



## Sun Pharmaceutical Industries Ltd.

**Registered Office:** SPARC, Tandalja, Vadodara- 390020,

Tel Nos: 0265-6615500/600/700 Fax No.: 0265-2354897

**Corporate Office:** Acme Plaza, Andheri-Kurla Road, Andheri (E), Mumbai - 400 059

**CIN:** L24230GJ1993PLC019050, Website: www.sunpharma.com

# NOTICE

### NOTICE OF ANNUAL GENERAL MEETING

NOTICE is hereby given that the Twenty-Second Annual General Meeting of the Members of Sun Pharmaceutical Industries Limited will be held on Saturday, 27th September, 2014, at 12.00 noon at Sir Sayajirao Nagargruh, Akota, Vadodara - 390 020, Gujarat to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited financial statements of the Company for the year ended 31st March, 2014, including the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss for the year ended on that date and the reports of the Board of Directors and Auditors thereon.
2. To consider declaration of dividend on Equity Shares.\*
3. To appoint a Director in place of Mr. Israel Makov (DIN: 05299764), who retires by rotation and being eligible, offers himself for reappointment.
4. To re-appoint Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, having Firm's Registration No.117366W/W-100018, as the Auditors of the Company from the conclusion of this Annual General Meeting for a period of 3 years, upto the conclusion of the 25th Annual General Meeting and to authorise the Board of Directors to fix their remuneration.

**"RESOLVED THAT** pursuant to Section 139 of Companies Act, 2013 ("the Act") read with Companies (Audit and Auditors) Rules, 2014 and other provisions as may be applicable, if any, the Company hereby approves the appointment of M/s. Deloitte Haskins & Sells LLP, having Firm's Registration No. 117366W/W-100018, as the Statutory Auditors of the Company for a period of 3 years, upto the conclusion of the 25th Annual General Meeting, subject to ratification by members at every Annual General Meeting, at such remuneration as may

be fixed by the Board of Directors of the Company in consultation with them."

#### SPECIAL BUSINESS:

5. **To consider and, if thought fit, to pass with or without modifications(s), the following as an ORDINARY RESOLUTION.**

**"RESOLVED THAT** Ms. Rekha Sethi (DIN: 06809515), who was appointed as an Additional Director of the Company pursuant to Section 161(1) of the Companies Act, 2013 and holds office upto the date of Annual General Meeting and pursuant to Section 149, 152 of the Companies Act, 2013 and such other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, the Company hereby approves the appointment of Ms. Rekha Sethi (DIN: 06809515), Director of the Company, as an Independent Director of the Company for a term of 2 years, to hold office upto the conclusion of the 24th Annual General Meeting."

6. **To consider and, if thought fit, to pass with or without modifications(s), the following as an ORDINARY RESOLUTION.**

**"RESOLVED THAT** pursuant to Section 149, 152 of the Companies Act, 2013 and such other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, the Company hereby approves the appointment of Mr. S. Mohanchand Dadha (DIN: 00087414), Director of the Company, as an Independent Director of the Company for a term of 2 years, to hold office upto the conclusion of the 24th Annual General Meeting"

7. **To consider and, if thought fit, to pass with or without modifications(s), the following as an ORDINARY RESOLUTION.**

**"RESOLVED THAT** pursuant to Section 149, 152 of the Companies Act, 2013 and such other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, the Company hereby approves the appointment of Mr. Keki Mistry (DIN: 00008886), Director of the Company, as an Independent Director of the Company for a term of 2 years, to hold office upto the conclusion of the 24th Annual General Meeting"

**8. To consider and, if thought fit, to pass with or without modifications(s), the following as an ORDINARY RESOLUTION.**

**"RESOLVED THAT** pursuant to Section 149, 152 of the Companies Act, 2013 and such other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, the Company hereby approves the appointment of Mr. Ashwin Dani (DIN: 00009126), Director of the Company, as an Independent Director of the Company for a term of 2 years, to hold office upto the conclusion of the 24th Annual General Meeting"

**9. To consider and, if thought fit, to pass with or without modifications(s), the following as an ORDINARY RESOLUTION.**

**"RESOLVED THAT** pursuant to Section 149, 152 of the Companies Act, 2013 and such other applicable provisions, if any, of the Companies Act, 2013 and the Rules made thereunder, read with Schedule IV to the said Act, the Company hereby approves the appointment of Mr. Hasmukh Shah (DIN: 00152195), Director of the Company, as an Independent Director of the Company for a term of 2 years, to hold office upto the conclusion of the 24th Annual General Meeting"

**10. To consider and, if thought fit, to pass with or without modification(s), the following resolution as a SPECIAL RESOLUTION**

**"RESOLVED THAT** pursuant to the provisions of Section 186 of the Companies Act, 2013 and such other provisions as may be applicable, if any, and the Rules made thereunder, including any statutory modification or re-enactment thereof for the time being in force, the Board of Directors of the Company be and is hereby authorised to agree to at its discretion to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and to make investments in shares, debentures and/or any other securities of other body corporates or person whether Indian or overseas and/or in various

schemes of Mutual Funds or such other funds, as they may in their absolute discretion deem beneficial and in the interest of the Company in excess of 60% of the paid up Share Capital and Free Reserves and Securities Premium of the Company or 100% of Free Reserves and Securities Premium of the Company whichever is more, as prescribed under Section 186 of the Companies Act, 2013 from time to time, in one or more tranches, up to maximum amount of ₹ 500 Billion (Rupees Five Hundred Billion only), notwithstanding that investments along with Company's existing loans or guarantee/ security or investments shall be in excess of the limits prescribed under Section 186 aforesaid or upto the limits so prescribed under Section 186 (as may be amended from time to time), whichever is higher and that the Board or any Committee thereof is authorized to do all such acts, deeds, matters and things as may be necessary to give effect to this resolution, and to settle any question or doubt that may arise in this regard."

**"RESOLVED FURTHER THAT** the Board or any Committee thereof be and is hereby authorised to take from time to time all decisions and steps in respect of the above loans, guarantees and investment including the timing, amount and other terms and conditions of such loans, guarantees and investment and varying the same through transfer, sale, disinvestments or otherwise either in part or in full as it may deem appropriate, and to do and perform all such acts, deeds, matters and things, as may be necessary or expedient in this regard and to exercise all the rights and powers which would vest in the Company in pursuance of such loans, guarantees and investment."

**11. To consider and, if thought fit, to pass with or without modification(s), to the following resolution as a SPECIAL RESOLUTION.**

**"RESOLVED THAT** in terms of Section 180(1)(c) of the Companies Act, 2013, the consent of the Company be and is hereby accorded to the Board of Directors of the Company to borrow money on behalf of the Company, from time to time, any sum or sums of monies which together with the monies already borrowed by the Company (apart from temporary loans obtained from the Company's bankers in the ordinary course of business) may exceed the aggregate paid-up share capital of the Company and its free reserves, (that is to say reserve not set apart for any specific purpose) provided that the total amount so borrowed by the Board shall not at any time exceed the limit of ₹ 500 Billion (Rupees Five Hundred Billion only) or limits so prescribed under Section 180(1)(c) (as may be amended from time to time), whichever is higher."

**“RESOLVED FURTHER THAT** in terms of Section 180(1)(a) and other applicable provisions, if any, of the Companies Act, 2013, consent of the Company be and is hereby given to the Board of Directors of the Company or any committee thereof (“the Board”) for above mentioned purpose to create such charges, mortgages and hypothecations, on such movable and immovable properties, both present and future, and in such manner as the Board may deem fit, together with power to take over the management and concern of the Company in certain events in favour of Banks/ Financial Institutions, other investing agencies and trustees for the holders of debentures/ bonds/ other instruments to secure rupee/ foreign currency loans and/ or the issue of debentures whether partly/ fully/ non-convertible and / or securities linked to Ordinary shares and/ or bonds with share warrants attached or any other borrowings.”

**“RESOLVED FURTHER THAT** the Board or any Committee thereof be and is hereby authorized to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this Resolution.”

**12. To consider and, if thought fit, to pass with or without modification(s), to the following resolution as a SPECIAL RESOLUTION.**

**“RESOLVED THAT** in accordance with the provisions of Sections 41, 42, 62, 71 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modification or re-enactment thereof for the time being in force and subject to such approvals, permissions and sanctions, consents and /or permissions required under the Foreign Exchange Management Act, 1999, the Securities and Exchange Board of India (“SEBI”) regulations including Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 (“SEBI Regulations”), Listing Agreements entered into by the Company with the Stock Exchanges or any other applicable law or regulations of such other appropriate authorities, Institutions or Bodies, as the case may be, and subject also to such terms, conditions and modifications as may be prescribed or imposed while granting such approvals, sanctions, permissions and agreed to by the Board of Directors of the Company (hereinafter referred to as the “Board”, which term shall be deemed to include any Committee which the Board may have constituted or hereafter constitute to exercise its powers including the powers conferred by this Resolution), the consent, authority and approval of the Company be and is hereby accorded to the Board to issue, offer and allot from time to time in one or more

tranches and in consultation with the Lead Managers and/or Underwriters and/or other Advisors, Convertible Bonds, Fully Convertible Debentures (FCDs), Partly Convertible Debentures (PCDs), Optionally Convertible Debentures (OCDs) and/or Securities convertible into Equity Shares at the option of the Company or the holders thereof and/or securities linked to Equity Shares and/or securities with or without detachable warrants with right exercisable by the warrant holder to convert or subscribe to Equity Shares and/or Bonds or Foreign Currency Convertible Bonds or Securities through Global Depository Receipts, American Depository Receipt and/ or Non-convertible Debentures (hereinafter collectively referred to as “the Securities”) to such Indian or Foreign Institutional Investors/Foreign Mutual Funds/Overseas Corporate Bodies/Foreigners/other Foreign parties/ Indian Financial Institutions/Alternative Investment Funds/Qualified Institutional Buyers/ Companies/ individuals/other persons or investors, whether or not they are members of the Company and/or by any one or more or a combination of the above modes/methods or otherwise by offering the Securities in the international market comprising one or more countries or domestic market or in any other approved manner through Prospectus and/or Offering Letter or Circular and/or on private placement basis as may be deemed appropriate by the Board such offer, issue and allotment to be made at such time or times at such issue price, face value, premium amount on issue/ conversion of securities/ exercise of warrants/redemption of Securities, rate of interest, redemption period, listing on one or more stock exchange in India and/or abroad and in such manner and on such terms and conditions as the Boards may think fit, for an aggregate amount (inclusive of such premium as may be fixed on the securities) not exceeding ₹ 120 Billions (Rupees One Hundred Twenty Billions only), of incremental funds for the Company with power to the Board to settle details as to the form and terms of issue of the Securities, and all other terms, conditions and matters connected therewith or difficulties arising therefrom.”

**“RESOLVED FURTHER THAT** pursuant to the provisions of Section 42 and 62(1)(c) and other applicable provisions, if any, of the Companies Act, 2013, the provisions of the SEBI (Issue of Capital And Disclosure Requirements) Regulations, 2009 (“SEBI ICDR Regulations”) and the provisions of Foreign Exchange Management Act, 2000 & Regulations thereunder, the Board of Directors may at their absolute discretion, issue, offer and allot equity shares or non-convertible debt instruments along with warrants and convertible securities other than warrants (“Eligible Securities”) up to an amount of ₹ 120 Billions (Rupees One Hundred

Twenty Billions only) inclusive of such premium, as specified above, to Qualified Institutional Buyers (as defined by the SEBI ICDR Regulations) pursuant to a qualified institutional placements ("QIP"), as provided under Chapter VIII of the SEBI ICDR Regulations".

**"RESOLVED FURTHER THAT** in case of QIP Issue the relevant date for determination of the floor price of the Equity Shares to be issued shall be –

- i) In case of allotment of Equity Shares, the date of meeting in which the Board decides to open the proposed issue.
- ii) In case of allotment of convertible Eligible Securities, either the date of the meeting in which the Board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the Equity Shares, as may be determined by the Board.

**"RESOLVED FURTHER THAT** in the event that Non-Convertible Debentures (NCDs) with or without warrants with a right exercisable by the warrant holder to exchange with Equity Shares of the Company are issued, the relevant date for determining the price of equity shares of the Company, to be issued upon exchange of the warrants, shall be the date of the Meeting in which the Board decides to open the issue of NCDs in accordance with the SEBI ICDR Regulations as mentioned above."

**"RESOLVED FURTHER THAT** in the event the Securities are proposed to be issued as American Depositary Receipts ("ADRs"), Global Depositary Receipts ("GDRs"), pursuant to the provisions of the Issue of Foreign Currency Convertible Bonds and Ordinary Shares (Through Depositary Receipt Mechanism) Scheme, 1993 and other applicable regulations, the relevant date for the purpose of pricing the Equity Shares to be issued pursuant to such issue shall be the date of the meeting in which the Board or duly authorised committee of directors decides to open such issue after the date of this resolution."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to any offer, issue or allotment of Equity Shares or Securities or instruments representing the same, as described above, the Board be and is hereby authorized on behalf of the Company to seek listing of any or all of such Securities on one or more Stock Exchanges in India or outside India and the listing of Equity Shares

underlying the ADR, GDRs on the Stock Exchanges in India."

**"RESOLVED FURTHER THAT** the Board be and is hereby authorized to issue and allot such number of additional equity shares as may be required in pursuance of the above issue and that the additional equity shares so allotted shall rank in all respects paripassu with the existing equity shares of the Company save that such additional equity shares shall carry the right to receive dividend as may be provided under the terms of the issue/ offer and/or in the offer documents."

**"RESOLVED FURTHER THAT** the Company may apply for listing of the new Equity Shares as may be issued with the BSE Limited and National Stock Exchange of India Limited or any other Stock Exchange(s)."

**"RESOLVED FURTHER** that for the purpose of giving effect to the above resolution, the Board or a Committee thereof or any of the Whole-time Directors of the Company, be and is hereby authorised to accept any modifications in the proposal as may be required by the authorities/parties involved in such issues in India and/or abroad and to do all such acts, deeds, matters and things as they may, in their absolute discretion deem necessary or desirable including, if necessary, for creation of such mortgage and/or charges on all or any of the Company's immovable and/or movable assets is both present and future in respect of the securities on the whole or in part of the undertaking of the Company under Section 180(1)(a) of the Companies Act, 2013 and to execute such documents or writing as may consider necessary or proper and incidental to this resolution and to settle any question, difficulty or doubt that may arise in regard to the offer, issue and allotment of the Securities as it may deem fit without being required to seek any further consent or approval of the Members or otherwise to the end and intent that the members shall be deemed to have given their approval thereto expressly by the authority of this resolution including for issue of any related securities as a condition of the issue of the said securities as also for securing the said Securities."

**"RESOLVED FURTHER THAT** for the purpose of giving effect to the above resolutions the Board be and is hereby authorised to do all such acts, deeds, execute such documents, appoint such intermediaries, bankers, consultants in order to give effect to the aforesaid resolutions and is also empowered to delegate all or any of the powers herein conferred to any Committee of

Directors and/or any Whole-time Director(s) and/or any Officer(s) of the Company.”

**13. To consider and, if thought fit, to pass with or without modification(s), to the following resolution as an ORDINARY RESOLUTION.**

“**RESOLVED THAT** pursuant to the provisions of Section 181 of the Companies Act, 2013 and other applicable provisions, if any, the consent of the Company be and is hereby accorded to the Board of Directors in case of loss or inadequate profit for contributing and/or subscribing from time to time in any financial year to any national, charitable, social, benevolent, public or general and other funds/institutions/ hospitals/ trusts/entities not directly relating to the business of the Company or the welfare of its employees up to an aggregate maximum amount permissible under Section 181 of the Companies Act, 2013 without the approval of the Shareholders exceeding by a sum of ₹ 100,000,000/- (Rupees Ten Crores only) in each financial year as further increased by an additional amount equivalent to the amount of dividend in respect of which the right to receive the dividend has been waived/forgone by any Shareholder(s) for any financial year(s), to the extent such equivalent amount has not been considered for the purpose of calculating the maximum amount permissible which is utilised / contributed / subscribed pursuant to a Resolution for any financial year, as may be considered proper by the Board of Directors notwithstanding that such amount in any financial year may exceed five per cent of the average net profits of the Company during the three financial years immediately preceding or such sum as may be prescribed under the Companies Act, 2013 or the relevant regulations.”

**14. To consider and, if thought fit, to pass with or without modification(s), the following resolution as an ORDINARY RESOLUTION.**

“**RESOLVED THAT** pursuant to Section 148 of the Companies Act, 2013 (the Act”) and other applicable provisions of the Act read with the Companies (Audit and Auditors) Rules, 2014, including statutory modification(s) or re-enactment thereof, for the time being in force, M/s. Kailash Sankhlecha & Associates, Cost Accountants, be appointed as the Cost Auditors of the Company for audit of cost accounting records of the Company for the financial year ending 31st March, 2015, be paid the remuneration as set out in the Explanatory Statement annexed to the Notice of this Meeting.”

“**RESOLVED FURTHER THAT** the Board of Directors of the Company or any Committee thereof be and is hereby authorised to do all such acts, deeds and things, to execute all such documents, instruments and writings as may be required to give effect to this resolution.”

**15. To consider and, if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION.**

“**RESOLVED THAT** subject to the approval of the Central Government and pursuant to the provisions of the 197 of the Companies Act 2013 (“the Act”) and such other applicable provisions, if any, of the Act and rules made thereunder read with Schedule V (including provisions of Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII to the extent applicable), consent/ratification by the members of the Company be and is hereby accorded for remuneration paid to Mr. Dilip S. Shanghvi, Managing Director, (DIN:00005588), of the Company for the financial year 2013-14 which is in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 in view of the absence of profits for the financial year 2013-14.”

“**RESOLVED FURTHER THAT** in partial modification of the resolution passed at the 20th Annual General Meeting of the Company held on 8th November, 2012 for appointment and remuneration payable to Mr. Dilip S. Shanghvi, Managing Director (DIN:00005588), and pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Act read with Schedule V of the Act, including any statutory modification or re-enactment thereof and subject to the approval of the Central Government, as may be required, and such other permissions, sanction(s) as may be required, the consent/ratification of the members of the Company be and is hereby accorded for payment to Mr. Dilip S. Shanghvi, Managing Director, such remuneration as approved in the said resolution (reproduced in the Explanatory Statement), as minimum remuneration in case Company has no profits or the profits of the Company are inadequate during any financial years during the remaining tenure of appointment Mr. Dilip S. Shanghvi as Managing Director.”

“**RESOLVED FURTHER THAT** in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), that is, the



salary, perquisites, allowances, etc. within such prescribed limit and subject to such approvals as may be required by law.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution.”

**16. To consider and, if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION.**

**“RESOLVED THAT** subject to the approval of the Central Government and pursuant to the provisions of the 197 of the Companies Act 2013 (“the Act”) and such other applicable provisions, if any, of the Act and rules made thereunder read with Schedule V (corresponding provisions of Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII), consent/ratification by the members of the Company be and is hereby accorded for remuneration paid to Mr. Sudhir V. Valia, Whole-time Director (DIN: 00005561) of the Company for the financial year 2013-14 which is in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 in view of the absence of profits for financial year 2013-14.”

**“RESOLVED FURTHER THAT** in partial modification of the resolution passed at the 21st Annual General Meeting of the Company held on 30th September, 2013 for appointment and remuneration payable to Mr. Sudhir V. Valia, Whole-time Director (DIN: 00005561) and pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule V of the Act including any statutory modification or re-enactment thereof and subject to the approval of the Central Government, as may be required, and such other permissions, sanction(s) as may be required, the consent/ratification of the Members of the Company be and is hereby accorded for payment to Mr. Sudhir V. Valia, Whole-time Director, such remuneration as approved in the said resolution (reproduced in the Explanatory Statement), as minimum remuneration in case Company has no profits or the profits of the Company are inadequate during any of the 3 years upto 31st March, 2017 out of the remaining tenure of appointment of Mr. Sudhir V. Valia as Whole-time Director.”

**“RESOLVED FURTHER THAT** in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule V to the

Companies Act, 2013, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), that is, the salary, perquisites, allowances, etc. within such prescribed limit and subject to such approvals as may be required by law.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this resolution.”

**17. To consider and, if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION.**

**“RESOLVED THAT** subject to the approval of the Central Government and pursuant to the provisions of the 197 of the Companies Act 2013 (“the Act”) and such other applicable provisions, if any, of the Act and rules made thereunder read with Schedule V (corresponding provisions of Section 198 and 309 of the Companies Act, 1956 read with Schedule XIII), consent/ratification by the members of the Company be and is hereby accorded for remuneration paid to Mr. Sailesh T. Desai, Whole-time Director, (DIN:00005543), of the Company for the financial year 2013-14 which is in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 in view of the absence of profits for financial year 2013-14.”

**“RESOLVED FURTHER THAT** in partial modification of the resolution passed at the 21st Annual General Meeting of the Company held on 30th September, 2013 for appointment and remuneration payable to Mr. Sailesh T. Desai, Whole-time Director (DIN: 00005443) pursuant to the provisions of Sections 197, 198 and other applicable provisions, if any, of the Companies Act, 2013 (“the Act”) read with Schedule V of the Act including any statutory modification or re-enactment thereof and subject to the approval of the Central Government, as may be required, and such other permissions, sanction(s) as may be required, the consent/ratification of the members of the Company be and is hereby accorded for payment to Mr. Sailesh T. Desai, Whole-time Director, such remuneration as approved in the said resolution (reproduced in the Explanatory Statement), as minimum remuneration in case Company has no profits or the profits of the Company are inadequate during any of the 3 years upto 31st March, 2017 out of the remaining tenure of appointment of Mr. Sailesh T. Desai as Whole-time Director.”

**“RESOLVED FURTHER THAT** in the event of any statutory amendments, modifications or relaxation by the Central Government to Schedule V to the Companies Act, 2013, the Board of Directors be and is hereby authorised to vary or increase the remuneration (including the minimum remuneration), that is, the salary, perquisites, allowances, etc. within such prescribed limit and subject to such approvals as may be required by law;

**“RESOLVED FURTHER THAT** the Board of Directors of the Company be and is hereby authorised to take such steps expedient or desirable to give effect to this Resolution.”

**18. To consider and, if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION:**

**“RESOLVED THAT** subject to the approval of the Central Government and in conformity with the provisions of Article 142 of the Articles of Association of the Company and pursuant to the provisions of Section 197 of the Companies Act, 2013 (“the Act”) and such other applicable provisions, if any, of the Act and the rule made thereunder, (including provisions of Section 198 and 309 of the Companies Act, 1956 to the extent applicable) consent/ratification of the members be and is hereby accorded for Commission paid to the Non-Executive Directors of the Company (other than the Managing Director and/or Whole-time Directors) for the financial year 2013-14 which is in excess of the limits prescribed under Companies Act, 1956 in view of the absence of profits for financial year 2013-14.”

**19. To consider and, if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION:**

**“RESOLVED THAT** in supersession of the earlier resolution passed in the regard and in conformity with the provisions of Article 142 of the Articles of Association of the Company and pursuant to the provisions of the Section 197 of the Companies Act, 2013 (“the Act”) and rules made thereunder, the authority be and is hereby accorded to the payment of commission to Non-Executive Directors of the Company (other than the Managing Director and/or Whole-time Directors) to be determined by the Board of Directors for each Non-Executive Director for each financial year over a period of five years from the current financial year ending on 31.03.2015 up to and including financial year

of the Company ending on 31.03.2019 to be calculated in accordance with the provisions of Section 198 of the Act, and distributed between such Directors in such a manner as the Board of Directors may from time to time determine, within the maximum limits of 1 (One) percent of the net profits of the Company in addition to the sitting fees being paid by the Company for attending the Board/Committee Meetings of the Company.”

**20. To consider and, if thought fit, to pass with or without modification(s), the following resolution as SPECIAL RESOLUTION:**

**“RESOLVED THAT** in supersession of the earlier resolution passed and pursuant to provisions of Section 188 and other applicable provisions, if any, of the Companies Act, 2013 and the rules made thereunder, including any statutory modification(s) or re-enactment thereof for the time being in force and as may be enacted from time to time and on the recommendation/approval of Nomination & Remuneration Committee and the Board of Directors at their respective meeting held on 12th August, 2014 and such approvals as may be required, the consent of the Company be and is hereby accorded to Mr. Aalok D. Shanghvi, who is relative of Director to hold office or place of profit under the Company with its present designation as Senior General Manager - International Business or with such designation as the Board of Directors of the Company may, from time to time, decide, for his appointment for a period of five years from 1st April, 2014, and remuneration (excluding reimbursement of expenses, if any) of ₹ 15,000,000/- (Rupees One Crore Fifty Lakhs Only) per annum as set out in the explanatory statement attached hereto which shall be deemed to form part hereof with liberty and authority to the Board of Directors to alter and vary the terms and conditions of the said appointment and remuneration from time to time, within the limits approved by the Members and subject to such approvals, as may be necessary.”

**“RESOLVED FURTHER THAT** the Board of Directors of the Company and any person/authority authorized by the Board of Directors of the Company be and is hereby authorised to promote him to higher cadres and/or to sanction him increments and/or accelerated increments within the said cadre or higher cadre as and when the Board of Directors deem fit, subject, however, to the rules and regulations of the Company, in force, from time to time, as may be required in this regard.

**“RESOLVED FURTHER THAT** any of Directors of the Company, the Company Secretary and the Compliance

Officer of the Company be and are hereby authorized severally to execute and perform such acts, deeds, matters and things as may be necessary to give such directions as may be desirable that may arise in giving effect to this resolution."

By order of the Board of Directors  
For **SUN PHARMACEUTICAL INDUSTRIES LTD.**

Sd/-

**Sunil R. Ajmera**

Company Secretary

Place: Mumbai

Date: 12th August, 2014

Registered Office:

SPARC, Tandalja

Vadodara - 390 020.

\* The actual equity dividend to be declared by the shareholders at the 22nd Annual General Meeting will be for only equity shares other than the equity shares in respect of which the equity shareholder(s) has/have waived/forgone his/their right to receive the dividend for the financial year ended 31st March, 2014 in accordance with the Rules framed by the Board as per Note No.10 hereinafter appearing.

#### **NOTES:**

1. A MEMBER ENTITLED TO ATTEND AND VOTE IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND A PROXY NEED NOT BE A MEMBER. The Proxy form duly completed must reach the Registered Office of the Company not later than forty-eight hours before the time appointed for holding the Meeting.
2. Pursuant to the provisions of Section 105 of the Companies Act, 2013, a person can act as a proxy on behalf of not more than fifty members and holding in aggregate not more than ten percent of the total Share Capital of the Company. Members holding more than ten percent of the total Share Capital of the Company may appoint a single person as proxy, who shall not act as a proxy for any other Member. Proxies submitted on behalf of limited companies, societies, etc., must be supported by an appropriate resolution / authority, as applicable.
3. An Explanatory Statement under Section 102 of the Companies Act, 2013 relating to the Special Business to be transacted at the Meeting is annexed hereto.
4. Members/ proxies should bring the attendance slips duly filled in for attending the meeting.
5. Corporate members intending to send their authorised representatives to attend the Meeting are requested to send to the Company a certified copy of the Board resolution authorising their representative to attend and vote on their behalf at the Meeting.
6. **PARTICULARS REQUIRED FOR APPOINTMENT / RE-APPOINTMENT OF DIRECTORS PURSUANT TO CLAUSE 49 OF THE LISTING AGREEMENT:**  
  
At the ensuing Annual General Meeting Mr. Israel Makov, is liable to retire by rotation and being eligible offers himself for re-appointment. Further at the ensuing Annual General Meeting, Ms. Rekha Sethi, Mr. S. Mohanchand Dadha, Mr. Keki Mistry, Mr. Ashwin Dani and Mr. Hasmukh Shah, are being appointed as Independent Directors pursuant to requirements of the Companies Act, 2013. The brief profile of the



aforesaid Directors being appointed/re-appointed are given below:

**1) Mr. Israel Makov**

Mr Israel Makov (75 years) is Chairman of BioLight – a company that invests, manages and commercializes biomedical innovations grouped into “clusters” around defined medical conditions, Chairman of Micromedic Technologies Ltd. - a cluster of companies engaged in cancer diagnostics and Chairman of Eltav - the pioneer and world leader in wireless monitoring of industrial valves.

Mr Makov is the former Chairman of Given Imaging - the developer and world's leading provider of capsule endoscopy and Netafim - the pioneer and global leader in smart irrigation solutions.

Mr. Makov is the former President & CEO of Teva Pharmaceutical Industries Ltd. He led the company's global expansion and under his leadership Teva became the undisputed global leader in the generic pharmaceutical industry and a global leader in the treatment of Multiple sclerosis.

Mr. Israel Makov holds a B.Sc. in Agriculture and M. Sc in Economics from the Hebrew University, Jerusalem.

He does not hold any shares in the Company.

**2) Ms. Rekha Sethi**

Ms. Rekha Sethi (50 years) is the Director General of the All India Management Association (AIMA), the apex body for management in India. She took charge of AIMA in June 2008. She is on the Executive Council of the National Board of Accreditation.

She is the member of the Indo-Netherlands Joint Working Group on Corporate Governance and Corporate Social Responsibility set up by Ministry of Corporate Affairs, Government of India. She is also a member of the Advisory Board of the Switzerland based St. Gallen Foundation think tank, Leaders of Tomorrow - Knowledge Pool. Prior to joining AIMA, Ms. Sethi had worked with the Confederation of India (CII) for over 17 years. Ms. Sethi graduated in English Literature from St. Stephens College, Delhi and has a post-graduate diploma in Advertising and Management.

Ms. Rekha Sethi is also Director in Sun Pharma Laboratories Ltd., and CESC Ltd.

She does not hold any shares in the Company.

**3) Mr. S. Mohanchand Dadha**

Mr. S. Mohanchand Dadha (77 years) is a successful entrepreneur with more than five decades of wide experience in Pharma Industry and has competent knowledge and experience in financial and accounting areas. Mr. Dadha was Managing Director and Promoter of erstwhile Tamilnadu Dadha Pharmaceuticals Ltd. He is also trustee of many Charitable Trusts. He was the Member of Tamilnadu Government constituted Drug Committees, namely The Drug Advisory Committee and the Committee for the development of Drug Industries in Tamil Nadu. He is a Director in the following companies: Sun Pharma Advanced Research Company Ltd., Sun Pharma Laboratories Ltd, Wardex Pharmaceuticals Pvt. Ltd., Dadha Pharma Pvt. Ltd., Abhaya Education Pvt. Ltd. and RX Distribution India Ltd.

He holds 74,280 Equity Shares in the Company (including Shares held jointly as first holder).

**4) Mr. Keki Mistry**

Mr. Keki M. Mistry (59 years), joined the Board on 28th August, 2002. At present, he is the Vice Chairman & Chief Executive Officer of Housing Development Finance Corporation Limited (HDFC). He joined HDFC in October, 1981 and prior to joining HDFC, he worked with the Indian Hotels Co. Ltd.

Mr. Mistry is a fellow member of the Institute of Chartered Accountants of India and a Member of the Michigan Association of Certified Public Accountants, USA. He has rich experience in Finance and worked as a consultant to the Commonwealth Development Corporation in Bangkok, Thailand, Mauritius, Caribbean Islands & Jamaica, Asian Development Bank and Mauritius Housing Company.

Presently, he is the Chairman of Gruh Finance Limited, Vice Chairman & CEO of Housing Development Finance Corporation Limited, and is on the Board of HDFC Bank Ltd., HDFC Asset Management Co. Ltd., HDFC Standard Life Insurance Co. Ltd., HDFC ERGO General Insurance Co. Ltd., The Great Eastern Shipping Co. Ltd.,

Greatship (India) Ltd., Next Gen Publishing Ltd., Shrenuj & Company Ltd., Torrent Power Ltd., BSE Ltd., HCL Technologies Limited. and India Value Fund Advisors Pvt. Ltd.

He is presently holding 41,350 Equity Shares of the Company (including shares held jointly as first holder).

#### 5) **Mr. Ashwin Dani**

Mr. Ashwin S. Dani (71 years), joined the Board on 28th January, 2004. Mr. Ashwin Dani is a B.Sc. (Hons) from the Institute of Science, University of Mumbai and B.Sc. (Tech.) (Pigments & Varnishes) from U.D.C.T. University of Mumbai. He also holds a Master Degree in Polymer Science from University of Akron, Ohio, USA and Diploma in Colour Science from Rensselaer Polytechnic, Troy, New York.

At present, he is a Director in the following companies: Asian Paints Ltd., Gujarat Organics Ltd., ACC Limited, Hitech Plast Ltd., Resins & Plastics Ltd., Rangudyan Insurance Broking Services Ltd., Geetanjali Trading & Investments Pvt. Ltd., Smiti Holding and Trading Company Private Limited, Rayirth Holding and Trading Company Private Limited, Isis Holdings and Trading Company Private Limited, Hydra Trading Private Limited, Canes Venatici Trading Private Limited, Avinash Holding and Trading Company Pvt. Ltd., and Rituh Holding and Trading Company Pvt. Ltd.

He is a Member of the National Productivity Council. He does not hold any shares in the Company.

#### 6) **Mr. Hasmukh Shah**

Mr. Hasmukh S. Shah (79) is a Director of the Company since 22nd March, 2001. Mr. Hasmukh Shah is a B.A. Economics (Hons) and M.A. with Sociology with first rank in the University. Mr. Hasmukh Shah is also a Director in the following companies:

Supreme Petrochem Ltd., Atul Ltd., and Flexican Bellows & Hoses Pvt. Ltd.

Mr. Hasmukh Shah is a former Chairman of Indian Petrochemicals Corporation Ltd. and Gujarat Industrial Investment Corporation. He has held senior positions in Government of India including that of Joint Secretary to the Prime Minister.

He does not hold any shares in the Company.

7. The Register of Members and Share Transfer Books of the Company will be closed from Saturday, 13th September, 2014, to Saturday, 27th September, 2014 (both days inclusive) for the purpose of the Twenty-Second Annual General Meeting of the Company and for the payment of Dividend.
8. The Company provides the facility of ECS to all shareholders, holding shares in electronic and physical forms, subject to availability of such facility at the respective location of such shareholders. The Company is also providing the facility of National Electronic Clearing Service (NECS) introduced by Reserve Bank of India, to all shareholders holding shares in electronic and physical forms with the data available/provided by shareholders with 15 digit bank account number for ECS, which offers all India coverage and enable the sponsor bankers to upload the data files more efficiently and effectively.
9. The Board of Directors at their Meeting held on 12th August, 2014, recommended a Dividend @ ₹ 1.50 (Rupees One and Fifty Paise) per Equity Share of ₹ 1/- each of the Company for the year ended 31st March, 2014 and the same if declared at the Meeting will be paid on or before 30th September, 2014 to the Company's Equity Shareholders whose name stand on the Register of Members as beneficial owners at the close of business as on Friday, 12th September, 2014 as per the list provided by NSDL & CDSL in respect of shares held in electronic form and as Members in the Register of Members of the Company after given effect to valid transfers in physical form lodged with the Company on or before Friday, 12th September, 2014.
10. At the Extra Ordinary General Meeting of the members of the Company held on Monday, 1st September, 2003, the Members had approved, by way of Special Resolution, certain amendments to the Articles of Association of the Company relating to enabling the Company to implement any instruction from a Member(s) of the Company to waive/forgo his/their right to receive the dividend (interim or final) from the Company for any financial year. Thus the Members of the Company can now waive/forgo, if he/they so desire(s), his/their right to receive the dividend (interim or final) for any financial year effective from the dividend recommended by the Board of Directors of the Company for the year ended 31st March, 2004 on a year to year basis, as per the rules framed by the Board of Directors of the Company from time to time for this purpose. The Shareholder, if so wishes to waive/forgo the right to receive Dividend for the year ended

31st March, 2014 shall fill up the form and send it to the Company's Registrars on or before 12th September, 2014. The form prescribed by the Board of Directors of the Company for waiving/forgoing the right to receive Dividend for any year shall be available by downloading from the Company's website [www.sunpharma.com](http://www.sunpharma.com) under section "Investor - Shareholder's Information-Statutory Communication") or can also be obtained from the Company's Registrars and Transfer Agents, Link Intime India Pvt. Limited.

THE BOARD OF DIRECTORS OF THE COMPANY AT ITS MEETING HELD ON 1st SEPTEMBER, 2003 HAVE FRAMED THE FOLLOWING RULES UNDER ARTICLE 190 A OF THE ARTICLES OF ASSOCIATION OF THE COMPANY FOR EQUITY SHAREHOLDERS WHO WANT TO WAIVE/FORGO THE RIGHT TO RECEIVE DIVIDEND IN RESPECT OF FINANCIAL YEAR 2002-2003 OR FOR ANY YEAR THEREAFTER.

- I. A Shareholder can waive/forgo the right to receive the dividend (either final and/or interim) to which he is entitled, on some or all the Equity Shares held by him in the Company as on the Record Date/ Book-closure Date fixed for determining the names of Members entitled for such dividend. However, the shareholders cannot waive/forgo the right to receive the dividend (either final and/or interim) for a part of percentage of dividend on share(s).
- II. The Equity Shareholder(s) who wish to waive/forgo the right to receive the dividend for any year shall inform the Company in the form prescribed by the Board of Directors of the Company only.
- III. In case of joint holders holding the Equity Shares of the Company, all the joint holders are required to intimate to the Company in the prescribed form their decision of waiving/forgoing their right to receive the dividend from the Company.
- IV. The Shareholder, who wishes to waive/forgo the right to receive the dividend for any year shall send his irrevocable instruction waiving/ forgoing dividend so as to reach the Company before the Record Date /Book Closure Date fixed for the payment of such dividend. Under no circumstances, any instruction received for waiver/ forgoing of the right to receive the dividend for any year after the Record Date /Book Closure Date fixed for the payment of such dividend for that year shall be given effect to.
- V. The instruction once given by a Shareholder intimating his waiver/forgoing of the right to receive the dividend for any year for interim, final or both shall be irrevocable and can not be withdrawn for that particular year for such waived/ forgone the right to receive the dividend. But in case, the relevant Shares are sold by the same Shareholder before the Record Date/Book Closure Date fixed for the payment of such dividend, the instruction once exercised by such earlier Shareholder intimating his waiver/forgoing the right to receive dividend will be invalid for the next succeeding Shareholder(s) unless such next succeeding Shareholder(s) intimates separately in the prescribed form, about his waiving/ forgoing of the right to receive the dividend for the particular year.
- VI. The Equity Shareholder who wish to waive/forgo their right to receive the dividend for any year can inform the Company in the prescribed form only after the beginning of the relevant financial year for which the right to receive the dividend is being waived/forgone by him.
- VII. The instruction by a Shareholder to the Company for waiving/ forgoing the right to receive dividend for any year is purely voluntary on the part of the Shareholder. There is a no interference with a Shareholder's Right to receive the dividend, if he does not wish to waive/forgo his right to receive the dividend. No action is required on the part of Shareholder who wishes to receive dividends as usual. Such Shareholder will automatically receive dividend as and when declared.
- VIII. The decision of the Board of Directors of the Company or such person(s) as may be authorised by Board of Directors of the Company shall be final and binding on the concerned Shareholders on issues arising out of the interpretation and/or implementation of these Rules.
- IX. These Rules can be amended by the Board of Directors of the Company from time to time as may be required.
11. Pursuant to Section 205A and Section 205C of the Companies Act, 1956, the amount of dividend remaining unclaimed for a period of seven years shall be transferred

to the Investor Education and Protection Fund (IEP Fund). The Company will be transferring the unclaimed dividends during the financial years ending 31st March, 2015 to 31st March, 2017 as given below:

Dividend for Financial Year Ended	Date of Declaration of Dividend entitled	Rate of Dividend	Last date for claiming unpaid Dividend	Due Date for transfer to IEP Fund
2007-08	25.10.2007	6%Preference (Pro-rata)	24.10.2014	23.11.2014
2007-08	06.09.2008	135% Equity	05.09.2015	04.10.2015
2008-09	11.09.2009	275% Equity	10.09.2016	09.10.2016
2009-10	24.09.2010	275% Equity	23.09.2017	22.10.2017

Members who have not encashed their dividend warrants, for the financial year ended 31st March, 2008 and onwards may approach the Company's Registrar & Transfer Agents, M/s Link Intime India Pvt. Ltd., C-13, Kantilal Maganlal Estate, Pannalal Silk Mills Compound, L.B.S. Marg, Bhandup (W), Mumbai - 400 078 for revalidating the warrants or for obtaining duplicate warrants. It may also be noted that once the unclaimed dividend is transferred to the Investor Education and Protection Fund as above, no claim can be made by the respective shareholders for the same. Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has unloaded the details of unpaid and unclaimed amounts (as referred to in Section 205C(2)) lying with the Company as on 30th September, 2013 (date of the last Annual General Meeting of the Company) on the website of the Company viz., [www.sunpharma.com](http://www.sunpharma.com) under head "Investor" sub-head "Shareholder Information" as well as on the website of the Ministry of Corporate Affairs viz., [www.iepf.gov.in](http://www.iepf.gov.in).

12. The Members of erstwhile Tamilnadu Dadha Pharmaceuticals Limited, erstwhile Gujarat Lyka Organics Limited and erstwhile Phlox Pharmaceuticals Limited, who have yet not sent their share certificates of erstwhile Tamilnadu Dadha Pharmaceuticals Limited, Chennai, Gujarat Lyka Organics Limited and erstwhile Phlox Pharmaceuticals Limited respectively for exchange with the share certificates of Sun Pharmaceutical Industries Limited are requested to do so at the earliest, since share certificates of the erstwhile Tamilnadu Dadha Pharmaceuticals Limited, erstwhile Gujarat Lyka Organics Limited and erstwhile Phlox Pharmaceuticals Limited held by them are no longer tradable/ valid.
13. The Members may be aware that the Equity Shares of the Company had been subdivided from equity share of ₹ 5/- each to 5 equity shares of ₹ 1/- each on 29th November, 2010 based on the Record Date of 26th November, 2010 in terms of the Resolutions passed by the Shareholders of the Company by way of postal ballot conducted during November, 2010, the results of which were announced on 12th November, 2010. The Members who have yet not sent their share certificates of ₹ 5/- each of the Company for exchange with new equity shares of ₹ 1/- each shall send the same to the Company's Registrar & Transfer Agents, M/s. Link Intime India Pvt. Ltd since the old share certificates of ₹ 5/- each are no longer tradable.
14. Please note that as per the Notification of SEBI, Sun Pharmaceutical Industries Limited's shares are under compulsory Demat trading with effect from 29th November, 1999 for all the investors. You may, therefore, demat your equity share holdings if not already dematted, to avoid any inconvenience.
15. The Company has implemented the "Green Initiative" to enable electronic delivery of Notices/Documents and Annual Reports to shareholders. Henceforth, the email addresses indicated in your respective Depository Participant (DP) Accounts which will be periodically downloaded from NSDL/CDSL will be deemed to be your registered email address for serving Notices/Documents including those covered under the provisions of the Companies Act, 2013. Members are requested to support this green initiative by registering/updating their e-mail addresses, in respect of shares held in dematerialised form with their respective Depository Participant and in respect of shares held in physical form with the Company's Registrars & Shares Transfer Agent, Messrs. Link Intime India Pvt. Ltd., Mumbai.

## 16. Voting through electronic mean (E-voting).

- 1) In accordance with the applicable provisions of the Listing Agreement and Companies Act 2013, read with Companies (Management and Administration) Rules, 2014 (the Rules), the Company is pleased to provide facility to its members, to cast their vote electronically for all the resolutions proposed at the 22nd Annual General Meeting of the Company. The Company has appointed Central Depository Services (India) Ltd. (CDSL) to provide e-voting facility to its members.
- 2) The voting right of shareholders shall be in proportion to one vote per fully paid equity share of the Company held by them as on the cut-off date 22nd August, 2014.
- 3) The voting period begins on **Thursday, 18th September, 2014 at 09.00 a.m.** and ends at **on Saturday, 20th September, 2014 at 6.00 p.m.** During this period shareholders' of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of **22nd August, 2014**, may cast their vote electronically. The e-voting module shall be disabled by CDSL for voting thereafter.
- 4) **Mr. Jatin N. Thakkar, Partner, M/s. S. H. Bathiya & Associates, Mumbai** has been appointed by

the Board of Directors of the Company, as the Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

- 5) The procedure and instructions for e-voting are as under:
  - (i) Log on to the e-voting website [www.evotingindia.com](http://www.evotingindia.com), during the voting period
  - (ii) Click on "Shareholders" tab.
  - (iii) Now Enter your User ID
    - a. For CDSL: 16 digits beneficiary ID,
    - b. For NSDL: 8 Character DP ID followed by 8 Digits Client ID,
    - c. Members holding shares in Physical Form should enter Folio Number registered with the Company.
  - (iv) Next enter the Image Verification as displayed and Click on Login.
  - (v) If you are holding shares in demat form and had logged on to [www.evotingindia.com](http://www.evotingindia.com) and voted on an earlier voting of any company, then your existing password is to be used.

(vi) If you are a first time user follow the steps given below:

	For Members holding shares in Demat Form and Physical Form
PAN*	<p>Enter your 10 digit alpha-numeric *PAN issued by Income Tax Department (Applicable for both demat shareholders as well as physical shareholders)</p> <p>☉ Members who have not updated their PAN with the Company/Depository Participant are requested to use the first two letters of their name and the last 8 digits of the demat account/ folio number in the PAN field.</p> <p>☉ In case the folio number is less than 8 digits enter the applicable number of 0's before the number after the first two characters of the name in CAPITAL letters. Eg. If your name is Ramesh Kumar with folio number 100 then enter RA00000100 in the PAN field.</p>
DOB#	Enter the Date of Birth (DOB) as recorded in your demat account or in the company records for the said demat account or folio in dd/mm/yyyy format.
Dividend Bank Details#	Enter the Dividend Bank Details as recorded in your demat account or in the company records for the said demat account or folio.

# Please enter the DOB or Dividend Bank Details in order to login. If the details are not recorded with the depository or company please enter **the number of shares held by you as on the cut off date in the Dividend Bank details field.**



- (vii) After entering these details appropriately, click on "SUBMIT" tab.
- (viii) Members holding shares in physical form will then reach directly the Company selection screen. However, members holding shares in demat form will now reach 'Password Creation' menu wherein they are required to mandatorily enter their login password in the new password field. Kindly note that this password is to be also used by the demat holders for voting for resolutions of any other company on which they are eligible to vote, provided that company opts for e-voting through CDSL platform. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.
- (ix) For Members holding shares in physical form, the details can be used only for e-voting on the resolutions contained in this Notice.
- (x) Click on the EVSN for **Sun Pharmaceuticals Industries Limited** to vote.
- (xi) On the voting page, you will see "RESOLUTION DESCRIPTION" and against the same the option "YES/NO" for voting. Select the option YES or NO as desired. The option YES implies that you assent to the Resolution and option NO implies that you dissent to the Resolution.
- (xii) Click on the "RESOLUTIONS FILE LINK" if you wish to view the entire Resolution details.
- (xiii) After selecting the resolution you have decided to vote on, click on "SUBMIT". A confirmation box will be displayed. If you wish to confirm your vote, click on "OK", else to change your vote, click on "CANCEL" and accordingly modify your vote.
- (xiv) Once you "CONFIRM" your vote on the resolution, you will not be allowed to modify your vote.
- (xv) You can also take out print of the voting done by you by clicking on "Click here to print" option on the Voting page.
- (xvi) If Demat account holder has forgotten the changed password then Enter the User ID and the image verification code and click on Forgot Password & enter the details as prompted by the system.
- © Institutional shareholders (i.e. other than Individuals, HUF, NRI etc.) are required to log on to <https://www.evotingindia.com> and register themselves as Corporates.
- © They should submit a scanned copy of the Registration Form bearing the stamp and sign of the entity to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- © After receiving the login details they have to create a user who would be able to link the account(s) which they wish to vote on.
- © The list of accounts should be mailed to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com) and on approval of the accounts they would be able to cast their vote.
- © They should upload a scanned copy of the Board Resolution and Power of Attorney (POA) which they have issued in favour of the Custodian, if any, in PDF format in the system for the scrutinizer to verify the same and send the scanned copy of the Board Resolution/ POA to [scrutinizer@sunpharma.com](mailto:scrutinizer@sunpharma.com).
- (xvii) In case you have any queries or issues regarding e-voting, you may refer the Frequently Asked Questions ("FAQs") and e-voting manual available at [www.evotingindia.com](http://www.evotingindia.com) under help section or write an email to [helpdesk.evoting@cdslindia.com](mailto:helpdesk.evoting@cdslindia.com).
- 6) The results of e-voting shall be declared on or after the AGM of the Company. The results declared along with the scrutinizer's report shall be available on the Company's website within two (2) days of passing of the resolution at the AGM of the Company and communicated to the stock exchanges.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 1956

As required by Section 102 of the Companies Act, 2013, the following Explanatory Statement sets out material facts relating to the business under Item Nos. 5 to 20 of the accompanying Notice dated 12th August, 2014.

### Item Nos. 5, 6, 7, 8 and 9

Ms. Rekha Sethi was appointed as Additional Director on 13th February, 2014, in terms of Section 161 (1) of the Companies Act, 2013, as Non-Executive and Independent Director. Pursuant to the provisions of the aforesaid section of the Companies Act, 2013, Ms. Rekha Sethi holds office upto to the conclusion of this Annual General Meeting.

Further Pursuant to Sections 149, 152, Schedule IV of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, Mr. S. Mohanchand Dadha, Mr. Ashwin Dani, Mr. Keki Mistry, Mr. Hasmukh Shah and Ms. Rekha Sethi being Independent Directors of the Company, are proposed to be appointed as Independent Directors pursuant to the requirement of the Companies Act, 2013, for a term of 2 years, upto the conclusion of the 24th Annual General Meeting and during this term they shall not be liable to retire by rotation.

The Company has received declarations from all the Independent Directors stating that they meet with the criteria of Independence as prescribed under sub-section (6) of Section 149 of the Companies Act, 2013. In the opinion of the Board, they fulfill the conditions specified in the said Act for appointment as Independent Directors.

The Company has also received notice pursuant to Section 160 of the Companies Act, 2013 from members proposing the candidature for appointment of aforesaid Independent Directors.

The brief profile of all the Directors is mentioned in the Notes forming part of this Notice.

None of the Directors or Key Managerial Personnel of the Company and their relatives, other than Independent Directors for their respective appointment, are in any way concerned or interested in the Resolutions, as set out at item nos. 5, 6, 7, 8 & 9 of the Notice.

The Board recommends the Resolutions as set out at item nos. 5, 6, 7, 8 & 9 of the Notice for approval of the Members.

#### Item No. 10

The Members of the Company, at the Annual General Meeting of the Company held on 30th September, 2013, had approved by means of an Special Resolution, the limits upto ₹ 500 Billion for authorising the Board of Directors of the Company for making investments in shares, debentures, securities of the other bodies corporate and/or various schemes of Mutual Funds and/or other funds, to give loans to any other body corporate, to give any other guarantee and/or provide any other security pursuant to section 372A of the Companies Act, 1956. The said earlier special resolution under section 372A of the Companies Act, 1956 will be valid upto 31st March, 2015.

Under the provisions of Section 186 of the Companies Act 2013 which was made effective from 1st April, 2014, the powers to make loan(s) and/or give any guarantee(s)/provide any security(ies) in connection with loan(s) made to and to make investments in shares, debentures and/or any other securities of other body corporates or person whether Indian or

overseas and/or in various schemes of Mutual Funds or such other funds, in excess of the limits prescribed, can be exercised by the Board with the consent of the shareholders obtained by a Special Resolution. As such, it is necessary to obtain fresh approval of the shareholders by means of a Special Resolution at a general meeting, for the authorizing the Board to exercise aforesaid powers, in excess of 60% of the paid up Share Capital, Free Reserves and Securities Premium of the Company or 100% of Free Reserves and Securities Premium of the Company whichever is more, as prescribed under section 186 of the Companies Act, 2013 from time to time, in one or more tranches, up to maximum limit of ₹ 500 Billion notwithstanding that investments along with Company's existing loans or guarantee/ security or investments shall be in excess of the limits prescribed under Section 186 or up to the limits so prescribed under Section 186, whichever is higher.

The Board recommends the Resolution as set out at Item no. 10 of the Notice as a Special Resolution, for approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned/ interested in the above resolution.

#### Item No. 11

The Members of the Company at the Annual General Meeting, held on 30th September, 2013, had approved by means of an Ordinary Resolution, the limits upto which the Company can borrow in excess of the aggregate paid-up capital and its free reserves, as per requirements of the Section 293(1)(d) of the Companies Act, 1956.

Now, under the provisions of Section 180(1)(c) of the Companies Act, 2013, which was made effective from 12th September, 2013, the above powers can be exercised by the Board only with the consent of the shareholders obtained by a Special Resolution. Therefore, it is necessary to obtain approval of the shareholders by means of Special Resolution(s) to enable the Board of Directors of the Company under Section 180(1)(c) of the said Act to borrow monies, provided that the total amount so borrowed by the Board shall not to exceed ₹ 500 Billion or the aggregate of the paid up capital and free reserves of the Company, whichever is higher, and also to enable the Company under Section 180(1)(a) of the Companies Act, 2013 for creation of charges/mortgages/ hypothecations for the said purpose.

The Board recommends the Resolution as set out at Item no. 11 of the Notice as a Special Resolution, for approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives are in any way concerned/ interested in the above resolution.

**Item No. 12**

The Company in order to enhance its presence in global markets as also to expand existing business lines in drugs, pharmaceuticals and/or to take over any potential target so as to capture emerging business opportunities for growth, has to strengthen its financial position and net worth by augmenting long term resources substantially from time to time, it is thought prudent for the Company to have enabling approvals to raise full or a part of the funding requirements for the said purposes.

In this reference, taking into account the significant liquidity, low interest rates, consistent performance of your Company, positive outlook for the Pharmaceutical Industry and particularly, for your Company, the Board recommends raising of resources from domestic and/or international capital markets in one or more tranches, by issue of appropriate instruments as stated in the Special Resolution. The issue of Securities will be in accordance with the appropriate guidelines for the same and the price of the securities shall be fixed at the time of actual offer depending upon the then prevailing market conditions in consultations with the Lead Managers/ Advisors and other such intermediaries and as per the applicable regulations.

Section 62 and of the Companies Act, 2013 provides inter alia that the Company in the first instance should offer all shares to be issued by the Company for subscription, pro-rata to the existing Equity Shareholders unless decided otherwise in a General Meeting by a Special Resolution and accordingly consent of the shareholders is being sought pursuant to provisions of the said section to issue and allot the said securities, to the members or other persons as may be decided by the Board of Directors.

