and anti-cancers products.

Sun Pharma believes in meticulous following global manufacturing standards. It's manufacturing facilities have been certified by regulatory authorities of USA (FDA), Europe (EMA), the UK (MHRA), Australia (TGA), South Africa (MCC) and Germany (BfArM). Additionally, the Company has been certified by ANVISA (Brazil), WHO (Geneva), KFDA (Korea) and PMDA (Japan). It stresses on 24x7 compliance to cGMP, which is imperative for a global business.

GLOBAL MANUFACTURING FOOTPRINT



28 finished dosage manufacturing sites

- India: 13
- US: 4
- One each in Canada, South Africa, Malaysia, Mexico, Hungary, Israel, Bangladesh, Romania, Russia, Egypt and Nigeria

14 API manufacturing sites

- India: 9
- Australia: 2
- One each in Israel, US and Hungary

Delivery formats

- **Orals:** Tablets/Capsules, Semisolids, Liquids and Suppository
- **Injectables/Sterile:** Vials, Ampoules, Pre-filled Syringes, Gels, Lyophilized Units, Dry powder, Eye drops, MDI and Aerosols
- **Topicals:** Creams and Ointments

Key API Plants

- The Panoli and Ahmednagar (both in India) has USFDA and European approvals. These are standalone units for peptides, anti-cancer, steroids and sex hormones, among others
- The plants in Australia, Hungary and the US (Tennessee) are capable of manufacturing of controlled substances

MANAGING TALENT

Being a global pharmaceutical company, Sun Pharma attracts diverse talents from over 50 nationalities. The Company, with its vibrant work culture, nurtures this assorted talent pool beyond any race, gender or nationality. While concentrating on building the bench-strength for future leadership, Sun Pharma offers individuals good growth opportunities.

With its 30,000+ strong workforce, Sun Pharma engages in several skill development activities. The Company has various management programmes for employees to enhance their skills. Additionally, its knowledge-sharing platforms allow employees to grow professionally and get future ready.

The management at Sun Pharma believes engaging employees helps in reduced employee attritions. The Company promotes equal opportunities for individuals, and values healthy work-life balance.

ADHERENCE TO QUALITY

Sun Pharma's commitment to implementing a robust global quality management system is based on its determination to sustain a culture of operational excellence, meeting and exceeding the expectations of all stakeholders, including regulators, patients and customers. Putting patients first is Sun Pharma's motto.

The Company's global Quality Management Team ensures that every product it manufactures and distributes, complies with all internationally accepted good practices and standards of quality, purity, efficacy and safety.

To maintain quality standards, every facility has well-defined procedures and systems in place. In compliance with the requirements of the Current Good Manufacturing Practices (cGMP), WHO, PIC's and EU GMP, the Company ensures that the operating procedures meet the very exacting standards of regulators like the USFDA, EMA, HC, WHO and TGA, among others.

Each site has well-trained personnel for quality control, along with a regulatory affairs department ensuring strict adherence to quality systems and procedures. The teams are guided by a Corporate Quality Unit (CQU). CQU ensures that the latest updates in GMP are being translated into guidelines, standard operating procedures (SOPs) and protocols. The teams ensure that these guidelines are implemented to deliver quality products every time. In addition, the manufacturing plants are audited by an autonomous Corporate Compliance Department with a view to ensuring 24 x 7 compliance and conformance.

During FY17, many of the Company's facilities underwent audits by various global regulatory authorities, including the USFDA. These inspections have been successful, while there were outstanding deviations at some facilities, which the Company is in the process of resolving.

INTERNAL CONTROL

Sun Pharma believes that internal control is a prerequisite of the principle 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.

An independent and empowered Global Internal Audit Function at the corporate level carries out risk-focused audits across all businesses (both in India and overseas), which actively identifies areas, where business process controls are ineffective or may need enhancement. These reviews include financial, operational, compliance controls and risk mitigation plans. The Audit Committee of the Board periodically reviews key findings and provides strategic guidance. The Company's operating management closely monitors the internal control environment and ensures that the recommendations are effectively implemented.

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.

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BOARD'S REPORT

Your Directors take pleasure in presenting the Twenty-Fifth Annual Report and Company's Audited Financial Statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS

(₹ in Million)

Particulars	Standalone		Consolidated	
	Year ended March 31, 2017	Year ended March 31, 2016	Year ended March 31, 2017	Year ended March 31, 2016
Total – Revenue	78,067.0	78,636.9	315,784.4	284,870.3
Profit Before Tax	(324.4)	(10,820.6)	90,478.7	65,706.3
Tax Expense:				
-Current Tax	25.1	54.5	4,046.4	11,954.1
-Deferred Tax Charge / Credit	-	-	8,069.3	(2,816.4)
(Loss) / Profit after tax	(349.5)	(10,875.1)	78,363.0	56,568.6
Profit after Tax before Share in profit / (loss) of associates and non-controlling interests	-	-	78,363.0	56,568.6
Share of Profit of Associates / Joint ventures (Net)	-	-	99.3	14.5
Net Profit after taxes and share of profit / (loss) of associates and joint ventures but before non-controlling interests				
Total Other Comprehensive Income	(633.8)	(247.9)	(14,871.9)	14,353.4
Total Comprehensive Income	(983.3)	(11,123.0)	63,590.4	70,936.5
Total Comprehensive Income for the period attributable to:				
-Owners of the Company	(983.3)	(11,123.0)	56,306.1	58,251.6
-Non-Controlling Interest			7,284.3	12,684.9
Opening balance in Retained Earnings	126,353.4	146,184.5	251,630.4	216,743.1
Amount available for appropriation	(949.6)	(11,141.9)	68,933.4	45,109.6
Dividend on Equity Shares	(2,406.8)	(7,219.5)	(2,406.8)	(7,219.5)
Corporate Dividend tax	(74.7)	(1,469.7)	(490.0)	(1,469.7)
Transfer to various Reserves:				
-Capital redemption Reserve	(7.5)	-	(7.5)	-
-Debenture redemption Reserve	-	-	(1,041.7)	(1,041.7)
-Capital reserve	-	-	(50.6)	(188.9)
-Buy-back of equity shares by overseas subsidiary company	-	-	(10,110.3)	(302.3)
-Legal reserve	-	-	-	(0.2)
-General reserve	-	-	-	-
Closing balance in Retained Earnings	122,914.8	126,353.4	306,456.9	251,630.4

Figures for Financial Year 2015-16 have been restated as per Ind AS and therefore may not be comparable with financials for Financial Year 2015-16 approved by the Directors and disclosed in the Financial Statement of previous year.

DIVIDEND

Your Directors are pleased to recommend an equity dividend of ₹ 3.50/-(Rupees Three and Fifty Paise only) per equity share of ₹1/- each [previous year ₹ 1/- per equity share of ₹1/- each] for the year ended March 31, 2017, subject to the approval of the equity shareholders at the ensuing Annual General Meeting.

CHANGES IN CAPITAL STRUCTURE

The changes in the capital structure of the Company during the year under review, are as follows:

i. The Company allotted 62682 equity shares of ₹1/- each under Sun Employee Stock Option Scheme-2015.

ii. On October 18, 2016, the Company completed Buyback of 7,500,000 (Seventy Five Lakhs) fully paid-up equity shares of ₹ 1/- each (representing about 0.31% of the total outstanding pre Buyback equity shares of our Company) at a price of ₹ 900/- (Rupees Nine Hundred only) per equity share for an aggregate amount of ₹ 6,750,000,000/- (Rupees Six Billion Seven Fifty Million only) from the equity shareholders/ beneficial owners holding equity shares as on Record Date i.e. July 15, 2016 on proportionate basis through the tender offer route using mechanism for acquisition of shares through Stock Exchange.

Consequent to above changes, the paid up share capital of the Company decreased to ₹ 2,399,291,181/- (Rupees Two Billion Three Hundred Ninety-Nine Million Two Hundred Ninety One Thousand One Hundred Eighty-One only) as on March 31, 2017 from ₹ 2,406,728,499/- (Rupees Two Billion Four Hundred Six Million Seven Hundred Twenty-Eight Thousand Four Hundred Ninety-Nine only).

Further, on May 26, 2017, the Company alloted 3000 equity shares of ₹1/- each under Sun Employee Stock Option Scheme - 2015 and 12,000 equity shares of ₹1/- each under Sun Employee Stock Option Plan - 2015.

SCHEME OF ARRANGEMENT FOR AMALGAMATION

During the year, the Board of Directors at its meeting held on November 10, 2016 approved the Scheme of Arrangement among Sun Pharma Medisales Private Limited, Ranbaxy Drugs Limited, Gufic Pharma Limited, Vidyut Investments Limited (collectively known as "Transferor Companies", which are the wholly owned subsidiaries of the Company) and the Company and their respective members and creditors ("Scheme of Arrangement"). The Hon'ble National Company Law Tribunal, at Ahmedabad vide its order dated April 18, 2017, 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 20, 2017 to approve the Scheme of Arrangement. The appointed date for the said amalgamation is April 1, 2017 or such other date as may be agreed between the Transferor Companies and the Company and approved by the National Company Law Tribunal. Pursuant to Scheme of Arrangement, no consideration shall be paid and no shares of the Company shall be issued and allotted on amalgamation. The Scheme of Arrangement will enable the Company to consolidate and effectively manage the Transferor Companies and the Company in a single entity, which will provide several benefits including synergy, economies of scale, attain efficiencies and cost competitiveness.

EXTRACT OF ANNUAL RETURN

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

SUBSIDIARIES/ JOINT VENTURES/ ASSOCIATE COMPANIES

The statement containing the salient features of the Financial Statements of the Company's subsidiaries/ joint ventures/ associate companies of the Company is given in Form AOC – 1, which forms a part of this Annual Report.

The highlights of performance of subsidiaries, joint ventures and associate companies and their contribution to the overall performance of the Company during the financial year is given under Annexure A of the Consolidated Financial Statements forming part of this 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 39 of the notes to the Consolidated Financial Statements, forming part of this Annual Report.

DIRECTORS & KEY MANAGERIAL PERSONNEL

Mr. Israel Makov and Mr. Sailesh T. Desai, Directors of the Company retire by rotation and being eligible offer themselves for re-appointment at the ensuing Annual General Meeting.

Mr. Kalyanasundaram Subramanian was appointed as an Additional and Whole-time Director of the Company, without remuneration, w.e.f. February 14, 2017 as per the provisions of Section 161(1) of the Act and he shall hold the office upto the date of ensuing Annual General Meeting. The Board recommends appointment of Mr. Kalyanasundaram Subramanian as a Whole-time Director of the Company for a period of 2 (Two) years upto February 13, 2019 without any remuneration, for approval of the members at the ensuing Annual General Meeting.

The term of appointment of Mr. Dilip S. Shanghvi as Managing Director will expire on March 31, 2018. He has made significant contribution to overall growth of the Company's business. Your Directors recommend the re-appointment of Mr. Dilip S. Shanghvi for a further period of five years from April 1, 2018 to March 31, 2023, at remuneration as proposed in the resolution.

Appropriate resolutions for the appointment of the Directors are being placed for your approval at the ensuing Annual General Meeting. Your Directors recommend the appointment of the aforesaid Directors by the Members at the ensuing Annual General Meeting.

Mr. Uday Baldota, Chief Financial Officer of the Company, has resigned as Chief Financial Officer w.e.f. June 19, 2017 to assume office as Chief Executive Officer of Taro Pharmaceutical Industries Limited, a subsidiary of the Company and Mr. C.S. Muralidharan has been appointed as Chief Financial Officer w.e.f June 19, 2017 at the Board Meeting held on May 26, 2017.

DECLARATION BY INDEPENDENT DIRECTORS

The Company has received declarations from all the Independent Directors of the Company confirming that they meet with the criteria of independence as prescribed under sub-section (6) of Section 149 of the Act and as per SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations, 2015").

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 & Remuneration Committee identifies persons of integrity who possess relevant expertise, experience and leadership qualities required for the position. The Committee also ensures that the incumbent fulfills such criteria with regard to qualifications, positive attributes, Independence, age and other criteria as laid down under the Act, Listing Regulations, 2015 or other applicable laws. The Board has, on the recommendation of the Nomination & Remuneration Committee framed a policy on remuneration of Directors & Key Managerial Personnel. The Remuneration Policy of the Company is enclosed as Annexure B to Corporate Governance Report, which forms part to this Report.

FAMILIARISATION PROGRAMME FOR THE INDEPENDENT DIRECTORS

In compliance with the requirements of Regulation 25(7) of the Listing Regulations, 2015, the Company has put in place a Familiarisation Programme for the Independent Directors to familiarise them with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model etc. The details of the Familiarisation Programme conducted are available on the website of the Company www.sunpharma.com and may be accessed through the web link: http://www.sunpharma.com/policies.

NUMBER OF MEETINGS OF THE BOARD

The Board of Directors of the Company met 6 (Six) times during the previous financial year on May 30, 2016; June 23, 2016; August 12, 2016; September 17, 2016; November 10, 2016 and February 14, 2017. The particulars of attendance of the Directors at the said meetings are detailed in the Corporate Governance Report of the Company, which forms a part of this Report. The intervening gap between the Meetings was within the period prescribed under the Act and Listing Regulations, 2015.

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 and relevant Rules and the Corporate Governance requirements as prescribed under Regulation 17 of Listing Regulations, 2015 and 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 indicative criteria for the evaluation based on 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 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, 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 knowledge and competency, fulfillment of functions, availability and attendance, initiative integrity contribution and commitment, independence, independent views and judgement etc.

HUMAN RESOURCES

Your Company recognises that employees are the most valuable resource and endeavors to enable its employees to meet business requirements while meeting their career aspirations. The Human Resource agenda continues to support the business in achieving sustainable and responsible growth by building the right capabilities in the organisation. It continues to focus on progressive employee relations policies and building a high-performance culture with a growth mind-set where employees are engaged, productive and efficient. Globally the Company (including subsidiary and associate companies) has a dedicated human capital of over 30,000 employees at various locations across our Corporate Office, R & D Centers & more than 42 active Manufacturing locations, dedicated Sales Professionals across various geographies. Your Directors would also like to take this opportunity to express their appreciation for the hard work and commitment of the employees of the Company and look forward to their continued contribution. Information as per Section 197 (12) of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is provided in **"Annexure B"** to this report. Further, the information pertaining to 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 proviso to Section 136 (1) of the Act, the report and the accounts are being sent to the members excluding this. Any shareholder interested in obtaining a copy of the same may write to the Company Secretary/Compliance Officer at Corporate office or Registered office address of the Company.

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

Your Company strongly believes in providing a safe and harassment free workplace for each and every individual working for the Company through various interventions and practices. It is the continuous endeavor of the Management of the Company to create and provide an environment to all its employees that is free from discrimination and harassment including sexual harassment. The Company has adopted a policy on prevention, prohibition and redressal of sexual harassment at workplace in line with the provisions of the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013 and the Rules thereunder. The Company arranged various interactive awareness workshops in this regard for the employees in the manufacturing sites, R & D set ups & Corporate Office during the financial year. The Company submitted the Annual returns to the local authorities under the above mentioned act . During the financial year ended March 31, 2017, no complaint pertaining to sexual harassment was received by the Company.

AUDITORS

Statutory Auditors

The Company's Auditor, Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, (Firm's Regn No. 117366W/W-100018), were appointed as the Statutory Auditors of the Company for a period of three years at the 22nd Annual General Meeting of the Company, and they shall retire at the conclusion of the ensuring 25th Annual General Meeting of the Company. The Auditors' Report for the financial year ended March 31, 2017, has been issued with an unmodified opinion, by the Statutory Auditors. The Board of Directors placed on record their appreciation for the retiring auditors.

The Board of Directors of the Company had proposed and recommended the appointment of M/s. S R B C & Co LLP, Chartered Accountants, (Firm Registration No. 324982E/E300003) as the statutory auditors of the Company for a period of 5(Five) years from the conclusion of 25th Annual General Meeting of the Company, upto the conclusion of the 30th Annual General Meeting of the Company, subject to approval of members at the ensuing 25th Annual General Meeting and ratification by members at every Annual General Meeting of the Company. M/s. S R B C & Co LLP, Chartered Accountants, have confirmed their eligibility under Section 141 of the Act and the Rules framed thereunder for the appointment as Auditors of the Company and as required under Regulation 33 of the Listing Regulations, 2015.

Secretarial Auditor

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Messrs C. J. Goswami & Associates, Practicing Company Secretaries, Mumbai to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as **"Annexure C"**. The Secretarial Audit Report does not contain any qualification, reservation or adverse remark.

Cost Auditor

The Company has appointed Messrs. Kailash Sankhlecha & Associates, Cost Accountants, Vadodara as Cost Auditor of our Company for conducting Cost Audit in respect of Bulk Drugs & Formulations of your Company for the year 2017-18.

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 previous financial year with the related parties were in the ordinary course of business and on arm's length basis.

The Company has entered into material Related Party Transactions, i.e. transactions exceeding ten percent of the annual consolidated turnover as per the last audited financial statements, during the year with Sun Pharma Laboratories Limited, a wholly owned subsidiary. The transactions entered into between a holding company and its wholly owned subsidiary do not require approval of the shareholders.

The disclosure of Related Party Transactions as required under Section 134(3)(h) of the Act in Form AOC 2 is not applicable for the current year.

AUDIT COMMITTEE COMPOSITION

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

RISK MANAGEMENT

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

INTERNAL FINANCIAL CONTROLS

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

CORPORATE SOCIAL RESPONSIBILITY

In compliance with the requirements of Section 135 of the Act read with the Companies (Corporate Social Responsibility Policy) Rules, 2014, the Board of Directors have constituted a Corporate Social Responsibility (CSR) Committee. The details of membership of the Committee & 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 is available on the website of the Company and can be accessed through the web link: http://www.sunpharma.com/policies. The average net profits of the Company for last three financial years is negative, therefore the Company was not required to spend on CSR activities during the previous year. However, the Company has voluntarily spent on CSR activities and the annual report on CSR activities containing details of voluntary expenditure incurred by the Company and brief details on the CSR activities are given in **"Annexure D"**.