The Members at the Twenty-first Annual General Meeting held on 30th September, 2013, by way of a special resolution authorised the Board to issue, offer and allot from time to time in one or more tranches and in consultation with the Lead Managers and/or Underwriters and/or other Advisors, Convertible Bonds, Debentures and/or Securities convertible into Equity Shares and/or Bonds or Foreign Currency Convertible Bonds or Securities through Global Depository Receipts, American Depository Receipts or Bonds or Financial Derivates to such Indian or Foreign Institutional Investors/Foreign Mutual Funds/ Overseas Corporate bodies/Foreigners/other Foreign parties/ Indian Financial Institutions/ Alternative Investment Funds/ Qualified Institutional Buyers/Companies/ Individuals for an aggregate amount (inclusive of such premium as may be fixed on the securities) not exceeding ₹ 120 Billions (Rupees One Hundred Twenty Billions only).

Accordingly the consent of the shareholders is being sought as an enabling resolution pursuant to the provisions of Section 41, 42, 62, 71 and all other applicable provisions of the Companies Act, 2013 and also in terms of the provisions of the Listing Agreements executed by the Company with the Stock Exchanges at BSE Ltd. (BSE), Mumbai and National Stock Exchange of India Ltd. (NSE), Mumbai where the Company's Securities are presently listed, by way of a special resolution authorising the Board to issue, offer and allot from time to time in one or more tranches and in consultation with the Lead Managers and/or Underwriters and/or other Advisors, such Securities (as defined in the resolution) to such Indian or Foreign Institutional Investors/Foreign Mutual Funds/ Overseas Corporate bodies/Foreigners/other Foreign parties/ Indian Financial Institutions/ Alternative Investment Funds/ Qualified Institutional Buyers/Companies/ Individuals/other persons or investors, whether or not they are members of the Company for an aggregate amount (inclusive of such premium as may be fixed on the securities) not exceeding ₹ 120 Billion (Rupees One Hundred Twenty Billion only).

In case of QIP Issue the relevant date for determination of the floor price of the Equity Shares to be issued shall be –

- i) In case of allotment of Equity Shares, the date of meeting in which the Board decides to open the proposed issue.
- ii) In case of allotment of eligible convertible securities, either the date of the meeting in which the board decides to open the issue of such convertible securities or the date on which the holders of such convertible securities become entitled to apply for the Equity Shares, as may be determined by the Board.

The special resolution also authorizes the Board of Directors of the Company to undertake a Qualified Institutions Placement with Qualified Institutional Buyers (QIBs) in the manner as prescribed under Chapter VIII of the Securities and Exchange Board of India (Issue of Capital and Disclosure Requirement) Regulations, 2009, as amended (the "SEBI Regulations") for raising capital. The pricing of the such Securities to be issued to QIBs pursuant to the said SEBI Regulations shall be freely determined subject to such price not being less than the price calculated in accordance with the relevant provisions of the said SEBI Regulations.

Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014 prescribed, inter alia, under Section 42 of the Act deals with private placement of securities by a company. Sub-rule (2) of the said Rule 14 also states that in case of an offer or invitation to subscribe for non-convertible debentures on private placement, the company shall obtain previous approval of its shareholders by means of a special

resolution only once in a year for all the offers or invitations for such debentures during the year. Accordingly, consent of the members is sought for passing a Special Resolution as set out in the resolution. This resolution also enables the Board of Directors of the Company to offer or invite subscription for non-convertible debentures, as may be required by the Company, from time to time for a year from the conclusion of this Annual General Meeting.

The said Securities may be secured by way of first mortgage/ hypothecation of the Company's assets in favour of the security holders. As the documents to be executed between the security holders and the Company may contain, as per normal practice, the power to take over the management of the Company in certain events' of default, it is necessary for the Company to obtain shareholders' approval through a resolution under Section 180(1)(a) of the Act, before creation of the said mortgage or charge.

The proposed Special Resolution is intended to give authority to the Board of Directors for the issue of such securities in terms of the Resolution.

Your Directors recommend the passing of the Resolution in Item No. 12 of the Notice as a Special Resolution.

None of the Directors or Key Managerial Personnel or their relatives of the Company are in anyway concerned or interested in this Resolution except the Directors of the Company may be deemed to be concerned or interested in the resolution to the extent of securities that may be subscribed by the companies/institutions of which they are Directors and/ or Members.

#### Item No. 13

Section 181 of the Companies Act, 2013 enables the Company to make contributions to bona fide charitable and other funds, subject to the approval of the members in general meeting in case such contribution exceeds 5 per cent of the Company's average net profits for 3 immediately preceding financial years. Consequently, the Board of Directors of the Company proposes the above resolution as an Ordinary Resolution for approval of the members for making contribution exceeding the limits as set out in section 181 in case of loss or inadequate profit by a sum of ₹ 100,000,000/- (Rupees Ten Crores only) as increased by an additional amount equivalent to the amount of dividend in respect of which the right to receive the dividend has been waived/forgone by any Shareholder(s) for any financial year(s), to the extent such equivalent amount has not been considered for the purpose of calculating the maximum amount permissible which is utilised /contributed / subscribed for any financial year.

The activities under Corporate Social Responsibilities (CSR) and some contributions/expenditure may come under purview of Section 181 of the Companies Act, 2013. In view of absence of profit for financial year 2013-14, the consent of the members is sought to enable the Company to carry out such CSR activities also.

The Board recommends the Resolution as set out at Item no. 13 of the Notice as an Ordinary Resolution, for approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives are in anyway concerned or interested in the above resolution.

#### Item No. 14

The Board of Directors, on recommendation of the Audit Committee have appointed M/s. Kailash Sankhlecha & Associates, Cost Accountants, as the Cost Auditors for audit of cost accounting records pertaining to the formulations and bulk drugs activities of the Company for the financial year ended 31st March, 2015, at a remuneration amounting to ₹ 600,000/- (Rupees Six Lakhs Only) excluding reimbursement of out of pocket expenses and applicable service tax. In terms of provisions of Section 148 (3) of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, members ratification is required for remuneration payable to the Cost Auditor.

Therefore, consent of the members of the Company is sought for passing of an Ordinary Resolution as set out in Item No. 14 for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31st March, 2015.

None of the Directors or Key Managerial Personnel or their relatives are in anyway concerned or interested in the above resolution.

#### Item No. 15, 16 & 17

At the 20th Annual General Meeting, Mr. Dilip S. Shanghvi was re-appointed as Managing Director with effect from 1st April, 2013 for further period of five years. Mr. Sudhir V. Valia and Mr. Sailesh T. Desai were re-appointed with effect from 1st April, 2014 for a further period of five years at the 21st Annual General Meeting of the Company.

The remuneration paid during the financial year 2013-14 in accordance with the terms of appointment of the above Directors is in excess of the limits prescribed under Section 198, 309 and other applicable provisions of the Companies Act, 1956 read with Schedule XIII thereto, due to absence of profits during the said financial year.

As per requirement of Schedule V of the Act (including Schedule XIII of the Companies Act, 1956 to the extent applicable), members approval by way of special resolution is required for payment of remuneration to Whole-time Directors in excess of limits prescribed under the Companies Act, 2013, in case of absence of profits in any financial year.

During the year, Scheme of Arrangement and Reconstruction in the nature of Demerger and Transfer of Specified Undertaking of Sun Pharma Global FZE to the Company with effect from 1st May, 2013 has been sanctioned by the High Court of Gujarat.

Consequently, in view of the loss in the revised stand alone accounts due to merger of specified undertaking of Sun Pharma Global FZE with effect from 1st May, 2013, with the Company, the remuneration of Managing Director and Whole-time Directors have exceeded the limits specified under Schedule XIII by ₹ 44.7 million, approval/ratification of the members is sought for managerial remuneration paid for financial year 2013-14, in excess of the limits specified in the provisions of the Section 198 read with Schedule XIII of Companies Act, 1956 and section 197 and Schedule V of the Companies Act, 2013 (to the extent applicable), subject to the approval of Central Government, as may be required.

The Nomination & Remuneration Committee and Board of Directors of the Company at their meeting held on 12th August, 2014, have approved/ratified remuneration paid to the Whole-time Directors for the financial year 2013-14 which is in excess of the limits prescribed under Schedule XIII of the Companies Act, 1956 in view of the absence of profits in the financial year 2013-14 and such remuneration as may be approved by the Board of Directors from time to time (as the case may be) upto the maximum remuneration as mentioned below under Clause 5 of II here in below, as minimum remuneration in case Company has no profits or the profits of the Company are inadequate during any financial years during the remaining tenure of the Managing Director and for Whole-time Directors upto 31st March, 2017, subject to the approval of the shareholders by way of Special Resolution at this general meeting and subject to the approval of the Central Government as may be required.

STATEMENT OF INFORMATION FOR THE MEMBERS  
PURSUANT TO SECTION II OF PART II OF SCHEDULE V TO  
THE COMPANIES ACT, 2013.

## I. GENERAL INFORMATION

### (1) Nature of industry:

The Company is engaged into development, manufacture, sale, trading, marketing and export of various pharmaceutical products.

### (2) Date of commencement of commercial production:

The Company carries pharmaceutical business since its incorporation.

### (3) Financial performance based on given indicators:

#### Standalone Financial Results:

(₹ in Million)		
Particulars	2013-14	2012-13
Profit (Loss) after Tax	(28,285.2)	5165.5
Net Worth (including balance in Profit & Loss Account)	74,078.8	77,888.8
Earnings Per Share	₹ (13.7)	₹ 2.5
Turnover	28,237.7	23,297.5

#### Consolidated Financial Results:

(₹ in Million)		
Particulars	2013-14	2012-13
Profit (Loss) after Tax	31,414.7	29,830.6
Net Worth (including balance in Profit & Loss Account)	185,249.5	149,897.3
Earnings Per Share	₹ 15.2	₹ 14.4
Turnover	161,995.1	114,087.1

### (4) Export performance based net foreign exchange collaborations:

(₹ in Million)		
	Year ended 31st March, 2014	Year ended 31st March, 2013
Earnings	23,168.0	19,615.2
Outgo	12,628.6	7,876.6

### (5) Foreign investments or collaboration, if any:

For details of investment made by the Company, please refer the schedule no. 12 of the Standalone Balance sheet forming part of this Annual Report being sent along with this Notice. Details of foreign investments in the Company are as follows:



As on 31st March, 2014, the Shareholding of Foreign Institutional Investors, Foreign Nationals and Foreign Companies is as under:

Particulars	No. of Shares	%
Foreign Institutional Investors	466,237,186	22.51
Foreign Nationals		
⊙ Non Resident Indians (Repat)	1,222,344	0.06
⊙ Non Resident Indians (Non Repat)	760,610	0.04
Foreign Companies	617,160	0.03
<b>Total</b>	<b>468,837,300</b>	<b>22.64</b>

The Company has not entered into any material foreign collaboration.

## II. INFORMATION ABOUT THE APPOINTEE

### 1. Background details:

#### 1. Mr. Dilip S. Shanghvi

Mr. Dilip S. Shanghvi (58 years) is a graduate in commerce from the Kolkata University and had launched Sun Pharmaceutical Industries in 1982. He is the Managing Director of the Company and Chairman & Managing Director of Sun Pharma Advanced Research Company Ltd. He has also been appointed as the Chairman & Director of Taro Pharmaceutical Industries Ltd. He has extensive experience in the pharmaceutical industry. Under his leadership, Sun Pharmaceutical Industries Ltd. has recorded an all-round growth in business.

#### 2. Mr. Sudhir V. Valia

Mr. Sudhir V. Valia (58 years) is a Chartered Accountant with more than three decades of experience in Finance and Taxation, representing the Board since 31st January, 1994 and at present, he is Whole-time Director of the Company.

#### 3. Mr. Sailesh T. Desai

Mr. Sailesh T. Desai (60 years) is a science graduate from Kolkata University and is a successful entrepreneur with more than three decades of wide industrial experience including more than two decades in the pharmaceutical industry itself.

### 2. Past remuneration:

The remuneration paid to for the financial years 2013-14 & 2012-13 is as follows:

		(Amount in ₹)	
Sr. No.	Particulars	2013-14	2012-13
1.	Mr. Dilip S. Shanghvi	27,353,369	22,381,641
2.	Mr. Sudhir V. Valia	27,201,270	22,293,137
3.	Mr. Sailesh T. Desai	9,983,752	8,563,391

### 3. Recognition or awards:

#### 1. Mr. Dilip S. Shanghvi

Year	Awards
2014	JRD TATA Corporate Leadership Award AIMA (All India Management Association)
2011	1. WORLD ENTREPRENEUR OF THE YEAR ERNST AND YOUNG 2. INDIAN OF THE YEAR (BUSINESS) CNN IBN 3. BUSINESSMAN OF THE YEAR BUSINESS INDIA
2010	ENTREPRENEUR OF THE YEAR ERNST AND YOUNG
2008	1. ENTREPRENEUR OF THE YEAR ECONOMIC TIMES 2. CEO OF THE YEAR BUSINESS STANDARD
2007	1. FIRST GENERATION ENTREPRENEUR OF THE YEAR CNBC TV 18 2. PHARMACEUTICAL COMPANY IMC JURAN QUALITY MEDAL
2005	1. ENTREPRENEUR OF THE YEAR (HEALTHCARE AND LIFE SCIENCES) ERNST AND YOUNG

#### 2. Mr. Sudhir V. Valia

2011 & 2012	1. BEST CFO IN PHARMA AND HEALTHCARE CNBC TV 18 CFO Awards
2009	1. BEST CFO IN PHARMA AND HEALTHCARE CNBC TV 18 CFO Awards 2. The Adivasi Sevak Puraskar (2008-09) by the Government of Maharashtra for his contribution towards the welfare of tribals in the field of education.

### 4. Job Profile and his suitability:

- Mr. Dilip S. Shanghvi, Managing Director of the Company, is highly experienced and controls the affairs of the Company as a whole under the direction of the Board of Directors of the Company. He has successfully and in a sustained way contributed significantly towards growth in performance of the Company. He has extensive experience in the pharmaceutical industry.

He is actively involved in international pharmaceutical markets, business strategy, business development functions of the Company.

- Mr. Sudhir V. Valia is serving as Whole-time Director of the Company is having rich experience in the taxation and finance and he has successfully contributed towards the growth of the Company.

- Mr. Suresh T. Desai is serving as Whole-time Director of the Company is highly experienced and provided significant contribution in some of the marketing areas for the products of the Company.

#### 5. Remuneration Proposed:

Details of remuneration as approved by the shareholders in earlier general meetings for appointments/re-appointments:

##### 1) Mr. Dilip S. Shanghvi

###### Remuneration:

- Salary (including bonus) upto ₹ 3,350,000/- (Rupees Thirty Three Lakhs Fifty Thousand only) per month.
- Commission:  
Subject to availability of profit and at the rate of not more than 1% of the net profit for the year, the Board of Directors will determine

the commission payable within the overall ceiling laid down in section 198 and 309 of the Companies Act, 1956 and Schedule XIII as may be applicable from time to time.

c. Perquisites

He will be entitled to furnished/non furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concessions for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-Tax Rules, 1962 being restricted to ₹ 6,000,000/- (Rupees Sixty Lakhs only) per annum.

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

2) **Mr. Sudhir V. Valia**

**Remuneration:**

a. Salary (including bonus) upto ₹ 3,350,000/- (Rupees Thirty Three Lakhs Fifty Thousand only) per month.

b. Perquisites:

He will be entitled to furnished/non furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concessions for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's

rules, the monetary value of such perquisites to be determined in accordance with the Income-Tax Rules, 1962 being restricted to ₹ 6,000,000/- (Rupees Sixty Lakhs only) per annum.

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

3) **Mr. Sailesh T. Desai**

**Remuneration:**

a. Salary (including bonus) upto ₹ 835,000/- (Rupees Eight Lakhs Thirty Five Thousand only) per month.

b. Perquisites:

He will be entitled to furnished/non furnished accommodation or house rent allowance, gas, electricity, medical reimbursement, leave travel concessions for self and family, club fees, personal accident insurance, Company maintained car, telephone and such other perquisites in accordance with the Company's rules, the monetary value of such perquisites to be determined in accordance with the Income-Tax Rules, 1962 being restricted to ₹ 1,800,000/- (Rupees Eighteen Lakhs only) per annum.

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

The amount of excess remuneration managerial remuneration paid to the Managing Director and Whole-time Directors for the year ended 31st March, 2014 is as follows:

(Amount in ₹)

Sr. No.	Name	Remuneration Paid/ Payable for 2013-14	Max limit of Remuneration as per Schedule XIII	Excess Remuneration for the year 2013-2014 (after excluding amounts exempt under Schedule XIII)
1.	Mr. Dilip S. Shanghvi	27,353,369	4,800,000	20,245,049
2.	Mr. Sudhir V. Valia	27,201,270	4,800,000	20,092,950
3.	Mr. Sailesh T. Desai	9,983,752	4,800,000	4,333,144

**6. Comparative remuneration profile with respect to industry, size of the Company, profile of the position and person:**

The current remuneration being paid to the Managing Director and Whole-time Directors (looking at the profile of the position and person) is equal or lower than the remuneration being paid by the companies comparable size in the industry in which the Company operates.

**7. Pecuniary relationship directly or indirectly with the company, or relationship with the managerial personnel, if any:**

Directors does not have any pecuniary relationship with the Company except remuneration paid to them as Managing Director/ Whole-time Directors and as a shareholder to the extent of their respective shareholding directly and indirectly in the Company.

### III. OTHER INFORMATION

**1. Reasons of loss or inadequate profits:**

The Company had adequate profits upto the financial year ended 31st March, 2013 and the remuneration paid to the Managing and Whole-time Directors was well within the applicable limits prescribed under the Companies Act, 2013.

However, consequent to giving effect to the Scheme of Arrangement, for merger of Specified Undertaking of Sun Pharma Global FZE, into the Company effective from 1st May, 2013, resulting in the absence of net profits in the Company for the year remuneration to the Managing Director and the Whole-time Directors of the Company, for the year ended 31st March, 2014 has exceeded the limits specified under Schedule XIII of the Companies Act, 1956, by ₹ 44.7 million.

On standalone basis, the Company has incurred the loss of ₹ 28,285.2 million, however on consolidated basis, the Company has earned the substantial amount of profit amounting to ₹ 31,414.7 million.

**2. Steps taken or proposed to be taken for improvement:**

The Company has been earning profits in the past consistently on standalone basis and we expect to do well in future also however in this year, consequent to giving effect to the Scheme of Arrangement, for merger of Specified Undertaking of Sun Pharma Global FZE, into the Company

effective from 1st May, 2013, has resulted in the absence of net profits in the Company for the year. However, the Company has earned profit on the consolidated basis and hence there are no specific steps required to take and proposed to be taken for improvement.

At present the Company's structure is such that the Company's subsidiaries in India & abroad like Sun Pharma Laboratories Limited, Taro Pharmaceutical Industries Limited, Sun Pharma Global FZE etc. are engaged in substantial business activities in consolidated scenario. In view of this, the Company's standalone revenues & profits are lower without affecting adversely the revenues and profits on consolidated basis.

**3. Expected increase in productivity and profits in measurable terms:**

The Company has earned the profit of ₹ 47.56 crore during the quarter ended 30th June, 2014 and Company is expected to do well in the subsequent quarters and the year.

### IV. DISCLOSURES:

The disclosures as required on all elements of remuneration package such as salary, benefits, bonuses, pensions, details of fixed components and performance linked incentives along with performance criteria, service contract details, notice period, severance fees, etc. have been made in the Directors' Report under the heading "Corporate Governance" attached to in this Annual Report.

The Board recommends the Resolutions as set out at Item no. 15, 16 & 17 of the Notice as Special Resolutions, for approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives, other than Mr. Dilip S. Shanghvi, Managing Director, Mr. Sudhir V. Valia, Whole-time Director and Mr. Sailesh T. Desai, Whole-time Director of the Company and their relatives in respect of their own appointments only, are concerned or interested in this resolution.

**Item No. 18**

At the 20th Annual General Meeting of the Company, the Members had approved of the payment of commission to Non-executive Directors (apart from the Managing Director and Whole-time Directors) of the Company for a period of five years from the financial year ended 31st March, 2013 upto and including financial year of the Company ending as on 31st March, 2017.

The remuneration by way of commission has been paid to the Non-executive Directors of the Company for the financial year 2013-14 in accordance with the above said resolution.

However, consequent to giving effect to the Scheme of Arrangement, for merger of Specified Undertaking of Sun Pharma Global FZE, into the Company effective from 1st May, 2013, resulting in the absence of net profits in the Company for the year. The Commission of ₹ 6.4 million for the year ended 31st March, 2014, to the Non-Executive Directors of the Company has exceeded in terms of Section 309(4) read with Section 309(5) of the Companies Act, 1956. The Company is hereby seeking approval from the shareholders and subject to the approval of the Central Government in respect of the commission paid.

The amount of commission paid to Non-Executive Directors is as follows:

Sr. No.	Particulars	Actual Amount Paid 2013-2014
1.	Mr. S. Mohanchand Dadha	1,500,000
2.	Mr. Hasmukh S. Shah	1,500,000
3.	Mr. Keki M. Mistry	1,500,000
4.	Mr. Ashwin S. Dani	1,500,000
5.	Ms. Rekha Sethi	375,000 #

# Appointed w.e.f 13th February, 2014 so amount of commission mentioned herein above is for the period from 13th February, 2014 to 31st March, 2014.

The Board of Directors at its meeting held on 12th August, 2014 has approved /ratified commission paid to the Non-executive Directors for the year 2013-14, subject to the approval/ratification of the shareholders by way of Special Resolution at general meeting and subject to the approval of the Central Government as may be required.

Therefore, the consent of the members of the Company is sought for passing of a Special Resolution as set out in Item No. 18.

None of the Directors or Key Managerial Personnel or their relatives, other than all the above referred Directors of the Company, and their relatives, are deemed to be concerned or interested in this resolution.

#### Item No. 19

Pursuant to (4) of Section 309 of the Companies Act, 1956, the Shareholders by way of a special resolution

passed at the 20th Annual General Meeting of the Company, approved the payment of commission to Non-Executive Directors of the Company (other than the Managing Director and/or Whole-time Directors) within the maximum limit of 0.10 per cent of net profits of the Company to be determined by the Board of Directors for each Non-Executive Director for each financial year over a period of five years from the financial year ended 31st March, 2013 up to 31st March, 2017.

Pursuant to the provisions of the Section 196 and 197 of the Companies Act, 2013, the remuneration by way of commission can be paid to the Non-Executive Directors to the extent of 1% (One per cent) of net profits of the Company. Considering the fact that the Company's subsidiaries carries on substantial businesses, consolidated profits of the Company are higher than the standalone results of the Company, the Board of Directors excluding the relevant Independent Directors thought it fit to obtain approval of the members, in supersession of the earlier resolution passed for increase of upper limit of percentage of Commission payable to Non-Executive Directors from 0.10 % to 1% of net profits of the Company to be determined by the Board of Directors for each Non-Executive Director for each financial year over a period of five years from the financial year ended 31st March, 2015 up to and including financial year of the Company ending as on 31st March, 2019. Apart from the Commission on the net profits as aforesaid, presently each Non-Executive Director of the Company is entitled to a fee of ₹ 5,000/- per meeting of the Board of Directors/Committee attended by them.

The resolution at Item No. 19 of the Notice seeks the approval of the Members by way of a Special Resolution.

The Board of Directors recommends the passing of the resolution at Item No. 19 of the Notice convening the Meeting for the approval of the Members.

None of the Directors or Key Managerial Personnel or their relatives, other than all the Non-Executive Directors of the Company, and their relatives, are deemed to be concerned or interested in this resolution.

#### Item No. 20

At the 21st Annual General Meeting of the Company, the members had approved by way of Special Resolution, the appointment of Mr. Aalok Shanghvi, relative (son) of the Managing Director of your Company, presently employed as Senior General Manager - International Business in your Company and remuneration payable to him upto



a maximum of ₹ 15,000,000/- (Rupees One Crore Fifty Lakhs only) per annum subject to the approval of the Central Government pursuant to Section 314 (1B) of the Companies Act, 1956, for the period of five years from 1st April, 2014.

After the enactment of the Companies Act, 2013, the provisions of Section 188 of the Companies Act, 2013 ("the Act"), were made effective from 1st April, 2014. According to provisions of Section 188 of the Companies Act, 2013, the appointment of Mr. Aalok Shanghvi to hold office or place of profit in the Company no longer requires approval of Central Government. Hence the Company is hereby seeking approval of the members by way of Special Resolution in accordance with the provisions of section 188 of the Act.

The Audit Committee and Nomination & Remuneration Committee have recommended the appointment and remuneration of Mr. Aalok D. Shanghvi at their respective meetings held on 12th August, 2014.

Given below is a statement of disclosures as required under the Companies (Meetings of Board and its Powers) Rules, 2014:

- i. Name of the related party: Mr. Aalok D. Shanghvi
- ii. Name of the director or key managerial personnel who is related, if any: Mr. Dilip S. Shanghvi.
- iii. Nature of relationship: Mr. Aalok Shanghvi, relative (son) of Mr. Dilip S. Shanghvi, Managing Director.
- iv. Nature, material terms, monetary value and particulars of the contract or arrangement: Appointment of Mr. Aalok Shanghvi as Senior General Manager - International Business on a remuneration payable upto maximum limit of ₹ 15,000,000/- (Rupees One Crore Fifty Lakhs Only) per annum as may be approved by the Board or any person authorised by the Board.
- v. Any other information relevant or important for the members to take a decision on the proposed resolution:

Mr. Aalok D. Shanghvi, B.Sc. had joined the Company as Management Trainee on 1st October, 2006 and was later designated as a Product Executive in the Company.

At present he is designated as Senior General Manager International Business. He is entitled to the remuneration of ₹ 58.37 lakhs as against maximum ₹ 100 lakhs ( Rupees Hundred Lakhs) p.a. approved by the shareholders for the year ended 31st March, 2014 at their meeting held on 16th September, 2011. However pending approval by Central Government pursuant to section 314(1B) of the Companies Act, 1956, the payment of remuneration was restricted to ₹ 30 lakhs per annum.

The Board of Directors recommends the passing of the resolution at Item No. 20 of the Notice convening the Meeting for the approval of the Members under Section 188 of the Companies Act, 2013 by way of a Special Resolution.

No member of the company shall vote on such special resolution, to approve any contract or arrangement which may be entered into by the company, if such member is a related party in the context of this resolution.

None of the Directors or Key Managerial Personnel or their relatives, other than Mr. Dilip S. Shanghvi, Managing Director and his relatives, are deemed to be concerned or interested in this resolution.

By order of the Board of Directors  
For **SUN PHARMACEUTICAL INDUSTRIES LTD.**

Place: Mumbai

Date: 12th August, 2014

Registered Office:  
SPARC, Tandalja  
Vadodara - 390 020.

**Sunil R. Ajmera**  
Company Secretary



**ATTENDANCE SLIP**  
**TWENTY SECOND ANNUAL GENERAL MEETING ON SATURDAY, SEPTEMBER 27<sup>th</sup>, 2014 AT 12.00 NOON**

Sr. No. :  
 Folio/D.P. & Client I.D. No. :  
 Name :  
 Address :

Joint Holder (s) :

No of shares held :

I /We hereby record my presence at the **TWENTY SECOND ANNUAL GENERAL MEETING** of the Company at **Sir Sayajirao Nagargruh, Akota, Vadodara - 390020, on Saturday, September 27<sup>th</sup>, 2014, at 12.00 noon.**

Signature of the Attending Member: \_\_\_\_\_ Signature of Proxy : \_\_\_\_\_

**NOTES:**

- (1) Shareholder/ Proxy holder wishing to attend the meeting must bring the Attendance Slip to the meeting and hand over at the entrance duly signed.
- (2) Shareholder/ Proxy holder desiring to attend the meeting should bring his/her copy of the Notice for reference at the meeting.

EVSN-Electronic Voting Sequence Number	User ID	
<b>140828034</b>		Please refer Notice of 22 <sup>nd</sup> Annual General Meeting for E-voting instructions

.....Cut here.....



**PROXY FORM**

*[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]*

Name of the member(s)	:	
Registered address	:	
No. of Shares held	:	
Folio No/ DP Id & Client Id	:	
Joint Holder (s)	:	
E-mail Id	:	

I/We, being the member (s) of \_\_\_\_\_ shares of Sun Pharmaceutical Industries Limited, hereby appoint:

1. Name: ..... Address: .....  
 E-mail Id: ..... Signature: ..... or failing him / her
2. Name: ..... Address: .....  
 E-mail Id: ..... Signature: ..... or failing him / her
3. Name: ..... Address: .....  
 E-mail Id: ..... Signature: ..... or failing him / her

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the **Twenty Second Annual General Meeting** of the company, to be held on the **Saturday, September 27<sup>th</sup>, 2014 at 12.00 noon at Sir Sayajirao Nagargruh, Akota, Vadodara -**

390020, and at any adjournment thereof in respect of such resolutions as are indicated below:

Resolution No.	Resolution
<b>ORDINARY BUSINESS:</b>	
1.	Adoption of Accounts
2.	Declaration of dividend on Equity Shares
3.	Re-appointment of Mr. Israel Makov, who retires by rotation and being eligible offers himself for re-appointment.
4.	Appointment of Statutory Auditors
<b>SPECIAL BUSINESS:</b>	
5.	Appointment of Ms. Rekha Sethi as an Independent Director
6.	Appointment of Mr. S. Mohanchand Dadha as an Independent Director
7.	Appointment of Mr. Keki Mistry as an Independent Director
8.	Appointment of Mr. Ashwin Dani as an Independent Director
9.	Appointment of Mr. Hasmukh Shah as an Independent Director
10.	Special Resolution under Section 186 of the Companies Act, 2013 for providing loan(s) /guarantee(s)/ security(ies).
11.	Special Resolution under Section 180(1)(c) and 180(1)(a) of the Companies Act, 2013 for borrowing limits and creation of charges/ mortgages / hypothecation.
12.	Special Resolution under Section 41, 42, 62, 71 and other applicable provisions of the Companies Act, 2013 as an enabling resolution to offer and allot Convertible Bonds, Debentures and/or Securities etc.
13.	Resolution under Section 181 of the Companies Act, 2013 for making contribution to bona fide and charitable funds, etc;
14.	Appointment and Remuneration of Cost Auditor.
15.	Special Resolution for consent/ratification for payment of Remuneration to Mr. Dilip S. Shanghvi, Managing Director
16.	Special Resolution for consent/ratification for payment of Remuneration to Mr. Sudhir V. Valia, Wholetime Director
17.	Special Resolution for consent/ratification for payment of Remuneration to Mr. Sailesh T. Desai. Wholetime Director
18.	Special Resolution for consent/ ratification of Commission paid to Non Executive Directors of the Company.
19.	Special Resolution for approval of increase of maximum limit of Commission to Non Executive Directors to 1% of the Net Profits.
20.	Special Resolution under Section 188 of the Companies Act 2013, for approval of remuneration Mr. Aalok Shanghvi, who is relative of a Director.

Signature of Shareholder: ..... Signed this..... day of ..... 2014

Signature of Proxy holder(s): .....

Affix  
Revenue  
Stamp of  
Re.1/-

**Note: This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company at SPARC, Tandalja, Vadodara - 390 020, not less than FORTY EIGHT HOURS before commencement of the Meeting.**



GROWTH  
IS A CONSTANT



# CONTENTS

- 02 Key Performance Indicators
- 03 Ten Year Financial Highlights
- 04 Management Discussion and Analysis Report
- 30 Directors' Report
- 36 Corporate Governance
- 54 Standalone Financial Statements
- 100 Consolidated Financial Statements





# GROWTH IS A CONSTANT

At Sun Pharma, our corporate strategy is geared towards embracing emerging opportunities, delivering a consistent performance and ensuring the health and wellness of patients.

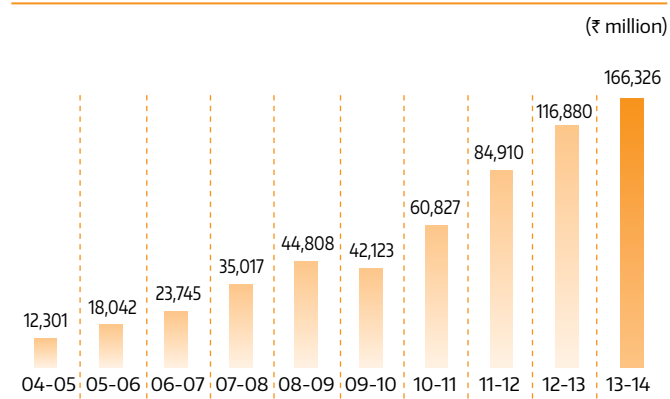
In a dynamic industry landscape, our overall performance reflects an unwavering focus on consistent growth. Despite a constantly changing operating environment, we have been able to accelerate growth. FY14 was no exception to this. During the year, we not only retained our momentum, but enhanced it, despite a changing regulatory and operating landscape.

The corporate structure is also undergoing significant changes to support our enhanced scale of operations and an expanding global presence. However, even as the internal and external environment keeps changing, our focus on growth remains steadfast.

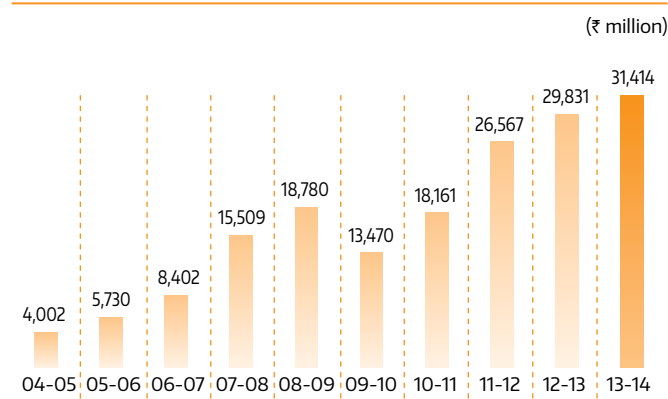
The result is a constantly accelerating performance and a stronger commitment to reach new frontiers in our business.

# KEY PERFORMANCE INDICATORS

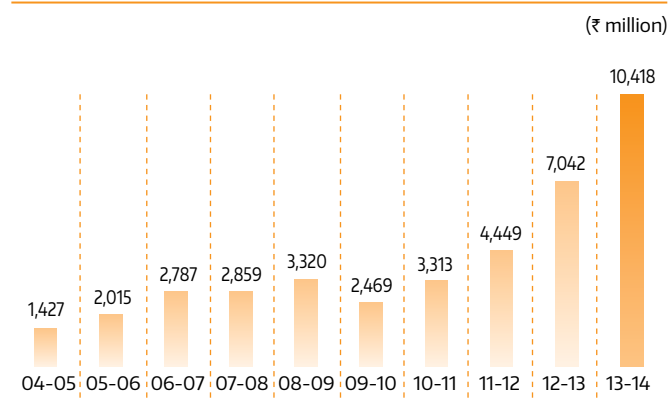
## Total Income



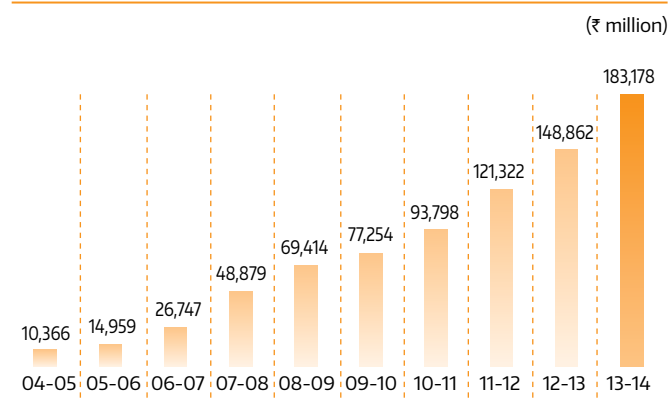
## Net Profit



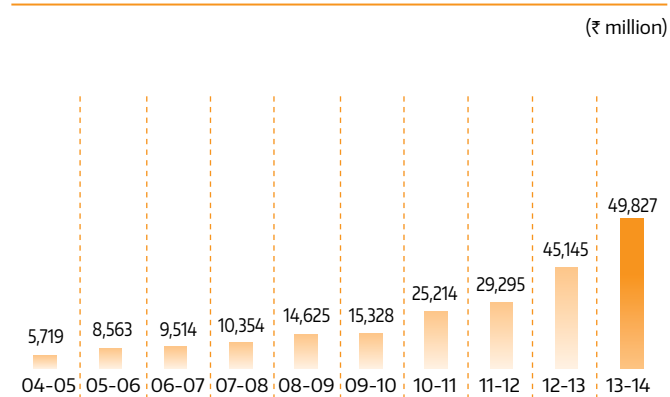
## R&D Expenditure



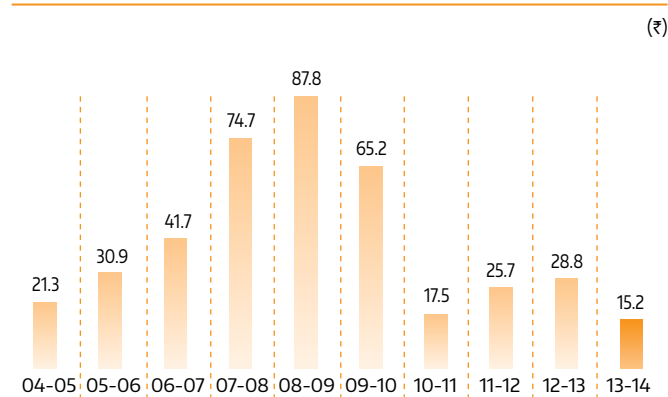
## Reserve & Surplus



## Net Block



## Earning Per Share - Basic\*



\* During the financial year 2004-05, the company issued bonus shares in the ratio of one equity share of ₹ 5/- for every share held.

\* During the financial year 2010-11, each Equity share of ₹ 5/- was split into five equity shares of ₹ 1/- each.

\* During the financial year 2013-14, the company issued bonus shares in the ratio of one equity share of ₹ 1/- for every share held.

Key Performance Indicators

Ten Year Financial Highlights

# TEN YEAR FINANCIAL HIGHLIGHTS

## CONSOLIDATED

(₹ in million)

Particulars	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
<b>Operating Performance</b>										
Income from Operations	11,983	17,372	22,373	34,606	43,751	38,086	57,279	80,195	112,999	160,804
Total Income	12,301	18,042	23,745	35,017	44,808	42,123	60,827	84,910	116,880	166,326
Profit for the year (after minority interest)	4,002	5,730	8,402	15,509	18,780	13,470	18,161	26,567	29,831	31,414
R&D Expenditure	1,427	2,015	2,787	2,859	3,320	2,242	3,313	4,449	7,042	10,418
a) Capital	418	481	347	134	222	159	236	362	427	556
b) Revenue	1,009	1,534	2,440	2,725	3,098	2,083	3,077	4,088	6,616	9,862
c) % of Turnover	12%	12%	13%	9%	8%	6%	6%	6%	6%	7%
<b>Financial Position</b>										
Equity Share Capital	928	929	967	1,036	1,036	1,036	1,036	1,036	1,036	2,071
Reserve and Surplus	10,366	14,959	26,747	48,879	69,414	77,254	93,798	121,322	148,862	183,178
Gross Block	7,806	12,342	14,252	15,960	21,476	23,340	45,473	54,269	75,763	86,505
Net Block	5,719	8,563	9,514	10,354	14,625	15,328	25,214	29,295	45,145	49,827
Investments	6,485	3,541	2,543	6,565	18,595	31,664	26,557	22,129	24,116	27,860
Net Current Assets	16,360	23,006	26,843	33,995	35,485	28,542	58,622	76,749	86,618	130,603
<b>Stock Information</b>										
Number of Shares (million)	185	186	193	207	207	207	1,036	1,036	1,036	2,071
Earnings per Share-Basic (In ₹)*	21.3	30.9	41.7	74.7	87.8	65.2	17.5	25.7	28.8	15.2
Earning per Share-Diluted (In ₹)*	20.7	27.7	38.9	71.8	87.8	65.2	17.5	25.7	28.8	15.2

\* During the financial year 2004-05, the company issued bonus shares in the ratio of one equity share of ₹ 5/- for every share held.

\* During the financial year 2010-11, each Equity share of ₹ 5/- was split into five equity shares of ₹ 1/- each.

\* During the financial year 2013-14, the company issued bonus shares in the ratio of one equity share of ₹ 1/- for every share held.

# MANAGEMENT DISCUSSION AND ANALYSIS REPORT

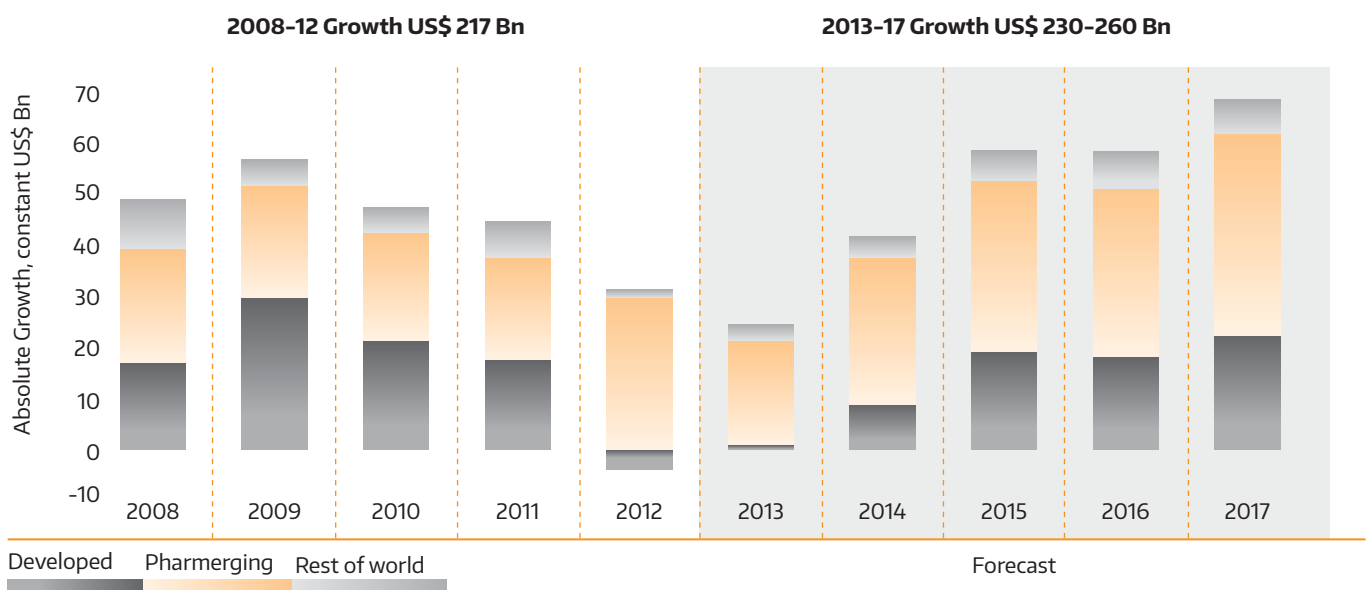
## GLOBAL PHARMACEUTICAL INDUSTRY

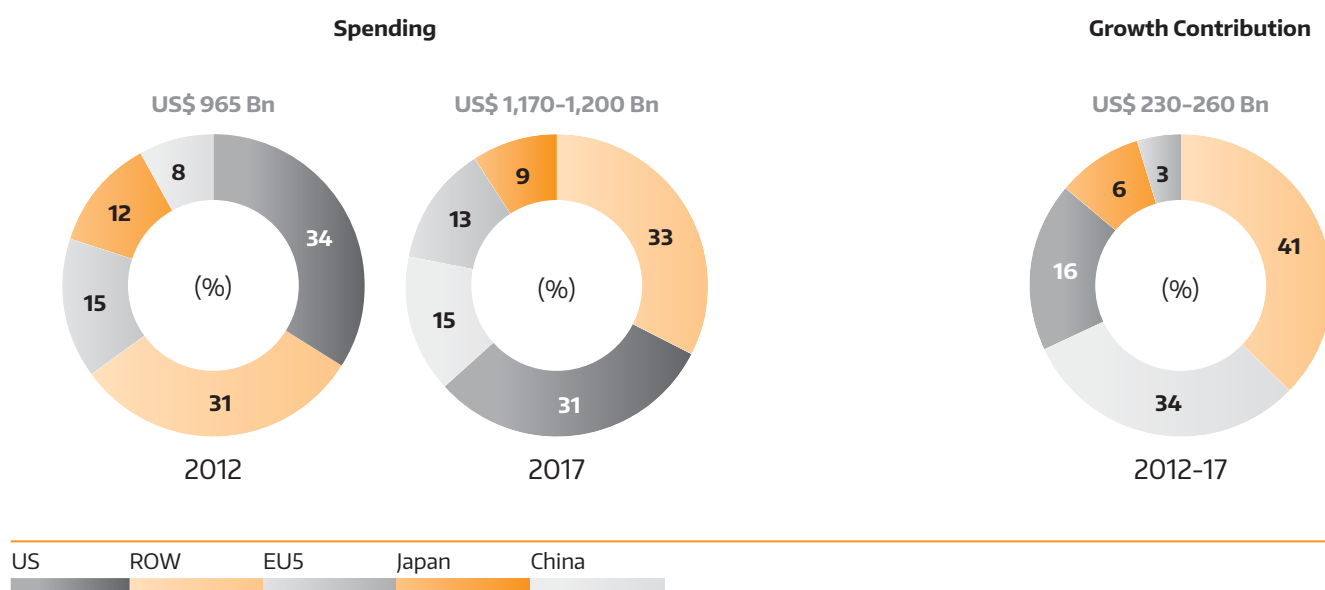
The market size of the global pharmaceutical industry is estimated to reach US\$ 1.2 trillion by 2017 growing at a Compound Annual Growth Rate (CAGR) of 3-6% and the emerging markets are likely to be the key growth drivers. Several factors like economic growth, demographic changes, transition in community health and policy responses and focus on healthcare funding are expected to lead to double-digit growth in the pharmerging markets.

On the other hand, economic and healthcare austerity measures and the savings realized from the growing availability of generic drugs, following their patent expiry, may see developed markets record low single-digit growth.

THE MARKET SIZE OF GLOBAL PHARMACEUTICAL INDUSTRY IS ESTIMATED TO REACH **US\$ 1.2 TRILLION** BY 2017 GROWING AT A COMPOUND ANNUAL GROWTH RATE OF 3-6% AND THE EMERGING MARKETS ARE LIKELY TO BE THE GROWTH DRIVERS.

**Chart 1 Pharmaceutical Spending - Global Markets <sup>(1)</sup>**



**Chart 2** Pharmaceutical Spending - Geography-wise <sup>(1)</sup>





Ahmednagar Plant

**Table 1** Global Pharma Market Growth Rate for 2013-17 <sup>(2)</sup>

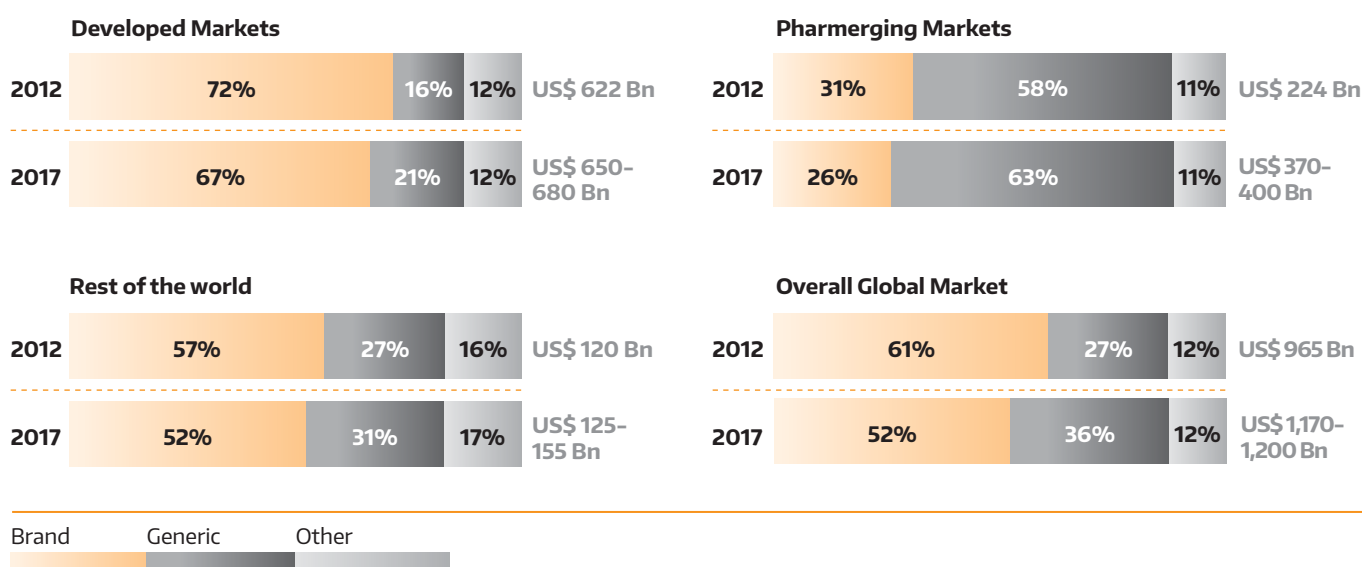
Developed Markets CAGR 2013-17	(%)	Pharmerging Markets CAGR 2013-17	(%)
US	1-4	Tier 1 (China)	15-18
Japan	2-5	Tier 2	10-13
Germany	1-4	Brazil	11-14
France	(-1)-2	Russia	9-12
Italy	0-3	India	11-14
Canada	1-4	Tier 3	7-10
Spain	(-4)-(-1)	<b>Pharmerging</b>	<b>11-14</b>
UK	1-4		
<b>Developed</b>	<b>1-4</b>		

At par with region CAGR      Lower than region CAGR      Higher than region CAGR

**GLOBAL GENERICS <sup>(1)</sup>**

A shift of the global spending mix towards generics over the next five years has been forecasted, a move primarily driven by the pharmerging markets, despite branded drugs continuing to form almost two-thirds of global spending in the developed markets.

It is estimated that the generic spending on medicines will grow from US\$ 261 billion in 2012 to US\$ 421-432 billion by 2017 globally. Global generic spending is likely to reach 36% of total spending by 2017, as against 27% in 2012.

**Chart 3 Global Pharmaceutical Spending <sup>(1)</sup>****Table 2 Branded Drugs vs. Generics <sup>(1)</sup>**

Key Areas	Branded Drugs	Generics
Spending	Accounted for 61% of total pharmaceutical spending in 2012	Accounted for 27% of total pharmaceutical spending in 2012
Market value	Projected to increase from US\$ 589 billion in 2012 to US\$ 608-624 billion by 2017	Projected to increase from US\$ 261 billion in 2012 to US\$ 421-432 billion by 2017
Opportunity	While developed markets are likely to reduce overall branded drug spending over the next five years, brand spending will increase for specialty drugs targeting specific complex ailments	Ageing global population, patent expiries in developed markets and favourable demographics in emerging markets will drive growth for generics globally
USA	Patent protected brand volume growth is expected to slow down going forward driven by patent expiries	Around 34% of 2012 brand spending will shift to generics by 2017 in the US alone



Bottle Packing Line, Halol

## GLOBAL PHARMA INDUSTRY - GROWTH DRIVERS <sup>(3,4,5)</sup>

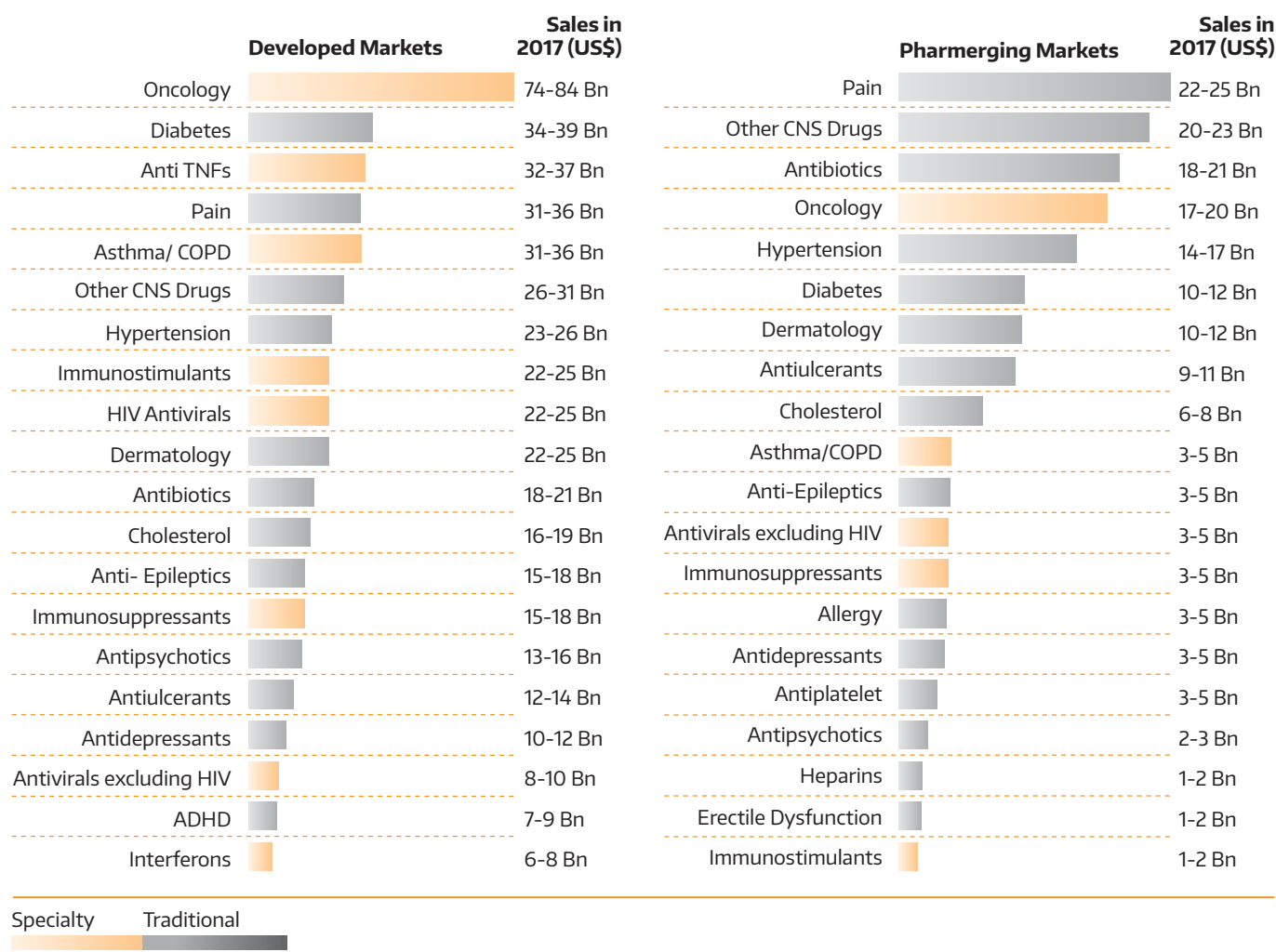
**Increase in life expectancy and ageing population:** Life expectancy is expected to reach 73.7 years by 2017 from an estimated 72.6 years in 2012, bringing more than 10% of the total global population to over the age of 65 years.

Moreover, the global population aged 60 or above has almost tripled over the period 1950-2000 and is expected to reach nearly two billion by 2050 – prompting the need for more medical care, a key demand driver for the pharmaceuticals industry.

**Rising income of households:** It is forecasted that the number of high-income households (annual earnings of over US\$ 25,000) will rise by about 10%, taking the count to over 500 million by 2017 - almost over 50% of such growth will come from Asia. Rising income will make expensive medicines affordable, providing a thrust to growth of the pharmaceuticals industry.

**Growing incidence of chronic diseases:** At present, chronic diseases, including heart disease, cancer, stroke, diabetes and respiratory illnesses top the global health agenda, accounting for over 63% of all deaths worldwide. Sedentary lifestyles, diet changes and rising obesity levels are likely causes. Healthcare demand for these diseases will contribute to the industry's growth.

**Improved healthcare access reforms:** With more than one billion people lacking access to a health care system across the world, different countries are introducing healthcare reforms, including increases in government funding and broader insurance coverage. For example, the US extended health insurance to more than 30 million uninsured citizens under the Patient Protection and Affordable Care Act (PPACA or ACA), making medicines affordable and driving the growth potential and industry outlook.

**Chart 4 Spending by Therapy Area in 2017<sup>(1)</sup>****OUTLOOK<sup>(1,2)</sup>**

**Developed markets:** Patent expiries, impact of the global economic crisis and the increasing specialist nature of new drugs may cause a slide in the share of the developed countries (US, Europe, Japan) in total pharmaceutical spending to 53% in 2017 from 61% in 2012.

Spending on generics is estimated to rise from 16% of the total spending in 2012 to 21% of the overall developed market spend in 2017, reaching a market value of US\$ 136-143 billion by 2017.

**USA:** The US was the largest pharmaceutical market globally, with a market size of US\$ 328 billion in 2012 and it is estimated to grow at a compound annual growth rate

(CAGR) of 1-4% during the year 2013-2017 to reach US\$ 350-380 billion by 2017. But, USA's contribution to the global spending pie is expected to decrease from 34% in 2012 to 31% by 2017. Overall growth will continue to be impacted by patent expiries and low cost generics.

**ANDA Approvals**

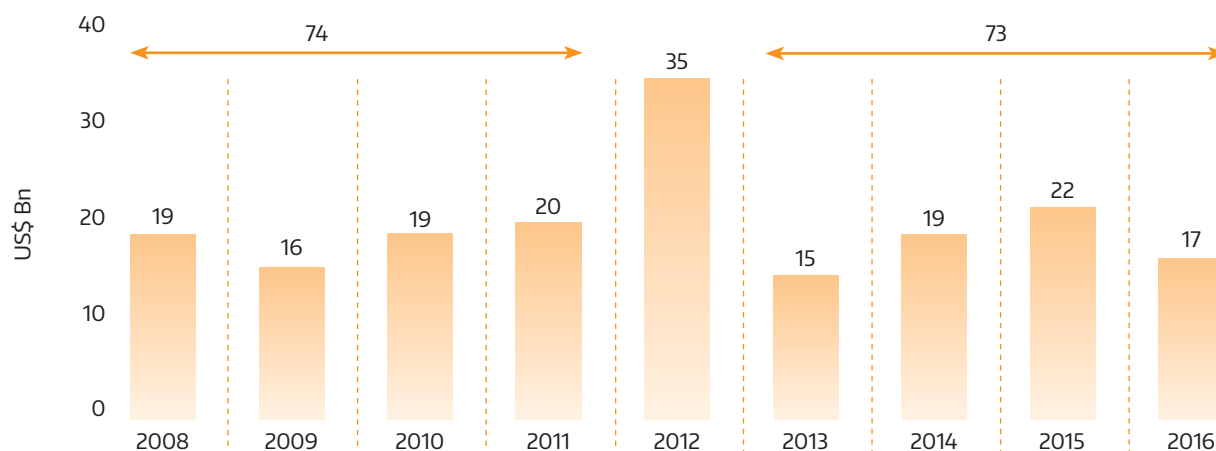
The rate of ANDA approvals at the US FDA has remained stagnant over the past five years, in fact, it even declined in 2013, despite a slight improvement in 2010-2012. The US FDA, is in the process of implementing the 'Generic Drug User Fee Amendments of 2012 (GDUFA)' programme, which is designed to speed access to safe and effective generic drugs.

**Table 3 US FDA - ANDA Approvals**

Year	No. of Approvals
2006	347
2007	476
2008	458
2009	457
2010	401
2011	420
2012	467
2013	396

**Patent Expiries**

After hitting a peak in 2012, patent expiries in the US have normalised to more moderate levels. Drugs going off-patent contribute to incremental growth of the US generic market. While patent expiries are lessening, the low share of Indian generic players in the US implies potential for future growth.

**Chart 5 US - Patent Expiries <sup>(6)</sup>**

**EU5\*:** The EU5 pharmaceutical market size was around US\$ 149 billion in 2012, but EU5's contribution to the global spending pie is likely to come down from 15% in 2012 to 13% in 2017. Loss of patent protection, government's austerity measures due to the economic crisis and restricted use of innovative launches impacted

the overall growth in these markets in the last five years. Pharmaceutical spending growth in the EU5 is expected to be 0-3% for the period 2013-2017, in comparison to 2.4% during 2008-2012. The market size is estimated to reach US\$ 140-170 billion in 2017.

(\*Germany, France, Italy, Spain and UK)



**Table 4** EU5 - Country-wise Spending <sup>(1)</sup>

	Market value by 2017 (US\$ billion)	CAGR growth, 2013-17 (%)
France	30-40	(-2)-1
Germany	41-51	1-4
Italy	23-33	0-3
Spain	13-23	(-4)-(-1)
UK	20-30	1-4

**Japan:** Japan's pharmaceutical market contributed around 12% of the global pie in 2012. In 2010, the Japanese government embarked on healthcare reforms, with the objective of increasing the penetration of generic drugs in the country.

The market size is projected to reach US\$ 90-120 billion by 2017. Spending growth will be in the range of 2-5% with gradual increases, but partly impacted by the expected gradual increase in generic volumes due to the government's biennial price cuts. Premium pricing is expected to sustain only for drugs delivering substantial innovation over existing therapies or for drugs which target complex/unmet medical needs.

**Pharmerging markets\*\*:** While the emerging markets are likely to be the main growth drivers of the global pharmaceutical industry over 2012-17, the pharmerging markets are to be the main contributors to this growth. The size of the pharmerging markets is expected to reach US\$ 370-400 billion by 2017 from US\$ 224 billion in 2012, growing at a rate of CAGR of 10-13%. China, Brazil, and India will be the key contributing countries, driven by factors like rising income levels, healthcare reforms and increased access to medicines.

The pharmerging markets are forecasted to contribute around 31% to the total market share of the industry by 2017, driven by economic growth, coupled with changes in public health policy responses and demography. Spending on generics in these markets is estimated to rise from 58% in 2012 to 63% of the overall pharmerging market spend in 2017, reaching a market value of US\$ 233-252 billion by 2017.

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

**Table 5** Pharmerging Market Spending <sup>(1)</sup>

	Market size 2017 (US\$ billion)	2013-17 CAGR (%)
China	160-190	14-17
Tier 2	90-110	10-13
Brazil	38-48	11-14
Russia	23-33	8-11
India	22-32	11-14
Tier 3	100-130	5-8

### ACTIVE PHARMACEUTICAL INGREDIENTS (API) <sup>(7)</sup>

The global API market size stood at US\$ 113 billion in 2012 as against US\$ 91 billion in 2008. It is expected to grow further at a CAGR of around 8% during 2012-2017, owing to patent expiries, increase in outsourcing and demand for potent and biogeneric APIs.

With stiff competition in the global API market, a significant proportion of API production is outsourced to China and India - two of the largest API markets in the world.

### INDIAN PHARMACEUTICAL SECTOR

The Indian pharmaceutical market is estimated to reach US\$ 22-32 billion by 2017 compared to US\$ 14 billion in 2012, establishing India as the 11th largest market by 2017, compared to its 13th position in 2012.

#### Crisp facts <sup>(1, 7, 4, 8)</sup>

- Ranked thirteenth in terms of value in the global pharmaceutical industry in 2012
- Fourth largest among the pharmerging markets in terms of market size in 2012
- Projected to grow at a CAGR of 11-14% during 2013-2017
- One of the key exporters to the US and other markets - the highest number of US FDA approved manufacturing facilities outside USA.
- Indian pharmaceutical companies received over 150 ANDA approvals from US FDA during 2013, accounting for approximately 38% of the total approvals.





Fluid Bed Dryer, Halol

The Indian pharmaceutical industry received foreign direct investments (FDI) worth around US\$ 11.95 billion during April, 2000 to September, 2013

#### Exports <sup>(8)</sup>

The pharmaceutical exports from India during 2012-13 stood at US\$ 14.6 billion, witnessing an increase of US\$ 1.4 billion from 2011-12. Indian pharmaceutical sector exports are likely to reach US\$ 25 billion by 2016.

#### Demand drivers <sup>(9, 10)</sup>

**Rising spend on healthcare:** Total annual healthcare spending is expected to more than double to US\$ 201.4 billion, growing at an average annual rate of 15.8% during 2012-2017. Healthcare spending is estimated to be around 0.5% of GDP in 2013.

**Growing health insurance coverage:** The Indian government plans to bring 80% of India's population under health insurance cover under its Health Insurance

Vision 2020. This will lead to higher volumes for the pharmaceuticals industry.

**Growing incidence of chronic diseases:** Chronic therapies have grown at a faster pace than that of traditional acute therapies over the past four years. Their contribution in the Indian pharmaceutical market escalated from 27% in 2010 to 30% in 2013. Lifestyle changes, rapid urbanisation and increasing affluence are factors which are expected to drive it further.

**Table 6** Chronic Therapies' Contribution <sup>(9)</sup>

Therapy	Contribution (%)		Growth in 2013 (%)
	2010	2013	
Acute	73	70	9.6
Chronic	27	30	14.0

**Rapid urbanisation:** An increase in urban population from 31% to 40% or more by 2030 will see better accessibility, with which will come with rapid urbanisation and the growth of the pharmaceutical industry.

### Industry concerns

#### Regulatory challenges

The Indian pharmaceutical market has its own set of regulatory challenges in the form of:

- ⦿ Government-mandated price controls
- ⦿ Delay in new product approvals
- ⦿ Delay in clinical trial approvals
- ⦿ Uncertainties over FDI policy

These concerns act as a deterrent to the growth of the industry.

#### Manufacturing quality

India is attracting greater scrutiny from the US FDA in relation to cGMP compliance, owing to the fact that it is the largest drugs supplier to the US. Indian companies will have to conform to standards at par with the global benchmarks. This will involve continuous improvement in systems and processes and training of the workforce to ensure compliance to such standards.

### SUN PHARMA – RANBAXY MERGER

#### A Landmark Transaction

At Sun Pharma, we have taken a significant initiative to enhance shareholder value for the future. We are in the process of acquiring Ranbaxy Laboratories Limited, India's leading company in sales, in one of India's largest M&A transactions. The deal, an all-stock transaction valued at US\$ 4 billion, is expected to be completed by December 2014. Ranbaxy shareholders will receive 0.8 share of Sun Pharma for each Ranbaxy share.

#### Enhancing stakeholder value

The combination has the potential to generate significant value for shareholders:

- ⦿ The new entity will emerge as the world's fifth largest specialty generic pharmaceutical company with a diverse, highly complementary portfolio of specialty and generics (with minimal overlap) targeting chronic and acute treatments globally. The entity's global presence across 55 markets will be supported by over 40 manufacturing facilities and capabilities across



multiple dosage forms, including specialty branded products and complex generics.

- ⦿ In the US, the merged entity will become No.1 in the generic dermatology market and No. 3 in the branded dermatology market with products to treat Actinic Keratosis, Anti-Fungal, Acne and steroids for other treatments. Post-merger, the overall pro-forma US revenues of the Company will be about US\$ 2.2 billion, with strong capabilities in developing complex products through a broad portfolio of 184 ANDAs pending US FDA approval, including high-value FTF (First-to-file) opportunities.
- ⦿ In India, the merger will lead to Sun Pharma becoming the largest pharmaceutical company with over 9% market share, enhancing value share across product offerings and market territories. It will be ranked No.1 by prescriptions across 13 different classes of specialist doctors in India. Besides, the Ranbaxy acquisition will give it a competitive edge in acute care, hospitals and OTC businesses with robust brands. It will have 31 brands among India's top 300 brands and a greater distribution reach. The merger will also create a foundation for the OTC business in India. Pro-forma revenues of the merged entity in India will be about US\$ 1.1 billion.

- With Sun Pharma's proven complex product capabilities and Ranbaxy's strong global footprint, it will have a strong product pipeline and established presence in key high-growth pharmerging economies like Russia, Romania, South Africa, Brazil and Malaysia. Along with this the merged entity will have the combined pro-forma revenues of about US\$ 0.9 billion in emerging markets. In some of these markets, the combined entity will have sales exceeding US\$ 100 million each. The enhanced footprint across multiple markets will offer opportunities for cross-selling and better brand building.
- On a pro-forma basis, the merged company's revenues are estimated at US\$ 4.2 billion for calendar year CY 2013. The overall business will be much more balanced with 47% of sales contributed by the US, 22% of it coming from India and around 31% coming from the rest of the world and other businesses.
- Pro-forma EBITDA will be US\$ 1.2 billion for the twelve-month period ended 31st December, 2013.
- Transaction value implies a revenue multiple of 2.2x, based on 12 months ended 31st December, 2013.
- Post-deal closure, the merged entity targets to generate synergy benefits, of about US\$ 250 million by the third year - driven by a combination of revenue, procurement, supply chain and other cost synergies.

After deal closure, Daiichi Sankyo will become the second largest shareholder in Sun Pharma (owning approximately 9% stake in Sun Pharma) and will have the right to nominate one Director to Sun Pharma's Board of Directors. It has agreed to indemnify Sun Pharma and Ranbaxy for, among other things, certain costs and expenses that may arise from the recent subpoena, which Ranbaxy has received from the United States Attorney for the Toansa facility.

Daiichi Sankyo (which holds approximately 63.4% of the outstanding shares of Ranbaxy) and the Promoters of Sun Pharma (who hold approximately 63.7% of the outstanding shares) have irrevocably agreed to vote in favour of the transaction. Both the Ranbaxy and the Sun Pharma Boards have recommended approval of the transaction to their respective shareholders.

The transaction closure will be subject to the usual closing conditions, including approval by the following authorities: the Government of India; the High Courts of Gujarat,

Punjab and Haryana; anti-competition authorities in India and a few other markets; the National Stock Exchange of India; The Bombay Stock Exchange and expiration of the waiting period under the Hart-Scott-Rodino Anti-trust Improvement Act in the United States.

### Credible track record of successful turnarounds

One of the major challenges for Sun Pharma in this acquisition will be to improve Ranbaxy's overall growth and profitability.

Sun Pharma has a robust track record of turning around its acquisitions into success stories by enabling business and operational strategies and building supply chain efficiencies, and Ranbaxy is likely to be a major challenge. Sun Pharma's ability to juggle different businesses and multiple cultures is likely to help in this transformation.

The Company leverages complementary functional strengths to achieve top line growth and gains through both revenue enhancement and cost efficiencies - translating into higher margins, greater market share and more operating profits.

There were eight successful acquisitions in the period 1996-07 till 2000-01. Sharp increases in net sales and EBITDA across its acquisitions like Taro, DUSA and URL marked the last decade. The Company acquired Taro in 2010 and was able to enhance the EBITDA from US\$ 105 million to US\$ 400 million within three years by focusing on top line growth and becoming more efficient. The payback from Sun Pharma's URL acquisition has been much faster than expected.



API Unit, Panoli



Analytical Lab, HPLC, Mumbai

### SUN PHARMACEUTICAL INDUSTRIES LIMITED (SUN PHARMA)

Sun Pharmaceutical Industries Ltd is currently the fifth largest global specialty pharmaceutical company manufacturing and marketing a variety of pharmaceutical formulations as branded generics, as well as generics in the US, India and several other global markets.

In India, the Company is a leader in niche therapy areas of psychiatry, neurology, cardiology, nephrology, gastroenterology, orthopaedics and ophthalmology. It has expertise in product development, process chemistry and manufacture of complex dosage forms and APIs.

#### Major business segments

- ☉ US Generics
- ☉ Indian Branded Generics
- ☉ International Branded Generics (Rest of the world, except the US)
- ☉ Active Pharmaceutical Ingredients (API)

#### Strategy and Approach

Sun Pharma's strategy and business approach is underpinned by the following:

- ☉ **Create sustainable revenue and cash flow stream:** Ensuring sustainable growth in revenues and cash flows is one of the key objectives. The Company achieves this by targeting complex/differentiated products in key markets; focusing on fast-growing chronic therapies and timely product launches
- ☉ **Balance profitability and future investments:** Achieving a pragmatic balance between current profitability and future investments through its unwavering focus on developing complex products coupled with a strong track record of acquiring and turning around underperforming businesses.
- ☉ **Cost leadership:** Rationalising cost through vertical integration, optimisation of operational expenses and strengthening back-end and supply chain linkages

&gt; 50

Markets addressed

25

Manufacturing facilities  
across four continents

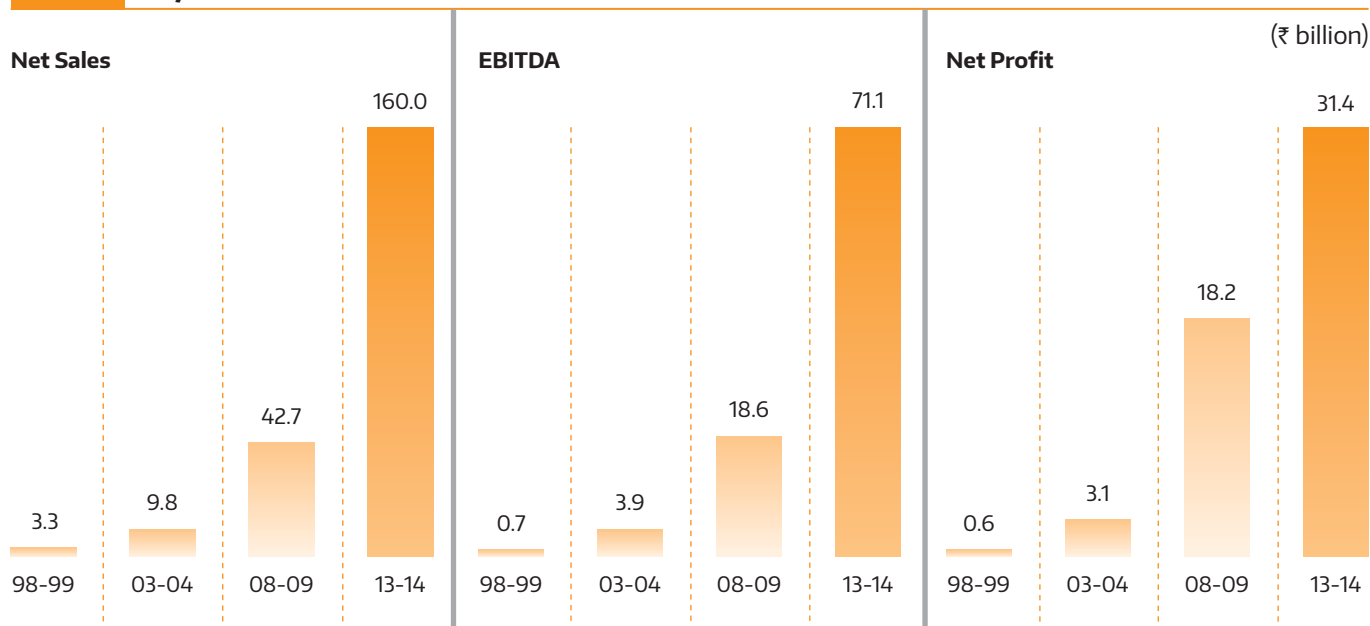
&gt;14,000

Global Team

&gt;1,000

Products marketed



**Chart 6 Key Financial Indicators**

**Operational performance, FY14**

● **Strong performance:** Consolidated revenues for FY14 grew 42% over FY13 to ₹ 162 billion, while EBITDA grew by 45% to ₹ 71 billion. The constant currency revenue growth guidance for FY14 was upgraded twice during the year from 18-20% to 29%. The strong performance was mainly driven by:

- A significant escalation in US revenues, which grew 59% and contributed about 60% to overall revenues - was led by increased contribution from complex generics, strong profitability at Taro, favourable pricing for certain products and contribution from the 180-day exclusivity for generic Prandin. The Ranbaxy acquisition will further strengthen Sun Pharma's positioning in the US branded market as well as enhance its overall product portfolio in the US.
- The India formulations business recorded 25% growth, despite the implementation of the new pricing policy and related trade channel disruptions. The Ranbaxy acquisition is likely to further strengthen Sun Pharma's pan-India presence, as it will enable the merged entity to be ranked no.1 by prescriptions with 13 different classes of specialist doctors and facilitating its entry into India's OTC business with a few strong brands.
- Our Rest of World (RoW) business recorded 25% growth over FY13, led by a strengthening presence

in key markets. The Ranbaxy acquisition is likely to significantly enhance Sun Pharma's presence in these markets and enable its entry into new markets.

- **Ramp-up in specialty revenues:** The Company continues to build its specialty revenues in the US, aided by a ramp-up in sales of generic Doxil and DUSA revenues - being the only company in the US market, with a US FDA approved version of generic Doxil. It also benefited from the supply constraints faced by the innovator.
- **Taro:** Taro reported good performance despite increasing competition. For FY14, Taro's top line grew by 13% to US\$ 759 million, while EBITDA grew by 29% to US\$ 447 million. EBITDA margins have expanded by 730 bps to 59% for the year. Taro's net profit for FY14 improved by 35% to US\$ 360 million. The good performance was catalysed mainly by favourable sale prices throughout the year, which also witnessed a gradual increase in competition for some of Taro's products. The competition for some of Taro's products may intensify in future.
- **DUSA business scaling up:** Sun Pharma had acquired DUSA in the US in December 2012, giving it access to a branded patented product. DUSA revenues have gradually started scaling up, led by increasing penetration with dermatologists and gradual price increases.

- ◎ **Sun-intrexon joint venture:** As part of its efforts to establish a long-term specialty portfolio, Sun Pharma has entered into a joint venture with Intrexon Corporation (USA) to develop controllable gene-based therapies to treat ocular diseases that cause partial or total blindness in millions of people worldwide. Initial targets are dry age-related macular degeneration (AMD), glaucoma and retinitis pigmentosa. The joint venture will leverage Sun Pharma's global capabilities and experience in developing and manufacturing specialty pharmaceuticals for niche therapy areas.
- ◎ **Ramp-up in URL:** FY14 was the first full year of consolidation of the US-based URL acquisition. Favourable product pricing enabled significant ramp-up in URL's revenues with the relaunch of some of the discontinued products from URL's portfolio. The February 2013 acquisition broadens Sun Pharma's US product portfolio, besides giving access to two US FDA approved facilities.
- ◎ **Generic Prandin exclusivity in the US:** Sun Pharma's US business benefited from the one-time upside of 180-day exclusivity on generic Prandin, which expired in January 2014. By virtue of its successful patent challenge, it enjoyed the First-to-File (FTF) status and was the only generic player in the US market for 180 days in FY14. Post exclusivity, other generic players have also launched their versions of the product.
- ◎ **Generic Gleevec settlement:** In May 2014, one of Sun Pharma's subsidiaries executed a settlement agreement with Novartis Pharmaceuticals Corporation, stipulating a dismissal of the lawsuits filed in the US against the Company regarding submission of an Abbreviated New Drug Application (ANDA) for a generic version of Gleevec®, ImatinibMesylate tablets. Indicated for the treatment of chronic myeloid leukemia and having annual sales of about US\$ 2 billion in the US market, a generic version of these Gleevec tablets is to be launched by Sun Pharma's subsidiary in February, 2016, under the terms of the settlement.
- ◎ **US FDA Approvals:** Received a total of 26 Abbreviated New Drug Applications (ANDA) approvals from the US FDA, including approvals for Repaglinide, Testosterone Cypionate Injections, TopotecanHCl Injection, Duloxetine HCl capsules, Temozolomide capsules, and a few controlled substances.
- ◎ **Strengthening senior management team:** Sun Pharma consistently nurtures internal talent and is in

the process of expanding the pool of capable people to drive growth. In FY14, the Company reinforced its senior management team by attracting national and global talent for its key functions.

- ◎ **Strengthening the Board of Directors:** In February 2014, Sun Pharma strengthened its Board of Directors by appointing Ms. Rekha Sethi as an additional Independent Director. Ms. Sethi is the Director General of the All India Management Association (AIMA), India's apex body for management. She is associated with the following organizations: Indo-Netherlands Joint Working Group on Corporate Governance and Corporate Social Responsibility, under the Ministry of Corporate Affairs, Government of India; Advisory Board of the Switzerland-based St Gallen Foundation thinktank, Leaders of Tomorrow – Knowledge Pool. She had also worked with the Confederation of Indian Industry (CII) for over 17 years before joining AIMA.
- ◎ **Settling the generic Protonix patent litigation in the US:** The Company has settled the patent litigation in the US regarding generic Protonix with Wyeth and Atlanta Pharma AG and paid US\$ 550 million to Pfizer as part of the settlement. Sun Pharma can continue to sell its generic Protonix in the US.
- ◎ **Karkhadi facility:** In May 2014, the Company received a warning letter from the US FDA for its cephalosporin facility located at Karkhadi, Gujarat, India. This letter was



Freeze Dryer, Halol



a follow-up to the import alert issued by the US FDA for this facility in March, 2014, identifying some practises at the facility, which are non-compliant with current Good Manufacturing Practice (cGMP) regulations. The Company remains fully committed to compliance and has already initiated several corrective steps to address the US FDA's observations. It is committed to

working cooperatively and expeditiously with the USFDA to resolve matters indicated in its letter. However, the USFDA might withhold approval of pending new drug applications from the facility until resolution of the issue. However, the contribution of this facility to Sun Pharma's consolidated revenues is negligible.

**Table 7 Financial Performance**

(₹ in million)

Year	2013-14	2012-13	Growth (%)
Net Sales	160,044	112,389	42
EBITDA	71,141	49,063	45
PBT before Exceptional Item	71,432	49,428	44
Exceptional Item	25,174	5,836	
PBT after Exceptional Item	45,816	43,149	6
Net profit after Minority Interest	31,414	29,831	5
Adjusted profit after Minority Interest (excluding exceptional items)	56,589	35,666	58
Adjusted EPS (₹)	27.3	17.2	58

**Table 8 Revenue Break-up**

Business Segment	For the year ended 31st March, 2014	For the Year ended 31st March, 2013
US Generics	60%	54%
India Branded Generics	23%	26%
International Generics (Rest of the world, except the US)	12%	13%
Active Pharmaceutical Ingredients (API) & Others	5%	7%

**Table 9 Revenue Break-up**

(₹ in Million)

Business Segment	For the year ended 31st March, 2014
US Generics	97,844
Indian Branded Generics	36,918
International Generics (Rest of the world, except the US)	19,084
Active Pharmaceutical Ingredients (API) & Others	8,148

**BUSINESS SEGMENTAL REVIEW****US Generics**

60%

Revenue contribution  
from US geography

478

Cumulative ANDAs filed

344

Cumulative ANDAs  
approved

45%

5-year revenue CAGR

As of 31st March, 2014

**Divisional Highlights****Financial**

- Revenues increased from ₹ 61,537 million in FY13 to ₹ 97,844 million in FY14, a 59% growth, driven by:
  - Increased contribution from Complex generics
  - Favourable pricing for some products
  - Full-year consolidation of the DUSA and URL acquisitions
  - The 180-day exclusivity on generic Prandin and
  - A favourable currency
- Revenue contribution from this geography increased to 60% in FY14 compared to 54% for FY13.

**Operational**

- As on 31st March, 2014, ANDAs for 134 products await approval, including 12 tentative approvals. This is one of the strongest pipelines amongst Indian companies.

For FY14, the Company filed 27 ANDAs and received approval for 26 from the US FDA.

- The Company is in the process of gradually increasing the penetration of DUSA's portfolio with US dermatologists. It is also gradually re-launching some of the discontinued products from URL's product basket.
- Efforts to strengthen Taro's future pipeline continues. Its annual R&D spend has increased significantly over the past three years from approximately US\$ 30 million to the US\$ 55 million for FY14. As of 31st March 2014, Taro had a pipeline of 27 ANDAs pending approval from the US FDA.

**Caraco**

The entire US operations of Sun Pharma, except Taro, are now consolidated under Caraco. For FY14, Caraco performed well, aided by the distribution of Sun Pharma's portfolio in the US and the addition of URL and the DUSA businesses. URL's performance was partly boosted by favourable product pricing. Efforts are on to re-launch some of URL's discontinued products in the US market.



Injectable Unit, Halol

While Caraco continues to distribute Sun Pharma's products in the US, as a part of its manufacturing consolidation, the Company has closed its Detroit facility. The products manufactured here are being transferred to other units to avoid market shortage. The impact of this closure on the overall revenues of Sun Pharma will be negligible.

### Ramping-up DUSA

Following the acquisition of DUSA (USA) in December 2012, efforts have been initiated to ramp-up its operations. DUSA's drug-device combination for treating Actinic Keratosis (AK) has the potential to improve its market share in the US AK market. The Company is improving its penetration with dermatologists by increasing the coverage of these specialists and the usage of its products in AK treatment.

### Pillars of growth

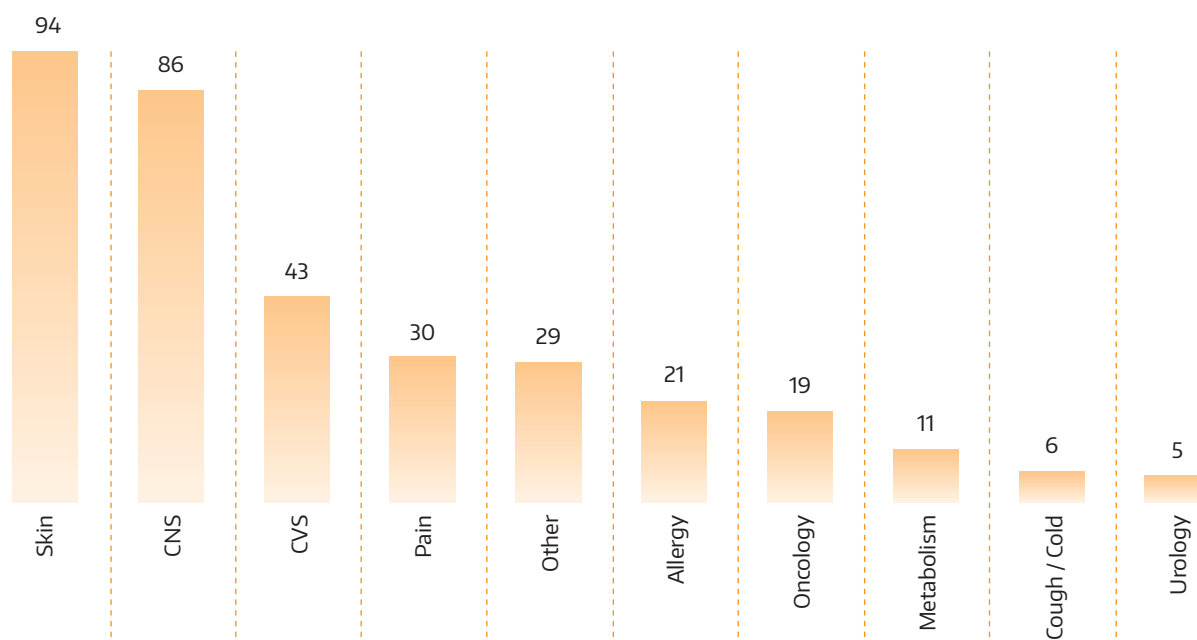
- ☉ The Company continues to focus on enhancing its pipeline of complex/specialty products for the US market. Over the past few years, it has developed/acquired the capability to synthesise and commercialise products across a range of dosage forms including injectables, nasal sprays, liquids, ointments, tablets

and capsules, among others. The Company has a wide product basket, including a prudent mix of specialty/complex generics, Para-IV filings and normal generics. It has 134 ANDAs pending approval with the US FDA. This pipeline is expected to be one of the key drivers of future growth.

- ☉ Sun Pharma has demonstrated a strong track record of enhancing the growth and profitability of acquired assets, especially in the US market. It continues to evaluate potential acquisitions, which can generate shareholder wealth in the medium-to-long term. The proposed acquisition of Ranbaxy is also a step in this direction.
- ☉ Sun Pharma, along with its subsidiaries, currently has 10 US FDA-approved formulation facilities, of which five are in the US, two in India and one each in Canada, Israel and Hungary. This is one of the largest US FDA-approved manufacturing infrastructure amongst Indian companies.
- ☉ The Company's patents, together with those of Taro, have reached 573 filings and 346 were granted patents as of 31st March, 2014.

**Chart 7 US-Therapy-wise ANDA Approvals as of 31st March, 2014**

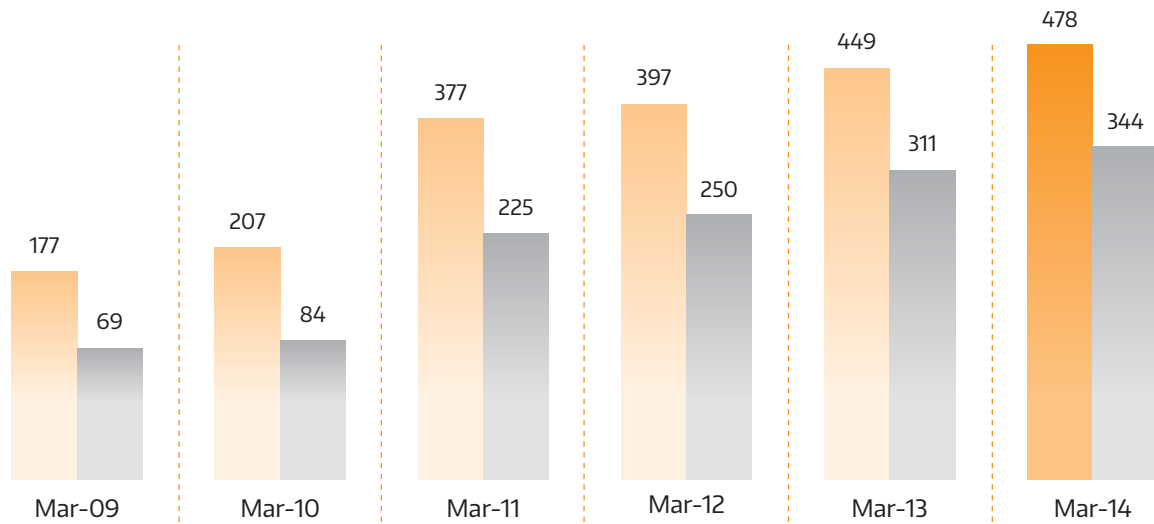
(Nos.)



Note – Taro's ANDAs added since March 2011 & URL's ANDAs added since March, 2013

**Chart 8 US - ANDA Pipeline**

(Nos.)



Cumulative Products Filed

Cumulative Products Approved

Note – Taro's ANDAs added since March 2011 &amp; URL's ANDAs added since March, 2013

**Road ahead**

- Future focus will be on building a differentiated specialty product basket, foraying into products that yield stable and consistent cash flows.
- The strong pipeline of 134 ANDAs will be a key contributor to future growth. A significant portion of

this pipeline will be backward integrated through in-house API capabilities.

- The Company continues to be on the lookout for value-enhancing inorganic opportunities in the US market.



Formulation Plant, Halol

## India Branded Generics

23%

Revenue contribution

TOP 3

In over 50% of more than  
500 brands

2nd

Largest domestic drug  
maker by market share

14%

Last five-year revenue  
CAGR

## Divisional Highlights

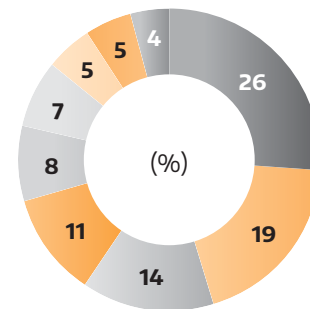
### Financial

- Revenues increased from ₹ 29,657 million in FY13 to ₹ 36,917 million in FY14, a 25% growth. This growth has been achieved, despite the implementation of the new pricing policy and related trade channel disruptions.
- Revenue contribution from India reduced from 26% in FY13 to 23% in FY14 due to significant growth in the US business and a favourable currency, which helped the export revenues.
- Market share on moving annual total (MAT) basis increased from 4.8% for March 2013 to 5.4% for March 2014 according to AIOCD AWACS.
- It continues to be ranked no. 1 based on its share of prescriptions with seven classes of specialists, for example psychiatrists, neurologists, cardiologists, ophthalmologists, orthopaedicians, nephrologists and gastroenterologists. The Sun Pharma – Ranbaxy merged entity will be ranked no. 1 with 13 classes of specialists.

### Operational

- The Company currently has an empowered team of medical representatives (MR) promoting its products and building relationships with doctors. A team of 4,000-plus MRs, including managers, cover about 140,000 specialist doctors across the country.
- Launched 16 products in FY14 including several technology-based products
- Enjoys strong positioning in chronic segments, such as CNS, CVS and diabetology, together accounting for more than 50% of Sun Pharma's India formulation revenues as per AIOCD-AWACS.
- For FY14, the top 10 brands contributed about 20% to domestic formulation sales

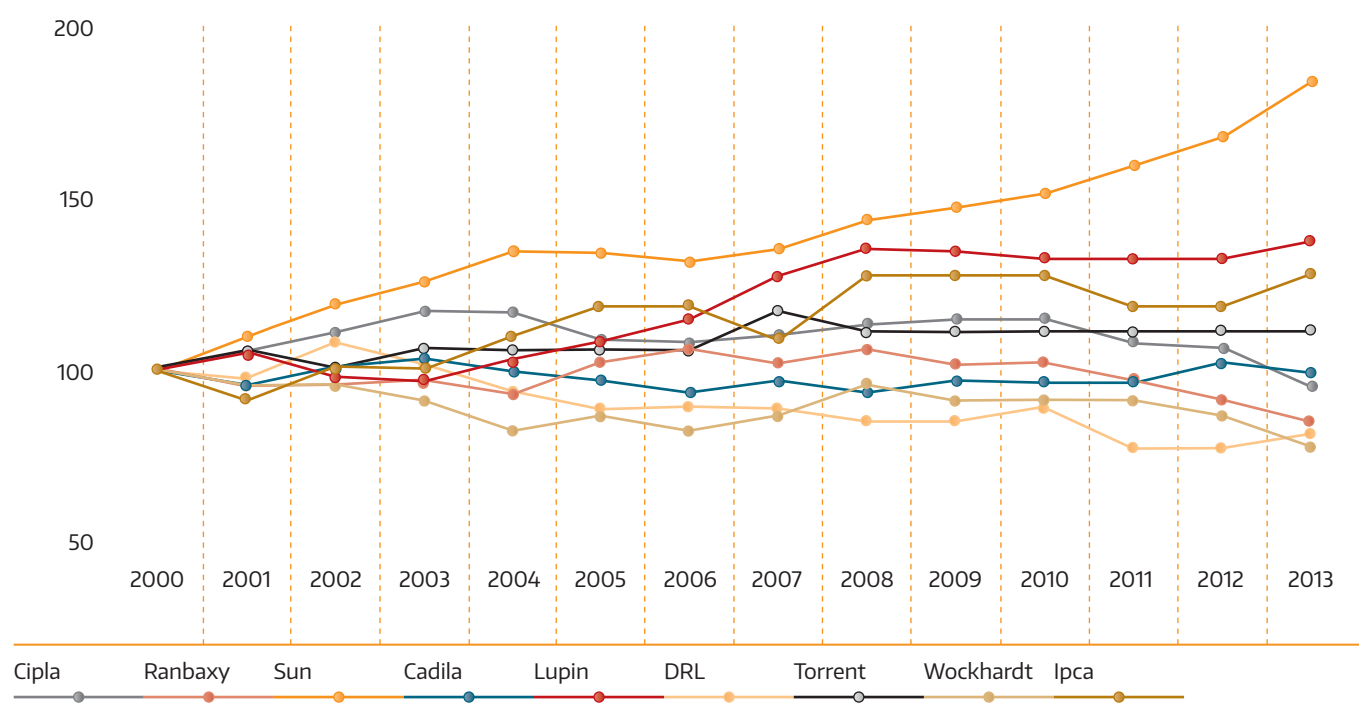
**Chart 9 India Formulations – Therapeutic Break-up** <sup>(12)</sup>



Neuro-Psychiatry	Cardiology	Gastroenterology
Diabetology	Gynecology Urology	Others
Musculo-Skeletal & Pain	Ophthalmology	Antisthamatic & Antiallergic



API Unit, Panoli

**Chart 10 Consistent Increase in Market Share in India <sup>(11)</sup>****Growth Pillars**

- The Company continues to enjoy high brand equity with the doctor community. It is ranked no. 1, based on the share of prescriptions by seven specialist classes: psychiatrists, neurologists, cardiologists, ophthalmologists, orthopaedics, nephrologists and gastroenterologists – thus imparting immense strength to the Company's India business. As per AIOCD-AWACS study, these segments contribute more than 70% of Sun Pharma's India formulation revenues.
- Market leader in chronic segments – These segments are expected to grow faster than the acute segments, given the changing life-style of the Indian population. Post the closure of the Ranbaxy acquisition, the Company will have strong positioning in the acute segment as well, thus expanding its presence across many more therapeutic segments.
- Extensive product coverage – from older molecules to the latest molecules for relevant therapeutic segments. This broad portfolio helps ensure that the Company is able to cater to the demand for most products.

**Table 10 Sun Pharma – Prescription Rankings <sup>(13)</sup>**

Therapeutic segments	Ranking for October 2010	Ranking for October 2013
Psychiatrists	1	1
Neurologists	1	1
Cardiologists	1	1
Orthopaedics	1	1
Ophthalmologists	1	1
Gastroenterologists	1	1
Nephrologists	2	1
Diabetologists	2	2
Chest Physicians	4	5
Consultant Physicians	3	5
Gynaecologists	6	7
Dermatologists	14	7
Oncologists	9	7
Urologists	8	12



**Table 11****Top 10 Brands Contribute about 20% of India sales <sup>(11)</sup>**

Brands	Therapies
Pantocid	Proton pump inhibitor/ anti-ulcerant
Gemer	Oral anti-diabetic
Susten	Women's healthcare
Levipil	CNS
Pantocid-D	Proton pump inhibitor/ anti-ulcerant
Aztor	CVS, cholesterol reducing agent
Glucored Group	Oral anti-diabetic
Istamet	Anti-diabetic
Rozavel	CVS
Montek-LC	Respiratory

**Road ahead**

The Company's future focus will continue to be on strengthening customer relationships, brand building and expanding product portfolio through a combination of internal development and potential in-licensing opportunities.



QC Lab, Ahmednagar

**International Generics (ex-US)**

12%

Revenue contribution

48

Market presence

900+

Products marketed

38%

5-year revenue CAGR

**Divisional Highlights****Financial**

- Revenues increased from ₹ 15,271 million in FY13 to ₹ 19,084 million in FY14, a growth of 25%.
- Segmental revenue contribution was 12% of total revenues for FY14, compared to 13% for FY13. The contribution has declined marginally, despite good overall growth due to the strong US growth revenues, which increased US contribution significantly.

**Operations**

- Sun Pharma supplies its products to 48 international markets, including the emerging markets.

- Future markets for particular focus will include Latin America, Russia & CIS, South Africa and a few Asian markets.
- The Company plans to replicate its specialty product basket in these markets, including technology-based products.

**Growth pillars**

- Sun Pharma's product portfolio spans over 48 countries; plans to replicate its specialty pipeline, including technologically complex products in some of these markets to tap the market potential

- Major markets include primary pharmerging markets, such as Mexico, Brazil, Russia & CIS, South Africa and Asia
- Markets are penetrated by a diverse product basket manufactured at the Company's approved plants in India; also has manufacturing facilities in Brazil, Mexico and Bangladesh to comply with local regulatory requirements

**Road Ahead**

The focus ahead will be on enhancing the Company's presence in key emerging markets led by chronic therapies like the metabolic syndrome, diabetes, neurology and cardiology. Besides, the Company is focusing on expanding its presence to new geographies, organically and through partnerships. It currently has about 300 products awaiting regulatory approvals in these markets.

**Active Pharmaceutical Ingredients (API)**

5%

Revenue contribution

256

DMF/ CEP files

8

World class facilities, accredited by ISO 14001 and ISO 9002

11%

5 year revenue CAGR

**Divisional Highlights****Financial**

- Revenues increased from ₹ 7,549 million in FY13 to ₹ 8,010 million in FY14, a 6% growth
- Revenue contribution from the division reached 5% for FY14 compared to 7% for FY13.

**Operational**

- Filed 15 DMF/ CEPs
- Six DMFs have been approved (including Taro)
- Currently has a total of eight API facilities, of which five are US FDA approved.
- The India-based manufacturing facilities have dedicated units for peptides, anti-cancer, steroids and sex hormones. The API facility in Tennessee, USA has the capability to manufacture controlled substances.

**Growth pillars**

- The API business continues to be largely used for vertical integration on key products. It imparts the much-needed competitive advantage to the Company's formulations business, particularly for the US market. External API sales account for a fraction of the total API production.
- The Company markets products across more than 48 countries; products are sold to large generic or innovator companies

- Manufactures over 170 specialty APIs, most of which are used in-house to manufacture formulations
- Most facilities have in-place approvals from US FDA/ Europe/Australia
- Scales up over 25 API processes annually

**Road Ahead**

- Ensure long-term competitiveness of the formulations business through strong backward integration
- Establish long-term contracts with customers in regulated markets for sustainable revenue growth and margins



API Plant, Ahmednagar

## RESEARCH & DEVELOPMENT ENDEAVOURS

Sun Pharma's R&D efforts are driven by the Company's overall objective of ensuring sustainable and profitable growth by a consistent focus on developing differentiated specialty products across multiple dosage forms. The Company's R&D investment provides crucial support to strategies for manufacturing new products.

Most of the product and process development is undertaken at the Company's R&D centres at Vadodara and Mumbai with the help of a strong team of about 800 scientists across locations. Sun Pharma's R&D capabilities

span the development of differentiated products, such as liposomal products, inhalers, lyophilised injections, nasal sprays, besides developing controlled release dosage forms. Taro's R&D centres are located in Israel and Canada

At the Vadodara R&D centre, the Company develops complex APIs and dosage forms for India, the US, Europe and ROW markets. The Mumbai R&D centre develops differentiated dosage forms and generics for developed markets like the US and Europe. The group at Haifa Bay (Israel centre) works on API and product development.

**Table 12** Research and Development Investments

(₹ in million)

	FY10	FY11	FY12	FY13	FY14
Expenditure on R&D	2,242	3,313	4,449	7,042	10,418
R&D Expenditure as % of Revenue	6.0	6.0	6.0	6.0	6.5



R&D Centre, Vadodara

**QUALITY STANDARDS**

In the pharmaceutical business, ensuring the highest quality standards is an important pre-requisite. Sun Pharma's operations are driven by best-in-class technology and processes, abiding by all major stringent regulatory approvals. The Company's global Quality Management Team ensures that every product manufactured and distributed complies with internationally accepted standards of quality, purity, efficacy and safety.

To maintain quality standards, each plant has well-defined procedures and systems in compliance with the cGMP requirements - thus ensuring that the Company's operating procedures continue to meet demanding regulatory standards like US FDA, EMEA, MHRA and TGA, among others.

Quality systems are well-defined and validated to ensure consistency in deliveries. Quality units are independent of other operations like warehousing and engineering

support. 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, SOPs and Protocols. The team also ensures that these guidelines are implemented to deliver quality products consistently.

In addition, an independent Corporate Compliance department audits the sites to strengthen all controls and procedures to fulfill the goal of 24x7 compliance. Besides, systems are being improved in line with regulatory requirements for advanced quality and safety.

The Company has recently received a warning letter from the US FDA for its Karkhadi facility citing non-compliance with some cGMP norms. Details of this development are discussed in prior sections of this report.

478

Cumulative ANDAs filed

344

Cumulative ANDAs  
approved

256

DMF / CEP cumulative  
applications filed

174

DMF / CEP cumulative  
applications approved

573

Total patent applications  
submitted

346

Total patents granted

27

ANDAs filed in FY14

26

ANDAs approved in FY14

15

DMFs filed in FY14

6

DMFs approved in FY14



## HUMAN ASSETS

Human resources are the organization's most important assets. Attracting relevant talent remains its key focus, even as it continues to nurture leadership capabilities it pays special attention to training, welfare and safety of its people, strengthening its human capital. The total employee strength as on 31st March, 2014 stood at over 14,000.

Growth across markets will need the right talent. The Company has initiated a 'Speed Programme,' in partnership with the SP Jain Institute of Management and Research. This is an education development programme, where managers from various departments are selected for an intensive Executive MBA course.

The Company has recruited several senior management professionals across functions since an empowered team has ensured its strong growth over the past decade. As the Company gears up for the next growth phase, it becomes imperative to strengthen its capabilities and also to get external talent on board.

## INTERNAL CONTROLS

Sun Pharma's defined organisational structure, documented policy guidelines and adequate internal controls ensure efficiency of operations, compliance with internal policies, applicable laws and regulations, protection of resources and assets and accurate reporting of financial transactions.

The Company's philosophy on corporate governance envisages working towards high levels of transparency, accountability and consistent value systems across all facets of operations.

It continuously upgrades its systems in line with the best available practices. The internal control system is supplemented by extensive internal audits, conducted by independent firms of Chartered Accountants to cover various operations on a continuous basis.

## 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, on the basis of 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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# DIRECTORS' REPORT

Your Directors take pleasure in presenting the Twenty-Second Annual Report and Audited Accounts for the year ended 31st March, 2014

## FINANCIAL RESULTS

(₹ in Million except dividend per share and book value)

Particulars	Standalone		Consolidated	
	Year ended 31st March, 2014	Year ended 31st March, 2013*	Year ended 31st March, 2014	Year ended 31st March, 2013
Total Income	29,882	26,683	166,326	116,880
(Loss) / Profit after tax	(28,285.2)	5,166	31,415	29,831
Dividend on Equity Shares	3,107	5,178	3,107	5,178
Corporate Dividend tax	528	880	528	880
Transfer to various Reserves	NIL	520	NIL	520
Amount of dividend per equity share of ₹ 1/- each	1.50	2.50 <sup>#</sup>	1.50	2.50 <sup>#</sup>
Book value per equity share ₹ 1/- each	36	38 <sup>#</sup>	89	72 <sup>#</sup>

\* Previous year figures for standalone are not comparable, since current year figures include the effect of merger of the Specified undertaking of Sun Pharma Global FZE, into the Company with effect from 1st May, 2013.

<sup>#</sup> Post Bonus Issue

## DIVIDEND

Your Directors are pleased to recommend an equity dividend of ₹ 1.50 per equity share of face value ₹ 1/- each (previous year ₹ 2.50 per equity share) for the year ended 31st March, 2014.

## MERGER OF RANBAXY

At Sun Pharma, we have taken a significant initiative to enhance shareholder value for the future. We are in the process of acquiring Ranbaxy Laboratories Limited, India's leading Company in sales, in one of India's largest M&A transactions. The deal, an all-stock transaction valued at US\$ 4 billion, is expected to be completed by December 2014. Ranbaxy shareholders will receive 0.8 share of Sun Pharma for each Ranbaxy's share. Further details on the

merger, are provided in the Management Discussion and Analysis report which forms part of this Report.

## BONUS SHARES

The Company had on 3rd August, 2013 allotted 1,035,581,955 Equity Shares of ₹ 1/- each as Bonus Shares to the Equity Shareholders of the Company in the ratio of 1 (One) Equity Share of ₹ 1/- each for every 1(One) Equity Share of ₹ 1/- each held on the Record Date, being 30th July, 2013.

## MANAGEMENT DISCUSSION AND ANALYSIS

The Management Discussion and Analysis on the operations of the Company is provided in a separate section and forms part of this report.

## HUMAN RESOURCES

Your Company considers its employees as most valuable resource and ensures strategic alignment of Human Resource practices to business priorities and objectives. The Company has a dedicated team of over 14,000 employees at various locations across our corporate office, various R & D Centers & 25 plant locations (including Associate Companies) spread across three Continents. Our constant endeavor is to invest in people and people processes to improve service delivery to our customers. Attracting the right talent and engaging them for high performance is our focus, whereas we strive to provide a great place to work to our human resources through challenging and learning environment.

Information as per Section 217(2A) of the Companies Act, 1956, read with the Companies (Particulars of Employees) Rules, 1975 as amended, is available at the registered office of your Company. However, as per the provisions of Section 219(1)(b)(iv) of the said Act, the Report and Accounts are being sent to all shareholders of the Company and others entitled thereto excluding the aforesaid information. Any shareholder interested in obtaining a copy of this statement may write to the Company Secretary/ Compliance Officer at the Corporate Office or Registered Office address of the Company.

## INFORMATION ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The additional information relating to energy conservation, technology absorption, foreign exchange earnings and outgo, pursuant to Section 217(1)(e) of the Companies Act, 1956 read with the Companies (Disclosure of Particulars in the Report of the Board of Directors) Rules, 1988, is given in Annexure and forms part of this Report.

## CORPORATE GOVERNANCE

Report on Corporate Governance and Certificate of the auditors of your Company regarding compliance of the conditions of Corporate Governance as stipulated in Clause 49 of the listing agreement with stock exchanges, are annexed.

## BUSINESS RESPONSIBILITY REPORT

The Business Responsibility Report of the Company for the year ended 31st March, 2014, in line with Green initiative, is made available on the website of the Company ([www.sunpharma.com](http://www.sunpharma.com)) and forms part of the Annual Report, and is kept at the Registered 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.

## CONSOLIDATED ACCOUNTS

In accordance with the requirements of Accounting Standard AS-21 prescribed by the Institute of Chartered Accountants of India, the Consolidated Accounts of the Company and its subsidiaries is annexed to this Report.