DIVIDEND DISTRIBUTION POLICY

In accordance with the Regulation 43A of Listing Regulations, 2015, the Company has formulated Dividend Distribution Policy and the same is annexed herewith as **"Annexure E"**. The policy is also available on the website of the Company and can be accessed through the web link: http://www.sunpharma.com/policies.

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, 2015 is provided in a separate section and forms a 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, 2015, are enclosed as a separate section and forms a 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 annexed herewith as **"Annexure F"**.

EMPLOYEES' STOCK OPTION SCHEMES

The Company has two Employees' Stock Option Schemes, one through Trust Route and the other by Direct Route, both inherited from erstwhile Ranbaxy Laboratories Limited ("Ranbaxy"). The scheme through Direct Route has been named as Sun Pharma Employee Stock Option Scheme – 2015, and the one through Trust Route as Sun Pharma Employee Stock Option Plan – 2015. Both the schemes were adopted by the Company with certain amendments consequent upon merger of erstwhile Ranbaxy into the Company. The both the Schemes are in compliance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

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

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

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

WHISTLE BLOWER POLICY/ VIGIL MECHANISM

To create enduring value for all stakeholders and ensure the highest level of honesty, integrity and ethical behaviour in all its operations, the Company has adopted a 'Global Whistle Blower Policy' for Sun Pharmaceutical Industries Limited (SPIL) 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, 2017, 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, 2017 and of loss of the Company for the year ended on that date;

c) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this 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, 2017 has been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 together with the comparative period data as at and for the previous year ended March 31, 2016. Further, the Company has prepared the opening consolidated balance sheet as at April 1, 2015 (the transition date) in accordance with Ind AS.

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 and long term bank facilities of the Company.

BUSINESS RESPONSIBILITY REPORTING

The Business Responsibility Report of the Company for the year ended March 31, 2017, in line with Green initiative, is made available on the website of the Company (http://www.sunpharma.com/pdflist/all-documents) and forms part of the Annual Report, and is available at the Registered office / Corporate office of the Company for inspection. A copy of the aforesaid report shall be made available to such of those shareholders who are desirous and interested, upon receipt of a written request from them.

ACKNOWLEDGEMENTS

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

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

Israel Makov
Chairman

May 26, 2017
Mumbai

ANNEXURE - A

FORM MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended 31.03.2017
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 1, 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 390020, Gujarat
	Contact no of registered office	0265-6615500
vi)	Whether listed company	Yes
vii)	Name, Address, and Contact details of Registrar and Transfer Agent	Link Intime India Private Limited C 101, 247 Park, L B S Marg, Vikhroli West, Mumbai 400 083 Tel No: +91 22 49186270

II PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

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

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

III PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES AS ON MARCH 31, 2017

Sr. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	SPIL De Mexico S.A. DE C.V.	Mexico	N.A.	Subsidiary	100.00	2(87)(ii)
2	Sun Pharmaceutical (Bangladesh) Limited	Bangladesh	N.A.	Subsidiary	72.50	2(87)(ii)
3	Sun Pharma Holdings	Mauritius	N.A.	Subsidiary	100.00	2(87)(ii)
4	Sun Pharma DE Mexico S.A. DE C.V.	Mexico	N.A.	Subsidiary	75.00	2(87)(ii)
5	Sun Pharmaceutical Peru Sociedad Anonima Cerrada	Peru	N.A.	Subsidiary	99.33	2(87)(ii)
6	OOO "Sun Pharmaceutical Industries" Limited	Russia	N.A.	Subsidiary	100.00	2(87)(ii)
7	Green Eco Development Centre Limited	India	U90009GJ2010PLC062892	Subsidiary	100.00	2(87)(ii)
8	Sun Pharma DE Venezuela, C.A.	Venezuela	N.A.	Subsidiary	100.00	2(87)(ii)
9	Sun Pharma Laboratories Limited	India	U25200MH1997PLC240268	Subsidiary	100.00	2(87)(ii)

Sr. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
10	Neetnav Real Estate Private Limited	India	U45200MH2010PTC201611	Subsidiary	100.00	2(87)(ii)
11	Skisen Labs Private Limited	India	U73100MH2005PTC150606	Subsidiary	100.00	2(87)(ii)
12	Softdeal Trading Company Private Limited	India	U51900MH2006PTC159237	Subsidiary	100.00	2(87)(ii)
13	Faststone Mercantile Company Private Limited	India	U51900MH2006PTC159266	Subsidiary	100.00	2(87)(ii)
14	Realstone Multitrade Private Limited	India	U51900MH2006PTC158889	Subsidiary	100.00	2(87)(ii)
15	Ranbaxy Drugs Limited	India	U24232GJ1984PLC095288	Subsidiary	100.00	2(87)(ii)
16	Vidyut Investments Limited	India	U67120GJ1988PLC095186	Subsidiary	100.00	2(87)(ii)
17	Gufic Pharma Limited	India	U24231GJ1983PLC006323	Subsidiary	100.00	2(87)(ii)
18	Ranbaxy (Malasiya) SDN. BHD.	Malasiya	N.A.	Subsidiary	71.22	2(87)(ii)
19	Ranbaxy (Netherlands) B.V.	Netherlands	N.A.	Subsidiary	100.00	2(87)(ii)
20	Ranbaxy Nigeria Limited	Nigeria	N.A.	Subsidiary	85.31	2(87)(ii)
21	Ranbaxy Pharmacie Generiques	France	N.A.	Subsidiary	100.00	2(87)(ii)
22	Sun Pharmaceutical Industries, Inc.	USA	N.A.	Subsidiary	100.00	2(87)(ii)
23	Sun Farmaceutica do Brasil Ltda.	Brazil	N.A.	Subsidiary	100.00	2(87)(ii)
24	Foundation for Disease Elimination and Control of India	India	U85190MH2016NPL286097	Subsidiary	100.00	2(87)(ii)
25	Universal Enterprises Private Limited	India	N.A	Subsidiary	100.00	2(87)(ii)
26	Office Pharmaceutique Industriel Et Hospitalier	France	N.A.	Subsidiary	100.00	2(87)(ii)
27	Sun Pharma Global (FZE)	UAE	N.A.	Subsidiary	100.00	2(87)(ii)
28	Sun Pharmaceuticals (SA) (Pty) Ltd.	South Africa	N.A.	Subsidiary	100.00	2(87)(ii)
29	Sun Laboratories (FZE)	UAE	N.A.	Subsidiary	100.00	2(87)(ii)
30	ALKALOIDA Chemical Company Zrt.	Hungary	N.A.	Subsidiary	99.99	2(87)(ii)
31	Sun Pharmaceutical Industries (Australia) Pty Ltd.	Australia	N.A.	Subsidiary	100.00	2(87)(ii)
32	Sun Global Development (FZE)	UAE	N.A.	Subsidiary	100.00	2(87)(ii)
33	Sun Pharmaceuticals Korea Ltd.	South Korea	N.A.	Subsidiary	100.00	2(87)(ii)
34	Sun Global Canada Pty. Ltd.	Canada	N.A.	Subsidiary	100.00	2(87)(ii)
35	Sun Pharma Philippines, Inc.	Philippines	N.A.	Subsidiary	100.00	2(87)(ii)
36	Sun Pharma Healthcare (FZE)	UAE	N.A.	Subsidiary	100.00	2(87)(ii)
37	Sun Pharma Japan Ltd.	Japan	N.A.	Subsidiary	100.00	2(87)(ii)
38	Sun Pharma East Africa Limited	Kenya	N.A.	Subsidiary	100.00	2(87)(ii)
39	Caraco Pharmaceuticals Private Limited	India	U24100MH2012FTC225970	Subsidiary	100.00	2(87)(ii)
40	Pharmalucence, Inc.	USA	N.A.	Subsidiary	100.00	2(87)(ii)
41	The Taro Development Corporation	USA	N.A.	Subsidiary	100.00	2(87)(ii)
42	DUSA Pharmaceuticals, Inc.	USA	N.A.	Subsidiary	100.00	2(87)(ii)
43	Chattem Chemicals, Inc.	USA	N.A.	Subsidiary	100.00	2(87)(ii)
44	Mutual Pharmaceutical Company, Inc.	USA	N.A.	Subsidiary	100.00	2(87)(ii)
45	PI Real Estate Ventures, LLC	USA	N.A.	Subsidiary	100.00	2(87)(ii)
46	Morley & Company, Inc.	USA	N.A.	Subsidiary	100.00	2(87)(ii)
47	URL PharmPro, LLC	USA	N.A.	Subsidiary	100.00	2(87)(ii)
48	Dungan Mutual Associates, LLC	USA	N.A.	Subsidiary	100.00	2(87)(ii)
49	Taro Pharmaceutical Industries Ltd.	Israel	N.A.	Subsidiary	72.81	2(87)(ii)