## SUBSIDIARIES

The Ministry of Corporate Affairs, Government of India, New Delhi has issued direction under Section 212(8) of the Companies Act, 1956 vide general circular No.2/2011 dated 8th February, 2011 and in accordance with the same, the Balance Sheet, the Profit and Loss Account and other documents of the subsidiary companies are not being attached with the Balance Sheet of the Company. The information relating to each subsidiary including subsidiaries of subsidiaries, as required by the aforesaid circular, is disclosed in the Annual Report. The Company will make available the Annual Accounts of the subsidiary companies and the related detailed information to any member of the Company and its subsidiaries who may be interested in obtaining the same. The annual accounts of the subsidiary companies will also be kept open for inspection by any investor at the Registered Office & Corporate / Head Office of the Company and that of the respective subsidiary companies. The Consolidated Financial Statements presented by the Company include financial results of its subsidiary companies also.

## FINANCE

CRISIL continued to reaffirm its highest rating of "AAA/ Stable" and "A1+", for your Company's Banking Facilities throughout the year enabling your Company to avail facilities from banks at attractive rates. The Company does not offer any Fixed Deposit Scheme.

## CORPORATE SOCIAL RESPONSIBILITY

Your Company has identified health, education, livelihood, disaster relief and civic utilities 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, grassroot level during the year. In the past, support has been offered towards disaster relief as well as participation in the facilitation of civic utilities around the Plants/Research Centers. Your Company remains interested in these contributions.

## DIRECTORS

Mr. Israel Makov, Director retires by rotation and being eligible offers himself for re-appointment. Ms. Rekha Sethi

was appointed as Additional Independent Director of the Company with effect from 13th February, 2014 and holds office as a Director up to the ensuing Annual General Meeting.

In terms of Section 149, and other applicable provisions, if any of the Companies Act, 2013 read with Companies (Appointment and Qualification of Directors) Rules, 2014, the Independent Directors of the Company viz. Mr. S.M Dadha, Mr. Keki Mistry, Mr. Hasmukh Shah, Mr. Ashwin Dani and Ms. Rekha Sethi are proposed to be appointed as Independent Directors of the Company in accordance with the requirements of Companies Act 2013, at the ensuing Annual General Meeting of the Company.

The Company has received the requisite notice under Section 160 of the Companies Act, 2013 from members to proposing their name for being appointed as Independent Directors of the Company.

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 Companies Act, 2013.

Appropriate resolutions for the appointment/re-appointment of Directors are being placed for your approval at the ensuing Annual General Meeting.

Your Directors recommend the appointment/re-appointment of the aforesaid Directors by the Members at the ensuing Annual General Meeting.

### **DIRECTORS' RESPONSIBILITY STATEMENT**

Pursuant to the requirement under Section 217(2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed:

(i) that in the preparation of the annual accounts for the financial year ended 31st March, 2014, the applicable accounting standards have been followed along with proper explanation relating to material departures;

(ii) that the Directors have selected appropriate accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of

affairs of the Company at the end of the financial year and on the loss of the Company for the year under review;

(iii) that the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956 and of Companies Act, 2013 to the extent applicable, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and,

(iv) that the Directors have prepared the annual accounts for the financial year ended 31st March, 2014 on a 'going concern' basis.

### **AUDITORS**

Your Company's auditors, Messrs. Deloitte Haskins & Sells LLP, Chartered Accountants, Mumbai, retire at the conclusion of the forthcoming Annual General Meeting. Your Company has received a letter from them to the effect that their re-appointment, if made, will be in accordance with the provisions of Section 139 of the Companies Act, 2013.

### **COST AUDITORS**

The Company has appointed Messrs. Kailash Sankhlecha & Associates, Cost Accountants, Vadodara as Cost Auditors of our Company for conducting Cost Audit in respect of Bulk Drugs & Formulations of your Company for the year ended 31st March, 2014.

### **ACKNOWLEDGEMENTS**

Your Directors wish to thank all stakeholders and business partners, your Company's bankers, financial institutions, 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

12th August, 2014

Mumbai

# ANNEXURE (1) TO DIRECTORS' REPORT

## CONSERVATION OF ENERGY

	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>A. Power and Fuel Consumption</b>		
<b>1. Electricity</b>		
(a) Purchased		
Unit (in '000 KWH)	68,825	54,412
Total Amount ( ₹ in Millions)	507	383
Rate ( ₹ /Unit)	7.4	7.0
(b) Own Generation through Diesel Generator		
Units (in '000 KWH)	2,605.7	2,881.3
Units per Litre of Diesel Oil	3.3	3.1
Cost ( ₹ /Unit)	19.2	15.0
(c) Own Generation through Gas		
Units (in '000 KWH)	35,637.6	40,801.1
Units per M3 of Gas	3.8	3.7
Cost ( ₹ /Unit)	11.1	8.7
<b>2. Furnace Oil</b>		
Quantity (in '000 Litres)	1,147.2	746.8
Total Amount ( ₹ in Millions)	48.1	32.4
Average Rate	41.9	43.4
<b>3 Gas (for Steam)</b>		
Gas Units (in '000 M3)	8,746.9	8,513.3
Total Amount ( ₹ in Millions)	237.1	195.9
Average Rate ( ₹ /Unit)	27.1	23.0
<b>4 Wood / Briquette</b>		
Quantity (in '000 Kgs)	30,446.7	30,196.1
Total Amount ( ₹ in Millions)	146.9	145.6
Average Rate ( ₹ /Unit)	4.8	4.8

## B. Consumption per unit of production

It is not feasible to maintain product category-wise energy consumption data, since we manufacture a large range of formulations and bulk drugs having different energy requirements.

## C. Energy conservation measures

- 1 Source Electricity through cheaper source wherever feasible for e.g. grid instead of CPP, Wind power instead of Grid Power
- 2 Substitute Natural Gas with briquette as fuel for steam generation in boiler
- 3 Use bio intensifiers along with briquette to improve steam to fuel ratio (improve boiler efficiency)
- 4 Improving power factor by installation of capacitor bank
- 5 Steam Condensor recovery by installation of steam recovery pump
- 6 use of low voltage transformer for lighting load
- 7 Improving insulation (thickness) on steam, chilled water line
- 8 Use LED lights instead of MVL/CFL
- 9 Temperature Controller with FRP cooling fan in cooling towers
- 10 Replace old transformers with efficient transformers to reduce losses from 4% to 2% approximately

## TECHNOLOGY ABSORPTION

### A. Research and Development

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

We continue to make fairly large investments for generic-related pharmaceutical research and technology. This research supports our generic business across all the markets we're present in, and ensures we have a healthy pipeline for future growth. At our four 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 India and world markets. Projects in formulation development and process chemistry help us introduce a large number of new and novel products to the Indian and rest of the world markets including products with complexity or a technology edge. Expertise in medicinal/ process chemistry equips us to be integrated right up to the API stage, for important products, or products where the API is difficult to source. Strong new product capability is an important part of our strategy, and R&D expertise helps us maintain our leadership position in the Indian and ROW market with specialty formulations. The team also works on products that are based on complex drug delivery systems. Complex API like steroids, sex hormones, peptides, carbohydrates immunosuppressant and taxanes which require special skills and technology, are developed and scaled up for both API and dosage forms. This complete integration for important products works to the Company's advantage. These projects may offer higher value addition and revenues.

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

In 2013-14, 29 formulations were introduced across marketing divisions in India. All of these were based on technology developed in-house. Technology for 25 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. Some of the new processes were developed to be non-infringing, so as to support our plans for ANDA filings for the US. 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 48 international markets where a local field force promotes the same. In addition, Taro's formulation development capability supports the filing and scale up of ANDAs for the US and other markets where it is present. 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 facility of your Company under the provision of the Income Tax Act, 1961.

**3. Future plan of action**

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

**4. Expenditure on R&D**

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
a) Capital	471.6	377.2
b) Revenue	3,752.3	2,725.0
<b>c) Total</b>	<b>4,223.9</b>	<b>3,102.2</b>
d) Total R&D expenditure as % of Total Turnover	15.9	13.8

**B. Technology Absorption, Adaptation and Innovation****1. Efforts in brief, made towards technology absorption, adaptation and innovation**

Year after year, your Company continues to invest on R&D, both as revenue expenses as well as capex. A large part of the spend is for complex products, 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 and upgrading continuously the exposure and research understanding of the scientific team in the technologies and therapy areas of our interest.

**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 speciality 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 products which are convenient and safe for administration to patients, products with a technology advantage.
- (d) We are among the few selected companies that have set up completely integrated manufacturing capability for the production of anticancer, hormones, peptide, cephalosporins, immunosuppressant and steroidal drugs.
- (e) The Company has benefited from reduction in cost due to import substitution and increased revenue through higher exports.

**3. Your 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 31st March, 2014	Year ended 31st March, 2013
Earnings	23,168.0	19,615.2
Outgo	12,628.6	7,876.6



# CORPORATE GOVERNANCE

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

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

Sun Pharmaceutical Industries Limited's philosophy on Corporate Governance envisages working towards high levels of transparency, accountability, consistent value systems, delegation across all facets of its operations leading to sharply focused and

operationally efficient growth. The Company tries to work by these principles in all its interactions with stakeholders, including shareholders, employees, customers, suppliers and statutory authorities.

Sun Pharmaceutical Industries Limited is committed to learn and adopt the best practices of Corporate Governance.

## 2. BOARD OF DIRECTORS

The present strength of the Board of Directors of your Company is nine Directors.

Composition and category of Directors is as follows:

Category	Name of the Directors	Inter-se Relationship between Directors
Non – Executive and Non – Independent Director	Mr. Israel Makov (Chairman)	-
Promoter Executive Director	Mr. Dilip S. Shanghvi (Managing Director)	Brother-in-law of Mr. Sudhir V. Valia
Non-Promoter Executive Directors	Mr. Sudhir V. Valia (Whole-time Director)	Brother-in-law of Mr. Dilip S. Shanghvi
	Mr. Sailesh T. Desai (Whole-time Director)	-
Non -Executive Independent Directors	Mr. S. Mohanchand Dadha	-
	Mr. Hasmukh S. Shah	-
	Mr. Keki M. Mistry	-
	Mr. Ashwin S. Dani	-
	Ms. Rekha Sethi #	-

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

Number of Board Meetings held during the year ended 31st March, 2014, and the dates on which held:

Five Board meetings were held during the year.

The dates on which the meetings were held during the year ended 31st March, 2014 are as follows: 28th May, 2013, 9th August, 2013, 30th September, 2013, 13th November, 2013 and 13th February, 2014.

Attendance of each Director at the Board meetings, last Annual General Meeting (AGM), and number of other Directorships and Chairmanships/Memberships of Committee of each Director, is given below:

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

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

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

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

### 3. CODE OF CONDUCT

The Board of Directors have laid down a Code of Conduct for all Board members and senior management of the Company. During the year under review, the Code was made applicable to all the employees of the Company. All the Directors and senior management have affirmed compliance with the Code of Conduct as approved and adopted by the Board of Directors and a declaration to this effect signed by the Managing Director has been annexed to the Corporate Governance Report. The Code of Conduct has been posted on the website of the Company [www.sunpharma.com](http://www.sunpharma.com).

### 4. AUDIT COMMITTEE

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

Mr. Keki M. Mistry is the Chairman of the Committee. The constitution of Audit Committee also meets with the requirements under Section 292A of the Companies Act, 1956. Mr. Sunil R. Ajmera, the Company Secretary of the Company is the Secretary of the Audit Committee.

The terms of reference of the Audit Committee inter alia include overseeing the Company's financial reporting process, reviewing the quarterly/ half-yearly/ annual financial statements, reviewing with the management the financial statements and adequacy of internal audit function, management letters issued by the statutory auditor, recommending the appointment/ re-appointment of statutory auditors and fixation of audit fees, reviewing the significant internal audit findings/ related party transactions, reviewing the Management Discussion

and Analysis of financial condition and result of operations and also statutory compliance issues. The Committee acts as a link between the management, external and internal auditors and the Board of Directors of the Company.

Executives from the Finance Department, Representatives of the Statutory Auditors and Internal Auditors are also invited to attend the Audit Committee Meetings.

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

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

Four Audit Committee Meetings were held during the year ended 31st March, 2014. The dates on which Meetings were held are as follows: 28th May, 2013, 9th August, 2013, 13th November, 2013 and 13th February, 2014. The attendance of each Member of the Committee is given below:

Name of the Director	Chairman/ Member of the Committee	No. of Audit Committee Meetings attended
Mr. Keki M. Mistry	Chairman	4
Mr. S. Mohanchand Dadha	Member	5
Hasmukh S. Shah	Member	5
Mr. Ashwin S. Dani	Member	5

## 5. REMUNERATION OF DIRECTORS

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

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

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

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

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

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

\* Salary includes Special Allowance.

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

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

Notes: -

- The Agreement with Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia and Mr. Sailesh T. Desai, the Executive Directors are for a period of 5 years. Either party to the agreement is entitled to terminate the Agreement by giving to the other party 30 days notice in writing.
- The Company presently does not have a scheme for grant of stock options either to the Executive Directors or employees.
- There is no separate provision for payment of severance fees to Whole-time Director(s).
- The remuneration of Whole-time Director(s) consists only of fixed components
- The details of Equity Shares held by Non-Executive Directors as on 31st March, 2014

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

## 6. SHAREHOLDERS' /INVESTORS' GRIEVANCE COMMITTEE

The Board of the Company had constituted a Shareholders'/Investors' Grievance Committee, comprising of Mr. S. Mohanchand Dadha, Mr. Dilip S. Shanghvi, Mr. Sudhir V. Valia with Mr. Hasmukh S. Shah as the Chairman. The Committee, inter alia, approves issue of duplicate certificates and oversees and reviews all matters connected with the transfer of securities. The Committee looks into shareholders' complaints like transfer of shares, non receipt of balance sheet, non receipt of declared dividends, etc. The Committee oversees the performance of the Registrar and Transfer Agents, and recommends measures for overall improvement in the quality of investor services. The Board of Directors has delegated the power of approving transfer of securities to M/s. Link Intime India Pvt. Ltd, and/or the Company Secretary of the Company.

The Board has designated severally, Mr. Sunil R. Ajmera, Company Secretary and Mr. Ashok I. Bhuta, G.M (Legal & Secretarial) as Compliance Officers.

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

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

#### Investor Complaints:

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

### 7. COMMITTEE OF DIRECTORS (ALLOTMENT)

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

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

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

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

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

### 8. SUBSIDIARY COMPANIES

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

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

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

Copies of the Minutes of the Board Meetings of the unlisted subsidiary Companies were placed at the Board Meetings of the Company held during the year.

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

## 9. GENERAL BODY MEETINGS

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

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

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

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

a) At the Nineteenth Annual General Meeting:

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

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

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

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

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

c) At the Adjourned Twentieth Annual General Meeting:

No Special Resolutions were passed.

d) At Twenty-First Annual General Meeting:

1. Approval for increase in upper limit of remuneration payable to Mr. Sudhir V. Valia, Whole-Time Director of the Company, with effect from 1st April, 2013 up to the remaining period of his tenure, i.e 31st March, 2014.
2. Approval for reappointment of Mr. Sudhir V. Valia as Whole-Time Director of the



Company for further period of five years on such terms and conditions including remuneration with effect from 1st April, 2014 up to 31st March, 2019.

3. Approval for reappointment of Mr. Sailesh T. Desai as Whole-Time Director of the Company for further period of five years on such terms and conditions including remuneration with effect from 1st April, 2014 up to 31st March, 2019.
4. Approval for appointment and remuneration payable to Mr. Aalok Shanghvi, being a relative of a Director, to hold office/ place of profit for the period from 1st April, 2014 up to 31st March, 2019.
5. Approval for raising funds by the Company by issue of Convertible bonds, debentures, equity shares, Global Depository Receipts, American Depository Receipts, etc not exceeding ₹ 120 Billion (Rupees One Hundred Twenty Billion only).
6. Approval for increase in the borrowing limit of the Company not exceeding ₹ 500 Billion (Rupees Five Hundred Billion only)
7. Approval for increase in the limit of inter-corporate loans, guarantees and investments to be made by the Company not exceeding ₹ 500 Billion (Rupees Five Hundred Billion only)

(iii) Postal Ballot

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

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

The brief details of the Postal Ballot are as under:

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

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

Promoter/ Public	No. of Shares held	No. of votes polled			% of votes Polled on outstanding shares	No. of Votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
		Physical	E-voting	Total					
	(1)		(2)		$(3) = \frac{[(2)/(1)]}{*100}$	(4)	(5)	$(6) = \frac{[(4)/(2)]}{*100}$	$(7) = \frac{[(5)/(2)]}{*100}$
Promoters and Promoter Group	659,478,200	0	654,899,648	654,899,648	99.30573	654,899,648	0	100	0
Public – Institutional holders	269,278,594	156,905,559	175,878	157,081,437	58.33417	151,093,142	5,988,295	96.18778	3.812223
Public - Others	106,825,161	2,153,432	24291365	26,444,797	24.75521	26,437,134	7,663	99.97102	0.028977
<b>Total</b>	<b>1,035,581,955</b>								

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

Promoter/ Public	No. of Shares held	No. of votes polled			% of votes Polled on outstanding shares	No. of Votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
		Physical	E-voting	Total					
	(1)		(2)		$(3) = \frac{[(2)/(1)]}{*100}$	(4)	(5)	$(6) = \frac{[(4)/(2)]}{*100}$	$(7) = \frac{[(5)/(2)]}{*100}$
Promoters and Promoter Group	65,9478,200	0	654,899,648	654,899,648	99.30573	654,899,648	0	100	0
Public – Institutional holders	269,278,594	156,824,495	175,878	157,000,373	58.30407	151,012,078	5,988,295	96.18581	3.814192
Public - Others	106,825,161	2,121,071	24,291,135	26,412,206	24.72471	26,401,653	10,553	99.96004	0.039955
<b>Total</b>	<b>1,035,581,955</b>								

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

Promoter/ Public	No. of Shares held	No. of votes polled			% of votes Polled on outstanding shares	No. of Votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
		Physical	E-voting	Total					
	(1)		(2)		$(3) = \frac{[(2)/(1)]}{*100}$	(4)	(5)	$(6) = \frac{[(4)/(2)]}{*100}$	$(7) = \frac{[(5)/(2)]}{*100}$
Promoters and Promoter Group	659,478,200	0	654,899,648	654,899,648	99.30573	654,899,648	0	100	0
Public – Institutional holders	269,278,594	156,824,495	175,878	157,000,373	58.30407	151,012,078	5,988,295	96.18581	3.814192
Public - Others	106,825,161	2,116,716	24,291,121	26,407,837	24.72062	26,399,654	8,183	99.96901	0.030987
<b>Total</b>	<b>1,035,581,955</b>								

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

Promoter/ Public	No. of Shares held	No. of votes polled			% of votes Polled on outstanding shares	No. of Votes in favour	No. of votes against	% of votes in favour on votes polled	% of votes against on votes polled
		Physical	E-voting	Total					
	(1)		(2)		$(3) = \frac{[(2)/(1)]}{*100}$	(4)	(5)	$(6) = \frac{[(4)/(2)]}{*100}$	$(7) = \frac{[(5)/(2)]}{*100}$
Promoters and Promoter Group	659,478,200	0	654,899,648	654,899,648	99.30573	654,899,648	0	100	0
Public – Institutional holders	269,278,594	156,824,495	175,878	157,000,373	58.30407	151,012,078	5,988,295	96.18581	3.814192
Public - Others	106,825,161	2133,759	24,291,280	26,425,039	24.73672	26,417,948	7,091	99.97317	0.026834
<b>Total</b>	<b>1,035,581,955</b>								

## 10. DISCLOSURES

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

keep themselves abreast with the changes in business environment.

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

## 11. MEANS OF COMMUNICATION

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

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

## 12. GENERAL SHAREHOLDER INFORMATION

### 12.1 Annual General Meeting:

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

### 12.2 Financial Calendar (tentative):

Results for quarter ending 30th September, 2014 – Second week of November 2014.
Results for quarter ending 31st December, 2014 – Second week of February 2015.
Audited Results for year ended 31st March, 2015 – 3rd or 4th week of May 2015.

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

From Saturday, 13th September, 2014 to Saturday, 27th September, 2014 (both days inclusive)
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### 12.4 Dividend Payment Date:

On or before 30th September, 2014
-----------------------------------

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

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

### (ii) Payment of Listing Fees

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

### 12.6 Stock Code:

#### Equity Shares

(a) Trading Symbol BSE Ltd. (Demat Segment)	SUN PHARMA 524715
Trading Symbol National Stock Exchange (Demat Segment)	SUNPHARMA
(b) Demat ISIN Numbers in NSDL and CDSL for Equity Shares of ₹ 1/- each	ISIN No.INE044A01036

### 12.7 Stock Market Data

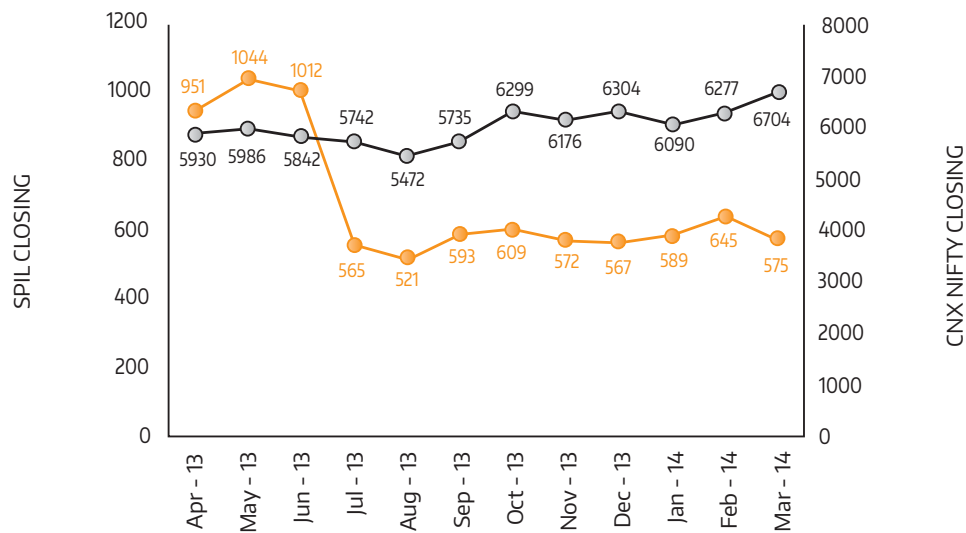
#### Equity Shares of ₹ 1/- paid-up value:

	BSE Ltd. (BSE) (in ₹)		National Stock Exchange of India Ltd. (NSE) (in ₹)	
	Month's High Price	Month's Low Price	Month's High Price	Month's Low Price
April, 2013	980.30	811.00	985.70	810.00
May, 2013	1085.40	928.00	1084.80	928.15
June, 2013	1048.00	916.00	1046.85	915.70
July, 2013	1132.70	560.00	1132.50	560.00
August, 2013	576.20	475.60	576.90	475.35
September, 2013	601.25	500.40	601.90	500.00
October, 2013	650.00	587.50	651.90	588.15
November, 2013	623.00	562.85	623.40	562.60
December, 2013	602.00	555.00	601.90	553.55
January, 2014	617.35	567.90	617.70	568.10
February, 2014	644.90	581.30	647.90	581.50
March, 2014	653.10	552.50	653.35	552.55

(Source: BSE and NSE website)

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

## SPIL Equity Share price versus NSE NIFTY

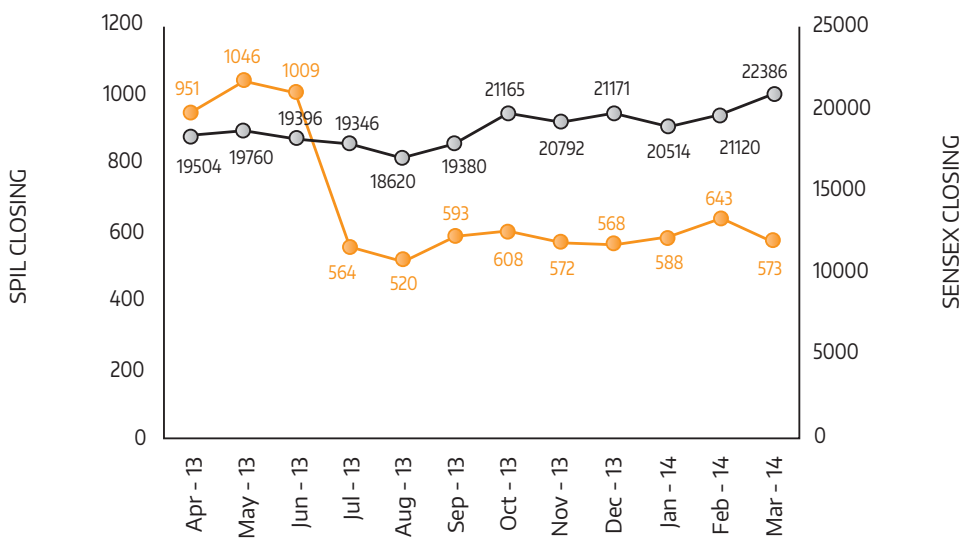


Closing Price of SPIL's  
shares on NSE

Nifty (Closing)

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

## SPIL Equity share price versus BSE SENSEX



Closing Price of SPIL's  
shares on BSE

Sensex (Closing)

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



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

Share price performance relative to BSE Sensex based on share price on 31st March, 2014.

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

Note: Prices have been adjusted for Bonus Issue.

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

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

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

Note: Prices have been adjusted for Bonus Issue.

## 12.9 Registrars & Transfer Agent

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

## 12.10 Share Transfer System

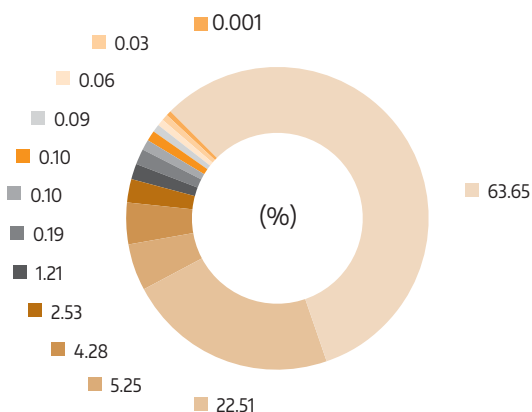
Presently, the share transfers which are received in physical form are processed and transferred by Registrar and Share Transfer Agents and the share certificates are returned within a period of 15 days from the date of receipt, subject to the documents being valid and complete in all respects.

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

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

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

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

**Shareholding Pattern as on 31st March 2014**

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

**12.13 Dematerialization of Shares**

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

**Liquidity:**

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

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

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

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

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

outstanding as at 31st March, 2014.

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

1. Survey No.214 and 20, Govt. Industrial Area, Phase-II, Piparia, Silvassa – 396 230, U.T. of D & NH.
2. Plot No.24/2 and No.25,GIDC, Phase-IV,Panoli – 395 116, Dist. Bharuch, Gujarat.
3. A-7 & A-8, MIDC Industrial Area, Ahmednagar – 414 111, Maharashtra.
4. Plot No. 4708, GIDC, Ankleshwar – 393 002, Gujarat.
5. Sathammai Village, Karunkuzhi Post, Maduranthakam T.K. Kanchipuram Dist. Tamil Nadu – 603 303.
6. Halol-Baroda Highway, Near Anand Kendra,Halol, Dist. Panchmahal- 389350 Gujarat.
7. Plot No. 817/A, Karkhadi – 391 450, Taluka: Padra, Distt. Vadodara, Gujarat.

#### 12.16 Investor Correspondence

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

##### For Shares held in Physical Form

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

##### For Shares held in Demat Form

To the Depository Participant.

[secretarial@sunpharma.com](mailto:secretarial@sunpharma.com)

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

Mr. Sunil R. Ajmera/ Mr. Ashok I. Bhuta/ Mr. Nimish Desai,  
17-B, Mahal Industrial Estate  
Mahakali Caves Road  
Andheri (East),  
Mumbai – 400 093.  
[sunil.ajmera@sunpharma.com](mailto:sunil.ajmera@sunpharma.com)  
[ashok.bhuta@sunpharma.com](mailto:ashok.bhuta@sunpharma.com)  
[nimish.desai@sunpharma.com](mailto:nimish.desai@sunpharma.com)  
[secretarial@sunpharma.com](mailto:secretarial@sunpharma.com)

For and on behalf of the Board

**DILIP S. SHANGHVI**  
*Managing Director*

**SUDHIR V. VALIA**  
*Wholetime Director*

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

Mumbai, 12th August, 2014

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

## DECLARATION OF COMPLIANCE WITH CODE OF CONDUCT

I, Dilip S. Shanghvi, Managing Director of Sun Pharmaceutical Industries Limited ("the Company") hereby declare that, to the best of my information, all the Board Members and Senior Management Personnel of the Company have affirmed their compliance and undertaken to continue to comply with the Code of Conduct laid down by the Board of Directors of the Company.

For Sun Pharmaceutical Industries Ltd.,

**DILIP S. SHANGHVI**  
*Managing Director*

Date: 12th August, 2014

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

To the Members of Sun Pharmaceutical Industries Limited,

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

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

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

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

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

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

Mumbai, 12th August, 2014



# 53-140 FINANCIAL STATEMENTS

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# INDEPENDENT AUDITORS' REPORT

## TO THE MEMBERS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

### Report on the Financial Statements

We have audited the accompanying financial statements of SUN PHARMACEUTICAL INDUSTRIES LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2014, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Financial Statements

The Company's Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ("the Act") (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs) and in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India read together with our remarks in paragraph (c) under the 'Emphasis of Matter' section below. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements, read together with the 'Emphasis of Matter' section below, give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- (a) in the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2014;
- (b) in the case of the Statement of Profit and Loss, of the loss of the Company for the year ended on that date; and
- (c) in the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

### Emphasis of Matter

- (a) We draw attention to Note 48 to the financial statements. As referred to in the said Note, the financial statements of the Company for the year ended 31st March, 2014 were earlier approved by the Board of Directors at their meeting held on 29th May, 2014 which were subject to revision by the Management of the Company so as to give effect to the Scheme of Arrangement for demerger of the specified undertakings of Sun Pharma Global FZE, a wholly owned subsidiary, into the Company w.e.f 1st May, 2013. Those financial statements were audited by us and our report dated 29th May, 2014, addressed to the Members of the Company, expressed an unqualified opinion on those financial statements with an Emphasis of Matter paragraph drawing attention to the foregoing matter. Consequent to the Company obtaining the required approvals, the aforesaid financial statements are revised by the Company to give effect to the said Scheme of Arrangement.
- (b) We draw attention to Note 50 to the financial statements. As referred to in the said Note, consequent to giving effect to the Scheme of Arrangement: (i) remuneration to the Managing Director and the Whole-time Directors for the year ended 31st March, 2014 is in excess of the limits specified under Schedule XIII to the Act, by ₹ 44.7 Million; and (ii) commission of ₹ 6.4 Million for the year ended 31st March, 2014 to the Non-Executive Directors is in excess, since there is absence of net profits for the year under section 309(4) read with section 309(5) of the Act. In this regard, we

have been informed by the Management of the Company that they are in the process of seeking approval from the shareholders of the Company and the Central Government in respect of the aforesaid amounts.

- (c) Apart from the foregoing matters and the provision for proposed dividend, the attached financial statements do not take into account any events subsequent to the date on which the financial statements referred to in (a) above were earlier approved by the Board of Directors and reported upon by us as aforesaid.

Our opinion is not qualified in respect of these matters.

#### **Report on Other Legal and Regulatory Requirements**

1. As required by the Companies (Auditor's Report) Order, 2003 ("the Order") issued by the Central Government in terms of Section 227(4A) of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the Order.
2. As required by Section 227(3) of the Act, we report that:
  - (a) We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
  - (d) In our opinion, the Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement comply with the Accounting Standards notified under the Act (which continue to be applicable in respect of Section 133 of the Companies Act, 2013 in terms of General Circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).
  - (e) On the basis of the written representations received from the directors as on 31st March, 2014 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2014 from being appointed as a director in terms of Section 274(1) (g) of the Act.

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

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

MUMBAI, 29th May, 2014[12th August, 2014 as to effect the matters discussed under the 'Emphasis of Matter' section above]

## **ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT**

**(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

- (i) Having regard to the nature of the Company's business / activities / results during the year, clauses vi, x, xiii, xiv, xviii, xix and xx of paragraph 4 of the Order are not applicable to the Company.
- (ii) In respect of its fixed assets:
  - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of the fixed assets.
  - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
  - (c) The fixed assets disposed off during the year, in our opinion, do not constitute a substantial part of the fixed assets of the Company and such disposal has, in our opinion, not affected the going concern status of the Company.

- (iii) In respect of its inventory:
  - (a) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals.
  - (b) In our opinion and according to the information and explanations given to us, the procedures of physical verification of inventories followed by the Management were reasonable and adequate in relation to the size of the Company and the nature of its business.
  - (c) In our opinion and according to the information and explanations given to us, the Company has maintained proper records of its inventories and no material discrepancies were noticed on physical verification.
- (iv) In respect of loans, secured or unsecured, granted by the Company to companies, firms or other parties covered in the Register maintained under Section 301 of the Companies Act 1956, according to the information and explanations given to us:
  - (a) The Company has granted loans aggregating ₹ 311.0 Million to one party during the year. At the year-end, the outstanding balances of such loans granted was ₹ Nil and the maximum amount involved during the year was ₹ 878.4 Million (number of parties - one).
  - (b) The rate of interest and other terms and conditions of such loans are, in our opinion, prima facie not prejudicial to the interest of the Company.
  - (c) The receipts of principal amounts and interest have been regular as per stipulations.
  - (d) There are no overdue principal amounts and interest remaining outstanding as at the year-end.

The Company has not taken any loans, secured or unsecured, from companies, firms or other parties listed in the Register maintained under Section 301 of the Companies Act, 1956.
- (v) In our opinion and according to the information and explanations given to us, having regard to the explanations that some of the items purchased are of a special nature and suitable alternative sources are not readily available for obtaining comparable quotations, there is an adequate internal control system commensurate with the size of the Company and the nature of its business with regard to purchases of inventory and fixed assets and the sale of goods and services. During the course of our audit, we have not observed any major weakness in such internal control system.
- (vi) In respect of contracts or arrangements entered in the Register maintained in pursuance of Section 301 of the Companies Act, 1956, to the best of our knowledge and belief and according to the information and explanations given to us:
  - (a) The particulars of contracts or arrangements referred to in Section 301 that needed to be entered into the Register maintained under the said Section have been so entered.
  - (b) Where each of such transaction (excluding loans reported under paragraph (iv) above) is in excess of ₹ 5 lakhs in respect of any party, having regard to our comments in paragraph (v) above, the transactions have been made at prices which are prima facie reasonable having regard to the prevailing market prices at the relevant time, other than certain purchases which are of a special nature for which comparable quotations are not available and in respect of which we are, therefore, unable to comment if the transactions have been carried out at prices having regard to the prevailing market prices at the relevant time.
- (vii) In our opinion, the internal audit functions carried out during the year by firms of Chartered Accountants appointed by the Management have been commensurate with the size of the Company and the nature of its business.
- (viii) We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 and the Cost Accounting Records (Pharmaceutical Industry) Rules, 2011 prescribed by the Central Government under Section 209(1)(d) of the Companies Act, 1956 and are of the opinion that *prima facie* the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (ix) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and other material statutory dues applicable to it with the appropriate authorities.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Wealth Tax, Service Tax, Customs Duty, Excise Duty and

other material statutory dues in arrears as at 31st March, 2014 for a period of more than six months from the date they became payable.

- (c) Details of dues of Income Tax, Sales Tax, Wealth Tax, Customs Duty and Excise Duty which have not been deposited as at 31st March, 2014 on account of disputes, are given below:

Statute	Nature of Dues	Forum where dispute is pending	Period to which the amount relates	Amount involved (₹ In Million)
Income Tax Act, 1961	Income Tax, Interest and Penalty	Commissioner	1998-99, 2004-05, 2007-08, 2008-09 and 2009-10	2,692.6
		Tribunal	1997-98	0.2
Sales Tax Act (Various States)	Sales Tax, Interest and Penalty	Assistant / Deputy / Joint Commissioner	1998-99 to 2000-01, 2003-04, 2004-05, 2007-08, 2008-09 and 2010-11	7.5
		Tribunal	1998-99 to 2004-05	3.7
		Appellate Authority	2006-07 to 2009-10	2.2
		High Court	1999-00, 2001-02 to 2003-04, 2005-06 to 2010-11	22.0
Wealth Tax Act, 1957	Wealth Tax	Commissioner	2010-11	0.1
		Tribunal	2002-03 and 2003-04, 2007-08 to 2009-10	0.4
Customs Act, 1962	Custom Duty, Penalty and Interest	High Court	2000-01	14.6
The Central Excise Act, 1944	Excise Duty, Interest and Penalty	Assistant / Deputy / Joint Commissioner	1998-99 to 2013-14	865.1
		Tribunal	2001-02 to 2012-13	494.0
		High Court	1989-90 to 1998-99, 2002-03 to 2004-05	27.5
		Supreme Court	1995-96 to 2003-04	18.6

There were no unpaid disputed dues in respect of service tax during the year.

- (x) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to banks. The Company does not have any dues to financial institutions and has not issued any debentures.
- (xi) In our opinion, the Company has maintained adequate records where it has granted loans and advances on the basis of security by way of pledge of shares. The Company has not granted any loans and advances on the basis of security by way of pledge of debentures and other securities.
- (xii) In our opinion and according to the information and explanations given to us, the terms and conditions of the guarantees given by the Company for loans taken by others from banks and financial institutions, are not *prima facie* prejudicial to the interests of the Company.
- (xiii) In our opinion and according to the information and explanations given to us, the term loans have been applied by the Company during the year for the purposes for which they were obtained.
- (xiv) In our opinion and according to the information and explanations given to us and on an overall examination of the Balance Sheet of the Company, we report that the funds raised on short-term basis have, *prima facie*, not been used during the year for long-term investment.
- (xv) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company has been noticed or reported during the year.

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

Rajesh K. Hiranandani  
Partner  
(Membership No. 36920)

MUMBAI, 29th May, 2014[12th August, 2014 as to effect the matters discussed under the 'Emphasis of Matter' section above]

# BALANCE SHEET

as at 31st March, 2014

₹ in Million

	Note No.	As at 31st March, 2014		As at 31st March, 2013	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	2,071.2		1,035.6	
Reserves and Surplus	2	72,007.6	74,078.8	76,853.2	77,888.8
<b>Non-current Liabilities</b>					
Long-term Borrowings	3	46.4		46.4	
Deferred Tax Liabilities (Net)	4	1,928.4		1,654.1	
Other Long-term Liabilities	5	13.8		10.1	
Long-term Provisions	6	25,241.9	27,230.5	1,314.9	3,025.5
<b>Current Liabilities</b>					
Short-term Borrowings	7	24,043.7		384.9	
Trade Payables	8	3,800.6		3,625.1	
Other Current Liabilities	9	2,336.1		1,451.5	
Short-term Provisions	10	6,880.3	37,060.7	6,089.1	11,550.6
<b>Total</b>			<b>138,370.0</b>		<b>92,464.9</b>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
<b>Fixed Assets</b>					
Tangible Assets	11A	12,575.6		11,347.6	
Intangible Assets	11B	96.1		10.3	
Capital Work-in-Progress		4,804.6		3,480.4	
		17,476.3		14,838.3	
Non-current Investments	12	61,557.3		33,764.9	
Long-term Loans and Advances	13	7,614.9		4,910.9	
Other Non-current Assets	14	1.1	86,649.6	78.3	53,592.4
<b>Current Assets</b>					
Current Investments	15	8,600.0		9,410.5	
Inventories	16	9,183.8		8,687.6	
Trade Receivables	17	4,527.5		7,375.3	
Cash and Cash Equivalents	18	1,414.8		4,311.2	
Short-term Loans and Advances	19	3,093.2		8,495.0	
Other Current Assets	20	24,901.1	51,720.4	592.9	38,872.5
<b>Total</b>			<b>138,370.0</b>		<b>92,464.9</b>

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**RAJESH K. HIRANANDANI**  
Partner

For and on behalf of the Board

**DILIP S. SHANGHVI**  
Managing Director

**UDAY V. BALDOTA**  
Chief Financial Officer

**SUDHIR V. VALIA**  
Wholetime Director

**SUNIL R. AJMERA**  
Company Secretary

**SAILESH T. DESAI**  
Wholetime Director

Mumbai, 12th August, 2014

Mumbai, 12th August, 2014

## STATEMENT OF PROFIT AND LOSS

For the year ended 31st March, 2014

₹ in Million

	Note No.	Year ended 31st March, 2014		Year ended 31st March, 2013	
Revenue from Operations	21	29,282.5		25,184.9	
Less: Excise Duty		994.6		863.5	
		28,287.9		24,321.4	
Other Income	22	1,593.8		2,361.7	
<b>Total Revenue</b>			<b>29,881.7</b>		<b>26,683.1</b>
<b>Expenses</b>					
Cost of Materials Consumed	23	8,946.2		7,057.9	
Purchases of Stock-in-Trade	32	1,850.4		2,009.6	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	24	(145.3)		(105.3)	
Employee Benefits Expense	25	2,796.3		2,348.7	
Depreciation and Amortisation Expense	11	1,019.4		858.2	
Other Expenses	26	14,669.6		7,883.7	
<b>Total Expenses</b>			<b>29,136.6</b>		<b>20,052.8</b>
<b>Profit Before Exceptional Item and Tax</b>			745.1		6,630.3
Exceptional Item	48(iii)		(28,756.0)		-
<b>(Loss) / Profit Before Tax</b>			(28,010.9)		6,630.3
<b>Tax Expense:</b>					
Current Tax	47	-		1,149.8	
Deferred Tax		274.3	274.3	315.0	1,464.8
<b>(Loss) / Profit for the Year</b>			<b>(28,285.2)</b>		<b>5,165.5</b>
<b>Earnings per Share</b>					
Basic and Diluted (₹) Face Value per Equity share - ₹ 1	39		(13.7)		2.5

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

For and on behalf of the Board

RAJESH K. HIRANANDANI  
PartnerDILIP S. SHANGHVI  
Managing DirectorSUDHIR V. VALIA  
Wholetime DirectorSAILESH T. DESAI  
Wholetime DirectorUDAY V. BALDOTA  
Chief Financial OfficerSUNIL R. AJMERA  
Company Secretary

Mumbai, 12th August, 2014

Mumbai, 12th August, 2014



# CASH FLOW STATEMENT

For the year ended 31st March, 2014

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
(Loss) / Profit Before Tax	(28,010.9)	6,630.3
Adjustments for:		
Depreciation and Amortisation Expense	1,019.4	858.2
Loss on Sale of Fixed Assets (net)	21.1	6.0
Finance Costs	183.8	4.4
Interest Income	(890.6)	(2,029.6)
Dividend Income	(0.2)	(0.2)
Net Gain on Sale of Investments	(813.2)	(307.2)
Investments Written off	0.2	-
Provision / Write off for Doubtful Trade Receivables / Advances	97.7	91.5
Net Loss / (Gain) on Cancellation of Forward Exchange Contracts	-	190.7
Net Unrealised Foreign Exchange Loss	813.7	450.5
<b>Operating (Loss) / Profit Before Working Capital Changes</b>	<b>(27,579.0)</b>	<b>5,894.6</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (Increase) / Decrease in Operating Assets:</b>		
Inventories	(496.2)	(2,286.9)
Trade Receivables	3,405.2	(277.1)
Loans and Advances	(932.9)	(641.5)
Other Assets	(24,397.1)	(150.4)
<b>Adjustments for Increase / (Decrease) in Operating Liabilities:</b>		
Trade Payables	168.8	(363.3)
Other Liabilities	883.6	731.9
Provisions	26,384.7	(154.9)
<b>Cash Generated from Operations</b>	<b>(22,562.9)</b>	<b>2,752.4</b>
Net Income Tax Paid	(1,487.7)	(1,687.6)
<b>Net Cash Flow from / (used in) Operating Activities (A)</b>	<b>(24,050.6)</b>	<b>1,064.8</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure on Fixed Assets, including Capital Advances	(4,343.2)	(4,295.4)
Proceeds from Sale of Fixed Assets	20.6	10.9
Short-term Loans / Inter Corporate Deposits		
Given / Placed	(6,694.1)	(9,931.4)
Received back / Matured	9,796.0	8,620.8
Purchase of Investments		
Subsidiary Companies	(6,162.2)	(13,164.9)

# CASH FLOW STATEMENT

For the year ended 31st March, 2014

	Year ended 31st March, 2014	Year ended 31st March, 2013
	₹ in Million	
Others	(194,538.7)	(153,628.7)
Proceeds from Sale of Investments	201,912.7	147,725.4
Net realisation from Investment in erstwhile Partnership Firms	2,697.4	17,880.8
Bank Balances not considered as Cash and Cash Equivalents		
Fixed Deposits Placed	(535.4)	(1,974.3)
Fixed Deposits Matured	1,971.6	11,497.2
Margin Money Placed	(7.4)	(21.4)
Margin Money Matured	17.5	-
Net Gain on Cancellation of Forward Exchange Contracts	-	(190.7)
Interest Received	1,056.4	2,076.9
Dividend Received	0.2	0.2
<b>Net Cash Flow from Investing Activities (B)</b>	<b>5,191.4</b>	<b>4,605.4</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	24,002.0	46.4
Net Decrease in Working Capital Borrowings	(343.2)	(18.1)
Finance Costs	(182.4)	(3.0)
Dividends Paid	(5,175.4)	(4,401.2)
Tax on Dividend	(880.0)	(714.0)
<b>Net Cash Flow from / (used in) Financing Activities (C)</b>	<b>17,421.0</b>	<b>(5,089.9)</b>
<b>Net Increase / (Decrease) in Cash and Cash Equivalents (A+B+C)</b>	<b>(1,438.2)</b>	<b>580.3</b>
Cash and Cash Equivalents at the Beginning of the Year	2,218.1	1,687.2
Effect of Exchange Differences on Restatement of Foreign Currency Cash and Cash Equivalents	(16.7)	(49.4)
<b>Cash and Cash Equivalents at the end of the Year (Refer Note 18)</b>	<b>763.2</b>	<b>2,218.1</b>

See accompanying notes forming part of the Financial Statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**RAJESH K. HIRANANDANI**  
Partner

For and on behalf of the Board

**DILIP S. SHANGHVI**  
Managing Director

**UDAY V. BALDOTA**  
Chief Financial Officer

**SUDHIR V. VALIA**  
Wholetime Director

**SUNIL R. AJMERA**  
Company Secretary

**SAILESH T. DESAI**  
Wholetime Director

Mumbai, 12th August, 2014

Mumbai, 12th August, 2014

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

	As at 31st March, 2014		As at 31st March, 2013	
	Number of Equity Shares	₹ in Million	Number of Equity Shares	₹ in Million
<b>1 SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity Shares of ₹ 1 each	3,000,000,000	3,000.0	1,500,000,000	1,500.0
	<b>3,000,000,000</b>	<b>3,000.0</b>	<b>1,500,000,000</b>	<b>1,500.0</b>
<b>Issued, Subscribed and Fully Paid Up</b>				
Equity Shares of ₹ 1 each (Refer Note 29)	2,071,163,910	2,071.2	1,035,581,955	1,035.6
	<b>2,071,163,910</b>	<b>2,071.2</b>	<b>1,035,581,955</b>	<b>1,035.6</b>

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
<b>2 RESERVES AND SURPLUS</b>				
<b>Capital Reserve</b>				
Opening Balance	259.1		259.1	
Addition during the year (refer note 48(ii))	28,109.9		-	
Closing Balance		28,369.0		259.1
<b>Capital Redemption Reserve</b>				
Opening Balance	154.5		154.5	
Less: Utilised for issue of bonus shares	154.5		-	
Closing Balance		-		154.5
<b>Securities Premium Account</b>				
Opening Balance	15,099.1		15,099.1	
Less : Utilised for issue of bonus shares	881.1		-	
Closing Balance		14,218.0		15,099.1
<b>General Reserve</b>				
Opening Balance	29,260.0		28,740.0	
Add: Transferred from Surplus in Statement of Profit and Loss	-		520.0	
Closing Balance		29,260.0		29,260.0
<b>Surplus in Statement of Profit and Loss</b>				
Opening Balance	32,080.5		33,492.9	
Add: (Loss) / Profit for the year	(28,285.2)		5,165.5	
Less: Dividend proposed to be distributed to Equity Shareholders [₹ 1.5 (Previous Year ₹ 5.0) per Share]	3,106.7		5,177.9	
Corporate Dividend Tax	528.0		880.0	
Transferred to General Reserve	-		520.0	
	3,634.7		6,577.9	
Closing Balance		160.6		32,080.5
		<b>72,007.6</b>		<b>76,853.2</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
<b>3 LONG-TERM BORROWINGS</b>				
Term Loan from Department of Biotechnology (Secured)		46.4		46.4
(Secured by hypothecation of assets and goods pertaining to the project)		<b>46.4</b>		<b>46.4</b>
[Repayable in 10 (Previous Year 10) half- yearly installments of ₹ 4.6 Million each commencing from 31st March, 2017, Last installment is due on 30th September, 2021.]				
<b>4 DEFERRED TAX LIABILITIES (NET)</b>				
<b>Deferred Tax Liability</b>				
Depreciation on Fixed Assets		2,043.5		1,744.0
<b>Less :</b>				
<b>Deferred Tax Assets</b>				
Unpaid Liabilities Allowable on payment basis U/s 43B of the Income Tax Act, 1961	66.9		41.0	
Others	48.2	115.1	48.9	89.9
		<b>1,928.4</b>		<b>1,654.1</b>
<b>5 OTHER LONG-TERM LIABILITIES</b>				
Interest accrued but not due on borrowings		2.8		1.4
Trade / Security Deposits Received		11.0		8.7
		<b>13.8</b>		<b>10.1</b>
<b>6 LONG-TERM PROVISIONS</b>				
Employee Benefits		95.4		87.0
MTM Loss on outstanding Forward Contracts		1,984.6		1,227.9
Provision - Other [Refer note 48(iii)]		23,161.9		-
		<b>25,241.9</b>		<b>1,314.9</b>
<b>7 SHORT-TERM BORROWINGS</b>				
<b>Secured Borrowings</b>				
Loans Repayable on Demand				
Cash Credit Facility from Banks		41.7		384.9
(Secured by hypothecation of Inventories and Trade Receivables)				
<b>Unsecured Borrowings</b>				
Term Loan from bank		24,002.0		-
		<b>24,043.7</b>		<b>384.9</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
<b>8 TRADE PAYABLES</b>				
Due to Micro and Small Enterprises (Refer Note 37)		69.7		66.2
Other Payables		3,730.9		3,558.9
		<b>3,800.6</b>		<b>3,625.1</b>
<b>9 OTHER CURRENT LIABILITIES</b>				
Investor Education and Protection Fund shall be credited by Unpaid Dividends (not due)		52.4		45.1
Statutory Remittances		295.0		288.5
Payables on Purchase of Fixed Assets		362.7		366.7
Advances from / Payable to Subsidiary Company / Customers (Refer Note 38)		1,618.2		743.3
Others		7.8		7.9
		<b>2,336.1</b>		<b>1,451.5</b>
<b>10 SHORT-TERM PROVISIONS</b>				
Employee Benefits		95.3		31.2
Dividend proposed to be distributed to equity Shareholders		3,106.7		5,177.9
Corporate Dividend Tax		528.0		880.0
Provision - Other [Refer Note 48(iii)]		3,150.3		-
		<b>6,880.3</b>		<b>6,089.1</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 11 FIXED ASSETS

₹ in Million

Description of Assets	Gross Block (At Cost)			Depreciation / Amortisation / Impairment			Net Block	
	As at 01.04.2013	Transfer on Demerger**	Additions during the year	Deletions during the year	As at 31.03.2014	On Deletions for the year	As at 01.04.2013	As at 31.03.2014
<b>A. TANGIBLE ASSETS</b>								
Freehold Land	188.7 (173.4)	- (-)	3.4 (15.3)	- (-)	192.1 (188.7)	- (-)	- (-)	192.1 (188.7)
Leasehold Land	137.8 (137.8)	- (-)	- (-)	- (-)	137.8 (137.8)	2.1 (2.1)	11.5 (9.4)	126.3 (128.4)
Buildings	2,921.7 (2,745.5)	- (-)	204.5 (176.2)	- (-)	3,126.2 (i) (2,921.7)	83.5 (76.7)	693.3 (609.8)	2,432.9 (2,311.9)
Buildings - Leased *	193.6 (193.6)	- (-)	2.8 (-)	- (-)	196.4 (i) (193.6)	6.3 (6.2)	56.0 (49.7)	140.4 (143.9)
Plant and Equipment	12,770.5 (10,651.2)	- (-)	1,878.3 (2,146.5)	75.0 (27.2)	14,573.8 (12,770.5)	832.4 (706.9)	5,535.9 (ii) (4,741.6)	9,037.9 (8,028.9)
Plant and Equipment- Leased *	25.3 (25.3)	- (-)	- (-)	- (-)	25.3 (25.3)	1.2 (1.2)	4.1 (2.9)	21.2 (22.4)
Vehicles	225.6 (183.1)	- (-)	73.1 (51.6)	9.0 (9.1)	289.7 (225.6)	21.9 (18.4)	83.5 (66.3)	206.2 (159.3)
Office Equipment	351.3 (321.6)	- (-)	65.7 (31.9)	0.8 (2.2)	416.2 (351.3)	27.3 (21.8)	231.7 (ii) (204.7)	184.5 (146.6)
Furniture and Fixtures	382.2 (344.1)	- (-)	39.0 (38.5)	0.1 (0.4)	421.1 (382.2)	22.4 (21.5)	187.0 (ii) (164.7)	234.1 (217.5)
<b>Total Tangible Assets</b>	<b>17,196.7</b> (14,775.6)	<b>-</b> (-)	<b>2,266.8</b> (2,460.0)	<b>84.9</b> (38.9)	<b>19,378.6</b> (17,196.7)	<b>997.1</b> (854.8)	<b>6,803.0</b> (5,849.1)	<b>12,575.6</b> (11,347.6)
<b>B. INTANGIBLE ASSETS</b>								
Trademarks, Designs and Other Intangible Assets	54.7 (54.7)	227.0 (-)	75.0 (-)	- (-)	356.7 (54.7)	193.9 (3.4)	260.6 (ii) (44.4)	96.1 (10.3)
<b>Total Intangible Assets</b>	<b>54.7</b> (54.7)	<b>227.0</b> (-)	<b>75.0</b> (-)	<b>-</b> (-)	<b>356.7</b> (54.7)	<b>22.3</b> (3.4)	<b>260.6</b> (44.4)	<b>10.3</b> (10.3)
<b>Total Fixed Assets</b>	<b>17,251.4</b> (14,830.3)	<b>227.0</b> (-)	<b>2,341.8</b> (2,460.0)	<b>84.9</b> (38.9)	<b>19,735.3</b> (17,251.4)	<b>1,019.4</b> (858.2)	<b>7,063.6</b> (5,893.5)	<b>12,671.7</b> (11,357.9)