Sr. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
50	Sun Pharmaceuticals UK Limited	United Kingdom	N.A.	Subsidiary	100.00	2(87)(ii)
51	Sun Pharmaceuticals France	France	N.A.	Subsidiary	100.00	2(87)(ii)
52	Sun Pharmaceutical Industries (Europe) B.V.	Netherlands	N.A.	Subsidiary	100.00	2(87)(ii)
53	Sun Pharmaceuticals Germany GmbH	Germany	N.A.	Subsidiary	100.00	2(87)(ii)
54	Sun Pharmaceuticals Italia S.R.L.	Italy	N.A.	Subsidiary	100.00	2(87)(ii)
55	Aditya Acquisition Company Limited	Israel	N.A.	Subsidiary	100.00	2(87)(ii)
56	Alkaloida Sweden AB	Sweden	N.A.	Subsidiary	100.00	2(87)(ii)
57	Sun Pharma Switzerland Ltd.	Switzerland	N.A.	Subsidiary	100.00	2(87)(ii)
58	Taro Pharmaceuticals North America, Inc.	Cayman Islands, British West Indies	N.A.	Subsidiary	72.81	2(87)(ii)
59	Taro Pharmaceuticals U.S.A., Inc.	USA	N.A.	Subsidiary	72.81	2(87)(ii)
60	Taro International Limited	Israel	N.A.	Subsidiary	72.81	2(87)(ii)
61	Taro Pharmaceuticals Europe B.V.	Netherlands	N.A.	Subsidiary	72.81	2(87)(ii)
62	Taro Pharmaceuticals Inc.	Canada	N.A.	Subsidiary	72.81	2(87)(ii)
63	3 Skyline LLC	USA	N.A.	Subsidiary	72.81	2(87)(ii)
64	One Commerce Drive LLC	USA	N.A.	Subsidiary	72.81	2(87)(ii)
65	Taro Pharmaceutical Laboratories Inc.	USA	N.A.	Subsidiary	72.81	2(87)(ii)
66	Taro Pharmaceuticals (UK) Limited	United Kingdom	N.A.	Subsidiary	72.81	2(87)(ii)
67	Taro Pharmaceuticals India Private Limited	India	U51397MH2004PTC144179	Subsidiary	72.81	2(87)(ii)
68	Taro Pharmaceuticals Ireland Limited	Ireland	N.A.	Subsidiary	72.81	2(87)(ii)
69	Taro Pharmaceuticals Canada Ltd.	Canada	N.A.	Subsidiary	72.81	2(87)(ii)
70	S. C "Terapia" S.A.	Romania	N.A.	Subsidiary	96.70	2(87)(ii)
71	Laboratorios Ranbaxy S.L.U.	Spain	N.A.	Subsidiary	100.00	2(87)(ii)
72	AO Ranbaxy (Formerly known as ZAO Ranbaxy)	Russia	N.A.	Subsidiary	100.00	2(87)(ii)
73	"Ranbaxy Pharmaceuticals Ukraine"LLC	Ukrain	N.A.	Subsidiary	100.00	2(87)(ii)
74	Ranbaxy Pharmaceuticals (Pty) Ltd.	South Africa	N.A.	Subsidiary	100.00	2(87)(ii)
75	Ranbaxy South Africa Proprietary Limited	South Africa	N.A.	Subsidiary	100.00	2(87)(ii)
76	Ranbaxy Holdings (UK) Limited	United Kingdom	N.A.	Subsidiary	100.00	2(87)(ii)
77	Ranbaxy Farmaceutica Ltda.	Brazil	N.A.	Subsidiary	100.00	2(87)(ii)
78	Ranbaxy (Thailand) Co. Ltd.	Thailand	N.A.	Subsidiary	100.00	2(87)(ii)
79	Ranbaxy (Poland) Sp.z.o.o.	Poland	N.A.	Subsidiary	100.00	2(87)(ii)
80	Sun Pharmaceutical Industries S.A.C. (Formerly known as Ranbaxy-PRP (Peru) S.A.C.)	Peru	N.A.	Subsidiary	100.00	2(87)(ii)
81	Ranbaxy Egypt Limited	Egypt	N.A.	Subsidiary	100.00	2(87)(ii)
82	Ranbaxy Italia S.P.A.	Italy	N.A.	Subsidiary	100.00	2(87)(ii)
83	Ranbaxy (U.K.) Limited	United Kingdom	N.A.	Subsidiary	100.00	2(87)(ii)
84	Sun Pharma ANZ Pty Ltd (Formerly known as Ranbaxy Australia Pty Limited)	Australia	N.A.	Subsidiary	100.00	2(87)(ii)
85	Ranbaxy Ireland Limited	Ireland	N.A.	Subsidiary	100.00	2(87)(ii)
86	Sun Pharmaceuticals Morocco LLC (Formerly known as Ranbaxy Morrocco LLC)	Morocco	N.A.	Subsidiary	100.00	2(87)(ii)
87	Ranbaxy Pharmaceuticals Canada Inc.	Canada	N.A.	Subsidiary	100.00	2(87)(ii)
88	Basics GmbH	Germany	N.A.	Subsidiary	100.00	2(87)(ii)

Sr. No	Name of the Company	Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
89	Ranbaxy GmbH	Germany	N.A.	Subsidiary	100.00	2(87)(ii)
90	Be-Tabs Invesments Proprietary Limited	South Africa	N.A.	Subsidiary	100.00	2(87)(ii)
91	Sonke Pharmaceuticals Pty Limited	South Africa	N.A.	Subsidiary	70.00	2(87)(ii)
92	Ranbaxy Inc.	USA	N.A.	Subsidiary	100.00	2(87)(ii)
93	Ranbaxy Europe Limited	United Kingdom	N.A.	Subsidiary	100.00	2(87)(ii)
94	Ranbaxy Laboratories Inc.	USA	N.A.	Subsidiary	100.00	2(87)(ii)
95	Ranbaxy Pharmaceuticals Inc.	USA	N.A.	Subsidiary	100.00	2(87)(ii)
96	Ohm Laboratories Inc.	USA	N.A.	Subsidiary	100.00	2(87)(ii)
97	Ranbaxy Signature LLC	USA	N.A.	Subsidiary	67.50	2(87)(ii)
98	Insite Vision Incorporated	USA	N.A.	Subsidiary	100.00	2(87)(ii)
99	Insite Vision Limited	United Kingdom	N.A.	Subsidiary	100.00	2(87)(ii)
100	Rexcel Egypt LLC	Egypt	N.A.	Subsidiary	100.00	2(87)(ii)
101	Sun Pharma Medisales Private Limited (Formerly known as Solrex Pharmaceuticals Company, Partnership firm)	India	U36996GJ2016PTC093861	Subsidiary	100.00	2(87)(ii)
102	2 Independence Way LLC	USA	N.A.	Subsidiary	100.00	2(87)(ii)
103	JSC Biosintez	Russia	N.A.	Subsidiary	85.10	2(87)(ii)
104	Ocular Technologies SARL	Switzerland	N.A.	Subsidiary	100.00	2(87)(ii)
105	Sun Pharmaceuticals Holdings USA, Inc	USA	N.A.	Subsidiary	100.00	2(87)(ii)
106	Sun Pharmaceutical Medicare Limited	India	U36900GJ2017PLC095132	Subsidiary	100.00	2(87)(ii)
107	Trumpcard Advisors and Finvest LLP	India	AAH-6275	Associate	40.61	2(6)
108	Zenotech Laboratories Limited	India	L27100AP1989PLC010122	Associate	46.84	2(6)
109	Medinstill LLC	USA	N.A.	Associate	19.99	2(6)
110	Fraizer Healthcare VII, L.P.	USA	N.A.	Associate	6.83	2(6)
111	Versant Venture Capital V, L.P.	USA	N.A.	Associate	7.75	2(6)
112	SC Pharmaceuticals Inc.	USA	N.A.	Associate	14.58	2(6)
113	Generic Solar Power LLP	India	AAE-7937	Associate	28.76	2(6)
114	S&I Ophthalmic LLC	USA	N.A.	Associate	50.00	2(6)
115	Artes Biotechnology GmbH	Germany	N.A.	Associate	45.00	2(6)
116	MSD - Sun LLC	USA	N.A.	Associate	50.00	2(6)

IV SHARE HOLDING PATTERN (EQUITY SHARE BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise shareholding

	Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				%
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	Change during the year
A	Promoter*									
1)	Indian									
a)	Individual/HUF	308718612	0	308718612	12.83	293200513	0	293200513	12.22	-0.61
b)	Central Government/ State Government	0	0	0	0.00	0	0	0	0.00	0.00
c)	Bodies Corporate	1013012000	12000	1013024000	42.09	1010366094	12000	1010378094	42.11	0.02
d)	Financial Institutions/ Bank	0	0	0	0.00	0	0	0	0.00	0.00
e)	Any other (Trusts)	1280200	0	1280200	0.05	1276774	0	1276774	0.05	0.00
Sub total (A) (1)		**1323010812**	**12000**	**1323022812**	**54.97**	**1304843381**	**12000**	**1304855381**	**54.39**	**-0.59**
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)		**1323010812**	**12000**	**1323022812**	**54.97**	**1304843381**	**12000**	**1304855381**	**54.39**	**-0.59**
B	Public Shareholding									
1)	Institutions									
a)	Mutual Funds	72206731	2500782	74707513	3.10	126058474	2500782	128559256	5.36	2.25
b)	Financial Institutions/ Bank	92231531	4218	92235749	3.83	124323024	4218	124327242	5.18	1.35
c)	Central Government/ State Government	0	0	0	0.00	380	0	380	0.00	0.00
d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
e)	Insurance Companies	47453661	0	47453661	1.97	37905019	0	37905019	1.58	-0.39
f)	FIIs	363065665	17943	363083608	15.09	510632630	17943	510650573	21.28	6.20
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)	1234259	25798	1260057	0.05	1996426	25798	2022224	0.08	0.03
	Foreign Bank	1504	23918	25422	0.00	1504	23918	25422	0.00	0.00
	UTI	1232755	1880	1234635	0.05	1994922	1880	1996802	0.08	0.03
Sub total (B) (1)		**576191847**	**2548741**	**578740588**	**24.05**	**800915953**	**2548741**	**803464694**	**33.49**	**9.44**
2)	Non- Institutions									
a)	Bodies Corporate	63853210	206057	64059267	2.66	90895027	184797	91079824	3.80	1.13
i)	Indian									
ii)	Overseas									
b)	**Individuals**	**132022880**	**11922649**	**143945529**	**5.98**	**157930128**	**11143588**	**169073716**	**7.05**	**1.07**
i)	Individual shareholders holding nominal share capital upto ₹ 1 Lakh	112958510	11797649	124756159	5.18	128188202	11018588	139206790	5.80	0.62
ii)	Individual shareholders holding nominal share capital in excess of ₹ 1 Lakh	19064370	125000	19189370	0.80	29741926	125000	29866926	1.24	0.45

i) Category-wise shareholding

	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	
c)	Qualified Foreign Investors	0	0	0	0.00	0	0	0	0.00	0.00
d)	Others (specify)	296456469	380453	296836922	12.33	30411920	375280	30787200	1.28	-11.05
i)	Non Resident Indians(Repat)	3151491	380453	3531944	0.15	4019379	375280	4394659	0.18	0.04
ii)	Non Resident Indians(Non-Repat)	2005185	0	2005185	0.08	2281621	0	2281621	0.10	0.01
iii)	Foreign Companies	813962	0	813962	0.03	813562	0	813562	0.03	0.00
iv)	Clearing Member	1653586	0	1653586	0.07	1770770	0	1770770	0.07	0.01
v)	Directors/ Relatives	3794306	0	3794306	0.16	3784017	0	3784017	0.16	0.00
vi)	Trusts	8902546	0	8902546	0.37	13847725	0	13847725	0.58	0.21
vii)	Foreign Portfolio Investor (Corporate)	272477175	0	272477175	11.32	0	0	0	0.00	-11.32
viii)	Overseas Corporate Bodies	59440	0	59440	0.00	59440	0	59440	0.00	0.00
ix)	Foreign Nationals	31042	0	31042	0.00	23000	0	23000	0.00	0.00
x)	Hindu Undivided Family	3567736	0	3567736	0.15	3812406	0	3812406	0.16	0.01
Sub total (B) (2)		**492332559**	**12509159**	**504841718**	**20.98**	**279237075**	**11703665**	**290940740**	**12.13**	**-8.85**
Total Public shareholding Public Group (B)= (B)(1)+(B)(2)		**1068524406**	**15057900**	**1083582306**	**45.03**	**1080153028**	**14252406**	**1094405434**	**45.62**	**0.59**
C	**Shares held by Custodian for GDRs & ADRs**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Employee Benefit Trust under SEBI(Share based employee benefit)Regulations, 2014	**123381**	**0**	**123381**	**0.01**	**30366**	**0**	**30366**	**0.00**	**0.00**
GRAND TOTAL (A)+(B)+(C)		**2391658599**	**15069900**	**2406728499**	**100.00**	**2385026775**	**14264406**	**2399291181**	**100.00**	**0.00**

Note: Change during the year in Shareholding of Promoter*, is due to Buyback of equity shares and re-classification of certain persons from Promoter Group Category to Public Category vide receipt of approval from the National Stock Exchange of India Limited on October 7, 2016 and BSE Limited on October 10, 2016, under Regulation 31A(7) of SEBI (Listing Obligation & Disclosure Requirements) Regulations, 2015.

*includes Promoter Group

ii) Shareholding of Promoter as on March 31, 2017

Sr No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of 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	% change in shareholding during the year
1	Dilip S. Shanghvi	231140480	9.6	0	230285690	9.6	0	0.0

Note: There has been change in the number of shares due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016.

iii) Change in Promoter's 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	231140480	9.6	231140480	9.6
	Date wise Increase / Decrease in Share holding of equity shares	Decrease of 854790 equity shares due to surrender of equity shares in Buyback of equity shares by the Company on October 18, 2016	(854790)	0.0	230285690	9.6
		At the end of the year	-	-	230285690	9.6

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	Viditi Investment Private Limited	At the beginning of the year	201385320	8.4	201385320	8.4
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(538958)	0.0	200846362	8.4
		At the end of the year	-	-	200846362	8.4
2	Tejaskiran Pharmachem Industries Private Limited	At the beginning of the year	195343760	8.1	195343760	8.1
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(522789)	0.0	194820971	8.1
		At the end of the year	-	-	194820971	8.1
3	Family Investment Private Limited	At the beginning of the year	182927440	7.6	182927440	7.6
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(489560)	0.0	182437880	7.6
		At the end of the year	-	-	182437880	7.6
4	Quality Investments Pvt. Ltd.	At the beginning of the year	182868640	7.6	182868640	7.6
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(489403)	0.0	182379237	7.6
		At the end of the year	-	-	182379237	7.6

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
5	Virtuous Finance Private Limited	At the beginning of the year	97104040	4.0	97104040	4.0
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(252219)	0.0	96851821	4.0
		At the end of the year	-	-	96851821	4.0
6	Life Insurance Corporation of India	At the beginning of the year	68878684	2.9	68878684	2.9
	Date wise Increase / Decrease in Share holding	Various dates during the year*	21050467	0.9	89929151	3.8
		At the end of the year	-	-	89929151	3.8
7	Virtuous Share Investments Private Limited	At the beginning of the year	83976000	3.5	83976000	3.5
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(224741)	0.0	83751259	3.5
		At the end of the year	-	-	83751259	3.5
8	Aditya Medisales Limited	At the beginning of the year	40203960	1.7	40203960	1.7
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(50000)	0.0	40153960	1.7
		At the end of the year	-	-	40153960	1.7
9	Government of Singapore	At the beginning of the year	39779172	1.7	39779172	1.7
	Date wise Increase / Decrease in Share holding	Various dates during the year*	4167695	0.2	35611477	1.5
		At the end of the year	-	-	35611477	1.5
10	Raksha S.Valia	At the beginning of the year	33922000	1.4	33922000	1.4
	Date wise Increase / Decrease in Share holding	Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(91648)	0.0	33830352	1.4
		At the end of the year	-	-	33830352	1.4

*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	0.0
		At the end of the year	-	-	0	0.0
2	Dilip S. Shanghvi	At the beginning of the year	231140480	9.6	231140480	9.6
		Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(854790)	0.0	230285690	9.6
		At the end of the year	-	-	230285690	9.6
3	Sudhir V. Valia	At the beginning of the year	14384000	0.6	14384000	0.6
		Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(38981)	0.0	14345019	0.60
		At the end of the year	-	-	14345019	0.6
4	Sailesh T. Desai	At the beginning of the year	3751020	0.2	3751020	0.2
		Decrease due to surrender of equity shares pursuant to Buyback of equity shares by the Company on October 18, 2016	(10273)	0.0	3740747	0.2
		At the end of the year	-	-	3740747	0.2
5	Kalyanasundaram Subramanian	Shares held as on 14.02.2017 the date of becoming Director	37	0.0	37	0.0
		Sold in March, 2017	(37)	0.0	0	0.0
		At the end of the year	-	-	0	0.0
6	S. Mohanchand Dadha	At the beginning of the year	16	0.0	16	0.0
		Transferred as per Partition Deed of HUF on 20.12.2016	(16)	0.0	0	0.0
		At the end of the year	-	-	0	0.0
7	Hasmukh S. Shah	At the beginning of the year	0	0.0	0	0.0
		At the end of the year	-	-	0	0.0
8	Keki M. Mistry	At the beginning of the year	43270	0.0	43270	0.0
		At the end of the year	-	-	43270	0.0
9	Ashwin S. Dani	At the beginning of the year	0	0.0	0	0.0
		At the end of the year	-	-	0	0.0
10	Rekha Sethi	At the beginning of the year	0	0.0	0	0.0
		At the end of the year	-	-	0	0.0
11	Uday Baldota	At the beginning of the year	22700	0.0	22700	0.0
		At the end of the year	-	-	22700	0.0
12	Sunil R. Ajmera	At the beginning of the year	0	0.0	0	0.0
		At the end of the year	-	-	0	0.0