\* Refer Note 42(a)

\*\* Refer Note 48

### Footnotes:

- (i) Buildings include ₹ 8,620 (Previous Year ₹ 8,620) towards cost of shares in a Co-operative Housing Society.
- (ii) Includes Impairment of ₹ 29.1 Million (Previous Year ₹ 29.1 Million)
- (iii) Previous Year figures are in brackets



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

		₹ in Million	
	As at 31st March, 2014	As at 31st March, 2013	
<b>12 NON-CURRENT INVESTMENTS</b>			
<b>Long-term Investments (At Cost)</b>			
<b>A) Trade Investments - Unquoted</b>			
<b>a) In Equity Instruments</b>			
<b>i) In Subsidiary Companies</b>			
Caraco Pharmaceutical Laboratories Ltd.	304.2	304.2	
8,387,666 (Previous Year 8,387,666) fully paid Common Shares of No Par Value			
Zao Sun Pharma Industries Ltd.	-	0.2	
Nil (Previous Year 1,000) Shares of Rubbles			
20 each fully paid (Liquidated during the year)			
Sun Pharma Global Inc. BVI	9,628.9	9,628.9	
2,471,515 (Previous Year 2,471,515) Shares of US \$ 1 each fully paid			
TKS Farmaceutica Ltda.	18.3	18.3	
829,288 (Previous Year 829,288) quota of Capital Stock of Real (R\$) 1 each fully paid			
Sun Pharma De Mexico, S.A. DE C.V.	3.3	3.3	
750 (Previous Year 750) Common Shares of no Face Value			
Sun Pharmaceutical (Bangladesh) Ltd.			
434,469 (Previous Year 434,469) Ordinary Shares of 100 Takas each fully paid	36.5	36.5	
Share Application Money	31.6	31.6	
Sun Pharmaceutical Peru S.A.C.	0.0	0.0	
[₹ 21,734 (Previous Year ₹ 21,734)]			
149 (Previous Year 149) Ordinary Shares of Soles			
10 each fully paid			
SPIL DE Mexico SA DE CV	0.2	0.2	
100 (Previous Year 100)			
Nominative and free Shares of \$500 Mexican Pesos each fully paid			
OOO "Sun Pharmaceutical Industries" Ltd	8.8	0.1	
Par value stock of 5,249,500 Rubbles (Previous Year 49,500 Rubbles) fully paid			
Green Eco Development Centre Ltd	1.0	1.0	
100,000 (Previous Year 100,000) Shares of ₹ 10 each fully paid			
Sun Pharma De Venezuela, C.A.	0.5	0.5	
1,000 (Previous Year 1,000) Shares of Bolivars (Bs.F.)			
100 each, Bolivars (Bs.F.) 50 per share paid			

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

	₹ in Million	
	As at 31st March, 2014	As at 31st March, 2013
Sun Pharma Laboratories Limited	1.5	1.5
50,000 (Previous Year 50,000) Shares of ₹ 10 each fully paid		
Faststone Mercantile Company Pvt Ltd	0.1	0.1
10,000 (Previous Year 10,000) Shares of ₹ 10 each fully paid		
Neetnav Real Estate Pvt Ltd.	0.1	0.1
10,000 (Previous Year 10,000) Shares of ₹ 10 each fully paid		
Realstone Multitrade Private Limited	0.1	0.1
10,000 (Previous Year 10,000) Shares of ₹ 10 each fully paid		
Skisen Labs Pvt Ltd.	0.1	0.1
10,000 (Previous Year 10,000) Shares of ₹ 10 each fully paid		
Softdeal Trading Private Limited	0.1	0.1
10,000 (Previous Year 10,000) Shares of ₹ 10 each fully paid		
Sun Pharma Drugs Pvt. Ltd (merged with Sun Pharma Laboratories Limited w.e.f. 1st September, 2012)	-	200.0
Nil (Previous Year 20,000,000) Shares of ₹ 10 each fully paid		
Sun Pharma Medication Pvt. Ltd (merged with Sun Pharma Laboratories Limited w.e.f. 1st September, 2012)	-	200.0
Nil (Previous Year 20,000,000) Shares of ₹ 10 each fully paid		
	10,035.3	10,426.8
<b>ii) In Other Company</b>		
Enviro Infrastructure Co. Ltd.	1.0	1.0
100,000 (Previous Year 100,000) Shares of ₹ 10 each fully paid		
	<b>10,036.3</b>	<b>10,427.8</b>
<b>b) In Preference Shares</b>		
<b>In Subsidiary Companies</b>		
Sun Pharma Laboratories Limited		
4,000,000 (Previous Year Nil) 10% Redeemable Preference Shares of ₹ 100 each fully paid	400.0	-
Alkaloida Chemical Company Zrt.	8,052.0	-
3,000,000 (Previous Year Nil) 2% Redeemable Preference Shares of \$ 15 each fully paid at a premium of \$ 35 per share		
Sun Pharma Global Inc. BVI		
83,750,000 (Previous Year 83,750,000) 2% Redeemable Optionally Convertible Preference Shares of \$ 1 each fully paid	3,805.7	3,805.7
700,000,000 (Previous Year 41,250,000) 5% Redeemable Cumulative Preference Shares of \$ 1 each fully paid	38,535.0	2,252.1
Share Application Money	111.0 50,903.7	10,912.0 16,969.8

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

	₹ in Million	
	As at 31st March, 2014	As at 31st March, 2013
<b>c) In Partnership Firm</b>		
Sun Pharma Drugs * (Previous Year ₹ 94) (Dissolved on 19th August, 2013)	-	0.0
<b>d) In Government Securities</b>		
National Savings Certificates ₹ 10,000 (Previous Year ₹ 10,000) (Deposited with Government Authorities)	0.0	0.0
<b>Total (A)</b>	<b>60,940.0</b>	<b>27,397.6</b>
<b>B) Other Investments</b>		
<b>a) In Debentures</b>		
<b>Quoted</b>		
Housing Development Finance Corporation Ltd - 9.9% Secured Redeemable NCD 23DC18 250 (Previous Year 250) Debentures of ₹ 1,000,000 each fully paid Market Value ₹ 259.7 Million (Previous Year ₹ 267.4 Million)	250.0	250.0
<b>b) In Bonds</b>		
<b>Quoted</b>		
National Highways Authority of India 61,809 (Previous Year 61,809) Bonds of ₹ 1,000 each fully paid Market Value ₹ 64.4 Million (Previous Year ₹ 67.6 Million)	61.8	61.8
Power Finance Corporation Ltd Tax Free Bonds 142,393 (Previous Year 142,393) Bonds of ₹ 1,000 each fully paid Market Value ₹ 148.0 Million (Previous Year ₹ 155.3 Million)	142.4	142.4
Indian Railway Finance Corporation Ltd -8/8.15 LOA 23FB22 163,131 (Previous Year 163,131) Bonds of ₹ 1,000 each fully paid Market Value ₹ 167.6 Million (Previous Year ₹ 175.7 Million)	163.1	163.1
	367.3	367.3
<b>c) In Mutual Funds (Unquoted) (**)</b>		
<b>Units of Face Value of ₹ 10 Each</b>		
Axis Mutual Fund- AXIS Fixed Term Plan - Series 34 (392) Days Direct Growth Nil (Previous Year 20,000,000) Units	-	200.0
Baroda Pioneer Mutual Fund- Baroda Pioneer FMP- Series B Plan B (378 Days)-Growth Plan Nil (Previous Year 10,000,000) Units	-	100.0
Deutsche Mutual Fund-DWS Fixed Maturity Plan- Series - 26 Direct Plan-Growth Nil (Previous Year 40,000,000) Units	-	400.0

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

	₹ in Million	
	As at 31st March, 2014	As at 31st March, 2013
DSP BlackRock Mutual Fund -DSP BlackRock FMP -Series-12.5M-Direct-Growth Nil (Previous Year 50,000,000) Units	-	500.0
DSP BlackRock Mutual Fund -DSP BlackRock -FMP - Series 89 -12M-Direct-Growth Nil (Previous Year 50,000,000) Units	-	500.0
HSBC Global Asset Management-HSBC Fixed Term Series 90- Growth Direct Plan- Tenure 375 DAYS Nil (Previous Year 10,000,000) Units	-	100.0
ICICI Prudential Mutual Fund-ICICI Prudential FMP Series 66 - 420 Days Plan A Direct Plan Cumulative Nil (Previous Year 25,000,000) Units	-	250.0
JP Morgan Asset Management -JP Morgan India Fixed Maturity Plan Series 16-Direct Growth Nil (Previous Year 35,000,000) Units	-	350.0
Kotak Mutual Fund-Kotak FMP Series 97 -Direct Growth Nil (Previous Year 50,000,000) Units	-	500.0
L&T Mutual Fund-L&T FMP - VII (March 381D A) Direct Plan Growth Nil (Previous Year 20,000,000) Units	-	200.0
Reliance Mutual Fund-Reliance Fixed Horizon Fund -XXIII-Series 5-Direct Plan-Growth Plan (8M-AG) Nil (Previous Year 100,000,000) Units	-	1,000.0
Religare Mutual Fund- Religare Fixed Maturity Plan - Series XVII - Plan A (17 months)-Direct Plan-Growth Nil (Previous Year 14,000,000) Units	-	140.0
Religare Mutual Fund- Religare Fixed Maturity Plan - Series XVII - Plan F (392 days)-Direct Plan-Growth Nil (Previous Year 25,000,000) Units	-	250.0
Religare Mutual Fund- Religare Fixed Maturity Plan - Series XVIII - Plan B (386 days)-Direct Plan-Growth Nil (Previous Year 16,000,000) Units	-	160.0
SBI Mutual Fund-SBI Debt Fund Series - 13 Months -15-Direct Plan-Growth Nil (Previous Year 25,000,000) Units	-	250.0
Tata Mutual Fund- TATA Fixed Maturity Plan Series 42 Scheme B-Direct Plan-Growth Nil (Previous Year 20,000,000) Units	-	200.0
<b>Units of Face Value of ₹ 1,000 each</b>		
Pramerica Mutual Fund-Pramerica Fixed Duration Fund-Series 5-Direct Plan-Growth Nil (Previous Year 150,000) Units	-	150.0
	-	5,250.0

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

		₹ in Million	
		As at 31st March, 2014	As at 31st March, 2013
d) In Deposit			
Unquoted			
Housing Development Finance Corporation Ltd		-	500.0
<b>Total (B)</b>		<b>617.3</b>	<b>6,367.3</b>
<b>Total (A+B)</b>		<b>61,557.3</b>	<b>33,764.9</b>
<b>AGGREGATE VALUE OF INVESTMENTS</b>		<b>Book Value</b>	<b>Market Value</b>
Quoted		617.3	639.7
Unquoted		60,940.0	33,147.6
* Partners		Share	Capital
Sun Pharmaceutical Industries Limited (Previous Year ₹ 94)		-	-
Sun Pharmaceutical Industries Key Employees' Benefit Trust (Previous Year ₹ (94))		-	-
** Listed			
<b>13 LONG-TERM LOANS AND ADVANCES</b>			
(Unsecured – Considered Good)			
Capital Advances		2,438.3	1,765.1
Security Deposits		138.0	138.3
Loans and Advances to Related Parties (Refer Notes 38 and 44)		441.1	77.4
Loans and Advances to Employees / Others		46.3	50.9
Prepaid Expenses		15.8	17.8
Advance Income Tax [Net of Provisions ₹ 2,600.7 Million (Previous Year ₹ 2,600.7 Million)]		3,885.4	2,397.7
Advance Fringe Benefit Tax		0.2	0.2
Balances with Government Authorities		649.8	463.5
		<b>7,614.9</b>	<b>4,910.9</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
<b>14 OTHER NON-CURRENT ASSETS</b>				
(Unsecured – Considered Good)				
Interest Accrued on Investments		-		77.0
Unamortised Premium on Investments		1.1		1.3
		<b>1.1</b>		<b>78.3</b>

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
<b>15 CURRENT INVESTMENTS</b>				
<b>A) Current Portion of Long-term Investments (At Cost)</b>				
<b>a) In Mutual Funds (Unquoted) (*)</b>				
<b>Units of Face Value of ₹ 10 Each</b>				
Axis Mutual Fund- AXIS Fixed Term Plan - Series 34 (392) Days Direct Growth	200.0		-	
20,000,000 (Previous Year Nil) Units				
Birla Sun Life Fixed Term Plan-Series HL(366 days)-Growth Direct	250.0		-	
25,000,000 (Previous Year Nil) Units				
Baroda Pioneer Mutual Fund- Baroda Pioneer FMP- Series B Plan B (378 Days)-Growth Plan	100.0		-	
10,000,000 (Previous Year Nil) Units				
Deutsche Mutual Fund-DWS Fixed Maturity Plan- Series - 26 Direct Plan-Growth	400.0		-	
40,000,000 (Previous Year Nil) Units				
DSP BlackRock Mutual Fund -DSP BlackRock FMP -Series 88-12.5M-Direct-Growth	500.0		-	
50,000,000 (Previous Year Nil) Units				
DSP BlackRock Mutual Fund -DSP BlackRock -FMP - Series 89 -12M-Direct-Growth	500.0		-	
50,000,000 (Previous Year Nil) Units				
DSP BlackRock Mutual Fund -DSP BlackRock -FMP - Series 110 -12M-Reg-Growth	250.0		-	
25,000,000 (Previous Year Nil) Units				
HSBC Global Asset Management-HSBC Fixed Term Series 90- Growth Direct Plan- Tenure 375 DAYS	100.0		-	
10,000,000 (Previous Year Nil) Units				
HSBC Global Asset Management-HSBC Fixed Term Series 94- Growth Direct Plan- Tenure 371 DAYS	150.0		-	
15,000,000 (Previous Year Nil) Units				



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014	As at 31st March, 2013
ICICI Prudential Mutual Fund-ICICI Prudential FMP Series 66 - 420 Days Plan A Direct Plan Cumulative 25,000,000 (Previous Year Nil) Units	250.0	-
JP Morgan Asset Management -JP Morgan India Fixed Maturity Plan Series 16-Direct Growth 35,000,000 (Previous Year Nil) Units	350.0	-
Kotak Mutual Fund-Kotak FMP Series 97 -Direct Growth 50,000,000 (Previous Year Nil) Units	500.0	-
L&T Mutual Fund-L&T FMP - VII (March 381D A) Direct Plan Growth 20,000,000 (Previous Year Nil) Units	200.0	-
Reliance Mutual Fund-Reliance Fixed Horizon Fund -XXIII-Series 5-Direct Plan-Growth Plan - 8MAG 100,000,000 (Previous Year Nil) Units	1,000.0	-
Religare Invesco Mutual Fund- Religare Fixed Maturity Plan - Series XVII - Plan A (17 months)-Direct Plan-Growth 14,000,000 (Previous Year Nil) Units	140.0	-
Religare Invesco Mutual Fund- Religare Fixed Maturity Plan - Series XVII - Plan F (392 days)-Direct Plan-Growth 25,000,000 (Previous Year Nil) Units	250.0	-
Religare Invesco Mutual Fund- Religare Fixed Maturity Plan - Series XVIII - Plan B (386 days)-Direct Plan-Growth 16,000,000 (Previous Year Nil) Units	160.0	-
SBI Mutual Fund-SBI Debt Fund Series - 13 Months - 15-Direct Plan-Growth 25,000,000 (Previous Year Nil) Units	250.0	-
Tata Mutual Fund- TATA Fixed Maturity Plan Series 42 Scheme B-Direct Plan-Growth 20,000,000 (Previous Year Nil) Units	200.0	-
Baroda Pioneer Mutual Fund-Baroda Pioneer Fixed Maturity Plan- Series A Plan B Growth Nil (Previous Year 15,000,000) Units	-	150.0
BNP Paribas Mutual Fund-BNP Paribas Fixed Term Fund Series 25 A Direct Nil (Previous Year 20,000,000) Units	-	200.0
BNP Paribas Mutual Fund- 618DG/BNP Paribas Fixed Term Fund Series 26 C DirectPlan Growth 15,000,000 (Previous Year Nil) Units	150.0	-
Deutsche Mutual Fund-DWS Fixed Maturity Plan-Series- 27 Direct Plan-Growth Nil (Previous Year 30,000,000) Units	-	300.0

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

	As at 31st March, 2014		As at 31st March, 2013	
Deutsche Mutual Fund-DWS Fixed Maturity Plan- Series - 32 Direct Plan-Growth	400.0		-	
40,000,000 (Previous Year Nil) Units				
DSP BlackRock Mutual Fund -DSP BlackRock FMP -Series 84 - 12M-Dir-Growth	-		250.0	
Nil (Previous Year 25,000,000) Units				
HDFC Mutual Fund-HDFC FMP 369D December 2012(1) - Growth	-		200.0	
Nil (Previous Year 19,999,990) Units				
HDFC Mutual Fund-HDFC FMP 372D January 2013 (2) -Direct -Growth	-		100.0	
Nil (Previous Year 10,000,000) Units				
HDFC Mutual Fund-HDFC Annual Interval Fund Series 1 Plan A-Direct-Growth	-		250.0	
Nil (Previous Year 25,000,000) Units				
HDFC Mutual Fund-HDFC FMP 370D Aug 2013 (3) series 27-Regular -Growth	500.0		-	
50,000,000 (Previous Year Nil) Units				
ICICI Prudential Mutual Fund-ICICI Prudential FMP Series 65-367 Days Plan H Cumulative	-		200.0	
Nil (Previous Year 19,999,990) Units				
ICICI Prudential Mutual Fund-ICICI Prudential Interval Fund Series VI Annual Interval Plan C-Direct Plan-Cumulative	-		250.0	
Nil (Previous Year 25,000,000) Units				
ICICI Prudential Mutual Fund-ICICI Prudential Interval Fund Series VI -Annual Interval Plan D-Direct Plan-Cumulative	-		100.0	
Nil (Previous Year 10,000,000) Units				
ICICI Prudential Mutual Fund-ICICI Prudential FMP Series 67 - 366 Days Plan B Direct Plan Cumulative	-		200.0	
Nil (Previous Year 20,000,000) Units				
ICICI Prudential Mutual Fund-ICICI Prudential FMP Series 69 - 366 Days Plan G Direct Plan Cumulative	250.0		-	
25,000,000 (Previous Year Nil) Units				
JP Morgan Asset Management -JP Morgan India Fixed Maturity Plan Series 17-Direct Growth	-		400.0	
Nil (Previous Year 40,000,000) Units				
JP Morgan Asset Management -JP Morgan India Annual Interval Fund-Direct Growth	150.0		-	
15,000,000 (Previous Year Nil) Units				
L&T Mutual Fund-L&T FMP - VII (March 367D A) Direct Plan Growth	-		250.0	
Nil (Previous Year 25,000,000) Units				

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
Reliance Mutual Fund-Reliance Fixed Horizon Fund - XX II-Series 35-Growth Plan (8D-GP) Nil (Previous Year 19,999,990) Units	-		200.0	
Reliance Mutual Fund-Reliance Yearly Interval Fund Series 1 -Direct Plan-Growth (Y1-AG) Nil (Previous Year 20,000,000) Units	-		200.0	
Reliance Mutual Fund-Reliance Yearly Interval Fund Series 4 -Direct Plan-Growth (Y4-AG) Nil (Previous Year 25,000,000) Units	-		250.0	
Reliance Mutual Fund-Reliance Fixed Horizon Fund - XX IV-Series 11-Growth Plan -9GAG 25,000,000 (Previous Year Nil) Units	250.0		-	
Religare Mutual Fund-Religare FMP Series XVI Plan D (370 Days) Growth Nil (Previous Year 10,000,000) Units	-		100.0	
Religare Mutual Fund- Religare Fixed Maturity Plan - Series XVII - Plan E (369 days)-Direct Plan-Growth Nil (Previous Year 20,000,000) Units	-		200.0	
Religare Mutual Fund- Religare Fixed Maturity Plan - Series XVIII - Plan A (369 days)-Direct Plan-Growth Nil (Previous Year 15,000,000) Units	-		150.0	
Religare Invesco Mutual Fund- Religare Fixed Maturity Plan - Series XIX - Plan F (370 days)-Direct Plan-Growth 30,000,000 (Previous Year Nil) Units	300.0		-	
SBI Mutual Fund-SBI Debt Fund Series - 366 Days -23-Direct Plan-Growth Nil (Previous Year 25,000,000) Units	-		250.0	
UTI Mutual Fund-UTI Fixed Term Income Fund Series XIV-V (366 Days) Direct-Growth Nil (Previous Year 40,000,000) Units	-		400.0	
Units of Face Value of ₹ 1,000 each				
Pramerica Mutual Fund-Pramerica Fixed Duration Fund-Series 5-Direct Plan-Growth Option 150,000 (Previous Year Nil) Units	150.0		-	
		<b>7,900.0</b>		<b>4,600.0</b>
<b>b) In Deposits</b>				
<b>Unquoted</b>				
Housing Development Finance Corporation Ltd	500.0		500.0	
SICOM Limited	-	500.0	250.0	750.0
<b>Total (A)</b>		<b>8,400.0</b>		<b>5,350.0</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014	As at 31st March, 2013
<b>B) Other Current Investments</b>		
a) In Mutual Funds (Unquoted)		
Units of Face Value of ₹ 10 each		
JM Financial Mutual Fund-JM High Liquidity Fund Growth Option (13)	-	120.0
Nil (Previous Year 3,756,339) Units		
Units of Face Value of ₹ 100 each		
ICICI Prudential Mutual Fund-ICICI Prudential Money Market Fund Regular Plan Growth	-	200.0
Nil (Previous Year 1,233,984) Units		
Units of Face Value of ₹ 1,000 each		
Axis Mutual Fund - Axis Liquid Fund- Direct Plan Growth	-	120.0
Nil (Previous Year 92,395) Units		
Indiabulls Mutual Fund- Indiabulls Liquid Fund -Direct Plan-Growth	-	200.0
Nil (Previous Year 175,447) Units		
Morgan Stanley Mutual Fund-Morgan Stanley Liquid Fund-Growth Plan	-	150.0
Nil (Previous Year 130,335) Units		
Deutsche Mutual Fund-DWS Insta Cash Plus Fund-Super Institutional Plan-Growth	200.0	-
1,203,192 (Previous Year Nil) Units		
Pramerica Mutual Fund-Pramerica Liquid Fund-Growth	-	150.0
Nil (Previous Year 119,904) Units		
Religare Mutual Fund-Religare Liquid Fund-Direct Plan-Growth	-	150.0
Nil (Previous Year 93,096) Units		
	200.0	1,090.0
b) In Commercial Paper (Unquoted)		
Morgan Stanley India Capital Pvt Ltd - 180D CP 14AG13	-	238.1
Nil (Previous Year 500) Units of ₹ 500,000 each fully paid		
Morgan Stanley India Capital Pvt Ltd - 270D CP 12NV13	-	232.4
Nil (Previous Year 500) Units of ₹ 500,000 each fully paid		
	-	470.5
c) In Deposits (Unquoted)		
Housing Development Finance Corporation Ltd.	-	2,000.0
SICOM Limited	-	500.0
	-	2,500.0
<b>Total (B)</b>	<b>200.0</b>	<b>4,060.5</b>
<b>Total (A+B)</b>	<b>8,600.0</b>	<b>9,410.5</b>
* Listed		

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
<b>16 INVENTORIES</b>				
Raw Materials and Packing Materials	5,110.1		4,907.7	
Goods-in-Transit	6.3	5,116.4	25.6	4,933.3
Work-in-Progress		2,715.5		2,072.6
Finished Goods		963.6		1,461.2
Other Materials and Consumables	388.3		220.3	
Goods-in-Transit	-	388.3	0.2	220.5
		<b>9,183.8</b>		<b>8,687.6</b>
<b>17 TRADE RECEIVABLES</b>				
(Unsecured – Considered Good unless stated otherwise)				
Outstanding for a period exceeding Six Months from the date they are due for payment				
Considered Good	1,097.8		661.4	
Doubtful	139.1		131.7	
	1,236.9		793.1	
Less: Provision for Doubtful Trade Receivables	139.1	1,097.8	131.7	661.4
Other Trade Receivables		3,429.7		6,713.9
		<b>4,527.5</b>		<b>7,375.3</b>
<b>18 CASH AND CASH EQUIVALENTS</b>				
<b>Balances that meet the definition of Cash and Cash Equivalents as per AS3 Cash Flow Statements</b>				
Cash on Hand		4.1		4.7
Balances with Banks				
In Current Accounts	116.9		155.5	
In Deposit Accounts with Original Maturity less than 3 Months	-		140.0	
In EEFC Accounts	642.2	759.1	1,917.9	2,213.4
		763.2		2,218.1
<b>Other Bank Balances</b>				
In Deposit Accounts (Refer Footnote)	538.3		1,974.5	
In Earmarked Accounts				
Unpaid Dividend Accounts	47.2		42.4	
Balances held as Margin Money or Security against Guarantees and Other Commitments (Refer Footnote)	66.1	651.6	76.2	2,093.1
		<b>1,414.8</b>		<b>4,311.2</b>
<b>Footnote</b>				
Other Bank Balances include Deposits amounting to ₹ 275.1 Million (Previous Year ₹ 252.7 Million) and Margin Monies amounting to ₹ 66.1 Million (Previous Year ₹ 76.2 Million) which have an Original Maturity of more than 12 Months.				

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
<b>19 SHORT-TERM LOANS AND ADVANCES</b>				
(Unsecured – Considered Good unless stated otherwise)				
Loans and Advances to Related Parties (Refer Notes 38 and 44)		-		3,435.7
Loans and Advances to Employees / Others				
Secured	252.4		252.5	
Unsecured	81.0		2,783.4	
Considered Doubtful	4.5		4.5	
	337.9		3,040.4	
Less: Provision for Doubtful Loans and Advances	4.5	333.4	4.5	3,035.9
Prepaid Expenses		88.5		76.2
Balances with Government Authorities		2,196.4		1,639.9
Advances for Supply of Goods and Services		474.9		307.3
		<b>3,093.2</b>		<b>8,495.0</b>
<b>20 OTHER CURRENT ASSETS</b>				
(Unsecured – Considered Good)				
Interest Accrued on Investments		150.3		239.1
Unamortised Premium on Investments		0.2		0.3
Cenvat Credit available on payment		67.4		-
Export Incentives		681.2		353.5
Other (Refer Note 48(iii))		24,002.0		-
		<b>24,901.1</b>		<b>592.9</b>

₹ in Million

	Year ended 31st March, 2014		Year ended 31st March, 2013	
<b>21 REVENUE FROM OPERATIONS</b>				
Sale of Products		28,237.7		23,297.5
Other Operating Revenues *		1,044.8		1,887.4
		<b>29,282.5</b>		<b>25,184.9</b>
* including Share of Income from Partnership Firms of Nil (Previous Year ₹ 1,002.7 Million)				



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	Year ended 31st March, 2014		Year ended 31st March, 2013	
<b>22 OTHER INCOME</b>				
Net Interest Income				
Interest Income on:				
Deposits with Banks	77.2		1,484.9	
Loans and Advances	352.5		428.4	
Current Investments	222.6		46.3	
Long-term Investments	220.5		67.9	
Others	17.8		2.1	
	890.6		2,029.6	
Less: Finance Costs				
Interest Expense on:				
Borrowings	3.1		4.2	
Others	180.7		0.2	
	183.8	706.8	4.4	2,025.2
Dividend Income on Long-term Investments		0.2		0.2
Net Gain on Sale of:				
Current Investments	393.4		283.0	
Long-term Investments	419.8	813.2	24.2	307.2
Insurance Claims		1.0		6.7
Lease Rental and Hire Charges		26.4		13.8
Miscellaneous Income		46.2		8.6
	<b>1,593.8</b>		<b>2,361.7</b>	
<b>23 COST OF MATERIALS CONSUMED</b>				
Raw and Packing Materials				
Inventory (Previous year - prior to spin off) at the beginning of the year		4,933.3		4,198.7
Purchases during the year		9,129.3		7,792.5
Inventory at the end of the year		(5,116.4)		(4,933.3)
		<b>8,946.2</b>		<b>7,057.9</b>
<b>24 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>				
Inventories (Previous year - prior to spin off) at the beginning of the year		3,533.8		3,428.5
Inventories at the end of the year		(3,679.1)		(3,533.8)
		<b>(145.3)</b>		<b>(105.3)</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	Year ended 31st March, 2014		Year ended 31st March, 2013	
<b>25 EMPLOYEE BENEFITS EXPENSE</b>				
Salaries and Wages		2,348.7		1,826.8
Contribution to Provident and Other Funds		136.2		200.3
Staff Welfare Expenses		311.4		321.6
		<b>2,796.3</b>		<b>2,348.7</b>
<b>26 OTHER EXPENSES</b>				
Consumption of Materials, Stores and Spare Parts		1,849.3		1,711.2
Conversion and Other Manufacturing Charges		711.3		497.2
Power and Fuel		1,158.0		934.0
Rent		29.6		29.3
Rates and Taxes		109.2		88.8
Insurance		94.7		63.1
Selling and Distribution		141.0		57.3
Commission and Discount		354.1		215.0
Repairs				
Buildings	89.3		87.2	
Machinery	542.6		442.2	
Others	240.0	871.9	201.2	730.6
Printing and Stationery		53.6		50.5
Travelling and Conveyance		117.8		133.3
Overseas Travel and Export Promotion		1,805.9		1,288.3
Communication		81.2		71.9
Provision / Write off for Doubtful Trade Receivables / Advances				
Provision for Doubtful Trade Receivables	7.5		90.6	
Sundry Balances / Trade Receivables written off (Net)	90.5		2.2	
Less: Adjusted out of Provision of earlier year	0.3	97.7	1.3	91.5
Professional and Consultancy		2,114.7		1,182.5
Donations		5.8		22.1
Loss on Sale of Fixed Assets (Net)		21.1		6.0
Increase of Excise Duty on Inventory		4.1		26.1
Net Loss on Foreign Currency Transactions and Translation		2,203.7		522.1
Payments to Auditors (Net of Service Tax)				
As Auditors	8.3		7.8	
For Other Services	2.0		1.5	
Reimbursement of Expenses	0.1	10.4	0.1	9.4
Miscellaneous Expenses [Refer Note 43 and Refer Note 48(iii)]		3,510.8		493.6
		15,345.9		8,223.8
<b>Less :</b>				
Receipts from Research Activities		(676.3)		(340.1)
		<b>14,669.6</b>		<b>7,883.7</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	Year ended 31st March, 2014		Year ended 31st March, 2013	
<b>NOTE: RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN THE STATEMENT OF PROFIT AND LOSS.</b>				
Salaries and Wages		781.9		620.9
Contribution to Provident and Other Funds		36.9		29.4
Staff Welfare Expenses		88.7		61.3
Consumption of Materials, Stores and Spare Parts		1,137.4		1,101.9
Power and Fuel		64.4		65.0
Rent		0.1		0.1
Rates and Taxes		11.5		4.4
Insurance		3.4		1.9
Repairs				
Buildings	8.9		15.4	
Machinery	40.9		39.9	
Others	44.6	94.4	39.2	94.5
Printing and Stationery		14.5		14.9
Travelling and Conveyance		57.8		37.6
Communication		15.2		14.1
Professional and Consultancy		985.2		440.2
Loss on Sale of Fixed Assets (Net)		10.7		0.2
Miscellaneous Expenses		450.2		238.6
		3,752.3		2,725.0
Less :				
Net Interest Income [net of Interest expense on borrowings ₹ 1.4 Million (Previous year ₹ 1.4 Million)]	1.1		1.4	
Receipts from Research Activities	676.3		340.1	
Miscellaneous Income	87.8	765.2	25.0	366.5
		<b>2,987.1</b>		<b>2,358.5</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 27 SIGNIFICANT ACCOUNTING POLICIES

### I Basis of Accounting

These financial statements are prepared under historical cost convention on an accrual basis in accordance with the Generally Accepted Accounting Principles in India and the Accounting Standards (AS) as notified under section 211 (3C) of the Companies Act, 1956 (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

### II Use of estimates

The presentation of financial statements in conformity with the Generally Accepted Accounting Principles in India requires estimates and assumptions to be made that affect the reported amounts of assets and liabilities on the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known / materialised.

### III Fixed Assets and Depreciation / Amortisation

Fixed Assets including intangible assets are stated at historical cost (net of cenvat credit) less accumulated depreciation/amortisation thereon and impairment losses, if any. Depreciation on tangible assets is provided on straight line method at the rates specified in Schedule XIV to the Companies Act, 1956. Assets costing ₹ 5,000/- or less are charged off as expense in the year of purchase. Intangible assets consisting of trademarks, designs, technical knowhow, non-compete fees and other intangible assets are amortised on straight line method from the date they are available for use, over the useful lives of the assets (10/20 years), as estimated by the Management considering the terms of agreement. Leasehold land is amortised over the period of lease.

### IV Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating lease. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis.

### V Revenue Recognition

Sale of products is recognised when risks and rewards of ownership of the products are passed on to the customers, which is generally on despatch of products. Export sales are recognised on the basis of Bill of lading / Airway bill. Sales includes delayed payment charges and are stated net of returns and VAT / Sales Tax, if any.

### VI Investments

Investments are classified into Current and Long Term Investments. Current Investments are valued at lower of cost and fair value. Long Term Investments are stated at cost less provision, if any, for other than temporary diminution in value.

### VII Inventories

Inventories consisting of raw and packing materials, other materials and consumables including R&D materials, work-in-progress, stock-in-trade and finished goods are stated at lower of cost (raw and packing materials and stock-in-trade - specific identification method; other materials and consumables - FIFO basis; work-in-progress and finished goods - weighted average method) and net realisable value.

### VIII Research and Development

The research and development cost is accounted in accordance with Accounting Standard – 26 'Intangible Assets'. All related revenue expenditure incurred on original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding up to the time when it is possible to demonstrate probable future economic benefits, is recognised as research expenses and charged off to the Statement of Profit and Loss, as incurred. All subsequent expenditure incurred for product development on the application of research findings or other knowledge upon demonstration of probability of future economic benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as development expenditure under Intangible assets under development,

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

to be capitalised as an intangible asset on completion of the project. In case a project does not proceed as per expectations / plans, the same is abandoned and the amount classified as development expenditure under Intangible assets under development is charged off to the Statement of Profit and Loss.

## IX Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded at the exchange rate that approximates the actual rate prevailing at the date of the transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. In respect of monetary items, which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium on such forward contracts is recognised over the life of the forward contract. The exchange differences arising on settlement / translation are recognised in the Statement of Profit and Loss. Non monetary items are carried at historical cost.

## X Derivative Accounting:

Forward Contracts in the nature of highly probable forecasted transactions / firm commitments entered into for hedging the risk of foreign currency exposure are accounted for on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies". Pursuant to this, losses, if any, on Mark to Market basis, are recognised in the Statement of Profit and Loss and gains are not recognised on prudent basis.

## XI Taxes on Income

Provision for tax comprises of Current Tax and Deferred Tax. Current Tax provision has been made on the basis of reliefs and deductions available under the Income Tax Act, 1961. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the Balance Sheet date. The deferred tax asset is recognised and carried forward for timing differences of items other than unabsorbed depreciation and accumulated losses only to the extent that there is a reasonable certainty that the assets can be realised in future. However, if there is unabsorbed depreciation or carry forward of losses deferred tax assets are recognized only if there is virtual certainty that there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed as at each Balance Sheet date for their realisability.

## XII Employee Benefits

- (a) The Company's contribution in respect of provident fund is charged to the Statement of Profit and Loss each year.
- (b) With respect to gratuity liability, Company contributes to Life Insurance Corporation of India (LIC) under LIC's Group Gratuity policy. Gratuity liability as determined on actuarial basis by the independent valuer is charged to the Statement of Profit and Loss.
- (c) Liability for accumulated compensated absences of employees is ascertained for on actuarial valuation basis and provided for as per the Company rules.

## XIII Borrowing Costs

Borrowing costs attributable to the acquisition or construction of qualifying assets upto the date of capitalisation of such assets are capitalised and added to the cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

## XIV Provisions, Contingent Liabilities and Contingent Assets

Provisions are recognised only when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognised in the financial statements.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## XV Government Grants / Subsidy

Government grants, if any, are accounted when there is reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital subsidy in nature of government grants related to specific fixed assets is accounted for where collection is reasonably certain and the same is shown as a deduction from the gross value of the asset concerned in arriving at its book value and accordingly the depreciation is provided on the reduced book value.

## XVI Impairment of Assets

The Company assesses, at each Balance Sheet date, whether there is any indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists or may have decreased, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss being recognised. Such reversal of impairment loss is recognised in the Statement of Profit and Loss.

₹ in Million		
	As at 31st March, 2014	As at 31st March, 2013
<b>28 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		
<b>i Contingent Liabilities</b>		
A Claims against the Company not acknowledged as debts	24.0	34.6
B Guarantees :		
Guarantees given by the bankers on behalf of the Company	374.2	227.4
Corporate Guarantees	86.0	149.2
C Others :		
Letters of Credit for Imports	2,103.2	463.2
Liabilities Disputed - Appeals filed with respect to :		
Income Tax on account of Disallowances / Additions	4,927.8	2771.2
Sales Tax on account of Rebate / Classification	48.5	48.4
Excise Duty on account of Valuation / Cenvat Credit	93.6	322.2
ESIC Contribution on account of applicability	0.2	0.2
Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, including interest thereon, enjoyed by the Company	14.0	14.0
Demand by JDGFT import duty with respect to import alleged to be in excess of entitlement as per the Advanced Licence Scheme	14.6	13.9
<b>ii Commitments</b>		
a Estimated amount of contracts remaining to be executed on capital account [net of advances].	6,279.2	2,647.0
b Uncalled liability on partly paid investments	0.5	0.4
c Derivative related Commitments - Forward Foreign Exchange Contracts	4,200.0	4,342.4

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 29 DISCLOSURES RELATING TO SHARE CAPITAL

### i Rights, Preferences and Restrictions attached to Equity Shares

The Equity Shares of the Company, having par value of ₹ 1 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

### ii Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting period

	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares	₹ in Million	No. of Shares	₹ in Million
Equity shares of ₹ 1 each				
Opening Balance	1,035,581,955	1,035.6	1,035,581,955	1,035.6
Add : Bonus shares issued during the year	1,035,581,955	1,035.6	-	-
Closing Balance	2,071,163,910	2,071.2	1,035,581,955	1,035.6

### iii 1,035,581,955 (Previous Year Nil) Equity Shares of ₹ 1 each have been allotted as fully paid up bonus shares during the period of five years immediately preceding the date at which the Balance Sheet is prepared.

### iv Equity Shares held by each shareholder holding more than 5 percent Equity Shares in the Company are as follows:

Name of Shareholders	As at 31st March, 2014		As at 31st March, 2013	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Dilip Shantilal Shanghvi	231,140,480	11.2	115,570,240	11.2
Viditi Investments Pvt. Ltd.	201,385,320	9.7	100,692,660	9.7
Tejaskiran Pharmachem Industries Pvt. Ltd.	195,343,760	9.4	97,671,880	9.4
Family Investment Pvt. Ltd.	182,927,440	8.8	91,463,720	8.8
Quality Investment Pvt. Ltd.	182,868,640	8.8	91,434,320	8.8

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>30 RESEARCH AND DEVELOPMENT EXPENDITURE</b>		
Revenue (Excluding Depreciation)	2,987.1	2,358.5
Capital	471.6	377.2
<b>Total</b>	<b>3,458.7</b>	<b>2,735.8</b>



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	Year ended 31st March, 2014		Year ended 31st March, 2013	
<b>31 INFORMATION RELATING TO CONSUMPTION OF MATERIALS</b>				
Raw and Packing Materials				
Raw Materials		7,075.0		5,839.0
Packing Materials		1,871.2		1,218.9
<b>Total</b>		<b>8,946.2</b>		<b>7,057.9</b>

None of the items individually account for more than 10% of total consumption.

		%		%	
Imported and Indigenous					
Raw and Packing Materials					
Imported		46.89	4,195.0	54.47	3,844.5
Indigenous		53.11	4,751.2	45.53	3,213.4
<b>Total</b>		<b>100.00</b>	<b>8,946.2</b>	<b>100.00</b>	<b>7,057.9</b>
Stores and Spare Parts and Other Materials					
Imported		28.19	521.3	30.74	526.0
Indigenous		71.81	1,328.0	69.26	1,185.2
<b>Total</b>		<b>100.00</b>	<b>1,849.3</b>	<b>100.00</b>	<b>1,711.2</b>

₹ in Million

	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>32 INFORMATION RELATING TO PURCHASES OF STOCK-IN-TRADE</b>		
Formulations	1,843.8	1,922.1
Bulk Drugs	4.9	48.7
Others	1.7	38.8
<b>Total</b>	<b>1,850.4</b>	<b>2,009.6</b>

₹ in Million

	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>33 INFORMATION RELATING TO SALE OF PRODUCTS</b>		
Formulations	20,326.5	16,580.2
Bulk Drugs	7,827.9	6,618.8
Others	83.3	98.5
<b>Total</b>	<b>28,237.7</b>	<b>23,297.5</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
	Finished Goods	Work-in- Progress	Finished Goods	Work-in- Progress
<b>34 INFORMATION RELATING TO INVENTORIES OF FINISHED GOODS, WORK-IN-PROGRESS AND STOCK-IN-TRADE</b>				
Formulations	214.7	488.7	297.2	497.7
Bulk Drugs	748.9	2,226.8	1,164.0	1,574.9
<b>Total</b>	<b>963.6</b>	<b>2,715.5</b>	<b>1,461.2</b>	<b>2,072.6</b>

₹ in Million

	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>35 INCOME/EXPENDITURE IN FOREIGN CURRENCY</b>		
Income		
Exports (FOB basis)	22,713.3	19,238.0
Interest	-	4.1
Royalty	50.3	3.3
Others	404.4	369.8
Expenditure		
Raw Materials (CIF basis)	2,894.7	2,692.0
Packing Materials (CIF basis)	900.8	944.4
Capital Goods (CIF basis)	1,489.4	1,217.6
Spares and Components (CIF basis)	493.8	498.6
Professional Charges	1,747.3	1,025.6
Overseas Travel	116.8	110.0
Interest	158.2	-
Others	4,827.6	1,388.4

**36** The net Exchange Loss of ₹ 1,740.0 Million (Previous Year Loss of ₹ 39.9 Million) is included in Revenue from Operations, Cost of Materials Consumed and Other Expenses in the Statement of Profit and Loss, as applicable.

## **37 DISCLOSURES UNDER THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006:**

- (a) An amount of ₹ 69.7 Million (Previous Year ₹ 66.2 Million) and ₹ NIL (Previous Year ₹ NIL) was due and outstanding to suppliers as at the end of the accounting year on account of Principal and Interest respectively.
- (b) No interest was paid during the year.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

- (c) No interest is payable at the end of the year under Micro, Small and Medium Enterprises Development Act, 2006.
- (d) No amount of interest was accrued and unpaid at the end of the accounting year.

The above information and that given in Note 8 "Trade Payables" regarding Micro and Small Enterprises has been determined to the extent such parties have been identified on the basis of information available with the Company. This has been relied upon by the auditors.

## 38 RELATED PARTY DISCLOSURE (AS-18) - AS PER ANNEXURE 'A'

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>39 ACCOUNTING STANDARD (AS-20) ON EARNINGS PER SHARE</b>		
(Loss) / Profit After Tax - used as Numerator for calculating Earnings per share	(28,285.2)	5,165.5
Weighted Average number of Shares used in computing basic and diluted earnings per share	2,071,163,910	2,071,163,910
Nominal Value Per Share (in ₹)	1	1
Basic and Diluted Earnings Per Share (in ₹)	(13.7)	2.5

In terms of the resolution passed by the shareholders by way of Postal Ballot on 15th July, 2013, the Company has allotted 1,035,581,955 bonus equity shares on 3rd August, 2013 in the ratio of 1 equity share of ₹ 1 each fully paid up for every equity share of ₹ 1 each held. Consequently, the Earnings Per Share of ₹ 1 each for the previous year have been restated based on the number of equity shares post bonus issue, i.e. 2,071,163,910 equity shares, in accordance with Accounting Standard (AS-20) on 'Earnings Per Share'.

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>40 ACCOUNTING STANDARD (AS-17) ON SEGMENT REPORTING</b>		
(a) Primary Segment		
The Company has identified "Pharmaceuticals" as the only primary reportable business segment.		
(b) Secondary Segment (by Geographical Segment )		
India	4,742.7	3,318.9
Outside India	23,495.0	19,978.6
<b>Sale of Products</b>	<b>28,237.7</b>	<b>23,297.5</b>

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

In view of the interwoven/intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

## 41 ACCOUNTING STANDARD (AS-15) ON EMPLOYEE BENEFITS

Contributions are made to Recognised Provident Fund, Family Pension Fund, ESIC and other Statutory Funds which covers all regular employees. While both the employees and the Company make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund are made only by the Company. The contributions are normally based on a certain proportion of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 118.5 Million (Previous year ₹ 94.8 Million)

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Contribution to Provident Fund	110.5	87.6
Contribution to Employees State Insurance Scheme (ESIC) and Employees Deposit Linked Insurance (EDLI)	7.9	7.1
Contribution to Labour Welfare Fund	0.1	0.1

In respect of Gratuity, Contributions are made to LIC's Recognised Group Gratuity Fund Scheme based on amount demanded by LIC of India. Provision for Gratuity is based on actuarial valuation done by independent actuary as at the year end. Actuarial Valuation for Compensated Absences is done as at the year end and the provision is made as per Company rules with corresponding charge to the Statement of Profit and Loss amounting to ₹ 41.9 Million (Previous Year ₹ 75.5 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Commitments are actuarially determined using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

**Category of Plan Assets :** The Company's Plan Assets in respect of Gratuity are funded through the Group Scheme of the LIC of India.

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
In respect of gratuity (funded):		
<b>Reconciliation of liability / (asset) recognised in the Balance Sheet</b>		
Present value of commitments (as per Actuarial Valuation)	305.7	256.9
Fair value of plan assets	(248.2)	(249.3)
Net liability / (asset) in the Balance Sheet	57.5	7.6
<b>Movement in net liability / (asset) recognised in the Balance Sheet</b>		
Net liability / (asset) as at the beginning of the year	7.6	(34.2)
Net plan assets transferred	47.9	12.1
Net expense recognised in the Statement of Profit and Loss	39.8	66.5
Contribution during the year	(37.8)	(36.8)
Net liability / (asset) in the Balance Sheet	57.5	7.6
<b>Expense recognised in the Statement of Profit and Loss</b>		
Current service cost	29.8	20.1
Interest cost	21.2	15.0
Expected return on plan assets	(20.6)	(16.9)
Actuarial loss	9.4	48.3
Expense charged to the Statement of Profit and Loss	39.8	66.5
<b>Return on plan assets</b>		
Expected return on plan assets	20.6	16.9

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Actuarial gain	0.1	4.7
Actual return on plan assets	20.7	21.6
<b>Reconciliation of defined-benefit commitments</b>		
Commitments as at the beginning of the year	256.9	299.2
Commitments transferred	8.6	(122.3)
Current service cost	29.8	20.1
Interest cost	21.2	15.0
Paid benefits	(20.3)	(8.1)
Actuarial loss	9.5	53.0
Commitments as at the year end	305.7	256.9
<b>Reconciliation of plan assets</b>		
Plan assets as at the beginning of the year	249.3	333.4
Plan assets transferred	(39.3)	(134.4)
Expected return on plan assets	20.6	16.9
Contributions during the year	37.8	36.8
Paid benefits	(20.3)	(8.1)
Actuarial gain	0.1	4.7
Plan assets as at the year end	248.2	249.3

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense:

Discount rate	9.31%	8.25%
Expected return on plan assets	9.31%	8.25%
Expected rate of salary increase	7.00%	7.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

The estimates of future salary increases, considered in the actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

	₹ in Million				
	31st March, 2014	Year ended			
		31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010
Experience adjustment					
On plan liabilities	45.2	20.2	25.2	17.5	56.5
On plan assets	0.1	4.7	6.4	3.3	3.3
Present value of benefit obligation	305.7	256.9	299.2	248.3	212.7
Fair value of plan assets	(248.2)	(249.3)	(333.4)	(274.2)	(228.5)
Excess of obligation over plan assets / (plan assets over obligation)	57.5	7.6	(34.2)	(25.9)	(15.8)

The contribution expected to be made by the Company during financial year ending 31st March, 2015 is ₹ 83.3 Million (Previous Year ₹ 48.1 Million).

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## 42 ACCOUNTING STANDARD (AS-19) ON LEASES

- (a) The Company has given certain premises for its operations and Plant and Machinery under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 5 years under leave and license, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Company has received refundable interest free security deposits where applicable in accordance with the agreed terms. (b) The Company has obtained certain premises for its business operations (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 5 years under leave and license, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Company has given refundable interest free security deposits in accordance with the agreed terms. (c) Lease receipts / payments are recognised in the Statement of Profit and Loss under "Rent" in Note 22 and 26 respectively.

43 Miscellaneous Expenses includes ₹ 433.9 Million (Previous year Nil) towards Product Settlement Expense.

		₹ in Million		
	As at 31st March, 2014	Maximum Balance	As at 31st March, 2013	Maximum Balance
	2013-14		2012-13	
<b>44 LOANS / ADVANCES DUE FROM SUBSIDIARIES</b>				
<b>Loans</b>				
Green Eco Development Centre Ltd	4.4	4.4	4.4	4.4
Skisen Labs Private Limited	356.0	356.0	-	-
Sun Pharma Drugs Private Limited *	-	1,865.5	1,865.5	7,879.1
Sun Pharma Medication Private Limited *	-	831.8	831.8	7,302.4
Sun Pharma Laboratories Limited	-	-	-	507.1
<b>Advances: Share Application Money to</b>				
Sun Pharma De Mexico, S.A. DE C.V.	80.7	80.7	73.0	73.0
	<b>441.1</b>		<b>2,774.7</b>	

\* Amalgamated into Sun Pharma Laboratories Limited w.e.f. 1st September, 2012 pursuant to a Court approved scheme.

45 Intangible assets consisting of trademarks, designs, technical knowhow, non compete fees and other intangible assets are stated at cost of acquisition based on their agreements and are available to the Company in perpetuity. The depreciable amount of intangible assets is arrived at based on the management's best estimates of useful lives of such assets after due consideration as regards their expected usage, the product life cycles, technical and technological obsolescence, market demand for products, competition and their expected future benefits to the Company.

## 46 LEGAL PROCEEDINGS

The Company and / or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims and other regulatory matters relating to conduct of its business. The Company carries product liability insurance / is contractually indemnified by the manufacturer, in an amount it believes is sufficient for its needs. In respect of other claims, the Company believes, these claims do not constitute material litigation matters and with its meritorious defences the ultimate disposition of these matters will not have material adverse effect on its Financial Statements.

47 Current Tax is net of write back of Provision for Fringe Benefit Tax (net) of Nil (Previous Year ₹ 0.2 Million) pertaining to earlier year.

48 Pursuant to the scheme of arrangement in the nature of demerger and transfer of specified undertaking of Sun Pharma Global FZE, a wholly owned subsidiary, into the Company w.e.f 1st May, 2013, without any consideration,

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

on a going concern basis consisting of all the assets and liabilities pertaining to the said undertakings, being approved by shareholders of both the companies and subsequently approved by the Hon'ble High Court of Gujarat and completion of other regulatory compliances, the scheme has been given effect to in these financial statements and accordingly:

- i. The Financial Statements for the year ended 31st March 2014 which were earlier approved by Board of Directors on 29th May, 2014 and audited by the statutory auditors of the Company have been revised.
- ii. All the assets and liabilities pertaining to the said undertaking of Sun Pharma Global FZE stand transferred to and vested in the Company as a going concern, as at 1st May, 2013 at carrying values as disclosed in the notes to the revised Financial Statements of Sun Pharma Global FZE on which their auditors have issued a revised audit report dated 10th August, 2014 and the resultant difference amounting to ₹ 28,109.9 Million being the excess of assets over liabilities has been credited to Capital Reserve Account.
- iii. On 11th June, 2013, Sun Pharma Global FZE (SPG), a wholly owned subsidiary has entered into settlement agreement for USD 550.0 Million (including USD 44.0 Million borne by Caraco Pharmaceutical Laboratories Ltd) with Pfizer Inc., USA; Wyeth LLC USA and Nycomed GmbH, Germany in settlement of the claim of patent infringement litigation related to generic version of "Protonix". SPG has entered into an agreement with a third party in terms of which the said party has agreed to bear damages on account of patent infringement to the extent of USD 400.0 Million (equivalent to ₹ 24,002.0 Million) in consideration of SPG agreeing to sell them pharmaceutical products at a negotiated discounted price for a specified period. Accordingly, a provision of USD 438.5 Million (equivalent to ₹ 26,312.2 Million) [(including other related expected discount and incidental expenses of USD 38.5 Million (equivalent to ₹ 2,310.2 Million)] towards estimated expected liability on this account, has been accounted for and given effect in these financial statements. The above charge of USD 506.0 Million (equivalent to ₹ 28,756.0 Million) has been considered as exceptional item and ₹ 2,381.2 Million has been included in miscellaneous expenses.

**49** In March 2014, the US FDA issued an import alert to the Company for its cephalosporin facility located at Karkhadi, Gujarat in India. The warning letter pertaining to this import alert was issued by the US FDA in May 2014. The letter identifies practices at the facility which are non-compliant with current Good Manufacturing Practice (cGMP) regulations. The Company remains fully committed to compliance and has already initiated several corrective steps to address the observations made by the US FDA. It is committed to working co-operatively and expeditiously with the US FDA to resolve the matters indicated in its letter. Until these matters are resolved to the satisfaction of the US FDA, the US FDA may, in the near term, withhold approval of pending new drug applications from this facility. The contribution of this facility to Company's revenues is not significant.

**50** Consequent to giving effect to the Scheme of Arrangement as referred in Note 48 above, resulting in the absence of net profits in the company for the year; (i) remuneration to the Managing Director and the Whole-time Directors of the Company for the year ended 31st March, 2014 has exceeded the limits specified under Schedule XIII to the Companies Act, 1956 by ₹ 44.7 Million; and (ii) commission of ₹ 6.4 Million for the year ended 31st March, 2014 to the Non-Executive Directors of the Company has exceeded in terms of section 309(4) read with section 309(5) of the Companies Act, 1956. The Company is in the process of seeking approval from the shareholders of the Company and the Central Government of India in respect of the aforesaid amounts.