V) INDEBTEDNESS

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

₹ in Million

	Secured Loans excluding deposits	Unsecured Loans	Deposits [2]	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount	2637.8	55650.6	132.3	58420.7
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due[1]	4.9	91.8	-	96.8
Total (i+ii+iii)	**2642.7**	**55742.4**	**132.3**	**58517.4**
Change in Indebtedness during the financial year:				
Addition: Principal Amount [3]	180.9	52696.4	3.0	52880.3
Reduction: Principal Amount [3] / [4]	2512.4	48187.1	-	50699.5
Change: Interest accrued but not due [1]	1.9	(28.7)	-	(26.8)
Net Change	**(2329.6)**	**4480.5**	**3.0**	**2154.0**
Indebtedness at the end of the financial year:				
i) Principal Amount	306.3	60159.8	135.3	60601.4
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due [1]	6.8	63.1	-	69.9
Total (i+ii+iii)	**313.2**	**60222.9**	**135.3**	**60671.4**

Notes:

(1) Interest accrued but not due on borrowings. The change during the year has been shown on net basis.
(2) Deposits are Trade/ Security Deposits Received. The change during the year has been shown on net basis.
(3) Change in the Working Capital facility viz. Cash Credit and Over Draft forming part of Secured & Unsecured loans, have been shown on net basis.
(4) Ind AS adjustment in the outstanding as on March 31, 2017 of External Commercial Borrowings & 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 for the year ended March 31, 2017 (As per Form 16, on actual payment basis)

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	28005000	28005000	11597393	67607393
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	440281	219690	39600	699571
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	0	0	0	0
2	Stock Option	0	0	0	0
3	Sweat Equity	0	0	0	0

Amount in ₹

Sr. no.	Particulars of Remuneration	Mr. Dilip S. Shanghvi	Mr. Sudhir V. Valia	Mr. Sailesh T Desai	Total
4	Commission as a % of profit	0	0	0	0
5	Others, please specify	0	0	0	0
	Total (A)(1)	**28445281**	**28224690**	**11636993[1]**	**68306964**

[1] Remuneration include bonus of 2015-2016 paid in 2016-2017

Ceiling as per the Act	₹ 3.04 Crores as computed as per Part-A, Section II of Schedule V of the Companies Act, 2013 read with MCA circular dated September 12, 2016, based on the effective capital of the last day of financial year preceding the financial year of the respective year of appointment of the Managing Director and Whole-time Directors in view of absence of profits for 2016-17. Pursuant to the approval of the Shareholders at the 22nd Annual General Meeting (AGM), the Company had applied to the Central Government under Section 197(3) read with Schedule V of the Companies Act, 2013 for approval of maximum limit of remuneration as approved by members for a period of three years with effect from April 1, 2014 to March 31, 2017. Further at the 24th AGM, the members' approval was also obtained for revision in the remuneration of the Managing Director and the Whole-time Directors from April 1, 2016 for the remaining period of their respective current term of appointment upto March 31, 2018 / March 31, 2019, as applicable. Consequently during the year, an application/representation for revision in the remuneration of the Managing Director and a Whole-time Director, from April 1, 2016 for the remaining period of their respective current term of appointment upto March 31, 2018 / March 31, 2019, as applicable, has been made by the Company to the Ministry of Corporate Affairs (MCA). However, the approval granted by the Central Government was for ₹ 60,00,000 (Rupees Sixty Lakhs only) per annum for a period of three years with effect from April 1, 2014 to March 31, 2017. The Company has made further representation, to the Central Government for reconsidering the approval on additional grounds for which the response from the MCA is awaited. Further the approval in respect of the foregoing re-representation and application for revision in remuneration from April 1, 2016 for the remaining period of their respective current term of appointment upto March 31, 2018 / March 31, 2019, is also awaited from the MCA. In view of the approval for application of revision in remuneration being awaited, for the year 2016-2017, the Company has paid remuneration within the ceiling limit as mentioned above to the Managing Director and Whole-time Director(s). On receipt of the approval from the Central Government of India, the balance amount of remuneration for the year 2016-17, if any, as per their entitlement, shall be paid to the Managing Director and Whole-time Director(s), as applicable, and the same shall be given effect to in the year in which the approval is received. Excess remuneration, if any, after final approval in respect of the application for revision is received, shall be refunded by the respective Managing Director and Whole-time Directors.

B) Remuneration to other directors for the year ended March 31, 2017:

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

Amount in ₹

Sr. no.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Keki Mistry	Ms. Rekha Sethi	Mr. Hasmukh Shah	Mr. S Mohanchand Dadha	Mr. Ashwin Dani	Mr. Israel Makov	
	Independent Directors							
1	· Fee for attending board committee meetings	1600000	1300000	1700000	1700000	1000000	0	7300000
	· Commission	0	0	0	0	0	0	0
	· Others, please specify	0	0	0	0	0	0	0
	Total (1)	**1600000**	**1300000**	**1700000**	**1700000**	**1000000**	**0**	**7300000**
2	Other Non-Executive Directors	0	0	0	0	0	1000000	1000000
	· Fee for attending board committee meetings	0	0	0	0	0	0	0
	· Commission	0	0	0	0	0	0	0
	· Others, please specify	0	0	0	0	0	0	0
	Total (2)	**0**	**0**	**0**	**0**	**0**	**1000000**	**1000000**
	Total (B)=(1+2)	**1600000**	**1300000**	**1700000**	**1700000**	**1000000**	**1000000**	**8300000**

Amount in ₹

Sr. no.	Particulars of Remuneration	Name of Directors						Total Amount
		Mr. Keki Mistry	Ms. Rekha Sethi	Mr. Hasmukh Shah	Mr. S Mohanchand Dadha	Mr. Ashwin Dani	Mr. Israel Makov	
	Overall Ceiling as per the Act	Not applicable since no commission was paid during the year and ₹ 1,00,000 per Director per Meeting for Sitting fees .						
	Total Managerial Remuneration (A+B)							**76606964**

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		
		Mr. Sunil Ajmera (Company Secretary)	Mr. Uday Baldota (Chief Financial Officer)	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	11.72	41.78	53.50
	(b) Value of perquisites under section 17(2) of the Income Tax Act, 1961	0.03	0.74	0.77
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	0	0	0
2	Stock Option	0	0	0
3	Sweat Equity	0	0	0
4	Commission as % of profit	0	0	0
5	Others, please specify	0	0	0
	Total	**11.75**	**42.52**	**54.27**

VII PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. Company					
Penalty					
Punishment					
Compounding					
B. Directors					
Penalty			-NIL-		
Punishment					
Compounding					
C. Other Officers in Default					
Penalty					
Punishment					
Compounding					

For and on behalf of the Board of Directors

Israel Makov
Chairman

May 26, 2017
Mumbai

ANNEXURE - B

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 2016-17 and the percentage increase in remuneration of each Director, Chief Financial Officer and Company Secretary during the financial year 2016-17:

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 2016-2017
Mr.Israel Makov	Non-executive Chairman	2.30	11.1%
Mr. Dilip S. Shanghvi [2]	Managing Director	90.40	15.0%
Mr. Sudhir V. Valia [2]	Whole-Time Director	90.40	15.0%
Mr. Sailesh T. Desai [2]	Whole-Time Director	31.89	15.0%
Mr. Kalyanasundaram Subramanian[3]	Whole-Time Director	-	Not Applicable
Mr. S. Mohanchand Dadha	Non-executive, Independent Director	3.91	6.3%
Mr. Hasmukh S. Shah	Non-executive, Independent Director	3.91	(10.5)%
Mr. Keki M. Mistry	Non-executive, Independent Director	3.68	45.5%
Mr. Ashwin S. Dani	Non-executive, Independent Director	2.30	25.0%
Ms. Rekha Sethi	Non-executive, Independent Director	2.99	18.2%
Mr. Uday Baldota[4]	Chief Financial Officer	Not Applicable	29.0%
Mr. Sunil Ajmera[4]	Company Secretary	Not Applicable	23.3%

[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 2016-17.

[2] The details of remuneration for executive Directors given above are calculated as per the remuneration entitled to them as approved by the Board of Directors, within the limited approved by members & subject to the approval of Central Government. However, the actual amount paid during the year as per Form 16 for Mr. Dilip S. Shanghvi is ₹ 28.5 Million, Mr. Sudhir Valia is ₹ 28.2 Million and Mr. Sailesh T. Desai is ₹ 11.6 Million.

[3] Appointed as an Additional and Whole-time Director w.e.f. February 14, 2017 without remuneration since, he is also whole-time Director of Sun Pharma Laboratories Limited (SPLL), the Company's wholly owned subsidiary and receives remuneration from SPLL.

[4] Remuneration is as per Form 16

.

(ii) the percentage increase in the median remuneration of employees in the financial year 2016-17 (Median -2017/Median 2016) : 7.9%

(iii) the number of permanent employees on the rolls of the Company as on March 31, 2017: 17516

(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:

Average percentage increase made in the salaries of employees other than the Key Managerial Personnel in the financial year ending March 31, 2017 was 13.5% and the increase in the Key Managerial Personnel remuneration was 19.4%. The remuneration of Key Managerial Personnel has been decided in line with our overall reward philosophy of paying for performance (individual as well as Company performance) and ensuring market competitiveness.

(v) It is hereby affirmed that the remuneration paid is as per the Remuneration Policy for Directors, Key Managerial Personnel and other Employees.

For and on Behalf of Board of directors

May 26, 2017
Mumbai

Israel Makov
Chairman

ANNEXURE - C

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017.

[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, minute 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 **March 31, 2017**, 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, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017, 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 (Buyback of Securities) Regulations, 1998;
    e. The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
    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 the following:

(i) 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, we are unable to express our opinion with regard to remuneration to the Managing Director and Whole-time Director(s) of the Company for the years ended March 31, 2015, March 31, 2016 and March 31, 2017 are higher by ₹ 496 Lakhs, ₹ 296 Lakhs and ₹ 447 Lakhs respectively than the amounts approved by the Central Government of India (Ministry of Corporate Affairs) on an application made by the Company to approve the maximum remuneration as approved by the members of the Company for the three years ended March 31, 2017, in excess of the limits specified under Schedule V to the Act, in case of inadequacy of profits. We have been informed by the Management of the Company that they have re-presented to the office of the Ministry of Corporate Affairs for approval of remuneration within the overall limits approved by the members of the Company for the years ended March 31, 2015 and March 31, 2016, and that for the year ended March 31, 2017, an application for revision in the remuneration, as approved by the members of the Company, has been made to the Ministry of Corporate Affairs. The response in respect of the foregoing re-representation / application for revision are awaited from the Ministry of Corporate Affairs.

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.

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 compliance mechanism established by the Company and on the basis of the Compliance Certificate(s) issued by the Respective Plant Heads/Occupiers of R&D Centres of the Company and taken on records by the Board of Directors at their meeting(s), we are of the opinion that the management has:

a) Adequate systems and processes commensurate with its size and operations, to monitor and ensure compliance with applicable laws, rules, regulations and guidelines;

b) Identified and complied with following laws applicable to the Company:
   - Drugs and Cosmetics Act, 1940 and rules made thereunder;
   - The Narcotic Drugs & Psychotropics Substances Act, 1985;
   - Factories Act, 1948.

   We further report that during the year under review:
   - The Company had bought back 75,00,000 (Seventy-Five Lakhs Equity Shares of ₹ 1/- each at a price of ₹ 900/- (Rupees Nine Hundred only) per Equity Share on a proportionate basis through the tender offer process using Stock Exchange Mechanism.
   - The Company had allotted 62,682 Equity Shares of ₹ 1/- each to eligible employees who have exercised their options under Sun Employees Stock Options Scheme – 2015.

For C. J. Goswami & Associates,
Practicing Company Secretaries

Chintan J. Goswami
Proprietor
Membership No. - 33697
C. P. No. - 12721
Date: May 26, 2017.
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,
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. Where ever 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 C. J. Goswami & Associates,
Practicing Company Secretaries

Chintan J. Goswami
Proprietor
Membership No. - 33697
C. P. No. - 12721
Date: May 26, 2017.
Place: Mumbai.

ANNEXURE - D

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES FOR THE FINANCIAL YEAR 2016-17

Details	Particulars
1. A brief outline of the Company's CSR policy, including overview of projects or programmes proposed to be undertaken	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. 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.
2. Reference to the web-link to the CSR policy and projects or programmes	The 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, due to loss incurred in last preceeding three years
5. Prescribed CSR Expenditure (two percent of the amount as in item four above)	Since, the average net profits 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	₹ 24.09 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 was undertaken	Amount Outlay (Budget) Project or Programwise	Amount spent on the projects or programs (Direct Expenditure)	Cumulative expenditure upto to the reporting period	Amount spent Directly or through implementing agency
1	Mobile Medical Unit (MMU) Programme	Healthcare	Halol (Panchmahal, Gujarat), Ahmednagar, (Maharashtra), Mohali (SAS Nagar, Punjab), Dewas (Madhya Pradesh), Toansa (SBS Nagar, Punjab) and Paonta (Sirmour district, Himachal Pradesh)	29.06	15.10	47.90	Implementing Agency 1. Sun Pharma Community Healthcare Society 2. HelpAge India
2	Healthcare Programme	Healthcare	Halol (Panchmahal, Gujarat), Madurantakam (Kanchipuram, Tamilnadu), Silvassa (UT of Dadra & Nagar Haveli) and Toansa (SBS Nagar, Punjab)	0.60	0.60	0.60	Directly
3	Educational Programme	Education	Ahmednagar (Maharashtra), Ankleswar and Panoli (Bharuch district, Gujarat), Halol (Panchmahal, Gujarat), Madurantakam (Kanchipuram district, Tamilnadu), Silvassa (UT of Dadra & Nagar Haveli) , Toansa (SBS Nagar, Punjab)	3.71	3.71	3.71	Directly

(₹ 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 was undertaken	Amount Outlay (Budget) Project or Programwise	Amount spent on the projects or programs (Direct Expenditure)	Cumulative expenditure upto to the reporting period	Amount spent Directly or through implementing agency
4	Sanitation Programme	Healthcare	Ahmednagar (Maharashtra), Madurantakam (Kanchipuram district, Tamilnadu) and Panoli (Bharuch dsitrict, Gujarat)	1.42	0.79	5.19	Directly
5	Environment Conservation Programme	Environment	Panoli (Bharuch district, Gujarat)	0.90	0.92	1.06	Directly
6	Rural Development	Rural development	Paonta (Sirmour, Himachal Pradesh), Toansa (SBS Nagar, Punjab) and Madurantakam (Kanchipuram district, Tamilnadu)	2.97	2.97	2.97	Directly
Grand Total :					**24.09**	**61.43**	

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

Note: Please note that the overhead expenditure booked under CSR activities is Nil.

For and on behalf of the Board of Directors

Place : Mumbai
Date : May 26, 2017

DILIP S. SHANGHVI
Chairman - CSR Committee and Managing Director

SUDHIR V. VALIA
Member - CSR Committee and Whole-Time Director

CSR ACTIVITIES

Sun Pharma has taken-up various CSR Projects across plant locations in India for sustainable development of people residing in peripheral areas. 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, downtrodden, and 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 social responsibility programmes mainly focussed upon Health, Education, Drinking water, Environment and Rural Development Projects, which are designed to improve the quality of life of the people.

Vision :

Sun Pharma CSR policy emphasizes on striving to bring about the holistic development of underserved communities in a sustainable and impactful manner.

1. Health Projects

In order to strengthen the health, both physical and mental, of all individuals in the targeted areas Sun Pharma has undertaken various initiatives in FY17 and made investment of ₹ 15.1 Million on health projects.

Mobile Medical Unit Programme

As its flagship project, Sun Pharma has fully aligned with Government of India's 'National Health Mission' mechanism for reaching out to rural and remote areas through its Mobile Medical Unit (MMU). It is primary healthcare project that delivers free doorstep health facilities for the marginalised and financially backward section of the society. A full-time committed health van, visits the selected nodal locations at a regular frequency. It is manned by a dedicated team of qualified experienced doctor, pharmacist and special protection officer, who provide medical check-ups, medicines, expert counselling and referral services for free.

The projects is being implemented by the partner organisation Sun Pharma Community Healthcare Society and HelpAge-India, the main objective of the project is

- Reduction of infant and maternal mortality rate
- Promote awareness on HIV / AIDS
- Improve health of adolescent girls

- Prevention & control of communicable diseases (with a focus on malaria, tuberculosis) and non-communicable / other prevalent diseases

In 2016-17, ₹ 15.10 Million was invested towards this program covering more than 100 villages across various locations – Halol in Gujarat, Ahmednagar in Maharashtra, Mohali, Toansa in Punjab, Paonta Sahib in Himachal Pradesh and Dewas in Madhya Pradesh. The total numbers of patients treated were **1,14,920**. In addition to this **1,09,339** people were also covered under promotive healthcare programme.

Health infrastructure development and Drinking water Projects

The program is operational with the objective of developing up-gradation in health infrastructure together with school drinking water to benefit the community on sustained basis and in priority areas. Also to ensure decent health in school, it is always essential to provide safe drinking water facilities to schools and communities. Sun Pharma team has assessed this problem and under CSR, tried to solve by providing water stations. Also executed several programmes at Halol, Madurantakam, Silvassa and Toansa which has benefited **8,945** beneficiaries with an investment of ₹ **0.60** Million in FY17.

2. Educational Programme

In line with the concept of MHRD's on 'model school development', various programmes were executed like up-gradation of classroom, schools and also providing proper drinking water facilities at rural schools to create a better aesthetic in schools by creating good ambience and through up-gradation in school infrastructure. Educational programme was implemented at Ahmednagar, Halol, Ankleswar, Madurantakam, Panoli, Silvassa, Toansa and has served 4957 students with total investment of ₹ 3.71 Million during FY17.

3. Sanitation Project

With the aim to contribute the Indian government's 2019 goal of "*Swachha Bharat*" and to change the socio economic situation of communities, the Company has decided to make villages free from open defecation practices; Sun Pharma has undertaken activities to promote sanitation across different plant locations in India.

Sun Pharma has also created critical awareness about sanitation schemes, best hygienic practices in 7 villages near to their Ahmednagar, Panoli, Madurantakam and Halol plants to build up their interest towards sanitation.