**51** The Company enters into Forward Exchange Contracts being derivative instruments, which are not intended for trading or speculative purposes, but for hedge purposes, to establish the amount of reporting currency required or available at the settlement date.

A) The following are the outstanding Forward Exchange Contracts entered into by the Company as on 31st March, 2014

				Amount in Million	
Currency	Buy/Sell	Cross Currency	31st March, 2014	31st March, 2013	
US Dollar	Sell	₹	\$240.0	\$250.0	



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

- B) The year end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:
- a) Amounts receivable in foreign currency on account of the following :

		Amount in Million			
Currency		As at 31st March, 2014		As at 31st March, 2013	
<b>Exports of Goods and Services</b>	US Dollar	\$ 354.6	₹ 21,279.0	\$ 17.6	₹ 955.6
	Euro	€ 6.0	₹ 492.0	€ 3.9	₹ 269.3
	British Pound	£ 0.5	₹ 46.1	£ 0.7	₹ 56.5
	(Previous Year CHF 15,000)	Swiss Franc	-	CHF 0.0	₹ 0.9
	Russian Ruble	RUB 414.9	₹ 760.3	RUB 321.9	₹ 566.6
	Bangladesh Taka	BDT 152.2	₹ 117.8	-	-

- b) Amounts payable in foreign currency on account of the following :

		Amount in Million			
Currency		As at 31st March, 2014		As at 31st March, 2013	
<b>Import of Goods and Services</b>	US Dollar	\$ 11.0	₹ 662.4	\$ 7.5	₹ 407.6
	Euro	€ 1.3	₹ 110.6	€ 0.8	₹ 57.0
	British Pound	£ 0.1	₹ 10.1	£ 0.1	₹ 8.4
	CHF 19,961 (Previous Year CHF 33,214)	Swiss Franc	CHF 0.0	₹ 1.4	CHF 0.0
	Japanese Yen	-	-	JPY 52.3	₹ 30.2
	(Previous Year ILS 30,191)	Israel Shaker	ILS 0.6	₹ 9.5	ILS 0.0
	CAD 16,012	Canadian Dollar	CAD 0.0	₹ 0.9	-
	Russian Ruble	RUB 0.3	₹ 0.4	-	-
	SEK 2,745 ₹ 25,227	Swedish Kroner	SEK 0.0	₹ 0.0	-
	South African Rand	ZAR 0.4	₹ 2.2	-	-
AUD 9,260	Australian Dollar	AUD 0.0	₹ 0.5	-	-
<b>Commission Payable</b>	US Dollar	\$ 5.9	₹ 351.8	\$ 6.0	₹ 323.6
	Euro	€ 0.8	₹ 65.2	€ 0.9	₹ 62.2
<b>Loan</b>	US Dollar	\$ 400.0	₹ 24,002.0	-	-

52 Previous years' figures are regrouped wherever necessary.

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## ACCOUNTING STANDARD (AS-18) "RELATED PARTY DISCLOSURE"

## ANNEXURE 'A'

### Names of related parties and description of relationship as on 31st March , 2014

1 Subsidiaries	3 Skyline LLC Aditya Acquisition Company Ltd. Aditya Pharma Private limited Alkaloida Chemical Company Zrt. Alkaloida Sweden AB AR Scientific.Inc Caraco Pharma Inc Caraco Pharmaceutical Laboratories Ltd. Caraco Pharmaceuticals Pvt. Ltd Chattem Chemicals Inc Dungan Mutual Associates, LLC Dusa Pharmaceuticals Inc Dusa Pharmaceuticals New York Inc Faststone Mercantile Company Private Limited Green Eco Development Centre Ltd. Khyati Realty ME Ltd Morley and Company Inc Mutual Pharmaceutical Company, Inc. Neetnav Real Estate Private Limited ** Nogad Holdings One Commerce Drive LLC OOO "Sun Pharmaceutical Industries" Ltd. Orta Ltd. Realstone Multitrade Private Limited Sirius Laboratories Inc Skisen Labs Private Limited Softdeal Trading Company Private Limited SPIL De Mexico S.A. DE C.V. Sun Global Canada Pty. Ltd. Sun Global Development FZE Sun Laboratories FZE Sun Pharma De Mexico S.A. DE C.V. Sun Pharma De Venezuela, CA. Sun Pharma Global (FZE) Sun Pharma Global Inc. Sun Pharma Healthcare FZE * Sun Pharma Medication Pvt Ltd. (SPDPL) * Sun Pharma Drugs Pvt Ltd. (SPMPL)
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# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## ACCOUNTING STANDARD (AS-18) "RELATED PARTY DISCLOSURE"

## ANNEXURE 'A'

### Names of related parties and description of relationship as on 31st March , 2014

	Sun Pharma Japan Ltd
	Sun Pharma Laboratories Ltd
	Sun Pharma MEA JLT
**	Sun Pharma Philippines Inc.
	Sun Pharma Switzerland
	Sun Pharmaceutical Industries (Europe) B.V.
	Sun Pharmaceutical (Bangladesh) Ltd.
	Sun Pharmaceutical Industries (Australia) Pty. Ltd.
	Sun Pharmaceutical Peru S.A.C.
	Sun Pharmaceutical Spain, S.L.U
	Sun Pharmaceutical UK Ltd.
	Sun Pharmaceuticals (SA) (Pty) Ltd.
	Sun Pharmaceuticals France
	Sun Pharmaceuticals Germany GmbH
	Sun Pharmaceuticals Italia S.R.L.
**	Silverstreet Developers LLP
	Sun Pharmaceuticals Korea Ltd.
	Sun Universal Ltd
	Taro Development Corporation
	Taro Hungary Intellectual Property Licensing LLC.
	Taro International Ltd.
	Taro Pharmaceutical India Private Ltd.
	Taro Pharmaceutical Industries Ltd.
	Taro Pharmaceutical Laboratories INC
	Taro Pharmaceuticals Canada, Ltd.
	Taro Pharmaceuticals Europe B.V.
	Taro Pharmaceuticals Inc.
	Taro Pharmaceuticals Ireland Ltd.
	Taro Pharmaceuticals North America, Inc.
	Taro Pharmaceuticals U.S.A., Inc.
	Taro Pharmaceuticals UK Ltd.
	Tarochem Ltd.
	TKS Farmaceutica Ltda
	United Research Laboratories, Ltd.
	Universal Enterprises (Pvt) Ltd (w.e.f. 31st August, 2012)
	URL Pharma Inc
	URL PharmPro, LLC

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## ACCOUNTING STANDARD (AS-18) "RELATED PARTY DISCLOSURE"

## ANNEXURE 'A'

### Names of related parties and description of relationship as on 31st March , 2014

		ZAO Sun Pharma Industries Ltd. (Liquidated during the year)	
2	<b>Controlled Entity</b>	*	Sun Pharmaceutical Industries
		*	Sun Pharma Sikkim
			Sun Pharma Drugs
			Universal Enterprise Pvt Ltd (upto 31st August, 2012)
3	<b>Key Management Personnel</b>		Mr. Dilip S. Shanghvi
			Mr. Sudhir V. Valia
			Mr. Sailesh T. Desai
			Managing Director
			Wholetime Director
			Wholetime Director
4	<b>Relatives of Key Management Personnel</b>		Mr. Aalok Shanghvi
			Ms. Vidhi Shanghvi
			Son of Managing Director
			Daughter of Managing Director
5	<b>Enterprise under significant Influence of Key Management Personnel or their relatives</b>		Sun Petrochemicals Pvt Ltd
			Navjivan Rasayan (Gujarat) Pvt Ltd
			Sun Pharma Advanced Research Company Ltd

\* Controlled entities converted into private limited companies under Part IX of the Companies Act, 1956 w.e.f. 31st August, 2012.:Amalgamated in to Sun Pharma Laboratories Limited w.e.f. 1st September, 2012

\*\* Incorporated / Acquired during the year

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

ANNEXURE 'A'

## ACCOUNTING STANDARD (AS-18) "RELATED PARTY DISCLOSURE"

₹ in Million

	Subsidiaries		Controlled Entity		Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives		Total	
	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13
<b>Purchases of goods</b>	<b>1,961.0</b>	<b>1,198.8</b>	-	668.1	-	-	-	-	-	-	<b>1,961.0</b>	1,866.9
Sun Pharma Laboratories Ltd.	1,725.5	1,049.2	-	-	-	-	-	-	-	-	1,725.5	1,049.2
Sun Pharmaceutical Industries	-	-	-	650.7	-	-	-	-	-	-	-	650.7
Alkaloida Chemical Company Zrt	234.2	149.6	-	-	-	-	-	-	-	-	234.2	149.6
Others	1.3	-	-	17.4	-	-	-	-	-	-	1.3	17.4
<b>Purchase of Fixed Assets</b>	<b>3.9</b>	<b>27.9</b>	-	-	-	-	-	-	0.4	0.4	<b>3.9</b>	28.3
Sun Pharma Laboratories Ltd.	3.9	25.4	-	-	-	-	-	-	-	-	3.9	25.4
Taro Pharmaceutical Industries Ltd	-	2.5	-	-	-	-	-	-	-	-	-	2.5
Others	-	-	-	-	-	-	-	-	0.4	0.4	-	0.4
<b>Sale of goods</b>	<b>16,361.1</b>	<b>12,154.6</b>	-	652.6	-	-	-	-	<b>16.7</b>	23.5	<b>16,377.8</b>	12,830.7
Caraco Pharmaceutical Laboratories Ltd	7,110.9	6,333.2	-	-	-	-	-	-	-	-	7,110.9	6,333.2
Sun Pharma Global (FZE)	4,463.4	3,389.1	-	-	-	-	-	-	-	-	4,463.4	3,389.1
Sun Pharma Laboratories Ltd.	2,688.1	949.1	-	-	-	-	-	-	-	-	2,688.1	949.1
Others	2,098.7	1,483.2	-	652.6	-	-	-	-	16.7	23.5	2,115.4	2,159.3
<b>Sale of Fixed Assets</b>	<b>4.5</b>	<b>6.7</b>	-	-	-	-	-	-	<b>0.4</b>	-	<b>4.9</b>	6.7
Alkaloida Chemical Company Zrt	4.4	6.7	-	-	-	-	-	-	-	-	4.4	6.7
Others	0.1	-	-	-	-	-	-	-	0.4	-	0.5	-
<b>Receiving of Service</b>												
<b>Services</b>	<b>37.5</b>	-	-	-	-	-	-	-	<b>5.2</b>	1.3	<b>42.7</b>	1.3
Sun Pharma Advanced Research Company Ltd	-	-	-	-	-	-	-	-	5.2	1.3	5.2	1.3
Aditya Acquisition Company Ltd	37.5	-	-	-	-	-	-	-	-	-	37.5	-
<b>Reimbursement of Expenses</b>	<b>366.0</b>	<b>386.6</b>	-	-	-	-	-	-	<b>9.0</b>	31.0	<b>375.0</b>	47.6
Caraco Pharmaceutical Laboratories Ltd	273.8	250.9	-	-	-	-	-	-	-	-	273.8	250.9
Sun Pharmaceutical Industries (Europe) BV.	51.5	78.1	-	-	-	-	-	-	-	-	51.5	78.1
Taro Pharmaceutical Industries Ltd	25.2	43.8	-	-	-	-	-	-	-	-	25.2	43.8
Sun Pharma Laboratories Ltd.	56.4	-	-	-	-	-	-	-	-	-	56.4	-

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## ANNEXURE 'A'

### ACCOUNTING STANDARD (AS-18) "RELATED PARTY DISCLOSURE"

	Subsidiaries		Controlled Entity		Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives		Total	
	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13
Others	19.1	13.8	-	-	-	-	-	-	9.0	31.0	28.1	44.8
<b>Rendering of Service</b>												
<b>Services</b>												
Sun Pharma Laboratories Ltd.	606.6	337.0	-	-	-	-	-	-	0.2	-	606.8	337.0
Sun Pharma Pharmaceutical (Bangladesh) Ltd	536.1	273.6	-	-	-	-	-	-	-	-	536.1	273.6
Others	46.9	63.4	-	-	-	-	-	-	-	-	46.9	63.4
<b>Reimbursement of Expenses</b>	23.6	-	-	-	-	-	-	-	0.2	-	23.8	-
Sun Pharma Global (FZE)	195.4	159.6	-	0.5	-	-	-	-	47.7	35.9	243.1	196.0
Sun Pharma Advanced Research Company Ltd	182.4	151.4	-	-	-	-	-	-	-	-	182.4	151.4
Others	-	-	-	-	-	-	-	-	47.7	35.9	47.7	35.9
<b>Finance (including loans, investment and equity contributions)</b>	13.0	8.2	-	0.5	-	-	-	-	-	-	13.0	8.7
<b>Capital Contribution / (Withdrawal)</b>												
Sun Pharma Global Inc	6,162.1	13,175.0	-	(21,969.5)	-	-	-	-	-	-	6,162.1	(8,794.5)
Sun Pharma Sikkim	-	13,164.1	-	-	-	-	-	-	-	-	-	13,164.1
Sun Pharmaceutical Industries	-	-	-	(12,884.0)	-	-	-	-	-	-	-	(12,884.0)
Sun Pharma Global (FZE)	-	-	-	(9,085.5)	-	-	-	-	-	-	-	(9,085.5)
Others	6,153.4	-	-	-	-	-	-	-	-	-	6,153.4	-
<b>Loans given</b>	8.7	10.9	-	-	-	-	-	-	-	-	8.7	10.9
Sun Pharma Advanced Research Company Ltd	356.1	1,512.2	-	-	-	-	-	-	311.0	780.0	667.1	2,292.2
Sun Pharma Laboratories Ltd	-	-	-	-	-	-	-	-	311.0	780.0	311.0	780.0
Green Eco Development Centre Ltd	-	508.2	-	-	-	-	-	-	-	-	-	508.2
Skisen Labs Pvt Ltd.	-	1.5	-	-	-	-	-	-	-	-	-	1.5
	356.1	200.4	-	-	-	-	-	-	-	-	356.1	200.4

# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## ANNEXURE 'A'

### ACCOUNTING STANDARD (AS-18) "RELATED PARTY DISCLOSURE"

₹ in Million

	Subsidiaries		Controlled Entity		Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives		Total	
	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13
Others	-	802.1	-	-	-	-	-	-	-	-	-	802.1
<b>Loans Received back</b>	<b>0.1</b>	<b>1,507.9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,049.4</b>	<b>75.0</b>	<b>1,049.5</b>	<b>1,582.9</b>
Sun Pharma Laboratories Ltd.	-	505.4	-	-	-	-	-	-	-	-	-	505.4
Softdeal Trading Private Limited	-	200.9	-	-	-	-	-	-	-	-	-	200.9
Faststone Mercantile Company Pvt Ltd	-	200.4	-	-	-	-	-	-	-	-	-	200.4
Neetnav Real Estate Pvt Ltd.	-	200.4	-	-	-	-	-	-	-	-	-	200.4
Realstone Multitrade Private Limited	-	200.4	-	-	-	-	-	-	-	-	-	200.4
Skisen Labs Pvt Ltd.	0.1	200.4	-	-	-	-	-	-	-	-	0.1	200.4
Sun Pharma Advanced Research Company Ltd	-	-	-	-	-	-	-	-	1,049.4	75.0	1,049.4	75.0
<b>Corporate Guarantees Given / (Released) on behalf of</b>	<b>(558.7)</b>	<b>3.6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>(558.7)</b>	<b>3.6</b>
Sun Pharmaceuticals Italia S.R.L.	41.3	156.2	-	-	-	-	-	-	-	-	41.3	156.2
Sun Pharma Laboratories Ltd.	(600.0)	-	-	-	-	-	-	-	-	-	(600.0)	-
Sun Pharmaceutical (Bangladesh) Ltd	-	(152.6)	-	-	-	-	-	-	-	-	-	(152.6)
<b>Interest Income</b>	<b>-</b>	<b>4.1</b>	<b>-</b>	<b>4.2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>53.8</b>	<b>37.1</b>	<b>53.8</b>	<b>45.4</b>
Sun Pharma Advanced Research Company Ltd	-	-	-	-	-	-	-	-	53.8	37.1	53.8	37.1
Sun Pharmaceutical Industries	-	-	-	2.1	-	-	-	-	-	-	-	2.1
Sun Pharma Sikkim	-	-	-	2.1	-	-	-	-	-	-	-	2.1
Sun Pharma Global Inc	-	4.1	-	-	-	-	-	-	-	-	-	4.1
<b>Rent Income</b>	<b>13.2</b>	<b>1.5</b>	<b>-</b>	<b>1.3</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1.5</b>	<b>1.5</b>	<b>14.7</b>	<b>4.3</b>
Sun Pharmaceutical Industries	-	-	-	0.7	-	-	-	-	-	-	-	0.7
Sun Pharma Sikkim	-	-	-	0.6	-	-	-	-	-	-	-	0.6
Sun Pharma Advanced Research Company Ltd	-	-	-	-	-	-	-	-	1.4	1.4	1.4	1.4
Sun Pharma Laboratories Ltd.	13.2	1.5	-	-	-	-	-	-	-	-	13.2	1.5
Others	-	-	-	-	-	-	-	-	0.1	0.1	0.1	0.1
<b>Director's Remuneration</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63.3</b>	<b>53.0</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>63.3</b>	<b>53.0</b>
Mr. Dilip S. Shanghvi	-	-	-	-	28.3	22.3	-	-	-	-	28.3	22.3
Mr. Sudhir V. Valia	-	-	-	-	25.6	22.2	-	-	-	-	25.6	22.2



# NOTES FORMING PART OF THE FINANCIAL STATEMENTS

For the year ended 31st March, 2014

## ANNEXURE 'A'

### ACCOUNTING STANDARD (AS-18) "RELATED PARTY DISCLOSURE"

	Subsidiaries		Controlled Entity		Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives		Total	
	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13	31-03-14	31-03-13
₹ in Million												
Mr. Sailesh T. Desai	-	-	-	-	9.4	8.5	-	-	-	-	9.4	8.5
<b>Apprenticeship Stipend / Remuneration</b>												
Mr. Aalok Shanghvi	-	-	-	-	-	-	3.5	3.3	-	-	3.5	3.3
Ms. Vidhi Shanghvi	-	-	-	-	-	-	2.9	3.1	-	-	2.9	3.1
<b>Remuneration received from Partnership Firms</b>												
Sun Pharma Sikkim	-	-	-	82.9	-	-	-	-	-	-	-	82.9
Sun Pharmaceutical Industries	-	-	-	46.4	-	-	-	-	-	-	-	46.4
<b>Share of profit from Partnership Firms</b>												
Sun Pharma Sikkim	-	-	-	919.8	-	-	-	-	-	-	-	919.8
Sun Pharmaceutical Industries	-	-	-	441.9	-	-	-	-	-	-	-	441.9
<b>Outstanding Corporate Guarantee to Bank</b>												
Sun Pharma Laboratories Ltd. (Actual Utilised Nil (Previous Year ₹ 181.5 Million))	247.8	774.0	-	-	-	-	-	-	-	-	247.8	774.0
Sun Pharmaceuticals Italia S.R.L. (Actual Utilised ₹ 86.0 Million (Previous Year Nil))	-	600.0	-	-	-	-	-	-	-	-	-	600.0
<b>Outstanding Receivables / Payables (Net) as on</b>												
Caraco Pharmaceutical Laboratories Ltd	247.8	174.0	-	-	-	(15.1)	(0.7)	(0.8)	-	-	247.8	174.0
OOO "Sun Pharmaceutical Industries" Ltd *	(2,282.9)	4,879.7	-	-	(18.7)	(15.1)	(0.7)	(0.8)	61.3	755.6	(2,241.0)	5,619.4
Sun Pharma Advanced Research Company Ltd	1,442.8	958.8	-	-	-	-	-	-	-	-	1,442.8	958.8
Sun Pharma Global (FZE)	770.8	768.4	-	-	-	-	-	-	-	-	770.8	768.4
Sun Pharma Laboratories Ltd.	(4,007.5)	718.0	-	-	-	-	-	-	60.8	755.6	60.8	755.6
Skisen Labs Pvt Ltd.	(1,514.3)	2,019.3	-	-	-	-	-	-	-	-	(4,007.5)	718.0
Others	356.0	-	-	-	-	-	-	-	-	-	(1,514.3)	2,019.3
	669.3	415.2	-	-	(18.7)	(15.1)	(0.7)	(0.8)	0.5	-	356.0	-
											650.4	399.3

\* Net write off of ₹ 89.6 Million (Previous Year Nil)  
Figures for previous year includes corresponding figures in respect of SPDPL and SPMPPL which had amalgamated into SPILL w.e.f. 1st September, 2012.

# INDEPENDENT AUDITORS' REPORT

## TO THE BOARD OF DIRECTORS OF SUN PHARMACEUTICAL INDUSTRIES LIMITED

### Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of SUN PHARMACEUTICAL INDUSTRIES LIMITED (the "Company"), its subsidiaries and jointly controlled entities (the Company, its subsidiaries and jointly controlled entities constitute "the Group"), which comprise the Consolidated Balance Sheet as at 31st March, 2014, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### Management's Responsibility for the Consolidated Financial Statements

The Company's Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India read together with our remarks in paragraph (c) under the 'Emphasis of Matter' section below. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### Opinion

In our opinion and to the best of our information and according to the explanations given to us, read with the 'Emphasis of Matter' section below, and based on the consideration of the reports of the other auditors on the financial statements / consolidated financial statements / financial information of the subsidiaries, jointly controlled entities and a partnership firm, referred to below in the Other Matter section, the aforesaid consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- a) in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March, 2014;
- b) in the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
- c) in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

### Emphasis of Matter

- (a) We draw attention to Note 52(a) to the consolidated financial statements. As referred to in the said Note, the consolidated financial statements of the Company for the year ended 31st March, 2014 were earlier approved by the Board of Directors at their meeting held on 29th May, 2014 which were subject to revision by the Management of the Company so as to give effect to the Scheme of Arrangement for demerger of the specified undertakings of Sun Pharma Global FZE (SPG), a wholly owned subsidiary, into the Company w.e.f 1st May, 2013. Those financial statements were audited by us and our report dated 29th May, 2014, addressed to the Board of Directors of the Company, expressed an unqualified opinion on those financial statements with an Emphasis of Matter paragraph

drawing attention to the foregoing matter. Consequent to the Company obtaining the required approvals, the financial statements for the year ended 31st March, 2014, for both, the Company and SPG were revised to give effect to the said Scheme of Arrangement. In view of the above, the earlier approved consolidated financial statements are revised by the Company to incorporate the revised financial statements of the Company and SPG.

- (b) We draw attention to Note 54 to the consolidated financial statements. As referred to in the said Note, consequent to giving effect to the Scheme of Arrangement: (i) remuneration to the Managing Director and the Whole-time Directors of the Company for the year ended 31st March, 2014 is in excess of the limits specified under Schedule XIII to the Companies Act, 1956 ("the Act"), by ₹ 44.7 Million; and (ii) commission of ₹ 6.4 Million for the year ended 31st March, 2014 to the Non-Executive Directors of the Company is in excess, since there is absence of net profits for the year in the Company under section 309(4) read with section 309(5) of the Act. In this regard, we have been informed by the Management of the Company that they are in the process of seeking approval from the shareholders of the Company and the Central Government in respect of the aforesaid amounts.
- (c) Apart from the foregoing matters and the provision for proposed dividend, the attached consolidated financial statements do not take into account any events subsequent to the date on which the consolidated financial statements referred to in (a) above were earlier approved by the Board of Directors and reported upon by us as aforesaid.

Our opinion is not qualified in respect of these matters.

#### Other Matter

We did not audit the financial statements / consolidated financial statements / financial information of 73 subsidiaries, 3 jointly controlled entities and a partnership firm [listed in Note 31 (a) to the consolidated financial statements], whose financial statements / consolidated financial statements / financial information reflect total assets of ₹ 180,457.5 Million as at 31st March, 2014, total revenues of ₹ 115,898.0 Million and net cash inflows amounting to ₹ 22,401.3 Million for the year ended on that date, as considered in the Consolidated Financial Statements, comprising:

- a) Total assets of ₹ 178,238.9 Million as at 31st March, 2014, total revenues of ₹ 113,343.5 Million and net cash inflows amounting to ₹ 22,287.1 Million for the year ended on that date in respect of 67 subsidiaries, 3 jointly controlled entities and a partnership firm, whose financial statements / consolidated financial statements / financial information have been audited by other auditors and their reports have been furnished to us by the Management and our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, jointly controlled entity and partnership firm is based solely on the reports of the other auditors.
- b) Total assets of ₹ 2,218.6 Million as at 31st March, 2014, total revenues of ₹ 2,554.5 Million and net cash inflows amounting to ₹ 114.2 Million for the year ended on that date in respect of 6 subsidiaries, whose reporting date is of 31st December, 2013 and different from the reporting date of the Company and the financial statements / financial information have been audited by other auditors. In terms of Accounting Standard 21 – 'Consolidated Financial Statements', adjustments have been made for significant transactions of these subsidiaries for the periods from 1st January, 2014 to 31st March, 2014 and 1st January, 2013 to 31st March, 2013, on the basis of their unaudited financial statements / financial information for the said periods. Our opinion, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries is based solely on the reports of the other auditors furnished to us and the unaudited financial statements / financial information as aforesaid.

Our opinion is not qualified in respect of these matters.

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

**RAJESH K. HIRANANDANI**  
Partner  
(Membership No. 36920)

MUMBAI, 29th May, 2014 [12th August, 2014 as to effect the matters discussed under the 'Emphasis of Matter' section above]

# CONSOLIDATED BALANCE SHEET

as at 31st March, 2014

₹ in Million

	Note No.	As at 31st March, 2014		As at 31st March, 2013	
<b>EQUITY AND LIABILITIES</b>					
<b>Shareholders' Funds</b>					
Share Capital	1	2,071.2		1,035.6	
Reserves and Surplus	2	183,178.3	185,249.5	148,861.7	149,897.3
<b>Minority Interest</b>			19,211.8		16,350.8
<b>Non-current Liabilities</b>					
Long-term Borrowings	3	486.7		1,152.6	
Deferred Tax Liabilities (Net)	4	2,756.7		2,053.5	
Other Long-term Liabilities	5	91.4		89.4	
Long-term Provisions	6	26,016.2	29,351.0	7,870.6	11,166.1
<b>Current Liabilities</b>					
Short-term Borrowings	7	24,403.4		829.5	
Trade Payables	8	13,282.6		10,579.9	
Other Current Liabilities	9	2,604.1		2,186.5	
Short-term Provisions	10	19,605.8	59,895.9	14,816.6	28,412.5
<b>Total</b>			<b>293,708.2</b>		<b>205,826.7</b>
<b>ASSETS</b>					
<b>Non-current Assets</b>					
<b>Fixed Assets</b>					
Tangible Assets	11A	34,981.8		31,604.3	
Intangible Assets	11B	14,844.8		13,540.9	
Capital Work-in-Progress		8,415.4		5,626.1	
		58,242.0		50,771.3	
Goodwill on Consolidation	36	18,346.2		11,329.5	
Non-current Investments	12	7,875.6		11,063.5	
Deferred Tax Assets	13	11,866.9		9,175.9	
Long-term Loans and Advances	14	10,511.8		8,377.6	
Other Non-current Assets	15	1.1	106,843.6	78.6	90,796.4
<b>Current Assets</b>					
Current Investments	16	19,984.6		13,052.2	
Inventories	17	31,230.1		25,777.6	
Trade Receivables	18	22,004.2		24,122.3	
Cash and Cash Equivalents	19	75,901.5		40,587.1	
Short-term Loans and Advances	20	12,445.5		10,796.0	
Other Current Assets	21	25,298.7	186,864.6	695.1	115,030.3
<b>Total</b>			<b>293,708.2</b>		<b>205,826.7</b>

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**RAJESH K. HIRANANDANI**  
Partner

For and on behalf of the Board

**DILIP S. SHANGHVI**  
Managing Director

**UDAY V. BALDOTA**  
Chief Financial Officer

**SUDHIR V. VALIA**  
Wholetime Director

**SUNIL R. AJMERA**  
Company Secretary

**SAILESH T. DESAI**  
Wholetime Director

Mumbai, 12th August, 2014

Mumbai, 12th August, 2014

# CONSOLIDATED STATEMENT OF PROFIT AND LOSS

for the year ended 31st March, 2014

₹ in Million

	Note No.	Year ended 31st March, 2014		Year ended 31st March, 2013	
Revenue from Operations	22	162,754.8		114,696.8	
Less: Excise Duty		1,951.2		1,698.2	
		160,803.6		112,998.6	
Other Income	23	5,522.3		3,880.9	
<b>Total Revenue</b>			<b>166,325.9</b>		<b>116,879.5</b>
<b>Expenses</b>					
Cost of Materials Consumed	24	22,433.9		19,499.8	
Purchases of Stock-in-Trade		6,124.7		3,518.4	
Changes in Inventories of Finished Goods, Work-in-Progress and Stock-in-Trade	25	(765.4)		(2,284.8)	
Employee Benefits Expense	26	20,744.4		15,345.3	
Finance Costs	27	441.9		431.6	
Depreciation and Amortisation Expense	11	4,092.3		3,361.7	
Other Expenses	28	42,249.1		27,957.5	
<b>Total Expenses</b>			<b>95,320.9</b>		<b>67,829.5</b>
<b>Profit Before Exceptional Item and Tax</b>			71,005.0		49,050.0
Exceptional Item	52(b)		25,174.1		5,835.8
<b>Profit Before Tax</b>			45,830.9		43,214.2
<b>Tax Expense:</b>					
Current Tax			8,079.6		8,131.3
Deferred Tax (Credit) / Charge			(1,057.9)	7,021.7	324.2
<b>Profit from Continuing Operations</b>			38,809.2		34,758.7
<b>Loss from Discontinuing Operations</b>	49		(19.2)		(65.3)
<b>Profit after tax before Minority Interest</b>			38,790.0		34,693.4
<b>Minority Interest</b>			7,375.3		4,862.8
<b>Profit for the Year</b>			<b>31,414.7</b>		<b>29,830.6</b>
<b>Earnings per Share</b>	38				
Basic and Diluted (₹) Face Value per Equity share - ₹ 1			15.2		14.4

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

**RAJESH K. HIRANANDANI**  
Partner

For and on behalf of the Board

**DILIP S. SHANGHVI**  
Managing Director

**UDAY V. BALDOTA**  
Chief Financial Officer

**SUDHIR V. VALIA**  
Wholetime Director

**SUNIL R. AJMERA**  
Company Secretary

**SAILESH T. DESAI**  
Wholetime Director

Mumbai, 12th August, 2014

Mumbai, 12th August, 2014

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2014

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>A. CASH FLOW FROM OPERATING ACTIVITIES</b>		
Profit Before Tax	45,811.7	43,148.9
Adjustments for:		
Depreciation and Amortisation Expense	4,092.3	3,361.7
(Profit) / Loss on Sale / Write off of Fixed Assets, (net)	9.4	(2.4)
Finance Costs	441.9	431.6
Interest Income	(2,064.2)	(2,368.9)
Dividend Income	(37.3)	(24.3)
Net Gain on Sale of Investments	(2,875.4)	(1,118.1)
Sundry balances written back	(12.4)	(9.1)
Provision / Write off for Doubtful Trade Receivable / Advances	158.6	125.9
Net Loss / (Gain) on Cancellation of Forward Exchange Contracts	-	190.7
Effect of exchange rate changes	(114.4)	1,012.9
<b>Operating Profit Before Working Capital Changes</b>	<b>45,410.2</b>	<b>44,748.9</b>
<b>Changes in working capital:</b>		
<b>Adjustments for (Increase) / Decrease in Operating Assets:</b>		
Inventories	(5,452.5)	(3,902.2)
Trade Receivables	2,222.6	(5,020.4)
Loans and Advances	3,394.1	(673.8)
Other Assets	(24,404.0)	133.5
<b>Adjustments for Increase / (Decrease) in Operating Liabilities:</b>		
Trade Payables	2,715.6	683.1
Other Liabilities	256.2	(1,770.1)
Provisions	23,339.0	10,101.6
<b>Cash Generated from Operations</b>	<b>47,481.2</b>	<b>44,300.6</b>
Net Income Tax Paid	(7,889.2)	(10,734.8)
<b>Net Cash Flow from Operating Activities (A)</b>	<b>39,592.0</b>	<b>33,565.8</b>
<b>B. CASH FLOW FROM INVESTING ACTIVITIES</b>		
Capital Expenditure on Fixed Assets, including Capital Advances	(9,060.0)	(8,454.5)
Proceeds from Sale of Fixed Assets	89.2	136.4
Short-term Loans / Inter Corporate Deposits		
Given / Placed	(14,187.6)	(10,194.1)
Received back / Matured	8,846.6	10,413.8
Purchase of Investments	(282,650.8)	(156,719.0)
Proceeds from Sale of Investments	281,855.1	156,249.0
Bank Balances not considered as Cash and Cash Equivalents		
Fixed Deposits / Margin Money Placed	(38,148.5)	(30,119.3)

# CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March, 2014

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Fixed Deposits / Margin Money Matured	27,606.3	26,674.3
Net (Loss) / Gain on Cancellation of Forward Exchange Contracts	-	(190.7)
Acquisition of Subsidiaries	-	(16,414.6)
Interest Received	1,942.1	2,572.1
Purchase of Assets Given under Finance Lease	-	(331.0)
Receipt of rental on Assets Given under Finance Lease	2.7	2.8
Dividend Received	37.3	24.3
<b>Net Cash Flow used in Investing Activities (B)</b>	<b>(23,667.6)</b>	<b>(26,350.5)</b>
<b>C. CASH FLOW FROM FINANCING ACTIVITIES</b>		
Proceeds from Borrowings	24,038.0	141.8
Repayment of Borrowings	(885.0)	(1,109.3)
Net Increase / (Decrease) in Working Capital Borrowings	(403.8)	219.0
Proceeds from issue of shares to Minority by Subsidiary	182.4	357.4
Payment to Minority - Repurchase of shares by subsidiary / Others	(11,580.9)	(767.0)
Finance Costs	(229.6)	(376.6)
Dividends Paid	(5,175.4)	(4,401.2)
Tax on Dividend	(880.0)	(714.0)
<b>Net Cash Flow from / (used in) Financing Activities (C)</b>	<b>5,065.7</b>	<b>(6,649.9)</b>
<b>Net Increase in Cash and Cash Equivalents (A+B+C)</b>	<b>20,990.1</b>	<b>565.4</b>
Cash and Cash Equivalents taken over on acquisition of Subsidiaries	-	1,607.3
Cash and Cash Equivalents at the Beginning of the Year	20,691.1	17,526.7
Effect of Exchange Differences on Restatement of Foreign Currency Cash and Cash Equivalents	1,905.8	991.7
<b>Cash and Cash Equivalents at the end of the Year (Refer Note 19)</b>	<b>43,587.0</b>	<b>20,691.1</b>

See accompanying notes forming part of the Consolidated Financial Statements

In terms of our report attached

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

For and on behalf of the Board

**RAJESH K. HIRANANDANI**  
Partner

**DILIP S. SHANGHVI**  
Managing Director

**SUDHIR V. VALIA**  
Wholetime Director

**SAILESH T. DESAI**  
Wholetime Director

**UDAY V. BALDOTA**  
Chief Financial Officer

**SUNIL R. AJMERA**  
Company Secretary

Mumbai, 12th August, 2014

Mumbai, 12th August, 2014



# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

	As at 31st March, 2014		As at 31st March, 2013	
	Number of Equity Shares	₹ in Million	Number of Equity Shares	₹ in Million
<b>1 SHARE CAPITAL</b>				
<b>Authorised</b>				
Equity Shares of ₹ 1 each	3,000,000,000	3,000.0	1,500,000,000	1,500.0
	<b>3,000,000,000</b>	<b>3,000.0</b>	<b>1,500,000,000</b>	<b>1,500.0</b>
<b>Issued, Subscribed and Fully Paid Up</b>				
Equity Shares of ₹ 1 each (Refer Note 34)	2,071,163,910	2,071.2	1,035,581,955	1,035.6
	<b>2,071,163,910</b>	<b>2,071.2</b>	<b>1,035,581,955</b>	<b>1,035.6</b>

	As at 31st March, 2014		As at 31st March, 2013	
<b>2 RESERVES AND SURPLUS</b>				
<b>Capital Reserve</b>				
As per Last Balance Sheet		259.1		259.1
<b>Capital Redemption Reserve</b>				
Opening Balance	154.5		154.5	
Less : Utilised for issue of Bonus shares	154.5		-	
Closing Balance		-		154.5
<b>Securities Premium Account</b>				
Opening Balance	15,099.1		15,099.1	
Less : Utilised for issue of Bonus shares	881.1		-	
Closing Balance		14,218.0		15,099.1
<b>General Reserve</b>				
Opening Balance	31,041.2		30,521.2	
Add: Transferred from Surplus in Statement of Profit and Loss	-		520.0	
Closing Balance		31,041.2		31,041.2
<b>Legal Reserve (Refer Note 48)</b>				
Opening Balance	0.9		-	
Add: Transferred from Surplus in Statement of Profit and Loss	-		0.9	
Closing Balance		0.9		0.9
<b>Foreign Currency Translation Reserve</b>				
Opening Balance	12,327.4		8,560.6	
Add/(Less): Effect of Foreign Exchange rate variations during the year	7,572.2		3,766.8	
Closing Balance		19,899.6		12,327.4
<b>Surplus in Statement of Profit and Loss</b>				
Opening Balance	89,979.5		66,727.7	
Add: Profit for the year	31,414.7		29,830.6	
Less: Dividend proposed to be distributed to Equity Shareholders [₹ 1.5 (Previous Year ₹ 5) per share]	3,106.7		5,177.9	

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
Corporate Dividend Tax	528.0		880.0	
Transferred to Legal Reserve	-		0.9	
Transferred to General Reserve	-		520.0	
	<b>3,634.7</b>		<b>6,578.8</b>	
Closing Balance		117,759.5		89,979.5
		<b>183,178.3</b>		<b>148,861.7</b>
<b>3 LONG-TERM BORROWINGS</b>				
<b>Secured Borrowings</b>				
Term Loans				
From Banks	389.2		372.6	
From Other Parties	46.4	435.6	46.4	419.0
<b>Unsecured Borrowings</b>				
Debentures (Matures in November 2014 - Rate of Interest 5.8% Plus CPI)		-		571.2
Long-Term Maturities of Finance Lease Obligation		2.0		1.9
Term Loans from Other Parties		49.1		160.5
		<b>486.7</b>		<b>1,152.6</b>
<b>4 DEFERRED TAX LIABILITIES (NET)</b>				
<b>Deferred Tax Liabilities</b>				
Depreciation on Fixed Assets	2,690.8		2,129.9	
Others	198.7	2,889.5	24.3	2,154.2
<b>Less :</b>				
<b>Deferred Tax Assets</b>				
Unpaid Liabilities	84.6		51.8	
Others	48.2	132.8	48.9	100.7
		<b>2,756.7</b>		<b>2,053.5</b>
<b>5 OTHER LONG-TERM LIABILITIES</b>				
Trade / Security Deposits Received		88.6		88.0
Interest Accrued but not Due on Borrowings		2.8		1.4
		<b>91.4</b>		<b>89.4</b>
<b>6 LONG-TERM PROVISIONS</b>				
Employee Benefits (Refer Note 42 & 43)		177.2		173.5
Product Returns, Rebates, Medic aids etc. (Refer Note 51)		640.8		592.4
MTM Loss on outstanding Forward Contracts		2,032.7		1,293.4
Provision - Other [Refer Note 52(b)]		23,161.9		5,808.0
Income Tax (Net of Advance Income Tax)		3.6		3.3
		<b>26,016.2</b>		<b>7,870.6</b>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
<b>7 SHORT-TERM BORROWINGS</b>				
<b>Secured Borrowings</b>				
Loans Repayable on Demand				
From Banks:				
Cash Credit Facility	311.8		630.2	
Others	-	311.8	50.1	680.3
<b>Unsecured Borrowings</b>				
Loans Repayable on Demand :				
Cash Credit Facility from bank	89.6		149.2	
Term Loan from bank	24,002.0	24,091.6	-	149.2
	<b>24,403.4</b>		<b>829.5</b>	
<b>8 TRADE PAYABLES</b>				
Acceptances		-		76.6
Other than Acceptances:				
Due to Micro and Small Enterprises		92.4		760.8
Other Payables		13,190.2		9,742.5
	<b>13,282.6</b>		<b>10,579.9</b>	
<b>9 OTHER CURRENT LIABILITIES</b>				
Current Maturities of Long-term Debt		718.5		615.0
Interest Accrued but not Due on Borrowings		19.3		26.5
Investor Education and Protection Fund shall be credited by Unpaid Dividends (not due)		52.4		45.1
Statutory Remittances		828.6		607.2
Payables on Purchase of Fixed Assets		671.9		613.6
Trade / Security Deposits Received		13.0		9.5
Advances from Customers		100.3		87.8
Temporary Overdrawn Bank Balance as per books		28.6		24.0
Others		171.5		157.8
	<b>2,604.1</b>		<b>2,186.5</b>	
<b>10 SHORT-TERM PROVISIONS</b>				
Employee Benefits (Refer Note 42)		1,101.7		920.1
Product Returns, Rebates, Medicais etc. (Refer Note 51)		8,911.7		6,310.6
MTM Loss on outstanding Forward Contracts		192.8		71.5
Income Tax [Net of Advance Income Tax]		2,614.6		1,456.5
Proposed Equity Dividend		3,106.7		5,177.9
Corporate Dividend Tax		528.0		880.0
Provision - Other [Refer Note 52(b)]		3,150.3		-
	<b>19,605.8</b>		<b>14,816.6</b>	

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

### 11 FIXED ASSETS

Particulars	Gross Block (At Cost)				Depreciation / Amortisation / Impairment			Net Block	
	As at 01.04.13	Consolidation Adjustments	Taken over on acquisition (c)	As at 31.03.14	As at 01.04.13	Consolidation Adjustments	For the year On Deletions for the year	As at 31.03.14	As at 31.03.13
<b>A. TANGIBLE ASSETS</b>									
Freehold Land	1,021.9	76.3	-	1,105.9	-	-	-	1,105.9	1,021.9
	(824.4)	(35.7)	(179.2)	(1,021.9)	(-)	(-)	(-)	(1,021.9)	(824.4)
Leasehold Land	1,172.7	91.4	-	1,305.7	137.0	-	16.7	1,390.0	980.2
	(1,062.7)	(54.5)	(-)	(1,117.2)	(114.8)	(7.0)	(15.2)	(980.2)	(947.9)
Buildings	17,460.3	1,356.4	-	19,629.7	4,517.3	389.2	33.2	5,478.6	14,151.1
	(14,694.8)	(677.6)	(1,616.0)	(17,460.3)	(3,883.9)	(192.8)	(44.7)	(4,517.3)	(12,943.0)
Leasehold Improvement on Building	111.9	11.8	-	156.3	13.7	1.4	-	18.5	137.8
	(104.9)	(7.0)	(-)	(111.9)	(10.1)	(0.7)	(-)	(98.2)	(94.8)
Buildings Given under operating lease *	357.4	17.3	-	375.5	79.5	3.1	-	88.9	288.6
	(347.1)	(10.3)	(-)	(357.4)	(67.6)	(1.6)	(-)	(277.9)	(279.5)
Plant and Equipment	33,563.7	1,659.7	-	38,487.6	18,280.4	1,112.4	-	21,494.5	16,993.1
	(27,694.3)	(989.1)	(1,706.4)	(33,563.7)	(15,333.3)	(680.2)	(478.0)	(18,280.4)	(15,283.3)
Plant and Equipment- Leased *	25.3	-	-	25.3	2.9	-	-	4.1	21.2
	(25.3)	(-)	(-)	(25.3)	(1.7)	(-)	(1.2)	(2.9)	(22.4)
Vehicles	48.2	13.3	-	556.8	139.6	5.9	-	186.3	370.5
	(324.6)	(7.7)	(0.4)	(418.2)	(115.7)	(3.7)	(0.1)	(139.6)	(278.6)
Office Equipment	676.2	30.7	-	799.1	448.6	25.0	-	534.5	264.6
	(410.8)	(5.1)	(195.5)	(676.2)	(234.6)	(3.3)	(171.6)	(448.6)	(227.6)
Furniture and Fixtures	1,273.6	70.7	-	1,441.8	802.4	55.4	-	931.8	510.0
	(1,053.4)	(40.4)	(80.0)	(1,273.6)	(645.5)	(30.4)	(66.8)	(802.4)	(471.2)
<b>Total Tangible Assets</b>	<b>56,025.7</b>	<b>3,327.6</b>	<b>-</b>	<b>63,885.7</b>	<b>24,421.4</b>	<b>1,605.4</b>	<b>-</b>	<b>28,903.9</b>	<b>34,981.8</b>
Previous Year	(46,542.3)	(1,827.4)	(3,777.5)	(56,025.7)	(20,407.2)	(919.7)	(2,546.4)	(24,421.4)	(31,604.3)
<b>B. INTANGIBLE ASSETS</b>									
Goodwill	9,748.8	1,028.2	-	10,777.0	-	-	-	-	10,777.0
	(631.9)	(42.4)	(9,074.5)	(9,748.8)	(-)	(-)	(-)	(-)	(9,748.8)
Trademarks, Designs and Other Intangible Assets	9,988.2	956.3	-	11,842.3	6,196.1	580.7	-	7,774.5	4,067.8
	(7,094.3)	(431.8)	(1,161.6)	(9,988.2)	(4,565.9)	(277.1)	(815.3)	(6,196.1)	(3,792.1)
<b>Total Intangible Assets</b>	<b>19,737.0</b>	<b>1,984.5</b>	<b>-</b>	<b>22,619.3</b>	<b>6,196.1</b>	<b>580.7</b>	<b>-</b>	<b>7,774.5</b>	<b>14,844.8</b>
Previous Year	(7,726.2)	(474.2)	(10,236.1)	(19,737.0)	(4,565.9)	(277.1)	(815.3)	(6,196.1)	(13,540.9)
<b>Total Fixed Assets</b>	<b>75,762.7</b>	<b>5,312.1</b>	<b>-</b>	<b>86,505.0</b>	<b>30,617.5</b>	<b>2,186.1</b>	<b>-</b>	<b>36,678.4</b>	<b>49,826.6</b>
Previous Year	(54,268.5)	(2,301.6)	(14,013.6)	(75,762.7)	(24,973.1)	(1,196.8)	(3,361.7)	(30,617.5)	(45,145.2)

#### Footnotes:

- (a) Buildings include ₹ 8,620 (Previous Year ₹ 8,620) towards cost of shares in a Co-operative Housing Society.  
 (b) Includes Impairment of ₹ 64.9 Million (Previous Year ₹ 64.9 Million) including ₹ Nil (Previous Year ₹ 34.1 Million) on account of Impairment for the year.  
 (c) Represents assets and accumulated depreciation of DUSA Pharmaceuticals Inc. and URL Pharma Inc. which has been acquired in previous year.  
 (d) Excludes Fixed Assets Held for Sale (Refer Note 21).  
 (e) Previous Year figures are in brackets.  
 \* Refer Note 4(a)

for the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014	As at 31st March, 2013
<b>12 NON-CURRENT INVESTMENTS</b>		
<b>Long Term Investments (At Cost) (Fully Paid Up)</b>		
<b>Quoted</b>		
In Equity Instruments	4,253.7	4,174.9
In Debentures	250.0	250.0
In Bonds	367.3	367.3
<b>Unquoted</b>		
In Equity Instruments (*)	1,845.6	405.6
In Government Securities ₹ 10,000 ( Previous Year ₹ 10,000)	0.0	0.0
In Debentures	115.7	115.7
In Deposits	-	500.0
In Mutual Funds (**)	1,000.0	5,250.0
In Limited Liability Partnerships	43.3	-
	<b>7,875.6</b>	<b>11,063.5</b>
<b>AGGREGATE VALUE OF INVESTMENTS</b>		
<b>Quoted</b>	<b>Book Value</b>	<b>Market Value</b>
	4,871.0	7,733.8
<b>Unquoted</b>	3,004.6	6,271.3
* Includes Investment in Associate ₹ 184.4 Million (Previous Year ₹ Nil) [Including goodwill ₹ 173.4 Million (Previous Year ₹ Nil)]		
** Listed		
<b>13 DEFERRED TAX ASSETS</b>		
Unpaid Liabilities	5,816.0	4,356.7
Unabsorbed Loss (Refer Note 47)	51.5	1,622.3
Intangibles	3,136.6	1,415.1
Others	2,862.8	1,781.8
	<b>11,866.9</b>	<b>9,175.9</b>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
<b>14 LONG-TERM LOANS AND ADVANCES</b>				
(Unsecured – Considered Good)				
Capital Advances		2,680.6		2,097.9
Security Deposits		174.9		158.6
Loans and Advances to Employees / Others		935.6		2,811.2
Receivable on Account of Assets under Finance Lease [Refer Note 41(e)]		320.2		327.1
Prepaid Expenses		21.8		24.9
Advance Income Tax [Net of Provisions]		5,689.5		2,448.0
Balances with Government Authorities		689.2		509.9
		<b>10,511.8</b>		<b>8,377.6</b>
<b>15 OTHER NON-CURRENT ASSETS</b>				
(Unsecured – Considered Good)				
Interest Accrued on Investments		-		77.0
Unamortised Premium on Investments		1.1		1.6
		<b>1.1</b>		<b>78.6</b>
<b>16 CURRENT INVESTMENTS (AT COST) (FULLY PAID UP)</b>				
<b>A) Current Portion of Long-term Investments</b>				
Unquoted				
In Mutual Funds (*)	15,700.0		7,860.0	
In Deposits	500.0	16,200.0	750.0	8,610.0
<b>B) Other Current Investments</b>				
Quoted				
In Equity Instruments	18.0		2.8	
In Bonds	171.3		161.8	
Unquoted				
In Government Securities	-		217.0	
In Mutual Funds	3,595.3		1,090.1	
In Deposits	-		2,500.0	
In Commercial Paper	-	3,784.6	470.5	4,442.2
		<b>19,984.6</b>		<b>13,052.2</b>
<b>AGGREGATE VALUE OF INVESTMENTS</b>				
	<b>Book Value</b>	<b>Market Value</b>	<b>Book Value</b>	<b>Market Value</b>
Quoted	189.3	195.3	164.6	172.8
Unquoted	19,795.3		12,887.6	
* Listed				

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
<b>17 INVENTORIES</b>				
Raw and Packing Materials	12,237.0		9,806.1	
Goods-in-Transit	382.5	12,619.5	311.4	10,117.5
Work-in-Progress		5,927.9		4,657.5
Finished Goods	8,587.4		8,470.4	
Goods-in-Transit	549.5	9,136.9	345.6	8,816.0
Stock-in-Trade	2,441.1		1,505.8	
Goods-in-Transit	300.1	2,741.2	135.2	1,641.0
Other Materials and Consumables	804.0		525.0	
Goods-in-Transit	0.6	804.6	20.6	545.6
		<b>31,230.1</b>		<b>25,777.6</b>
<b>18 TRADE RECEIVABLES</b>				
(Unsecured – Considered Good unless stated otherwise)				
Outstanding for a period exceeding Six Months from the date they are due for payment				
Considered Good	2,654.1		2,013.0	
Doubtful	166.9		137.3	
	2,821.0		2,150.3	
Less: Provision for Doubtful Trade Receivables	166.9	2,654.1	137.3	2,013.0
Other Trade Receivables		19,350.1		22,109.3
		<b>22,004.2</b>		<b>24,122.3</b>
<b>19 CASH AND CASH EQUIVALENTS</b>				
<b>Balances that meet the definition of Cash and Cash Equivalents as per AS3 Cash Flow Statement</b>				
Cash on Hand		46.9		7.5
Cheques, Drafts on Hand		138.5		89.4
Balances with Banks				
In Current Accounts	39,714.2		14,205.9	
In Deposit Accounts with Original Maturity of 3 Months or less	3,021.9		4,467.4	
In EEFC Accounts	665.5	43,401.6	1,920.9	20,594.2
		43,587.0		20,691.1
<b>Other Bank Balances</b>				
In Deposit Accounts (Refer Footnote)	32,147.0		19,271.9	
In Earmarked Accounts:				
Unpaid Dividend Accounts	47.2		42.4	
Balances held as Margin Money or Security against Guarantees and Other Commitments (Refer Footnote)	120.3	32,314.5	581.7	19,896.0
		<b>75,901.5</b>		<b>40,587.1</b>

### Footnote

Other Bank Balances include Deposits amounting to ₹ 22,320.6 Million (Previous Year ₹ 2,256.2 Million) and Margin Monies amounting to ₹ 106.7 Million (Previous Year ₹ 536.7 Million) which have an Original Maturity of more than 12 months.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

₹ in Million

	As at 31st March, 2014		As at 31st March, 2013	
<b>20 SHORT-TERM LOANS AND ADVANCES</b>				
(Unsecured – Considered Good unless stated otherwise)				
Security Deposits		49.7		775.1
Loans and Advances to Related Parties (Refer Note 37)		-		738.4
Loans and Advances to Employees / Others				
Secured	261.9		261.8	
Unsecured	4,556.7		2,144.1	
Considered Doubtful	4.5		4.5	
	4,823.1		2,410.4	
Less: Provision for Doubtful Loans and Advances	4.5	4,818.6	4.5	2,405.9
Prepaid Expenses		1,508.1		1,266.7
Balances with Government Authorities		4,700.9		2,653.6
Advance Income Tax [Net of Provisions]		0.3		2,273.8
Advances for Supply of Goods and Services		1,359.8		678.9
Receivable on Account of Assets under Finance Lease [Refer Note 41(e)]		8.1		3.6
		<b>12,445.5</b>		<b>10,796.0</b>
<b>21 OTHER CURRENT ASSETS</b>				
(Unsecured – Considered Good)				
Interest Accrued on Investments / Balance with Bank		510.5		311.3
Unamortised Premium on Investments		0.3		0.3
Export Incentives		681.2		353.5
Insurance Claims		26.5		26.3
Fixed Assets Held for Sale		4.4		3.7
Cenvat Credit available on payment		73.8		-
Other [Refer Note 52(b)]		24,002.0		-
		<b>25,298.7</b>		<b>695.1</b>

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

₹ in Million

	Year ended 31st March, 2014		Year ended 31st March, 2013	
<b>22 REVENUE FROM OPERATIONS</b>				
Sale of Products		161,995.1		114,087.1
Other Operating Revenues		759.7		609.7
		<b>162,754.8</b>		<b>114,696.8</b>
<b>23 OTHER INCOME</b>				
Interest Income:				
Deposits with Banks	1,011.5		1,759.3	
Loans and Advances	459.6		421.7	
Current Investments	222.6		46.9	
Long-term Investments	229.2		75.3	
Others	141.3	2,064.2	65.7	2,368.9
Dividend Income on Long-term Investments		37.3		24.3
Net Gain on Sale of:				
Current Investments	504.0		283.1	
Long-term Investments	2,371.4	2,875.4	835.0	1,118.1
Profit on Sale of Fixed Assets		18.4		7.8
Sundry Balances Written Back		12.4		9.1
Insurance Claims		1.4		61.2
Lease Rental and Hire Charges		96.4		89.2
Miscellaneous Income		416.8		202.3
		<b>5,522.3</b>		<b>3,880.9</b>
<b>24 COST OF MATERIALS CONSUMED</b>				
Raw and Packing Materials				
Inventories at the beginning of the year		10,117.5		8,531.9
Purchases during the year		24,577.8		20,901.8
Foreign currency translation difference		358.1		183.6
Inventories at the end of the year		(12,619.5)		(10,117.5)
		<b>22,433.9</b>		<b>19,499.8</b>
<b>25 CHANGES IN INVENTORIES OF FINISHED GOODS, WORK- IN-PROGRESS AND STOCK-IN-TRADE</b>				
Inventories at the beginning of the year		15,114.5		11,802.7
Inventories Acquired on Acquisition		-		557.4
Foreign currency translation difference		1,926.1		469.6
Inventories at the end of the year		(17,806.0)		(15,114.5)
		<b>(765.4)</b>		<b>(2,284.8)</b>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

₹ in Million

	Year ended 31st March, 2014		Year ended 31st March, 2013	
<b>26 EMPLOYEE BENEFITS EXPENSE</b>				
Salaries and Wages		17,185.4		12,568.8
Contribution to Provident and Other Funds		1,745.1		1,432.1
Staff Welfare Expenses		1,813.9		1,344.4
		<b>20,744.4</b>		<b>15,345.3</b>
<b>27 FINANCE COSTS</b>				
Interest Expense on:				
Borrowings		199.6		318.6
Others		24.2		50.3
Net Loss on Foreign Currency Transactions and Translation (considered as Finance Costs)		218.1		62.7
		<b>441.9</b>		<b>431.6</b>
<b>28 OTHER EXPENSES</b>				
Consumption of Materials, Stores and Spare Parts		3,395.8		2,814.2
Conversion and Other Manufacturing Charges		2,588.0		1,792.4
Power and Fuel		2,324.1		1,871.0
Rent		453.8		314.5
Rates and Taxes		488.4		496.0
Insurance		505.0		336.6
Selling and Distribution		11,794.6		5,937.2
Commission and Discount		2,153.2		1,692.9
Repairs				
Buildings	396.3		234.7	
Machinery	1,306.9		978.2	
Others	467.9	2,171.1	364.8	1,577.7
Printing and Stationery		211.8		155.4
Travelling and Conveyance		800.7		496.1
Overseas Travel and Export Promotion		2,120.9		1,678.2
Communication		292.4		211.7
Provision / Write off for Doubtful Trade Receivable / Advances				
Provision for Doubtful Trade Receivable	36.3		94.1	
Sundry Balances / Trade Receivables Written Off	123.5		33.1	
Less: Adjusted out of Provision for earlier years	(1.2)	158.6	(1.3)	125.9
Professional and Consultancy		4,807.2		4,175.5
Donations		16.6		47.6
Loss on Sale / Write Off of Fixed Assets		27.8		5.4
Net Loss on Foreign Currency Transactions and Translation		1,907.8		786.4
Increase / (Decrease) of Excise Duty on Inventory		(16.4)		30.2

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

₹ in Million

	Year ended 31st March, 2014		Year ended 31st March, 2013	
Payment to Auditors				
As Auditors	84.8		52.0	
For Taxation Matters	10.9		7.9	
For Other Services	8.7		0.7	
Reimbursement of Expenses	0.2	104.6	9.2	69.8
Miscellaneous Expenses [Refer Note 52(b)]		6,345.5		3,682.9
		<b>42,651.5</b>		<b>28,297.6</b>
Less:				
Receipts from Research Activities		(402.4)		(340.1)
		<b>42,249.1</b>		<b>27,957.5</b>
<b>29 RESEARCH AND DEVELOPMENT EXPENDITURE INCLUDED IN THE CONSOLIDATED STATEMENT OF PROFIT AND LOSS</b>				
Salaries and Wages		2,938.3		1,961.1
Contribution to Provident and Other Funds		281.2		202.5
Staff Welfare Expenses		226.1		130.4
Consumption of Materials, Stores and Spare Parts		2,164.3		1,744.6
Power and Fuel		111.4		97.6
Rates and Taxes		30.2		148.2
Rent		41.5		22.6
Insurance		18.5		8.2
Repairs				
Buildings	33.8		27.2	
Machinery	98.3		79.9	
Others	84.0	216.1	59.7	166.8
Printing and Stationery		27.6		21.9
Travelling and Conveyance		115.4		62.4
Communication		31.3		21.1
Professional and Consultancy		2,510.3		1,486.1
Loss on Sale of Fixed Assets		10.7		0.2
Miscellaneous Expenses		1,139.1		541.8
		<b>9,862.0</b>		<b>6,615.5</b>
Less:				
Interest Income	1.1		1.4	
Receipts from Research activities	402.4		340.1	
Miscellaneous Income	87.8	491.3	25.0	366.5
		<b>9,370.7</b>		<b>6,249.0</b>

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

### 30 SIGNIFICANT ACCOUNTING POLICIES:

#### I Basis of Consolidation:

The Consolidated Financial Statements relate to Sun Pharmaceutical Industries Limited ('the Company'), its Subsidiaries and Jointly Controlled Entities (together constitute 'the Group'). The Consolidated Financial Statements have been prepared on the following basis:

- (a) The financial statements of the Company and its Subsidiaries have been consolidated on line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after eliminating intra-group balances, intra-group transactions and unrealised profits or losses as per Accounting Standard 21 'Consolidated Financial Statements', as notified by the Companies (Accounting Standards) Rules, 2006. These financial statements have been prepared using uniform accounting policies for like transactions and other events in the similar circumstances.