This programme is implemented by the CSR Department and Implementing agency GVT-Dahod, the aim of this programme was two-pronged:

- To construct toilets for the community and thereby provide 100% coverage in villages.
- To conduct intensive Information, Education and Communication (IEC) campaign about sanitation with the involvement of PRIs, Co-operatives, ASHAs, Anganwadi workers, Women Groups, Self Help Groups, NGOs etc.

There was an investment of ₹ 0.79 Million and it benefited 73 households of Ahmednagar, Panoli and Madurantakam and Halol Taluka in the current fiscal.

4. Green Belt Development

Tree plantation is one of the effective remedial measures to control problems of air pollution and desertification, and further to its obvious economic benefits, it effectively addresses several important environmental and sustainable development objectives.

It also improves aesthetics. Keeping these in view for socio-ecological benefits Company has undertaken roadside plantation of 900 samplings at Panoli with the total cost involvement of ₹ 0.92 Million.

To ensure that the saplings bloom into fully-grown trees transforming the avenue into a green belt, the team also shielded each sapling with a tree guard. This effort will also enliven the surrounding of the community over and above offering ecological benefits.

5. Rural Development

Strengthening Public Distribution System

With the objective to provide infrastructural services in our operational villages, Sun Pharma, Madurantakam, has taken up the task of construction of building for public distribution supply, which has benefited 125 households, under this project, Sun Pharma has developed proper storage system as the commodities were wasted often when they shift from one house to another.

Installation of traffic Signals

In order to make driver and pedestrians safer and to avoid several accidents caused by heavy traffic, Sun Pharma has set up traffic signals at rural areas of Madurantakam Taluka - Kanchipuram district. The project was executed under guidance of traffic control authority and is properly designed, located, operated and maintained by the concerned stakeholders and benefiting to local residential community and traveller.

Construction of road divider and drainage line

In order to ensure road safety at Paonta and to make area free from stagnant water at Toansa, road divider at Paonta (Punjab) and drainage at Toansa (Punjab) have been constructed, which is benefiting the nearby communities.

During the current financial year 2016-17, Sun Pharma has invested ₹ 2.97 Million on aforesaid rural development projects across locations in India.

ANNEXURE - E

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 8, 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 analyzing the prospective opportunities and threats, viability of the options of dividend payout or retention etc. The decision of dividend payout shall, majorly be based on the aforesaid factors considering the balanced interest of the stakeholders and the business requirements of the Company.

Accumulated Losses, if any

The profits earned by the Company during any financial year shall be first 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 analyze the requirement of necessary funds considering the long term or short term projects proposed to be undertaken by the Company and the viability of the options in terms of cost of raising necessary funds from outsiders such as bankers, lending institutions or by issuance of debt securities or plough back its own funds.

Obligations to creditors

The Company should be able to repay its debt obligations without much difficulty over a reasonable period of time. The decision of dividend declaration shall be taken after considering the volume of such obligations and time period of repayment,

Adequacy of profits

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

Post dividend Earning Per Share (EPS)

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

8. FACTORS THAT MAY AFFECT DIVIDEND PAYOUT

Internal Factors

- Product/ Project expansion plan

The Company's growth oriented decision to conserve cash in the Company for future expansion plan impacts shareholders expectation for the long run which shall have to considered by the Board before taking dividend decision.

- General Working capital requirement

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

- Past performance/ reputation of the Company

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

External Factors

- Macroeconomic conditions

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

- Capital Market

When the markets are favorable, dividend pay-out can be liberal. However, in case of unfavorable Capital market conditions, Board may resort to a conservative dividend payout 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 and/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 - F

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

- Reduce electricity cost by employing Open access power purchase.
- Install & use of energy efficient Screw compressor instead of reciprocating compressor
- Use of energy Screw Chillier instead of Reciprocating Chillier.
- Electricity usages are reduced by confined control on lightings.
- Optimised compressed air requirement by installation dedicated compressor with low pressure delivery & by arresting compressed air leakages - installed separate header for air supply to ETP as per their requirement.
- Optimised brine requirement by installation dedicated brine machine as per Process requirement.
- Operate high pressure pumps of Filtration Unit with open loop VFD to reduce Energy usage.
- Improve boiler system efficiency by improving condensate recovery, installation condensate recovery units & by recovering flash steam - Direct purging of steam into hot water system, cleaning & maintenance activity of Solar panel during the year.
- Lightings load reduction by installation of LED lightings.
- Use of Solar water system for Canteen use.
- Reduction of steam production cost by installing Briquette boiler.
- Opt TOD base Electricity bill option to get benefit in electricity bill.
- Maintain Power Factor near to unity & reduced contract demand.

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

- In following factories biomass briquettes are used instead of conventional fuel.- Ahmednagar, Panoli, Mohali, Silvassa, Dadra, Karkhadi, Dewas, MKM Chennai.

  Note:- In year 2016-17 Biomass fired Boiler is installed in Dewas plant
- In MKM Chennai – Partially power is used from the wind mills.

3. Capital investment on energy conservation equipments

- Capital investment of ₹ 1898 lakh is done on energy conservation equipments.

B. TECHNOLOGY ABSORPTION

a. Research and Development

1. Specific areas in which R&D is carried out by the Company

We continue to increase investments for generic and specialty pharmaceutical research and technology. Additionally, patient friendly formulations for existing molecules which, offer increased convenience to patients are being developed. This research supports our generic business across all the markets we are present in, and ensures we have a healthy pipeline for future growth. It also helps us in enhancing our specialty pipeline for global markets.

At our modern R&D centres, expert scientist teams are engaged in complex developmental research projects in process chemistry and dosage forms, including complex generics based on drug delivery systems. This work across formulations and API supports the short, medium and long term business needs of the Company, in global markets including India.

Projects in formulation development and process chemistry help us introduce a large number of new and novel products in the US, India and rest of the world markets that includes differentiated products with high technology barriers that limits competition and thus helps counter price erosion. Expertise in medicinal/ process chemistry equips us to be integrated right up to the API stage, for important products, advanced intermediates or products where the API is difficult to source. Strong new product development capability is an important part of our strategy, and R&D expertise helps us maintain our leadership position in the Indian and global markets with niche formulations.

The R&D team also works on products that are based on complex drug delivery systems. Complex products

like steroids, sex hormones, peptides, carbohydrates immunosuppressant, carbapenems, anticancer, anti-diabetic, cardiovascular and antivirals, which require special skills and technology are developed and scaled up for both API and dosage forms. This complete integration for some products helps to deliver advanced products to the market faster at competitive pricing.

The API process development is focused for developing and transferring commercially viable, non-infringing and patentable novel API technologies. The development grid selection for APIs is based on the difficult-to-make API molecules and also novel polymorphic forms and co-crystals of certain APIs for creating value addition. Other areas of interest include developing differentiated particles size for APIs as per the requirement and green chemistry approaches.

2. Benefits derived as a result of the above R&D

In FY17, 77 formulations were developed and filed from our R&D locations for the Indian and advanced markets and 203 dossiers were submitted for filing in emerging markets. All of these were based on technology developed in-house. Technology for several APIs was commercialised. For some of the important APIs that we already manufacture, processes were streamlined or altered so as to have more energy efficient or cost effective or environment friendly processes. Non-infringing processes were developed to gain early market entry in many regulated markets. A large part of our external API sales is to the regulated markets of US / Europe, and earns valuable foreign exchange, as also a reputation for quality and dependability. The Company's formulation brands are exported to over 150 international markets. In addition, our subsidiary Taro's formulation development capability supports the filing and scale up of ANDAs for the US and other markets.

During the year, the Company has filed 106 Drug Master Files across various countries, including US, India and other markets.

The Department of Scientific and Industrial Research, Ministry of Science and Technology of Government of India has granted approval to the in house research and development facilities of the Company under the provision of the Income Tax Act, 1961.

3. Future plan of action

We continue to invest in people, capability development, equipment and infrastructure to compete effectively across world markets. Our subsidiary Taro is likely to continue to invest in R&D as it ramps up its product pipeline.

4. Expenditure on R&D

₹ in Million

		Year ended March 31, 2017	Year ended March 31, 2016
a)	Capital	1,392.3	543.7
b)	Revenue	9,038.0	9037.9
c)	Total	10,430.3	9581.6
d)	Total R&D expenditure as % of Total Turnover	13.4%	12.2%

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 expenditure. A large part of the spending is for complex products, specialty and ANDA filings for the US, 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, 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 which has resulted in positive outcomes with respect to 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 India market. Stable liquid

oral formulations of labile products are in advanced stages of product development.

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

(a) Market leader for several complex products. Offers complete baskets of products under chronic therapeutic classes. Strong pipeline of products for future introduction in India, emerging markets, as well as US and European generic market. Ability to challenge patents in the US market, and earn exclusivity.

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

(c) Offer 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 important products (specialty, 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, 2017	Year ended March 31, 2016
1.	Earnings	44,118.1	42,171.0
2.	Outgo	24,484.1	21,582.6

For and on behalf of the Board of Directors

Israel Makov
Chairman

May 26, 2017
Mumbai