Interests in Jointly Controlled Entities has been accounted by using the proportionate consolidation method as per Accounting Standard (AS) 27- "Financial Reporting of Interests in Joint Ventures".

- (b) In case of foreign Subsidiaries / Jointly Controlled Entities, being non-integral foreign operations, translation of financial statements for consolidation is done in accordance with the policy stated in Note X below.
- (c) The Consolidated Financial Statements of the Group include financial statements of certain subsidiaries prepared as of a different date from that of the Company's financial statements. Adjustments for effects of significant transactions and events that have occurred between the date of the financial statements of these subsidiaries and the date of the Parent Company's financial statements are made in the Consolidated Financial Statements.
- (d) The excess of cost of investment in Subsidiaries / Jointly Controlled Entities over the share of equity in Subsidiaries / Jointly Controlled Entities as at the date of making the investment is recognised in the financial statements as Goodwill on Consolidation. Goodwill on consolidation is not amortised. However, the same is tested for impairment at each Balance Sheet date. The excess of share of equity of Subsidiaries / Jointly Controlled Entities over the cost of acquisition of the respective investments as at the date of making the investment is treated as Capital Reserve. For this purpose, share of equity is determined on the basis of the latest financial statements prior to the acquisition after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition.
- (e) Minority Interest in the net assets of Subsidiaries consists of:
  - i. the amount of equity attributable to the minorities at the date on which investment in Subsidiary is made, and
  - ii. the minorities' share of movements in equity since the date the parent-subsidiary relationship came into existence.

#### II Basis of Accounting

These financial statements have been prepared under historical cost convention on an accrual basis and comply with the Accounting Standards (AS) as notified under Section 211(3C) of the Companies Act, 1956 (which continue to be applicable in respect of section 133 of the Companies Act, 2013 in terms of general circular 15/2013 dated 13th September, 2013 of the Ministry of Corporate Affairs).

#### III Use of Estimates

The presentation of financial statements in conformity with the generally accepted accounting principles requires estimates and assumptions to be made that affect the reported amount of assets and liabilities on the date of the financial statements and the reported amount of revenues and expenses during the reporting period. Difference between the actual result and estimates are recognised in the period in which the results are known/materialised.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### IV Fixed Assets and Depreciation / Amortisation

Fixed Assets including Intangible assets are stated at historical cost (Net of cenvat credit) less accumulated depreciation / amortization thereon and impairment losses, if any. In case of the Company, Sun Pharmaceutical Industries, Sun Pharma Sikkim and Sun Pharma Laboratories Limited assets costing ₹ 5,000 or less and in case of Sun Pharmaceutical Spain, SL and Sun Pharmaceuticals Italia S.R.L assets costing € 601 and € 516.4 or less respectively are charged off as expense in the year of purchase. Intangible assets consist of trademarks, designs, technical know-how, non compete fees, other intangible assets and goodwill.

Depreciation / amortisation is provided on Tangible and Intangible assets on straight line method as follows :

	Years
<b>TANGIBLE</b>	
Leasehold Land	50-196
Buildings	5-100
Buildings Taken under finance lease	40
Buildings Given under operating lease	30
Plant and Equipment	3-21
Plant and Equipment Leased	3-21
Vehicles	3-20
Office Equipments	2-21
Furniture and Fixtures	2-17
<b>INTANGIBLE</b>	
Trademarks, Designs, Technical know-how, Non compete fees and Other Intangible Assets	3-20

#### V Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating lease. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis. For assets given under finance lease, amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment in accordance with Accounting Standard (AS) 19 - "Leases".

#### VI Revenue Recognition

Sale of products is recognized when risks and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of products. Export sales are recognized depending on the terms of customer arrangements, which is recognized either when the product is received by the customer at the destination point or at the time of shipment. Sales include delayed payment charges, and are stated net of returns, VAT / sales tax, provision for chargebacks, medicaid, rebates, shelf stock adjustments, breakages and expiry and other sales deductions, made on the basis of management expectation taking into account past experience, customer experience, third-party prescription data, industry and regulatory changes and other relevant information which are revised as necessary.

#### VII Investments

Investments are classified into Current and Long-term Investments. Current Investments are valued at lower of cost and fair value. Long-term Investments are stated at cost less provision, if any, for other than temporary diminution in their carrying amount.

#### VIII Inventories

Inventories consisting of raw and packing materials, other materials and consumables including R&D materials, work in progress, stock in trade and finished goods are stated at lower of cost (raw and packing materials

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

and stock in trade - specific identification method; other materials and consumables - FIFO basis; work-in-progress and finished goods - weighted average method) and net realisable value. In respect of Caraco, cost is determined on specific identification basis; in respect of Alkaloida Chemical Company Zrt, Sun Pharmaceutical Industries (Australia) Pty. Ltd. and Sun Pharmaceutical (Bangladesh) Ltd., cost is determined on FIFO basis and in respect of Taro Pharmaceutical Industries Ltd., cost is determined on Average cost basis.

#### IX Research and Development

The research and development cost is accounted in accordance with Accounting Standard - 26 'Intangible Assets'. All related revenue expenditure incurred on original and planned investigation undertaken with the prospect of gaining new scientific or technical knowledge and understanding up to the time when it is possible to demonstrate probable future economic benefits, is recognised as research expenses and charged off to the Statement of Profit and Loss, as incurred. All subsequent expenditure incurred for product development on the application of research findings or other knowledge upon demonstration of probability of future economic benefits, prior to the commencement of production, to the extent identifiable and possible to segregate are accumulated and carried forward as development expenditure under Intangible assets under development, to be capitalised as an intangible asset on completion of the project. In case a project does not proceed as per expectations / plans, the same is abandoned and the amount classified as development expenditure under Intangible assets under development is charged off to the Statement of Profit and Loss.

#### X Foreign Currency Transactions and Translation

Transactions denominated in foreign currencies are recorded at the exchange rates that approximates the actual rate prevailing at the date of transaction. Monetary items denominated in foreign currency at the year end are translated at year end rates. Non-monetary items, which are carried in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction. In respect of monetary items which are covered by forward exchange contracts, the difference between the year end rate and the rate on the date of the contract is recognised as exchange difference and the premium on such forward contracts is recognised over the life of the forward contract. The exchange differences arising on settlement / translation are recognised in the Statement of Profit and Loss.

The translation of the financial statements of non integral foreign operations is accounted for as under:

- a) All revenues and expenses are translated at average rate.
- b) All monetary and non-monetary assets and liabilities are translated at the rate prevailing on the balance sheet.
- c) Resulting exchange difference is accumulated in Foreign Currency Translation Reserve on Consolidation until the disposal of the net investment in the said non integral foreign operation.

#### XI Derivative Accounting

Forward Contracts in the nature of highly probable forecasted transactions / firm commitments entered into for hedging the risk of foreign currency exposure and other derivative contracts are accounted for on the principles of prudence as enunciated in Accounting Standard 1 (AS-1) "Disclosure of Accounting Policies". Pursuant to this, losses, if any, on Mark to Market basis, are recognised in the Statement of Profit and Loss and gains are not recognised on prudent basis.

#### XII Taxes on Income

Provision for tax comprises of Current Tax and Deferred Tax. Current Tax provision has been made on the basis of reliefs and deductions available under relevant Tax laws. Deferred tax resulting from "timing differences" between taxable and accounting income is accounted for using the tax rates and laws that are enacted or substantively enacted as on the balance sheet date. The deferred tax asset is recognised and carried forward for timing differences of items other than unabsorbed depreciation and accumulated losses only to the extent that there is a reasonable certainty that the assets can be realised in future. However, if there is unabsorbed depreciation or carry forward of losses, deferred tax assets are recognized only if there is virtual certainty that



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

there will be sufficient future taxable income available to realise the assets. Deferred tax assets are reviewed as at each balance sheet date for their realisability.

#### **XIII Employee Benefits**

- (a) The Group's contribution in respect of provident fund and other funds is charged to the Statement of Profit and Loss each year.
- (b) With respect to gratuity liability, some of the entities in the Group contributes to Life Insurance Corporation of India (LIC) under LIC's Group Gratuity policy. Gratuity liability as determined on actuarial basis by the independent valuer is charged to the Statement of Profit and Loss.
- (c) Liability for accumulated compensated absences of employees is ascertained for on actuarial valuation basis and provided for as per group rules.

#### **XIV Borrowing Costs**

Borrowing costs attributable to the acquisition or construction of qualifying assets upto the date of capitalisation of such assets are capitalised and added to the cost of asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

#### **XV Provisions, Contingent Liabilities and Contingent Assets**

Provisions are recognised only when there is a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Group or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognised in the financial statements.

#### **XVI Government Grants / Subsidy**

Government grants, if any, are accounted when there is a reasonable assurance that the enterprise will comply with the conditions attached to them and it is reasonably certain that the ultimate collection will be made. Capital subsidy in the nature of government grants related to specific fixed assets is accounted for where collection is reasonably certain and the same is shown as a deduction from the gross value of the asset concerned in arriving at its book value and accordingly the depreciation is provided on the reduced book value.

#### **XVII Impairment of Assets**

The Group assesses at each Balance Sheet date whether there is any indication that an asset may be impaired. If any such indication exists, the Group estimates the recoverable amount of the asset. If such recoverable amount of the asset or the recoverable amount of the cash generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the Statement of Profit and Loss. If at the Balance Sheet date there is an indication that if a previously assessed impairment loss no longer exists or may have decreased, the recoverable amount is reassessed and the asset is reflected at the lower of recoverable amount and the carrying amount that would have been determined had no impairment loss been recognised. Such reversal of impairment loss is recognised in the Statement of Profit and Loss.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

- 31** a) The Consolidated Financial Statements present the consolidated accounts of Sun Pharmaceutical Industries Limited with its following Subsidiaries / Jointly Controlled Entities / Associate.

Name of Subsidiaries		Country of Incorporation	Proportion of ownership interest for the year	
			Year ended 31st March, 2014	Year ended 31st March, 2013
<b>Direct Subsidiaries</b>				
1	Green Eco Development Centre Ltd.	India	100.00%	100.00%
2	Sun Pharma Global Inc.	British Virgin Islands	100.00%	100.00%
3	ZAO Sun Pharma Industries Ltd.	Russia	(See Note e)	100.00%
4	Sun Pharmaceutical (Bangladesh) Ltd.	Bangladesh	72.50%	72.50%
5	Caraco Pharmaceutical Laboratories Ltd. (Caraco)	United States of America	100.00%	100.00%
6	TKS Farmaceutica Ltda	Brazil	100.00%	100.00%
7	Sun Pharma De Mexico S.A. DE C.V.	Mexico	75.00%	75.00%
8	Sun Pharmaceutical Industries Inc.	United States of America	-	(See Note f)
9	SPIL De Mexico S.A. DE C.V.	Mexico	100.00%	100.00%
10	Sun Pharmaceutical Peru S.A.C.	Peru	99.33%	99.33%
11	OOO "Sun Pharmaceutical Industries" Ltd.	Russia	99.00%	99.00%
12	Sun Pharma de Venezuela, CA.	Venezuela	100.00%	100.00%
13	Sun Pharma Laboratories Limited	India	100.00%	100.00% (See Note i)
14	Faststone Mercantile Company Private Limited	India	100.00%	100.00%
15	Neetnav Real Estate Private Limited	India	100.00%	100.00%
16	Realstone Multitrade Private Limited	India	100.00%	100.00%
17	Skisen Labs Private Limited	India	100.00%	100.00%
18	Softdeal Trading Company Private Limited	India	100.00%	100.00%
<b>Step down Subsidiaries</b>				
19	Caraco Pharma Inc	United States of America	100.00%	100.00%
20	Chattem Chemicals Inc	United States of America	100.00%	100.00%
21	Taro Development Corporation	United States of America	100.00%	100.00%
22	Alkaloida Chemical Company Zrt.	Hungary	99.99%	99.99%
23	Sun Pharmaceutical UK Ltd.	United Kingdom	100.00%	100.00%
24	Sun Pharmaceutical Industries (Australia) Pty. Ltd.	Australia	100.00%	100.00%
25	Aditya Acquisition Company Ltd.	Israel	100.00%	100.00%
26	Sun Pharmaceutical Industries (Europe) B.V.	Netherlands	100.00%	100.00%
27	Sun Pharmaceuticals Italia S.R.L.	Italy	100.00%	100.00%

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year	
		Year ended 31st March, 2014	Year ended 31st March, 2013
28 Sun Pharmaceutical Spain, S.L.U	Spain	100.00%	100.00%
29 Sun Pharmaceuticals Germany GmbH	Germany	100.00%	100.00%
30 Sun Pharmaceuticals France	France	100.00%	100.00%
31 Sun Pharma Global (FZE)	United Arab Emirates	100.00%	100.00%
32 Sun Pharmaceuticals (SA) (Pty) Ltd.	South Africa	100.00%	100.00%
33 Sun Global Canada Pty. Ltd.	Canada	100.00%	100.00%
34 Sun Pharma Philippines Inc.	Philippines	100.00%	100.00%
35 Sun Pharmaceuticals Korea Ltd.	Korea	100.00%	100.00%
36 Sun Global Development FZE	United Arab Emirates	100.00%	100.00%
37 Caraco Pharmaceuticals Pvt. Ltd.	India	100.00%	100.00%
38 Sun Pharma Japan Ltd.	Japan	100.00%	100.00%
39 Sun Pharma HealthCare FZE	United Arab Emirates	100.00%	100.00%
40 Sun Pharma MEA JLT	United Arab Emirates	100.00%	100.00%
41 Morley and Company Inc	United States of America	100.00%	100.00%
42 Sun Laboratories FZE	United Arab Emirates	100.00%	100.00%
43 Taro Pharmaceutical Industries Ltd. (TARO)	Israel (See note g)	68.87%	65.89%
44 Taro Pharmaceuticals Inc.	Canada	68.87%	65.89%
45 Taro Pharmaceuticals U.S.A., Inc.	United States of America	68.87%	65.89%
46 Taro Pharmaceuticals North America, Inc.	Cayman Islands, British West Indies	68.87%	65.89%
47 Taro Pharmaceuticals Europe B.V.	Netherlands	68.87%	65.89%
48 Taro Pharmaceuticals Ireland Ltd.	Ireland	68.87%	65.89%
49 Taro International Ltd.	Israel	68.87%	65.89%
50 Taro Pharmaceuticals UK Ltd.	United Kingdom	68.87%	65.89%
51 Taro Hungary Intellectual Property Licensing LLC.	Hungary	68.87%	65.89%
52 3 Skyline LLC	United States of America	68.87%	65.89%
53 One Commerce Drive LLC	United States of America	68.87%	65.89%
54 Tarochem Ltd.	Israel	68.87%	65.89%
55 Taro Pharmaceutical Laboratories Inc	United States of America	68.87%	65.89%
56 Taro Pharmaceuticals Canada Ltd.	Canada	68.87%	65.89%
57 Taro Pharmaceutical India Private Ltd.	India	68.87%	65.89%
58 Orta Ltd.	Israel	68.87%	65.89%
59 Sun Universal Ltd.	United Arab Emirates	100.00%	100.00%
60 Khyati Realty ME Ltd.	United Arab Emirates	100.00%	100.00%

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

Name of Subsidiaries	Country of Incorporation	Proportion of ownership interest for the year	
		Year ended 31st March, 2014	Year ended 31st March, 2013
61 Aditya Pharma Private Limited	Hungary	100.00%	100.00%
62 Alkaloida Sweden AB	Sweden	100.00%	100.00%
63 Dusa Pharmaceuticals Inc	United States of America	100.00%	100.00%
64 Dusa Pharmaceuticals New York Inc	United States of America	100.00%	100.00%
65 Sirius Laboratories Inc	United States of America	100.00%	100.00%
66 URL Pharma Inc	United States of America	100.00%	100.00%
67 AR Scientific Inc	United States of America	100.00%	100.00%
68 Mutual Pharmaceutical Company, Inc.	United States of America	100.00%	100.00%
69 United Research Laboratories, Ltd.	United States of America	100.00%	100.00%
70 Dungan Mutual Associates, LLC	United States of America	100.00%	100.00%
71 URL PharmPro, LLC	United States of America	100.00%	100.00%
72 Universal Enterprises (Pvt) Ltd.	India	100.00%	100% (See Note i)
73 Sun Pharma Switzerland Ltd.	Switzerland	100.00%	-
74 Nogad Holdings	Mauritius	100.00%	-
75 Silverstreet Developers LLP	India	100.00%	-
<b>Name of Partnership Firm</b>			
76 Sun Pharmaceutical Industries	India	-	(See Note i)
77 Sun Pharma Sikkim	India	-	(See Note i)
78 Sun Pharma Drugs	India	(See Note h)	98.00%
<b>Name of controlled Entity</b>			
79 Universal Enterprises (Pvt) Ltd.	India	-	(See Note i)
<b>Jointly Controlled Entity</b>			
80 MSD - Sun LLC	United States of America	50.00%	50.00%
81 S & I Ophthalmic LLC	United States of America	50.00%	-
<b>Name of Subsidiary of Jointly Controlled Entity</b>			
82 MSD - Sun FZ LLC	United Arab Emirates	50.00%	50.00%
<b>Name of Associate</b>			
83 Artes Biotechnology GmbH	Germany	45.00%	-

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

- b The Financial Statements of the subsidiary company at Sr. no. 13 are audited by Deloitte Haskins & Sells LLP. The Financial Statements in respect of all other Subsidiaries, a Partnership Firm and Jointly Controlled Entities are audited by other auditors.
- c In respect of entities at Sr. No. 3, 6, 7, 9, 10 and 11, the reporting date is as of 31st December, 2013 and different from the reporting date of the Parent Company and the financial statements have been audited by other auditors. In terms of Accounting Standard 21, adjustments have been made for significant transactions of these subsidiaries for the periods from 1st January, 2013 to 31st March, 2013 and 1st January, 2014 to 31st March, 2014, on the basis of their management accounts for the said periods.
- d Entities at Sr. No.73, 74, 75, 81 and 83 have been incorporated / acquired during the year ended 31st March, 2014.
- e With effect from 28th January, 2014 ZAO Sun Pharma Industries Ltd. has been liquidated.
- f With effect from 28th February, 2013 Sun Pharmaceutical Industries Inc. has merged with Caraco.
- g On 27th December, 2013, Taro Pharmaceutical Industries Ltd. (Taro), a subsidiary company through tender offer repurchased 1,959,514 ordinary shares representing 4.4% of its issued and outstanding ordinary share capital and consequently the Group holds 68.87% and 79.24% (Previous Year 65.89% and 77.30%) of beneficial ownership and voting power respectively in the share capital of TARO.
- h With effect from 19th August, 2013 Sun Pharma Drugs has been dissolved.
- i With effect from 31st August, 2012, Partnership firms viz. Sun Pharmaceutical Industries and Sun Pharma Sikkim have been converted into Pvt. Ltd. companies viz. Sun Pharma Medication Pvt. Ltd. and Sun Pharma Drugs Pvt. Ltd. respectively, under Part IX of the Companies Act, 1956 and accordingly, Universal Enterprises (Pvt) Ltd. has become a subsidiary company from 31st August, 2012. With effect from 1st September, 2012, Sun Pharma Medication Pvt. Ltd. and Sun Pharma Drugs Pvt. Ltd. has amalgamated into Sun Pharma Laboratories Limited.
- j Significant Accounting Policies and other Notes to these Consolidated Financial Statements are intended to serve as a means of informative disclosure and a guide for better understanding of the consolidated position of the Group. Recognising this purpose, the Group has disclosed only such policies and notes from the individual financial statements which fairly represent the needed disclosures. Lack of homogeneity and other similar considerations made it desirable to exclude some of them, which in the opinion of the management, could be better viewed when referred from the individual financial statements.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

	₹ in Million	
	As at 31st March, 2014	As at 31st March, 2013
<b>32 CONTINGENT LIABILITIES AND COMMITMENTS (TO THE EXTENT NOT PROVIDED FOR)</b>		
<b>A) Contingent Liabilities</b>		
I) Claims against the Group not acknowledged as debts	844.8	653.5
II) Guarantees given by the bankers on behalf of the Group	704.6	571.5
III) Others :		
Letters of Credit for Imports	2,163.1	548.8
Liabilities Disputed - Appeals filed with respect to :		
Income Tax on account of Disallowances / Additions	12,114.8	7,624.0
Sales Tax on account of Rebate / Classification	48.5	48.4
Excise Duty on account of Valuation / Cenvat Credit	556.7	466.7
ESIC Contribution on account of applicability	0.2	0.2
Drug Price Equalisation Account [DPEA] on account of demand towards unintended benefit, including interest thereon, enjoyed by the Group	14.0	14.0
Demand by JDGFT import duty with respect to import alleged to be in excess of entitlement as per the Advanced Licence Scheme	14.6	13.9
<b>B) Commitments</b>		
I) Estimated amount of contracts remaining to be executed on Capital Account (Net of Advances)	7,877.5	3,051.1
II) Derivative related commitments - Forward Foreign Exchange Contracts	4,200.0	4,342.4
III) Lease related commitments [Refer Note : 41 (d) (i)]		
IV) Investment related commitments	2,815.8	-

### 33 LEGAL PROCEEDINGS

The Company and / or its subsidiaries are involved in various legal proceedings including product liability, contracts, employment claims and other regulatory matters relating to conduct of its business. The Company records a provision in the financial statements to the extent that it concludes that a liability is probable and estimable based on the status of these cases, advice of the counsel, management assessment of the likely damages etc. The Group carries product liability insurance / is contractually indemnified by the manufacturer, for an amount it believes is sufficient for its needs. In respect of other claims, the Group believes, these claims do not constitute material litigation matters and with its meritorious defenses the ultimate disposition of these matters will not have material adverse effect on its Financial Statements.

### 34 DISCLOSURES RELATING TO SHARE CAPITAL

#### i Rights, Preferences and Restrictions attached to Equity Shares

The Equity Shares of the Company, having par value of ₹ 1 per share, rank pari passu in all respects including voting rights and entitlement to dividend.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

#### ii Reconciliation of the number of shares and amount outstanding at the beginning and at the end of reporting period

	₹ in Million	
	As at 31st March, 2014	
	No. of Shares	₹ in Million
Equity shares of ₹ 1 each		
Opening Balance	1,035,581,955	1,035.6
Add: Bonus shares issued during the year	1,035,581,955	1,035.6
Closing Balance	2,071,163,910	2,071.2

#### iii 1,035,581,955 (Previous Year Nil) Equity Shares of ₹ 1 each have been allotted as fully paid up bonus shares during the period of five years immediately preceding the date at which the Balance Sheet is prepared.

#### iv Equity Shares held by each shareholder holding more than 5 percent Equity Shares in the Company are as follows:

Name of Shareholders	₹ in Million	
	As at 31st March, 2014	
	No. of Shares held	% of Holding
Dilip Shantilal Shanghvi	231,140,480	11.2
Viditi Investments Pvt. Ltd.	201,385,320	9.7
Tejaskiran Pharmachem Industries Pvt. Ltd.	195,343,760	9.4
Family Investment Pvt. Ltd.	182,927,440	8.8
Quality Investment Pvt. Ltd.	182,868,640	8.8

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>35 RESEARCH AND DEVELOPMENT EXPENDITURE</b>		
Revenue (Excluding Depreciation)	9,370.7	6,249.0
Capital	555.9	426.8
<b>Total</b>	<b>9,926.6</b>	<b>6,675.8</b>



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

	As at 31st March, 2014	As at 31st March, 2013
<b>36 GOODWILL ON CONSOLIDATION (NET) COMPRISES OF:</b>		
<b>A) Goodwill in respect of :</b>		
Caraco Pharmaceutical Laboratories Ltd.	7,292.0	6,778.0
TKS Farmaceutica Ltda	436.3	421.5
Sun Pharma Japan Ltd.	114.4	75.0
Universal Enterprises (Pvt) Ltd.	7.5	7.5
Taro Pharmaceutical Industries Ltd.	11,378.5	4,930.0
<b>Total (A)</b>	<b>19,228.7</b>	<b>12,212.0</b>
<b>Less:</b>		
<b>B) Capital Reserve in respect of :</b>		
Alkaloida Chemical Company Zrt.	882.5	882.5
<b>Total (B)</b>	<b>882.5</b>	<b>882.5</b>
<b>Total (A-B)</b>	<b>18,346.2</b>	<b>11,329.5</b>

### 37 RELATED PARTY DISCLOSURE (AS-18) - AS PER ANNEXURE 'A'

	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>38 ACCOUNTING STANDARD (AS-20) ON EARNINGS PER SHARE</b>		
Profit for the year - used as Numerator for calculating Earnings Per Share	31,414.7	29,830.6
Weighted Average number of Shares used in computing basic and diluted Earnings Per Share	2,071,163,910	2,071,163,910
Nominal value per share (in ₹)	1.0	1.0
Basic and Diluted Earnings Per Share (in ₹)	15.2	14.4

In terms of the resolution passed by the shareholders by way of Postal Ballot on 15th July, 2013, the Company has allotted 1,035,581,955 bonus equity shares on 3rd August, 2013 in the ratio of 1 equity share of ₹ 1 each fully paid up for every equity share of ₹ 1 each held. Consequently, the Earnings Per Share of ₹ 1 each for the previous year have been restated based on the number of equity shares post bonus issue, i.e. 2,071,163,910 equity shares, in accordance with Accounting Standard (AS-20) on 'Earnings Per Share'.

	Year ended 31st March, 2014	Year ended 31st March, 2013
<b>39 ACCOUNTING STANDARD (AS-17) ON SEGMENT REPORTING</b>		
a) Primary Segment		
The Group has identified "Pharmaceuticals" as the only primary reportable business segment.		
b) Secondary Segment (By Geographical Segment)		
India	39,411.6	32,020.9
Outside India	122,583.5	82,066.2
Sale of Products	161,995.1	114,087.1

In view of the interwoven / intermix nature of business and manufacturing facility, other segmental information is not ascertainable.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

- 40** Intangible assets consisting of trademarks, designs, technical knowhow, non compete fees and other intangible assets are stated at cost of acquisition based on their agreements and are available to the Group in perpetuity. The amortisable amount of intangible assets is arrived at, based on the management's best estimates of useful lives of such assets after due consideration as regards their expected usage, the product life cycles, technical and technological obsolescence, market demand for products, competition and their expected future benefits to the Group.
- 41** (a) The Group has given certain premises and Plant and Machinery under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 5 years under leave and license, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Group has received refundable interest free security deposits, where applicable, in accordance with agreed terms.
- (b) The Group has obtained certain premises for its business operations (including furniture and fittings, therein as applicable) under operating lease or leave and license agreements. These are generally not non-cancellable and range between 11 months to 5 years under leave and licenses, or longer for other lease and are renewable by mutual consent on mutually agreeable terms. The Group has given refundable interest free security deposits in accordance with the agreed terms.
- (c) Lease receipts/payments are recognised in the Statement of Profit and Loss under "Rent" in Note 23 and Note 28.

₹ in Million		
	Year ended 31st March, 2014	Year ended 31st March, 2013
(d) Operating lease		
(i) Group as lessee		
The future minimum lease payments under non-cancellable operating lease		
not later than one year	263.3	256.7
later than one year and not later than five years	363.0	463.4
later than five years	103.7	-

₹ in Million		
	Year ended 31st March, 2014	Year ended 31st March, 2013
(ii) Group as lessor		
The future minimum lease payments under non-cancellable operating lease		
not later than one year	55.0	50.7
later than one year and not later than five years	33.0	78.0
later than five years	-	-

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
e) Finance lease		
Group as lessor		
The future minimum lease payments under non-cancellable finance lease		
not later than one year	39.7	33.9
later than one year and not later than five years	180.5	169.3
later than five years	606.1	640.7
Less : Unearned Finance Income	498.0	513.2
Present value of minimum lease payments receivable aggregate		
not later than one year	8.1	3.6
later than one year and not later than five years	35.1	23.9
later than five years	285.1	303.2

#### 42 ACCOUNTING STANDARD (AS-15) ON EMPLOYEE BENEFITS

Contributions are made to Recognised Provident Fund/ Government Provident Fund, Family Pension Fund, ESIC and other Statutory Funds which covers all regular employees. While both the employees and the Group make predetermined contributions to the Provident Fund and ESIC, contribution to the Family Pension Fund are made only by the Group. The contributions are normally based on a certain proportion of the employee's salary. Amount recognised as expense in respect of these defined contribution plans, aggregate to ₹ 215.0 Million (Previous Year ₹ 175.9 Million).

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
Contribution to Provident Fund	204.4	162.0
Contribution to Employees State Insurance Scheme (ESIC) and Employees Deposit Linked Insurance (EDLI)	10.5	8.5
Contribution to Labour Welfare Fund	0.1	0.1
Employer's Contribution to Family Pension Fund (₹ 20,784)	0.0	5.3

In respect of Gratuity, contributions are made to LIC's Recognised Group Gratuity Fund Scheme based on amount demanded by LIC of India. Provision for Gratuity is based on actuarial valuation done by independent actuary as at the year end. Actuarial Valuation for Compensated Absences is done as at the year end and the provision is made as per Company rules with corresponding charge to the Statement of Profit and Loss amounting to ₹ 75.3 Million (Previous Year ₹ 112.4 Million) and it covers all regular employees. Major drivers in actuarial assumptions, typically, are years of service and employee compensation. Commitments are actuarially determined using the 'Projected Unit Credit' method. Gains and losses on changes in actuarial assumptions are accounted for in the Statement of Profit and Loss.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

**Category of Plan Assets :** The Group's Plan Assets in respect of Gratuity are funded through the Group Scheme of the LIC of India.

	₹ in Million	
	Year ended 31st March, 2014	Year ended 31st March, 2013
In respect of gratuity (funded):		
<b>Reconciliation of liability / (asset) recognised in the Balance Sheet</b>		
Present value of commitments (as per Actuarial Valuation)	515.3	457.9
Fair value of plan assets	(514.7)	(436.6)
Net liability / (asset) in the Balance sheet	0.6	21.3
<b>Movement in net liability / (asset) recognised in the Balance Sheet</b>		
Net liability / (asset) as at the beginning of the year	21.3	(36.0)
Net Commitments transferred	8.6	-
Net expense recognised in the Statement of Profit and Loss	34.3	124.0
Contribution during the year	(63.6)	(66.7)
Net liability / (asset) in the Balance sheet	0.6	21.3
<b>Expense recognised in the Statement of Profit and Loss</b>		
Current service cost	50.8	38.1
Interest cost	36.2	26.5
Expected return on plan assets	(34.5)	(29.7)
Actuarial loss/ (gain)	(18.2)	89.1
Expense charged to the Statement of Profit and Loss	34.3	124.0
<b>Return on plan assets</b>		
Expected return on plan assets	34.5	29.7
Actuarial gain	4.4	8.2
Actual return on plan assets	38.9	37.9
<b>Reconciliation of defined-benefit commitments</b>		
Commitments as at the beginning of the year	457.9	311.6
Net Commitments transferred	8.6	-
Current service cost	50.8	38.1
Interest cost	36.2	26.5
Paid benefits	(24.4)	(15.6)
Actuarial (gain) / loss	(13.8)	97.3
Commitments as at the year end	515.3	457.9
<b>Reconciliation of plan assets</b>		
Plan assets as at the beginning of the year	436.6	347.6
Expected return on plan assets	34.5	29.7
Contributions during the year	63.6	66.7
Paid benefits	(24.4)	(15.6)
Actuarial gain	4.4	8.2
Plan assets as at the year end	514.7	436.6

The actuarial calculations used to estimate commitments and expenses in respect of gratuity and compensated absences are based on the following assumptions which if changed, would affect the commitment's size, funding requirements and expense.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

Discount rate	9.31%	8.25%-8.50%
Expected return on plan assets	9.31%	8.25%-8.50%
Expected rate of salary increase	7.00%	6.00%-7.00%
Mortality	Indian Assured Lives Mortality (2006-08) Ultimate	

The estimates of future salary increases, considered in the actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

	₹ in Million				
	Year ended				
	31st March, 2014	31st March, 2013	31st March, 2012	31st March, 2011	31st March, 2010
Experience adjustment					
On plan liabilities	55.7	32.1	26.5	18.1	57.2
On plan assets	4.4	8.2	6.8	3.4	3.4
Present value of benefit obligation	515.3	457.9	311.6	257.3	219.5
Fair value of plan assets	(514.7)	(436.6)	(347.6)	(284.2)	(236.3)
Excess of obligation over plan assets / (plan assets over obligation)	0.6	21.3	(36.0)	(27.0)	(16.8)

The contribution expected to be made by the Group during financial year ending 31st March, 2015 is ₹ 117.5 Million (Previous Year ₹ 88.5 Million).

Note :

The above disclosure are provided to the extent applicable and available from the individual Financial Statements of Parent, subsidiaries and Jointly Controlled Entities.

- 43** Taro Pharmaceutical Industries Ltd. and its Israeli subsidiaries are required to make severance or pension payments to dismissed employees and to employees terminating employment under certain other circumstances. Deposits are made with a pension fund or other insurance plans to secure pension and severance rights for the employees in Israel.
- 44** Stock-based compensation is accounted at Taro Pharmaceutical Industries Ltd. (Taro) based on the estimated fair value of stock options granted using the Black-Scholes model. Taro recognizes compensation expense for the value of its awards granted subsequent to January 1, 2006, based on the straight-line method over the requisite service period of each of the awards, net of estimated forfeitures. The fair value of an award is affected by the stock price on the date of grant and other assumptions, including the estimated volatility of stock price over the term of the awards and the estimated period of time that Taro expect employees to hold their stock options.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

A summary of Taro stock activity and related information for the year ended March 2014 :

	No. of Options	Exercise price (In USD)	Weighted Average Exercised Price (In USD)	Weighted Average remaining Contractual Terms (in Years)	Aggregate Intrinsic Value (In USD)
Outstanding at the beginning of the year	25,500	\$24.7 - \$68.5	52.3	0.9	220.0
	(329,055)	(\$2.4 - \$68.5)	(26.0)	-	-
Exercised during the year	-23,700	\$24.7 - \$68.5	53.3	-	-
	(-291,555)	(\$2.4 - \$54.5)	(22.6)	-	-
Forfeited during the year	-800	\$55.0 - \$60.4	57.0	-	-
	(-12,000)	(\$39.0 - \$68.5)	(52.6)	-	-
Outstanding at the end of the year	1,000	\$26.0	26.0	0.6	85.0
	(25,500)	(\$24.7 - \$68.5)	(52.3)	(0.9)	(220.0)
Exercisable at the end of the year	1,000	-	26.0	0.6	85.0
	(25,500)	-	(52.3)	(0.9)	(220.0)
Vested and expected to vest at the end of the year	1,000	-	26.0	0.6	85.0
	(25,500)	-	(52.3)	(0.9)	(220.0)

Previous Year figures are in brackets.

- 45** The following are the outstanding Derivative Contracts entered by the Company and some of its Subsidiaries as on 31st March, 2014:

Nature of Derivative Contract	Currency	Buy / Sell	Cross Currency	As at 31st March, 2014	As at 31st March, 2013
				Amount In Million (USD)	Amount In Million (USD)
Forward Contracts	US Dollar	Sell	INR	240.0	300.0
Forward Contracts	US Dollar	Sell	NIS	41.0	41.0
Forward Contracts	US Dollar	Sell	CAD	65.3	96.0
Cross Currency Swaps	NIS	Buy	US Dollar	9.1	18.8
Interest Rate Swaps (Floating to Fixed)	US Dollar	Sell	US Dollar	7.8	9.1

- 46** As a result of the Food and Drug Administration (FDA) action on 29th September, 2009 Caraco Pharmaceutical Laboratories Ltd (Caraco) had voluntarily ceased manufacturing operations at its Detroit facility. In accordance with the Consent Decree, Caraco engaged / constituted a consulting firm which comprised of current Good Manufacturing Practice ("cGMP") experts and after taking corrective measures and required remedial measures, submitted a work plan to the FDA, in October 2009 leading to resumption of its manufacturing operations. The FDA approved this work plan on 17th March, 2010 and the protocol in third party certification submitted on 5th May, 2010 was accepted by FDA on 24th June, 2010. On 9th May, 2011 Caraco received written notification that its cGMP consultants had submitted written certification to FDA pursuant to paragraph 21 F of the consent decree with respect to two products that it decided to manufacture. FDA subsequently inspected the facility and on 27th August, 2012 notified that Caraco appears to be in compliance with the consent decree and it may resume operations. Independent audit and follow up audits were conducted subsequently and most recent FDA Inspection has been concluded with no FDA 483 observations being issued. Caraco is currently manufacturing six products. Subsequent to 31st March, 2014, Caraco announced its intention to close the Detroit manufacturing facility in financial year 2014-15. Because of the process of moving production to other sites and current capacities with other facilities, Caraco believes it does not make economic sense to continue to operate this facility.

## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

- 47** Deferred tax asset on net operating losses is mainly pertaining to certain subsidiaries. Such operating losses had arisen mainly on account of expenses on preclinical and clinical trials prior to approval and commercial launch of underlying products. Having regard to the recent history of growth in operations and revenue the Management believes that such events represent virtual certainty supported by convincing evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.
- 48** Legal reserve was created in accordance with the requirement of Mexican General Corporation Law out of the Reserves of earlier year.
- 49** Taro Pharmaceutical Industries Ltd. had closed during 2010, i.e., prior to acquiring control by the Company, the manufacturing facility of its subsidiary in Ireland and decided to sell the facility. The management of the Group is of the view that the closure does not have material impact on the Group's financials. The related assets ₹ 108 Million (Previous Year ₹ 118.7 Million), Liabilities ₹ Nil (Previous Year ₹ 3.8 Million), Revenues ₹ Nil (Previous Year ₹ 22.6 Million) and Losses ₹ 19.2 Million (Previous Year ₹ 65.3 Million) attributable to its Irish Subsidiary has been considered in the Consolidated Financial Statements.
- 50** a) Alkaloida Chemical Company Zrt., a subsidiary of the Company holds 21.14% as on 31st March, 2014 in the capital of Reanal Ltd. However, as Alkaloida does not have any 'Significant Influence' in Reanal Ltd., as is required under AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements", the said investment in Reanal Ltd has not been consolidated as an "Associate Entity". Accordingly, the investment in Reanal Ltd. is accounted in accordance with Accounting Standard 13 - "Accounting for Investments".
- b) Sun Pharma Global FZE, a subsidiary of the Company holds 23.35% in the capital of Enceladus Pharmaceutical B.V. However, as Sun Pharma Global FZE does not have any 'Significant Influence' in Enceladus Pharmaceutical B.V., as is required under AS 23 - "Accounting for Investments in Associates in Consolidated Financial Statements", the said investment in Enceladus Pharmaceutical B.V. has not been consolidated as an "Associate Entity". Accordingly, the investment in Enceladus Pharmaceutical B.V. is accounted in accordance with Accounting Standard 13 - "Accounting for Investments".
- 51** As per the best estimate of the management, provision has been made as per Accounting Standard (AS) 29, in respect of any present obligation as a result of a past event that could lead to a probable outflow of resources, which would be required to settle the obligation.

	₹ in Million	
	As at 31st March, 2014	As at 31st March, 2013
<b>Provision*</b>		
Opening balance	9,283.1	6,805.1
Add: Provision for the year	7,971.5	7,068.4
Less: Used/Reversed	(5,894.1)	(4,587.3)
Add/(Less): Foreign currency translation difference	578.5	(3.1)
<b>Closing balance</b>	<b>11,939.0</b>	<b>9,283.1</b>

\* The above includes provisions for Product returns, Chargebacks, Medicaid, cash discount and rebates and pending lawsuits, penalties and fines.

Provisions for product returns, Medicaid (provision at TARO made during the year includes USD 32.5 Million (Previous Year USD 30.0 Million) equivalent to ₹ 1,948.9 Million (Previous Year ₹ 1,628.4 Million) towards claim under state medicaid programme) and indirect rebates are included in short and long term provisions. All other sales deduction allowances are recorded as accounts receivable reserves/provisions and reduced from trade receivable. The provisions for returns is included in short and long term provisions as substantially all of these returns will not be realized until after the year-end accounts receivable balances are settled. Medicaid and indirect rebates are included in short and long term provisions because the Group does not have direct customer relationships with any of the payees.



## NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

### for the year ended 31st March, 2014

- 52** a) The consolidated financial statements of the Company for the year ended 31st March, 2014 were earlier approved by the Board of Directors at their meeting held on 29th May, 2014 on which Statutory Auditors of the Company had issued their report dated 29th May, 2014. Consequent to the Order of the Hon'ble High Court of Gujarat sanctioning the Scheme of Arrangement for demerger and transfer of specified undertaking, with effect from 1st May, 2013, the appointed date, of Sun Pharma Global FZE, a wholly owned subsidiary into the Company, without any consideration on a going concern basis consisting of all the assets and liabilities pertaining to the said undertaking, the standalone financial statements of the Company and Sun Pharma Global FZE were revised to give effect to the said scheme of arrangement with effect from 1st May, 2013. In view of the above, the earlier approved consolidated financial statements are revised only to incorporate the revised financial statements of the aforesaid entities.
- b) On 11th June, 2013, Sun Pharma Global FZE (SPG), a wholly owned subsidiary has entered into settlement agreement for USD 550 million with Pfizer Inc., USA; Wyeth LLC USA and Nycomed GmbH, Germany in settlement of the claim of patent infringement litigation related to generic version of "Protonix". SPG has entered into an agreement with a third party in terms of which the said party has agreed to bear damages on account of patent infringement to the extent of USD 400 Million (equivalent to ₹ 24,002.0 Million) in consideration of SPG agreeing to sell them pharmaceutical products at a negotiated discounted price for a specified period. Accordingly, a provision of USD 438.5 Million (equivalent to ₹ 26,312.2 Million) [including other related expected discount and incidental expenses of USD 38.5 Million (equivalent to ₹ 2,310.2 Million)] towards estimated expected liability on this account, has been accounted for and given effect in these financial statements. The above charge of USD 550 Million [equivalent to ₹ 31,009.9 Million (including ₹ 5,835.8 Million provided during previous year)] has been considered as exceptional item and ₹ 2,381.2 Million has been included in miscellaneous expenses. Movement in provision: Opening balance ₹ 5,808.0 Million; made ₹ 27,555.3 Million; used/reversed ₹ 9,190.5 Million; Foreign currency translation reserve/Exchange fluctuation ₹ 2,139.4 Million and closing balance ₹ 26,312.2 Million.
- 53** In March 2014, the USFDA issued an import alert to the Company for its cephalosporin facility located at Karkhadi, Gujarat in India. The warning letter pertaining to this import alert was issued by the USFDA in May 2014. The letter identifies practices at the facility which are non-compliant with current Good Manufacturing Practice (cGMP) regulations. The Company remains fully committed to compliance and has already initiated several corrective steps to address the observations made by the USFDA. It is committed to working cooperatively and expeditiously with the USFDA to resolve the matters indicated in its letter. Until these matters are resolved to the satisfaction of the USFDA, the USFDA may, in the near term, withhold approval of pending new drug applications from this facility. The contribution of this facility to Sun Pharma's consolidated revenues is not significant.
- 54** Consequent to giving effect to the Scheme of Arrangement as referred in Note 52(a) above, resulting in the absence of net profits in the Company for the year; (i) remuneration to the Managing Director and the Whole-time Directors of the Company for the year ended 31st March, 2014 has exceeded the limits specified under Schedule XIII to the Companies Act, 1956 by ₹ 44.7 Million; and (ii) commission of ₹ 6.4 Million for the year ended 31st March, 2014 to the Non-Executive Directors of the Company has exceeded in terms of section 309(4) read with section 309(5) of the Companies Act, 1956. The Company is in the process of seeking approval from the shareholders of the Company and the Central Government of India in respect of the aforesaid amounts. (The Company means Parent Company).
- 55** Dusa Pharmaceuticals Inc (Dusa) and URL Pharma Inc. (URL), pharmaceutical companies, both being incorporated in United States of America became subsidiaries of the Company on 20th December, 2012 and 5th February, 2013 respectively. Accordingly, the figures of the Consolidated Statement of Profit and Loss for the previous year are not comparable with the current year.
- 56** Statement regarding subsidiary companies as required under Section 212 (8) of the Companies Act, 1956 pursuant to General Circular No. 2/2011 dated 8th February, 2011 issued by the Ministry of Corporate Affairs - As per Annexure 'B'.
- 57** Figures pertaining to the subsidiary companies have been reclassified wherever necessary to bring them in line with the group financial statements.
- 58** Previous year's figures are regrouped wherever necessary.

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

## for the year ended 31st March, 2014

### ANNEXURE 'A'

#### ACCOUNTING STANDARD (AS-18) "RELATED PARTY DISCLOSURE"

##### Names of related parties and description of relationship

1. Key Management Personnel	Mr. Dilip S. Shanghvi	Managing Director
	Mr. Sudhir V. Valia	Wholetime Director
	Mr. Sailesh T. Desai	Wholetime Director
2. Relatives of Key Management Personnel	Mr. Aalok Shanghvi	Son of Managing Director
	Ms. Vidhi Shanghvi	Daughter of Managing Director
3. Enterprise under significant influence of key Management Personnel or their relatives	Sun Petrochemicals Pvt Ltd	
	Navjivan Rasayan (Gujarat) Pvt Ltd	
	Sun Pharma Advanced Research Company Ltd	
	Sugandh Management Consultancy (till 28th February, 2013)	

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

## ACCOUNTING STANDARD (AS-18) "RELATED PARTY DISCLOSURE"

Particulars	₹ in Million					
	Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Purchase of Fixed Assets</b>						
Sun Pharma Advanced Research Company Ltd	-	-	-	-	241.2	795.1
<b>Sale of goods</b>						
Sun Pharma Advanced Research Company Ltd	-	-	-	-	241.2	795.1
<b>Sale of Fixed Assets</b>						
Sun Petrochemicals Pvt Ltd	-	-	-	-	17.5	24.1
<b>Receiving of Service</b>						
<b>Services</b>						
Sun Pharma Advanced Research Company Ltd	-	-	-	-	434.5	176.3
<b>Reimbursement of Expenses</b>						
Sun Pharma Advanced Research Company Ltd	-	-	-	-	13.7	1.3
<b>Loans given</b>						
Sugandh Management Consultancy	-	-	-	-	311.0	812.9
Sun Pharma Advanced Research Company Ltd	-	-	-	-	-	32.9
<b>Loans Received back</b>						
Sun Pharma Advanced Research Company Ltd	-	-	-	-	1,049.4	75.0
<b>Rendering of Service</b>						
<b>Services</b>						
Sun Petrochemicals Pvt Ltd	-	-	-	-	0.2	-
<b>Reimbursement of Expenses</b>						
Sun Pharma Advanced Research Company Ltd	-	-	-	-	47.7	36.9
	-	-	-	-	47.7	36.9

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

## ACCOUNTING STANDARD (AS-18) "RELATED PARTY DISCLOSURE"

₹ in Million

Particulars	Key Management Personnel		Relatives of Key Management Personnel		Enterprise under significant Influence of Key Management Personnel or their relatives		Total	
	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013	31.03.2014	31.03.2013
<b>Interest Income</b>								
Sun Pharma Advanced Research Company Ltd	-	-	-	-	53.8	37.1	53.8	37.1
<b>Rent Income</b>								
Sun Pharma Advanced Research Company Ltd	-	-	-	-	53.8	37.1	53.8	37.1
<b>Director's Remuneration</b>								
Navjivan Rasayan (Gujarat) Pvt Ltd	-	-	-	-	1.5	1.5	1.5	1.5
Mr. Dilip S. Shanghvi	2016	70.6	-	-	1.4	1.4	1.4	1.4
Mr. Sudhir V. Valia	104.2	10.3	-	-	-	-	-	-
Mr. Sailesh T. Desai	88.0	51.8	-	-	0.1	0.1	0.1	0.1
<b>Apprenticeship Stipend / Remuneration</b>								
Mr. Aalok Shanghvi	9.4	8.5	-	-	-	-	9.4	8.5
Ms. Vidhi Shanghvi	-	-	19.6	32.8	-	-	19.6	32.8
<b>Outstanding Receivables / (Payables) (Net) as on</b>								
Sun Pharma Advanced Research Company Ltd	(156.0)	(25.3)	(0.7)	(82.3)	(210.2)	731.1	(366.9)	623.5
Sun Petrochemicals Pvt Ltd	-	-	-	-	(210.7)	731.1	(210.7)	731.1
Mr. Dilip S. Shanghvi	(81.7)	(6.2)	-	-	0.5	-	0.5	-
Mr. Sudhir V. Valia	(70.9)	(16.4)	-	-	-	-	(70.9)	(16.4)
Mr. Aalok Shanghvi	-	-	(1.1)	(82.3)	-	-	(1.1)	(82.3)
Ms. Vidhi Shanghvi	-	-	0.4	(0.0)	-	-	0.4	(0.0)
Mr. Sailesh T. Desai	(3.4)	(2.7)	-	-	-	-	(3.4)	(2.7)

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

## ANNEXURE 'B'

### STATEMENT REGARDING SUBSIDIARY COMPANIES AS REQUIRED UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 PURSUANT TO GENERAL CIRCULAR NO. 2/2011 DATED FEBRUARY 8TH 2011 ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS

SR NO	Name of the Subsidiary Company	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
1	Green Eco Development Center Ltd.	INR	1.00	1.0	(0.8)	4.6	4.4	-	-	(0.5)	-	(0.5)	-
2	Sun Pharma Global Inc.	USD	60.01	47,301.3	159,168.2	206,470.1	0.6	-	-	150,815.0	-	150,815.0	-
3	Zao Sun Pharma Industries Ltd.	RUB	1.71	0.0	(0.0)	-	-	-	-	-	-	-	-
4	Sun Pharmaceutical (Bangladesh) Ltd.	BDT	0.77	46.4	387.8	764.6	330.4	-	7691	124.5	54.9	69.6	-
5	Caraco Pharmaceutical Laboratories Ltd.	USD	60.01	13,053.0	(6,889.4)	60,495.1	54,331.5	1,242.8	46,675.4	(837.0)	(335.5)	(501.5)	-
6	TKS Farmaceutica Ltda	BRL	26.40	147.1	(1,197.7)	2,009.5	3,060.1	-	799.9	(526.9)	-	(526.9)	-
7	Sun Pharma De Mexico S.A. DE C.V.	MXN	4.60	4.6	366.7	769.2	397.9	-	988.2	247.5	69.7	177.8	-
8	SPIIL De Mexico S.A. DE C.V.	MXN	4.60	0.2	-	0.2	-	-	-	-	-	-	-
9	Sun Pharmaceutical Peru S.A.C	Soles	21.36	0.0	(73.0)	0.9	73.9	-	-	(20.4)	-	(20.4)	-
10	OOO "Sun Pharmaceutical Industries" Ltd.	RUB	1.71	0.1	(59.7)	836.4	896.0	-	731.4	(26.8)	(4.7)	(22.1)	-
11	Sun Pharma de Venezuela, CA.	VEF	9.55	0.5	(536.6)	10.5	546.6	-	-	(215.8)	-	(215.8)	-
12	Chattam Chemicals Inc	USD	60.01	2,066.2	1,102.8	3,310.2	141.2	-	1,809.8	247.7	45.2	202.5	-
13	Taro Development Corporation	USD	60.01	0.0	(0.4)	1,191.7	1,192.1	-	-	-	-	-	-
14	Alkaloida Chemical Company Zrt.	USD	60.01	5,289.5	1,203.9	50,505.5	44,012.1	191.8	970.3	(1,065.9)	-	(1,065.9)	-
15	Sun Pharmaceutical UK Ltd.	GBP	99.98	-	(628.5)	181.1	809.6	-	957.2	81.4	(0.3)	81.7	-
16	Sun Pharmaceutical Industries (Australia) Pty. Ltd.	AUD	55.58	0.0	(50.6)	105.7	156.3	-	81.4	(45.6)	-	(45.6)	-
17	Aditya Acquisition Company Ltd.	ILS	17.25	0.0	(0.2)	60.2	60.4	-	82.3	(0.2)	-	(0.2)	-
18	Sun Pharmaceutical Industries (Europe) BV.	EURO	82.63	1.5	(208.8)	643.7	851.0	-	907.7	3.9	-	3.9	-
19	Sun Pharmaceuticals Italia S.R.L.	EURO	82.63	0.8	(372.0)	847.0	1,218.2	-	657.4	(29.7)	-	(29.7)	-
20	Sun Pharmaceutical Spain, SL.	EURO	82.63	0.2	(283.5)	201.5	484.8	-	155.1	(30.9)	-	(30.9)	-
21	Sun Pharmaceuticals Germany GmbH	EURO	82.63	2.1	(242.0)	310.2	550.1	-	500.3	(11.7)	-	(11.7)	-
22	Sun Pharmaceuticals France	EURO	82.63	3.1	(21.0)	298.3	316.2	-	510.5	1.3	-	1.3	-
23	Sun Pharma Global (FZE)	USD	60.01	247.5	68,842.5	71,138.2	2,048.2	1,927.4	31,620.5	31,668.4	-	31,668.4	-
24	Sun Pharmaceuticals (SA) (Pty) Ltd.	ZAR	5.69	0.0	(0.1)	0.0	0.1	-	-	(0.0)	-	(0.0)	-
25	Sun Global Canada Pty. Ltd.	USD	60.01	0.1	(0.9)	-	0.8	-	-	(0.2)	-	(0.2)	-
26	Sun Laboratories FZE	USD	60.01	735.2	(1.9)	733.4	0.1	-	-	(0.6)	-	(0.6)	-
27	Sun Global Development FZE	USD	60.01	171.5	(1.8)	170.1	0.4	-	-	(0.6)	-	(0.6)	-
28	Sun Pharma Japan Ltd.	JPY	0.58	91.9	(226.0)	11.6	145.7	-	-	(121.4)	0.2	(121.6)	-

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

## ANNEXURE 'B'

### STATEMENT REGARDING SUBSIDIARY COMPANIES AS REQUIRED UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 PURSUANT TO GENERAL CIRCULAR NO. 2/2011 DATED FEBRUARY 8TH 2011 ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS

SR NO	Name of the Subsidiary Company	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
29	Sun Pharma Philippines Inc	PHP	134	116	(90.5)	142.3	221.2	-	55.3	(65.7)	-	(65.7)	-
30	Sun Pharma MEA I/LT	USD	60.01	163.4	31.0	225.7	31.3	-	-	(24.0)	-	(24.0)	-
31	Sun Pharma Health Care FZE	USD	60.01	171.5	(25.1)	146.5	0.1	-	-	6.5	-	6.5	-
32	Sun Pharmaceuticals Korea Limited	KRW	0.06	5.6	(1.0)	5.7	1.1	-	-	0.0	-	0.0	-
33	Caraco Pharmaceuticals Private Limited	INR	1.00	0.1	(0.2)	(0.0)	0.1	-	-	(0.1)	-	(0.1)	-
34	Sun Pharma Laboratories Limited	INR	1.00	400.5	185,933.6	191,605.0	5,270.9	12,266.0	39,469.2	3,450.9	984.6	2,466.3	-
35	Morley and Company Inc	USD	60.01	0.2	(0.1)	0.2	0.1	-	-	-	-	-	-
36	Taro Pharmaceutical Industries Ltd. (TARO)	USD	60.01	2,752.7	58,182.8	64,656.3	3,720.8	4.0	18,709.3	11,323.4	1,244.9	10,078.5	-
37	Taro Pharmaceuticals Inc.	CAD	54.31	16.0	31,757.9	33,752.0	1,978.1	-	19,168.4	13,614.0	3,279.4	10,334.6	-
38	Taro Pharmaceuticals U.S.A., Inc.	USD	60.01	8.7	(1,871.9)	32,102.8	33,966.0	189.3	39,772.9	1,576.5	669.4	907.1	-
39	Taro Pharmaceuticals North America, Inc.	USD	60.01	0.0	73,74.3	12,934.6	5,560.3	-	6,709.0	4,795.9	-	4,795.9	-
40	Taro Pharmaceuticals Europe B.V.	EURO	82.63	1.5	(33.1)	4.3	35.9	-	-	(2.7)	-	(2.7)	-
41	Taro Pharmaceuticals Ireland Ltd.	EURO	82.63	165.3	5.9	109.1	(62.1)	-	-	(7.8)	-	(7.8)	-
42	Taro International Ltd.	USD	60.01	30.1	(85.7)	79.3	134.9	-	-	(5.7)	-	(5.7)	-
43	Taro Pharmaceuticals UK Ltd.	GBP	99.98	-	(628.5)	181.1	809.6	-	957.2	81.4	(0.3)	81.7	-
44	Taro Hungary Intellectual Property Licensing LLC.	USD	60.01	6,102.2	0.5	6,108.3	5.6	-	-	147.9	16.0	131.9	131.4
45	Taro Pharmaceuticals Canada, Ltd.	CAD	54.31	0.0	(0.0)	0.1	0.1	-	-	-	-	-	-
46	Taro Pharmaceutical India Private Ltd.	INR	1.00	0.1	0.9	1.0	-	-	-	(0.1)	0.0	(0.1)	-
47	Sun Universal Ltd.	USD	60.01	0.2	(1.1)	0.1	1.0	-	-	(0.3)	-	(0.3)	-
48	Khyati Realty ME Ltd.	USD	60.01	0.2	(1.0)	-	0.8	-	-	(0.2)	-	(0.2)	-
49	Aditya Pharma Private limited	USD	60.01	0.2	(0.1)	0.1	-	-	-	(0.1)	-	(0.1)	-
50	Alkaloida Sweden AB	SEK	927	33.7	(32.9)	4.5	3.7	-	51	(26.3)	-	(26.3)	-
51	Dusa Pharmaceuticals Inc	USD	60.01	0.6	(147.9)	11,200.1	11,347.4	-	4,232.3	(52.3)	(289.6)	237.3	-
52	URL Pharma Inc	USD	60.01	4,240.6	1,027.5	5,268.2	0.1	-	-	-	-	-	-
53	AR Scientific Inc	USD	60.01	80.4	10.0	(56.9)	(147.3)	-	283.0	34.0	13.4	20.6	-
54	Mutual Pharmaceutical Company, Inc.	USD	60.01	5,183.0	6,592.9	13,939.3	2,163.4	-	17,698.6	9,642.4	3,594.3	6,048.1	-
55	United Research Laboratories, Ltd.	USD	60.01	398.9	(31.1)	484.1	116.3	-	77.2	41.8	16.6	25.2	-
56	Dungan Mutual Associates, LLC	USD	60.01	(74.0)	14.2	(59.0)	0.8	-	-	18.1	7.1	11.0	-

# NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31st March, 2014

## ANNEXURE 'B'

### STATEMENT REGARDING SUBSIDIARY COMPANIES AS REQUIRED UNDER SECTION 212 (8) OF THE COMPANIES ACT, 1956 PURSUANT TO GENERAL CIRCULAR NO. 2/2011 DATED FEBRUARY 8TH 2011 ISSUED BY THE MINISTRY OF CORPORATE AFFAIRS

SR NO	Name of the Subsidiary Company	Reporting Currency	Rate	Capital	Reserve	Total Assets	Total Liabilities	Investment other than Investment in Subsidiary	Turnover	Profit / (Loss) before Taxation	Provision for Taxation	Profit / (Loss) after Taxation	Proposed Dividend
57	URL PharmPro, LLC	USD	60.01	(336.9)	(170.7)	(501.8)	5.8	-	-	(232.3)	(91.0)	(141.3)	-
58	Dusa Pharmaceuticals New York Inc	USD	60.01	-	(71.9)	(55.7)	16.2	-	-	(60.9)	-	(60.9)	-
59	Faststone Mercantile Company Private Limited	INR	1.00	0.1	9.1	9.2	0.0	9.2	-	(0.1)	0.0	(0.1)	-
60	Neethav Real Estate Private Limited	INR	1.00	0.1	9.1	9.2	0.0	9.2	-	(0.0)	0.0	(0.0)	-
61	Realstone Multitrade Private Limited	INR	1.00	0.1	9.1	9.2	0.0	9.2	-	(0.1)	0.0	(0.1)	-
62	Skisen Labs Private Limited	INR	1.00	0.1	8.9	365.0	356.0	9.0	-	(0.1)	0.0	(0.1)	-
63	Softdeal Trading Company Private Limited	INR	1.00	0.1	8.6	8.7	0.0	8.7	-	(0.1)	0.0	(0.1)	-
64	Universal Enterprises (Pvt) Ltd.	INR	1.00	4.5	0.8	5.3	0.0	-	-	0.0	0.0	0.0	-
65	Sun Pharma Switzerland Ltd.	CHF	67.84	6.8	(0.4)	6.5	0.1	-	-	(0.4)	-	(0.4)	-
66	Nogad Holdings	USD	60.01	205,264.6	3.5	205,268.5	0.4	-	-	3.5	-	3.5	-
67	Silverstreet Developers LLP	INR	1.00	2,776.4	0.0	2,776.5	0.1	2,775.6	-	0.5	0.2	0.3	-

Note :

- 0.0' represents amount less than 0.05 million and rounded off.
- The above does not include 3 Skyline LLC, One Commerce Drive LLC, Tarochem Ltd, Orta Ltd, Sirius Laboratories Inc, Caraco Pharma Inc. and Taro Pharmaceutical Laboratories Inc being subsidiaries of Taro Pharmaceutical Industries Ltd. and Caraco Pharmaceutical Laboratories Ltd. as they have no operation and does not have any Assets, Liabilities or Equity as on the close of their Financial Year.
- Sun Universal Ltd and Khyati Realty ME Ltd are under voluntary closure as per the resolution passed by the respective shareholders of the company.



# CORPORATE INFORMATION

## BOARD OF DIRECTORS

### Israel Makov

Chairman

### Dilip S. Shanghvi

Managing Director

### Sudhir V. Valia

Whole-time Director

### Sailesh T. Desai

Whole-time Director

### S. Mohanchand Dadha

Director

### Hasmukh S. Shah

Director

### Keki M. Mistry

Director

### Ashwin Dani

Director

### Rekha Sethi

Director (w.e.f. February 13, 2014)

## CHIEF FINANCIAL OFFICER

### Uday V. Baldota

## COMPANY SECRETARY

### Sunil R. Ajmera

email: [secretarial@sunpharma.com](mailto:secretarial@sunpharma.com)

## AUDITORS

### Deloitte Haskins & Sells

Chartered Accountants, Mumbai

## BANKERS

Bank of Baroda

Bank of Nova Scotia

Citibank N.A.

ICICI Bank Ltd

Kotak Mahindra Bank Ltd

Standard Chartered Bank

State Bank of India

## REGISTRARS & SHARE TRANSFER AGENTS

### Link Intime India Pvt. Ltd.

C/13, Kantilal Maganlal Estate,

Pannalal Silk Mills Compound,

L B S Marg, Bhandup (West),

Mumbai – 400 078

Tel: (022)-25946970

Fax: (022)-25946969

E-mail: [sunpharma@linkintime.co.in](mailto:sunpharma@linkintime.co.in)

[rnt.helpdesk@linkintime.co.in](mailto:rnt.helpdesk@linkintime.co.in)

## PLANTS

Survey No. 214, Plot No. 20, Govt.

Industrial Area, Phase II, Piparia.

Silvassa – 396 230, U.T. of D & NH.

Halol-Baroda Highway, Near Anand

Kendra, Halol, Dist. Panchmahal –

389350, Gujarat.

Plot No. 24/2 & 25, GIDC, Phase-IV,

Panoli – 394 116. Dist. Bharuch, Gujarat.

A-7 & A-8, MIDC Ind. Area, Ahmednagar –

414111, Maharashtra.

Plot No. 4708, GIDC.

Ankleshwar – 393 002, Gujarat.

Sathammai Village, Karunkuzhi Post,

Maduranthakam TK, Kanchipuram

District, Tamil Nadu – 603 303.

Plot No. 817/A, Karkhadi, Taluka Padra,

Dist. Vadodara – 391 450, Gujarat.

Survey No. 259/15, Dadra – 396 191,

U.T. of D. & NH.

Sun Pharma Laboratories Ltd.,

Plot No.754, Nandok Block, Setipool,

P.O. Ranipool, Sikkim – 737135.

Sun Pharma Laboratories Ltd.,

Plot No. 107/108, Namli Block, Setipool,

P.O. Ranipool,

Sikkim – 737135.

Sun Pharma Laboratories Ltd.,

6-9 Export Promotion Industrial Park

(EPIP), Kartholi, Bari Brahmana,

Jammu – 181 133, J & K.

Sun Pharma Laboratories Ltd., I.G.C.

Phase-I, Samba 184121 – J & K.

Sun Pharmaceutical Industries Inc., 705, E.

Mulberry Street, Bryan,

Ohio – 43506, USA.

Sun Pharmaceutical Industries Inc., 270

Prospect Plains Road, Cranbury, New

Jersey – 08512, USA.

Caraco Pharmaceutical Laboratories Ltd.,\*\*

1150 Elijah McCoy Drive, Detroit –48202,

Michigan, USA.

Sun Pharmaceutical (Bangladesh) Ltd.,

Chandana, Joydevpur, Gazipur, Bangladesh.

Alkaloida Chemical Company Zrt, H-4440

Tiszavasvari, Kabay, Janos u.29,Hungary.

TKS Farmaceutica, Rodovia GO-080,

Km 02, Chacaras 01/02, Jardim Pompeia,

Goiania/GO, Brazil

CEP: 74690-170.

Sun Pharma de Mexico S.A. de C.V, Av. Rio

Churubusco No. 658, Col. El Sifon, Del.

Iztapalapa, C.P 09400 Mexico, Distrito

Federal.

Chattem Chemicals, Inc., 3708, St. Elmo

Avenue, Chattanooga, TN 37409, USA

Taro Pharmaceuticals Inc., 130 East Drive,

Brampton, Ontario L6T 1C1, Canada.

Taro Pharmaceutical Industries Ltd.,

14 Hakitor Street, P.O. Box 10347 Haifa Bay

2624761, Israel.

Dusa Pharmaceuticals Inc., 25, Upton

Drive, Wilmington, Massachusetts, 01887,

USA

URL Pharmaceuticals Inc., 1100 Orthodox

Street, Philadelphia, PA 19124, USA

URL Pharmaceuticals Inc., 2500 Molitor

Road, Aurora, IL 60502, USA

\*\*Plant in operation till June 30, 2014.

## OFFICES

### Registered Office

Sun Pharma Advanced Research Centre

(SPARC), Tandalja,

Vadodara – 390 020, Gujarat.

### Corporate Office

Acme Plaza, Andheri Kurla Road, Andheri

(East), Mumbai – 400 059, Maharashtra.

## RESEARCH CENTRES

Sun Pharma Advanced Research Centre

(SPARC), Akota Road, Akota, Vadodara –

390 020, Gujarat.

F.P.27, Part Survey No. 27, C.S. No. 1050,

TPS No. 24, Village Tandalja, District

Vadodara – 390 020, Gujarat.

17-B, Mahal Industrial Estate, Mahakali

Caves Road, Andheri (East),

Mumbai – 400 093, Maharashtra.

Chemistry and Discovery Research Israel,

14 Hakitor Street,

P.O. Box 10347 Haifa Bay 2624761, Israel.



Acme Plaza,  
Andheri - Kurla Rd, Andheri (E),  
Mumbai - 400 059.  
Tel: 91-22-66969696  
Fax: 91-22-28212010  
CIN: L24230GJ1993PLC019050  
[www.sunpharma.com](http://www.sunpharma.com)

# BUSINESS RESPONSIBILITY REPORT, 2013-14

## MESSAGE FROM THE DIRECTOR'S DESK

It takes a strong framework of values inside, to be perceived as valuable outside. The values we have maintained and fostered over time have enabled us to become India's most valuable pharmaceutical company by market capitalization. Prime amongst these is the value of responsibility – not just towards our shareholders but also towards other stakeholders like customers, employees, regulatory bodies, suppliers, the society and the planet.

Responsibility is also intrinsic to our 'business of wellness'. Throughout the 31 years of our existence and flourish, our vision has remained the same – To enhance accessibility and affordability of medicines, so that maximum people in the society lead healthier lives with affordable cost.

Last year, we initiated a new journey of integrating our 'business of wellness', social welfare measures, environmental initiatives and all other sustainability executions into a structured model so as to make it more efficient and effective.

In National Voluntary Guidelines (NVG), we found an ideal instrument that provides a cohesive framework for us to organize our sustainability activities. We have drafted our employee, environment and social policies keeping in mind the tenets mentioned in the NVG and we are determined to follow them not just in letter, but also in spirit.

### Employee Wellness

We continue to strengthen our engagement with the employees throughout their journey at Sun Pharma. We inspire the best in them and help them grow along with the Company. We go beyond the Governmental norms pertaining to human rights, and celebrate the diversity and dignity of our employees. As leaders in the industry, we feel that it is also our responsibility to inject these values right across our supply chains and spread it wider into circles, where we can influence.

### Environment Wellness

A detailed EHS (Environment, Health and Safety) policy is in place to govern our operations. Listed by Forbes at 38th amongst the world's 50 most innovative companies, we use these innovations to increase the efficiency and effectiveness of our processes and save energy. We continue to invest in technology that makes us more sustainable. Many of our facilities are 'Zero Liquid Discharge' and we are in process of emulating the same for the rest of our units. In FY 13-14, 4 million kWh of energy was generated through wind power.

### Community Wellness

In addition to producing high quality pharmaceutical products that add health and well-being to the society, we are enhancing our initiatives to make these medicines more affordable and accessible. In certain cases, where critical life-saving medicines are involved, we provision them at zero-cost as well.

Other than health, our focus is on education. With our strategically designed pre-employment training modules, we continue to make opportunities more accessible to the local community.

All of our endeavours, which encompass our approach to sustainability, are detailed in this Business Responsibility Report (BRR). We are determined to continue them for a better tomorrow. Your constructive feedback will be vital and welcome.

Regards,

**Sudhir V. Valia**  
Whole-time Director

While the world is developing fast, it is also depleting its resources at a faster rate. In such a scenario, it becomes imperative for the business community to exercise its influence and leverage its expertise to make the growth more sustainable and to make the development more long-lasting.

It is also necessary for the corporate world to look beyond the realms of its own operations and understand the bigger picture. Businesses must still strive to enhance value for its shareholders, but must not lose sight of the other stakeholders.

At Sun Pharma, we believe in 'creating lasting value' - a value that is sustainable for the investors and yet responsible towards our other partners. This is achieved

by a synergy of 'business' and 'responsibility'. As one of the leaders in healthcare industry, with over 14,000+ employees, 20+ manufacturing sites, 50+ markets served and a portfolio of 1,000+ marketed products - we feel responsible for striking a balance between the triple bottom lines of economic, environmental and social.

As a responsible pharmaceutical major, it is also our prerogative to be fair, transparent and forthcoming. This includes timely disclosure of all details that may hold relevance to stakeholders and in line with the laws of the land. This Business Responsibility Report, in line with SEBI's proposed index and the nine principles of the Government of India's 'National Voluntary Guidelines on Social, Environmental and Economic Responsibilities of Business', is one such disclosure.

## SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1	Corporate Identity Number (CIN) of the Company	L24230GJ1993PLC019050
2	Name of the Company	Sun Pharmaceutical Industries Limited
3	Registered Address	SPARC, Tandajia, Vadodara - 390 020, Gujarat
4	Website	<a href="http://www.sunpharma.com/">http://www.sunpharma.com/</a>
5	E-mail id	<a href="mailto:secretarial@sunpharma.com">secretarial@sunpharma.com</a>
6	Financial Year reported	01-April-2013 to 31-March-2014
7	Sector(s) that the Company is engaged in (industrial activity code-wise)	"Pharmaceuticals" is the primary reportable segment
8	List three key products/services that the Company manufactures/provides (as in balance sheet)	Liposomal Doxorubicin   Duloxetine   Diltiazem
9	Total number of locations where business activity is undertaken by the Company	
	1. Number of International Locations (Provide details of major 5)	US, Russia, Mexico, Myanmar, Bangladesh
	2. Number of National Locations	Facilities - Halol, Panoli, Karkhadi, Ankleshwar (all in Gujarat), Ahmednagar (Maharashtra), Maduranthakam (Tamil Nadu), Dadra, Silvassa, Jammu, Sikkim. R&D Centres - Vadodara (Gujarat) and Mumbai (Maharashtra). Registered and corporate offices - Vadodara (Gujarat) and Mumbai (Maharashtra) respectively. Pan-India Distribution Network.
10	Markets served by the Company - Local/State/National/International	58 markets served across 4 continents - Asia, Americas, Europe and Africa

**SECTION B: FINANCIAL DETAILS OF THE COMPANY**

1	Paid up Capital (INR)	₹ 2,071 million
2	Total Turnover (INR)	₹ 28,882 million (Stand-alone)
3	Total profit after taxes (INR)	₹ (28,285) million (Stand-alone)
4	Total Spending on Corporate Social Responsibility (CSR)	₹ 50.4 million
5	List of activities in which the above expenditure has been incurred	Refer Principle 8 'Equitable Development'

**SECTION C: OTHER DETAILS**

1	Does the Company have any Subsidiary Company/Companies?	Yes.
2	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)	There is no direct participation
3	Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	In due course of time, Sun Pharma intends to take its sustainability policies and initiatives beyond the boundaries of its manufacturing facilities and spread awareness amongst the relevant stakeholders.

**SECTION D: BR INFORMATION****1 a. Details of the Director/Directors responsible for implementation of the BR (Business Responsibility) policy/policies**

# DIN Number	00005561
# Name	Mr. Sudhir V. Valia
# Designation	Whole-time Director

**b. Details of the BR head**

# DIN Number (if applicable)	Mr. Sudhir V. Valia, Whole-time Director of Sun Pharma oversees the BR implementation, however the Company does not have a BR head as of now
# Name	
# Designation	
# Telephone number	
# e-mail id	

## 2 Principle-wise (as per NVGs) BR Policy/policies (Reply in Y/N)

	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have a policy/policies for....	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
2	Has the policy being formulated in consultation with the relevant stakeholders?	All the policies have been formulated in consultation with the Management of the Company and are approved by the Board								
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	All the policies are compliant with respective principles of NVG guidelines								
4	Has the policy being approved by the Board? If yes, has it been signed by MD/owner/CEO/ appropriate Board Director?	All the policies have been approved by the Board and have been signed by the Managing Director								
5	Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?	The Board has appointed Mr. Sudhir Valia, Whole-time Director - Sun Pharma, to oversee policy implementation								
6	Indicate the link for the policy to be viewed online?	Copies will be made available on receipt of written request from Shareholders								
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	The policies have been formally communicated to internal stakeholders. The external stakeholders will be communicated in due course								
8	Does the company have in-house structure to implement the policy/policies.	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
9	Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
10	Has the company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	It will be done in due course								

## 3 Governance related to BR

1	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year	Annual
2	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	The BR report for 2013-14 can be accessed through the link: <a href="http://www.sunpharma.com/pdflist/all-documents">http://www.sunpharma.com/pdflist/all-documents</a> . It is published annually

**PRINCIPLE 1 - ETHICS, TRANSPARENCY AND ACCOUNTABILITY**

At Sun Pharma, we strongly believe that a strong governance structure enables growth. We also understand that for growth to be truly sustainable, it has to be equitable. All our mechanisms and processes are geared to achieve such a balanced growth. Toward ensuring the longevity of this balanced growth, we have adopted the highest standards of corporate governance. Our corporate governance philosophy values the following principles:

- ⦿ High levels of transparency
- ⦿ Accountability
- ⦿ Consistent value systems
- ⦿ Delegation of responsibility across all facets of its operations

Delegation coupled with accountability breeds responsibility and efficiency, while value systems and transparency make governance ethical and effective. Motivating us on this journey are our three enablers:

**Leadership**

Piloting the organization in the direction of ethics, transparency and accountability is our leadership team, comprising of our Board of Directors. The Board members bring extensive experience, entrepreneurial spirit and global perspective to the management of Sun Pharma.

**Board Committees**

To increase the efficiency and effectiveness of governance, specific functions are supervised by dedicated board committees, and are headed by the top management team. These Board Committees include Audit Committee, Remuneration Committee, Shareholders'/Grievance Committee and Committee of Directors.

**Code of Conduct & Policy**

Our Code of Conduct helps our employees steer clear of any malpractices or misconducts and fully comply with the benchmarks of corporate governance. The Code of Conduct is further supported by the various policies on all relevant functions covering the entire gamut of business responsibility.

Our commitment towards the highest standards of governance remains firm. As a step ahead, we are in the

process of forming a Committee for Nomination and Remuneration.

We actively solicit stakeholder feedback on our business conduct. In this reporting year 2013-14, we received 8 stakeholder concerns. All have been resolved.

**PRINCIPLE 2 - PRODUCT LIFE CYCLE SUSTAINABILITY**

We aim to heal the society without hurting the environment. Thus, in addition to manufacturing and formulating innovative medicines, we also strive to make our operations, environment-friendly, our processes, people-friendly and our costs, patient-friendly.

**More Power to Patients**

With faltering economies and spiralling healthcare expenses, government medical funding has dwindled in many countries across the world. The cost of medicines has thus become a critical parameter.

As a leading pharmaceutical company, our endeavour is to make these medicines more affordable and accessible. Our product responsibility mantra is 'more the affordability of our products, more is our reachability to the patients'. Going a step further, we also distribute some of our critical life-saving products at no cost, to those in need.

Three Sun Pharma products that have broken the affordability and accessibility barrier are:

**Rilutor (Riluzole)**

Used for treating Amyotrophic Lateral Sclerosis (a life threatening disease), this product is distributed free of cost to all patients.

**Decitabine**

An enabler to oncology therapy, it is available at a significant discount, compared to innovator's price.

**Istavel**

A diabetes care drug, it is available at a significant discount, compared to global price.

**More Power to People**

Our products spread wellness, but we would like our production to spread well-being as well. We encourage



local sourcing of raw materials and labour wherever possible. This not only keeps our carbon footprint in check by restricting the need for transportation, it also gives a shot in the arm for the local economy and talents.

But we have to walk a tight rope. The nature of our business is such that there cannot be any compromises in quality. So while we give opportunities to local suppliers, we also work towards enhancing their quality and manufacturing know-how by providing advances or short term credits to build their capacity and capability. Our facilities at Ahmednagar, Panoli and Sikkim have identified and encouraged various local vendors.

### More Power to The Planet

Our aim is to produce more sustainably. We accomplish this by adopting and following environment-friendly manufacturing processes. For more details regarding this, please refer Principle 6 of this report.

With 1000+ products in our portfolio and the nature of our production, it is a challenge to calculate our environmental performance per product. Our total annual water and energy performance with regards to our total annual production is as below:

Production: 7,672 tonnes

Water usage: 1,112,902 KL

### Energy:

Electricity (kWh)	LDO (L)	FO (L)	HSD (L)	Briquette (MT)
117,461,945	1,465,987	37,906	634,463	31,448

## PRINCIPLE 3 – EMPLOYEE WELL-BEING

Our employees are the change agents of our organisation. Their talent and passion are fuels to our operations and help us deliver exceptional products.

At Sun Pharma, we nurture our employees by providing them with a healthy and safe environment, plenty of growth opportunities, freedom of communication, fair and transparent modes of rewards, and engaging means of recreation.

Talent management for us is a holistic approach which considers and addresses every facet, right from recruitment to retirement. We have formed strategic policies for 360° development of our employees.

### Continuous Learning

Knowledge and continuous learning makes our world go round. We, at Sun Pharma hone the talent in our employees by exposing them to diverse competency enhancement platforms. Apart from the in-house training programs, a strong self-development policy extends grants to our employees towards training in acclaimed educational institutions. Those employees who show an insatiable thirst for learning, and have been with us for at least three consecutive years, are given growth opportunities under this policy.

### Equality of Opportunity

We firmly believe in giving equal opportunity and place talent above all, irrespective of age, gender, caste and cadre. From the top management to shop floor, we value every individual's opinion and provide them with ample opportunities to work, create and grow.

We nurture the diversity of our workforce, which brings varied talents to the table and is instrumental in charting success.

### Workforce Snapshot in India

Total number of employees	16,023
Total number of permanent employees	11,238
Total number of employees hired on temporary/contractual/casual basis	4,785
Number of permanent women employees	572
Number of permanent employees with disabilities	21

### Freedom of Association

At Sun Pharma, employee associations/unions are given due importance and employees are encouraged to communicate their grievances and needs under a code of discipline. At present, there is a management-recognized employee association at one location, which covers approximately 0.55% of our employee membership.

### Health and Safety

The well-being and safety of our employees never takes a back seat. Our robust Environment, Health and Safety (EHS) policy emphasizes our commitment to protect those who build our Company.

Strict compliance to ISO/OHSAS 18001 standards and other applicable laws and regulations, is a norm at Sun Pharma. We practice the 'Workplace Wellness' formula, which serves to improve the safety of our employees in every possible way. Periodic safety training programs are held across the organization. The reporting year saw the safety and skill up-gradation training of approximately 69.15% of our employees. These include permanent, casual/temporary/contractual as well as employees with disabilities.

We promote safe work practices, encourage reporting of accidents, injuries and near-misses, and discourage the usage of unsafe equipment. Our approach towards keeping the work environment safe, healthy and ideal for our employees includes incorporation of:

Safe Working Systems | Use of Personal Protective Equipment (PPE) | Safety Inspections & Audits | Emergency Preparedness | Safety Risk Management

### Recognition & Recreation

Appreciation and relaxation avenues give rise to motivation. We have numerous modules for awarding our employees as well as thoughtful breaks, to express our gratitude and rejuvenate them. Here are some of the employee recognition and recreation paths:

- ◎ Special celebration to accord due recognition to the retiring employee
- ◎ Long-Service Award to recognize the loyalty and commitment of employees
- ◎ Family picnics to foster camaraderie

## PRINCIPLE 4 – STAKEHOLDER ENGAGEMENT

We at Sun Pharma measure our performance based on the value we bring to our stakeholders. The opinions and insights of our internal as well as external stakeholders is a rich source of feedback for us.

Hence, we engage with all of our stakeholders by keeping 'inclusivity', 'accountability' and 'responsibility' at the core of our interactions. This helps build trust and forge long-lasting, mutually beneficial business relationships.

### Inclusivity

The first step to inclusivity is identifying the varied concern of diverse stakeholders. So, it is crucial to interact with all of them. Here are our key stakeholders:

1. Employees
2. Neighbouring Communities
3. Patients
4. Healthcare Professionals
5. Investors & Shareholders
6. Vendors, Suppliers & Distributors
7. Government & Regulators

### Accountability

We understand the importance of accountability in our relations with our stakeholders. Hence, we place utmost importance in putting out credible communication. Our corporate website serves as the primary platform, towards this. Also, the annual and quarterly reports, investor presentations, and official press releases are effective mediums that keep us and our stakeholders on the same page. Dedicated portals for employees, vendors and field staff are also put up to help initiate meaningful dialogues.

### Responsibility

The well-being of the society that sustains us is one of our prime responsibilities. We are sensitive to the needs of all our stakeholders, especially those who form the lower sections. Accordingly, we build impactful interventions which bring out the best from us, for them.

For details on initiatives, please refer Principle 8.

## PRINCIPLE 5 – HUMAN RIGHTS

Human Rights at Sun Pharma are complied with in an honest spirit that goes beyond the words on paper and actions beyond our premises. Our encompassing and uncompromising Human Rights Policy is a testimony to our philosophy on this front. The policy covers various principles ranging from freedom of association, to freedom from harassment, and has been cascaded across our operations.

Our intent and actions are both compliant with all the laws of the land, on this subject. In the financial year, there were no Human Rights violation complaints relating to child, forced or involuntary labour, and sexual harassment or discriminatory employment, against the Company.

## PRINCIPLE 6 – ENVIRONMENT

At Sun Pharma, we see every challenge in the path of environment conservation as an opportunity in disguise. We support and sustain a culture of awareness and sensitivity towards conserving and preserving the environment.

We have a robust Environment, Health & Safety (EHS) policy that guides our intentions and turns them into fruitful interventions. Our employees identify potential environmental risks and devise relevant steps to alleviate those risks. We constantly direct our efforts to:

- Ensure statutory compliance
- Optimize natural resources
- Effect continuous improvement in environment management
- Innovate greener technologies and processes
- Spread green awareness across internal and external stakeholders

### Waste Management

Responsible waste management is effectively instituted across all our operations. We operate in a way so as to reduce the production of waste, reuse recovered solvents and recycle numerous waste materials. The recycled materials include solvents, wastewater, glass, plastic liners, fibre drums, metal drum sheets, HDPE sheets and waste oil.

We have well-equipped solvent recovery and effluent treatment plants at our facility premises for recycling. Some of the materials are recycled through registered recyclers and materials like paper, plastic and HDPE are sent to scrap vendors.

Most of our facilities in India, sport in-house effluent treatment units while a majority of them dispose waste safely and responsibly at Government approved sites. Many of our facilities are certified as 'Zero Liquid Discharge' (ZLD) facility, while some are in the process of obtaining ZLD status.

### Energy Conservation

At Sun Pharma, we have implemented varied interventions to conserve every joule we can. Be it reinventing technology to generate green energy or optimising our manufacturing processes, every big and small opportunity is tapped into.

### Green Investments

Our green investments have created a strong energy base for us. Prime amongst them is the investment in generation of clean energy. Two of our facilities are dedicated towards harnessing the power of wind to generate energy. In FY 2013-14, we generated around 4 million kWh of clean energy.

### Greener Operations

We continue our efforts to reduce our energy consumption, towards which we have numerous on-going initiatives incorporated across the length and breadth of our operations:

- Installation of boiler economizers and air pre-heaters
- Using condensate recovery pumps
- Hot water Generation from Jacket Heat Exchanger
- Use of fuel-efficient packaged boilers that use heat from waste gases of engine exhaust
- Steam generation from exhaust gas and hot water generation from jacket heat
- All AHUs are installed with VFD to save energy
- Use of energy efficient screw chillers and Rotary Air Compressor with VFD
- Replacing reciprocating type air compressors with two screw type air compressors
- Replacing reciprocating type chillers with two screw type chillers
- Recovery of gas super heater to make hot water
- Generating steam from the waste heat of the captive power plant
- Installation of motion sensors to reduce electricity wastage
- Collection of steam condensate and transferring it to Boiler feed water collection tank

**Carbon Emission**

As a progressive and environmentally-concerned organization, we are switching from 'conventional' Furnace Oil/Light Diesel Oil boilers to 'eco-efficient' biomass briquette based boilers.

This Clean Development Mechanism (CDM) project to curtail the emissions of our operations, will fulfil two objectives:

- Social well-being: It will generate employment opportunities and a source of income for the local population
- Environmental well-being: It will replace fossil fuels by a carbon neutral fuel - biomass briquettes

As of now, we have six functional facilities equipped with the biomass fuelled boilers, with a total steam generation capacity of 53 tph.

As of 31st March, 2014, there were two pending notices from pollution control boards.

**PRINCIPLE 7 – POLICY ADVOCACY**

In-depth insights and strategic inputs form the core of our approach towards policy formations. Along with the policy makers, we create public policies which help us deliver more effectively and create common good for all our patients.

We collaborate with numerous trade and industry associations and organisations, as a member. These are listed below:

- Indian Drug Manufacturing Association
- Indian Pharmaceutical Alliance
- Bombay Chamber of Commerce
- Confederation of Indian Industry
- Pharmaceuticals Export Promotion Council of India

**PRINCIPLE 8 – EQUITABLE DEVELOPMENT**

Economic progress coupled with equitable development is the best way to boost a country's development. While the former undertakes prosperity, the latter accounts for factors which enhance quality of life for the citizens.

At Sun Pharma, we contribute to not only India's GDP but also improve the socio-economic fabric of the nation. The objective is to even out societal odds such as inequality, gender disparity, lack of good healthcare facilities, etc. We design our social responsibility programs to amplify their influence, at the same time multiplying their reach.

**To make our CSR efforts more structured and expand our sphere of activities, we are in process of formulating a comprehensive CSR policy which will provide direction to these efforts.**

The activities are also dovetailed to benefit specifically the financially challenged, vulnerable and marginalized spectrums of our society. For this, we plan and employ varied interventions, mentioned below:

- We continue to provide three of our products -
  - Lipodox, Rivastigmine 1.5/3 mg and Prasugrel (Platelet Inhibitor) at affordable rates to the patients in need. These are made available at a significant discount, compared to innovator's price.
  - Lipodox helps in treating ovarian cancer, Rivastigmine 1.5/3 mg is used for Alzheimer's patients, and Prasugrel is used as a long-term therapy tablet for acute coronary syndromes.
- Financially challenged patients continue to gain our assistance in the form of free-of-cost medicines. In the reporting period, we continued to give out free Riluzole to all patients. It is used in the treatment of Amyotrophic Lateral Sclerosis (a life threatening disease). We have also been regularly distributing medicines to a monastery in Sikkim. FY 2013-14 saw approximately 100 beneficiaries.
- We held blood donation camps at our Jammu and Samba facilities, in which 90 employees participated.

### Beyond Healthcare:

We believe in pushing the envelope of our CSR activities and are determined to help uplift the underprivileged, through awareness programs, infrastructure, etc.

- Facilitated a Sonography machine for the Jayaben Modi Hospital, Ankleshwar. This will benefit more than 1,000 patients every month.
- Organized awareness campaign for road safety, during the Road Safety Week celebration.
- Sponsored sports events to encourage players as part of our regular CSR activities.
- The Press Club of Sikkim organizes many CSR activities. We contributed by sponsoring the promotional material for their initiatives.
- Contributed funds towards the construction of the much needed boundary wall and gate around a school in Sikkim.
- Facilitated a Health Club at Superintendent of Police's office, with fitness equipment for gymnasium.
- Donation was provided to TNA Alumni Association which undertakes various CSR activities in the areas of child education, sports, public welfare etc.
- Contributed financially for constructing a water tank at Karkhadi village of Vadodara which will provide drinking water to more than 1,100 families.

The second layer to our community care module is enabling livelihood opportunities. Our recruitment project which comprises pre-employment training is strengthened to reach out to more people. During the reporting year, 288 candidates were trained, as compared to the 76 trained in the last year. After a competitive test, 245 candidates were successfully recruited as factory workers. The remaining

applicants, who were unable to secure employment, have our intensive training as an advantage in their portfolio.

Type of Training	No. of people trained	No. of locals employed	No. of non-locals employed
Pre-employment	288	110	135

Apart from deploying powerful programs, we periodically measure their impact through feedback collected via varied mediums. However, no formal impact assessment framework is in place for the same. We are working to implement a formal system towards gaining more accurate response.

We participated in the Standard Chartered Marathon – a charity drive, to contribute to the Shrimad Rajchandra Love and Care (SRLC), a global movement to improve lives with spirituality. The marathon encouraged many corporates and individuals from all sections of the society, to aid various NGOs in their mission.

For information on the Company's direct contribution to various Community Development Projects, refer Section- B, point 4.

### PRINCIPLE 9 – CUSTOMER VALUE

We value our patients the most. Hence, we leave no stone unturned in safeguarding their health. From delivering affordable medicines to increasing accessibility, from practising the utmost stringent quality standards so that our products are safe, effective and easy to use, to ferreting for customers feedback, insights and timely addressing of their issues. We undertake a holistic approach towards generating more value for our customers across the globe.

**Active Engagement**

We engage with our customers through a healthy 'give' and 'take' relationship as detailed below:

Give	Take
<p>Explicit information for all our products, which complies with the applicable labelling codes and specifications.</p> <p>We have a Code of Conduct in place to guide our employees while dealing with customers. It helps them undertake transactions in a transparent, ethical and fair way. All the dealings with customers are carried in a way so as to eliminate every possible miscommunication.</p>	<p>A strong 'Customer Centricity Policy' is instituted which encapsulates our approach towards customer's needs and grievances. We collect periodic feedback, suggestions, insights and timely address customer's issues. No formal consumer surveys were conducted in the reporting year, but our medical representatives continued our practice of seeking feedback in person, with doctors and pharmacists.</p>

There is no case filed by any stakeholder against Sun Pharma, regarding dishonest trade practices, irresponsible advertising and/or anti-competitive behaviour, during the last five years.

**Product Safety**

We realize that the nature of our products demands that we remain extra cautious towards its quality. Hence, we have incorporated Pharmacovigilance SOPs to methodically detect, examine and gauge any adverse effects which may arise in the products. This proactive approach helps us eliminate them at the design stage itself. Besides, our scientists put in uncompromising efforts and are constantly vigilant when it comes to adhering to global standards in product safety, throughout the value chain.

We have a 360° quality management system. It entails keeping an updated and exhaustive database which holds a record of unfortunate events. The adverse impact reporting form for the same is made accessible to both, healthcare and non-healthcare stakeholders, through the Company's website. The complainant's identity is kept confidential and is protected by strict measures. The information thus generated is filtered and is utilized for regular assessment of the benefit-risk ratio of the medicines.

**Specialty Healthcare**

Sun Pharma continues to bring more value to its customers, by amplifying availability and affordability of quality Specialty medicines. Our extending geographical footprint helps us reach out to maximum possible patients. We cater to niche therapy areas of psychiatry, neurology, cardiology, nephrology, gastroenterology, orthopaedics and ophthalmology.



## FORM A

### Format of covering letter of the annual audit report to be filed with the Stock Exchange

1	Name of the Company	Sun Pharmaceutical Industries Limited
2	Annual Financial statements for the year ended	31 <sup>st</sup> March, 2014
3	Type of Audit observation	<p><b>Emphasis of Matter – Standalone Financial Statements</b></p> <p>1. We draw attention to Note 48 to the financial statements. As referred to in the said Note, the financial statements of the Company for the year ended 31<sup>st</sup> March, 2014 were earlier approved by the Board of Directors at their meeting held on 29<sup>th</sup> May, 2014 which were subject to revision by the Management of the Company so as to give effect to the Scheme of Arrangement for demerger of the specified undertakings of Sun Pharma Global FZE, a wholly owned subsidiary, into the Company w.e.f 1<sup>st</sup> May, 2013. Those financial statements were audited by us and our report dated 29<sup>th</sup> May, 2014, addressed to the Members of the Company, expressed an unqualified opinion on those financial statements with an Emphasis of Matter paragraph drawing attention to the foregoing matter. Consequent to the Company obtaining the required approvals, the aforesaid financial statements are revised by the Company to give effect to the said Scheme of Arrangement.</p> <p>2. We draw attention to Note 50 to the financial statements. As referred to in the said Note, consequent to giving effect to the Scheme of Arrangement: (i) remuneration to the Managing Director and the Whole-time Directors for the year ended 31<sup>st</sup> March, 2014 is in excess of the limits specified under Schedule XIII to the Act, by ₹ 44.7 Million; and (ii) commission of ₹ 6.4 Million for the year ended 31<sup>st</sup> March, 2014 to the Non-Executive Directors is in excess, since there is absence of net profits for the year under section 309(4) read with section 309(5) of the Act. In this regard, we have been informed by the Management of the Company that they are in the process of seeking approval from the shareholders of the Company and the Central Government in respect of the aforesaid amounts.</p>

EH *RK*





		<p>3. Apart from the foregoing matters and the provision for proposed dividend, the attached financial statements do not take into account any events subsequent to the date on which the financial statements referred to in (a) above were earlier approved by the Board of Directors and reported upon by us as aforesaid.</p> <p>Our opinion is not qualified in respect of these matters.</p> <p><b>Emphasis of Matter – Consolidated Financial Statements</b></p> <p>1. We draw attention to Note 52(a) to the consolidated financial statements. As referred to in the said Note, the consolidated financial statements of the Company for the year ended 31<sup>st</sup> March, 2014 were earlier approved by the Board of Directors at their meeting held on 29<sup>th</sup> May, 2014 which were subject to revision by the Management of the Company so as to give effect to the Scheme of Arrangement for demerger of the specified undertakings of Sun Pharma Global FZE (SPG), a wholly owned subsidiary, into the Company w.e.f 1<sup>st</sup> May, 2013. Those financial statements were audited by us and our report dated 29<sup>th</sup> May, 2014, addressed to the Board of Directors of the Company, expressed an unqualified opinion on those financial statements with an Emphasis of Matter paragraph drawing attention to the foregoing matter. Consequent to the Company obtaining the required approvals, the financial statements for the year ended 31<sup>st</sup> March, 2014, for both, the Company and SPG were revised to give effect to the said Scheme of Arrangement. In view of the above, the earlier approved consolidated financial statements are revised by the Company to incorporate the revised financial statements of the Company and SPG.</p> <p>2. We draw attention to Note 54 to the consolidated financial statements. As referred to in the said Note, consequent to giving effect to the Scheme of Arrangement: (i) remuneration to the Managing Director and the Whole-time Directors of the Company for the year ended 31<sup>st</sup> March, 2014 is in excess of the limits specified under Schedule XIII to the Companies Act, 1956 ("the Act"), by ₹ 44.7 Million; and (ii) commission of ₹ 6.4 Million for the year ended 31<sup>st</sup> March, 2014 to the Non-Executive Directors of the Company is in excess,</p>
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		<p>since there is absence of net profits for the year in the Company under section 309(4) read with section 309(5) of the Act. In this regard, we have been informed by the Management of the Company that they are in the process of seeking approval from the shareholders of the Company and the Central Government in respect of the aforesaid amounts.</p> <p>3. Apart from the foregoing matters and the provision for proposed dividend, the attached consolidated financial statements do not take into account any events subsequent to the date on which the consolidated financial statements referred to in (a) above were earlier approved by the Board of Directors and reported upon by us as aforesaid.</p> <p>Our opinion is not qualified in respect of these matters.</p> <p><b>Note 48 of Standalone Financial Statements</b> Pursuant to the scheme of arrangement in the nature of demerger and transfer of specified undertaking of Sun Pharma Global FZE, a wholly owned subsidiary, into the Company w.e.f 1<sup>st</sup> May, 2013, without any consideration, on a going concern basis consisting of all the assets and liabilities pertaining to the said undertakings, being approved by shareholders of both the companies and subsequently approved by the Hon'ble High Court of Gujarat and completion of other regulatory compliances, the scheme has been given effect to in these financial statements and accordingly:</p> <ol style="list-style-type: none"> <li>The Financial Statements for the year ended 31<sup>st</sup> March, 2014 which were earlier approved by Board of Directors on 29<sup>th</sup> May, 2014 and audited by the statutory auditors of the Company have been revised.</li> <li>All the assets and liabilities pertaining to the said undertaking of Sun Pharma Global FZE stand transferred to and vested in the Company as a going concern, as at 1<sup>st</sup> May, 2013 at carrying values as disclosed in the notes to the revised Financial Statements of Sun Pharma Global FZE on which their auditors have issued a revised audit report dated 10<sup>th</sup> August, 2014 and the resultant difference amounting to ₹ 28,109.9 Million being the excess of assets over liabilities has been credited to Capital Reserve Account.</li> <li>On 11<sup>th</sup> June, 2013, Sun Pharma Global FZE (SPG), a wholly owned subsidiary has entered into settlement agreement for USD 550.0 Million</li> </ol>
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		<p>(including USD 44.0 Million borne by Caraco Pharmaceutical Laboratories Ltd) with Pfizer Inc., USA; Wyeth LLC USA and Nycomed GmbH, Germany in settlement of the claim of patent infringement litigation related to generic version of "Protonix". SPG has entered into an agreement with a third party in terms of which the said party has agreed to bear damages on account of patent infringement to the extent of USD 400.0 Million (equivalent to ₹ 24,002.0 Million) in consideration of SPG agreeing to sell them pharmaceutical products at a negotiated discounted price for a specified period. Accordingly, a provision of USD 438.5 Million (equivalent to ₹ 26,312.2 Million) [(including other related expected discount and incidental expenses of USD 38.5 Million (equivalent to ₹ 2,310.2 Million)] towards estimated expected liability on this account, has been accounted for and given effect in these financial statements. The above charge of USD 506.0 Million (equivalent to ₹ 28,756.0 Million) has been considered as exceptional item and ₹ 2,381.2 Million has been included in miscellaneous expenses.</p> <p><b>Note 50 of Standalone Financial Statements</b> Consequent to giving effect to the Scheme of Arrangement as referred in Note 48 above, resulting in the absence of net profits in the Company for the year; (i) remuneration to the Managing Director and the Whole-time Directors of the Company for the year ended 31st March, 2014 has exceeded the limits specified under Schedule XIII to the Companies Act, 1956 by ₹ 44.7 Million; and (ii) commission of ₹ 6.4 Million for the year ended 31st March, 2014 to the Non-Executive Directors of the Company has exceeded in terms of section 309(4) read with section 309(5) of the Companies Act, 1956. The Company is in the process of seeking approval from the shareholders of the Company and the Central Government of India in respect of the aforesaid amounts.</p> <p><b>Note 52(a) of Consolidated Financial Statements</b> The consolidated financial statements of the Company for the year ended 31<sup>st</sup> March, 2014 were earlier approved by the Board of Directors at their meeting held on 29<sup>th</sup> May, 2014 on which Statutory Auditors of the Company had issued their report dated 29<sup>th</sup> May, 2014. Consequent to the Order of the Hon'ble High Court of Gujarat sanctioning the Scheme of Arrangement for demerger and transfer of specified undertaking, with effect from 1<sup>st</sup> May,</p>
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		<p>2013, the appointed date, of Sun Pharma Global FZE, a wholly owned subsidiary into the Company, without any consideration on a going concern basis consisting of all the assets and liabilities pertaining to the said undertaking, the standalone financial statements of the Company and Sun Pharma Global FZE were revised to give effect to the said scheme of arrangement with effect from 1<sup>st</sup> May, 2013. In view of the above, the earlier approved consolidated financial statements are revised only to incorporate the revised financial statements of the aforesaid entities.</p> <p><b>Note 54 of Consolidated Financial Statements</b> Consequent to giving effect to the Scheme of Arrangement as referred in Note 52(a) above, resulting in the absence of net profits in the Company for the year; (i) remuneration to the Managing Director and the Whole-time Directors of the Company for the year ended 31<sup>st</sup> March, 2014 has exceeded the limits specified under Schedule XIII to the Companies Act, 1956 by ₹ 44.7 Million; and (ii) commission of ₹ 6.4 Million for the year ended 31<sup>st</sup> March, 2014 to the Non-Executive Directors of the Company has exceeded in terms of section 309(4) read with section 309(5) of the Companies Act, 1956. The Company is in the process of seeking approval from the shareholders of the Company and the Central Government of India in respect of the aforesaid amounts. (The Company means Parent Company).</p>
4	Frequency of observation	First time
5	<p>To be signed by-</p> <ul style="list-style-type: none"> <li>• CEO/ Managing Director</li> <li>• CFO</li> </ul>	<p><b>For Sun Pharmaceutical Industries Limited,</b></p> <p></p> <p><b>Mr. Dilip S. Shanghvi</b> (Managing Director) </p> <p></p> <p><b>Mr. Uday V. Baldota</b> (Chief Financial Officer)</p>

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	<ul style="list-style-type: none"> <li>• Audit Committee Chairman</li> </ul>	 <b>Mr. Keki M. Mistry</b> (Chairman of Audit Committee)
	<ul style="list-style-type: none"> <li>• Auditor of the Company</li> </ul>	<p>Refer our Audit Reports dated 29<sup>th</sup> May, 2014 (12<sup>th</sup> August, 2014 as to effect the matters discussed under the 'Emphasis of Matter' section) on the standalone financial statements and the consolidated financial statements of the Company.</p> <p>For DELOITTE HASKINS &amp; SELLS LLP          Chartered Accountants          (Firm's Registration No. 117366W/W-100018)</p>  <b>Rajesh K. Hiranandani</b> Partner (Membership No. 36920) Mumbai, 12 <sup>th</sup> August, 2014

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